

REPORT ON EXAMINATION AS TO THE CONDITION OF
ASSOCIATION MASTER TRUST
SHORT HILLS, NEW JERSEY 07078
AT DECEMBER 31, 2022

FILED
11-20-2024

Commissioner
New Jersey Department
Of
Banking and Insurance

Table of Contents

Salutation	1
Scope of Examination.....	2
Compliance With Prior Examination Report Recommendations	3
History and Kind of Business.....	3
Territory and Plan of Operation	6
Policy Forms and Underwriting Practices	8
Statutory Deposit	8
Management and Control	8
Board of Trustees.....	8
Committees	10
Officers	11
Corporate Records	12
Policy on Conflicts of Interest	12
Fidelity Bond Coverage	12
Reinsurance	12
Employee Welfare and Benefit Plans.....	12
Accounts and Records	13
Independent Audit.....	13
Continuity of Operations	13
Company Growth	14
Financial Statements.....	15
Exhibit-A: Statement of Financial Position	16
Exhibit-B: Statement of Operating Results.....	17
Exhibit-C: Capital and Surplus Account.....	18
Notes to the Financial Statements	19
Note 1 - Claims Unpaid	19
Note 2 - Capital and Surplus.....	19
Subsequent Events.....	19
Conclusion	20



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 L. WAY
Lt. Governor

TEL (609) 292-7272
FAX (609) 292-6765

August 12, 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:

**Association Master Trust
636 Morris Turnpike, Suite 2A
Short Hills, NJ 07078
Examination Warrant P&C 5**

a domestic self-funded Multiple Employer Welfare Arrangement ("MEWA") authorized to transact business in the State of New Jersey, and hereafter referred to in this report as "AMT" or "Company."

SCOPE OF EXAMINATION

This comprehensive financial condition examination was called by the Acting Commissioner of the New Jersey Department of Banking and Insurance (hereafter "the Commissioner," "NJDOBI" or "Department") pursuant to the authority granted by N.J.A.C. 11:4-56.10.

The examination was conducted using a Specific Risk Analysis approach and covered the five-year period from December 31, 2017, the date of the last examination, to December 31, 2022, including material transactions and/or significant events occurring after the examination date up to the date of the salutation letter. The examination was guided by the regulatory provisions of N.J.A.C. 11:4-56 (Self-Funded MEWA and Insured Multiple Employer Arrangements) and N.J.S.A. 17B:27C-1 et seq. (Self-Funded MEWA Regulation Act). The examination also followed certain procedures formulated by the National Association of Insurance Commissioners ("NAIC") as permitted by the Department.

In determining the emphasis to be placed on specific accounts, consideration was given to the Company's accounting methods, the nature and size of each balance sheet account, their relative importance to solvency, analytical review results, the results of the previous financial condition examination, and the annual audit work performed by **WithumSmith+Brown, PC ("WSB")**, the Company's independent certified public accountants. Examiners leveraged off the audit work prepared by WSB, where appropriate. Based upon examination review, standard emphasis was placed on balance sheet accounts above materiality. There were no accounts assigned to a special emphasis category. The account emphases encompassed the following overall objectives:

- Identification of significant deviations from New Jersey insurance laws, regulations, and directives.
- Compliance with the guidelines outlined in the 2022 edition of the NAIC Financial Condition Examiners Handbook, Statements of Statutory Accounting Principles, and NJDOBI policies and procedures.
- Provision of a foundation for a profile of the Company's operations, risks, and results to be utilized by regulatory authorities.

Only significant findings of fact, statutory deviations and general information about the Company and its financial condition are included in this examination report. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information), are not included but which were separately communicated internally to other regulators and/or the Company.

COMPLIANCE WITH PRIOR EXAMINATION REPORT RECOMMENDATIONS

In the prior examination report dated December 31, 2017, the following recommendations were made:

Statutory Deposit

1. It was recommended that the Company report all special deposits that are held by states under Common Interrogatories - Investment, Interrogatory Number 25.28 in future annual statements.

Management and Control

2. It was recommended that the Company maintain an independent Board of Trustees membership in compliance with N.J.S.A. 17B:27C-6(e).
3. It was recommended that the Company maintain a website that includes required documents in compliance with N.J.S.A. 17B:27C-6(f).

Examination review indicated that the Company has complied with all the above recommendations.

HISTORY AND KIND OF BUSINESS

Establishment of AMT

On October 19, 1978, the Company was formed and became the successor to the New Jersey Fuel Merchants Association Benefits Trust which was founded in 1945 to administer its insurance benefits program for members. The following were the founding Individual Group Trusts ("IGT") forming part of AMT in 1978:

- New Jersey Lumber Association Insurance Trust Fund
- New Jersey Builders Association Insurance Trust Fund
- Pennsylvania Petroleum Association Insurance Trust Fund
- Fuel Merchants Association of New Jersey Insurance Trust Fund
- New Jersey Gasoline Retailers Association Insurance Trust Fund
- New Jersey State League of Masters' Plumbing, Inc. Insurance Trust Fund

AMT was organized on behalf of the member IGTs to purchase group insurance contracts from licensed insurance companies to provide medical, prescription, dental and life insurance benefits for its members.

Each IGT was formed by a trade association, where two or more employers in the same industry, organized for the purpose of providing education, training and 'fully insured' insurance benefits for eligible employees of each employer group.

In August 1999, the AMT Board of Trustees ("Board") approved an amendment to the Trust Agreement that would allow benefits to be offered using both insured and/or self-insured programs. Contributions made by members for self-insured benefits would be placed in a claim account and used to satisfy eligible benefit claims submitted by, or on behalf of, employees or their eligible dependents. AMT advised each IGT that their Trust Agreement needed to be amended to include both insured and self-insured benefits.

Licensing as a MEWA

The Company applied for Initial Registration as a self-funded MEWA with NJDOBI on or about September 4, 2004. After numerous correspondence and submission of additional information, AMT received its license to operate as a MEWA as per N.J.S.A. 17B:27C-1 *et seq.* on May 3, 2006.

Prior to the submission of the Initial Registration application, AMT notified NJDOBI that it was operating in New Jersey as a MEWA before June 7, 2004, the effective date of NJDOBI's final regulations, in accordance with the Employee Retirement Income Security Act of 1974 ("ERISA") regulations.

Description of the MEWA

The Company is qualified under Section 419 of the Internal Revenue Code whereby multiple employers join to self-insure the welfare benefits of their employees. AMT is subject to the provisions of the ERISA, as amended.

Under New Jersey statute, each participating employer in AMT may, but is not required, be a member of an association, having a minimum of 100 or more persons, organized, and maintained in good faith for purposes other than that of obtaining insurance. The association must have been in active existence for more than one year and have a constitution or by-laws that provide that the association holds regular meetings (not less than annually) to further the purposes of the members, to collect dues or solicit contributions from members and the members have voting privileges and representation on the governing board and committees. Each participating employer must have at least one or more employees and at least one or more employer members must be domiciled in New Jersey or have its principal headquarters or administrative offices located in New Jersey.

As of December 31, 2022, the following sponsoring trade associations were affiliated with AMT:

Irrigation Assoc. of NJ	Greater Metropolitan Furnishings Assoc.
NJ Dental Assoc.	NJ Veterinary Medical Assoc.
NJ Motor Truck Assoc.	NJ Air Conditioning Contractors Assoc.
NJ Builders Assoc.	NJ Building Material Dealers Assoc.
Fuel Merchants Assoc. of NJ	NJ Gasoline C-Store Automotive Assoc.
NJ Business & Industry Assoc.	NJ Independent Electrical Contractors Assoc.
NJ Landscape Contractors Assoc.	NJ Plumbing Heating Cooling Contractors Assoc.
NJ State Funeral Directors Assoc.	NJ State League of Master Plumbers Assoc.
NJ Warehouse & Movers Assoc.	

Each sponsoring trade association formed an IGT that has a contractual relationship with AMT. The following IGTs were members of AMT on December 31, 2022.

- NJ Dental Assoc. Benefits Trust
- NJ Builders Assoc. Benefits Trust
- Irrigation Assoc. of NJ Benefits Trust
- AC Contractors of America Benefits Trust
- Fuel Merchants Assoc. of NJ Benefits Trust
- NJ Motor Trust Assoc. Benefits Trust
- NJ Business and Industry Assoc. Benefits Trust
- NJ Veterinary Medical Assoc. Benefits Trust
- NJ State Funeral Directors Assoc. Benefits Trust
- NJ Landscaper Contractors Assoc. Benefits Trust
- Plumbing, Contractors - NJ Assoc. Benefits Trust
- NJ State League of Master Plumbers Benefits Trust
- Metropolitan Furnishings Assoc. NJ Benefits Trust
- NJ Retail Gas Dealers & Allied Trades Benefits Trust
- NJ Warehousemen & Movers Assoc. Health Benefits Trust
- NJ Lumber & Bldg. Material Dealers Assoc. Benefits Trust
- NJ Chapter, Independent Electrical Contractors, Inc. Benefits Trust

Description of Benefits for Members

The Company provides medical, prescription drug, dental and life insurance benefits to covered employees (subscribers) of participating employers of AMT. Any employee of a covered employer is eligible to participate in the MEWA Plan ("Plan") on the first day of the month following the completion of the employer's waiting period of no more than 90 days (in accordance with Affordable Care Act requirements), provided that the employee works a minimum of 25 hours per week. In addition, the employee may elect to cover qualified dependents under the Plan's provisions.

The Plan will pay benefits only for the expenses incurred while coverage is in full force. No benefits are payable for expenses incurred before coverage began or after coverage terminated, even if expenses were incurred as a result of an accident, injury or disease that occurred, began or existed while coverage was in force. In the event that AMT is unable to pay its obligations, the participating employers of the Plan shall be required to contribute, on a pro rata earned contribution basis, the funds necessary to meet any unfilled obligations.

Under the terms of the AMT Trust Agreement, contributions into the Plan may only be used to pay benefits, insurance premiums and administrative expenses relating to the operation of the Plan and establish required reserves.

Contributions by Members

Contributions for health care, dental fees and life insurance are submitted by the employer on a monthly basis. Health care and dental fee amounts are determined annually by the Plan's actuary and are calculated based upon four elected coverages: employee only, employee plus spouse, employee plus children, or family. Life insurance benefits are provided through an insured program and rates for these benefits are prepared by the Insurance Company providing the benefits. The participating employers determine the amount, if any, that employees are responsible for making to the employer for coverage under the Plan. Subscriber receivables are amounts due to the Plan from employers for benefits provided to covered employees under the Plan. Contributions need to be paid in a timely fashion and in accordance with AMT's policies and procedures.

Adoption of New Company Name

Effective February 19, 2020, the Company certified a resolution passed by the Board to adopt an alternate operating name for AMT separate and apart from its official name. The new name, **Association Member Trust**, is to be used in all the Company's public dealings, including, but not limited to, billing to members, receipt of contribution payments, banking relations, accounts payable, marketing, public relations activities, regulatory interaction, tax, and other governmental filings. Additionally, at the discretion of the Company's management, any written communication, publication, or document issued by AMT may reflect the new operating name with the full force and effect as its legal name.

TERRITORY AND PLAN OF OPERATION

The Company's main administrative and statutory home office is located at Short Hills, New Jersey. The registered agent upon whom process may be served is Harvey Mishkin, the Company's Chief Operating Officer, having an address at the Company's main office.

The Company operates in the state of New Jersey only. Listed below is the membership summary of operations for the examination period:

Membership Summary of Operations:

Membership	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PPO	8	18	30	40	49
POS	7,691	8,473	8,182	8,500	9,511
Indemnity Only	6	6	7	9	14
Total	<u>7,705</u>	<u>8,497</u>	<u>8,219</u>	<u>8,549</u>	<u>9,574</u>

The Company may purchase group insurance contracts from licensed insurance companies to provide medical, prescription, dental and life insurance benefits for its participating sponsoring associations.

The Company has a small marketing staff to enroll prospective employer members of the sponsoring associations and to inform members of the availability of benefit coverage for their employees and the advantages their membership in the association provides. AMT marketing staff representatives maintain NJDOBI broker licenses for Life and Health authorities.

The Company does not contract with any outside insurance agency, agent, or broker to market its products. The Company utilizes the services of **Horizon Blue Cross Blue Shield of New Jersey ("Horizon")**, **Delta Dental Plan of New Jersey ("Delta")** and **UniCare Life & Health Insurance Company ("UniCare")** to administer its claims. AMT's service agreements with non-affiliated entities, which are used for the operations of the Company, are as follows:

WSB	Mercer Health & Benefits, LLC
TD Bank	Law Office of Michael E. Coslit, LLC
Corporate Technologies	Definitive Insurance Management Services, Inc.

The Company also has a Cash Management Master Agreement and a License and Maintenance Agreement with FACTS Services, Inc. for benefit administration software. The Company's other service agreements with non-affiliated entities which handle the claims administration are as follows:

Administrative Services Agreement

This agreement is between Horizon and AMT for health care benefits provided to AMT Participants. The initial term commenced on August 1, 1999, and automatically renews for successive periods of 12 months. AMT's responsibility is to structure the benefit program, delegate authority to make claims determinations, and function as its Plan Administrator. AMT provides Horizon with enrollment information on a daily basis. Horizon provides AMT with enrollment reports with all enrollment transactions processed by Horizon during the prior month. Horizon claims payments reflect the discount, net of any expense directly related to the delivery of those contractual arrangements, and bill weekly for all claims paid. Specific and Aggregate Stop Loss attachment levels, factors, dollar limits and the financial terms, are subject to revision for each term of this agreement and may be adjusted by Horizon on written notice to AMT at least 30 days prior to the effective date of the change. AMT must maintain a working capital amount with Horizon for the sole purpose of claims payment. Horizon will give notice in writing of the working capital amount for future terms 60 days prior to each renewal date. This Agreement may be terminated immediately upon written notice for material breach, fraud, or misrepresentation by either party. AMT will be liable for all claims incurred prior to the date of termination.

Administrative Services Agreement

This agreement is between Delta and AMT, effective January 1, 2001, and each subsequent year for as long as the contract remains in-force. AMT provides dental coverage for the members through Delta. Delta's sole responsibility is to provide administrative services for the AMT Plan within the policies and procedures approved by AMT. Delta does not have discretionary authority or control per the management of the Plan but will make benefit determinations and payments for the Plan.

Group Life and AD&D Insurance Policy

This policy is between UniCare and AMT and is effective January 1, 2001. Plans available under the group policy are life and accidental death and dismemberment insurance and disability insurance. UniCare policies shall be bound upon written acceptance at an authorized UniCare office. UniCare shall determine the amount of the premium due upon approval of the application and the premium will be due within 30 days after the written notice of the amount due. Thereafter, premium payments are payable in advance of each premium due date. After each policy year, AMT may be entitled to an experience rating refund of their paid premium. This rating amount is calculated by UniCare and is based on the amount of premium paid for the policy year, reduced by the actual claims incurred, reserves for future claims and UniCare's administrative cost for these claims. Any excess must be used to benefit plan members. AMT may terminate at any time by providing UniCare with written notice. The group policy will terminate on the later of the notice date or the notice date when received at UniCare's home office. UniCare may terminate at any time by giving 31 days written notice to the Company. AMT will be liable for any unpaid premium accrued while the insurance remains in force and UniCare will not prejudice any claims incurred prior to the effective date of the termination.

It was noted that the Company did have Management Service Agreements with each IGT that qualified and quantified all services performed by AMT staff on behalf of each IGT.

Policy Forms and Underwriting Practices

The Company files its updated medical plan rates manual quarterly with the Department for all examination years. All filings are effective January 1st, April 1st, July 1st, and October 1st of each year. AMT has been found to be in compliance with the rating requirements of N.J.A.C. 11:4-56.6(a).

Statutory Deposit

As of December 31, 2022, the Company had on deposit with the State of New Jersey, its domiciliary state, cash and securities with a total par value of \$200,000, in compliance with N.J.S.A. 17B:27C-5a. These deposits are held for the benefit and protection of the Company's covered members.

MANAGEMENT AND CONTROL

Board of Trustees

Management of the Company rests on the Board subject to the Trust Agreement between AMT and 17 sponsoring associations. The Trust Agreement sets forth the broad range of powers, duties, responsibilities, and limitations imposed upon the Board who perform their duties and responsibilities in accordance with all applicable federal and state laws, regulations, and codes. At least one trustee is appointed to the Board by each sponsoring association through their respective IGT.

The Board is composed of volunteer representatives from each of the sponsoring associations and appointed by their own individual group trusts (i.e., sub-trusts) based on the extent of membership participation. An independent trustee may also be appointed by the trustees who is not a participant in an AMT benefit plan. The trustees have ultimate responsibility to carry out the purpose and provisions of AMT, defined within the body of the Trust Agreement itself and explicitly and/or implicitly expressed within federal and state laws, regulations, codes and court rulings.

The following is a listing of members serving in the Board as of December 31, 2022:

Alex E. Tullo
Tullo Truck Stop LLC
South Kearny, NJ

Alice Gens
N.J. Business & Industry Assn
Trenton, NJ

Barbara Guinta
NJ State Funeral Directors Assn
Manasquan, NJ

Betty Boros
N.J. Business & Industry Assn.
Trenton, NJ

Brien McLaughlin
McGlaughlin Group P&H
Morris Plains, NJ

Bryan Didonato
Abner, Herrman & Brock Asset Mgmt
Jersey City, NJ

Bryan Jaeger
Jaeger Lumber & Supply Co.
Union, NJ

Charles Kreyer
Dykes Lumber Company
Weehawken, NJ

Dr. Mitchell Weiner
Mitchell M. Weiner, DMD
Kendall Park, NJ

Dr. Steven M. Tepper
Animal Health Care of Marlboro, LLP
Englishtown, NJ

Dominick Paragano
D.L. Paragano Homes, Inc.
Short Hills, NJ

Eric Blomgren
NJ Gasoline C-Store Automotive Assn
Eatontown, NJ

Gail Woolcott
NJ Landscaping Assoc
Elmwood Park, NJ

George Kelder
NJ State Funeral Directors Assn
Manasquan, NJ

Harris Kirsch
Greater Metropolitan Furnishings Assn.
Livingston, NJ

Jared Stadlin
Linden Warehouse & Distribution-LWD
Linden, NJ

Ken Alexander
Alexander Plumbing & Heating
Dayton, NJ

Norm Woolley
Woolley Fuel
Maplewood, NJ

Scott Nelson
Oceanside Ser, Inc.
Allenhurst, NJ

Steve Dobossy
R&R Irrigation
Middlesex, NJ

The trustees, for their convenience, may elect a chairman and secretary from their members to act as such. The Chairman alone, or any three trustees jointly, may call a meeting of the trustees at any time by giving at least 15 days' written notice of the time and place thereof to each trustee. Meetings of the trustees may also be held at any time without notice if all the trustees consent thereto. A majority of the trustees shall constitute a quorum for the transaction of business at any meeting. A decision may be made without calling a meeting of the trustees, and action may be taken by written document signed by a majority of the trustees, provided that all of the trustees shall have had at least five days' written notice of the proposed decision to be made and action to be taken.

The IGTs shall have the sole authority to determine how their representatives shall be selected, but in no event shall any representative be selected who is concurrently an owner, director, officer or employee of any firm or organization providing services to the AMT.

Committees

The Board has five committees comprised exclusively of AMT trustees. Each committee provides important prescribed services through investigating, evaluating, and recommending to the full Board, at their regular meetings, the appropriate action on the issues faced by AMT. The Company's management staff communicates with the committees on a periodic basis to enhance the supervision of AMT, provide and receive guidance, and to expedite the decision-making process.

The following are the committees serving as of December 31, 2022:

Audit Committee

This committee assumes the responsibility for the engagement of an independent auditor, review of the certified audit, and full presentation and reporting to the Board. Every AMT participant will be informed of the financial condition of AMT via the summary annual reporting as required under ERISA. The committee has a charter detailing its purpose, membership, and responsibilities. Members are experienced business executives and financially literate in business affairs. The chairperson is an accountant. The Company's Controller, Steven Cerbone, participates in all committee meetings. The members serving on this committee at the examination date were as follows:

Barbara Guinta, CPA
Charles Kreyer

Legislative Committee

This committee, formed in 2019, monitors on-going federal and governmental regulations related to MEWAs and reviews legislation that could potentially impact AMT and its membership. The committee also oversees the implementation of any changes needed to ensure AMT is fully compliant with State guidelines and any legislative changes. The committee only meets on an ad hoc basis when pertinent State legislation affecting MEWAs, and the Company in particular, arise.

The members serving at the examination date were as follows:

George Kelder
Steve Dobossy
Jared Stadlin

Program Review Committee

This committee assumes responsibility for the benefit plan, rates, reserves and RBC obligations and proper reporting to government agencies. The committee also oversees and monitors sales activities, review of current benefits and recommend benefit changes, approval of cost containment features and establishing sub-trust expense reimbursement scales. The members serving at the examination date were as follows:

Alex Tullo	Betty Boros
Dr. Mitchell Weiner	Dr. Steven Tepper
Jared Stadlin	Ken Alexander
Scott Nelson	Steve Dobossy

Finance / Personnel Committee

This committee assumes responsibility to oversee the day-to-day operating financial condition of AMT, establishing personnel policy, review the annual operating budget, make recommendations to the Board, and analyze actual costs vs. budget projections. The members serving at the examination date were as follows:

Barbara Guinta	Brien McLaughlin
Bryan Didonato	Charles Kreyer
Dominick Paragano	Norm Woolley

Long Range Planning Committee

This committee assumes the responsibility of establishing long-range program objectives by assessing the future needs of the members, impact of new legislation, new products available within the industry, additional administrative services and any other related matters that may contribute to the enhancement of AMT. The members serving on this committee at the examination date were as follows:

Steve Dobossy	Gail Woolcott
George Kelder	Bryan Jaeger
Robert Russo	

Officers

The following were the senior officers serving as of December 31, 2022:

Harvey Mishkin - Chief Operations Officer
Steve Cerbone - Chief Financial Officer

Corporate Records

A review of the minutes of the Board meetings noted that they were well attended by the Company's trustees, and that overall transactions were adequately supported and approved. The Board reviewed the prior financial condition examination report in the meeting held on April 22, 2020.

Policy on Conflicts of Interest

The Company has a policy in place requiring conflict of interest questionnaires to be signed and submitted annually. A review of the questionnaires for the examination period did not disclose any concerns.

Fidelity Bond Coverage

The Company has bonded the entire organization for employee theft with a per occurrence limit of \$5,000,000. This amount meets the NAIC suggested minimum as determined by the examiners' calculation. The Company also maintains other management insurance coverages including Directors and Officers Liability, Employment Practices Liability, and Professional Liability.

REINSURANCE

The Company entered into a stop-loss insurance agreement for aggregate excess loss and individual excess loss with Horizon, which covers medical and prescription benefits, in compliance with N.J.S.A. 17B:27C-5b. Under the terms of the agreement, the Company has an aggregate deductible of approximately \$1,200 per member, per month for health and prescription claims. The agreement also provides for a per member deductible of \$250,000 for individual excess loss. The Company will receive reimbursement for all claims, in any fiscal year, over the deductible. The stop-loss agreement is detailed in the administrative services agreement with Horizon.

In addition, the Company entered into an agreement with the UniCare to purchase certain life, accidental death and dismemberment insurance and disability insurance contracts to cover its participating members.

EMPLOYEE WELFARE AND BENEFIT PLANS

The Company provides several benefit programs for its employees to include life, health, dental, disability and workers' compensation insurance. The Company also offers a profit-sharing plan and a 401(k) Savings Plan, in which the employees may elect to defer up to 15% of their compensation to the maximum allowed by law with employer contributions, the largest portion of the cost funded, determined annually by the Board.

ACCOUNTS AND RECORDS

All the Company's books and records are maintained at its administrative office located in Short Hills, New Jersey. The Company uses Peachtree accounting software, designed for business by Sage, Inc., for its general ledger and financial reporting functions. All medical and dental claims processing for AMT members is performed by Horizon who processes member claims in accordance with AMT member enrollment data, plans and procedures. Claim services include: (1) access to provider networks, (2) provider billing on a direct basis to Horizon and Delta, (3) provider discounts calculation of claim payments, and (4) notification of payment or denial to the provider and participant, among other functions. A register containing total paid claim expenses is received by AMT from Horizon and Delta on a weekly basis. AMT records the expense against the proper expense item as reflected in the chart of accounts and remits payment directly to Horizon and Delta based on these weekly claims registers.

The Company consults with Mercer, LLC ("Mercer"), an external actuary operating out of Princeton, NJ, from whom it receives assistance in the pricing and financial reserving of AMT's health coverage. Specific plan rates are calculated by Mercer and inputted into the billing system by AMT staff. The billing software produces a line-item billing statement reflecting the monthly employer contribution (premium) due. The rate calculation is based on the appropriate benefit plan rates, employee demographic information and coverage types. Israel Rubin, FSA, MAAA, the principal working on behalf of Mercer, issued an unqualified opinion regarding the Company's unpaid claims reported as of the examination date.

Independent Audit

Pursuant to N.J.A.C. 11:4-56.9 an annual audit was performed by WSB, based in East Brunswick, New Jersey, and a financial statutory audit report for fiscal years 2022 and 2021 was filed with the Commissioner. The auditors concluded that the statutory financial statements presented fairly, in all material respects, the financial position of the Company.

Continuity of Operations

The Company maintains a formal disaster recovery and business continuity (DR/BC) plan to preserve its stability and continued operation in the event of a man-made or natural disaster. The DR/BC plan addresses and provides for the restoration of the Company's IT systems as well as critical and non-critical business functions. Management reviews the plan on a quarterly basis and updates, as necessary. The Company also has a formalized program for succession of officers. Examiners reviewed the DR/BC plan and confirmed that data restoration tests are performed periodically, with the most recent tests yielding no incidents.

COVID-19 Economic Impact

On March 11, 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic. On March 13, 2020, the U.S. President declared the coronavirus pandemic a national emergency in the United States. As of the date of this report, there was significant uncertainty on the effect that the pandemic would have on the insurance industry, economy, and society at large.

Any impact to the Company will take time to assess and will be specific to the class and mix of business they underwrite. The Department will continue to monitor how the pandemic might impact the Company.

COMPANY GROWTH

During the five-year exam period, the Company's assets decreased \$6,655,978 from \$36,591,662 to \$29,935,684; liabilities increased \$4,063,055 from \$8,657,387 to \$12,720,442; and capital and surplus decreased \$10,719,033 from \$27,934,275 to \$17,215,242. The following ratios summarize data reflecting the Company's growth since the last examination

Premiums Written to Capital and Surplus Ratios

<u>Year Ending</u>	<u>Direct Premiums Written</u>	<u>Capital and Surplus</u>	<u>Ratio</u>
2022	130,030,767	17,215,242	7.553
2021	129,393,545	21,018,554	6.156
2020	123,797,401	32,197,398	3.845
2019	123,401,950	25,903,037	4.764
2018	117,205,074	27,517,783	4.259

Medical Loss Ratios

<u>Year Ending</u>	<u>Hospital and Medical Expenses</u>	<u>Total Revenues</u>	<u>Ratio</u>
2022	124,381,221	130,030,767	0.957
2021	130,376,726	129,393,545	1.008
2020	108,769,835	123,797,401	0.879
2019	113,867,017	123,401,950	0.923
2018	105,497,826	117,205,074	0.900

Administrative Expense Ratios

<u>Year Ending</u>	<u>General Administrative Expenses</u>	<u>Total Revenues</u>	<u>Ratio</u>
2022	4,819,053	130,030,767	0.037
2021	4,590,792	129,393,545	0.035
2020	4,430,154	123,797,401	0.036
2019	3,988,006	123,401,950	0.032
2018	3,867,496	117,205,074	0.033

FINANCIAL STATEMENTS

Financial Exhibits have been prepared based on the annual statutory financial statements filed by AMT with NJDOBI in accordance with N.J.S.A. 17B:27C-6a. These are summarized below and furnished fully in the next three pages.

- Exhibit-A Statement of Financial Position
 as of December 31, 2022
- Exhibit-B Statement of Operating Results
 for the Five-Year Period ended December 31, 2022
- Exhibit-C Capital and Surplus Account
 for the Five-Year Period ended December 31, 2022

EXHIBIT-A: Statement of Financial Position

As of December 31, 2022

	<u>Per Examination</u> <u>12/31/22</u>	<u>Per Company</u> <u>12/31/22</u>	<u>Examination</u> <u>Change</u>	<u>Note</u>
<u>Assets</u>				
Cash	\$ 10,460,475	\$ 10,460,475	\$ -	
Short-Term Investments	14,920,009	14,920,009	-	
Uncollected Premiums	677,462	677,462	-	
Amounts Recoverable from Reinsurers	483,885	483,885	-	
Electronic Data Processing Equipment	5,048	5,048	-	
Health Care and Other Amounts Receivable	3,388,805	3,388,805	-	
Total Net Admitted Assets	\$ 29,935,684	\$ 29,935,684	\$ -	
<u>Liabilities</u>				
Claims Unpaid	\$ 10,006,306	\$ 10,006,306	\$ -	1
Premiums Received in Advance	1,024,320	1,024,320	-	
General Expenses Due or Accrued	687,501	687,501	-	
Ceded Reinsurance Premiums Payable	801,660	801,660	-	
Payable to SubTrusts	200,655	200,655	-	
Total Liabilities	\$ 12,720,442	\$ 12,720,442	\$ -	
<u>Capital and Surplus</u>				
Unassigned Funds	\$ 17,215,242	\$ 17,215,242	\$ -	
Total Capital and Surplus	\$ 17,215,242	\$ 17,215,242	\$ -	2
Total Liabilities and Surplus	\$ 29,935,684	\$ 29,935,684	\$ -	

EXHIBIT-B: Statement of Operating Results
For the Five-Year Period Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue					
Net Premium Income	<u>\$ 130,030,767</u>	<u>\$ 129,393,545</u>	<u>\$ 123,797,401</u>	<u>\$ 123,401,950</u>	<u>\$ 117,205,074</u>
Hospital and Medical					
Hospital and Medical Benefits	136,385,386	139,852,119	115,046,220	117,893,248	112,574,436
Net Reinsurance Recoveries	<u>(12,004,165)</u>	<u>(9,475,393)</u>	<u>(6,276,385)</u>	<u>(4,026,231)</u>	<u>(7,076,610)</u>
Hospital and Medical Expenses	124,381,221	130,376,726	108,769,835	113,867,017	105,497,826
Deductions:					
Claims Adjustment Expenses	4,674,749	4,600,126	4,391,758	4,507,428	5,019,021
General Administrative Expenses	<u>4,819,053</u>	<u>4,590,792</u>	<u>4,430,154</u>	<u>3,988,006</u>	<u>3,867,496</u>
Total Underwriting Deductions	133,875,023	139,567,644	117,591,747	122,362,451	114,384,343
Net Underwriting Gain/(Loss)	\$ (3,844,256)	\$ (10,174,099)	\$ 6,205,654	\$ 1,039,499	\$ 2,820,731
Investment and Other Income					
Net Investment Gains/(Losses)	62,104	(2,077)	(132,413)	(5,502)	73,124
Aggregate Write-ins	1,131	1,688	(1,636,496)	(613)	(1,284,029)
Net Income Before Income Taxes	\$ (3,781,021)	\$ (10,174,488)	\$ 4,436,745	\$ 1,033,384	\$ 1,609,826
Federal Income Taxes Incurred	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income	<u>\$ (3,781,021)</u>	<u>\$ (10,174,488)</u>	<u>\$ 4,436,745</u>	<u>\$ 1,033,384</u>	<u>\$ 1,609,826</u>

EXHIBIT-C: Capital and Surplus Account
For the Five-Year Period Ended December 31, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Capital and Surplus					
December 31, Prior Year	<u>\$ 21,018,554</u>	<u>\$ 32,197,398</u>	<u>\$ 25,903,037</u>	<u>\$ 27,517,783</u>	<u>\$ 26,621,563</u>
Net Income	(3,781,021)	(10,174,488)	4,436,745	1,033,384	1,609,826
<u>Other Surplus Adjustments</u>					
Change in Non-Admitted Assets	(22,291)	1,685	25,259	(3,137)	12,880
Aggregate Write-ins	-	(1,006,041)	1,832,357	(2,644,993)	(726,486)
Total Other Surplus Gains/(Losses)	<u>(22,291)</u>	<u>(1,004,356)</u>	<u>1,857,616</u>	<u>(2,648,130)</u>	<u>(713,606)</u>
Net Change in Surplus	(3,803,312)	(11,178,844)	6,294,361	(1,614,746)	896,220
Capital and Surplus					
December 31, Current Year	<u>\$ 17,215,242</u>	<u>\$ 21,018,554</u>	<u>\$ 32,197,398</u>	<u>\$ 25,903,037</u>	<u>\$ 27,517,783</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Claims Unpaid

A review by the NJDOBI Health Actuarial Division indicated the reserves established by the Company were reasonably stated. Data supporting the Company's actuarial calculation was reconciled to supporting records without major exceptions.

Note 2 - Capital and Surplus

Total Unassigned Funds, as per the current examination review, amounted to \$17,215,242, which is \$9,406,721 less than the balance reported in the last examination, reflecting a decrease of 35.33%. The cumulative changes in capital and surplus during the five-year examination period is reflected and summarized below:

Capital and Surplus, December 31, 2017		\$ 26,621,563
Net Cumulative Income		(6,875,554)
Change in Nonadmitted Assets	14,396	
Agg Write-ins for Surplus Losses	(2,545,163)	
Surplus Adjustments: Examination Change	<u>-0-</u>	
Net Adjustments During Five-Year Period		<u>(2,530,767)</u>
Capital and Surplus, December 31, 2022		<u>\$ 17,215,242</u>

In compliance with N.J.A.C. 11:4-56.8(b), the Company meets the statutorily required minimum surplus benchmark of \$9,532,424, an excess of \$7,682,818 remaining in surplus.

SUBSEQUENT EVENTS

The Company posted net income of \$14,800,546 at year-end 2023, which greatly improved the balance sheet values of assets and surplus by the same amount signaling a positive turnaround from the prior two years. Aside from this, there were no events or other transactions of a significant nature that were noted during the review of AMT's operating activities after the examination date.

CONCLUSION

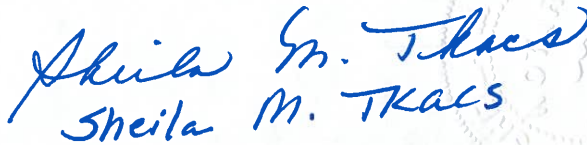
The statutory financial condition examination was conducted remotely and onsite by the undersigned with the assistance of the NJDOBI field and office staff. Tests and analyses applied to the foregoing report items, which met the examination requirements prescribed by the Department's Office of Solvency Regulation, to include testing of loss reserves as specified by N.J.S.A. 17B:27C-9, did not yield any reportable recommendations.

The courteous cooperation and assistance extended during the course of this examination by the officers and employees of the Company is acknowledged.

Respectfully submitted,



Juan P. Collado, Insurance Examiner 1
Examiner-In-Charge, NJDOBI



Sheila M. Tkacs

SHEILA M. TKACS
NOTARY PUBLIC
STATE OF NEW JERSEY
My Commission Expires: July 2025