New Jersey Audit Uncovers Conflicts of Interest in the Management of Public Health Insurance Funds



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On September 9, 2025, the New Jersey Office of the State Comptroller (OSC) issued a report about violations of conflict of interest rules and public contracting laws involving public health insurance funds (HIFs) that are used by local governments and school boards.

The OSC's investigation found that one insurance firm, Conner Strong & Buckelew (CSB) and its affiliate PERMA, gained control over several HIFs, including the Schools Health Insurance Fund (SHIF), by influencing how multimillion dollar contracts were written, awarded, and priced, even while CSB and PERMA competed for and won these government contracts. Further, while CSB and PERMA represented that they were separate independent entities linked only by a parent company, CSB and PERMA functioned as one entity and shared leadership and employees. Although SHIF paid PERMA and CSB a total of $36 million from 2021 to 2025, CSB and PERMA did not disclose the conflicts of interest to state regulators or school officials as is legally required. Additionally, procurement processes were structured to favor CSB and PERMA, which limited competition and violated procurement laws.

The OSC directed the affected HIFs to submit corrective action plans within 60 days. In addition, the OSC referred the matters to the Department of Banking and Insurance, the Department of Community Affairs, the Office of the Attorney General's Division of Consumer Affairs, and the School Ethics Commission and called for all insurance funds to review their vendor relationships and procurement practices and for the legislature to take action to require greater transparency and oversight of public health insurance funds.

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