

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
THE REPORT OF EXAMINATION OF  
DELTA DENTAL PLAN OF ARKANSAS, INC.**

AID NO. 2005- **062**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination ("Report" or "Report of Examination") as of December 31, 2004 of DELTA DENTAL PLAN OF ARKANSAS, INC. ("Company" or "HMD"), of Sherwood, Arkansas, NAIC #47155, a domestic medical service corporation (dental and vision only), is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by the Chief Counsel, Ms. Jean Langford, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before her, the Commissioner finds as follows:

**FINDINGS OF FACT**

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled medical service corporation (dental and vision services only) authorized to transact business in the State of Arkansas. In 2005, Delta Dental Plan of Arkansas, Inc. filed to make the Department aware of its intent to use a fictitious or trade name in the State of Arkansas; the Department replied in writing that there is no objection to the Company's proposed use of "Delta Dental Plan of Arkansas."
3. That pursuant to Ark. Code Ann. §23-61-201, et seq., §23-75-114, and other applicable laws, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2004.
4. That said examination was commenced by the Department on July 5, 2005, and completed on August 26, 2005.
5. That the verified Report of Examination was filed with the Department on September 19, 2005; it was then forwarded to the Company via certified mail on or about September 19, 2005. The Report was received by the Company on September 21, 2005, according to the certified mail receipt returned to the Department.
6. That the Examiners noted in the Report of Examination summary that minor financial reporting errors were found and reported to the Company, which has now implemented procedures to

correct those errors. As the Examiners deemed these to be immaterial, they are not noted in the examination report.

7. That the Company's report also notes a subsequent event, to the effect that the Company had entered into a contract in May of 2005, with Delta Dental of Virginia, to purchase a new claims processing system. The amount of that contract is \$1,250,000. The Examiners noted that while this is not a liability at the end of 2004 as the period under examination, it should be noted that this system is non-operating system software; and the Company will be required to non-admit a substantial portion of the amount for 2005, in accordance with SSAP #16, paragraph #2 from the NAIC's "Accounting Practices and Procedures Manual" (most current edition).

8. That the Company sent the Department no written rebuttal to the examination's findings.

THEREFORE, pursuant to the provisions of Ark. Code Ann. §23-61-205 and §23-75-114, the Commissioner hereby orders:

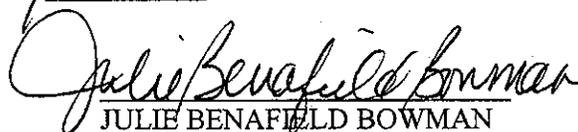
A. That the Examination Report, as filed with the Department is hereby adopted;

B. That the Department shall forward a copy of this Order and the adopted Examination Report to the Company, by certified mail;

D. That the Department shall forward to the Company specimen affidavit forms for the Company's Directors to use in acknowledgement that each member of the Board received the adopted Report of Examination and this Order. Thereafter and within thirty (30) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department the affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and adopted Examination Report, pursuant to Ark. Code Ann. §23-61-205(b)(1), et seq., and Ark. Code Ann. §23-75-114; and

E. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order.

IT IS SO ORDERED THIS 21st DAY OF November 2005.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS