

STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE ACQUISITION )  
OF CONTROL OF HN1 THERAPY )  
NETWORK OF NEW JERSEY, LLC BY )  
H.I.G. HEALTH NETWORK ONE, L.P., )  
H.I.G. CAPITAL PARTNERS VI, L.P., )  
H.I.G. ADVISORS VI, LLC, H.I.G. GP II, INC., )  
DORADO GP, LLC, ANTHONY TAMER, )  
SAMI MNAYMNEH, )  
DORADO HEALTH HOLDINGS, LLC, )  
DORADO PARENT HOLDINGS, L.P., )  
DORADO INTERMEDIATE, INC., )  
DORADO ACQUISITION, INC., AND )  
DORADO HEALTH INTERMEDIATE )  
HOLDINGS, LLC )

ORDER APPROVING  
ACQUISITION

I have read the Hearing Officer’s report dated August 23, 2023, 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 H.I.G. Health Network One, L.P., H.I.G. Capital Partners VI, L.P., H.I.G. Advisors VI, LLC, H.I.G. GP II, Inc., Dorado GP, LLC, Anthony Tamer, and Sami Mnaymneh (collectively, the “H.I.G. Applicants”), Dorado Health Holdings, LLC, Dorado Parent Holdings, L.P., Dorado Intermediate, Inc., Dorado Acquisition, Inc., and Dorado Health Intermediate Holdings, LLC (collectively, the “Dorado Applicants” and together with the H.I.G. Applicants, the “Applicants”) to acquire control of HN1 Therapy Network of New Jersey, LLC (the “Domestic Insurer”), by acquiring its direct parent, HN1 Therapy Network, LLC (“HN1 Parent”), subject to the following conditions:

1. NO USE OF NEW JERSEY FUNDS FOR ACQUISITION. Upon consummation of the transaction, Applicants shall not: (a) Assets: dispose of or otherwise use assets of the Domestic Insurer and/or any other subsidiaries of the Domestic Insurer, if any, that are licensed, authorized or certified by the New Jersey Department of Banking and Insurance (“Department”) to transact business in New Jersey for the purpose of repaying any debt incurred, or to finance the transaction except as approved or otherwise permitted by the relevant regulatory authority; (b) Costs: pass onto the Domestic Insurer, or New Jersey insureds any acquisition costs or other consideration, including, without limitation to, executive compensation paid to or accrued for the benefit of any executive officers of Applicants in connection with, or triggered by, the transaction; (c) Rates: seek premium rate increases applicable to New Jersey insureds that are intended to be used, or are used to pay for the cost of the transaction. Applicants shall take steps to ensure that premiums and cost-sharing obligations payable (including copayments and deductibles) by New Jersey insureds for products offered by Applicants’ insurers in NJ, if any, shall not increase as a result of costs incurred in financing, analyzing and/or consummating the proposed acquisition of control (“Acquisition Costs”). Such Acquisition Costs include, but are not limited to, attorneys’ and investment bankers’ fees, loan expenses, travel expenses, due diligence expenses, execution compensation expenses, of any form, and expenses related to current or future acquisitions by the Domestic Insurer or Applicants; (d) Dividends: declare and/or pay any dividends (ordinary or extraordinary), without the express prior approval of the Commissioner of Banking and Insurance (“Commissioner”) for a period of three (3) years from the consummation of the transaction. Applicants shall not allow the Domestic Insurer to make other distributions of cash or property or in any other way upstream any funds or property to their shareholders or any shareholders of

Applicants in NJ, if any, without the express prior approval of the Commissioner for a period of three (3) years.

2. MAINTAIN RBC. For a period of five (5) years from the consummation of the transaction, Applicants shall maintain a minimum Authorized Control Level Risk Based Capital (RBC) level of 300%, or higher at all times of the Domestic Insurer.

3. NEW JERSEY BUSINESS. The Applicants shall be committed to having the Domestic Insurer seek opportunities to write new business in New Jersey. The Domestic Insurer will maintain their existing service levels and consistent staffing levels within this State, if any, for a minimum of three (3) years from the consummation of the transaction (not disclosed in the Form A Statement of Change in Control and Exhibits).

4. NO MATERIAL CHANGE TO BUSINESS. Upon the consummation of the transaction, Applicants, by way of their representatives, shall refrain from supporting the following: (i) liquidating the Domestic Insurer; (ii) selling any material portion of the assets of the Domestic Insurer; (iii) merging the Domestic Insurer with any other person or persons; and/or (iv) making any other material change (not disclosed in the Form A Statement of Change in Control and Exhibits or those effected in the ordinary course of business) with regard to business, corporate structure, management or general plan of operations of the Domestic Insurer, all without the express prior approval of the Commissioner.

Applicants represent that, other than as described in Item 5 of the Form A Statement, Applicants currently do not have, nor do the Applicants currently contemplate, any plans or proposals to liquidate the Domestic Insurer; sell any of the Domestic Insurer's assets; merge or consolidate the Domestic Insurer with any person or persons; cause the Domestic Insurer to declare

a dividend or any other distribution; or make any other material change in the Domestic Insurer business operations or corporate structure or management.

5. **CYBERSECURITY.** Applicants shall direct their representatives to use reasonable efforts or, if required to vote, to cause the Domestic Insurer to provide the Department with confidential access to its cybersecurity plan for review as a part of a state examination pursuant to N.J.S.A. 17:27A-5 and N.J.S.A. 17:27A-6. The parties shall provide notice to the Department when and if a cybersecurity breach takes place and shall work with the Department to protect New Jersey policyholders if they are affected. The parties shall take no action to oppose regulation and/or legislation regarding cybersecurity, the same as or substantially similar to, the Insurance Data Security Model Law adopted by the National Association of Insurance Commissioners (“NAIC”). The parties shall commit to serving as a resource to the Department and providing constructive input and expertise to the Department with respect thereto.

6. **TAX SHARING AGREEMENTS TO BE FILED.** Any Tax Sharing Agreements shall be filed as agreements between or among affiliates requiring regulatory approval prior to implementation pursuant to N.J.S.A. 17:27A-4 and shall comply with N.J.S.A. 17:27A-1 et seq. and implementing regulations set forth at N.J.A.C. 11:1-35.7 and N.J.A.C. 11:1-35.10.

7. **NO PUSH-DOWN OF GOODWILL FROM THE DOMESTIC INSURER OR APPLICANTS.** Applicants and the Domestic Insurer shall not use any form of push-down accounting methods that result in the transfer or allocation of any of the Domestic Insurer or Applicants’ goodwill, including goodwill related to this acquisition.

8. **NEW JERSEY INSURANCE HOLDING COMPANY SYSTEMS ACT.** Applicants and the Domestic Insurer shall provide regulatory information to the Department in

accordance with New Jersey Insurance Holding Company Systems Act, N.J.S.A. 17:27A-1 et seq., annually and upon occurrence, including but not limited to, any development in ownership interests such that any person or entity possesses via in singular or aggregation of interests control, as defined in N.J.S.A. 17:27A-1. Failure to comply with New Jersey's Insurance Holding Company Systems Act shall result in appropriate action by the Department including but not limited to the placing of the insurer under an order of supervision, in accordance with N.J.S.A. 17:51A-1 et seq., as determined.

Applicants shall provide the Department with the names and titles of those individuals who will be responsible for filing an amended Insurance Holding Company System Annual Registration Statement pursuant to N.J.S.A. 17:27A-1 to -14 and N.J.A.C. 11:1-35.1 to -35.14.

9. **CORPORATE RECORDS.** The Domestic Insurer shall continue to maintain its books and records in a manner consistent with pre-acquisition practices and shall make all such items available for inspection by the Commissioner at any time. Following the acquisition, the Applicants shall direct the Domestic Insurer to continue to maintain its books and records in their current Department approved locations.

10. **BACKGROUND OF APPLICANTS.** Applicants represent that none of the individuals who will exercise control subsequent to this acquisition, directly or indirectly, over the Domestic Insurer, or its subsidiaries have been found guilty of, or have pleaded guilty or nolo contendere to a felony or a misdemeanor, other than a civil traffic offense.

If the Department determines that any individual for whom the Applicants are required to submit background information as part of this Application is unacceptable under New Jersey Law, the Applicants or their representatives, and the Domestic Insurer shall remove the individuals in

question within 30 days of notice and replace them with a person or persons acceptable to the Department, or shall undertake such other corrective action as directed by the Department. Failure to act would render the acquisition hazardous or prejudicial to the insurance buying public, pursuant to N.J.S.A. 17:27A-2(d)(1)(vii). Accordingly, the Department may take administrative action as it deems appropriate upon the Certificate of Authority of the Domestic Insurer pursuant to applicable law.

11. ANNUAL AUDITED FINANCIAL STATEMENTS. Beginning with the year in which the transaction is consummated, the respective parties agree to file annually the following with the Department:

(a) Domestic Insurer annual audited financial statement in accordance with NAIC guidelines.

(b) Ultimate Controlling Entity of Domestic Insurer annual audited financial statement in accordance with Insurance Holding Company Systems Act N.J.S.A. 17:27A-1 et seq. Financial statements are required to be in accordance with United States generally accepted accounting principles.


12. CONSUMMATION OF ACQUISITION OF CONTROL. Applicants shall provide the Department with written confirmation of the consummation of the acquisition of control by the end of the month in which the acquisition takes place but no later than 90 days after the date of this Order. Applicants shall provide the Department with written details of the final purchase price after all adjustments used to complete the acquisition.

If the proposed acquisition is not consummated within 90 days of the date of this Order and the Applicants intend to consummate the proposed acquisition, the Applicants shall submit to

the Commissioner a statement requesting an extension and shall include: (i) the reason for the Applicants' inability to consummate the proposed acquisition; (ii) any material changes in the information contained in the Form A filing; and (iii) the current financial statements of the Applicants and the Domestic Insurer. Any and all extensions shall be with the written approval of the Commissioner.

13. REGULATORY APPROVALS. Applicants represent they have or will have obtained all the required regulatory approvals in connection with the Form A filing prior to consummating the transaction. Approval of the Form A filing relates to the change of control of the Domestic Insurer by the Applicants and does not constitute approval or acceptance of any transactions or agreements which are either implicitly or explicitly disclosed in the Form A filing.

08/24/2023  
Date



Justin Zimmerman  
Acting Commissioner

HN1 Therapy Network LLC/H.I.G. et al Order