STATE OF NEW JERSEY

COORDINATION EXAMINATION REPORT
RELATING TO THE CONDITION OF

PRUDENTIAL LEGACY INSURANCE COMPANY OF NEW JERSEY
NEWARK, NEW JERSEY

AS OF DECEMBER 31, 2021

Filed

June 26, 2023

Commissioner

Department of Banking & Insurance

NAIC COMPANY CODE 13809
NAIC GROUP CODE 0304

COORDINATING STATE
NEW JERSEY

PARTICIPATING STATES
ARIZONA
CONNECTICUT
INDIANA

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State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
DIVISION OF INSURANCE
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MARLENE CARIDE
Commissioner

May 25, 2023

Honorable Marlene Caride
Commissioner of Banking and Insurance
State of New Jersey
20 West State Street
Trenton, New Jersey 08625

Dear Commissioner Caride:

Pursuant to your instructions and the laws of the State of New Jersey, an examination has been made of the financial condition and business affairs of the:

<u>PRUDENTIAL LEGACY INSURANCE COMPANY OF NEW JERSEY</u>
<u>NEWARK, NJ 07102</u>
<u>NAIC GROUP CODE 0304</u>
<u>NAIC COMPANY CODE 13809</u>

a domestic insurer duly authorized to transact the business of insurance in the State of New Jersey. Hereinafter, Prudential Legacy Insurance Company of New Jersey will be referred to in this report as the “Company” or “PLIC”.

SCOPE OF EXAMINATION

The previous examination of the Company was conducted by the New Jersey Department of Banking and Insurance ("NJDOBI") as of December 31, 2016. The current examination covers the subsequent five-year period through December 31, 2021. The examination of PLNJ was conducted pursuant to N.J.S.A. 17:23-22 and was included in a coordinated full scope risk-focused examination of Prudential Financial, Inc. and its subsidiaries ("PFI" or "Group") led by the NJDOBI pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-5.2. The Arizona Department of Insurance and Financial Institutions, Connecticut Insurance Department, and the Indiana Department of Insurance participated in the examination.

The Group's insurers domiciled in the U.S. are as follows at December 31, 2021:

New Jersey	
The Prudential Insurance Company of America	NAIC #68241
Pruco Life Insurance Company of New Jersey	NAIC #97195
Prudential Legacy Insurance Company of New Jersey	**NAIC #13809**
Arizona	
Prudential Annuities Life Assurance Corporation (1)	NAIC #86630
Pruco Life Insurance Company	NAIC #79227
and the following captive insurers:	
Prudential Arizona Reinsurance Captive Company	NAIC #14299
Prudential Arizona Reinsurance Term Company	NAIC #14300
Prudential Arizona Reinsurance Universal Company	NAIC #14298
Prudential Term Reinsurance Company	NAIC #15456
Prudential Universal Reinsurance Company	NAIC #15344
Dryden Arizona Reinsurance Term Company	NAIC #14296
Gibraltar Universal Life Reinsurance Company	NAIC #16089
Connecticut	
Prudential Retirement Insurance and Annuity Company (2)	NAIC #93629
Indiana	
Vantage Casualty Insurance Company	NAIC #11821

(1) Effective April 1, 2022, PFI sold its equity interest in Prudential Annuities Life Assurance Corporation ("PALAC") to Fortitude Group Holdings, LLC ("Fortitude Group").
(2) Effective April 1, 2022, PFI sold its equity interest in Prudential Retirement Insurance and Annuity Company ("PRIAC") (a direct subsidiary of PICA) to Empower Annuity Insurance Company of America ("Empower").

In addition to the coordinated examination of insurance companies domiciled in the U.S., NJDOBI conducted an examination of PFI, and its insurance companies domiciled outside of the U.S. and non-insurance companies. A consolidated group-wide examination report has been separately issued by NJDOBI relating to the Group.

Risk & Regulatory Consulting, LLC ("RRC") was engaged by NJDOBI to perform examination procedures for certain key functional activities of the Group, including evaluation of financial condition, information technology controls, and to conduct the actuarial and investment reviews of the Group.

The examination was conducted in accordance with the 2022 edition of the National Association of Insurance Commissioners ("NAIC") Financial Condition Examiners Handbook (the "NAIC Handbook"). The NAIC Handbook requires the examination be planned and performed in order to evaluate the financial condition and identify prospective risks of the Company. To meet these objectives, (i) information was obtained regarding the Company's corporate governance environment, and (ii) inherent risks to which the Company is exposed were identified and assessed. The examination team evaluated the Company's system of internal controls and procedures used to mitigate identified risks. The examination team also assessed the principles used and significant estimates made by management, as well as evaluated the overall financial statement presentation, management's compliance with Statutory Accounting Principles and Annual Statement instructions.

The examination addressed the five-year period from January 1, 2017 to December 31, 2021. During this period, the Company's reported admitted assets decreased by $4,690,702,747 to $55,451,938,051 from $60,142,640,798 liabilities decreased by $4,844,770,111 to $55,051,962,798 from $59,896,732,909 and total capital and surplus increased by $154,067,364 to $399,975,253 from $245,907,889.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. During the examination, consideration was given to work performed by both the Company's Internal Audit Department and PricewaterhouseCoopers, the Company's external auditing firm during the examination period. Certain auditor workpapers have been incorporated into the workpapers of the examiners and have been utilized in determining the scope and areas of emphasis in conducting the examination. The examination does not attest to the fair presentation of the financial statements included herein. If during the examination, an adjustment is identified, the impact of such adjustment will be documented within the financial statements and commented on within the report caption "Notes to the Financial Statements."

HISTORY

PLIC is a stock life insurance company organized on November 3, 2014 under the laws of the State of New Jersey and was the successor of the Pruco Insurance Company of Iowa. Pruco Insurance Company of Iowa was established on April 26, 2010 to support the U.S. individual life and group insurance divisions and its lone business in force was one reinsurance contract which reinsured a group insurance policy. On September 25, 2014, the Company received a no-objection letter from the Iowa Insurance Division to seek re-domestication to the State of New Jersey, and on November 3, 2014, the NJDOBI issued an Order approving re-domestication of the Company to New Jersey. The Company is a wholly owned subsidiary of The Prudential Insurance Company of America ("PICA"), an insurance company founded in 1875. On December 18, 2001, PICA converted from a mutual life insurance company to a stock life insurance company. As part of the demutualization and Plan of Reorganization approved by the NJDOBI, PICA established a regulatory mechanism known as the Closed Block. The Closed Block consists of PICA's liabilities for certain participating individual life insurance policies and annuity contracts issued in the United States. Assets were allocated to the Closed Block in an amount that was determined to produce cash flows which, together with revenues from policies included in the Closed Block, are expected to be sufficient to support obligations and liabilities relating to these policies. These obligations and liabilities include a provision for payment of benefits, certain expenses, and taxes, as well as to provide for the continuation of the Closed Block policyholder dividend scales in effect in the year 2000, assuming experience underlying such dividend scales continue.

Effective January 1, 2015, the Company entered into a reinsurance agreement with PICA (the "Reinsurance Agreement") in which PICA reinsured substantially all of the outstanding liabilities of the Closed Block, primarily on a coinsurance basis. The exceptions to the 100% coinsurance arrangement are as follows: (1) the policyholder dividend liability which was reinsured from PICA to the Company is on a 100% modified coinsurance basis; (2) 10% of all risks associated with the Closed Block's New York policies were retained by PICA; and (3) certain Closed Block policies that were previously reinsured externally. In connection with the Reinsurance Agreement, the Company assumed approximately $57 billion of net admitted assets into a newly established statutory guaranteed separate account ("Prudential Legacy Separate Account"). Concurrently, the Company assumed approximately $5 billion of assets from PICA to support the Company's securities lending program.

On February 18, 2015, the Company entered into a twenty-year financing facility with certain unaffiliated financial institutions and Essex, LLC, a special purpose company affiliate (the "LLC"). The Company may, at its option, and subject to the satisfaction of customary conditions, issue and sell to the LLC up to $4 billion in aggregate principal amount of one or more surplus notes, in return for an equal principal amount of credit-linked notes issued by the LLC. Upon issuance, the Company would hold any credit-linked notes as assets supporting reserves required to be held by the Company relating to the Reinsurance Agreement.

The Company has 5,000,000 shares of capital stock with a par value of $1.00 per share which is authorized, issued and outstanding to PICA. There are no preferred shares outstanding. The Company has issued surplus notes totaling $100,000,000 which are summarized below:

Date Issued	Interest Rate	Note Amount	Maturity Date
11/20/2019	3.6553%	$100,000,000	02/18/2035

All surplus note principal and interest payments are subject to the written approval of the NJDOBI and any payment of principal or interest must be paid out of the Company's surplus, earnings or profits. The surplus notes are subordinate in right of payment to policy claims, prior claims, and senior indebtedness.

Amy Woltman is the registered agent of the Company upon whom process may be served.

STATUTORY DEPOSIT

As of December 31, 2021, the Company, in accordance with N.J.S.A. 17B:18-37(c), had a fair market value of $132,287 for the New Jersey statutory deposit.

TERRITORY AND PLAN OF OPERATION

The Company is a wholly owned subsidiary of PICA, which is a wholly owned subsidiary of PFI. PLIC is licensed to transact business in the State of New Jersey and its business consists solely of the Closed Block of business assumed from PICA in accordance with the January 1, 2015, Reinsurance Agreement.

Closed Block policyholder dividend payments may increase or decrease each year depending upon investment results, mortality experience and other factors. The Closed Block dividends paid to policyholders during the examination period are provided below:

Year	Policyholder Dividends Paid
2017	$1,941,819,295
2018	$1,737,616,573
2019	$1,696,090,278
2020	$1,493,461,177
2021	$1,326,228,544

REINSURANCE

Effective January 1, 2015, the Company entered into a reinsurance agreement with PICA to reinsure substantially all of the Closed Block policies on a coinsurance basis, and policyholder dividend liability on a modified coinsurance basis, into a guaranteed separate account. Per the Reinsurance Agreement, the Company reinsures 100% of all risks associated with non-New York policies and 90% of all risks associated with New York policies. Consistent with the nature of Closed Block policies and contracts, experience of the Closed Block is ultimately passed onto policyholders over time through adjustments of the annual policyholder dividend scales. PICA remains directly obligated for the insurance policies and annuity contracts in the Closed Block. As a result of the reinsurance, $57 billion of net admitted assets were transferred by PICA to the Prudential Legacy Separate Account. PLIC also established a committed financing facility to provide statutory capital support when needed, and which is supported by external counterparties and the LLC noted above.

CORPORATE RECORDS

A review of the minutes of the Board of Directors (“Board”) meetings revealed conformity with the requirements of the Certificate of Incorporation and By-Laws concerning matters covered and authorizations made. The minutes of the Board meetings are detailed and comprehensive, and appear to fully reflect the acts, decisions and approvals of the Board.

MANAGEMENT AND CONTROL

In accordance with the Company’s by-laws, the annual meeting of the Sole Shareholder (PICA) shall be held at such place, time and date established by the Board or President of the Company; however, the date shall be within the earlier of the first six months after the end of the Corporation’s fiscal year or fifteen months after the shareholders’ last annual meeting.

The Company’s business is overseen by the Board, which shall have not less than five nor more than twenty-one members. The Directors shall be elected at the annual meeting of the Sole Shareholder. Each Director shall hold office until the next succeeding annual meeting of the shareholder and until his or her successor shall have been elected and qualifies, or until his or her death, resignation or removal.

Directors
The following is a list of Board of Directors serving the Company as of December 31, 2021:

Director	Occupation
Robert D. Axel	SVP and Controller, PFI
Markus A. Coombs	VP Finance, PFI
Salene Hitchcock-Gear	President Individual Life Insurance, PFI
Nandini Mongia	SVP and Treasurer, PFI
Timothy L. Schmidt	SVP and Chief Investment Officer, PFI
Candace Jo Woods	SVP and Chief Actuary, PFI
Nicholas C. Silitch	SVP and Chief Risk Officer, PFI

Minutes of meetings held by the Board or Board Committees revealed adequate approval of the Company's transactions and events including the review and approval of the prior statutory financial examination report.

Committees
The Board by majority may establish from among its members a resolution to form a committee to oversee certain functions and affairs of the Company. The Company maintains an Audit Committee consisting of the following members as of December 31, 2021:

Audit Committee Members
Robert D. Axel
Markus A. Coombs
Salene Hitchcock-Gear
Nandini Mongia
Timothy L. Schmidt
Candace Jo Woods
Nicholas C. Silitch

The Company maintains a Board of Directors and Audit Committee which complies with N.J.S.A. 17:27A- 4(d)(5) at the ultimate parent level (PFI).

Officers
The officers of the Company perform duties as designated by the Company's by-laws with respect to the offices they hold, or as otherwise indicated by the Board. The President, Treasurer, and Secretary shall be elected by majority vote of the Board. Other officers, if any, may be elected by the Board. Any two or more offices may be held by the same person apart from President and Secretary. Any officer may be required by the directors to give bond for the faithful performance of their duties to the corporation in such amount and with such sureties as the directors may determine.

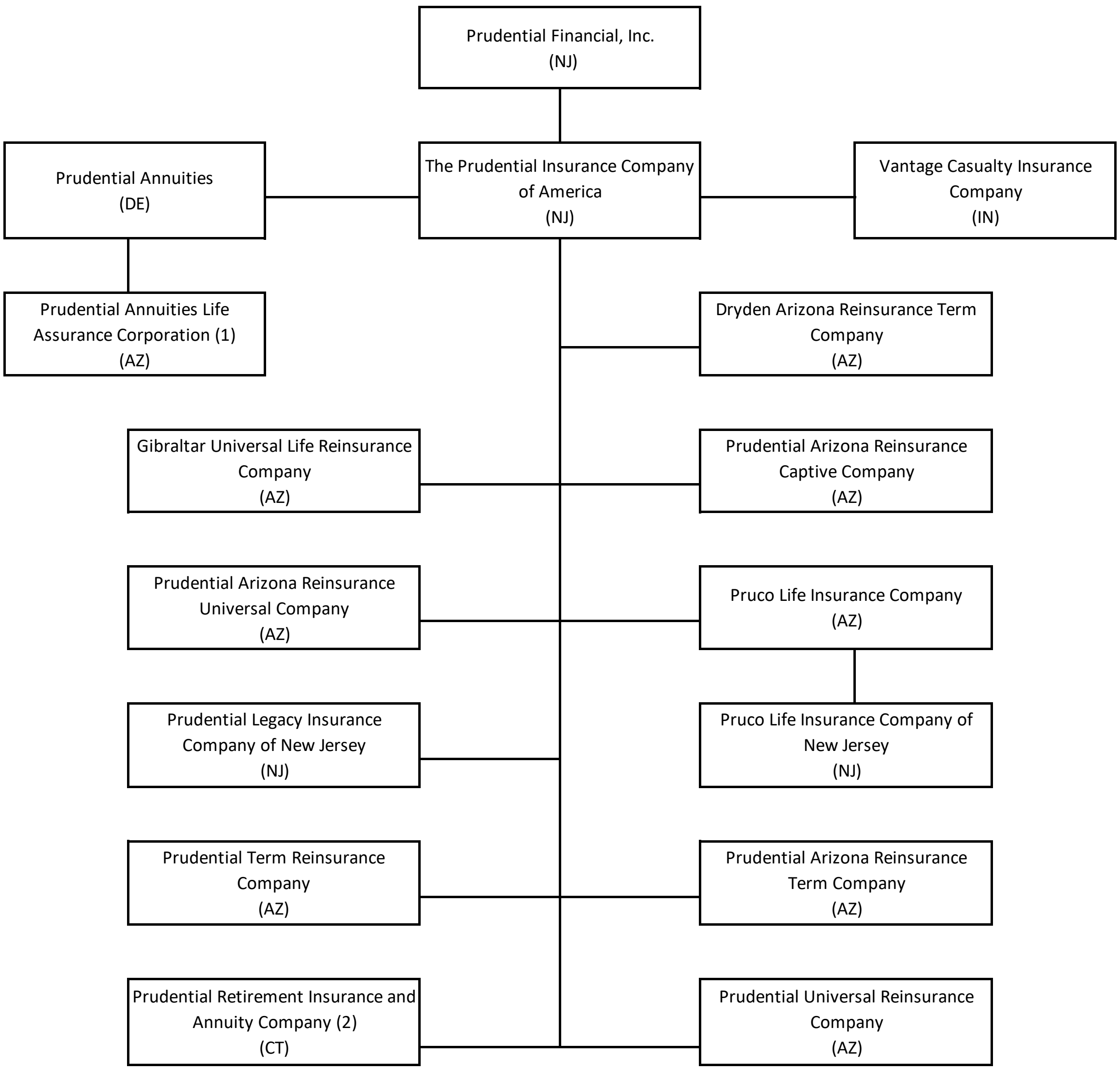
The following officers were elected and serving the Company as of December 31, 2021:

Name	Title
Salene Hitchcock-Gear	President
Steven Mark Weber	Secretary
Juzer Mohammedshah	Treasurer
Todd Robert Bryden	Actuary
Lisa Michele Longino	Chief Investment Officer
Julia McLean Senchak	Legal Entity Risk Officer

REGULATION OF INSURANCE HOLDING COMPANY SYSTEMS

The Company is a member of an insurance holding company system as defined in N.J.S.A. 17:27A-1 and is subject to the registration requirements of N.J.S.A. 17:27A-3.

The Group has over 400 domestic and international insurance and non-insurance entities within various business segments of the organization. The Group has insurance businesses throughout the world, with the most significant insurance entities in the United States and Japan. An abridged U.S. domestic holding company system organizational chart as of December 31, 2021 is as follows:



(1) Effective April 1, 2022, PFI sold its equity interest in PALAC to the Fortitude Group.
(2) Effective April 1, 2022, PFI sold its equity interest in PRIAC (a direct subsidiary of PICA) to Empower.

INTERCOMPANY AGREEMENTS / RELATED PARTY TRANSACTIONS

Intercompany Agreements
The Company is a party to various agreements with affiliated members within its holding company system. The primary types of contractual agreements between affiliated legal entities concern the

provision of administrative and management services, investment management and advisory services, cash management services and reinsurance. The following significant intercompany agreements were in effect during the examination period:

Administrative Service Agreements

Effective January 1, 2013, PICA entered into four separate Master Cash and Administrative Services Agreements with (1) Pruco Life Insurance Company ("PLAZ"), (2) PFI, Pruco Life Insurance Company of New Jersey ("PLNJ"), (3) PALAC, and (4) PRIAC. Effective December 1, 2014, the agreement with PLAZ was amended to add PICA's subsidiary captive reinsurance companies, and the agreement with PLNJ was amended to add PLIC. Under these agreements, PICA furnishes services of officers and employees and provides supplies, use of equipment, office space, and makes payment to third parties for general expenses, state and local taxes. The agreements obligate the affiliates to reimburse PICA in connection with such services.

Tax Allocation and Payment Agreements

Effective January 1, 2001, the Company along with its parent PICA and other affiliates entered into a Consolidated Federal Income Tax Allocation agreement with PFI. Under this agreement, PFI files a consolidated federal income tax return and the consolidated tax liability is allocated to individual companies in the ratio that the company's separate return tax liability bears to the consolidated return liabilities. A complementary method is used, which results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates.

Effective January 1, 2015, the Company, PICA and PFI entered into a Closed Block Business Tax Payment Agreement establishing criteria for the allocation and payment of certain tax benefits and tax liabilities attributable to the Closed Block business. The aforementioned extraordinary dividends paid by the Company to parent PICA during the examination period were pursuant to this agreement.

International Swaps and Derivatives Association ("ISDA") Master Agreement

Effective December 1, 2014, PLIC entered into an ISDA Master Agreement and Credit Support Annex with Prudential Global Funding, LLC ("PGF") to permit PGF to execute derivatives trades with PLIC. This agreement was amended in 2021 in connection with revised ISDA initial margin posting requirements.

Investment Management Agreements

Effective December 1, 2014, the Company and PGIM, Inc. ("PGIM") entered into an Investment Management Agreement whereby PGIM provides investment advisory services to PLIC with respect to the closed block assets held in the PLIC separate account.

Effective December 1, 2014, PLIC entered into an investment management agreement with Prudential Investments, LLC, appointing it as PLIC's investment manager for certain closed block assets.

Revolving Credit Agreement

Effective December 11, 2014, the Company and PICA entered into an Intercompany Revolving Credit Agreement. Under this agreement, PICA may borrow up to $500 million from the Company, and the Company may borrow an amount up to 3% of the Company's admitted assets from PICA. There were no loans outstanding under this agreement as of December 31, 2021.

Related Party Transactions

The Company is subject to regulatory limitations on the payment of dividends. New Jersey insurance law provides that, except in the case of extraordinary dividends (as described below), all dividends or distributions paid by the Company may be paid only through unassigned surplus, as determined pursuant to statutory accounting principles, less unrealized capital gains and revaluation of assets. The Company must give prior notification to the NJDOBI Commissioner of its intent to pay any dividend or distribution. Also, if any dividend, together with other dividends or distributions made within the preceding twelve months, exceed the greater of (i) 10% of prior calendar year's statutory surplus or (ii) the prior calendar year's net gain from operations (excluding realized capital gains), the dividend is an "extraordinary dividend" and prior approval of the NJDOBI Commissioner is required for payment of the dividend. Moreover, the NJDOBI Commissioner is authorized to disallow the payment of any dividend or distribution, even if the dividend is not "extraordinary", if it is determined that the Company does not have reasonable surplus relative to its outstanding liabilities and adequate for its financial needs if the Company was to be in a hazardous financial condition.

A summary of all ordinary and extraordinary dividends paid during the examination period are as follows:

Year	Ordinary Dividends	Extraordinary Dividends
2021	$0	$34,865,357
2020	$0	$22,630,384
2019	$0	$156,670,862
2018	$0	$155,313,407
2017	$0	$415,480,536

As noted above under the 'History' section of this report, during 2015, the Company entered into a twenty-year financing facility with certain unaffiliated financial institutions and Essex, LLC, a special purpose affiliate. Under this facility, the Company may issue and sell to the LLC up to $4 billion in aggregate principal amount of one or more surplus notes, in return for an equal principal amount of credit-linked notes issued by the LLC.

Pursuant to terms of the Amended and Restated Surplus Note Purchase Agreement, effective August 1, 2019, between the Company and the LLC, the Company executed an increase of outstanding surplus notes by $800 million in March 2020, resulting in $900 million in cumulative outstanding surplus notes. On December 30, 2020, the Company executed a principal redemption in the amount of $500 million and subsequently executed another principal redemption in the amount of $300 million on March 30, 2021. Under the agreement with external counterparties, the Company redeemed the credit-linked notes issued by the LLC. The redemptions left $100 million in surplus notes outstanding as of December 31, 2021.

POLICY ON CONFLICTS OF INTEREST

The Company's Conflicts of Interest policy applies to all of the Company's directors, officers and employees and requires disclosure of any outside activities or affiliations that may present or appear to present a potential or actual conflict of interest.

Annual conflict of interest statements are completed by directors, officers and key employees to note any potential conflicts of interest. PFI's Corporate Governance and Business Ethics Committee reviews the conflict of interest statements and reports any issues to the Board.

INFORMATION SYSTEMS

Information systems were reviewed at the service company level. The IT examination team's procedures considered a customized range of IT risks contained within the NAIC Exhibit C Part 2 Work Program, focusing on both IT governance and IT operational controls. Overall, the IT examination team concluded that IT General Controls ("ITGCs") are effective. IT review conclusions were based on inquiry, inspection of documentation, observation, independent research and a review of third-party workpapers. The IT examination team's conclusion regarding control strength was discussed with, and accepted by, the Examiner-in-Charge at the conclusion of the IT review.

CONTINUITY OF OPERATIONS

The Company's by-laws provide for the election of directors and the appointment of officers to fill any vacancies caused by death, resignation, disqualification, or removal by the Board of Directors.

The Company has a disaster recovery plan that was reviewed in the course of the examination IT review. No material findings were noted.

FINANCIAL STATEMENT EXHIBITS

Exhibit B

Statement of Assets, Liabilities, Surplus and Other Funds
As of December 31, 2021

NET ADMITTED ASSETS	Current Examination	Balance Per Company	Examination Change	Note Number
(000's)				
Bonds	$ 322,511	$ 322,511	0	1
Cash, Cash Equivalents and Short-Term Investments	84,689	84,689	0	
Investment Income Due and Accrued	893	893	0	
Net Deferred Tax Asset	8,311	8,311	0	
Receivables from Parent, Subsidiaries and Affiliates	118	118	0	
From Separate Account Statement	55,035,415	55,035,415	0	
Total Net Admitted Assets	**$ 55,451,938**	**$ 55,451,938**	**0**	

LIABILITIES	Current Examination	Balance Per Company	Examination Change	Note Number
(000's)				
General Expenses Due or Accrued	$ 82	$ 82	0	
Transfers to Separate Accounts Due or Accrued	(115,787)	(115,787)	0	2
Taxes, Licenses and Fees Due or Accrued, Excluding Federal Income Taxes	1,240	1,240	0	
Current Federal and Foreign Income Taxes	92,621	92,621	0	
Asset Valuation Reserve	404	404	0	
Payable to Parent, Subsidiaries and Affiliates	37,967	37,967	0	
Aggregate Write-ins for Liabilities	20	20	0	
From Separate Accounts Statement	55,035,415	55,035,415	0	
Total Liabilities	**$ 55,051,963**	**$ 55,051,963**	**0**	

CAPITAL AND SURPLUS	Current Examination	Balance Per Company	Examination Change	Note Number
(000's)				
Common Capital Stock	$ 5,000	$ 5,000	0	
Surplus Notes	100,000	100,000	0	
Gross Paid in and Contributed Surplus	277,034	277,034	0	
Unassigned Funds (Surplus)	17,942	17,942	0	
Surplus as Regards Policyholders	**399,975**	**399,975**	**0**	3
Total Liabilities, Capital and Surplus	**$ 55,451,938**	**$ 55,451,938**	**0**	

Exhibit B

Summary of Revenue and Expenses
For the Five-Year Period Ending December 31, 2021

REVENUE (000's)					
As of December 31,	**2021**	**2020**	**2019**	**2018**	**2017**
Premiums and Annuity Considerations for Life and Accident and Health Contracts	$ 1,781,863	$ 1,972,726	$ 2,196,159	$ 2,290,961	$ 2,513,304
Net Investment Income	(16,537)	(20,577)	(8,087)	(10,251)	(16,421)
Aggregate Write-ins for Miscellaneous Income	160,246	2,451	48,438	(47,771)	91,561
Total Income	$ 1,925,572	$ 1,954,601	$ 2,236,509	$ 2,232,940	$ 2,588,444
DEDUCTIONS (000'S)					
Death Benefits	$ 2,678,444	$ 2,680,606	$ 2,393,266	$ 2,386,177	$ 2,420,629
Matured Endowments (Excluding Guaranteed Annual Pure Endowments)	16,489	21,111	22,524	25,327	31,549
Disability Benefits and Benefits Under Accident and Health Contracts	30,023	32,325	35,406	38,412	40,677
Surrender Benefits and Withdrawals for Life Contracts	866,722	946,975	1,058,659	1,077,499	1,076,101
Interest and Adjustments on Contract or Deposit-Type Contract Funds	143,829	141,872	147,961	144,154	146,782
Total Benefits	$ 3,735,506	$ 3,822,888	$ 3,657,816	$ 3,671,568	$ 3,715,738
Commissions and Expense Allowances on Reinsurance Assumed	294,996	311,866	328,744	345,403	362,946
General Insurance Expenses and Fraternal Expenses	21,462	19,588	21,350	21,564	22,096
Insurance Taxes, Licenses and Fees, Excluding Federal Income Taxes	6,527	5,450	5,580	5,857	5,829
Increase in Loading on Deferred and Uncollected Premiums	(286)	(184)	(962)	(427)	(669)
Net Transfers to or (from) Separate Accounts Net of Reinsurance	(3,479,063)	(3,425,054)	(3,223,632)	(3,356,063)	(3,219,200)
Aggregate Write-ins for Deductions	(100,805)	(235,701)	(267,477)	(112,994)	(293,158)
Total Expenses	$ 478,337	$ 498,854	$ 521,419	$ 574,908	$ 593,583
Net Gain from Operations Before Dividends to Policyholders, Refunds to Members and Federal Income Taxes	1,447,235	1,455,747	1,715,091	1,658,032	1,994,862
Dividends to Policyholders and Refunds to Members	1,326,229	1,493,461	1,696,090	1,737,617	1,941,819
Federal and Foreign Income Taxes Incurred (Excluding Tax on Capital Gains)	84,654	(102,830)	(136,565)	(256,325)	(375,765)
Net Realized Capital Gains or (Losses)	2,898	(1,560)	(2,212)	(24,434)	(1,132)
Net Income	**$ 39,251**	**$ 63,556**	**$ 153,353**	**$ 152,306**	**$ 427,675**

Exhibit C

Capital and Surplus Account
For the Five-Year Period Ending December 31, 2021

As of December 31,	**2021**	**2020**	**2019**	**2018**	**2017**
Capital and Surplus (000's)					
December 31, Previous Year	685,245	351,705	255,095	258,103	245,908
Net Income	$ 39,251	$ 63,556	$ 153,353	$ 152,306	$ 427,675
Change in Net Deferred Income Tax	15,423	(81,457)	(199,658)	(165,424)	(645,807)
Change in Non Admitted Assets	-	74,345	199,658	165,424	645,807
Change in Asset Valuation Reserve	(59)	(274)	(72)	-	-
Change in Surplus Notes	(300,000)	300,000	100,000	-	-
Dividends to stockholders	(34,865)	(22,630)	(156,671)	(155,313)	(415,481)
Aggregate Write-ins for Gains or Losses in Surplus	(5,020)				
Total Other Surplus Gains or Losses	(324,521)	269,984	(56,743)	(155,313)	(415,481)
Increase or Decrease as Regards Policyholders	(285,270)	333,540	96,610	(3,007)	12,194
Surplus as Regards Policyholders December 31, Current Year	**$ 399,975**	**$ 685,245**	**$ 351,705**	**$ 255,096**	**$ 258,102**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 - Invested Assets

At December 31, 2021, PLIC held approximately 79% of its total cash and invested assets in bonds in the amount of $322,511,129. The majority of the Company's bond holdings are investment grade with NAIC 1 (92.2%) and NAIC 2 (7.8%) rated bonds held at December 31, 2021. The Company's invested assets were determined to be in compliance with New Jersey laws and regulations and the NAIC's Securities Valuation Office Purposes and Procedures Manual at December 31, 2021.

Note 2 - Actuarial Review

In conjunction with the coordinated full-scope examination of the Group, NJDOBI utilized the services of RRC to perform an actuarial examination based on statutory requirements and to provide a report for the insurers domiciled in the U.S. The risk-focused examination procedures included evaluation of actuarial controls, procedures and processes. Data for the valuation of company liabilities was reviewed, and an evaluation was conducted to ensure all relevant data was included in the review. Significant ceded reinsurance agreements were also evaluated to ensure the agreement terms supported a transfer of risk to the assuming reinsurers. Based on these reviews, actuarial accounts based on statutory requirements were deemed to be adequately stated as of December 31, 2021, and reinsurance agreements adequately transferred risk.

Note 3 - Capital and Surplus

The Company reported surplus as regards policyholders at December 31, 2021 of $399,975,253, which consisted of common stock of $5,000,000, surplus notes issued of $100,000,000, gross paid in and contributed surplus of $277,033,695, and unassigned funds of $17,941,558.

The Company was determined to be in compliance with the minimum capital and surplus requirements of the State of New Jersey at December 31, 2021.

PERMITTED PRACTICES

There were no permitted practices for the Company during the examination period.

COMMITMENTS AND CONTINGENCIES

The Company is routinely involved in claims, lawsuits, regulatory audits, investigations and other legal matters arising, for the most part, in the ordinary course of business. The Company believes that the legal actions, regulatory matters, proceedings and investigations currently pending against it should not have a material adverse effect on the results of operations, financial condition or liquidity based on management's current knowledge and taking into consideration current accruals.

During the normal course of its business, the Company utilized financial instruments with off-balance sheet risk such as commitments to fund investments in private placement securities and limited partnerships, and commitments to originate mortgage loans. These commitments were approximately $1.97 billion at December 31, 2021.

SUMMARY OF EXAMINATION RECOMMENDATIONS

The examination warranted no reportable findings nor statutory violations. Other observations and recommendations have been communicated to the Board and Management which relate to corporate governance, general controls, and procedures and processes, as well as specific items identified during the examination.

SUBSEQUENT EVENTS

COVID-19

The Company continues to monitor the impact of the COVID-19 global pandemic due to uncertainty regarding the long-term impact to the U.S. and global insurance industry. Subsequent developments with COVID-19 could have a significant financial impact on insurers, including the Company. As such, the Company will continue to monitor and share information with NJDOBI as appropriate related to COVID-19 developments.

Impact of Changes in the Interest Rate Environment

The U.S. Federal Reserve ("Fed") increased rates by 25 basis points and set the federal funds target rate range between 4.75% and 5.0% following the second Federal Open Market Committee ("FOMC") meeting of 2023 on March 21 and March 22. Prior to the March increase, the Fed increased the rate by 25 basis points in February 2023 and 50 basis points in December 2022. This followed four consecutive increases of 75 basis points during June through November 2022, and increases of 50 basis points in May 2022 and 25 basis points in March 2022.

As a global financial services company, market interest rates are a key driver of liquidity and capital position, cash flows, results of operations and financial position of the Company. Changes in interest rates can affect the Company in several ways, including, but not limited to, favorable or adverse impacts to investment-related activity, including: investment income returns, the valuation of fixed income investments and derivative instruments, collateral posting requirements, hedging costs and other risk mitigation activities, customer account values and assets under management. Insurance reserve levels, policyholder behavior, including surrender or withdrawal activity, may also be affected. NJDOBI is in regular communication with Management and is closely monitoring the impact of changes in interest rates. Additionally, in light of the significant impact of rising interest rates on derivative instruments, NJDOBI as Group-wide Supervisor will perform an interim review of the Group's Hedge Effective accounting practices.

Policyholder Dividends

Dividends on participating life policies primarily reflect investment and mortality results. These factors can vary from year to year, and therefore dividends can either decrease or increase. In December 2021, PICA's Board of Directors approved a continuation of the 2021 dividend scale for 2022. Subsequently in 2022, the Board approved a $62 million (or 4.9%) increase to the dividend scale for 2023, driven by investment results, primarily the impacts of the current higher interest rate environment and higher returns on alternative asset holdings.

CONCLUSION

A regular statutory financial condition examination was conducted by the undersigned with the assistance of examiners of the New Jersey Department of Banking and Insurance examination staff.

The examination and audit was conducted remotely. The courteous assistance and cooperation of the Company's management is acknowledged.

Respectfully submitted,

Darin Benck, CFE
Examiner-in-Charge
Risk & Regulatory Consulting, LLC
Representing the New Jersey Department of Banking and Insurance

Under the Supervision of,

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

AFFIDAVIT

The undersigned hereby certifies that an examination has been made of Prudential Legacy Insurance Company of New Jersey and the foregoing report is true to the best of my knowledge and belief. The examination was performed in accordance with the NAIC Financial Condition Examiners Handbook and New Jersey Statutes and Regulations.

Respectfully submitted,

Darin Benck

Darin Benck, CFE
Examiner-in-Charge
Risk & Regulatory Consulting, LLC
Representing the New Jersey Department of Banking and Insurance

Under the Supervision of,

Nancy Lee Chice

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

State of New Jersey
County of Mercer

Subscribed and sworn to before me, on this 26th day of June, 2023.

Sheila M. Thaca

Notary Public of New Jersey

My commission expires: July 2025