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ATTORNEY GENERAL OF NEW JERSEY  
Richard J. Hughes Justice Complex  
25 Market Street  
P.O. Box 117  
Trenton, New Jersey 08625  
Attorney for Commissioner of the New Jersey Department of Banking and Insurance

By: Jeffrey S. Posta (NJ Attorney ID# 023971982)  
Deputy Attorney General (609) 376-2965  
[Jeffrey.Posta@law.njoag.gov](mailto:Jeffrey.Posta@law.njoag.gov)

**IN THE MATTER OF THE  
LIQUIDATION OF IFA INSURANCE  
COMPANY**

**SUPERIOR COURT OF NEW JERSEY  
MERCER COUNTY  
CHANCERY DIVISION**

**DOCKET NO.: MER-C-20-17**

**NOTICE OF MOTION TO REOPEN  
CASE, APPROVE FINAL ACCOUNTING  
AND CLOSE ESTATE**

**TO:** See attached Service List

**PLEASE TAKE NOTICE** that the undersigned attorney for the Commissioner of Banking and Insurance of the State of New Jersey, in his capacity as Liquidator of IFA Insurance Company, will move before The Honorable Patrick J. Bartels, P.J. Ch., at the Superior Court of New Jersey, Mercer County, Chancery Division, Mercer County Civil Courts Building, 175 South Broad Street, Trenton, New Jersey 08650-0068, on March 28, 2025, at 9:00 a.m., or as soon thereafter as counsel may be heard, for an Order reopening this case, approving the final accounting of assets and liabilities of the Estate, approving the determination of claims of the Estate, approving the final distribution of assets of the Estate, authorizing the destruction of records of the Estate, approving the closing of the Estate, and releasing the Commissioner of the State of New Jersey Department of Banking and

Insurance, and the Commissioner of the State of New Jersey Department of Banking and Insurance, as Liquidator of IFA Insurance Company.

**PLEASE TAKE FURTHER NOTICE** that in support of this application, the undersigned shall rely upon the Certification of David Wolf and the exhibits attached thereto.

**PLEASE TAKE FURTHER NOTICE** that pursuant to R. 1:6-2(d), oral argument is waived unless an objection is filed.

**PLEASE TAKE FURTHER NOTICE** that a proposed form of Order is attached.

Respectfully Submitted,

MATTHEW J. PLATKIN  
ATTORNEY GENERAL OF NEW JERSEY

By: /s/ Jeffrey S. Posta  
Jeffrey S. Posta  
Deputy Attorney General

Date: February 28, 2025

#### **SERVICE LIST**

Independent Financial Agents, Inc.  
14 Walnut Ave.  
Clark, NJ 07066  
Attn: David Walsh, Agent

David Walsh  
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Cranford, NJ 07016

Joseph DellaFera, CEO  
New Jersey Property-Liability Insurance Guaranty Association  
233 Mount Airy Road  
Basking Ridge, NJ 07920

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Pennsylvania Property & Casualty Insurance Guaranty Association  
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Lorenzo Harris, Claims Manager  
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NAIC  
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Kansas City, MO 64106-2197

NJ Division of Taxation  
P.O. Box 248  
Trenton, NJ 08646-0248

Mary Verme, Paralegal  
Margolis Edelstein  
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Mount Laurel, NJ 08054  
Attorneys for Maureese Turner

Michael J. McKenna, Esq.  
McKenna Law, P.C.  
648 Longwood Avenue  
Cherry Hill, NJ 08002-2917  
Attorneys for Christopher Mazza

M. Paige Berry, Esq.  
Saul Ewing LLP  
650 College Rd. East, Suite 4000  
Princeton, NJ 08540-6603  
Attorneys for New Jersey Automobile Insurance Risk Exchange

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**IN THE MATTER OF THE  
LIQUIDATION OF IFA INSURANCE  
COMPANY**

**SUPERIOR COURT OF NEW JERSEY  
MERCER COUNTY  
CHANCERY DIVISION**

**DOCKET NO.: MER-C-20-17**

**ORDER REOPENING CASE,  
APPROVING FINAL ACCOUNTING AND  
CLOSING ESTATE**

**THIS MATTER** having been opened to the court by Matthew J. Platkin, Attorney General of New Jersey, by Jeffrey S. Posta, Deputy Attorney General, as attorney for the Commissioner (“Commissioner” or “Liquidator”) of the New Jersey Department of Banking and Insurance (“Department”) in his capacity as Liquidator for IFA Insurance Company (“IFA or Estate”), upon notice to all parties requiring notice, for an Order reopening this case, approving the final accounting of assets and liabilities of the Estate, approving the determination of claims of the Estate, approving the final distribution of assets of the Estate, authorizing the destruction of records of the Estate, approving the closing of the Estate, and releasing the Commissioner of the State of New Jersey Department of Banking and Insurance, and the Commissioner of the State of New Jersey Department of Banking and Insurance, as Liquidator of IFA Insurance Company, and the Court having considered this application and any opposition thereto, and for good cause shown:

It is on the \_\_\_\_\_ day of \_\_\_\_\_, 2025,

**ORDERED** as follows:

1. The Commissioner's Motion is **GRANTED**.
2. This case is reopened.
3. The final accounting of the assets and liabilities of the Estate according to the Certification of David Wolf filed in support of the Motion is approved.
4. The determination of claims of the Estate according to the Certification of David Wolf filed in support of the Motion is approved.
5. The final distribution of the assets of the Estate according to the Certification of David Wolf filed in support of the Motion is approved.
6. The Liquidator is authorized to reimburse the Department for the cost of the administrative expenses of the Estate incurred during the Liquidation. The Liquidator shall distribute the remaining funds in the Estate of \$39,037.00 to reimburse the Department, which is the highest priority one claimant pursuant to N.J.S.A. 17:30C-26(c)(1).
7. If any assets are received after the final distribution of the remaining funds in the Estate, such assets shall be escheated to the State of New Jersey, Department of the Treasury, Unclaimed Property Administration, as it would be impractical and uneconomical to disburse any excess assets to any allowed claimant(s) after bank accounts and all related accounts have been closed.
8. Personal property and non-essential records of the Estate within the Liquidator's possession, custody and control that will not adversely affect any party's rights can be immediately destroyed pursuant to N.J.S.A. 17:30C-9(a).
9. Records relating to the Liquidation may be destroyed, but no earlier than the expiration of one (1) year from the completion of the Liquidation and making of the final distribution pursuant to

N.J.S.A. 17:3A-3(a).

10. Upon completing the final distribution of funds, the Liquidator and/or his representatives will have satisfied the conditions as set forth in this Order.

11. Upon compliance with this Order, the Commissioner, the Commissioner as Liquidator of IFA, the Deputy Liquidator, and their agents, attorneys, employees, successors, assigns and other representatives and agents, are forever discharged, released and held harmless from any and all liability arising out of the liquidation of the Estate, and the Liquidation proceeding shall be terminated without need for any further order of the Court.

12. Notice of this Order shall be published on the Department's website for no less than one hundred twenty (120) days.

13. The Commissioner as Liquidator and his successors may take any and all additional actions that they deem advisable for the administration and termination of the Estate without need for further application to or approval of the Court.

14. The Commissioner shall, within seven (7) days after receipt of this Order by his counsel, serve a copy of this Order upon all parties who received notice of the Motion by First-Class Mail.

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PATRICK J. BARTELS, P.J. Ch.

\_\_\_\_ Opposed

\_\_\_\_ Unopposed

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Attorney for Commissioner of the New Jersey Department of Banking and Insurance

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**IN THE MATTER OF THE LIQUIDATION  
OF IFA INSURANCE COMPANY**

**SUPERIOR COURT OF NEW JERSEY  
MERCER COUNTY  
CHANCERY DIVISION**

**DOCKET NO.: MER-C-20-17**

**CERTIFICATION OF DAVID WOLF**

I, David Wolf, being of full age, do of my own personal knowledge hereby certify and say in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am the Acting Assistant Commissioner of the New Jersey Department of Banking and Insurance ("Department") and the Deputy Liquidator of the estate of IFA Insurance Company in Liquidation ("IFA" or "Estate") as appointed by the Commissioner of Banking and Insurance, Justin Zimmerman ("Commissioner"). As Acting Assistant Commissioner, I oversee the Office of Solvency Regulation for the Department, which monitors and oversees the financial condition of all insurance entities transacting business in New Jersey.

2. In my capacity as Deputy Liquidator, I have personal knowledge of the facts set forth herein. I make this Certification in support of the Commissioner's Motion to approve the determination of claims, confirm the final distribution of assets, authorize the destruction of records, approve the closing of the Estate, and approve the release of the Commissioner, the Commissioner as Liquidator of IFA Insurance Company in Liquidation, the Deputy Liquidator, and their agents, attorneys, employees, successors, assigns and other representatives and agents.

3. IFA is a property and casualty insurer domiciled in New Jersey and was licensed to transact insurance business in the States of New Jersey, Delaware, Maryland and Pennsylvania. IFA was formed as a stock company in December of 1972 and was authorized to transact personal passenger automobile insurance as of December 4, 1973.

4. On May 4, 2017, upon the Petition of Commissioner Richard Badolato, a predecessor to the current Commissioner, this Court placed IFA into liquidation and named the Commissioner as Liquidator. A copy of the Order of Liquidation is attached as Exhibit 1.

5. As of February 2017, IFA had only 418 policies in force, all of which were in Maryland, and all of which are no longer in force. IFA had no active policies in force in New Jersey, Pennsylvania, and Delaware.

6. In entering the 2017 Order of Liquidation, this Court found IFA to be in such a financial condition that its further transaction of business would be hazardous to its policyholders, creditors, and the public. In support of the Petition to place IFA in Liquidation, a Certification was made by Steven Kerner, then the Assistant Commissioner of the Office of Solvency Regulation. This Certification is attached as Exhibit 2 and provides the background of the events leading to the placement of IFA into Liquidation.



7. The following is a historical summary leading to the IFA liquidation: Following a financial examination of IFA by the Department in 2014, the Department began to monitor the insurer and placed certain financial conditions on the continuation of business by IFA. When IFA failed to meet those conditions, IFA consented to the Department's request for IFA to withdraw from the New Jersey insurance market and transfer all active policies to another insurer. In 2016, IFA consented to being placed in Administrative Supervision due to ongoing and deteriorating financial indicators. Finally, in February 2017, IFA was placed in Liquidation where it remains today.

8. In February of 2017, IFA reported having total admitted assets of \$1,481,293, estimated liabilities and required reserves of \$3,555,934, and capital stock of \$2,494,035. Therefore, IFA's liabilities, required reserves and capital stock exceeded its assets by \$4,568,676, and the company was insolvent.

9. During the period that IFA has been in liquidation, all but two (2) of the remaining policyholder claims have been finalized and processed by the state guaranty funds of New Jersey, Maryland, Delaware, and Pennsylvania ("Guaranty Funds"), assets and receivables have been marshalled and preserved by the Liquidator, the final notices of determination have been mailed, and financial and tax statements have been completed and brought current. While the course of the IFA Liquidation was slowed somewhat by the 2020 COVID pandemic and related personnel changes, there were no adverse impacts resulting on the Estate from the pandemic's interruption.

10. In 2023, I was appointed Deputy Liquidator of IFA. In addition, the Department hired an outside consultant, Examination Resources, LLC, to assist in completing the liquidation process. Since then, the Department has brought IFA's financial accounts current by reviewing all

bank statements since 2017, reviewing all open claim files and receiving reporting from the Guaranty Funds, accounting for all amounts recoverable through reinsurance, and preparing tax returns from 2017 through 2023, including a final return covering 2024.

11. Since IFA was placed in liquidation, the Guaranty Funds handled 3,015 claims with total payments made of \$11,139,830. These payments were made from funds obtained by the Guaranty Funds from general assessments of industry participants.

12. The assets of the estate of \$1,481,293 were used to administer the early stages of the liquidation, including payment of rent, storage, salaries, postage, and legal fees. IFA currently has \$39,037 in cash remaining after administration of the Estate.

13. Estimated liabilities and reported capital stock grew from \$3,555,934 and \$2,494,035, respectively, to \$11,139,830 and \$2,494,035. The increase in liabilities was due primarily to policyholder claims filed and paid by the Guaranty Funds.

14. A summary of the financial accounts from 2017 to 2024 is attached as Exhibit 3.

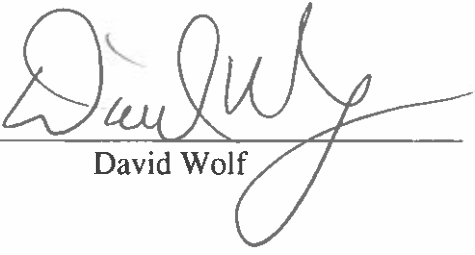
15. The \$39,037 in remaining cash will be used to compensate the Department for its administrative expenditures, which are a priority one expense under N.J.S.A. 17:30C-26(c)(1).

16. Once the proposed order accompanying this Motion is entered, and therefore this matter closed, should the Commissioner receive any assets that would have otherwise been attributed to the Estate, the Commissioner proposes to escheat those sums to the State of New Jersey, Department of the Treasury, Unclaimed Property Administration, as it would be impractical and uneconomical to disburse any excess assets to any allowed claimant(s) after bank accounts and all related accounts have been closed.

17. By virtue of the proposed order accompanying this Motion, the Commissioner as Liquidator of IFA and/or his Deputy Liquidator requests authority to take any and all additional actions they deem advisable for the administration and closing of the Estate, without need for further application to the Court.

18. The Deputy Liquidator will review all related IFA postings currently in the Rehabilitation/Liquidation section of the New Jersey Department of Banking and Insurance public website and ensure all Orders are posted, including the proposed order accompanying the Motion if and when Granted.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

  
David Wolf

Dated: February 13, 2025



PHILIP D. MURPHY  
*Governor*

*State of New Jersey*  
OFFICE OF THE ATTORNEY GENERAL  
DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW  
25 MARKET STREET  
PO Box 117  
TRENTON, NJ 08625-0117

MATTHEW J. PLATKIN  
*Attorney General*

TAHESHA L. WAY  
*Lt. Governor*

MICHAEL C. WALTERS  
*Acting Director*

February 28, 2025

**Via eCourts**

Hon. Patrick J. Bartels, P.J. Ch.  
Superior Court of New Jersey  
Chancery Division  
175 South Broad Street  
Trenton, New Jersey 08650

Re: In the Matter of the Liquidation of IFA Insurance Company  
Docket No.: MER-C-20-17

Motion of the Commissioner of the New Jersey Department of Banking and Insurance in his Capacity as Liquidator to Reopen Case, Approve Final Accounting, Close Estate, and For Related Relief.

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Dear Judge Bartels:

This office represents the Commissioner of the New Jersey Department of Banking and Insurance in his capacity as Liquidator of IFA Insurance Company ("IFA") in the above matter.

The Commissioner is simultaneously filing a Motion to Approve a Final Accounting, to Close the Estate, and for related relief. That relief includes reopening this case. On May 4, 2017, upon Petition of the Commissioner, an



Hon. Patrick J. Bartels, P.J. Ch.  
February 28, 2025  
Page 2

Order for the Liquidation of IFA was entered by the Court. The Case Status was changed to “Closed” at that time. The Commissioner’s Motion seeks to reopen the case so that the proposed Order filed with the Motion can be entered.

Thank you for your consideration.

Respectfully submitted,

MATTHEW J. PLATKIN  
ATTORNEY GENERAL OF NEW JERSEY

By: /s/ Jeffrey S. Posta  
Jeffrey S. Posta (023971982)  
Deputy Attorney General

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Attorney for Commissioner of the New Jersey Department of Banking and Insurance

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Deputy Attorney General (609) 376-2965  
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**IN THE MATTER OF THE  
LIQUIDATION OF IFA INSURANCE  
COMPANY**

**SUPERIOR COURT OF NEW JERSEY  
MERCER COUNTY  
CHANCERY DIVISION**

**DOCKET NO.: MER-C-20-17**

**CERTIFICATION OF SERVICE OF  
MOTION TO REOPEN CASE, APPROVE  
FINAL ACCOUNTING AND CLOSE  
ESTATE**

I, Jeffrey S. Posta, of full age, do of my own personal knowledge hereby certify and say in lieu of affidavit pursuant to R. 1:4-4(b):

1. I am the Deputy Attorney General assigned to represent the Commissioner of Banking and Insurance of the State of New Jersey, in his capacity as Liquidator of IFA Insurance Company (“Commissioner”), in the above-captioned matter.

2. On February 28, 2025, the Commissioner’s Notice of Motion for an Order reopening this case, approving the final accounting of assets and liabilities of the Estate, approving the determination of claims of the Estate, approving the final distribution of assets of the Estate, authorizing the destruction of records of the Estate, approving the closing of the Estate, and for related relief, supporting Certification with exhibits, and a proposed form of Order, were filed on eCourts and served on the parties below by Regular Mail.

Independent Financial Agents, Inc.  
14 Walnut Ave.  
Clark, NJ 07066  
Attn: David Walsh, Agent

David Walsh  
51 Spruce Street  
Cranford, NJ 07016

Joseph DellaFera, CEO  
New Jersey Property-Liability Insurance Guaranty Association  
233 Mount Airy Road  
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Raymond M. Bauso, Executive Director  
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Attorneys for Christopher Mazza

M. Paige Berry, Esq.  
Saul Ewing LLP  
650 College Rd. East, Suite 4000  
Princeton, NJ 08540-6603  
Attorneys for New Jersey Automobile Insurance Risk Exchange

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.

/s/ Jeffrey S. Posta  
Jeffrey S. Posta

Date: February 28, 2025



## EXHIBIT 1

# Order of Liquidation and Declaration of Insolvency

May 4, 2017

**COPY**

CHRISTOPHER S. PORRINO  
 ATTORNEY GENERAL OF NEW JERSEY  
 Richard J. Hughes Justice Complex  
 25 Market Street  
 P.O. Box 117  
 Trenton, New Jersey 08625  
 Attorney for Plaintiff,  
 Commissioner of the Department  
 of Banking and Insurance

**FILED**  
**MAY 04 2017**  
 SUPERIOR COURT OF NJ  
 MERCER VICINAGE  
 CHANCERY

By: William B. Puskas, Jr.  
 Deputy Attorney General  
 (609) 292-7669  
 William.Puskas@dol.lps.state.nj.us  
 Attorney ID: 014901976

SUPERIOR COURT OF NEW JERSEY  
 CHANCERY DIVISION-MERCER COUNTY  
 DOCKET NO. MER-C-20-17

RICHARD J. BADOLATO,  
 COMMISSIONER OF THE  
 DEPARTMENT OF BANKING AND  
 INSURANCE OF NEW JERSEY,  
 Plaintiff,  
 v.  
 IFA INSURANCE COMPANY,  
 Defendant.

Civil Action

ORDER OF LIQUIDATION  
 AND DECLARATION OF  
 INSOLVENCY

This matter having been opened to the court by Christopher S. Porrino, Attorney General of New Jersey, by William B. Puskas, Jr., Deputy Attorney General, as attorney for Richard J. Badolato, the Commissioner of the Department of Banking and Insurance of the State of New Jersey ("Commissioner"), on application for an Order to be entered: (a) declaring IFA Insurance Company ("IFA") to be insolvent; (b)

directing the Commissioner to liquidate IFA; and (c) permanently enjoining all persons and entities from pursuing litigation against IFA or from interfering with the Commissioner's efforts to liquidate IFA, and the court having considered the Commissioner's application, the court hereby finds that:

1. IFA is an insurance company domiciled in the State of New Jersey and governed by the provisions of Title 17 of the Statutes of New Jersey.

2. This court has general jurisdiction, pursuant to N.J.S.A. 17:30C-1 et seq., over this proceeding.

3. The written and published notice of the Petition for Liquidation to interested persons evidenced by the Certification and Notice filed with the court constitutes the best notice practicable under the circumstances and meets the requirements of due process concerning such notice.

4. Sufficient grounds exist pursuant to N.J.S.A. 17:30C-6a, -6f, -6k and N.J.S.A. 17:30C-8 for entry of an Order of Liquidation and Declaration of Insolvency, and such Order of Liquidation should be entered pursuant to N.J.S.A. 17:30A-9.

It is, therefore, on this 4<sup>th</sup> day of

May, 2017, ORDERED:

1. Pursuant to N.J.S.A. 17:30C-1, et seq., IFA is deemed to be insolvent and is in such a financial condition that

its further transaction of business will be hazardous to its policyholders, to its creditors, and to the public.

2. The Commissioner is appointed as Liquidator of IFA with all the power and authority expressed or implied by N.J.S.A. 17:30C-1, et seq., including the power to appoint and recompense a Deputy Liquidator pursuant to N.J.S.A. 17:30C-17. The Deputy Liquidator shall have no personal liability for his acts or omissions in connection with his duties as Deputy Liquidator provided that such acts or omissions are undertaken or committed in good faith and without willful misconduct, or willful, wanton, or gross negligence or criminal intent. The Deputy Liquidator shall not be deemed to be an employee of the State of New Jersey and accordingly shall not be subject to the provisions of the New Jersey Tort Claims Act, N.J.S.A. 59:1-1 et seq. All expenses and costs incurred by the Deputy Liquidator in connection with lawsuits against him in his personal capacity shall, subject to the prior written approval of the Commissioner and the court, be paid out of the funds and assets of IFA, provided that such lawsuits are not the result of any bad faith, willful misconduct, gross negligence, or criminal actions on the part of the Deputy Liquidator.

3. The Commissioner is hereby vested with title to all assets of IFA, including but not limited to any of IFA's contracts, causes of action, books, records, bank accounts,

certificates of deposits, funds, securities or other funds and all real or personal property of any nature, including furniture, fixtures and office supplies, wherever located, including such property of IFA which may be discovered hereafter, and is hereby directed to take immediate and exclusive possession and control of same. The filing or recording of this Order with the Clerk of this court and with the recorder of deeds of the jurisdiction in which IFA's corporate administrative offices are located or, in the case of real estate, with the recorder of deeds of the jurisdictions where the properties are located, shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title filed or recorded. Except as otherwise indicated elsewhere in this Order, and upon notice provided by the Liquidator, all agents and brokers and all other persons or entities holding funds, assets, or property of or on behalf of IFA shall forthwith file an accounting of those funds, assets or property with the Liquidator and shall, within 10 days of the service of this Order, turn said funds, assets, or property over to the Liquidator. The Liquidator shall take such actions as he may deem necessary and appropriate to protect and preserve IFA's assets.

4. The Commissioner is directed to liquidate IFA.

5. The Commissioner shall deal with the property and business of IFA in his own name as Commissioner or as Liquidator in the name of IFA.

6. All persons and entities shall be permanently enjoined from pursuing litigation against IFA or from interfering with the Commissioner's efforts to liquidate IFA.

7. There shall be no further payments of claims by IFA except at the directive of the Commissioner or of this court.

8. All claims against IFA must be asserted not later than 180 days from the date of the Order of Liquidation, in the form established by the Commissioner, or such claims will be forever barred.

9. The Commissioner as Liquidator shall establish procedures governing the payment of claims by IFA.

10. All secured creditors or parties, lienholders, collateral holders or other persons claiming secured, priority or preferred interests in any property or assets of IFA, including any governmental entity, are hereby permanently enjoined from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of IFA.

11. All officers, directors, trustees, shareholders, policyholders, agents, and employees of IFA and all other

persons or entities of any nature, including but not limited to claimants, reinsurers, plaintiffs, petitioners and any governmental agencies having claims of any nature against IFA, including crossclaims, counterclaims and third party claims, are hereby enjoined and restrained from:

(a) Conducting any portion or phase of the business of IFA unless so authorized by the Liquidator or his designee;

(b) Pursuing litigation against IFA, including bringing, maintaining or further prosecuting any action at law or equity, arbitration, special, or other proceeding against IFA or against the Commissioner and his successors in office as Liquidator thereof, or against the Deputy Liquidator appointed pursuant to Paragraph 2 above;

(c) Making or executing any levy upon the property of IFA;

(d) Instituting, maintaining or further presenting any suit at law or equity or any collection activity, or any other proceeding of any nature against any policyholder or insured of IFA resulting from IFA's insolvency or financial condition or the failure of IFA to pay any claim or to meet any of its contractual obligations due to its insolvency or financial impairment;

(e) Interfering in any way with the Liquidator, or any successors in office, in his possession of or title to the

property and assets of IFA, or in the discharge of his duties pursuant to this Order. All persons or entities of any nature, other than the Liquidator, are hereby restrained from commencing, maintaining or further prosecuting any direct or indirect actions against any reinsurer of IFA or its direct and indirect insurance subsidiaries for proceeds of reinsurance policies issued to and treaties or other agreements with IFA.

12. IFA, its officers, directors, policyholders, agents and employees, and all other persons or entities of any nature, having any property or records belonging to IFA, or pertaining to the business of IFA, including data processing information and records of any kind, are hereby directed to assign, transfer and deliver to the Liquidator all of such property in whatever name the same may be, and any persons, firms or corporations having any books, papers or records relating to the business of IFA or its direct and indirect insurance subsidiaries shall preserve the same and submit these to the Liquidator for examination at all reasonable times.

13. The Liquidator shall have the power:

(a) to conduct the business of IFA under the general supervision of the court;

(b) to honor, as expenses of administration, all expenses heretofore incurred by the Commissioner as



Administrative Supervisor, or by his designees and appointees, which currently remain unpaid;

(c) to pay from the funds or assets of IFA or from such other funds that may become available to him all expenses of marshaling, taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of IFA;

(d) to collect all debts and monies due and claims belonging to IFA, wherever located, where economically feasible and for this purpose:

(i) to institute and maintain timely actions in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;

(ii) to do such other acts as are necessary or expedient to marshal, collect, conserve or protect any of IFA's assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he deems appropriate, and the power to initiate and maintain actions at law or equity or any other type of action or proceeding of any nature, in this and other jurisdictions;

(iii) to pursue any creditor's remedies available to enforce the Liquidator's claims;

(e) to conduct public and private sales of the assets and property of IFA, including any real property;

(f) to acquire, invest, deposit, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any asset or property of IFA, and to sell, reinvest, trade or otherwise dispose of any securities or bonds presently held by IFA, upon such terms and conditions as the Liquidator deems to be fair and reasonable, irrespective of the value at which such property was last carried on the books of IFA. The Liquidator shall also have the power to execute, acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the rehabilitation;

(g) upon approval of the Court, to borrow money on the pledge of assets of IFA with or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation. Neither the Commissioner nor his designees or appointees shall be held liable in their official or personal capacities for any loans made for such purposes;

(h) to enter into such contracts as are necessary to carry out this Order and to affirm or disavow any contracts to which IFA is a party;

(i) to institute and to prosecute, in the name of IFA or in his own name, any and all suits and other legal proceedings, to defend suits to which IFA or the Liquidator is a party, in this State or elsewhere, commenced prior or subsequent to this Order, to abandon the prosecution or defense of suits, legal proceedings and claims which he deems inappropriate to pursue further and to compromise suits, legal proceedings or claims on such terms and conditions as he deems appropriate; .

(j) to prosecute any action which may exist on behalf of the creditors, policyholders, or shareholders of IFA against any officer or director of IFA or any other person or entity;

(k) to perform such further and additional acts as he may deem necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation, it being the intention of this Order that the aforesaid enumeration of powers shall not be construed as a limitation upon the Liquidator or Deputy Liquidator.

14. The Liquidator may at his discretion as of the date of this Order discontinue the defense of claims, suits and other proceedings, in this State and elsewhere, in which the insureds of IFA are parties, including those claims made and

suits and proceedings undertaken prior to the date of this Order.

15. The Liquidator shall give or cause to be given notice of the entry of this Order once in a newspaper of general circulation in the county within which IFA's corporate offices were located, specifically, The Newark Star Ledger; The Courier Post; any one of the following publications: The Wall Street Journal or The New York Times; and The New Jersey Law Journal, publication to occur as soon as practicable after the date of this Order.

16. The amounts recoverable by the Liquidator from any reinsurer of any reinsurance contract or reinsurer of IFA shall not be reduced as a result of this delinquency proceeding, or by reason of any partial payment or distribution on a reinsured policy, contract or claim. Setoffs shall be allowed between IFA and its reinsurer only with the consent of the Liquidator. Unless either the insurance contract or an applicable statute provides to the contrary, payment made directly to an insured or other creditor shall not diminish the reinsurer's obligation to IFA.

17. (a) Any agent, broker, premium finance company, or any other person, other than the insured, responsible for the payment of a premium, shall be obligated to pay any unpaid premiums, whether earned or unearned, as shown on the records of

IFA as of the date of entry of this Order. No credit or set-off shall be allowed in favor of such person against his account with IFA for the unearned portion of the premium on any canceled contract or policy, unless (i) that contract or policy was canceled prior to the entry of this Order; and (ii) the unearned premium on the canceled contract or policy was in fact refunded or credited to the insured or his or her assigns prior to the entry of this Order. The Liquidator shall also have the right to recover from such person any part of an unearned premium that represents a commission to such person.

(b) All policyholders of IFA shall be obligated to pay any unpaid earned premium due to IFA at any time, as shown on the records of IFA.

18. Existing contracts and other obligations by and between IFA and any reinsurer may, at the discretion of the Liquidator, be terminated. Such termination shall be effected by written notice issued by the Liquidator addressed to the reinsurer.

19. All further papers filed in these proceedings shall bear the caption and be entitled: "I/M/O the Liquidation of IFA Insurance Company".

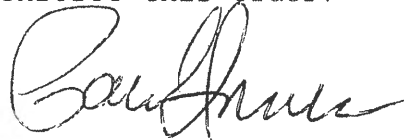
20. If any provision of this Order or the application thereof is for any reason held to be invalid, the remainder of

this order and the application thereof to other persons or circumstances shall not be affected.

21. Any person, corporation or other entity having notice of this order who fails to abide by its terms shall be directed to appear before this court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

22. The Commissioner as Liquidator may at any time make further application for such additional and different relief as he sees fit.

23. This court shall retain jurisdiction for all purposes necessary to effectuate and enforce this Order.

A handwritten signature in black ink, appearing to read 'Paul Innes', is written over a horizontal line.

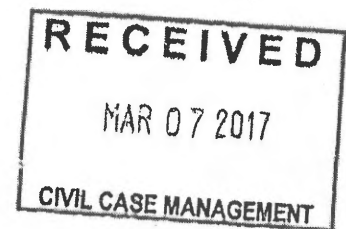
Paul Innes, P.J.Ch.Div.

## EXHIBIT 2

Certification of Steven P. Kerner

March 7, 2017

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Richard J. Hughes Justice Complex  
25 Market Street  
P.O. Box 117  
Trenton, New Jersey 08625  
Attorney for Petitioner,  
Commissioner of the Department  
of Banking and Insurance



By: William B. Puskas, Jr.  
Deputy Attorney General  
(609) 292-7669  
William.Puskas@dol.lps.state.nj.us  
Attorney ID: 014901976

SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION-MERCER COUNTY  
DOCKET NO. MER-C-

RICHARD J. BADOLATO,  
COMMISSIONER OF THE  
DEPARTMENT OF BANKING AND  
INSURANCE OF NEW JERSEY,

Plaintiff,

v.

IFA INSURANCE COMPANY,

Defendant.

Civil Action

CERTIFICATION OF STEVEN  
P. KERNER, JR.

STEVEN P. KERNER, JR., of full age, hereby certifies  
and says:

1. I am the Assistant Commissioner in the Office of  
Solvency Regulation for the New Jersey Department of Banking and  
Insurance ("the Department"). My responsibilities include



monitoring and overseeing the financial condition of all insurance entities transacting business in New Jersey. I make this certification in support of the Commissioner's application to place IFA Insurance Company ("IFA") into liquidation.

2. IFA is a New Jersey property and casualty insurer licensed to transact insurance business in New Jersey. IFA was incorporated on December 11, 1972, and authorized to transact private passenger automobile insurance business as of December 4, 1973. IFA is a wholly-owned subsidiary of Independent Financial Agents, Inc., which maintains its office at the same location as IFA.

3. IFA is also authorized to transact private passenger automobile insurance business in, Pennsylvania, Maryland and Delaware.

4. As of February 24, 2017, IFA had only 418 policies in force, all of which are in Maryland. IFA has no active policies in force in New Jersey, Pennsylvania, and Delaware.

5. The Department and IFA entered into a Memorandum of Understanding ("MOU") on September 4, 2014, based on concerns arising from the Department's financial examination of IFA. These concerns included IFA's failure to maintain adequate loss and loss adjustment expense reserves; IFA's financial condition; and IFA's ability to meet its policyholder obligations. The MOU

imposed several conditions upon IFA that were intended to alleviate the Department's concerns.

6. The Department and IFA subsequently entered into a Consent Order No. C15-101, dated July 10, 2015, under which the Department approved IFA's withdrawal from the New Jersey private passenger automobile insurance market. The Consent Order also provided that IFA cease writing new business in New Jersey, transfer certain business to another insurer, and non-renew any existing business not accepted by the insurer.

7. Despite these efforts and the continued oversight by Department staff, IFA's financial condition continued to worsen during 2015 and 2016. IFA failed to meet its benchmark requirements for several financial analysis ratios and suffered significant declines in net income and surplus.

8. Because of IFA's continued financial decline and the mutual desire of the Department and IFA to conduct an orderly run-off of IFA and its insurance business, on September 19, 2016, the Commissioner placed IFA under consensual and confidential administrative supervision pursuant to N.J.S.A. 17:51A-1 to -10. A true copy of the Confidential Consent Order of Administrative Supervision ("Administrative Supervision CO"), Consent Order No. C16-101, is attached as "Exhibit A".<sup>1</sup> The

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<sup>1</sup> The Commissioner has determined that it is in the best interest of the public to make the administrative supervision order

Administrative Supervision CO imposed certain requirements on IFA, including increased financial reporting to and monitoring by the Department; maintaining an Risk-Based Capital ratio at or above 1.000 (also expressed as "100% RBC") for the run-off of its business; increased actuarial reserve analysis; and continuing to refrain from writing any new business. Additionally, in the Administrative Supervision CO, IFA consented to its placement into liquidation if it failed to maintain sufficient reserves and capital in IFA to keep its RBC at or above 1.000 during the run-off.

9. Despite the active administrative supervision and monitoring by the Department and as discussed more fully below, IFA reported to the Department in February 2017 that it was not going to be able to maintain sufficient reserves and capital in IFA to keep its RBC at or above 100% RBC, and that additional capital infusions to ensure a solvent run-off were highly unlikely. Furthermore, IFA advised that its cash position as of February 15, 2017, had deteriorated such that the company only had total cash on hand of \$323,985 and total potential cash receivables of \$254,830, for a total of \$578,815 in available assets.

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public pursuant to N.J.S.A. 17:51A-4d, and IFA has consented to making public the MOU, the Administrative Supervision CO, and an Amended Consent Order of Administrative Supervision No. A17-106 in the Amended Consent Order, a true copy of which is attached hereto as "Exhibit C".

10. On February 21, 2017, the Department issued a letter to IFA finding by the Commissioner that it is in breach of the requirements of the Administrative Supervision CO, and that it is insolvent, in a hazardous financial condition, and that it is likely its RBC mandates the Commissioner to take regulatory control of the insurer pursuant to N.J.A.C. 11:2-39.7. Attached hereto as "Exhibit B" is a true and exact copy of this letter.

11. Also, the Commissioner entered into an Amended Consent Order of Administrative Supervision, Consent Order No. A17-106 ("Amended CO"), with IFA on March 3, 2017. Attached hereto as "Exhibit C" is a true and exact copy of this Amended CO. The Amended CO finds and IFA agrees that: a) IFA is in breach of the Administrative Supervision CO by not maintaining a Risk Based Capital (RBC) level of 1.000 ("100% RBC"); b) pursuant to N.J.A.C. 11:2-39.7, IFA's RBC places the company at or below a mandatory control level event, thus requiring the Commissioner to take actions necessary to cause the insurer to be placed under regulatory control pursuant to N.J.S.A. 17:30C-1 et seq.; and c) IFA is in a hazardous financial condition pursuant to multiple sections of N.J.A.C. 11:2-27.1 et seq. Moreover, IFA consented to its placement into liquidation.

12. Because of its cash position, the Amended CO also provides that IFA shall not make any expenditures of funds -

including claims payments - without the prior approval of the Department.

13. For all of these reasons and those that follow, the Commissioner finds that IFA's financial condition has deteriorated, such that any further transaction of business by IFA would be hazardous financially to its policyholders, creditors or the public. Based on this finding by the Commissioner, the Commissioner has determined that it is necessary to place IFA into liquidation.

**IFA IS INSOLVENT**

14. N.J.S.A. 17:30C-1 defines "insolvency" to mean that an insurer's assets are less than the total of its liabilities, required reserves and capital stock.

15. Based on financial information provided to the Department by IFA, as of February 15, 2017, IFA has estimated admitted assets of \$1,481,293; estimated liabilities and required reserves of \$3,555,934; and reported capital stock of \$2,494,035.

16. IFA's liabilities, required reserves, and capital stock exceed its assets by \$4,568,676. Accordingly, IFA is insolvent as defined by statute and the court should enter a declaration of insolvency.

IFA IS IN A HAZARDOUS FINANCIAL CONDITION

17. The provisions of N.J.A.C. 11:2-27, a subchapter entitled "DETERMINATION OF INSURERS IN A HAZARDOUS FINANCIAL CONDITION," provides a list of factors that the Commissioner shall consider in determining whether an insurer is in a hazardous financial condition.

18. N.J.A.C. 11:2-27.3(a) sets forth 34 factors that shall be considered "either singly or in a combination of two or more, in determining whether an insurer is in a hazardous financial condition."

19. A finding by the Commissioner that an insurer is in a hazardous financial condition constitutes grounds for liquidation under N.J.S.A. 17:30C-8 and N.J.S.A. 17:30C-6f.

20. N.J.A.C. 11:2-27.3(a)1 provides that the Commissioner may consider an adverse finding by the Commissioner reported in financial condition reports, audit reports, and actuarial opinions, reports or summaries to constitute a hazardous financial condition.

21. Based on financial condition reports submitted to the Department, IFA's capital and surplus as regards policyholders as of September 30, 2016, was \$661,764, but decreased to \$(2,074,641) as of February 15, 2017.

22. Based on these adverse findings by the Commissioner as to IFA's negative surplus, the Commissioner has

determined that IFA is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)1.

23. N.J.A.C. 11:2-27.3(a)4 provides that the Commissioner may determine an insurer to be in a hazardous financial condition upon a finding by the Commissioner that the insurer's asset portfolio "is not of sufficient value, liquidity, or diversity to assure the [insurer's] ability to meet its outstanding obligations as they mature"

24. Based on financial condition reports submitted to the Department, as of February 15, 2017, IFA had total cash on hand of \$323,985 and total potential cash receivables of \$254,830, for a total of \$578,815 in available assets. Underwriting expenses for February 2017 were expected to be \$386,032. The remaining cash is projected to be \$192,783. Based on IFA's history of under-reserving, it is estimated that IFA will be out of cash between the end of February 2017 and the end of March 2017. Accordingly, IFA's asset portfolio is inadequate to meet its outstanding obligations as they mature.

25. Based on these findings by the Commissioner regarding IFA's asset portfolio, the Commissioner has determined that IFA is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)4.

26. N.J.A.C. 11:2-27.3(a)7 permits the Commissioner to determine an insurer is in a hazardous financial condition upon

a finding by the Commissioner that the insurer's operating loss in the last twelve-month period or any shorter period of time, excluding net capital gains, is greater than 20 percent of such insurer's remaining surplus as regards policyholders in excess of the minimum required.

27. Based on financial condition reports submitted to the Department, as of September 30, 2016, IFA had negative net income of \$(1,957,036) for the first nine months of 2016 after reduction for realized capital gains of \$601,712. Thus, without the capital gains, IFA experienced a net operating loss of \$(2,558,748) through the third quarter of 2016. This net operating loss is (386.8)% of IFA's surplus as regards policyholders of \$661,764 as of September 30, 2016.

28. Thus, IFA's operating loss for the first nine months of 2016 is greater than 20 percent of its remaining surplus.

29. Based on these findings by the Commissioner regarding IFA's operating loss, excluding net capital gains, the Commissioner has determined that IFA is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)7.

30. N.J.A.C. 11:2-27.3(a)17 permits the Commissioner to determine that an insurer is in a hazardous financial condition upon a finding by the Commissioner that the insurer



has experienced or will experience in the foreseeable future cash flow or liquidity problems.

31. As discussed above, IFA's cash position has significantly deteriorated such that it is expected to run out of cash to pay claims in the very near future. In fact, IFA consented to, and the Commissioner is now approving, all expenditures as an interim measure to preserve assets pending placement into liquidation and assumption of claims by the applicable state guaranty funds.

32. Based on these findings by the Commissioner as to IFA's cash flow, the Commissioner has determined that IFA is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)17.

33. N.J.A.C. 11:2-27.3(a)20 permits the Commissioner to determine that an insurer is in a hazardous financial condition upon a finding by the Commissioner that the insurer does not possess the minimum capital and surplus required to be maintained by law.

34. Under N.J.S.A. 17:17-6, IFA is required to maintain a minimum capital of \$1,400,000 and a minimum surplus of \$1,200,000, for a total of \$2,600,000.

35. Based on financial condition reports submitted to the Department, as of September 30, 2016, IFA had capital of \$2,494,035 and surplus of \$(1,832,271), for a total of \$661,764.

Thus, IFA's capital and surplus is \$(1,938,236) less than the minimum required by law.

36. Based on these findings by the Commissioner as to IFA's failure to maintain the minimum capital and surplus, the Commissioner has determined that IFA is in a hazardous financial condition under N.J.A.C. 11:2-27.3(a)20.

37. One of the tools used by the Department in monitoring the solvency of insurers is analysis of an insurer's Risk-Based Capital ("RBC") pursuant to N.J.A.C. 11:2-39.1 to -39.14. RBC analysis can result in various event level actions to be taken by an insurer or the Department with respect to solvency regulation.

38. Based on financial condition reports submitted to the Department, the Department has projected IFA's RBC ratio to be (730.257)%, as of February 15, 2017. This negative Risk-Based Capital ratio is a mandatory control level event pursuant to N.J.A.C. 11:2-39.7(a). Under N.J.A.C. 11:2-39.7(b)2, the Commissioner is required to take such actions as are necessary to place IFA under regulatory control pursuant to N.J.S.A. 17:30C-1 et seq.

**IFA HAS CONSENTED TO BE PLACED INTO LIQUIDATION**

39. One requirement of the September 19, 2016 Administrative Supervision CO referenced in Paragraph 8 above was the requirement that "IFA shall maintain a level of not less

than 1.000 ("100%") at all times on or subsequent to [September 19, 2016]. Any downward breach of this required level of RBC shall constitute immediate grounds to initiate Liquidation proceedings ... and IFA hereby consents to placement of the company into liquidation upon such a breach." (Exhibit A, p. 3, ¶2 - emphasis added.)

40. As discussed in Paragraph 38 above, IFA has a RBC ratio of (730.257)%, as of February 15, 2017. This ratio is less than the 1.000 ("100%") RBC ratio which IFA agreed to maintain under the September 19, 2016 consensual administrative supervision order. By failing to maintain a RBC ratio of at least 1.000 ("100%") and through its entry into the Amended CO, IFA has consented to being placed into liquidation. See Exhibits B and C hereto.

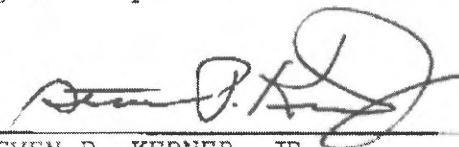
41. Additionally, the Boards of Directors of IFA and its ultimate parent holding company, Independent Financial Agents, Inc., have consented to IFA's liquidation by resolution. Attached hereto as "Exhibits D and E" are true and exact copies of these resolutions.

#### THE NEED TO PLACE IFA INTO LIQUIDATION

42. For the above reasons, the Commissioner has determined that it is necessary and appropriate to place IFA into liquidation pursuant to N.J.S.A. 17:30C-1 et seq. in order to protect its policyholders, creditors and the public at large.

43. Accordingly, the Commissioner has determined that IFA must be placed into liquidation as soon as possible in order to limit the duration of any claims payment interruptions due to IFA's significantly deteriorated cash position, and that its corporate existence be dissolved pursuant to N.J.S.A. 17:30C-9b(1).

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



STEVEN P. KERNER, JR.  
Assistant Commissioner  
Office of Solvency Regulation

Dated: March 7, 2017

# Exhibit A

CONFIDENTIAL  
CONSENT ORDER OF  
ADMINISTRATIVE  
SUPERVISION

C-16-01

SEPTEMBER 16, 2016

Order No. C16-101

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE	)	CONFIDENTIAL
ADMINISTRATIVE SUPERVISION	)	CONSENT ORDER
OF IFA INSURANCE COMPANY	)	OF ADMINISTRATIVE SUPERVISION

This matter is opened by the Commissioner ("Commissioner") of Banking and Insurance of the New Jersey Department of Banking and Insurance ("Department") pursuant to the authority contained in N.J.S.A. 17:17-5, 17:23-23-1 et seq., 17:46B-1 et seq., and 17:51A-1 et seq., and all powers expressed or implied therein.

IT APPEARING that IFA Insurance Company ("IFA" or the "Company"), is a New Jersey domiciled insurer licensed to transact property and casualty insurance since October 30, 1972; and

IT FURTHER APPEARING that N.J.S.A. 17:51A-1 et seq., the Administrative Supervision Act (the "Act") sets forth the authority of the Commissioner to subject all domestic insurers to administrative supervision; and

IT FURTHER APPEARING that the Act governing administrative supervision applies to IFA since the Company is a New Jersey-domiciled domestic insurer authorized to transact the business of property and casualty insurance in New Jersey pursuant to Title 17 of the Revised Statutes; and

IT FURTHER APPEARING that IFA entered into a Memorandum of Understanding ("MOU") with the Department on September 4, 2014, setting forth various conditions and terms IFA was required to meet or otherwise be subject to administrative supervision; and

IT FURTHER APPEARING that IFA is also subject to the terms of a Consent Order No. C15-101 under which the Department approved its withdrawal from the New Jersey market and the transfer of certain business to Palisades Safety and Insurance Association and Palisades Insurance Company ("Palisades"), and required, among other things, that IFA cease writing new business and provided for the nonrenewal of any existing New Jersey business that was not accepted by Palisades; and

IT FURTHER APPEARING that IFA is in breach of the terms of the MOU and otherwise in a financial condition that is hazardous to its policyholders, creditors and/or the public, some of those breaches and conditions being:

- (i) As of December 31, 2015, IFA reflected an RBC ratio of 0.771;
- (ii) As of December 31, 2015, IFA's surplus of \$2.9 million had decreased \$826,000, or 22.1% from previous year end; IFA's surplus decreased another \$921,000 to \$2.0 million at the end of the first quarter of 2016 due to a decline in its Net Income -\$906,000, a change in its Net Unrealized Capital (Losses) of -\$18,000, offset by a change in non-admitted assets of \$3,000.
- (iii) IFA's 2015 IRIS ratios reflected unusual and unacceptable values for 8 of 13 ratios, including 2 reserve-related ratios;
- (iv) IFA's 2015 Leverage Ratios Reserves/Surplus and NPW/Surplus realized values are in excess of their respective benchmarks and this is a Material Adverse Finding;
- (v) IFA's first quarter 2016 Reserves/Surplus ratio exceeded its respective benchmark and is a Material Adverse Finding;
- (vi) IFA's RBC ratio at May 31, 2016, was 0.399 and at June 30, 2016, was 0.509, both below Mandatory Control Level RBC which required a capital infusion.

IT FURTHER APPEARING that the Department and IFA wish to facilitate an orderly run-off of IFA and its business; and

IT FURTHER APPEARING that pursuant to N.J.S.A. 17:51A-3a(5), an insurer may be subject to administrative supervision by the Commissioner if the insurer consents to being placed under administrative supervision; and

IT FURTHER APPEARING that, for the reasons set forth above, IFA consents to be placed under the confidential Administrative Supervision of the Commissioner; and

IT FURTHER APPEARING that, for the reasons set forth above, the Commissioner is, pursuant to N.J.S.A. 17:51A-1 et seq., placing IFA under administrative supervision; and

IT FURTHER APPEARING that the Act sets forth the authority of the Commissioner regarding domestic insurers to provide appropriate regulatory oversight consistent with his responsibilities as regulator in order to protect the interests of IFA, its policyholders, beneficiaries, creditors and/or the public; and

IT FURTHER APPEARING that it is appropriate and consistent with the Act to set forth in additional detail the framework for the regulatory oversight of IFA by the Department;

NOW THEREFORE, upon the consent of the parties,

It is on this 19th day of September, 2016,

ORDERED AND AGREED as follows:

1. Effective this date, IFA shall be placed under Administrative Supervision pursuant to N.J.S.A. 17:51A-5, in order to facilitate the orderly run-off of IFA and its business.
2. IFA shall maintain a RBC level of not less than 1.000 at all times on or subsequent to the date of this Consent Order. Any downward breach of this required level of RBC shall constitute immediate grounds to initiate Liquidation proceedings pursuant to N.J.S.A. 17:30C-1 et seq., and IFA hereby consents to placement of the company into



liquidation upon such a breach. The Commissioner, without waiving any rights to commence Liquidation proceedings, may in his sole discretion permit IFA a reasonable period of time, the length of which shall also be in the Commissioner's sole discretion, in which IFA may seek to remedy its RBC level so as to come into compliance with this Consent Order.

3. IFA shall have semi-annual reserve analyses performed by its opining actuary as indicated in the MOU.
4. IFA shall continue to refrain from writing any new business.
5. Pursuant to N.J.S.A. 17:51A-5, the Commissioner shall serve as the Administrative Supervisor of IFA, until such time as he determines to appoint an Administrative Supervisor to facilitate the orderly run-off of the Company. If an Administrative Supervisor is appointed by the Commissioner for IFA, such appointed Administrative Supervisor shall be compensated by IFA, as determined and approved by the Commissioner. Any such appointed Supervisor shall, among other things, perform audits of the Company's respective operations, ensure compliance with the terms of this Consent Order and perform such other acts as the Commissioner deems necessary to protect the interests of IFA, its policyholders, beneficiaries, creditors and/or the public. The appointment of an Administrative Supervisor shall not preclude the Commissioner from performing examinations in accordance with the provisions of N.J.S.A. 17:23-20 et seq. and N.J.S.A. 17:27A-5.
6. Effective immediately, all payments by IFA, including, but not limited to, checks and wire transfers, shall be reviewed and approved by an officer of IFA.
7. IFA shall be exempt from assessments by the New Jersey Property Liability Insurance Guaranty Association pursuant to N.J.S.A. 17:30A-8.

8. Pursuant to the Commissioner's powers in N.J.S.A. 17:51A-5(n) and N.J.A.C. 11:2-27.4 (a)(13), IFA shall also be exempt from paying the following assessments:

- (a) Automobile Insurance Plan Service Office Assessment;
- (b) Unsatisfied Claim and Judgment Fund Assessment;
- (c) New Jersey Fraud Assessment;
- (d) New Jersey Expense Motor Vehicle Assessment;
- (e) New Jersey Special Purpose Assessment (also known as the Overhead Assessment);
- (f) New Jersey Personal Automobile Insurance Plan Assessment

9. Senior management of IFA shall continue to update the Commissioner or his representatives monthly, or as frequently as subsequently directed by the Commissioner or his representatives (e.g., weekly, bi-weekly, quarterly), with a report containing all available information concerning the run-off of the existing business of IFA, including, but not limited to:

- a. Monthly statutory Balance Sheet, Income Statement and Cash Flow Statement submitted on or before the 20<sup>th</sup> day after the end of the month;
- b. Monthly RBC Report on or before the 20<sup>th</sup> day of the month after the end of the month;
- c. Monthly claim and reserve reports by the end of the subsequent month, in a form to be determined by the Commissioner or his representatives;
- d. Monthly reports with a detail of administrative expenses, including, but not limited to staffing, salaries, benefits, taxes, operational costs, vendor costs, legal costs, rental costs, supplies and the like;

- e. Monthly reinsurance reports with recoverable information, e.g., pending and/or claims to be made; and
  - f. Quarterly reports of remaining policyholders by state reflecting dates of non-renewal.
- 10. IFA shall provide, for review and prior approval by the Department, a listing of any contemplated payments in excess of \$5,000 at least one week prior to disbursement, with the exception of payroll payments, which may be paid on four (4) days prior notice to the Department.
- 11. All documents and records in the possession of IFA, its agents and/or representatives shall not be moved, removed, transferred modified, amended, disposed of or altered without the approval of the Commissioner, except that documents and records may continue to be sent to archives and/or may be modified in a manner consistent with IFA's usual and customary business practices.
- 12. IFA shall provide to the Commissioner or his representatives access, on demand and without advance notice, to any and all materials, records, documents or information of the Company and shall fully and completely cooperate with all requests of the Commissioner or his representatives for such materials, records or documents or information, including meeting any reasonable timeframes established by the Commissioner or his representatives for the provision of any requested materials, records, documents or information. For the purposes of this Consent Order, materials, records, documents or information shall include, but not be limited to, those recorded or stored in paper or electronic form, wherever they may be located.
- 13. IFA shall, within 10 days from the date of this Order, provide the Commissioner or his representatives with the location and description of, and access to, all assets of any kind

- held by, or on behalf of, IFA. For purposes of this Order, assets shall include those items owned or leased.
14. In accordance with its provisions, IFA shall not, without prior approval of the Commissioner or his representatives, take any action specified in N.J.S.A. 17:51A-5.
  15. Upon the signing of this Order by all parties, IFA shall provide a copy of this Consent Order to all directors and officers of the Company within 24 hours of its receipt of the fully executed Consent Order.
  16. IFA shall immediately comply with all terms of this Consent Order unless otherwise directed.
  17. Pursuant to N.J.S.A. 17:51A-4d, the Commissioner deems that it is in the best interest of the public, the Company, its insureds and creditors that this Order shall be confidential.
  18. If any provision of this Consent Order or the application thereof is for any reasons held to be invalid, the remainder of this Consent Order and the application thereof to other persons or circumstances shall not be affected thereby.
  19. The Commissioner may modify this Consent Order, from time to time, upon written notification to IFA, to address matters necessary for the benefit of IFA, its policyholders, beneficiaries, creditors and/or the public. Nothing in this Consent Order shall prevent the Commissioner from taking any action deemed necessary by the Commissioner with respect to IFA pursuant to this Consent Order, or with respect to any affiliate of IFA as to matters over which the Commissioner has regulatory jurisdiction. IFA consent to this Consent Order shall not be construed as its advanced consent to any modifications of this Consent Order made by the Commissioner pursuant to this paragraph.
  20. The Commissioner reserves the right to, at any time subsequent to the date of this Consent Order, issue additional orders and/or make applications for additional and

different relief related to this Consent Order or the Company if the Commissioner determines that any such order or relief is necessary in accordance with Title 17 of the Revised Statutes, including, but not limited to, the imposition of fines for failing to comply with the terms of any subpoena issued by the Department.

21. This Consent Order of Administrative Supervision may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Consent Order. The individuals signing the Consent Order of Supervision on the respective behalf of IFA warrants and represents that he/she has the authority to bind that entity to this Order by their signature.

**New Jersey Department of Banking and Insurance**

By: 

Richard J. Badolato, Commissioner

Date: 9/19/16

Consented to by the parties as to form and entry.

**IFA Insurance Company**

By: 

Date: 9/7/16

DAVID WALSH, PRESIDENT  
(Print clearly or type name and title)

# Exhibit B

LETTER TO  
IFA INSURANCE COMPANY

FEBRUARY 21, 2017



**State of New Jersey**

DEPARTMENT OF BANKING AND INSURANCE  
DIVISION OF INSURANCE  
PO BOX 325  
TRENTON, NJ 08625-0325

CHRIS CHRISTIE  
*Governor*

KIM GUADAGNO  
*Lt. Governor*

RICHARD J. BADOLATO  
*Commissioner*

PETER L. HARTT  
*Director*

TEL (609) 292-0844  
FAX (609) 292-3144

CONFIDENTIAL & PROPRIETARY

February 21, 2017

Via E-Mail & Regular Mail

David Walsh  
President  
IFA Insurance Company  
14 Walnut Avenue  
Clark, NJ 07066

Re: IFA Financial Condition

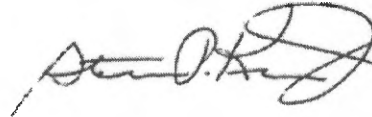
Dear Mr. Walsh:

Pursuant to our conversation this afternoon, the Commissioner hereby finds IFA in breach of the requirements of Confidential Consent Order of Administrative Supervision No. C16-101, dated September 19, 2016 ("Consent Order"). In that Consent Order, IFA agreed to maintain a Risk Based Capital ("RBC") level of not less than 1.000 at all times to facilitate the orderly run-off of its business. Based upon the most recent financial information, as of February 15, 2017, provided by IFA to the Department, IFA's RBC has fallen significantly below 1.000, and has breached the level of RBC as required by the aforementioned Consent Order. In light of this, the Commissioner will petition the Superior Court in the near future for the placement of IFA into liquidation because it is deemed to be insolvent, is in a hazardous financial condition, and it is likely that regulatory control of the company is mandated under law.

The Consent Order provides that the Commissioner may in his sole discretion permit IFA time to cure the breach. As discussed, the Commissioner declines to exercise his discretion and will not allow any cure period because there appears to be no reasonable prospect of a viable capital infusion to permanently remediate IFA's insolvency. Furthermore, under Paragraph 2 of the Consent Order, please be reminded that IFA has consented to the placement of the company into liquidation upon such a breach of the RBC requirement – whether or not a discretionary cure period has been provided.

We will keep you apprised as we prepare to file the Petition for Liquidation, and we thank you for your cooperation during this difficult time.

Very truly yours,

A handwritten signature in black ink, appearing to read "Steven P. Kerner, Jr.", written in a cursive style.

Steven P. Kerner, Jr.  
Assistant Commissioner

c: Peter L. Hartt, Director of Insurance  
Kristine A. Maurer, Assistant Director of Insurance  
Richard D. Schlesinger, Chief Insurance Examiner  
John Sirovets, Assistant Chief Insurance Examiner  
Christopher Brennan, Legal Specialist



# Exhibit C

## AMENDED CONSENT ORDER OF ADMINISTRATIVE SUPERVISION

A-17-106

MARCH 3, 2017

Order No. A17-106

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE	)	
ADMINISTRATIVE SUPERVISION	)	AMENDED CONSENT ORDER
OF IFA INSURANCE COMPANY	)	OF ADMINISTRATIVE SUPERVISION

This matter is opened by the Commissioner ("Commissioner") of Banking and Insurance of the New Jersey Department of Banking and Insurance ("Department") pursuant to the authority contained in N.J.S.A. 17:17-5, 17:23-23-1 et seq., 17:46B-1 et seq., and 17:51A-1 et seq., and all powers expressed or implied therein.

IT APPEARING that IFA Insurance Company ("IFA" or the "Company"), is a New Jersey domiciled insurer that commenced property and casualty insurance business on December 4, 1973; and

IT FURTHER APPEARING that N.J.S.A. 17:51A-1 et seq., the Administrative Supervision Act (the "Act") sets forth the authority of the Commissioner to subject all domestic insurers to administrative supervision; and

IT FURTHER APPEARING that the Act governing administrative supervision applies to IFA since the Company is a New Jersey-domiciled domestic insurer authorized to transact the business of property and casualty insurance in New Jersey pursuant to Title 17 of the Revised Statutes; and

IT FURTHER APPEARING that IFA entered into a Memorandum of Understanding ("MOU") with the Department on September 4, 2014, setting forth various conditions and terms IFA was required to meet or otherwise be subject to administrative supervision; and

IT FURTHER APPEARING that IFA is also subject to the terms of a Consent Order No. C15-101 under which the Department approved its withdrawal from the New Jersey market and

the transfer of certain business to Palisades Safety and Insurance Association and Palisades Insurance Company ("Palisades"), and required, among other things, that IFA cease writing new business and provided for the nonrenewal of any existing New Jersey business that was not accepted by Palisades; and

IT FURTHER APPEARING that IFA is presently subject to Confidential Consent Order of Administrative Supervision, No. C16-101, and is in breach of the terms thereof, specifically by not maintaining a Risk Based Capital (RBC) level of 1.000; and

IT FURTHER APPEARING that, pursuant to N.J.A.C. 11:2-39.7, IFA's RBC places the company at or below a mandatory control level event, thus requiring the Commissioner to take actions necessary to cause the insurer to be placed under regulatory control pursuant to N.J.S.A. 17:30C-1 et seq.; and

IT FURTHER APPEARING that IFA is in a hazardous financial condition pursuant to multiple sections of N.J.A.C. 11:2-27.1 et seq.; and

IT FURTHER APPEARING that, despite any actions to implement formal regulatory control pursuant to N.J.S.A. 17:30C-1 et seq., the Commissioner is hereby entering into this Amended Consent Order to provide appropriate regulatory oversight consistent with his responsibilities as regulator in order to protect the interests of IFA, its policyholders, beneficiaries, creditors and/or the public; and

IT FURTHER APPEARING that it is appropriate and consistent with the Act to set forth in additional detail the framework for the regulatory oversight of IFA by the Department;

NOW THEREFORE, upon the consent of the parties,

It is on this 3<sup>rd</sup> day of March, 2017, ORDERED AND AGREED as follows:

1. IFA has breached the terms IFA Consent Order C16-101, and hereby consents to the placement of IFA into liquidation; and
2. Effective this date, IFA Consent Order C16-101 is amended as follows:

(a) Paragraph 10 of Consent Order C16-101 is amended such that IFA shall make no disbursements of any nature and kind whatsoever without prior approval of the Department; and

(b) IFA shall take no action that would have the effect of any diminution of any assets of IFA; and

(c) IFA shall not enter into any commutation agreements with respect to any reinsurance without prior approval of the Department.

3. All other terms of Consent Order C16-101 shall remain in effect;

4. Upon the signing of this Order by all parties, IFA shall provide a copy of this Amended Consent Order to all directors and officers of the Company within 24 hours of its receipt of the fully executed Amended Consent Order.

5. IFA shall immediately comply with all terms of this Amended Consent Order unless otherwise directed.

6. Pursuant to N.J.S.A. 17:51A-4d, the Commissioner deems that it is in the best interest of the public, the Company, its insureds and creditors that this Amended Consent Order and all prior versions thereof, and a Memoranda of Understanding as deemed appropriate by the Commissioner, shall on or after the date of this Amended Consent Order be public and available for use as a basis of any formal regulatory action pursuant to N.J.S.A. 17:30C-1 et seq.

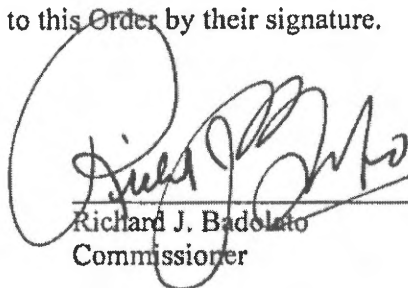
7. If any provision of this Amended Consent Order or the application thereof is for any reasons held to be invalid, the remainder of this Amended Consent Order and the application thereof to other persons or circumstances shall not be affected thereby.

8. The Commissioner may modify this Amended Consent Order, from time to time, upon written notification to IFA, to address matters necessary for the benefit of IFA, its policyholders, beneficiaries, creditors and/or the public. Nothing in this Amended Consent Order shall prevent the Commissioner from taking any action deemed necessary by the

Commissioner with respect to IFA pursuant to this Amended Consent Order, or with respect to any affiliate of IFA as to matters over which the Commissioner has regulatory jurisdiction. IFA consent to this Amended Consent Order shall not be construed as its advanced consent to any modifications of this Amended Consent Order made by the Commissioner pursuant to this paragraph.

9. The Commissioner reserves the right to, at any time subsequent to the date of this Amended Consent Order, issue additional orders and/or make applications for additional and different relief related to this Amended Consent Order or the Company if the Commissioner determines that any such order or relief is necessary in accordance with Title 17 of the Revised Statutes, including, but not limited to, the imposition of fines for failing to comply with the terms of any subpoena issued by the Department.

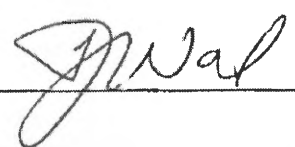
10. This Amended Consent Order of Administrative Supervision may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amended Consent Order. The individuals signing the Amended Consent Order of Supervision on the respective behalf of IFA warrants and represents that he/she has the authority to bind that entity to this Order by their signature.



Richard J. Badolato  
Commissioner

**Consented as to form, content and entry:**

**IFA Insurance Company**

By:   
DAVID WALSH  
(Print clearly or type name and title)

Date: 2/28/17

# Exhibit D

IFA INSURANCE COMPANY  
BOARD OF DIRECTORS  
RESOLUTION  
CONSENTING TO LIQUIDATION

FEBRUARY 28, 2017

Meeting of the Board of Directors

The meeting of the Board of Directors of IFA Insurance Company was held via phone conference at 14 Walnut Avenue, Clark New Jersey on Tuesday, February 28, 2017 at 10:30AM.

The Directors were present in the conference call, namely David Walsh, Marylou Iannone, and Michael Ford.

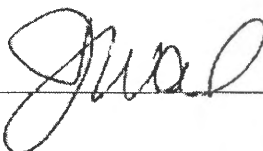
The purpose of the meeting was for the Board and Audit Committee review the following:

- Review financial information presented from David Walsh, President, and discuss the recommendation to consent to the liquidation of IFA Insurance Company.

The Board and Audit Committee reviewed and discussed the above recommendation.

Resolved, it was unanimously agreed that the Board of Directors approve to consent to the liquidation of IFA Insurance Company.

A motion to adjourn was unanimously approved.



---

STATE OF NEW JERSEY) )ss:  
COUNTY OF UNION )

BE IT REMEMBERED, that on this 28th day of February, 2017, before me, the subscriber, a Notary Public residing in and authorized by the laws of the State of New Jersey, personally appeared Kirk M. Citsay, Secretary of IFA Insurance Company, the corporation mentioned in and which executed the foregoing certificate, who, being by me duly sworn, according to law, does depose and say and make proof to my satisfaction that he is the secretary of said corporation; that the seal affixed to said certificate is the corporate seal of said corporation, the same being well known to her; that it was affixed by order of said corporation; that David Walsh is the President of said corporation; that he saw David Walsh, as such President sign said certificate and affix said seal thereto and deliver said certificate, and heard him declare that he signed, sealed, and delivered said certificate as the voluntary act and deed of said corporation by its order and by authority of its Board of Directors.

Subscribed and sworn to me the day and year aforesaid.

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# Exhibit E

INDEPENDENT FINANCIAL  
AGENTS, INC.  
BOARD OF DIRECTORS  
RESOLUTION  
CONSENTING TO LIQUIDATION

FEBRUARY 28, 2017

Meeting of the Board of Directors

The meeting of the Board of Directors of Independent Financial Agents, Inc. was held via phone conference at 14 Walnut Avenue, Clark New Jersey on Tuesday, February 28, 2017 at 10:30AM.

The Directors were present in the conference call, namely David Walsh, Marylou Iannone, and Michael Ford.

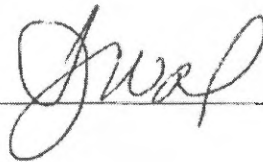
The purpose of the meeting was for the Board and Audit Committee review the following:

- Review financial information presented from David Walsh, President, and discuss the recommendation to consent to the liquidation of IFA Insurance Company.

The Board and Audit Committee reviewed and discussed the above recommendation.

Resolved, it was unanimously agreed that the Board of Directors approve to consent to the liquidation of IFA Insurance Company.

A motion to adjourn was unanimously approved.



---

STATE OF NEW JERSEY)  
COUNTY OF UNION )ss:  
)

BE IT REMEMBERED, that on this 28th day of February 2017, before me, the subscriber, a Notary Public residing in and authorized by the laws of the State of New Jersey, personally appeared Kirk M. Citsay, Secretary of Independent Financial Agents, Inc., the corporation mentioned in and which executed the foregoing certificate, who, being by me duly sworn, according to law, does depose and say and make proof to my satisfaction that he is the secretary of said corporation; that the seal affixed to said certificate is the corporate seal of said corporation, the same being well known to her; that it was affixed by order of said corporation; that David Walsh is the President of said corporation; that he saw David Walsh, as such President sign said certificate and affix said seal thereto and deliver said certificate, and heard him declare that he signed, sealed, and delivered said certificate as the voluntary act and deed of said corporation by its order and by authority of its Board of Directors.

Subscribed and sworn to me the day and year aforesaid.

4/4

## EXHIBIT 3

### Summary of financial accounts

IFA Insurance  
Balance Sheet

	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Cash	2,134,639	245,936	221,334	99,124	8,219	2,703	2,703	2,703	39,037
Interest receivable	489	-	-	-	-	-	-	-	-
Uncollected premium	21,705	-	-	-	-	-	-	-	-
Reinsurance receivable	238,724	-	-	-	-	-	-	-	-
Furniture and Equipment	19,014	19,014	-	-	-	-	-	-	-
Guaranteed Funds on Deposit	338,767	338,767	-	-	-	-	-	-	-
Other receivables	537,820	-	-	-	-	-	-	-	-
Rec from Parent	341,395	-	-	-	-	-	-	-	-
Total assets	3,632,553	603,717	221,334	99,124	8,219	2,703	2,703	2,703	39,037
Reserves and IBNR	6,586,856	9,408,756	9,912,454	10,016,213	10,105,637	10,161,253	10,468,756	11,103,578	11,139,832 **
Loss adjustment expenses	657,000	1,473,051	1,473,051	1,473,051	1,473,051	1,473,051	1,473,051	1,473,051	1,473,051 ***
Unearned premium	44,169	-	-	-	-	-	-	-	-
Total liabilities	7,288,025	10,881,807	11,385,505	11,489,264	11,578,688	11,634,304	11,941,807	12,576,629	12,612,883
Equity and Retained Earnings	(3,655,472)	(10,278,090)	(11,164,171)	(11,390,140)	(11,570,469)	(11,631,601)	(11,939,104)	(12,573,926)	(12,573,846)

\* As of Sept. 30, 2024

\*\* The balance of \$11,139,832 represents the claims paid by the various state guaranty funds on behalf of IFA.

\*\*\* The balance of \$1,473,051 represents the expenses incurred by the various state guaranty funds for settling IFA claims.

IFA Insurance  
Income Statement

	2016	2017	2018	2019	2020	2021	2022	2023	2024*
Premium	1,136,391	-	-	-	-	-	-	-	-
Reinsurance	-	166,764	-	220,210	-	-	-	-	36,334
Other^	566,997	697,681	242,935	3,715	-	-	-	-	-
Investment	744,300	-	-	-	-	-	-	-	-
Misc.	-	-	-	-	-	153	-	-	-
Total revenue	2,447,688	864,445	242,935	223,925	-	153	-	-	36,334
Change in reserves	6,091,595	3,637,951	503,698	103,759	89,424	55,616	307,503	634,822	36,254
Admin	878,862	91,129	30,400	26,807	7,711	-	-	-	-
Operating	1,306,142	3,752,429	143,134	-	-	2,513	-	-	-
Payroll	1,116,915	975,389	451,492	319,119	190,108	-	-	-	-
Misc.	9,436	-	507	209	1,519	3,156	-	-	-
Total expenses	3,311,355	4,818,947	625,533	346,135	199,338	5,669	-	-	-
Total expenses and reserves	9,402,950	8,456,898	1,129,231	449,894	288,762	61,285	307,503	634,822	36,254
Net income (loss)	(6,955,262)	(7,592,453)	(886,296)	(225,969)	(288,762)	(61,132)	(307,503)	(634,822)	80
Gains and losses in surplus	(237,206)	-	-	-	-	-	-	-	-
Transfer from parent	-	969,835	215	-	108,433	-	-	-	-
Change in position	(7,192,468)	(6,622,618)	(886,081)	(225,969)	(180,329)	(61,132)	(307,503)	(634,822)	80

\* As of Sept. 30, 2024

^ Includes finance and service charges not included in premium