

**ANNUAL STATEMENT**

**OF THE**

**Healthfirst Health Plan of New Jersey, Inc.**

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**of** **New Jersey**

**STATE OF** **New Jersey**

**TO THE**

**Insurance Department**

**OF THE**

**State of New Jersey**

**FOR THE YEAR ENDED**

**December 31, 2019**

**HEALTH**

**2019**



13035201920100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2019  
OF THE CONDITION AND AFFAIRS OF THE

## Healthfirst Health Plan of New Jersey, Inc.

NAIC Group Code 0000 0000 NAIC Company Code 13035 Employer's ID Number 51-0609967  
(Current Period) (Prior Period)

Organized under the Laws of New Jersey, State of Domicile or Port of Entry NJ  
 Country of Domicile USA

Licensed as business type: Life, Accident & Health  Property/Casualty  Hospital, Medical & Dental Service or Indemnity   
 Dental Service Corporation  Vision Service Corporation  Health Maintenance Organization   
 Other  Is HMO Federally Qualified? Yes  No

Incorporated/Organized September 21, 2006 Commenced Business January 1, 2008

Statutory Home Office 100 Church Street, New York, NY, US 10007  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 100 Church Street, New York, NY, US 10007  
(Street and Number) (City or Town, State, Country and Zip Code)

Mail Address 100 Church Street, New York, NY, US 10007  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 100 Church Street, New York, NY, US 10007 100 Church Street, N  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.healthfirstny.org

Statutory Statement Contact Angelica Fornolles 212-801-6091  
(Name) (Area Code) (Telephone Number) (Extension)  
AFornolles@healthfirst.org 212-785-6893  
(E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>Paul Portsmore</u>	<u>President</u>
2.	<u>Linda Tiano</u>	<u>Secretary</u>
3.		

### VICE-PRESIDENTS

Name	Title	Name	Title

### DIRECTORS OR TRUSTEES

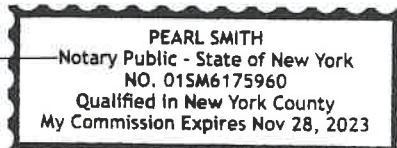
<u>Edward Condit</u>	<u>Thomas Daley</u>	<u>Chad Forbes</u>	<u>Deborah Hammond</u>
<u>Michael Maron</u>	<u>Anthony Orlando</u>	<u>Paul Portsmore</u>	<u>Richard Smith</u>

State of New York  
 County of New York ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

<u>(Signature)</u>	<u>(Signature)</u>	<u>(Signature)</u>
<u>(Printed Name)</u>	<u>(Printed Name)</u>	<u>(Printed Name)</u>
1.	2.	3.
	<u>Secretary</u>	<u>Chief Financial Officer</u>
<u>(Title)</u>	<u>(Title)</u>	<u>(Title)</u>

Subscribed and sworn to (or affirmed) before me this on this 26 day of February, 2020, by Pearl Smith



a. Is this an original filing?  Yes  No  
 b. If no: 1. State the amendment number \_\_\_\_\_  
 2. Date filed \_\_\_\_\_  
 3. Number of pages attached \_\_\_\_\_

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)				
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 30,956,124, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	30,956,124		30,956,124	30,412,234
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	30,956,124		30,956,124	30,412,234
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$ 0)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				14
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets				879
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	30,956,124		30,956,124	30,413,127
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	30,956,124		30,956,124	30,413,127

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Due from Healthfirst PHSP				879
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)				879

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)				67,477
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses				
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	1,500,000		1,500,000	1,500,000
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	14,500,000		14,500,000	14,500,000
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ ( 0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ 0 current)	27,957		27,957	82,826
24. Total liabilities (Lines 1 to 23)	16,027,957		16,027,957	16,150,303
25. Aggregate write-ins for special surplus funds	X X X	X X X		
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X	3,473,660	3,473,660
30. Aggregate write-ins for other than special surplus funds	X X X	X X X	1,135,728	1,135,728
31. Unassigned funds (surplus)	X X X	X X X	10,318,779	9,653,436
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	14,928,167	14,262,824
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	30,956,124	30,413,127

DETAILS OF WRITE-IN LINES				
2301. Due to Healthfirst Health Plan	27,957		27,957	82,826
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	27,957		27,957	82,826
2501.	X X X	X X X		
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		
3001. Retained Payments	X X X	X X X	1,135,728	1,135,728
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	1,135,728	1,135,728

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X		
2. Net premium income (including \$ 0 non-health premium income)	X X X		
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X		
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		278	1,373,730
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		(92,091)	62,747
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		(91,813)	1,436,477
<b>Less:</b>			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		(91,813)	1,436,477
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 0 cost containment expenses			(4)
21. General administrative expenses		25,302	11,985
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		(66,511)	1,448,458
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	66,511	(1,448,458)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		573,920	285,446
26. Net realized capital gains (losses) less capital gains tax of \$ 0			
27. Net investment gains (losses) (Lines 25 plus 26)		573,920	285,446
28. Net gain or (loss) from agents' or premium balances charged off [ (amount recovered \$ 0) (amount charged off \$ 0) ]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	640,431	(1,163,012)
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	640,431	(1,163,012)

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1	2
	Current Year	Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year	14,262,824	14,222,324
34. Net income or (loss) from Line 32	640,431	(1,163,012)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$	0	
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	24,912	1,254,616
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		(51,104)
48. Net change in capital and surplus (Lines 34 to 47)	665,343	40,500
49. Capital and surplus end of reporting year (Line 33 plus 48)	14,928,167	14,262,824

<b>DETAILS OF WRITE-IN LINES</b>		
4701. Prior Period Adjustments		(51,104)
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page		
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)		(51,104)

**CASH FLOW**

	1	2
	Current Year	Prior Year
<b>Cash from Operations</b>		
1. Premiums collected net of reinsurance		39,748
2. Net investment income	573,920	285,446
3. Miscellaneous income		
4. Total (Lines 1 through 3)	573,920	325,194
5. Benefit and loss related payments	(49,248)	6,287
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	79,288	218,019
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	30,040	224,306
11. Net cash from operations (Line 4 minus Line 10)	543,880	100,888
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		
13. Cost of investments acquired (long-term only):		
13.1 Bonds		
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)		
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		
<b>Cash from Financing and Miscellaneous Sources</b>		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)		
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	543,880	100,888
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	30,412,234	30,311,346
19.2 End of year (Line 18 plus Line 19.1)	30,956,114	30,412,234

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		

### ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income										
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)										
8. Hospital/medical benefits	278						278			XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs	(92,091)						(92,089)	(2)		XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	(91,813)						(91,811)	(2)		XXX
16. Net reinsurance recoveries										XXX
17. Total hospital and medical (Lines 15 minus 16)	(91,813)						(91,811)	(2)		XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 0 cost containment expenses										
20. General administrative expenses	25,302						24,423	879		
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts										
23. Total underwriting deductions (Lines 17 to 22)	(66,511)						(67,388)	877		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	66,511						67,388	(877)		

DETAILS OF WRITE-IN LINES										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 05 from overflow page										XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 06 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)										XXX



**NONE Underwriting and Investment Exhibit - Part 1**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	(24,336)						(24,336)			
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	(24,336)						(24,336)			
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	67,477						67,216		261	
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	67,477						67,216		261	
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	(91,813)						(91,552)		(261)	
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	(91,813)						(91,552)		(261)	
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

**NONE Underwriting and Investment Exhibit - Part 2A**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare	(24,336)				(24,336)	67,216
7. Title XIX – Medicaid						
8. Other health						261
9. Health subtotal (Lines 1 to 8)	(24,336)				(24,336)	67,477
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	(24,336)				(24,336)	67,477

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (\$000 Omitted)  
**Hospital & Medical**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

12.HM





**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
**(\$000 Omitted)**  
**Vision Only**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

12/00











**UNDERWRITING AND INVESTMENT EXHIBIT**  
**PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS**  
 (\$000 Omitted)  
**Grand Total**

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	17,815	18,073	19,874	20,420	20,395
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	19,061	19,058	19,874	20,487	20,395
2. 2015					
3. 2016	X X X				
4. 2017	X X X	X X X			
5. 2018	X X X	X X X	X X X		
6. 2019	X X X	X X X	X X X	X X X	

**Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio**

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

12.GT

**NONE Underwriting and Investment Exhibit - Part 2D**

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 0 for occupancy of own building)					
2. Salaries, wages and other benefits					
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)					
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services					
7. Traveling expenses					
8. Marketing and advertising					
9. Postage, express and telephone					
10. Printing and office supplies					
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services					
15. Boards, bureaus and association fees					
16. Insurance, except on real estate					
17. Collection and bank service charges			25,302		25,302
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				15,542	15,542
25. Aggregate write-ins for expenses					
26. Total expenses incurred (Lines 1 to 25)			25,302	15,542	(a) 40,844
27. Less expenses unpaid December 31, current year			1,500,000		1,500,000
28. Add expenses unpaid December 31, prior year			1,500,000		1,500,000
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)			25,302	15,542	40,844

DETAILS OF WRITE-IN LINES					
2501. ....					
2502. ....					
2503. ....					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)					

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

### EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 589,461	589,462
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	589,461	589,462
11. Investment expenses		(g) 15,542
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		15,542
17. Net investment income (Line 10 minus Line 16)		573,920

DETAILS OF WRITE-IN LINES		
0901.		
0902.		
0903.		
0998.	Summary of remaining write-ins for Line 09 from overflow page	
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	
1501.		
1502.		
1503.		
1598.	Summary of remaining write-ins for Line 15 from overflow page	
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)	

- (a) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

### EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)					
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)					
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)					

DETAILS OF WRITE-IN LINES					
0901.					
0902.					
0903.					
0998.	Summary of remaining write-ins for Line 09 from overflow page				
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)				



## EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software			
21. Furniture and equipment, including health care delivery assets			
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable		24,912	24,912
25. Aggregate write-ins for other-than-invested assets			
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)		24,912	24,912
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)		24,912	24,912

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Other Assets			
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)			

**NONE Exhibit 1 - Enrollment By Product Type**

## NOTES TO FINANCIAL STATEMENTS

### 1. Nature of Operations and Significant Accounting Policies

Healthfirst Health Plan of New Jersey, Inc. (HFNJ) was formed in July 2006 and is incorporated as a not-for-profit New Jersey health maintenance organization. HF Management Services, LLC (HFMS) is the sole corporate member of HFNJ. HFNJ received its license to operate a health maintenance organization effective December 2007 by the New Jersey Department of Banking and Insurance (DOBI) and contracted with the Centers for Medicare and Medicaid Services (CMS) effective January 2008 for Medicare Advance products. On September 1, 2009, HFNJ entered into a comprehensive risk contract agreement with the New Jersey Department of Human Services, Division of Medical Assistance and Health Services (DMAHS) for the provision of services under the New Jersey Medicaid and Family Care programs.

In June 2014, HFNJ sold certain non-financial assets relating to the Medicaid business to WellCare for approximately \$27.0 million. Subsequently, HFNJ did not renew its Medicare contract with CMS, terminating its contract effective December 31, 2014.

Effective December 31, 2014, HFNJ no longer actively markets itself as an insurer and began liquidation activities to wind-down its operations. HFNJ anticipates that it will be able to submit a proposal for the dissolution of HFNJ to DOBI, pending the resolution of certain matters.

#### A. Accounting Practices

The accompanying financial statements of HFNJ have been completed on a Statutory Accounting Practices (“NAIC SAP”) basis in conformity of the NAIC Health Statement Instructions manual and the Accounting Policies and Procedures Manual. These practices are designed primarily to demonstrate the ability to meet claims of policyholders. The State of New Jersey adopted the use of National Association of Insurance Commissioners (“NAIC”) *Accounting Practices and Procedures Manual*. The State of New Jersey has the right to prescribe or permit other specific accounting practices that deviate from NAIC SAP. HFNJ had no prescribed or permitted practices that deviate from NAIC SAP as of December 31, 2019 and 2018.

A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of New Jersey is shown below:

NET INCOME	SSAP #	F/S Pag	F/S Line	12/31/2019	12/31/2018
(1.) Healthfirst Health Plan of New Jersey, Inc. State basis		4	32	\$ 640,431	\$ (1,163,012)
(2.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(3.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(4.) NAIC SAP				\$ 640,431	\$ (1,163,012)
<b>SURPLUS</b>					
(5.) Healthfirst Health Plan of New Jersey, Inc. State basis		3	33	\$ 14,928,167	\$ 14,262,824
(6.) State Prescribed Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(7.) State Permitted Practices that is an increase/(decrease) from NAIC SAP					
None				-	-
(8.) NAIC SAP				\$ 14,928,167	\$ 14,262,824

Statutory accounting practices differ in some respects from those accounting principles generally accepted in the United States of America (“GAAP”). The effect of these differences is presumed to be material to the statutory-basis financial statements and supplemental schedules. The significant differences between statutory accounting practices and GAAP are as follows:

## NOTES TO FINANCIAL STATEMENTS

*Surplus Notes:* Surplus notes are reported as capital and surplus rather than as liabilities. Interest on surplus notes is excluded from net income and is added to unassigned surplus.

*Classification of Cash Equivalents:* Cash, short-term investments and assets as restricted cash and other assets in the accompanying statutory-basis balance sheets and statutory-basis statements of cash flow represent cash balances and investments with initial maturities, when acquired, of one year or less. In addition the corresponding caption and cash flow includes cash equivalent type of investments with maturities, when acquired, of three months or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities, when purchased, of three months or less.

*Cash Flows from Operating Activities:* Cash flows from operating activities are presented in the statements of cash flows using the direct method only. Under GAAP, an additional reconciliation of net (loss) income to cash flows from operations is required when the direct method is presented.

*Non-admitted Assets:* Certain assets, designated as “non-admitted,” are comprised of Other Assets and Pharmaceutical Rebate Receivables that were confirmed by the Pharmacy Benefit Management Company but not collected within 90 days of the confirmation date, are excluded from other assets and health care receivables in the accompanying statutory-basis balance sheets and are charged directly to unassigned surplus (deficiency). Under GAAP, such assets are included in the other assets and health care receivables, net of allowance for doubtful accounts.

*Liquidation Basis of Accounting:* As noted previously, HFNJ began liquidation activities and expects that run-out operations will last approximately two years. Statutory accounting practices require entities, regardless if liquidation is imminent, to prepare financial statements that contemplate the realization of admitted assets and satisfaction of liabilities in the normal course of business. Under GAAP, a liquidation basis of accounting should be used beginning when liquidation is imminent, even though liquidation may take years to execute. A liquidation basis of accounting differs from the going concern basis of accounting, as all assets and liabilities are reported based on the estimated liquidation value. Accordingly, a liquidation basis of accounting requires many estimates and assumptions as there are substantial uncertainties in carrying out the orderly wind-down of operations. Additionally, under a liquidation basis of accounting, an entity is required to estimate the remaining costs to be incurred during the liquidation period and report such amount as of the liquidation commencement date as a reduction to net assets in liquidation.

A reconciliation of net income and capital and surplus of HFNJ as determined in accordance with the statutory accounting practices to amounts determined in accordance with GAAP is as follows:

	<u>12/31/2019</u>	<u>12/31/2018</u>
Net income (loss) - NAIC SAP Basis	\$ 640,431	\$ (1,163,012)
Interest on surplus notes	(182,724)	(180,250)
Net income (loss) - GAAP Basis	<u>\$ 457,707</u>	<u>\$ (1,343,262)</u>
Capital and Surplus - NAIC SAP Basis	\$ 14,928,167	\$ 14,262,824
Reclassification of surplus note	(3,473,659)	(3,473,660)
Interest on surplus notes	(1,613,849)	(1,431,125)
Other Receivables	-	24,912
Capital and Surplus - GAAP Basis	<u>\$ 9,840,659</u>	<u>\$ 9,382,951</u>

### B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements of insurance companies requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. The most significant estimates included in the financial statements relate to reserves for contingent liabilities, accrued medical services, premium deficiency reserves, stop loss receivables and premium receivables. Actual results could differ from those estimates. Such

## NOTES TO FINANCIAL STATEMENTS

estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

### C. Accounting Policy

#### **Premium Revenue**

HFNJ ceased to have any Medicaid members subsequent to July 1, 2014 and Medicare members subsequent to January 1, 2015. Since HFNJ began liquidation activities to wind-down its operations,

There was no premium revenue or payments relating to uninsured plans and risk corridor. All activity in 2019 and 2018 is related to the run-out and wind down of the entity.

#### **Healthcare Service Costs, Accrued Medical Services and Claims Adjustment Expenses**

For the year ended December 31, 2019, medical expenses included retroactive adjustments to amounts recorded in prior years.

The unpaid claims liability within accrued medical services and unpaid claims adjustment expense liability is \$0 and \$0.07 as of December 31, 2019 and 2018.

#### **Stop-Loss Insurance**

There is no active policy for Medicaid after January 1, 2015 and for Medicare after July 1, 2014.

#### **Assets as Restricted Cash and Other Assets**

HFNJ, in accordance with N.J.A.C. 11:24-11.4, is required to maintain certain minimum deposits held in trust for the benefit of DOBI. Such deposit requirements are calculated annually by DOBI subsequent to the most recent calendar year and are based on the December 31 amounts of the most recent statutory filing.

HFNJ maintains a minimum insolvency deposit for administrative expenses to cover costs that DOBI would incur in any rehabilitation, liquidation or conservation of HFNJ. This deposit generally is equal to 20% of the minimum net worth requirement under N.J.A.C. 11:24-11.1.4(a,b), with a statutory minimum and maximum deposit adjusted for inflation. The December 31, 2019 deposit requirement was approximately \$2.2 million, as calculated by DOBI for which HFNJ held approximately \$2.2 million of securities that are included in assets as restricted cash and other assets in the accompanying statutory-basis balance sheets.

HFNJ also maintains a deposit to cover the claim reserves included in accrued medical services in the accompanying statutory-basis balance sheets. This deposit generally is equal to 50% of the highest calendar quarter of premiums of the most recent four quarters under N.J.A.C. 11:24-11.4(d). During 2014, HFNJ received approval from DOBI to begin to draw down on this deposit as a result of the sale of its Medicaid business and planned exit from Medicare. No reductions were made to the escrow deposit during December 31, 2019 and 2018. At December 31, 2019 and 2018, HFNJ had approximately \$5.7 million remaining in escrow, which is included in cash in the accompanying statutory-basis balance sheets.

The deposits remain an admitted asset of HFNJ for purposes of determining net worth of HFNJ.

#### **Advertising Costs - Not Applicable**

#### **Income Taxes**

HFNJ is organized as a not-for-profit corporation under the laws of the State of New Jersey. HFNJ is a Section 501(c) (4) organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code. HFNJ is also exempt from New Jersey corporation business tax pursuant to the Corporation Business Tax Act, N.J.S.A. 54:10A-3(e).

## NOTES TO FINANCIAL STATEMENTS

### Retained Hospital Payments

The health care service agreements with HFNJ's Sponsors provide that a portion of the premium revenue allocated to each Sponsor, as a health care provider to HFNJ plan members, is retained by HFNJ as additional capital contributions for the purpose of providing applicable statutory financial reserves. The portion may be subject to periodic adjustment by HFNJ's Board of Directors.

HFNJ ceased to have any Medicaid members subsequent to July 1, 2014 and Medicare members subsequent to January 1, 2015. Thus, HFNJ recorded no premium revenue and does not require additional capital contributions, for the purpose of statutory financial reserve requirement. Thus, there was no change in retained payments during December 31, 2019.

### Cash and Invested Assets

Cash and short-term investments include cash and investments with initial maturities of one year or less from the date of acquisition, and cash equivalents include cash and money market funds with initial maturities of three months or less from the date of acquisition, with a carrying value that is considered to be a reasonable approximation of fair value. Management believes that credit risk related to these investments is minimal. Assets as restricted cash and other assets include U.S. Treasury notes which are recorded at amortized cost.

### In addition, the organization uses the following accounting policies:

- (1) Basis at which the Short-term investments are stated – Not applicable.
- (2) Basis at which the bonds are stated and the amortization method. – Not applicable.
- (3) Basis at which the common stocks are stated – Not applicable.
- (4) Basis at which the preferred stocks are stated – Not applicable.
- (5) Description of the valuation basis of the mortgage loans – Not applicable.
- (6) Basis at which the loan-backed securities are stated and the adjustment methodology used for each type of security (prospective or retrospective) – Not applicable.
- (7) The accounting policies of the insurer with respect to investments in subsidiaries controlled and affiliated companies – Not applicable.
- (8) The accounting policies of the insurer with respect to investments in joint ventures, partnerships and limited liability companies – Not applicable.
- (9) A description of the accounting policy for derivatives – Not applicable.
- (10) Anticipated investment income was not utilized in the premium deficiency calculation.
- (11) The unpaid claim liabilities within accrued medical services and unpaid claim adjustment expense liabilities in the accompanying statutory-basis balance sheets represent managements's best estimated of all reported and unreported claims incurred – not applicable.
- (12) If the capitalization policy and the resultant predefined thresholds changed from the prior period, the reason for the change – Not applicable.
- (13) The amount reported as pharmaceutical rebate receivables include rebates invoiced or confirmed by the Pharmacy Benefit Manager ("PBM") within 2 months of the report date and prior periods.

### D. Going Concern

Not applicable.

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## NOTES TO FINANCIAL STATEMENTS

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### 2. Accounting Changes or Corrections of Errors

In the prior year, change in nonadmitted assets and change in retained payments (included in Statement of Revenue and Expenses, Continued, Line 4701) were overstated by \$51,104 and have been adjusted in 2018 to correct for this error (none in 2019).

### 3. Business Combinations or Goodwill

- A. Statutory Purchase Method – Not applicable.
- B. Statutory Merger – Not applicable
- C. Assumption Reinsurance – Not applicable.
- D. Impairment Loss – Not applicable.

### 4. Discontinued Operations

- A. Discontinued Operation Disposed of or Classified as Held for Sale – Not applicable.
- B. Change in Plan of Sales of Discontinued Operation – Not applicable.
- C. Nature if Any Significant Continuing Involvement with Discontinued Operations After Disposal – Not applicable.
- D. Equity Interest Retained in the Discontinued Operation after Disposal – Not applicable

### 5. Investments

- A. Mortgage Loans – Not applicable.
- B. Debt Restructuring – Not applicable.
- C. Reverse Mortgages – Not Applicable
- D. Loan-Backed Securities – Not applicable.
- E. Repurchase Agreements and/or Securities Lending Transactions – Not applicable.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable.
- H. Repurchase Agreements Transactions Accounted for as a Sale – Not applicable.
- I. Reverse Repurchase Agreements Transactions Accounted for as Sale – Not applicable.
- J. Real Estate – Not applicable.
- K. Investment in low-income housing tax credits (LIHTC) – Not applicable.
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

## NOTES TO FINANCIAL STATEMENTS

Restricted Asset Category	1	2	3	4	5	6
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted from Prior Year	Increase/ (Decrease) (1 minus 2)	Total Current Year Admitted Restricted	Percentage Gross Restricted to Total Assets	Percentage Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown						
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. On deposit with states	\$ 7,982,330	\$ 7,863,349	\$ 118,981	\$ 7,982,330	25.76%	25.76%
j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories						
l. Other restricted assets						
m. Total Restricted Assets	\$ 7,982,330	\$ 7,863,349	\$ 118,981	\$ 7,982,330	25.8%	25.8%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – Not applicable.

(3) Detail of Other Restricted Assets - Not applicable.

(4) Collateral Received and Reflected as Assets within the Reporting Entity's Financial Statement – Not Applicable.

M. Working Capital Finance Investments – Not Applicable.

N. Offsetting and Netting of Liabilities – Not Applicable.

O. 5GI Securities – Not applicable.

P. Short Sales – Not applicable.

Q. Prepayment Penalty and Acceleration Fees – Not applicable.

### 6. Joint Ventures, Partnerships or Limited Liabilities

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceeds 10% of its admitted assets.

B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

### 7. Investment Income

A. The bases for excluding the investment income due and accrued surplus as a non-admitted asset Not applicable.

B. The total amount excluded was \$0.

### 8. Derivative Instruments

A. Derivatives



## NOTES TO FINANCIAL STATEMENTS

- (1) Discussion of material risk, credit risk and cash requirements of the derivative – Not applicable.
- (2) Description of reporting entity's objectives of using derivatives – Not applicable.
- (3) Description of accounting policies of recognizing/not recognizing and measuring derivatives use – Not applicable.
- (4) Identification of whether the reporting entity has derivative contracts with financing premiums – Not applicable.
- (5) Net gain or loss recognized in unrealized gains or losses during reporting period representing component of derivative instruments' gain or loss, if any, excluded from assessment of hedge effectiveness – Not applicable.
- (6) Net gain or loss recognized in unrealized gains or losses during reporting period resulting from derivatives that no longer qualify for hedge accounting – Not applicable.
- (7) Disclose information for derivatives accounted for as cash flow hedges of a forecasted transaction – Not applicable.
- (8) Disclose aggregate, non-discounted total premium cost for these contracts and the premium cost due in each of the four years, and thereafter – Not applicable.

### B. Derivative Hedging

- (1) Discussion of hedged item / hedging instruments and hedging strategy – Not applicable.
- (2) Recognition of gains/losses and deferred assets and liabilities – Not applicable.
- (3) Hedging Strategies Identified as No Longer Highly Effective – Not applicable.
- (4) Hedging Strategies Terminated – Not applicable.

## 9. Income Taxes

- A. The components of the net deferred tax asset/(liability) – Not applicable.
- B. Deferred tax liabilities Not Recognize – Not applicable.
- C. Current income taxes incurred – Not applicable.
- D. Significant Book to Tax Adjustments – Not applicable.
- E. Amounts, origination dates and expiration dates of operating loss and tax credit carry forwards available for tax purposes – Not applicable.
- F. Consolidated federal income tax return – Not applicable.
- G. The total of all net adjusted gross deferred tax assets (net deferred tax liabilities) – Not applicable.
- H. Repatriation Transition Tax – Not applicable.
- I. Alternative Minimum Tax Credit – Not applicable.

## 10. Information Concerning Parent, Subsidiaries and Affiliates

- A. & B. HFNJ is incorporated as a not-for-profit health maintenance organization. HF

## NOTES TO FINANCIAL STATEMENTS

Management Services, LLC (“HFMS”) is the sole corporate member of HFNJ. HFNJ has a ten year management contract with HFMS that began June 7, 2007 to provide all administrative services and management services.

- C. In 2019 and 2018, HFNJ no longer has Management fees charged by HFMS.
- D. Amounts due from or to related parties as of December 31, 2019 – Not applicable.
- E. HFMS guarantees that HFNJ shall have and maintain capital and surplus at least in the minimum amount as required by law. This guaranty continues until the Commissioner of Banking and Insurance of the State of New Jersey (the Commissioner) releases HFMS in writing. If the net worth of HFNJ drops below 125% of the minimum requirement established by law or if the Commissioner determines that the surplus of HFNJ is insufficient in respect to its outstanding liabilities and financial needs. HFMS would be required to deliver sufficient funds satisfactory to the Commissioner to meet its obligations under the guaranty within 15 days following receipt of a written demand of the Commissioner.

As of December 31, 2019, HFNJ’s statutory capital and surplus of approximately \$14.9 million exceeded the 125% minimum requirement established by law, which is approximately \$2.6 million. However, as a result of HFNJ’s sale of its Medicaid business and termination of its Medicare contract with CMS as of December 31, 2014, HFNJ no longer has obligations to New Jersey enrollees or on-going operations in New Jersey, aside from run-out services, subsequent to December 31, 2014.

- F. A description of material management or service contracts and cost-sharing arrangements involving the reporting entity and any related party – Not applicable.
- G. The nature of the control relationship whereby HFNJ is under common ownership and HFMS is the sole corporate member of HFNJ.
- H. Amount deducted from the value of an upstream intermediate entity – Not applicable.
- I. Investment in an SCA Entity – Not applicable.
- J. Investments in impaired SCA Entity – Not applicable.
- K. Foreign Insurance Subsidiary – Not applicable.
- L. Investment in downstream noninsurance holding company – Not applicable.
- M. All SCA investments – Not applicable.
- N. Investment in an insurance SCA Entity – Not applicable.
- O. SCA and SSAP No. 48 Entity Loss Tracking – Not applicable.

### 11. Debt

- A. Terms of Debt – Not applicable.
- B. FHLB agreements – Not applicable.

### 12. Retirement Plans, Deferred Compensation, Post-employment Benefits and Compensated Absences and Other Post-retirement Benefit Plans.

- A. Defined Benefit Plan – Not applicable.
- A. Fair Value Measurements – Not applicable.

## NOTES TO FINANCIAL STATEMENTS

- E. Defined Contribution Plan – Not applicable.
- F. Multiemployer Plans – Not applicable.
- G. Consolidated/Holding Company Plans – Not applicable.
- I. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable.

### 13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations.

- 1. Number of shares - Not applicable.
- 2. Dividend rate - Not applicable.
- 3. Dividend restriction - Not applicable.
- 4. Dividends paid - Not applicable.
- 5. Ordinary dividends from profits - Not applicable.
- 6. Restrictions on unassigned funds - Not applicable.
- 7. For mutual, and similar organized companies - Not applicable.
- 8. Stock held by the Company for special purposes- Not applicable.
- 9. Reasons for changes in the balances of any special surplus funds for prior period - Not applicable.
- 10. Unassigned funds represented (reduced) by cumulative unrealized gains and losses - Not applicable.
- 11. Healthfirst Health Plan of NJ issued the following surplus notes:

Date Issued	Interest Rate	Par Value (face value of note)	Carrying Value of Note	Principal And/Or Interest Pd in CY	Total Principal And/Or Interest Paid	Unapproved Principal And/Or Interest	Date of Maturity
12/17/07	3.25% -7.25%	\$ 3,000,000	\$ 3,000,000	N/A	N/A	N/A	12/31/2020
08/06/07	3.25% -7.25%	\$ 473,660	\$ 473,660	N/A	N/A	N/A	12/31/2020

In 2007, HFNJ issued two surplus notes to HFMS in exchange for cash. The first note of approximately \$0.5 million was issued on August 6, 2007, and was due on or before December 31, 2017. This note was amended to have a due date on or before December 31, 2020. The second note of \$3.0 million was issued on December 17, 2007, and was due on or before December 31, 2017. This note was also amended to have a due date on or before December 31, 2020. The notes bear interest at the JPMorgan Chase prime rate, which was 5.50% during 2018 and up until July 31<sup>st</sup>, 2019, and as of August 1<sup>st</sup>, 2019 the prime rate was 5.25%. Accumulated interest unapproved for payment amounted to approximately \$1.6 million and \$1.4 million on December 31, 2019 and 2018, respectively. Any payment of interest or repayment of principal is subject to approval by DOBI and may be paid only out of HFNJ's earnings, and only if HFNJ's surplus exceeds specified levels. The surplus notes are subordinate to all liabilities of HFNJ.

- 12. Impact quasi-reorganization - Not applicable.
- 13. Effective date of quasi-reorganization - Not applicable.

### 14. Liabilities, Contingencies and Assessments

## NOTES TO FINANCIAL STATEMENTS

- A. Contingent Commitments – Not applicable.
- B. Assessments – Not applicable.
- C. Gain Contingencies – Not applicable.
- D. Claims related extra contractual obligation and bad faith losses stemming from lawsuits – Not applicable.
- E. Joint and Several Liabilities – Not applicable.
- F. All Other Contingencies – HFNJ is a defendant in various lawsuits and other pending litigation, which has occurred through the ordinary course of business. While the outcome with respect to such proceedings cannot be predicted with certainty, management believes the lawsuits are without merit and intends to vigorously defend its position, and in any event believes the ultimate outcome of such matters will not have a material adverse effect on HFNJ's financial statements.

### 15. Leases

- A. Lessee's leasing arrangements - Not applicable.
- B. Lessor's business activities Not applicable.

### 16. Information about Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk

Not applicable.

### 17. Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

- A. Transfers of Receivables Reported as Sales – Not applicable.
- B. Transfer and Servicing of Financial Assets – Not applicable.
- C. Wash Sales – Not applicable.

### 18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans.

- A. ASO Plans – Not applicable.
- B. ASC Plans – Not applicable.
- C. Medicare or Similarly Structured Cost Based Reimbursement Contract  
Since HFNJ began liquidation activities to wind-down its operations, there were no payments relating to uninsured plans and risk corridor.

### 19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

Not applicable.

### 20. Fair Value Measurements

- A. Fair Value Measurements at Reporting Date – Not applicable.
- B. Fair Value information disclosed under other accounting Pronouncements - Not applicable.
- C. Aggregate Fair Value for all financial instruments - Not applicable.
- D. Not practicable to Estimate Fair Value - Not applicable.

## NOTES TO FINANCIAL STATEMENTS

E. For investments measured using the NAV practical expedient pursuant to SSAP No. 100R-Fair Value, a reporting entity shall disclose information that helps users of its financial statements to understand the nature and risks of the investments and whether the investments, if sold, are probable of being sold at amounts different from NAV per share. – Not applicable.

### 21. Other Items

A. Unusual or Infrequent items - Not applicable.

B. Trouble Debt Restructuring: Debtors - Not applicable.

C. Other Disclosures

In September 2013, HFNJ entered into an asset purchase agreement with WellCare Health Plans of New Jersey, Inc. (“WellCare”) to sell certain non-financial assets owned by HFNJ which were used in operation of HFNJ’s Medicare and Medicaid business. In June 2014, HFNJ sold these non-financial assets relating to the Medicaid business to WellCare for approximately \$27.0 million, of which approximately \$2.7 million was placed in escrow as required by the asset purchase agreement. The sale of the Medicare non-financial assets was unable to be completed as planned in 2014, and HFNJ did not renew its Medicare contract with CMS, terminating its contract effective December 31, 2014. During 2015, a full reserve was placed against the escrow amount of approximately \$2.7 million, as a result of a related claim asserted by WellCare prior to the escrow release date. In 2016 final settlement was reached with Wellcare and HFNJ received a \$4.4 million cash settlement for all remaining amounts due related to the asset purchase agreement.

In 2014, subsequent to the closing of the sale transaction to Wellcare, HFNJ recorded a liability due to HFMS in the amount of \$14.5 million for the system configuration and programming, marketing and vendor costs that HFMS previously provided to HFNJ, as a component of its administrative services agreement with HFMS. The payment of these costs was contingent upon the closing of a sale transaction between HFNJ and Wellcare, which took place in June 2014. This amount is reflected in the amounts due to parent, subsidiary and affiliates of the accompanying balance sheets as of December 31, 2019 and 2018.

D. Business Interruption Insurance Recoveries - Not applicable.

E. State Transferable and Non-transferable Tax Credits - Not applicable.

F. Subprime Mortgage Related Risk Expense - Not applicable.

G. Retained Assets – Not applicable

H. Insurance-Linked Securities (ILS) Contracts – Not applicable.

I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy – Not applicable.

### 22. Events Subsequent

A. Type I - Recognized Subsequent Events – Not applicable.

B. Type II - Nonrecognized Subsequent Events – Not applicable.

### 23. Reinsurance

A. Ceded Reinsurance Report

Section 1 - General Interrogatories

## NOTES TO FINANCIAL STATEMENTS

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes ( ) No (x)

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primary engaged in the insurance business?

Yes ( ) No (x)

### Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes ( ) No (x)

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes ( ) No (x)

### Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. – Not applicable.

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes ( ) No (x)

#### B. Uncollectible Reinsurance

The uncollectable reinsurance amount that was written off – Not applicable.

#### C. Commutation of Ceded Reinsurance – Not applicable.

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – Not applicable.

## 24. Retrospectively Rated Contracts & Contracts Subject to Re-determination

### *Risk Corridor*

Medicare or Similarly Structured Cost Based Reimbursement Contract. Since HFNJ began liquidation activities to wind-down its operations, there were no payments relating to risk corridor.

- A. Payments received from CMS were subject to risk corridor adjustments, whereby variances that exceeded certain thresholds from a target amount resulted in CMS making additional payments to HFNJ or required HFNJ to refund to CMS a portion of the premium received.

- B. HFNJ records \$0 premium for the period ending December 31, 2019 and 2018.

## NOTES TO FINANCIAL STATEMENTS

- C. There are no net premiums written by HFNJ at December 31, 2019 and 2018 that are subject to retrospective rating features.
- D. Medical loss ratio rebates required pursuant to the Public Health Service Act - Not applicable.
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA) - Not applicable.

### 25. Change in Incurred Claims and Claim Adjustment Expenses

The unpaid claims liability within accrued medical services and unpaid claims adjustment expense liability is \$0 and \$0.07 as of December 31, 2019 and 2018, respectively. There has been a minimal favorable run-out on claims since December 31, 2018.

### 26. Inter-company Pooling Agreement

- A. Identification of the lead entity and of all affiliated entities participating in the intercompany pool (include NAIC Company Codes) and indication of their respective percentage shares of the pooled business – Not applicable
- B. Description of the lines and types of business subject to the pooling agreement – Not applicable
- C. Description of cessions to non-affiliated reinsurers of business subject to the pooling agreement, and indication of whether such cessions were prior to or subsequent to the cession of pooled business from the affiliated pool members to the lead entity – Not applicable
- D. Identification of all pool members that are parties to reinsurance agreements with non-affiliated reinsurers covering business subject to the pooling agreement and that have a contractual right of direct recovery from the non-affiliated reinsurer per the terms of such reinsurance agreements – Not applicable
- E. Explanation of any discrepancies between entries regarding pooled business on the assumed and ceded reinsurance schedules of the lead entity and corresponding entries on the assumed and ceded reinsurance schedules of other pool participants – Not applicable
- F. Description of intercompany sharing, if other than in accordance with the pool participation percentage, and the write-off of uncollectible reinsurance – Not applicable
- G. Amounts due to/from the lead entity and all affiliated entities participating in the intercompany pool as of the balance sheet date – Not applicable

### 27. Structured Settlements

Not applicable.

### 28. Health Care Receivables

- A. Pharmaceutical Rebate Receivables – Not applicable

HFNJ records healthcare receivables resulting from pharmaceutical rebates receivables and Part D Plan to Plan receivables. SSAP No. 84, *Certain Health Care Receivables and Receivables Under Government Insured Plans*, requires that Pharmaceutical Rebate Receivables be non-admitted, unless the amounts are confirmed by the Pharmacy Benefit Manager (“PBM”) within 2 months of the report date and collected within 90 days of the confirmation date. As of December 31, 2019 and 2018 there were no rebate receivables.

- B. Risk Sharing Receivables – Not applicable.

### 29. Participating Policies

Not applicable.

## NOTES TO FINANCIAL STATEMENTS

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### 30. Premium Deficiency Reserves

Liability carrier for premium deficiency reserves \$ 0

Date of the most recent evaluation of this liability Not applicable

Was anticipated investment income utilized in the calculation? Yes [ ] No [ X ]

### 31. Anticipated Salvage and Subrogation

Not applicable.



# GENERAL INTERROGATORIES

## PART 1 – COMMON INTERROGATORIES

### GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes  No
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes  No  N/A
- 1.3 State Regulating? \_\_\_\_\_
- 1.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes  No
- 1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes  No
- 2.2 If yes, date of change: \_\_\_\_\_
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. \_\_\_\_\_ 12/31/2012 \_\_\_\_\_
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_ 12/31/2009 \_\_\_\_\_
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). \_\_\_\_\_ 03/10/2010 \_\_\_\_\_
- 3.4 By what department or departments?  
 NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE  
 .....  
 .....  
 .....
- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes  No  N/A
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes  No  N/A
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes  No
- 4.12 renewals? Yes  No
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes  No
- 4.22 renewals? Yes  No
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes  No
- If yes, complete and file the merger history data file with the NAIC.

## GENERAL INTERROGATORIES

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:  
 .....  
 .....  
 .....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,  
 7.21 State the percentage of foreign control. \_\_\_\_\_ %  
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.  
 .....  
 .....  
 .....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [ ] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?  
 Ernst & Young, LLP 5 Times Square, New York, NY 10036  
 .....  
 .....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:  
 .....  
 .....  
 .....

## GENERAL INTERROGATORIES

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:  
 .....  
 .....  
 .....

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.6 If the response to 10.5 is no or n/a, please explain.  
 .....  
 .....  
 .....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Angela Liang , FSA, MAAA, 100 Church Street, New York, NY, 10007, Employee  
 .....  
 .....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:  
 .....  
 .....  
 .....

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?  
 .....  
 .....  
 .....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [X]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [X]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [X] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?  
 a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;  
 b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;  
 c. Compliance with applicable governmental laws, rules, and regulations;  
 d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and  
 e. Accountability for adherence to the code. Yes [X] No [ ]

14.11 If the response to 14.1 is no, please explain:  
 .....  
 .....  
 .....

## GENERAL INTERROGATORIES

14.2 Has the code of ethics for senior managers been amended? Yes  No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).  
 The Code of Conduct ("The Code") was reviewed for 2019 and there were no substantive changes to The Code. The following items were updated to The Code: 1) A revision to "Have I discussed" to "Have I raised" was made in the "Duty to Report" section. 2) The word "promptly" was included when employees should report copOliance concerns. 3) Updated Policy Titles: a) Enterprise

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes  No

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).  
 .....  
 .....  
 .....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes  No

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....	.....	.....	.....

## BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes  No

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes  No

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes  No

## FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes  No

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes  No

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

## GENERAL INTERROGATORIES

- 22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]
- 22.2 If answer is yes:
- |  |                                                |          |
|--|------------------------------------------------|----------|
|  | 22.21 Amount paid as losses or risk adjustment | \$ _____ |
|  | 22.22 Amount paid as expenses                  | \$ _____ |
|  | 22.23 Other amounts paid                       | \$ _____ |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ \_\_\_\_\_

## INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [ ] No [X]
- 24.02 If no, give full and complete information, relating thereto:  
 .....  
 .....  
 .....
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)  
 .....  
 .....  
 .....
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ \_\_\_\_\_
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ \_\_\_\_\_
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- |                                                                                                                  |  |          |
|------------------------------------------------------------------------------------------------------------------|--|----------|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2                   |  | \$ _____ |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 |  | \$ _____ |
| 24.103 Total payable for securities lending reported on the liability page                                       |  | \$ _____ |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No [ ]

## GENERAL INTERROGATORIES

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Placed under option agreements	\$ _____
	25.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
	25.27 FHLB Capital Stock	\$ _____
	25.28 On deposit with states	\$ <u>7,982,330</u>
	25.29 On deposit with other regulatory bodies	\$ _____
	25.30 Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
	25.31 Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
	25.32 Other	\$ _____

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....	.....	.....
.....	.....	.....

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [X]  
If no, attach a description with this statement.

**LINES 26.3 through 26.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:**

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [ ] No [X]

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

	26.41 Special accounting provision of SSAP No. 108	Yes [ ] No [X]
	26.42 Permitted accounting practice	Yes [ ] No [X]
	26.43 Other accounting guidance	Yes [ ] No [X]

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [ ] No [X]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

27.2 If yes, state the amount thereof at December 31 of the current year. \$ \_\_\_\_\_

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

## GENERAL INTERROGATORIES

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
TD Bank Wealth Management Trust Services	101 Haddonfield 2nd Floor, Cherry Hill, NJ, 08002-4401

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes [ ] No [X]

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["... that have access to the investment accounts"; "...handle securities"]

1 Name Firm or Individual	2 Affiliation
TD Bank Accounts	U

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes [ ] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes [ ] No [X]

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
TD Bank	6116289	51-0609967	TD Bank, National Association	NO

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [ ] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value

## GENERAL INTERROGATORIES

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....	.....	.....	.....
.....	.....	.....	.....

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	.....	.....	.....
30.2 Preferred stocks	.....	.....	.....
30.3 Totals	.....	.....	.....

30.4 Describe the sources or methods utilized in determining the fair values:

Not Applicable  
 .....  
 .....  
 .....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [ X ]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ X ]

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:  
 .....  
 .....  
 .....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [ X ] No [ ]

32.2 If no, list exceptions:  
 .....  
 .....

33 By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
  - b. Issuer or obligor is current on all contracted interest and principal payments.
  - c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
- Has the reporting entity self-designated 5GI securities? Yes [ ] No [ X ]



## GENERAL INTERROGATORIES

34 By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [ ] No [X]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [ ] No [X]

### OTHER

36.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ \_\_\_\_\_

36.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

37.1 Amount of payments for legal expenses, if any? \$ \_\_\_\_\_

37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ \_\_\_\_\_

38.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$ .....
.....	\$ .....
.....	\$ .....

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ \_\_\_\_\_
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ \_\_\_\_\_
- 1.31 Reason for excluding  
.....  
.....  
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ \_\_\_\_\_
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ \_\_\_\_\_
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ \_\_\_\_\_
- 1.62 Total incurred claims \$ \_\_\_\_\_
- 1.63 Number of covered lives \_\_\_\_\_
- All years prior to most current three years:
- 1.64 Total premium earned \$ \_\_\_\_\_
- 1.65 Total incurred claims \$ \_\_\_\_\_
- 1.66 Number of covered lives \_\_\_\_\_
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ \_\_\_\_\_
- 1.72 Total incurred claims \$ \_\_\_\_\_
- 1.73 Number of covered lives \_\_\_\_\_
- All years prior to most current three years:
- 1.74 Total premium earned \$ \_\_\_\_\_
- 1.75 Total incurred claims \$ \_\_\_\_\_
- 1.76 Number of covered lives \_\_\_\_\_

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	\$ _____	\$ _____
2.2 Premium Denominator	\$ _____	\$ _____
2.3 Premium Ratio (2.1 / 2.2)		
2.4 Reserve Numerator	\$ _____	\$ 67,477
2.5 Reserve Denominator	\$ _____	\$ 67,477
2.6 Reserve Ratio (2.4 / 2.5)		1.000

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]
- 3.2 If yes, give particulars:  
.....  
.....  
.....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]
- 5.2 If no, explain:  
Medicare and Medicaid business programs have been discontinued.  
.....  
.....  
.....
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ \_\_\_\_\_
- 5.32 Medical Only \$ \_\_\_\_\_
- 5.33 Medicare Supplement \$ \_\_\_\_\_
- 5.34 Dental and vision \$ \_\_\_\_\_
- 5.35 Other Limited Benefit Plan \$ \_\_\_\_\_
- 5.36 Other \$ \_\_\_\_\_

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

As required by State regulation, each provider agreement contains a hold harmless provision protecting members in case of solvency. In addition, each provider agreement contains statutory continuation of treatment of provision in the event of termination.

.....  
.....  
.....

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details:  
 .....  
 .....  
 .....
8. Provide the following information regarding participating providers:  
 8.1 Number of providers at start of reporting year \_\_\_\_\_  
 8.2 Number of providers at end of reporting year \_\_\_\_\_
- 9.1 Does the reporting entity have business subject to premium rate guarantees? Yes  No
- 9.2 If yes, direct premium earned:  
 9.21 Business with rate guarantees between 15-36 months \_\_\_\_\_  
 9.22 Business with rate guarantees over 36 months \_\_\_\_\_
- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes  No
- 10.2 If yes:  
 10.21 Maximum amount payable bonuses \$ \_\_\_\_\_  
 10.22 Amount actually paid for year bonuses \$ \_\_\_\_\_  
 10.23 Maximum amount payable withholds \$ \_\_\_\_\_  
 10.24 Amount actually paid for year withholds \$ \_\_\_\_\_
- 11.1 Is the reporting entity organized as:  
 11.12 A Medical Group/Staff Model, Yes  No   
 11.13 An Individual Practice Association (IPA), or, Yes  No   
 11.14 A Mixed Model (combination of above)? Yes  No
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus:  
 New Jersey .....
- 11.4 If yes, show the amount required. \$ 2,204,077
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes  No
- 11.6 If the amount is calculated, show the calculation:  
 See DOBI Attachment E .....
12. List service areas in which reporting entity is licensed to operate:

	1 Name of Service Area	

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_
- 13.3 Do you act as an administrator for health savings accounts? Yes  No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other

15. Provide the following for individual ordinary life insurance\* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
- 15.1 Direct Premium Written \$ \_\_\_\_\_  
 15.2 Total Incurred Claims \$ \_\_\_\_\_  
 15.3 Number of Covered Lives \_\_\_\_\_

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

## GENERAL INTERROGATORIES

### PART 2 - HEALTH INTERROGATORIES

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [ ] No [X]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [ ] No [X]

## FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2019	2018	2017	2016	2015
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28)	30,956,124	30,413,127	30,690,133	33,918,534	29,802,041
2. Total liabilities (Page 3, Line 24)	16,027,957	16,150,303	16,467,809	18,850,660	19,443,005
3. Statutory minimum capital and surplus requirement	2,204,077	2,602,031	2,602,031	2,504,361	2,460,080
4. Total capital and surplus (Page 3, Line 33)	14,928,167	14,262,824	14,222,324	15,067,874	10,359,036
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8)			955,126	(44)	(199,434)
6. Total medical and hospital expenses (Line 18)	(91,813)	1,436,477	811,973	(56,163)	(327,048)
7. Claims adjustment expenses (Line 20)		(4)	(521)	27,478	570,596
8. Total administrative expenses (Line 21)	25,302	11,985	155,221	181,588	(573,731)
9. Net underwriting gain (loss) (Line 24)	66,511	(1,448,458)	(11,547)	(152,947)	130,748
10. Net investment gain (loss) (Line 27)	573,920	285,446	44,053	3,837	16,003
11. Total other income (Lines 28 plus 29)				4,448,230	(2,696,540)
12. Net income or (loss) (Line 32)	640,431	(1,163,012)	32,506	4,299,120	(2,549,788)
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11)	543,879	100,888	2,227,577	(637,966)	(16,925,878)
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	14,928,167	14,262,824	14,222,324	15,067,874	10,359,037
15. Authorized control level risk-based capital	88,936	814,424	880,413	73,931	50,660
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)					
17. Total members months (Column 6, Line 7)					
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)			85.0	127643.2	164.0
20. Cost containment expenses					(341.5)
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)			101.2	(347506.8)	165.6
23. Total underwriting gain (loss) (Line 24)			(1.2)	347606.8	(65.6)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	(24,336)	1,436,737	1,407,843	1,079,542	24,184,479
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	67,477	261	595,870	1,135,705	24,511,527
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)					
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31					
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [ ] No [X]

If no, please explain:

.....

.....

.....

.....

## SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

### Allocated by States and Territories

States, Etc.	1	Direct Business Only								
		2	3	4	5	6	7	8	9	
	Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X								
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Totals (Direct Business)		X X X								

DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page								
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X							

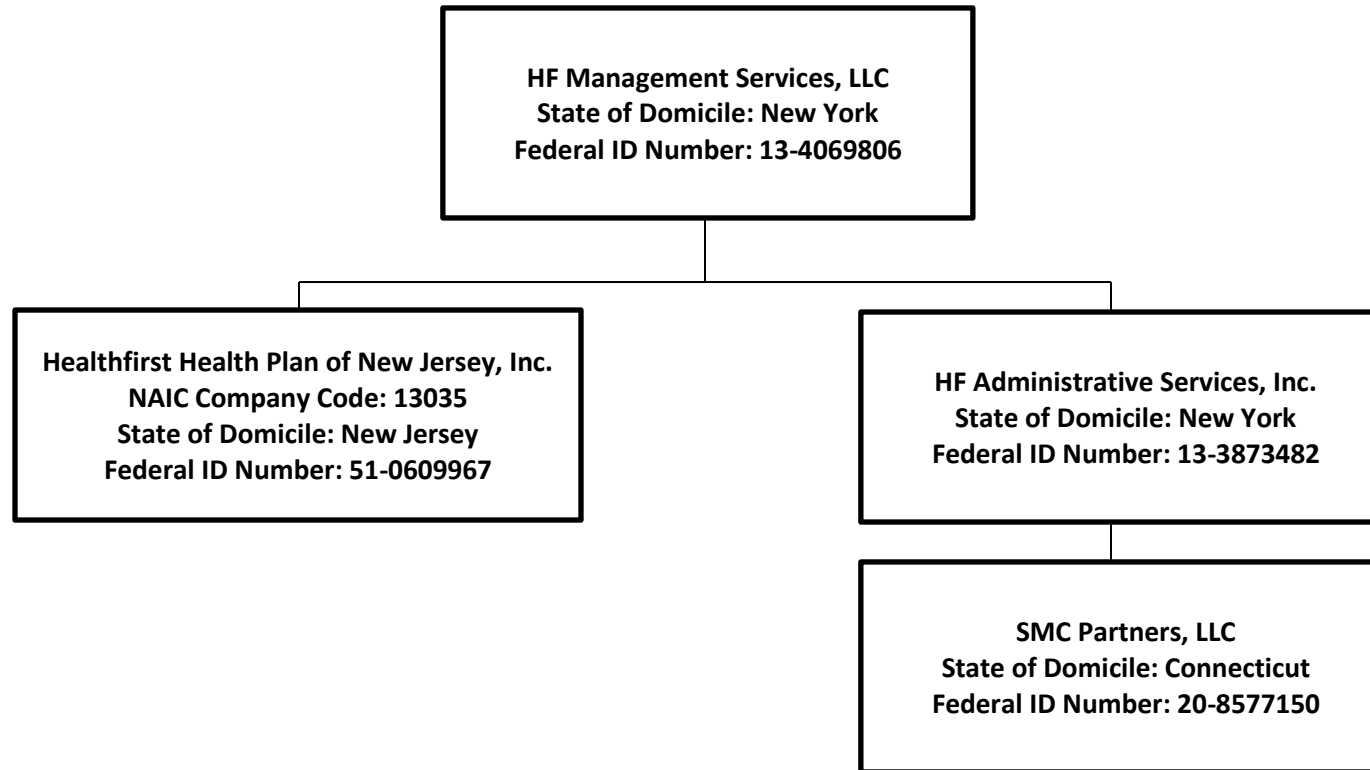
NONE

- (a) Active Status Counts
- L - Licensed or Chartered - Licensed i \_\_\_\_\_
  - E - Eligible - Reporting entities eligible \_\_\_\_\_
  - R - Registered - Non-domiciled RRGs \_\_\_\_\_
  - Q - Qualified - Qualified or accredited r \_\_\_\_\_
  - N - None of the above - Not allowed t \_\_\_\_\_

(b) **Explanation of basis of allocation of premiums by states, etc.**  
 Not Applicable

## SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

### PART 1 - ORGANIZATIONAL CHART



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**OVERFLOW PAGE FOR WRITE-INS**

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## ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7	Schedule D – Summary By Country	SI04
Assets	2	Schedule D – Verification Between Years	SI03
Cash Flow	6	Schedule DA – Part 1	E17
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Verification Between Years	SI10
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part A – Section 1	E18
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 2	E19
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part B – Section 1	E20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 2	E21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part C – Section 1	SI12
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 2	SI13
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB - Part D - Section 1	E22
Exhibit of Capital Gains (Losses)	15	Schedule DB - Part D - Section 2	E23
Exhibit of Net Investment Income	15	Schedule DB - Part E	E24
Exhibit of Nonadmitted Assets	16	Schedule DB - Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL - Part 1	E25
Five-Year Historical Data	29	Schedule DL - Part 2	E26
General Interrogatories	27	Schedule E – Part 1 – Cash	E27
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E28
Liabilities, Capital and Surplus	3	Schedule E – Part 2 – Verification Between Years	SI15
Notes To Financial Statements	26	Schedule E – Part 3 – Special Deposits	E29
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	38
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14
Schedule D – Part 6 – Section 2	E16		