

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION	)	
OF CONTROL OF SUPERIOR VISION	)	ORDER APPROVING
OF NEW JERSEY BY METLIFE, INC.	)	ACQUISITION

I have read the Hearing Officer's report dated December 23, 2020 regarding the above-captioned matter, and I concur with the recommendation contained therein. Accordingly, pursuant to N.J.S.A. 17:27A-2, I hereby approve the proposal of MetLife, Inc. ("the Applicant") to acquire control of Superior Vision of New Jersey ("the Domestic Insurer") subject to the following conditions:

1. The Domestic Insurer shall continue to comply with the requirements of N.J.S.A. 17:48H-1 to -35; N.J.S.A. 17:27A-1 to -14; N.J.A.C. 11:22-4.1 to-4.14 and N.J.A.C. 11:2-39A.1 to -39A.15; including submission of Quarterly and Annual Financial Statements and an annual Risk-Based Capital Report, and consents to application of proceedings pursuant to Life and Health Insurers Rehabilitation and Liquidation Act N.J.S.A. 17B:32-31 to -92 if the financial condition warrants institution of delinquency proceedings in this State.

2. **NO USE OF NEW JERSEY FUNDS FOR ACQUISITION.** Upon consummation of the transaction, the parties shall: (a) Assets: not dispose of or otherwise use assets of the Domestic Insurer and/or any other subsidiaries of the parties, if any, that are licensed, authorized or certified by the New Jersey Department of Banking and Insurance ("Department") to transact business in New Jersey for the purpose of repaying any debt incurred, to finance the

transaction, use no part of the assets of the Domestic Insurer to pay, reimburse, or otherwise fund both the cash financing portion of the transaction and the debt related to the financing of the transaction except, with respect to this clause (a) as approved or otherwise permitted by the relevant agency with regulatory authority; (b) Costs: not pass onto the Domestic Insurer any acquisition costs or other consideration, including without limitation executive compensation paid to or accrued for the benefit of any executive officers of the parties in connection with, or triggered by, the transaction; (c) No Dividends: refrain from declaring and/or paying any dividends (ordinary or extraordinary), without the express prior approval of the Commissioner of Banking and Insurance ("Commissioner") for a period of three (3) years from the consummation of the transaction. The parties shall not cause the Domestic Insurer to declare or pay dividends, make other distributions of cash or property or in any other way upstream any funds or property to their shareholders or any shareholders of the parties in NJ, if any, without the express prior approval of the Commissioner for a period of three (3) years.

3. **MAINTAIN RBC.** For a period of five (5) years from the consummation of the transaction, the Applicant shall direct their representatives on the board of directors to cause the Domestic Insurer to maintain a minimum Authorized Control Level Risk Based Capital (RBC) level of 300%, or higher at all times.

4. **MAINTAIN PRODUCTS, SERVICES AREA, NETWORKS.** The Applicant agrees that, for a period of three (3) years from consummation of the transaction: The Domestic Insurer shall use reasonable efforts to maintain its current networks of providers without material changes, except to the extent such changes are otherwise approved by the Department. Nothing herein shall preclude the Domestic Insurer or the parties from offering different networks or from contracting with carriers to entering new markets in New Jersey.

5. **NEW JERSEY BUSINESS.** The Applicant shall be committed to having the Domestic Insurer seek opportunities to write new business in New Jersey.

6. **NO MATERIAL CHANGE TO BUSINESS.** Upon the consummation of the transaction, the Applicant shall refrain from the following actions: (i) liquidating the Domestic Insurer; (ii) selling any material portion of the assets of the Domestic Insurer; (iii) merging the Domestic Insurer with any other person or persons; or (iv) other than as described in Item 5 of the Form A Statement, making any other material change with regard to business, corporate structure, management or general plan of operations of the Domestic Insurer, all without the express prior approval of the Commissioner; provided that this clause (iv) shall not apply to voluntary management departures and performance-related terminations, if any.

7. The Domestic Insurer will maintain any service agreement necessary to conduct its business in New Jersey by retaining its existing management team and without any reduction of current staffing levels within the state, if any, so as to conduct its business, for a minimum of three (3) years from the consummation of the transaction; provided that this condition shall not apply to voluntary departures and performance-related terminations, if any.

8. The Domestic Insurer shall provide reports, in a format to be supplied by the Department, of principal and interest payments on all overturned Provider Payment Appeals, and claim payments that are re-issued on improperly recouped and over-recouped, and a list of all claims recouped after eighteen (18) months with the reason for recoupment, and a list of all claims identified as improperly denied or underpaid, with principal and interest amounts paid.

9. **CYBERSECURITY.** The Applicant and the Domestic Insurer shall provide the Department with confidential access to its cybersecurity plan for review as a part of the state examination pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-6, commencing in 2020. They

shall provide notice to the Department when and if a cybersecurity breach takes place in accordance with the standards set forth in the Insurance Data Security Model Law adopted by the National Association of Insurance Commissioners (“NAIC”) until such time as any applicable law or regulation addressing these matters is enacted in New Jersey, and shall work with the Department to protect New Jersey policyholders if they are affected. They shall take no action to oppose regulation and/or legislation regarding cybersecurity, the same as or substantially similar to, the Insurance Data Security Model Law adopted by the National Association of Insurance Commissioners (“NAIC”). They shall commit to serving as a resource to the Department and providing constructive input and expertise to the Department with respect thereto.

10. TAX SHARING AGREEMENTS TO BE FILED AS MATERIAL MODIFICATIONS. After the closing date of the acquisition, if any of the parties to the transaction desire to amend, change, terminate or replace its tax sharing agreements, as previously filed with and approved by the Department, the parties, if applicable, shall file any changes to those tax sharing agreements as a Notice of Material Modification in accordance with the standards set forth at N.J.S.A. 17:27A-3, N.J.S.A. 17:27A-4, N.J.A.C. 11:1-35.3, and N.J.A.C. 11:1-35.7, N.J.A.C. 11: 1-35.10.

11. The Applicant shall direct their representatives on the board of directors of to cause the Domestic Insurer to annually provide updated group and allocated Supplemental Compensation Exhibits (“SCE”) following the consummation of the transaction in order to comply with the provisions of Bulletin No. 18-03, and any subsequent amendments thereto.

12. NO PUSH-DOWN OF GOODWILL FROM THE APPLICANT AND DOMESTIC INSURER. The Applicant and the Domestic Insurer shall not use any form of push-

down accounting methods that result in the transfer or allocation of any of the parties' or Domestic Insurer's goodwill to or from the Domestic Insurer, including goodwill related to this Acquisition.

13. The Applicant shall provide the Department with written confirmation of the consummation of the acquisition of control no later than 90 days after approval of this Form A filing.

14. The Applicant shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

15. The Applicant shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to N.J.S.A. 17:27A-1 to 14 and N.J.A.C. 11:1-35.1 to 35.14.

16. Following the acquisition, the Domestic Insurer shall continue to maintain its books and records in their current approved locations and shall make all such items available for inspection by the Department at any time.

17. The Applicant shall assume the Domestic Insurer's debt and it shall not be the responsibility of the Domestic Insurer's policyholders to service such debt.

18. **PARENTS ANNUAL AUDITED FINANCIAL STATEMENTS.** Beginning with the year ended December 31, 2020, the respective parties agree to file annually by June 1, the following on a confidential basis with the Department:

- (a) MetLife, Inc. annual audited financial statement;
- (b) Superior Vision of New Jersey annual audited financial statement;
- (c) Versant Health Consolidations Corp., Inc. annual audited financial statement.

Financial statements for MetLife, Inc. and Versant Health Consolidations Corp. are required to be in accordance with United States generally accepted accounting principles, and financial statements for Superior Vision of New Jersey are to be in accordance with statutory accounting principles as required.

19. If the proposed acquisition is not consummated within ninety (90) days of the date of this Order and the Acquiring Parties intend to consummate the proposed acquisition, the Acquiring Parties shall submit to the Commissioner a statement requesting an extension and shall include (i) the reason for the Acquiring Parties' inability to consummate the proposed acquisition; (ii) any material changes in the information contained in the application; and (iii) the current financial statements of the Acquiring Parties and Domestic Insurer. Any and all extensions shall be with the written approval of the Commissioner.

20. The Applicant represents that, except as disclosed in the Form A filing, none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over Superior Vision of New Jersey or its subsidiaries have been found guilty of, or have pleaded guilty or nolo contendere to, a felony or a misdemeanor, other than a civil traffic offense.

21. The Applicant represents that, other than as described in Item 5 of the Form A Statement, the Acquiring Parties currently do not have, nor do the Acquiring Parties currently contemplate, any plans or proposals to: (i) liquidate the Company, (ii) sell any of the Company's assets, (iii) merge or consolidate the Company with any person or persons, (iv) cause the Company to declare a dividend or any other distribution, or (v) make any other material change in the Company's business operations or corporate structure or management; provided that this clause (v) shall not apply to voluntary management departures and performance-related terminations, if any.

22. The Applicant agrees to provide complete NAIC Form 11 Biographical Affidavits and Third Party Verifications completed following NAIC and Department guidelines, for all officers and directors listed in Exhibits C and F of the Form A Statement dated September 29, 2020, within 90 days of approval of this Form A filing.

23. If the Department determines that any individual for whom the Applicant are required to submit background information as part of this Application is unacceptable under New Jersey Law, the Applicant or their representatives, and the Domestic Insurer shall remove the individuals in question within 30 days of notice and replace them with a person or persons acceptable to the Department, or shall undertake such other corrective action as directed by the Department. Failure to act would render the acquisition hazardous or prejudicial to the insurance buying public, pursuant to N.J.S.A. 17:27A-2(d)(1)(vii). Accordingly, the Department may take administrative action as it deems appropriate upon the Certificates of Authority of the Domestic Insurer pursuant to applicable law.

12/29/2020

Date



Marlene Caride
Commissioner

LC Superior by MetLife Acquisition Order/Orders