

**REPORT ON EXAMINATION AS TO THE CONDITION OF
ALLSTATE NEW JERSEY PROPERTY AND CASUALTY
INSURANCE COMPANY
AS OF DECEMBER 31, 2022
NAIC COMPANY CODE 14940
NAIC GROUP CODE 0008**

FILED
June 11, 2024
COMMISSIONER
NEW JERSEY DEPARTMENT
OF
BANKING AND INSURANCE

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State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

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May 24, 2024

Honorable Justin Zimmerman
Commissioner of Department of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625-0325

Commissioner:

In compliance with your instructions and pursuant to Insurance Laws and Rules of the State of New Jersey and as adopted by the National Association of Insurance Commissioners ("NAIC"), a comprehensive risk focused examination has been made of the books, records and financial condition of:

Allstate New Jersey Property and Casualty Insurance Company
1130 Route 22 East, Suite 300
Bridgewater, New Jersey 08807
NAIC Group Code 0008
NAIC Company Code 14940

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter referred to as the "Company" or "ANJPC." The following examination report as to the condition of the Company is respectfully submitted.

SCOPE OF THE EXAMINATION

The New Jersey Department of Banking and Insurance, hereinafter referred to as the “NJDOBI” or “We,” conducted a risk-focused financial condition examination (the “Examination”) of Allstate New Jersey Property and Casualty Insurance Company, for the period of January 1, 2019 to December 31, 2022, including any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination. The Examination was conducted pursuant to the authority granted by N.J.S.A. 17:23-22 and was last examined as of December 31, 2018.

The Examination was conducted in accordance with the NAIC Financial Condition Examiners Handbook (the “Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company. This is accomplished by obtaining information about the Company including: corporate governance, identifying and assessing inherent risks within the Company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with statutory accounting principles and annual statement instructions when applicable to domestic state regulations.

The Examination was performed under the holding company group approach and on a coordinated basis with the State of Illinois as the NAIC lead state. NJDOBI participated in the coordinated examination of the Company and its insurance affiliates. Other Allstate affiliated insurance company examinations conducted concurrently with this examination were as follows:

<u>Company</u>	<u>Domiciliary State</u>
Allstate Fire and Casualty Insurance Company	Illinois
Allstate Indemnity Company	Illinois
Allstate Insurance Company	Illinois
Allstate New Jersey Insurance Company	Illinois
Allstate North American Insurance Company	Illinois
Allstate Northbrook Indemnity Company	Illinois
Allstate Property and Casualty Insurance Company	Illinois
Allstate Vehicle and Property Insurance Company	Illinois
ASMI Auto Insurance Company	Illinois
Castle Key Indemnity Company	Illinois
Castle Key Insurance Company	Illinois
ECMI Auto Insurance Company	Illinois
Encompass Floridian Indemnity Company	Illinois
Encompass Floridian Insurance Company	Illinois
Encompass Home and Auto Insurance Company	Illinois
Encompass Indemnity Company	Illinois
Encompass Independent Insurance Company	Illinois
Encompass Insurance Company	Illinois
Encompass Insurance Company of America	Illinois
Encompass Insurance Company of New Jersey	Illinois

<u>Company</u>	<u>Domiciliary State</u>
Encompass Property and Casualty Insurance Company of New Jersey	Illinois
ESMI Auto Insurance Company	Illinois
Esurance Insurance Company	Illinois
Esurance Insurance Company of New Jersey	Illinois
Esurance Property and Casualty Insurance Company	Illinois
North Light Specialty Insurance Company	Illinois
Standard Property and Casualty Insurance Company	Illinois
Agent Alliance Insurance Company	Alabama
Century-National Insurance Company	California
National General Premier Insurance Company	California
American Heritage Life Insurance Company	Florida
First Colonial Insurance Company	Florida
Direct General Insurance Company	Indiana
Encompass Insurance Company of Massachusetts	Massachusetts
MIC General Insurance Company	Michigan
Direct General Insurance Company of Mississippi	Mississippi
National General Assurance Company	Missouri
National General Insurance Company	Missouri
National General Insurance Online, Inc.	Missouri
Allstate New Jersey Property and Casualty Insurance	New Jersey
New Jersey Skylands Insurance Association	New Jersey
Adirondack Insurance Exchange	New York
Mountain Valley Indemnity Company	New York
Direct Insurance Company	North Carolina
Direct National Insurance Company	North Carolina
Imperial Fire and Casualty Insurance Company	North Carolina
Integon Casualty Insurance Company	North Carolina
Integon General Insurance Company	North Carolina
Integon Indemnity Corporation	North Carolina
Integon National Insurance Company	North Carolina
Integon Preferred Insurance Company	North Carolina
National Farmers Union Property and Casualty Company	North Carolina
New South Insurance Company	North Carolina
Safe Auto Choice Insurance Company	Ohio
Safe Auto Insurance Company	Ohio
Safe Auto Value Insurance Company	Ohio
Direct General Life Insurance Company	South Carolina
Allstate County Mutual Insurance Company	Texas
Allstate Texas Lloyd's	Texas
National Health Insurance Company	Texas

The insurance companies examined under this approach benefit to a large degree from common board and management members, governance policies, information systems, internal controls insurance products, and risk management processes, which are generally administered at the consolidated holding company or ultimate parent. As a result, the NJDOBI exam team was able to participate in

the examination and rely on work performed by the State of Illinois. NJDOBI exam team relied on the State of Illinois for the examination planning assessments, identification of risks and risk assessments, risk mitigation testing, and substantive testing.

All accounts and activities of the Company were considered in accordance with the risk- focused examination process. The examination report only addresses regulatory information revealed by the examination process in accordance with the Handbook. All other financial matters were reviewed and determined not to be material for discussion in this report.

The Certified Public Accounting (“CPA”) firm of Deloitte & Touché, LLP (“D&T”) provided an unqualified audit opinion on the fair presentation of the Company's year-end financial statements based on statutory accounting principles for the reporting year period ending December 31, 2022. Relevant work performed by the CPA firm during its annual audit of the Company was reviewed during the examination and incorporated into the examination work papers whenever feasible to facilitate efficiencies. Consideration was also given to work performed by the Company’s Internal Audit Department and Sarbanes-Oxley compliance procedures. Certain work papers have been incorporated into the work papers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination.

COMPANY HISTORY

The Company was incorporated under and pursuant to the provisions of Chapter 17 of the Revised Statutes of the State of New Jersey. A Certificate of Incorporation dated May 12, 1981, under the name of National Associations Property and Casualty Insurance Company, Inc. was filed with NJDOBI on May 28, 1981.

Pursuant to the provisions of N.J.S.A. 17:27A-1 et seq., an application was filed with the NJDOBI, for approval of the acquisition and control of National Associations Property and Casualty Insurance Company, Inc., by Recreational Coverage Associates of New Jersey, Inc. On November 4, 1985, the proposed acquisition was approved subject to eight stipulations, which were implemented to monitor the operations of the Company.

On February 24, 1986, the name of the Company was changed from National Associations Property and Casualty Insurance Company, Inc. to the First Jersey Casualty Insurance Company, Inc. (“First Jersey”). The Company, under the name First Jersey, commenced business operations on February 2, 1987 and was licensed to write business only in the State of New Jersey. The Company, under the name First Jersey, wrote liability and property insurance for the hospitality industry until it went into voluntary run-off in 2014.

On April 2, 2018, Allstate New Jersey Property and Casualty Company (“ANJPC – Pre- Merger”), an Illinois domiciled insurance company wholly owned by Allstate New Jersey Insurance Company (“ANJ”), purchased all the issued and outstanding common shares of First Jersey from its parent, Recreational Coverage Association of New Jersey, Inc. for \$10,213,416. Effective April 16, 2018, with the consent of ANJ and the approval of the NJDOBI and the Illinois Department of Insurance, ANJPC Pre-Merger was merged into First Jersey with First Jersey being designated as the surviving entity. Simultaneous with the merger, First Jersey was renamed Allstate New Jersey Property and Casualty Insurance Company.

The Company is only licensed and authorized to transact business in the State of New Jersey. The Company is a stock authorized company and writes the following lines of business: Homeowners Multiple Peril, Commercial Multiple Peril, Inland Marine, Other Liability- Occurrence, Private

Passenger Auto Liability and Commercial Auto Liability.

Capital Stock

The Certificate of Incorporation of the Company provide for authorized capital in the amount of \$3,500,000, consisting of 2,000,000 authorized shares of common stock with a par value of \$1.75 per share. As of December 31, 2022, there were 2,000,000 common shares issued and outstanding representing \$3,500,000 in common capital stock. ANJ owns 100% of the Company's outstanding capital stock.

Dividends to Stockholders

The Company did not declare or pay any dividends during the period of this examination.

MANAGEMENT AND CONTROL

The Company's By-laws state that the number of directors who shall serve on the Board of Directors ("the Board") be composed of not less than three nor more than eight members. The number of directors may be fixed or changed from time to time, with in the minimum and maximum, by the Board without further amendment to these By-laws. The directors shall be elected at each annual meeting of the shareholders of the Company for a term of one year. At December 31, 2022, there were seven board members as follows:

<u>Directors</u>	<u>Principal Occupation</u>
Michael W. Demetre	Senior Vice President and Chief Financial Officer Allstate New Jersey Property and Casualty Insurance Company
Andres B. Garza ¹	President and Chief Executive Officer Allstate New Jersey Property and Casualty Insurance Company
William G. Hill	Executive Vice-President – PPL Products Allstate Insurance Company
Thomas R. Mathes	Vice President Allstate Insurance Company
John C. Pintozzi	Senior Vice President and Controller Allstate New Jersey Property and Casualty Insurance Company

¹ Andres B. Garza replaced London B Bradley who retired April 29, 2022 as President and Chief Executive Officer and member of the Executive and Reinsurance Committees.

Parr T. Schoolman	Chairman of the Board and Chief Risk Officer Allstate New Jersey Property and Casualty Insurance Company
Mark C. Simmonds	Senior Vice President Allstate Insurance Company

The Company directors serving on the Reinsurance Committee as of December 31, 2022, were as follows:

Andres B. Garza
Michael W. Demetre
John C. Pintozzi
Mark Q. Prindiville

The Company designated the Audit Committee from Allstate Insurance Holdings, LLC as their Audit Committee. Members serving on the Audit Committee as of December 31, 2022, were as follows:

<u>Audit Committee Members</u>	<u>Principal Occupation</u>
Thomas J Wilson, Chair	Chairman of the Board, President, and Chief Executive Officer of Allstate Insurance Company
Mario Rizzo	President Property Liability of Allstate Insurance Company
John C. Pintozzi	Senior Vice-President, Controller and Chief Accounting Officer Allstate Insurance Company

N.J.S.A. 17:27A-4d (3) states, “Not less than one-third of the directors of a domestic insurer, and not less than one-third of the members of each committee of the board of directors of any domestic insurer, shall be persons who are not officers or employees of that insurer or of any entity controlling, controlled by, or under common control with, that insurer and who are not beneficial owners of a controlling interest in the voting securities of that insurer or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof.”

N.J.S.A. 17:27A-4d (4) states, “The board of directors of a domestic insurer shall establish one or more committees comprised solely of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with, the insurer and who are not beneficial owners of a controlling interest in the voting securities of the insurer or any such entity. The committee shall be responsible for recommending the selection of independent certified public accountants, reviewing the insurer’s financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer and recommending to the board of directors the selection and compensation, including bonuses or

other special payments, of the principal officers.”

N.J.S.A. 17:27A-4d (5) states, “The provisions of (3) and (4) of this subsection d. shall not apply to a domestic insurer if the person controlling the insurer is an entity having a board of directors and committees thereof that substantially meet the requirements of those paragraphs.”

The Allstate Corporation, a public corporation, is the ultimate parent of the Company. The Allstate Corporation maintains a board of directors and committees, thereof that substantially meet the requirements of N.J.S.A. 17:27A–4d (3) and (4). Therefore, the Company was in compliance with the provisions of the aforementioned statutes as of the examination date. Members serving on The Allstate Corporation Audit Committee as of December 31, 2022, were as follows:

<u>Audit Committee Members</u>	<u>Principal Occupation</u>
Kermit R. Crawford, Chairman	Board of Director The Allstate Corporation
Donald E. Brown Board of Director	Executive Vice President, Chief Financial Officer and President NI Source Corporate Services
Siddharth N. Mehta	Board of Director The Allstate Corporation
Jacques P. Perold	Board of Director The Allstate Corporation

Article II, Section 1 of the Company’s By-laws provides for the appointment and election of officers. The following officers were appointed and serving at December 31, 2022:

<u>Officer</u>	<u>Title</u>
Andres B. Garza	President & Chief Executive Officer
Alexandra T. Band	Senior Vice President and Treasurer
Michael W. Demetre	Senior Vice President and Chief Financial Officer
John E. Dugenske	President Investments and Corporate Strategy
John C. Pintozzi	Senior Vice President and Controller

CONFLICT OF INTEREST

The Company has established a policy and procedure for disclosure to its Board of any material interest or affiliation on the part of its officers, directors and employees that are in conflict with the official duties of such persons. Each year, the Company requires its directors, officers and employees to sign a conflict of interest questionnaire and to disclose any potential conflicts of interest that could have an impact on the way they conduct the Company’s business. The process is facilitated by the Chief Ethics and Compliance Officer with oversight by The Allstate Corporation’s Audit Committee. At least semi-annually, The Allstate Corporation’s Audit Committee meets with the Chief Ethics and Compliance Officer to review their report on compliance program and its effectiveness.

CORPORATE RECORDS

A review was made of the Board minutes and committee minutes for the period of examination. This examination determined that the minutes adequately approve and support the Company's transactions and events.

PARENT, SUBSIDIARIES, AND AFFILIATES

The Company is a member of an insurance company holding system as defined in N.J.S.A. 17:27A-1 et seq. Accordingly, the Company has filed with the State of New Jersey an insurance holding company registration as is required under N.J.S.A. 17:27A-3.

The following organizational chart at December 31, 2022, of the Company and its affiliates is a modification from the filed Annual Statement due to complexity of the group's structure. The Company's ultimate parent is The Allstate Corporation. All insurance legal entities and their immediate non-insurance holding companies are included. Each entity's state of domicile is also indicated.

The Allstate Corporation (DE)

 Allstate Insurance Holdings, LLC (DE)

 Allstate Insurance Company (IL)

 Allstate Northbrook Indemnity Company (IL)

 North Light Specialty Insurance Company (IL)

 Allstate Vehicle and Property Insurance Company (IL)

 Allstate New Jersey Insurance Company (IL)

Allstate New Jersey Property and Casualty Insurance Company (NJ)

 Encompass Insurance Company of New Jersey (IL)

 Encompass Property and Casualty Insurance Company of New Jersey (IL)

 Allstate Texas Lloyd's, Inc. (TX)

 Allstate Texas Lloyd's (TX)

 Allstate County Mutual Insurance Company (TX)

 Allstate North American Insurance Company (IL)

 Castle Key Insurance Company (IL)

 Castle Key Indemnity Company (IL)

 Encompass Floridian Indemnity Company (IL)

 Encompass Floridian Insurance Company (IL)

 Allstate Indemnity Company (IL)

 Allstate Fire and Casualty Insurance Company (IL)

 Allstate Property and Casualty Insurance Company (IL)

 Esurance Holdings, Inc. (DE)

 Esurance Insurance Company (WI)

 Esurance Property and Casualty Insurance Company (WI)

 Esurance Insurance Company of New Jersey (WI)

 Encompass Insurance Holdings, LLC

 Encompass Indemnity Company (IL)

 Encompass Home and Auto Insurance Company (IL)

 Encompass Independent Insurance Company (IL)

 Encompass Insurance Company (IL)

 Encompass Insurance Company of America (IL)

 Encompass Property and Casualty Company (IL)

 Encompass Insurance Company of Massachusetts (MA)

 Allstate Financial Insurance Holdings Corporation (DE) non-insurer

American Heritage Life Insurance Company (FL)
First Colonial Insurance Company (FL)
ASMI Auto Insurance Company (IL)
ECMI Auto Insurance Company
ESMI Auto Insurance Company

INTERCOMPANY AGREEMENTS

Amended and Restated Service and Expense Agreement

The Company is party to a Service and Expense Agreement with its ultimate parent, The Allstate Corporation, and its affiliates pursuant to which Allstate Insurance Company (“AIC”) provides access to a variety of services, including the utilization of shared bank accounts for cash collections and disbursements in certain situations. The services provided by AIC include accounting, financial reporting, premium processing, information technology, legal counsel, and human resources. The agreement provides for cost sharing of expenses through direct charges, allocations, or by separate arrangements, such as the Investment Management Agreement. This agreement was approved by the NJDOBI on March 26, 2018.

Investment Management Agreement with Allstate Investments, LLC (“Allstate Investments”)

The Company is party to an Investment Management Agreement with Allstate Investments whereby, Allstate Investments provides investment management services and advice. This agreement was approved by the NJDOBI on March 26, 2018.

Consolidated Tax Sharing Agreement

The Company is party to a Consolidated Tax Sharing Agreement with its ultimate parent, The Allstate Corporation, and its affiliates. The consolidated income tax liability is allocated based on each entity’s federal income tax liability computed on a separate return basis, except all tax benefits resulting from operating losses and tax credits are allocated to the Company to the extent they can be utilized in the consolidated return. This agreement was approved by the NJDOBI on March 26, 2018.

FIDELITY BOND AND OTHER INSURANCE COVERAGE

The Company, along with its parent and any affiliate of The Allstate Corporation were covered insureds on a financial institution bond. The amount of fidelity coverage carried on this policy met the recommended minimum amount of fidelity coverage as measured on a group basis using the NAIC’s formula and exposure index rating. Additional insurance coverage included Director & Officer, Cyber Liability, General Liability, Excess Liability, Auto Liability and Workers Compensation.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company utilizes the services of AIC employees. AIC and The Allstate Corporation provide various benefits, including defined benefit pensions plans, certain health care and life insurance benefits for certain eligible employees, retired employees and employee-agents and participation in the Allstate 401(k) Savings Plan. Costs associated with these benefits were allocated in accordance with Agreement. All amounts allocated for these benefits, except those related to investment expenses, were ceded 100% to the assuming reinsurer.

TERRITORY AND PLAN OF OPERATION

The Company is only licensed and authorized to transact business in the State of New Jersey. The

Company is authorized to write multiple lines of business which are designated as “a,” “b,” “e,” “f,” “g,” “j,” “k,” “l,” “m,” “n,” “o-1,” “o-2,” and “o-3” pursuant to N.J.S.A. 17:17- 1.

The Allstate Corporation offers all of the major property and casualty personal product lines; however, its primary focus is personal auto and homeowners insurance. Channels of distribution include exclusive and independent agencies and online through contact centers. As of December 31, 2022 there were approximately 8,400 Allstate exclusive agencies in approximately 8,500 locations. In addition, these agencies employ approximately 20,900 sales professionals who are licensed to sell Allstate’s products. The Company also offers its products through approximately 8,700 independent agencies, contact centers and online.

REINSURANCE

The Allstate Corporation maintains distinct and separately capitalized groups of subsidiaries that maintain separate group ratings. The ratings of these groups are influenced by the risks that relate specifically to each group. For the New Jersey Insurance Group, the Lead Company is ANJ, and the New Jersey group includes ANJPC, Encompass Insurance Company of New Jersey (“ENJ”), Encompass Property and Casualty Insurance Company of New Jersey (“EPCNJ”), and Esurance Insurance Company of New Jersey (“EICNJ”). ANJPC, ENJ, EPCNJ and EICNJ cede 100% of their net business to ANJ.

The Company, as an affiliate of Allstate Insurance Company, participates in the group’s nationwide excess catastrophe reinsurance program. The Nationwide Excess Catastrophe Reinsurance Program (“the Nationwide Program”) provides coverage up to \$6.614 billion of loss less a \$500 million retention and is subject to the percentage of reinsurance placed in each of its agreements. The Nationwide Program includes occurrence coverage in contracts from both the traditional reinsurance and ILS markets, while annual aggregate protection is included in four contracts supported by the ILS market. The agreements provide multi-line catastrophe coverage in every state except Florida, where coverage is only provided for personal lines automobile. The Nationwide Program includes multi-year agreements providing coverage up to \$3.75 billion in excess of a \$500 million retention, where 1/3 of the capacity is placed in any one year. The Nationwide Program also provides reinsurance capacity above \$4.25 billion through a combination of contracts placed with traditional market reinsurers and catastrophe bonds issued in the ILS market by Sanders Re. The reinsurance program limits apply to all the ceding companies under the contract as a group, and not separately to each ceding company.

ACCOUNTS AND RECORDS

The Company maintained its primary location of its books and records at Northbrook, Illinois where the Company utilizes the services of AIC employees. The Company and its insurance affiliates benefit to a large degree from common management, information systems and processes. Certain internal control and risk management functions are administered at the consolidated or business unit level. The Company uses SAP financial software for its general ledger reporting and record-keeping of financial data.

The group’s investment portfolios and activities are managed on a centralized basis for all of the insurance subsidiaries. An extensive organization to support investment management is based on portfolio managers for each major type of business, specialists by asset class and sector, as well as independent groups that manage operations, perform research, and handle risk management and compliance. There is an extensive infrastructure in place to address governance, analytics and measurement, and independent oversight.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A	Comparative Statement of Assets, Liability and Other Funds as of December 31, 2022.....	pg. 12
Exhibit B	Statement of Operating Results for the Four-Year Period Ending December 31, 2022.....	pg. 13
Exhibit C	Changes in Capital and Surplus for the Four-Year Period Ending December 31, 2022.....	pg. 14

**Exhibit A – Comparative Statement of Assets, Liabilities, Surplus and Other Funds at
December 31, 2022**

	Current Exmination at 12/31/22	Balance per Company at 12/31/22	Note
<u>Assets:</u>			
Bonds	\$98,246,308	\$98,246,308	1
Cash, cash equivalents & short term investments	3,511,718	3,511,718	
Investment income due and accrued	617,042	617,042	
Amounts recoverable from reinsurers	481,153	481,153	
Net deferred tax asset	46,830	46,830	
Receivable from parent, subsidiaries and affiliates	264,013	264,013	
Aggregate write-ins for other than invested assets	1,054,787	1,054,787	
 Total Assets	 <u>\$104,221,851</u>	 <u>\$104,221,851</u>	
<u>Liabilities:</u>			
Losses	0	0	2
Loss adjustment expenses	0	0	2
Current federal and foreign income taxes	99,960	99,960	
Ceded reinsurance premiums payable	2,176,735	2,176,735	
Payable to parent, subsidiaries and affiliates	13,588	13,588	
 Total Liabilities	 <u>2,290,283</u>	 <u>2,290,283</u>	
<u>Capital and Surplus:</u>			
Common capital stock	3,500,000	3,500,000	
Gross paid in and contributed surplus	86,500,000	86,500,000	
Unassigned funds (surplus)	11,931,568	11,931,568	
Surplus as regards policyholders	101,931,568	101,931,568	
 Total Liabilities and Surplus and Other Funds	 <u>\$104,221,851</u>	 <u>\$104,221,851</u>	

Exhibit B – Statement of Operating Results for the Four-Year Period ending December 31,
2022

	2022	2021	2020	2019
<u>Underwriting Income</u>				
Premiums earned	\$0	\$0	\$0	\$0
Deduction:				
Losses incurred	0	0	0	0
Other underwriting expenses incurred	0	0	0	0
Aggregate write-ins for underwriting deductions	0	0	0	0
Total underwriting deductions	0	0	0	0
Net underwriting income (loss)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Investment Income</u>				
Net invested income earned	\$1,502,041	\$1,396,002	\$1,661,623	\$1,688,114
Net realized capital gains (losses) less capital gains tax	(183,076)	194,926	673,433	18,039
Net investment gain	<u>\$1,318,965</u>	<u>\$1,590,928</u>	<u>\$2,335,056</u>	<u>\$1,706,153</u>
<u>Other Income</u>				
Net gain or loss from agents' or premium balances charge off	0	0	0	0
Finance and service charges not included in premiums	0	0	0	0
Aggregate write-ins for miscellaneous income	6	(10)	(6)	(1)
Total other income	6	(10)	(6)	(1)
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,318,971	1,590,918	2,335,050	1,706,152
Dividend to policyholders	0	0	0	0
Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,318,971	1,590,918	2,335,050	1,706,152
Federal and foreign income taxes incurred	147,479	120,053	218,695	188,910
Net Income	<u>\$1,171,492</u>	<u>\$1,470,865</u>	<u>\$2,116,355</u>	<u>\$1,517,242</u>

Exhibit C – Changes in Capital and Surplus for the Four-Year Period ending December 31,
2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income or (loss)	\$1,171,492	\$1,470,865	\$2,116,655	\$1,517,242
Change in net unrealized capital gains or losses	33,282	0	42	300
Change in net deferred income tax	0	(17,535)	(22,294)	24,519
Change in non-admitted assets	(180,362)	53,361	95,530	(142,576)
Changes in provision for reinsurance	12,363,039	(12,363,039)	0	0
Change in Surplus Adjustment - Paid in		16,500,000	0	8,000,000
Change in Surplus as regards to policyholder for the year	13,387,451	5,643,652	2,189,933	9,399,485
Surplus December 31 previous year	88,544,117	82,900,465	80,710,532	71,311,047
Surplus December 31 current year	<u>\$101,931,568</u>	<u>\$88,544,117</u>	<u>\$82,900,465</u>	<u>\$80,710,532</u>

NOTES TO FINANCIAL STATEMENTS

(NOTE 1) – STATUTORY DEPOSITS

The following is a list of deposits as of December 31, 2022, for states that require the Company to maintain a deposit for the benefit of all policyholders or the policyholders of a particular state. The securities held are either US Treasury Notes or a specific security and are in the following carrying amounts and for the indicated states:

<u>State</u>	<u>Carrying Value</u>
New Jersey	<u>\$149,192</u>
Total	<u><u>\$149,192</u></u>

(NOTE 2 – LOSSES AND LOSS ADJUSTMENT EXPENSES

The Company's reported liabilities at December 31, 2022, for unpaid losses and unpaid loss adjustment expenses, net of reinsurance, amounted to \$0 and \$0, respectively.

Ian P. Sterling, FCAS, MAAA, associated with KPMG, LLP, appointed by the Board of Directors, rendered an opinion that claims unpaid and loss adjustment expense reserves recorded as of December 31, 2022, made a reasonable provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements.

CAPITAL CONTRIBUTIONS

The Company received cash capital contributions of \$8,000,000 and \$16,500,000 from its parent, Allstate New Jersey Insurance Company, on June 21, 2019 and September 27, 2021, respectively.

CONCLUSION

The undersigned hereby certifies that an examination has been made of Allstate New Jersey Property and Casualty Insurance Company and the foregoing report is true to the best of my knowledge and belief.

Respectfully submitted,



Darlene L. Lenhart-Schaeffer, CFE, CISA
Examiner-in-Charge
Representing the State of New Jersey
Risk & Regulatory Consulting, LLC

Under the supervision of:



Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

AFFIDAVIT

I, Darlene L. Lenhart-Schaeffer, the undersigned, hereby certify that the foregoing Report of Examination accurately discloses, to the best of my knowledge, all material and relevant information related to the financial condition of Allstate New Jersey Property and Casualty Insurance Company in accordance with the NAIC Financial Condition Examiners Handbook and New Jersey State Regulations.

Respectfully submitted,

Darlene Lenhart-Schaeffer

Examiner-in-Charge
Representing the State of New Jersey
Risk & Regulatory Consulting, LLC

Under the supervision of:

Nancy Lee Chice

Nancy Lee Chice, CFE
CFE Reviewer – Supervising Examiner
New Jersey Department of Banking and Insurance

State of New Jersey
County of Mercer

Subscribed and sworn to before me, Sheila M. Tkacs, on this
10th day of June, 2024.

Sheila M. Tkacs
Notary Public of New Jersey

My commission expires: July 2025