

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

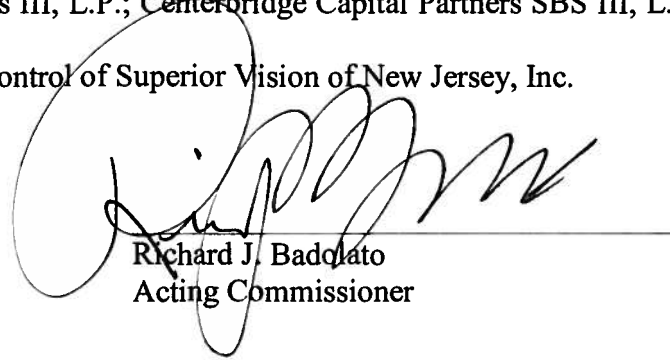
IN THE MATTER OF THE ACQUISITION OF )  
CONTROL OF SUPERIOR VISION OF NEW )  
JERSEY, INC., BY WINK HOLDCO, INC.; )  
WINK PARENT, INC., CENTERBRIDGE )  
CAPITAL PARTNERS III, L.P., )  
CENTERBRIDGE CAPITAL PARTNERS SBS )  
III, L.P., AND CCP III CAYMAN GP LTD. )

ORDER APPROVING  
ACQUISITION

I have read the Hearing Officer's report dated March 30, 2016, regarding the above-captioned matter and I concur with the recommendation contained therein. Accordingly, pursuant to N.J.S.A. 17:27A-2, I hereby approve the proposal of Wink Holdco, Inc.; Wink Parent, Inc.; Centerbridge Capital Partners III, L.P.; Centerbridge Capital Partners SBS III, L.P.; and CCP III Cayman GP Ltd. to acquire control of Superior Vision of New Jersey, Inc.

3/30/16

Date



Richard J. Badolato  
Acting Commissioner

WM sup vision order/INOORD

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION OF )	
CONTROL OF SUPERIOR VISION OF NEW )	
JERSEY, INC., BY WINK HOLDCO, INC.; )	HEARING OFFICER'S
WINK PARENT, INC., CENTERBRIDGE )	REPORT
CAPITAL PARTNERS III, L.P., )	
CENTERBRIDGE CAPITAL PARTNERS SBS )	
III, L.P., AND CCP III CAYMAN GP LTD. )	

Procedural History

In accordance with N.J.S.A. 17:27A-2, by a filing dated December 14, 2015, as supplemented through March 4, 2016, Wink Holdco, Inc. (“Wink Holdco”), Wink Parent, Inc. (“Wink Parent”), Centerbridge Capital Partners III, L.P. (“Centerbridge III”), Centerbridge Capital Partners SBS III, L.P. (“Centerbridge SBS III”), and CCP III Cayman GP Ltd. (“CCP”) (collectively, “the applicants”) filed with the Department of Banking and Insurance (“Department”) an application to acquire control (“the Form A filing”) of Superior Vision of New Jersey, Inc. (“Superior Vision” or “the ODS”), a New Jersey domestic licensed organized delivery system<sup>1</sup>.

All of the outstanding shares of common stock of the ODS are currently indirectly owned by Superior Vision Corp., a Delaware corporation (“SVC”), which, in turn, is a wholly-owned direct subsidiary of Superior Vision Holding Company, LLC, a Delaware limited liability company (“Superior Vision Holdco”). Superior Vision Holdco is a holding company that is ultimately controlled by Nautic Management, LLC, an affiliate of Nautic Partners, LLC, a private equity investment firm.

---

<sup>1</sup> Pursuant to N.J.S.A. 17:48H-16a. and N.J.A.C. 11:22-4.10, a licensed ODS organized under the laws of the State of New Jersey is treated as a domestic insurer for purposes of the Insurance Holding Company Systems Act, N.J.S.A. 17:27A-1 et seq.

Pursuant to N.J.S.A. 17:27A-2d, a public hearing was held on the Form A filing on March 28, 2016. Pursuant to N.J.A.C. 11:1-35.6(g), the public hearing was conducted based on the documents filed. The hearing panel and Department staff determined that the documents filed in connection with the proposed acquisition satisfied the requirements of N.J.S.A. 17:27A-2b. Public comments were allowed to be submitted through the close of business on March 28, 2016. No comments were received. No other documents were required and the record was closed on March 28, 2016.

#### Findings of Fact

Superior Vision was formed on September 15, 2006, and commenced business in New Jersey on December 20, 2011. Superior Vision does not currently assume any risk.

Centerbridge Partners, L.P. (“Centerbridge” or “the Firm”) was founded in October 2005. Centerbridge III, Centerbridge’s third party equity fund, was launched in 2014. Centerbridge currently maintains offices in New York and London. The applicants stated that most of Centerbridge’s senior investment professionals focus on industry verticals, within which they seek investment opportunities up and down the capital structure. These industry verticals include, among others, financial services and healthcare. Furthermore, the applicants stated that Centerbridge has developed several capabilities that enhance its ability to create value in control-oriented investments: (i) knowledge in asset-backed securities and structured credit, real estate and financial services businesses; (ii) the ability to foster operational improvement in portfolio companies; and (iii) talent management capability. Across its three private equity funds, Centerbridge has made 41 investments in portfolio companies since its founding. Centerbridge is pursuing the proposed acquisition of the ODS because it believes that Superior Vision, as an

independent vision managed care group, is well-positioned for continued expansion. In particular, Centerbridge believes that its experience in healthcare and financial services and its track record of partnership with its portfolio companies will help Superior Vision to continue to create long-term sustainable value.

Centerbridge III and Centerbridge SBS III (“the Funds”) are investment funds established in 2014 under the laws of Delaware and will provide the equity financing in connection with the proposed acquisition of the ODS. The applicants stated that the Funds invest capital to help management teams achieve their objectives. For each investment, Centerbridge’s investment professionals develop a view of the opportunities for the business to improve future performance and support management in achieving the portfolio company’s operating plan. In addition, Centerbridge stated that it works with management to drive value creation, drawing on its network of industry contacts to provide its portfolio companies with access to talent for management and board positions and to experienced third-party advisors.

Because Centerbridge III was formed in 2014 and commenced operations during the second quarter of 2015, only unaudited quarterly financial statements of Centerbridge III for the second and third quarter of 2015 are currently available. Centerbridge SBS III does not prepare quarterly financial statements. The ultimate general partner of each of the Funds is CCP. The intermediary entity between CCP and each of the Funds, Centerbridge Associates III, L.P. (“Centerbridge DE”), is a Delaware limited partnership that is a general partner of each of the Funds. Centerbridge DE is a pass-through entity that has no directors or officers and does not prepare financial quarterly statements.

CCP is a Cayman Islands exempted company formed in 2014 that has two directors, and has no executive officers. No person owns 10 percent or more of the outstanding voting

securities of CCP. CCP does not prepare audited annual or quarterly financial statements. Pursuant to the terms of each of the limited partnership agreements governing Centerbridge III, Centerbridge SBS III, and Centerbridge DE, the management of the relevant limited partnership is vested solely in its general partner, and no limited partner thereof has the right to direct or control the limited partnership's business. As a result, control of Centerbridge III, Centerbridge SBS III, and Centerbridge DE is exercised by their ultimate general partner, CCP. CCP is the ultimate controlling parent of each of the other applicants. CCP has no directors in common with the ODS.

Wink Holdco and Wink Parent are both newly established entities incorporated under the laws of Delaware in November 2015 for the purpose of consummating the proposed acquisition of the ODS and related transactions. All of the issued and outstanding shares of Wink Holdco are owned by Wink Parent. Because Wink Holdco and Wink Parent are newly established entities, their audited financial statements are not currently available. Wink Holdco will be the Centerbridge III entity that will acquire all of the issued and outstanding shares of SVC. The equity securities of Wink Parent, the direct parent company of Wink Holdco, are owned by Centerbridge III (97 percent) and Centerbridge SBS III (three percent). As a result of the proposed acquisition of the ODS and the transactions contemplated by the Stock Purchase Agreement, it is currently contemplated that Centerbridge III and Centerbridge SBS III will own substantially all of the issued and outstanding shares of Wink Parent.

The applicants have no present plans to make any material changes in the business operations or corporate structure of management of the ODS. In addition, the applicants have no present plans for the ODS to declare an extraordinary dividend following the closing, to liquidate the ODS, to sell any of the ODS's assets (other than asset sales in the ordinary course of

business), or to merge the ODS with any person. As a result, following the closing of the proposed acquisition, the day-to-day management of the ODS will continue to be performed by the current senior management and officers of the ODS, and will not be performed by the directors of CCP. Further, no director of CCP will serve on the board of the ODS.

The applicants propose to effect the proposed acquisition of the ODS pursuant to the Stock Purchase Agreement, dated as of November 21, 2015. The Stock Purchase Agreement provides that, subject to the terms and conditions therein, Superior Vision Holdco will sell, assign and transfer to Wink Holdco all of the issued and outstanding shares of capital stock of SVC at the closing. As a result of the proposed acquisition, SVC will become a direct, wholly-owned subsidiary of Wink Holdco and Wink Holdco will be a direct subsidiary of Wink Parent. Pursuant to the terms of the Stock Purchase Agreement, as full consideration for the sale of the shares of capital stock of SVC other than the Rollover Shares (as such term is defined in the Stock Purchase Agreement) by Superior Vision Holdco to Wink Holdco, Wink Holdco will pay to Superior Vision Holdco an aggregate amount of cash equal to \$125,000 (the amount allocated to the purchase of the ODS) minus the Rollover Value (as such term is defined in the Stock Purchase Agreement), subject to certain adjustments to account for: (i) the working capital, cash and indebtedness of SVC and its subsidiaries at the time of the Closing; and (ii) certain transaction expenses incurred in connection with the transactions contemplated by the Stock Purchase Agreement. The applicants stated that payment of the amount of consideration allocated to the purchase of the ODS will be from cash-on-hand, and that no debt will be incurred in connection with the payment of allocated consideration. As noted above, Wink Parent will be owned by Centerbridge III and Centerbridge SBS III; however, the applicants stated that as a result of the transactions contemplated by the Stock Purchase Agreement, certain

current employees and directors of SVC and/or its subsidiaries (“the Rollover Shareholders”) will receive certain nonvoting equity interests in Wink Parent. In addition, the applicants stated it is possible that certain minority co-investors will acquire interest in the issued and outstanding voting securities of Wink Parent. The applicants stated that none of the Rollover Shareholders or minority co-investors will own 10 percent or more of the outstanding voting securities of Wink Parent.

The Stock Purchase Agreement provides that the consummation of the transaction is conditioned, among other things, on the receipt of governmental approvals, including antitrust and insurance regulatory approvals. Such approvals include: (i) the approval of this Form A; (ii) approvals of Form A applications by the Arizona Department of Insurance, the Texas Department of Insurance, and the Wisconsin Office of the Commissioner of Insurance, respectively, in connection with the proposed acquisitions of control by the applicants of other subsidiaries of SVC that are regulated by such governmental authorities; and (iii) compliance with the pre-merger notification requirements of the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

As noted above, because Centerbridge III was formed in 2014 and commenced operations during the second quarter of 2015, only unaudited quarterly financial statements of Centerbridge III for the second and third quarter of 2015 are currently available. Centerbridge III reported net assets of \$391 million with liabilities of \$2.85 million as of June 30, 2015, and net assets of \$966.2 million with liabilities of \$561,000 as of September 30, 2015.<sup>2</sup>

---

<sup>2</sup> As noted above, the assets and liabilities provided indicate an ability to soundly operate the company.

### Analysis

N.J.S.A. 17:27A-2d(1) provides that the Commissioner shall approve an acquisition of control of a domestic insurer unless he or she finds that one or more of the seven disqualifying factors set forth therein exist. The statute provides in pertinent part:

(1) The Commissioner shall approve any merger or other acquisition of control ... unless, after a public departmental hearing thereon, he [or she] finds that:

(i) After the change of control the domestic insurer ... would not be able to satisfy the requirements for the issuance of a license to write the line or lines of insurance for which it is presently licensed;

(ii) The effect of the merger or other acquisition of control would be substantially to lessen competition in insurance in this State or tend to create a monopoly therein ... [applying the competitive standard as set forth in the statute];

(iii) The financial condition of any acquiring party is such as might jeopardize the financial stability of the insurer, or prejudice the interest of its policyholders;

(iv) The financial condition of any acquiring party is such that (a) the acquiring party has not been financially solvent on a generally accepted accounting principles basis, or if an insurer, on a statutory accounting basis, for the most recent three fiscal years immediately prior to the date of the proposed acquisition (or for the whole of such lesser period as such acquiring party and any predecessors thereof shall have been in existence); (b) the acquiring party has not generated net before-tax profits from its normal business operations for the latest two fiscal years immediately prior to the date of acquisition (or for the whole of such lesser period as such acquiring party and any predecessors thereof shall have been in existence); or (c) the acquisition debt of the acquiring party exceeds 50 percent of the purchase price of the insurer;

(v) The plans or proposals which the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and



unreasonable to policyholders of the insurer and not in the public interest;

(vi) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the merger or other acquisition of control; or

(vii) The acquisition is likely to be hazardous or prejudicial to the insurance buying public.

Upon a thorough review of the documents submitted into evidence, the hearing panel and Department staff have determined that none of the seven disqualifying factors set forth above should result if the proposed acquisition is effectuated. Each of these conditions is discussed below.

First, after the acquisition, the ODS will continue to meet the requirements to transact the business for which it is presently licensed pursuant to Title 17 of the New Jersey Statutes. Superior Vision was formed on September 15, 2006, commenced business in New Jersey on December 20, 2011, and is currently licensed and in good standing. There is nothing in the record to indicate that after the proposed acquisition the ODS would not be able to continue to satisfy the requirements to transact the business for which it is presently licensed.

Second, it does not appear that the acquisition of the ODS will substantially lessen competition in the New Jersey insurance market or tend to create a monopoly therein. N.J.S.A. 17:27A-2d(1)(ii) provides that in applying this competitive standard, the standard set forth in N.J.S.A. 17:27A-4.1d shall apply. That statute utilizes a complex formula based on the market shares of the insurers involved in the transaction. In the present matter, based on the countrywide data for 2014 that was available at the time of the filing, the applicants and its subsidiaries, and the ODS and its affiliates, do not compete in the insurance business in New

Jersey. The statute by its terms does not apply if, as an immediate result of the acquisition, there would be no increase in the market. See N.J.S.A. 17:27A-4.1b(2)(d). Accordingly, the acquisition will not violate the competitive standard set forth in N.J.S.A. 17:27A-4.1. Thus, it does not appear that the acquisition of the ODS will substantially lessen competition in New Jersey or tend to create a monopoly therein.

Third, it does not appear that the financial condition of the applicants will jeopardize the financial condition of the ODS. As reported in the applicable financial statements filed by the applicants, Centerbridge III had assets of approximately \$393.85 million and \$2.85 million in liabilities as of June 30, 2015, and reports assets of \$996.76 million, with liabilities of \$561,000 as of September 30, 2015<sup>3</sup>.

Fourth, it appears that the financial condition of the applicants is such that they have been solvent on a generally accepted accounting principles basis for the period that they have been in existence. As set forth above, based upon the filing, Centerbridge III had substantial net assets since the period of its existence, indicating it has been in a sound and viable financial condition for the relevant period. Finally, no debt will be incurred by the applicants in connection with the proposed acquisition. As noted above, the applicants will pay the amount of consideration allocable to the acquisition of the ODS from cash-on-hand. Accordingly, the requirement that the acquisition debt may not exceed 50 percent of the purchase price is satisfied.

---

<sup>3</sup> As noted above, because Centerbridge III was formed in 2014 and commenced operations during the second quarter of 2015, only unaudited quarterly financial statements of Centerbridge III for only a part of the second quarter and the third quarter of 2015 are currently available. Centerbridge SBS III does not prepare quarterly financial statements. Although publicly available net income was not available on a quarterly basis, the reported assets and liabilities indicate an ability to operate the company on a solvent basis. Also, net-income would not be relevant in this instance as almost all start-up entities might be expected to show net-losses for their first year of operation, and in any event less than two full quarters of statements are available, rendering any income or loss meaningfully inapplicable.

Fifth, the applicants do not propose to liquidate the ODS or sell its assets. As set forth above, the applicant intends to continue the current operations of the ODS with no change to the existing management, directors or officers of the ODS.

Sixth, there is nothing in the record from which it may be concluded that the competence, experience and integrity of the persons who will control the operations of the ODS are such that it would not be in the interest of the policyholders and of the public to permit the acquisition of control. The persons who will serve as officers and directors of the ODS are those presently in those positions with the ODS. In addition, the persons who will operate the ODS have had substantial experience in the insurance business.

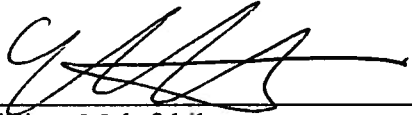
Seventh, there is nothing in the record from which it may be concluded that the acquisition is likely to be hazardous or prejudicial to the insurance buying public for the reasons set forth above.

#### Recommendation

Based on the foregoing analysis, the hearing panel and Department staff recommend that the proposed acquisition be approved.

Upon a thorough review of the foregoing, I concur with the findings, analysis and recommendations of the hearing panel and Department staff. I therefore recommend that the proposed acquisition be approved.

3/30/2016  
Date

  
\_\_\_\_\_  
William Melofchik  
Hearing Officer

WM ho report sup vision/INOORD