

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION)	
OF CONTROL OF LIBERTY DENTAL)	
PLAN OF NEW JERSEY, INC. AND)	
LIBERTY DENTAL PLAN)	
ORGANIZATION OF NEW JERSEY, INC.)	
BY PROJECT FREEDOM PARENT, INC.,)	ORDER APPROVING
PROJECT FREEDOM HOLDINGS, INC.,)	ACQUISITION
PROJECT FREEDOM HOLDINGS, LLC,)	
WCAS XIV, L.P., WCAS XIV CAYMAN, L.P.,)	
WCAS XIV CO-INVESTORS I LLC, WCAS)	
XIV CO-INVESTORS II LLC, WCAS XIV)	
ASSOCIATES LLC, WCAS MANAGEMENT,)	
L.P., WCAS MANAGEMENT, LLC, DENNIS)	
SCOTT MACKESY, FREEDOM SPV, INC.,)	
ATH HOLDING COMPANY, LLC and)	
ELEVANCE HEALTH, INC.)	

I have read the Hearing Officer's report dated October 11, 2022 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 Project Freedom Parent, Inc. (“Buyer”), Project Freedom Holdings, Inc. (“Buyer Intermediate Holdings”) and Project Freedom Holdings, LLC (“Buyer Holdings”) (collectively, the “Buyer Applicants”); WCAS XIV, L.P. (“Fund 14”), WCAS XIV Cayman, L.P. (“Fund 14 Cayman”), WCAS XIV Co-Investors I LLC (“Fund 14 Co-Investors I”), WCAS XIV Co-Investors II LLC (“Fund 14 Co-Investors II”), (together with Fund 14, Fund 14 Cayman and Fund 14 Co-Investors I, the “WCAS Funds”); and WCAS XIV Associates LLC (“WCAS Associates” and together with the WCAS Funds, the “Original WCAS Applicants”); WCAS Management, L.P., WCAS Management, LLC, and Dennis Scott Mackesy (the “WCAS Individual Applicant”, and together with the Original WCAS Applicants, WCAS

Management, L.P., and WCAS Management, LLC, the “WCAS Applicants”); Freedom SPV, Inc., (“Freedom SPV”), ATH Holding Company, LLC (“ATH Holding”), and Elevance Health, Inc. (f/k/a Anthem, Inc.), (“Elevance Health”), (collectively, the “Elevance Health Applicants” and together with the Buyer Applicants and the WCAS Applicants, the “Applicants”) to acquire control Liberty Dental Plan of New Jersey, Inc. (“LDP-NJ”) and Liberty Dental Plan Organization of New Jersey, Inc. (“LDPO-NJ”) (the “Domestic Insurers”) subject to the following conditions:

1. NO USE OF NEW JERSEY FUNDS FOR ACQUISITION. Upon consummation of the transaction, Applicants shall: (a) Assets: not dispose of or otherwise use assets of Domestic Insurers and/or any other subsidiaries of Domestic Insurers, 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 and use no part of the assets of Domestic Insurers, 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 as approved or otherwise permitted by the relevant agency with regulatory authority; (b) Costs: not pass onto Domestic Insurers or New Jersey insureds any acquisition costs or other consideration, including without limitation executive compensation paid to or accrued for the benefit of any executive officers of Applicants in connection with, or triggered by, the transaction; (c) Rates: not seek premium rate increases applicable to New Jersey insureds that are intended to be used, or are used, to pay for the cost of the transaction. Applicants shall take steps to ensure that premiums and cost-sharing obligations payable (including copayments and deductibles) by New Jersey insureds for products offered by Applicants’ Insurers in New Jersey, if any, shall not increase as a result of costs incurred in financing, analyzing and/or consummating the proposed acquisition of control (“Acquisition Costs”) (such Acquisition Costs

include, but are not limited to, attorneys' and investment bankers' fees, loan expenses, travel expenses, due diligence expenses, execution compensation expenses, of any form, and expenses related to current or future acquisitions by Domestic Insurers or Applicants); (d) 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. Applicants shall not make Domestic Insurers 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 Applicants, if any, without the express prior approval of the Commissioner for a period of three (3) years.

2. MAINTAIN RBC AND LIQUIDITY RATIO. For a period of five (5) years from the consummation of the transaction, Buyer Applicants, Original WCAS Applicants, and Elevance Health Applicants shall cause Domestic Insurers to maintain a minimum Authorized Control Level, Risk-Based Capital ("RBC") level of 300% or higher at all times.

3. NEW JERSEY BUSINESS. The Applicants shall be committed to having the Domestic Insurers seek opportunities to expand business in New Jersey. Domestic Insurers will maintain their existing service levels and will not reduce current staffing levels within this State, if any, for a minimum of three (3) years from the consummation of the transaction.

4. NO MATERIAL CHANGE TO BUSINESS. For a minimum of three (3) years from the consummation of the transaction, or otherwise required by law, the Applicants shall refrain from the following: (i) liquidating Domestic Insurers; (ii) selling any material portion of the assets of the Domestic Insurers; (iii) merging Domestic Insurers with any other person or persons; or (iv) making any other material change (not disclosed in the Form A Statement of Change in Control and Exhibits or those effected in the ordinary course of business) with regard

to business, corporate structure, management or general plan of operations of Domestic Insurers, all without the express prior approval of the Commissioner.

Applicants represent that, other than as described in Item 5 of the Form A Statement, Applicants currently do not have, nor do the Applicants currently contemplate, any plans or proposals to liquidate Domestic Insurers, sell any of Domestic Insurers' assets, merge or consolidate Domestic Insurers with any person or persons, cause Domestic Insurers to declare a dividend or any other distribution, or make any other material change in the Domestic Insurers' business operations or corporate structure or management. Any such material change, including those contemplated in Item 5 of the Form A statement, that require approval and/or notice under New Jersey law will continue to require such approval and/or notice.

5. **CYBERSECURITY.** Applicants and Domestic Insurers shall provide the Department with confidential access to its cybersecurity plan for review as a part of state examination pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-6. The parties shall provide notice to the Department when and if a cybersecurity breach takes place and shall work with the Department to protect New Jersey policyholders if they are affected. The parties 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"). The parties shall commit to serving as a resource to the Department and providing constructive input and expertise to the Department with respect thereto.

6. **TAX SHARING AGREEMENTS TO BE FILED.** Any Tax Sharing Agreements to which the Domestic Insurers are a party with the Applicants or their affiliates shall be filed as agreements between or among affiliates requiring regulatory approval prior to implementation

pursuant to N.J.S.A. 17:27A-4 and shall comply with N.J.S.A. 17:27A-1 et seq. and implementing regulations set forth at N.J.A.C. 11:1-35.7, N.J.A.C. 11:1-35.10

7. NO PUSH-DOWN OF GOODWILL FROM DOMESTIC INSURERS OR APPLICANTS. Applicants and Domestic Insurers shall not use any form of push-down accounting methods that result in the transfer or allocation of any of Domestic Insurers or Applicant's goodwill, including goodwill related to this acquisition.

8. NEW JERSEY INSURANCE HOLDING COMPANY SYSTEMS ACT. Applicants shall provide regulatory information to the Department in accordance with New Jersey Insurance Holding Company Systems Act N.J.S.A. 17:27A-1 et seq., annually and upon occurrence, including but not limited to, any development in ownership interests such that any person or entity possesses via in singular or aggregation of interests control as defined in N.J.S.A. 17:27A-1. Failure to comply with New Jersey's Insurance Holding Company Systems Act shall result in appropriate action by the Department including but not limited to the placing of the insurer under an order of supervision in accordance with N.J.S.A. 17:51A-1 et seq., as determined.

Applicants 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.

9. CORPORATE RECORDS. Domestic Insurers shall continue to maintain its books and records in a manner consistent with pre-acquisition practices and shall make all such items available for inspection by the Commissioner at any time.

10. DOMESTIC INSURERS' DEBT. Applicants shall assume Domestic Insurers' debt and it shall not be the responsibility of the Domestic Insurers in New Jersey to service such debt. All debt, if any, of Domestic Insurers will be paid in full at the time of the transaction.

11. BACKGROUND OF APPLICANTS. Applicants represent that, none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over Domestic Insurers, 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.

If the Department determines that any individual for whom the Applicants are required to submit background information as part of this Application is unacceptable under New Jersey Law, the Applicants or their representatives, and the Domestic Insurers shall remove the individuals in question within thirty (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 Certificate of Authority of the Domestic Insurers pursuant to applicable law.

12. ANNUAL AUDITED FINANCIAL STATEMENTS. Beginning with the year ended December 31, 2022, the respective parties agree to file annually the following on a confidential basis with the Department:

- (a) Annual audited financial statements for the Domestic Insurers; and,
- (b) Liberty Dental Plan Corporation, Fund 14 (on a consolidated basis with Fund 14 Cayman), and Elevance Health annual audited financial statements within ninety (90) days after fiscal year end. Financial statements are required to be in accordance with United States generally accepted accounting principles or a comparable standard as approved by the Department.

13. CONSUMMATION OF ACQUISITION OF CONTROL. Applicants shall provide the Department with written confirmation of the consummation of the acquisition of

control by the end of the month in which the acquisition takes place and no later than ninety (90) days after approval of this Form A filing. Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

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

14. Applicants represent they have or will have obtained all the required regulatory approvals in connection with the Form A filing prior to closing the proposed acquisition. Approval of the Form A filing relates to the change of control of the Domestic Insurers by the Applicants and does not constitute approval or acceptance of any transactions or agreements which are either implicitly or explicitly disclosed in the Form A filing.

10/12/2022
Date



Marlene Caride
Commissioner