

**REPORT ON EXAMINATION AS TO THE CONDITION OF
LONGEVITY HEALTH PLAN OF NEW JERSEY INSURANCE
COMPANY, INC.**

LAKEWOOD, NEW JERSEY 08701

AS OF DECEMBER 31, 2022

N.A.I.C. GROUP CODE 4920

N.A.I.C. COMPANY CODE 16355

FILED

June 24, 2024

COMMISSIONER

NEW JERSEY DEPARTMENT

OF

BANKING AND INSURANCE

TABLE OF CONTENTS

Page

SALUTATION	1
SCOPE OF EXAMINATION	2
HISTORY.....	2
STATUTORY DEPOSIT	3
TERRITORY AND PLAN OF OPERATION	3
REINSURANCE.....	3
CORPORATE RECORDS.....	3
MANAGEMENT AND CONTROL	3
REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS	4
INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS.....	4
POLICY ON CONFLICT OF INTEREST	5
POLICY FORMS AND UNDERWRITING PRACTICES	5
ADVERTISING AND SALES MATERIAL	5
TREATMENT OF POLICYHOLDERS.....	5
CONTINUITY OF OPERATIONS	5
FINANCIAL STATEMENTS AND OTHER EXHIBITS	5
NOTES TO THE FINANCIAL STATEMENTS	10
CONCLUSION.....	12
AFFIDAVIT	13



PHIL MURPHY
Governor

State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF SOLVENCY REGULATION
PO BOX 325
TRENTON, NJ 08625-0325

JUSTIN ZIMMERMAN
Acting Commissioner

TAHESHA WAY
Lt. Governor

TEL (609) 292-5350
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April 18, 2024

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

Commissioner:

In accordance with the authority vested in you by the Revised Statutes of New Jersey, an examination has been made of the assets and liabilities, method of conducting business and other affairs of the:

LONGEVITY HEALTH PLAN OF NEW JERSEY INSURANCE COMPANY, INC.
LAKEWOOD, NJ 08701
N.A.I.C. GROUP CODE 4920
N.A.I.C. COMPANY CODE 16355

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, Longevity Health Plan of New Jersey Insurance Company, Inc. will be referred to in this report as the "Company" or "LHPNJ."

SCOPE OF EXAMINATION

This risk focused examination was called by the Commissioner of Banking and Insurance of the State of New Jersey pursuant to the authority granted by Section N.J.S.A. 17:23-22 of the New Jersey Revised Statutes.

The examination was made as of December 31, 2022, and addressed the period from inception, March 19, 2018, through December 31, 2022. During the period under examination, the Company's assets increased from \$7,109,015 to \$13,722,433. Liabilities increased from \$3,129,613 to \$7,815,712 and its capital and surplus increased from \$3,979,402 to \$5,956,721.

The New Jersey Department of Banking and Insurance ("NJDOBI") conducted the examination in accordance with the 2022 edition of the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook (the "NAIC Handbook"). The NAIC Handbook requires NJDOBI to plan and perform the examination in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives NJDOBI obtained information regarding the Company's corporate governance environment, identified and assessed inherent risks to which it is exposed and evaluated the Company's system of internal controls and procedures used to mitigate identified risks. The examination also included 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 coordinated with the States of Florida, Illinois, Michigan, New York, and North Carolina.

According to the NAIC Handbook, "One of the increased benefits of the enhanced risk focused approach is to include ... consideration of other than financial risks that could impact the insurer's future solvency. By utilizing the enhanced approach, the examiner reviewed the "financial" and "enterprise" risks that existed at the examination "as of" date and will be positioned to assess "financial" and "enterprise" risks that extend or commence during the time the examination was conducted and "prospective" risks which are anticipated to arise or extend past the point of examination completion. Using this approach examiners will be better positioned to make recommendations for appropriate future supervisory plans (i.e., earlier statutory exams, limited-scope exams, key areas for financial analysts to monitor, etc.) for each insurer."

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 NAIC Handbook. All other financial matters were reviewed and determined not to be material for discussion in this report.

HISTORY

The Company was incorporated on March 19, 2018, as a stock health insurance corporation under the laws of the State of New Jersey. The Certificate of Incorporation was approved by the Commissioner of Insurance on April 19, 2018 and later issued a Certificate of Authority ("COA") from the same on April 27, 2018. LHPNJ's COA currently authorizes the Company to transact the business of Accident and Health insurance, limited to Medicare Advantage and Medicare Part D coverages only, in Atlantic, Bergen, Burlington, Camden, Cape May, Essex, Gloucester, Hudson, Hunterdon, Mercer, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Union, and Warren counties.

The principal office of the Corporation in the State of New Jersey, which shall be its registered office, is Princeton South Corporate Center, Suite 160, 100 Charles Ewing Boulevard, Ewing, Mercer County, New Jersey 08628 and the registered agent upon whom process may be served at that office is Corporation Service Company.

STATUTORY DEPOSIT

As of December 31, 2022, the Company in accordance with N.J.S.A. 17B:18-37(c) had a market value of \$102,038 for the New Jersey statutory deposit.

TERRITORY AND PLAN OF OPERATION

The Company operates and manages a preferred provider organization and an Institutional Special Needs Plan (“ISNP”) in New Jersey. An ISNP is a Medicare Advantage Special Needs Plan established by the Medicare Modernization Act of 2003. An ISNP limits enrollment to Medicare patients who live or are expected to live in a long-term care facility for 90 days or longer and who meet an institutional level of care.

The Company’s corporate headquarters is located at 695 Cross Street, Suite #185 in Lakewood, New Jersey 08710.

REINSURANCE

The Company is currently a party to the following reinsurance agreements:

Assumed Reinsurance

The Company assumes no reinsurance.

Ceded Reinsurance

Effective January 1, 2022, the Company has an excess of loss reinsurance agreement with Odyssey Reinsurance Company under which it cedes claims in excess of \$250,000, in the aggregate, on a per member per year basis, for the purpose of limiting its maximum loss exposure through the diversification of its risk.

CORPORATE RECORDS

A review of the minutes of the Board of Directors’ meetings noted that all meetings were well attended. The Board minutes also indicated that the Company’s overall transactions and events were adequately supported and approved.

MANAGEMENT AND CONTROL

The President and delegated officers under the guidance of the Board of Directors manage the business, property and affairs of the Company.

A listing of the Directors serving the Company at December 31, 2022, is as follows:

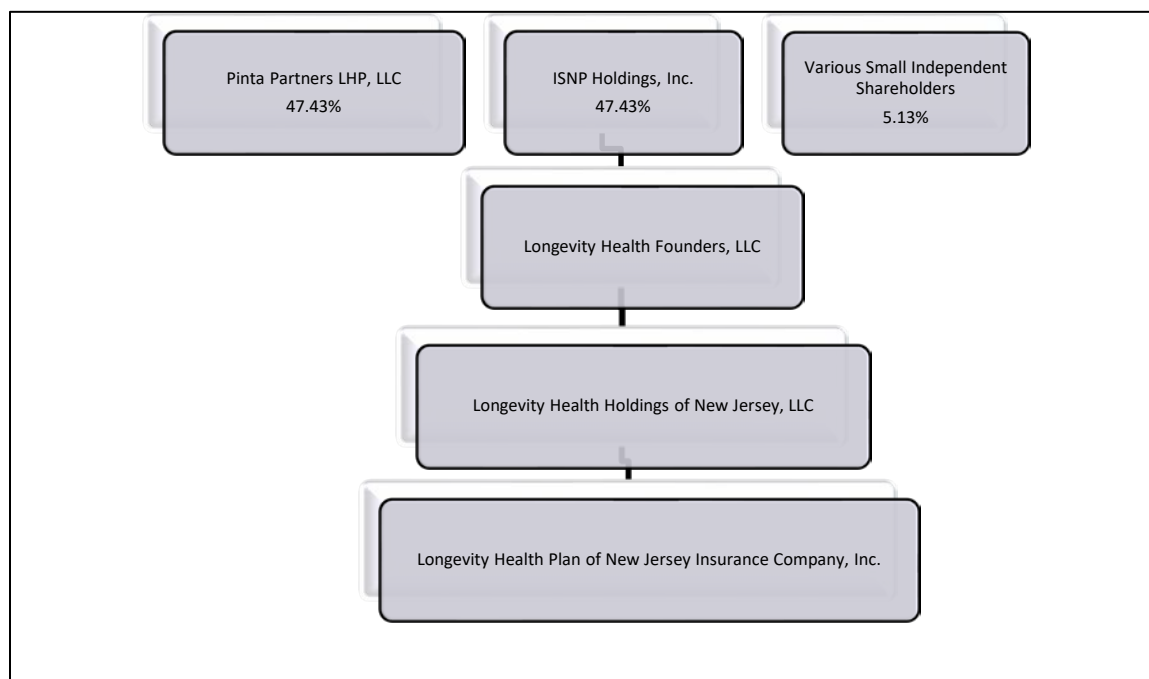
<u>Name</u>	<u>Principal Occupation</u>
Leslie Steven Granow	Chief Financial Officer, Longevity Health Founders, LLC
Rene Lerer	Chief Executive Officer, Longevity Health Founders, LLC
Brendan Todd Rager	Chief Legal Officer and Administrative Officer, Longevity Health Founders, LLC

The following officers have been elected and were serving the Company at December 31, 2022:

<u>Name</u>	<u>Principal Occupation</u>
Rene Lerer	President/Chief Executive Officer
Leslie Steven Granow	Chief Financial Officer/Treasurer
Brendan Todd Rager	Secretary

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

A simplified organizational chart as of December 31, 2022, reflecting the holding company system, is shown below. Schedule Y of the Company’s 2022 annual statement provided a list of all related companies of the holding company group.



INTER-COMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

The Company had the following Inter-Company Agreements as of December 31, 2022:

Management Services Agreement

The Company is a party to a Management Services Agreement with LHP MSO, LLC (“LHP”), a Delaware limited liability company effective January 1, 2019. LHP is an affiliated management services company wholly owned by Longevity Health Founders. LHP provides management services, administrative information systems, financial systems and services, claims administration and premium collection, underwriting and rating, payment of claims, covered member services, sales and enrollment, utilization review and management, provider network support, personnel, and other services at costs actually incurred by LHP, which shall not exceed the usual and customary charges for such services, shall be reasonable and necessary, and shall be consistent with fair market value.

POLICY ON CONFLICT OF INTEREST

The Company, through its ultimate parent, Longevity Health Founders, LLC has adopted and maintains a written policy for an annual conflict of interest disclosure statement for directors, officers and employees of the Company.

Upon the review of the questionnaires for the period under examination, it was noted the Company did have its directors, officers and employees execute the conflict of interest questionnaires for the examination year ending December 31, 2022.

POLICY FORMS AND UNDERWRITING PRACTICES

The Company offers a Medicare Advantage Institutional Special Needs Plan and is subject to requirements of the Centers for Medicare and Medicaid Services. An ISNP is a Medicare Advantage Special Needs Plan. The Company's ISNP limits enrollment to Medicare patients who live or are expected to live in a long-term care facility for 90 days or longer and who meet an institutional level of care.

ADVERTISING AND SALES MATERIAL

A review of the Company's advertising and sales materials disclosed that the Company complies with N.J.S.A. 17:18-10 and that there were no material inconsistencies between the Company's sales material and their policies.

TREATMENT OF POLICYHOLDERS

The Company's complaint handling procedures as well as its complaint logs were reviewed for the period under examination.

Upon review of the LHPNJ's complaint files, it was determined that the Company complies with N.J.S.A. 17:29B-4(10) which states: "This complaint log record shall indicate the total number of complaints, their classification by line of business, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint."

CONTINUITY OF OPERATIONS

A business continuity plan is necessary to help ensure the Company can adequately recover from a system failure or business interruption in a timely fashion and without the loss of significant data. Management should assess how the Company's reputation and financial status would be impacted in the event of a major processing disruption and based upon this assessment, develop an appropriate continuity plan that would help to ensure the Company can adequately recover from a system failure or business disruption in a timely fashion.

The Company's comprehensive Business Continuity Plan was reviewed as part of the coordinated examination led by the New York Department of Financial Services. There were no exceptions noted or recommendations made.

FINANCIAL STATEMENTS AND OTHER EXHIBITS

Exhibit A Balance Sheet as at December 31, 2022

Exhibit B Summary of Revenue and Expenses for the Three-Year Period Ending
December 31, 2022

Exhibit C Capital and Surplus Account for the Three-Year Period Ending

December 31, 2022

**LONGEVITY HEALTH PLAN OF NEW JERSEY INSURANCE COMPANY, INC.
BALANCE SHEET AT DECEMBER 31, 2022**

	Current Examination at 12/31/2022	Balance per Company at 12/31/2022	Examination Change	Note Number
<u>Assets</u>				
Bonds	\$7,990,298	\$7,990,298	\$0	1
Cash, Cash Equivalents and Short-Term	1,971,258	1,971,258	0	
Investment income due and accrued	21,328	21,328	0	
Uncollected premiums and agents' balances in the course of collection	1,941	1,941	0	
Contracts subject to redetermination	1,607,940	1,607,940	0	
Amounts receivable relating to uninsured plans	1,791,353	1,791,353	0	
Net deferred tax asset	130,093	130,093	0	
Health care and other amounts receivable	258,222	258,222	0	
Total Net Admitted Assets	<u>\$13,772,433</u>	<u>\$13,772,433</u>	<u>\$0</u>	
<u>Liabilities</u>				
Claims unpaid	\$3,652,633	\$3,652,633	\$0	
Accrued medical incentive pool & bonus amounts	1,695,325	1,695,325	0	
Unpaid claims adjustment expenses	30,482	30,482	0	
Premiums received in advance	365,738	365,738	0	
General expenses due or accrued	7,704	7,704	0	
Amounts due to parent, subsidiaries and affiliates	1,126,648	1,126,648	0	
Liability for amounts held under uninsured plans	937,182	937,182	0	
Total liabilities	<u>\$7,815,712</u>	<u>\$7,815,712</u>	<u>\$0</u>	
<u>Capital and Surplus</u>				
Common capital stock	\$700,000	\$700,000	\$0	
Gross paid in and contributed surplus	\$6,275,951	\$6,275,951	0	
Unassigned funds (surplus)	(1,019,230)	(1,019,230)	0	
Total Capital and Surplus	<u>5,956,721</u>	<u>5,956,721</u>	<u>0</u>	2
Total Liabilities, Capital and Surplus	<u>\$13,772,433</u>	<u>\$13,772,433</u>	<u>\$0</u>	

LONGEVITY HEALTH PLAN OF NEW JERSEY INSURANCE COMPANY, INC.
SUMMARY OF REVENUE AND EXPENSES FOR THE
THREE YEAR PERIOD ENDING DECEMBER 21, 2022

<u>UNDERWRITING INCOME</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>Revenues</u>			
Net Premiums Income	\$27,794,522	\$18,811,016	\$10,155,309
Change in unearned premium reserves	-	-	-
Total revenues	27,794,522	18,811,016	10,155,309
<u>Hospital and Medical</u>			
Hospital/Medical Benefits	\$14,314,681	\$11,686,278	\$8,883,153
Other Professional Services	3,791,284	1,339,275	596,217
Outside Referrals	-	-	-
Emergency Room & Out of Area	208,541	135,211	79,059
Prescription Drugs	1,233,141	928,317	564,872
Durable medical equipment	125,252	204,004	54,114
Incentive pool, withhold adjustments and bonus amounts	2,259,628	739,220	67,717
Less: Net reinsurance recoveries	-	9,711	267,591
Total hospital and medical	\$21,932,527	\$15,022,594	\$9,977,541
Claims Adjustment Expenses	\$1,843,846	\$878,224	\$497,897
General Administrative Expenses	3,043,405	2,151,602	1,750,884
Increase in reserves for life and accident and health contracts	-	-	-
Total Underwriting Deductions	\$26,819,778	\$18,052,420	\$12,226,322
Net underwriting gain or (loss)	\$974,744	\$758,596	(\$2,071,013)
Net Investment Income Earned	112,036	411	10,698
Net Realized Capital Gains or (Losses)	(556)	-	-
Net Investment Gain or (Losses)	\$111,480	\$411	\$10,698
Aggregate write-ins for other income or expenses	-	-	-
Net Income or (Loss) after Capital Gain Tax and Before All Other Federal Income Taxes	\$1,086,224	\$759,007	(\$2,060,315)
Federal and Foreign Income Taxes Incurred	-	-	-
Net Income or (Loss)	\$1,086,224	\$759,007	(\$2,060,315)

**LONGEVITY HEALTH PLAN OF NEW JERSEY INSURANCE COMPANY, INC.
CAPITAL AND SURPLUS ACCOUNT FOR
THE THREE YEAR PERIOD ENDING DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Income	\$ 1,086,224	\$ 759,007	\$ (2,060,315)
Change in net deferred income tax	(250,559)	491,966	-
Change in nonadmitted assets	119,281	(228,600)	(53,026)
Surplus adjustments: Paid in	-	-	2,300,000
Dividends to stockholders	-	-	-
Aggregate write-ins for gains or (losses) in surplus	-	-	-
Net change in capital and surplus	\$ 954,946	\$ 1,022,373	\$ 186,659
Capital and Surplus Prior Reporting Period	\$ 5,001,775	\$ 3,979,402	\$ 3,792,743
Capital and Surplus End of Reporting Period	\$ 5,956,721	\$ 5,001,775	\$ 3,979,402

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BONDS

At December 31, 2022, the Company reported an asset for bonds of \$7,990,298 which was accepted for purposes of this examination.

NOTE 2: CLAIMS UNPAID

The Company reported \$3,652,633 of claims unpaid in its December 31, 2022, Annual Statement.

The actuarial review of Claims Unpaid for the Company was done by INS Consultants, Inc. (“INS”). This review was performed in connection with the risk-focused coordinated examination as of December 31, 2022.

The claims unpaid liability is established for claims incurred on or before, but not paid as of December 31, 2022. This liability includes future claim payments for known claims and for incurred but unreported claims.

INS prepared independent estimates of the unpaid claim liabilities (“UCL”) as of December 31, 2022. For December 31, 2022, completion factors for the projection of ultimate claims were developed using historical payment patterns and actuarial judgment. Estimates were developed by subtracting the claims paid-to-date from the actuarial incurred estimates. The actuarial estimates, as determined by INS, indicate that the Company’s UCL is reasonable as of December 31, 2022. The Company’s premium deficiency reserve calculation was also reviewed and found to be reasonable as of December 31, 2022. Based upon their review, INS concluded that the Company has made adequate provision for the liability. In addition, INS verified the liabilities comply with actuarial standards and the methodologies appeared reasonable.

INS reviewed the Company’s provisions for accrued medical incentive pool and bonus payments, unpaid claims adjustment expenses, and accrued retrospective premiums and contracts subject to redetermination (actuarial portion). Based upon their review, INS concluded that the Company held appropriate amounts for these assets. In addition, INS verified the assets comply with actuarial standards and the methodology appears reasonable.

INS’ Actuarial report was reviewed by the Health Actuarial Division of the Department.

NOTE 3: CAPITAL AND SURPLUS

Common Capital Stock

At December 31, 2022, the capital stock of \$700,000 represents 140,000 shares of issued and outstanding capital stock with a par value of \$5 each which is owned 100% by Longevity Health Holdings of New Jersey, LLC.

Gross Paid In and Contributed Surplus

The Company reported gross paid in and contributed surplus in the amount of \$6,275,951 at December 31, 2022.

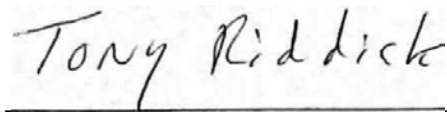
Unassigned Funds (Surplus)

The Company reported an amount for unassigned funds at December 31, 2022, of \$(1,019,230).

CONCLUSION

The courteous cooperation and assistance extended during the course of this examination by the officers of the Company and members of the office staff is hereby acknowledged.

Respectfully Submitted,

A handwritten signature in black ink that reads "Tony Riddick". The signature is written in a cursive style with a horizontal line underneath it.

Tony Riddick, CFE
Examiner-In-Charge
The INS Companies
Representing the State of New Jersey
Department of Banking and Insurance

Under the supervision of:

A handwritten signature in black ink that reads "Nancy Lee Chice". The signature is written in a cursive style with a horizontal line underneath it.

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

AFFIDAVIT

I, Tony Riddick, 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 LHPNJ, in accordance with the NAIC Handbook and New Jersey State Regulations.

Respectfully submitted,

Tony Riddick

Tony Riddick, CFE
Examiner-In-Charge
The INS Companies
Representing the State of New Jersey
Department of Banking and Insurance

Under the supervision of:

Nancy Lee Chice

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

State of New Jersey
County of Mercer

Subscribed and sworn to before me,

14th *Sheila Tkacs* on this
day of *May*, 2024.

Sheila M. Tkacs

Sheila M. Tkacs
Notary Public of New Jersey

My commission expires: *July 2025*