

ANNUAL STATEMENT

OF THE

DELTA DENTAL PLAN

OF

ARKANSAS, INC.

of **SHERWOOD**

in the state of **ARKANSAS**

TO THE

Insurance Department

OF THE

STATE OF ARKANSAS

FOR THE YEAR ENDED

December 31, 2013

HEALTH

2013



47155201320100100

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2013
OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code 0000 (Current Period) (Prior Period) NAIC Company Code 47155 Employer's ID Number 71-0561140

Organized under the Laws of Arkansas, State of Domicile or Port of Entry Arkansas

Country of Domicile United States

Licensed as business type: Life, Accident & Health Property/Casualty Hospital, Medical & Dental Service or Indemnity
 Dental Service Corporation Vision Service Corporation Health Maintenance Organization
 Other Is HMO Federally Qualified? Yes No

Incorporated/Organized March 15, 1982 Commenced Business: August 1, 1982

Statutory Home Office 1513 Country Club Road, Sherwood, AR, US 72120
 (Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1513 Country Club Road
 (Street and Number)
Sherwood, AR, US 72120 501-835-3400
 (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 1513 Country Club Road, Sherwood, AR, US 72120
 (Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 1513 Country Club Road Sherwood, AR, US 72120 501-835-3400
 (Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.deltadentalar.com

Statutory Statement Contact Phyllis L Rogers 501-992-1616
 (Name) (Area Code) (Telephone Number) (Extension)
progers@deltadentalar.com 501-992-1617
 (E-Mail Address) (Fax Number)

OFFICERS

Name	Title
1. <u>Eddie Allen Choate</u>	<u>President and CEO</u>
2. <u>Mel Taylor Collazo</u>	<u>Secretary</u>
3. <u>Susan Jane Fletcher Smith</u>	<u>Vice Chair and Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Ina Lynn Harbert</u>	<u>Senior Vice President and COO</u>	<u>Phyllis Lynn Rogers</u>	<u>Senior Vice President and CFO</u>
<u>Herman Eldon Hurd</u>	<u>Vice President of Provider Relations</u>	<u>Allen Dale Moore</u>	<u>Vice President of Information Technology</u>
<u>Melissa C Masingill #</u>	<u>Vice President of Public Affairs</u>	<u>James W Couch #</u>	<u>Vice President and General Counsel</u>
<u>Jay Reavis #</u>	<u>Vice President of Sales & Marketing</u>		

DIRECTORS OR TRUSTEES

<u>Harold Wayne Perrin</u>	<u>Robert Howard Gladden</u>	<u>Ebb Weldon Johnson</u>	<u>James Talbert Johnston</u>
<u>Susan Jane Fletcher Smith</u>	<u>Mel Taylor Collazo</u>	<u>Ronald Paul Ownbey</u>	<u>Terri Anderson Miller</u>
<u>Troy John Dryden Bartels</u>	<u>Sarah Clark</u>	<u>Granville Wayne Callahan, Sr.</u>	<u>Mark Bailey #</u>
<u>Robert Mason #</u>			

State of Arkansas
 County of Pulaski ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature) <u>Eddie Allen Choate</u>	(Signature) <u>Mel Taylor Collazo</u>	(Signature) <u>Susan Jane Fletcher Smith</u>
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
<u>President and CEO</u>	<u>Secretary</u>	<u>Vice Chair and Treasurer</u>
(Title)	(Title)	(Title)

Subscribed and sworn to before me this _____ day of _____, 2014 by _____

a. Is this an original filing? Yes No
 b. If no: 1. State the amendment number _____
 2. Date filed _____
 3. Number of pages attached _____

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	21,993,130		21,993,130	21,592,455
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	33,927,971	17,960,168	15,967,803	16,212,408
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)	8,892,409		8,892,409	9,101,172
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	36,807		36,807	36,807
5. Cash (\$ 12,952,652, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 192,026, Schedule DA)	13,144,678		13,144,678	12,040,790
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	4,772,014		4,772,014	5,000,000
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	82,767,009	17,960,168	64,806,841	63,983,632
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	83,741		83,741	80,745
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	718,630		718,630	367,482
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	5,639,301		5,639,301	5,357,058
17. Amounts receivable relating to uninsured plans	8,135,748		8,135,748	10,768,670
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	946,376	782,188	164,188	373,742
21. Furniture and equipment, including health care delivery assets (\$ 0)	101,271	101,271		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	103,304		103,304	116,973
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,415,273	1,228,012	187,261	13,739
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	99,910,653	20,071,639	79,839,014	81,062,041
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	99,910,653	20,071,639	79,839,014	81,062,041

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Prepaid Expenses & Deposits	1,228,012	1,228,012		
2502. Miscellaneous Receivable	187,261		187,261	13,739
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,415,273	1,228,012	187,261	13,739

NONE

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 93,419 reinsurance ceded)	5,199,252		5,199,252	4,729,388
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	167,195		167,195	148,853
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	2,064,146		2,064,146	1,899,670
9. General expenses due or accrued	7,658,719		7,658,719	5,079,733
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable	836,184		836,184	807,909
12. Amounts withheld or retained for the account of others	2,334,892		2,334,892	2,476,101
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	594,044		594,044	1,278,407
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ (0) companies	93,419		93,419	106,765
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	1,877,513		1,877,513	1,839,721
23. Aggregate write-ins for other liabilities (including \$ 0 current)				
24. Total liabilities (Lines 1 to 23)	20,825,364		20,825,364	18,366,547
25. Aggregate write-ins for special surplus funds	X X X	X X X	50,000	50,000
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	58,963,650	62,645,496
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	59,013,650	62,695,496
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	79,839,014	81,062,043

DETAILS OF WRITE-IN LINES				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501. Surplus required by the Arkansas Insurance Department	X X X	X X X	50,000	50,000
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	50,000	50,000
3001. Surplus required by the Arkansas Insurance Department	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

NONE

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	2,797,962	2,669,838
2. Net premium income (including \$ 0 non-health premium income)	X X X	121,326,081	116,251,255
3. Change in unearned premium reserves and reserve for rate credits	X X X	(2,398)	(7,521)
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	6,469	166,582
8. Total revenues (Lines 2 to 7)	X X X	121,330,152	116,410,316
Hospital and Medical:			
9. Hospital/medical benefits		85,236,831	80,608,864
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		85,236,831	80,608,864
Less:			
17. Net reinsurance recoveries		(10,400,022)	(10,960,610)
18. Total hospital and medical (Lines 16 minus 17)		95,636,853	91,569,474
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 870,445 cost containment expenses		6,800,105	7,207,469
21. General administrative expenses		15,538,728	14,336,547
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		117,975,686	113,113,490
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	3,354,466	3,296,826
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		514,036	2,046,964
26. Net realized capital gains (losses) less capital gains tax of \$ 0		2,537,989	629,863
27. Net investment gains (losses) (Lines 25 plus 26)		3,052,025	2,676,827
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	6,406,491	5,973,653
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	6,406,491	5,973,653

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701. Miscellaneous Income	X X X	6,469	166,582
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X	6,469	166,582
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	62,695,498	62,068,658
34. Net income or (loss) from Line 32	6,406,491	5,973,653
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	1,673,561	(332,390)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(11,775,246)	(4,987,420)
40. Change in unauthorized and certified reinsurance	13,346	(27,003)
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	(3,681,848)	626,840
49. Capital and surplus end of reporting year (Line 33 plus 48)	59,013,650	62,695,498

DETAILS OF WRITE-IN LINES			
4701.			
4702.			
4703.			
4798.	Summary of remaining write-ins for Line 47 from overflow page		
4799.	Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)		

NONE

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	120,926,916	115,787,359
2. Net investment income	759,207	2,353,342
3. Miscellaneous income	2,465	167,327
4. Total (Lines 1 through 3)	121,688,588	118,308,028
5. Benefit and loss related payments	95,166,989	90,856,946
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	16,337,155	22,566,793
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	111,504,144	113,423,739
11. Net cash from operations (Line 4 minus Line 10)	10,184,444	4,884,289
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	5,435,954	27,494,488
12.2 Stocks	11,561,668	29,535,225
12.3 Mortgage loans		
12.4 Real estate		182,597
12.5 Other invested assets	227,986	
12.6 Net gains (or losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	17,225,608	57,212,310
13. Cost of investments acquired (long-term only):		
13.1 Bonds	5,826,676	19,341,558
13.2 Stocks	19,195,905	38,768,705
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		5,000,000
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	25,022,581	63,110,263
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(7,796,973)	(5,897,953)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(1,283,583)	1,204,874
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(1,283,583)	1,204,874
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	1,103,888	191,210
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	12,040,790	11,849,580
19.2 End of year (Line 18 plus Line 19.1)	13,144,678	12,040,790

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	121,326,081			118,417,325	2,908,756					
2. Change in unearned premium reserves and reserve for rate credit	(2,398)			(2,398)						
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	6,469	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,469
7. Total revenues (Lines 1 to 6)	121,330,152			118,414,927	2,908,756					6,469
8. Hospital/medical benefits	85,236,831			82,190,011	3,046,820					X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	85,236,831			82,190,011	3,046,820					X X X
16. Net reinsurance recoveries	(10,400,022)			(11,923,433)	1,523,411					X X X
17. Total hospital and medical (Lines 15 minus 16)	95,636,853			94,113,444	1,523,409					X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 0 cost containment expenses	6,800,105			6,577,609	222,496					
20. General administrative expenses	15,538,728			15,229,640	309,088					
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	117,975,686			115,920,693	2,054,993					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	3,354,466			2,494,234	853,763					6,469

DETAILS OF WRITE-IN LINES										
0501.										X X X
0502.										X X X
0503.										X X X
0598. Summary of remaining write-ins for Line 05 from overflow page										X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										X X X
0601. Miscellaneous Income	6,469	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,469
0602.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603.		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	6,469	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	6,469
1301.										X X X
1302.										X X X
1303.										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only	102,745,077	15,669,850		118,414,927
4. Vision only	5,817,516		2,908,761	2,908,755
5. Federal Employees Health Benefits Plan				
6. Title XVIII – Medicare				
7. Title XIX – Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	108,562,593	15,669,850	2,908,761	121,323,682
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	108,562,593	15,669,850	2,908,761	121,323,682

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	84,680,313			81,606,801	3,073,512					
1.2 Reinsurance assumed	12,038,487			12,038,487						
1.3 Reinsurance ceded	1,536,757				1,536,757					
1.4 Net	95,182,043			93,645,288	1,536,755					
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	4,367,671			4,180,833	186,838					
3.2 Reinsurance assumed	925,000			925,000						
3.3 Reinsurance ceded	93,419				93,419					
3.4 Net	5,199,252			5,105,833	93,419					
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	3,811,153			3,597,623	213,530					
8.2 Reinsurance assumed	1,025,000			1,025,000						
8.3 Reinsurance ceded	106,765				106,765					
8.4 Net	4,729,388			4,622,623	106,765					
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	85,236,831			82,190,011	3,046,820					
12.2 Reinsurance assumed	11,938,487			11,938,487						
12.3 Reinsurance ceded	1,523,411				1,523,411					
12.4 Net	95,651,907			94,128,498	1,523,409					
13. Incurred medical incentive pools and bonuses										

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	327,618			304,669	22,949					
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	327,618			304,669	22,949					
2. Incurred but Unreported:										
2.1 Direct	4,040,053			3,876,164	163,889					
2.2 Reinsurance assumed	925,000			925,000						
2.3 Reinsurance ceded	93,419				93,419					
2.4 Net	4,871,634			4,801,164	70,470					
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	4,367,671			4,180,833	186,838					
4.2 Reinsurance assumed	925,000			925,000						
4.3 Reinsurance ceded	93,419				93,419					
4.4 Net	5,199,252			5,105,833	93,419					

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	4,315,051	89,330,236		5,105,833	4,315,051	4,622,623
4. Vision only	85,482	1,451,274		93,419	85,482	106,765
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid						
8. Other health						
9. Health subtotal (Lines 1 through 8)	4,400,533	90,781,510		5,199,252	4,400,533	4,729,388
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	4,400,533	90,781,510		5,199,252	4,400,533	4,729,388

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
Hospital & Medical

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
Medicare Supplement

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Dental Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	53,128	53,128	53,128	53,128	53,128
2. 2009	52,979	54,953	54,953	54,953	54,953
3. 2010	X X X	54,204	56,758	56,758	56,758
4. 2011	X X X	X X X	65,199	68,488	68,488
5. 2012	X X X	X X X	X X X	86,141	90,418
6. 2013	X X X	X X X	X X X	X X X	89,354

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	53,128	53,128	53,128	53,128	53,128
2. 2009	55,199	54,953	54,953	54,953	54,953
3. 2010	X X X	54,204	56,758	56,758	56,758
4. 2011	X X X	X X X	54,204	56,758	56,758
5. 2012	X X X	X X X	X X X	90,764	90,418
6. 2013	X X X	X X X	X X X	X X X	94,460

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	71,423	54,946	3,669	6.677	58,615	82.067			58,615	82.067
2. 2010	73,854	56,178	5,720	10.182	61,898	83.811			61,898	83.811
3. 2011	90,177	67,753	6,525	9.631	74,278	82.369			74,278	82.369
4. 2012	113,542	93,745	6,992	7.459	100,737	88.722			100,737	88.722
5. 2013	118,415	93,645	6,578	7.024	100,223	84.637	5,106	166	105,495	89.089

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Vision Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	501	501	501	501	501
2. 2009	1,115	1,210	1,210	1,210	1,210
3. 2010	X X X	1,765	1,880	1,880	1,880
4. 2011	X X X	X X X	1,126	1,211	1,211
5. 2012	X X X	X X X	X X X	1,342	1,427
6. 2013	X X X	X X X	X X X	X X X	1,451

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	504	501	501	501	501
2. 2009	1,277	1,210	1,210	1,210	1,210
3. 2010	X X X	1,765	1,880	1,880	1,880
4. 2011	X X X	X X X	1,126	1,211	1,211
5. 2012	X X X	X X X	X X X	1,448	1,448
6. 2013	X X X	X X X	X X X	X X X	1,545

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	2,267	1,152			1,152	50.816			1,152	50.816
2. 2010	3,380	1,860			1,860	55.030			1,860	55.030
3. 2011	2,268	1,241			1,241	54.718			1,241	54.718
4. 2012	2,702	1,427			1,427	52.813			1,427	52.813
5. 2013	2,909	1,537	222	14.444	1,759	60.468	93	1	1,853	63.699

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
Fed Emp Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
 Title XVIII - Medicare

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
 Title XIX - Medicaid

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
 Other

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior					
2. 2009					
3. 2010	XXX				
4. 2011	XXX	XXX			
5. 2012	XXX	XXX	XXX		
6. 2013	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009										
2. 2010										
3. 2011										
4. 2012										
5. 2013										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)
Grand Total

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	53,629	53,629	53,629	53,629	53,629
2. 2009	54,094	56,163	56,163	56,163	56,163
3. 2010	X X X	55,969	58,638	58,638	58,638
4. 2011	X X X	X X X	66,325	69,699	69,699
5. 2012	X X X	X X X	X X X	87,483	91,845
6. 2013	X X X	X X X	X X X	X X X	90,805

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2009	2 2010	3 2011	4 2012	5 2013
1. Prior	53,632	53,629	53,629	53,629	53,629
2. 2009	56,476	56,163	56,163	56,163	56,163
3. 2010	X X X	55,969	58,638	58,638	58,638
4. 2011	X X X	X X X	55,330	57,969	57,969
5. 2012	X X X	X X X	X X X	92,212	91,866
6. 2013	X X X	X X X	X X X	X X X	96,005

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2009	73,690	56,098	3,669	6.540	59,767	81.106			59,767	81.106
2. 2010	77,234	58,038	5,720	9.856	63,758	82.552			63,758	82.552
3. 2011	92,445	68,994	6,525	9.457	75,519	81.691			75,519	81.691
4. 2012	116,244	95,172	6,992	7.347	102,164	87.888			102,164	87.888
5. 2013	121,324	95,182	6,800	7.144	101,982	84.058	5,199	167	107,348	88.480

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NONE Underwriting and Investment Exhibit - Part 2D

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ 0 for occupancy of own building)		114,300	76,200		190,500
2. Salaries, wages and other benefits		7,520,885	5,013,924		12,534,809
3. Commissions (less \$ 309,089 ceded plus \$ 1,021,878 assumed)			6,714,520		6,714,520
4. Legal fees and expenses			29,541		29,541
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			676,769		676,769
7. Traveling expenses		46,265	331,384		377,649
8. Marketing and advertising			563,765		563,765
9. Postage, express and telephone		1,557,716	178,219		1,735,935
10. Printing and office supplies		148,278	98,852		247,130
11. Occupancy, depreciation and amortization		150,709	100,473		251,182
12. Equipment					
13. Cost or depreciation of EDP equipment and software		464,651	428,872		893,523
14. Outsourced services including EDP, claims, and other services	870,445	2,154,349	1,431,486		4,456,280
15. Boards, bureaus and association fees			506,673		506,673
16. Insurance, except on real estate		52,629	35,086		87,715
17. Collection and bank service charges		108,125	72,084		180,209
18. Group service and administration fees					
19. Reimbursements by uninsured plans		(7,430,665)	(4,953,776)		(12,384,441)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses		90,574	60,383		150,957
22. Real estate taxes			77,043		77,043
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes		774,080			774,080
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			77,825		77,825
24. Investment expenses not included elsewhere				124,991	124,991
25. Aggregate write-ins for expenses		177,762	4,019,406		4,197,168
26. Total expenses incurred (Lines 1 to 25)	870,445	5,929,658	15,538,729	124,991	(a) 22,463,823
27. Less expenses unpaid December 31, current year		167,195	7,658,719		7,825,914
28. Add expenses unpaid December 31, prior year		98,748	1,364,500		1,463,248
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	870,445	5,861,211	9,244,510	124,991	16,101,157

DETAILS OF WRITE-IN LINES					
2501. Charitable Contributions			3,844,631		3,844,631
2502. Record Storage		10,202	6,801		17,003
2503. Seminars		69,647	46,432		116,079
2598. Summary of remaining write-ins for Line 25 from overflow page		97,913	121,542		219,455
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		177,762	4,019,406		4,197,168

(a) Includes management fees of \$ 0 to affiliates and \$ 0 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 138,859	145,294
1.1 Bonds exempt from U.S. tax	(a) 318,343	314,915
1.2 Other bonds (unaffiliated)	(a)	
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	160,692	160,692
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	190,500
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 36,398	36,388
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	654,292	847,789
11. Investment expenses		(g) 124,991
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i) 208,762
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		333,753
17. Net investment income (Line 10 minus Line 16)		514,036

DETAILS OF WRITE-IN LINES			
0901.	NONE		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	NONE		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

- (a) Includes \$ 20,771 accrual of discount less \$ 37,249 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 190,500 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 124,991 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(4,802)		(4,802)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	31,236		31,236		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	2,511,552		2,511,552	1,839,629	
2.21 Common stocks of affiliates				(166,068)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	2,537,986		2,537,986	1,673,561	

DETAILS OF WRITE-IN LINES					
0901.	NONE				
0902.					
0903.					
0998. Summary of remaining write-ins for Line 09 from overflow page					
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)					

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	17,960,168	5,896,207	(12,063,961)
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens			
3.2 Other than first liens			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2), and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	17,960,168	5,896,207	(12,063,961)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	782,188	1,023,986	241,798
21. Furniture and equipment, including health care delivery assets	101,271	212,757	111,486
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	1,228,012	1,163,445	(64,567)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	20,071,639	8,296,395	(11,775,244)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	20,071,639	8,296,395	(11,775,244)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses & Deposits	1,228,012	1,163,445	(64,567)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,228,012	1,163,445	(64,567)

NONE

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	226,449	233,254	234,163	233,996	232,447	2,797,962
7. Total	226,449	233,254	234,163	233,996	232,447	2,797,962

DETAILS OF WRITE-IN LINES						
0601. Dental Only	183,479	188,903	189,195	189,371	188,438	2,265,247
0602. Vision Only	42,970	44,351	44,968	44,625	44,009	532,715
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	226,449	233,254	234,163	233,996	232,447	2,797,962

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Delta Dental Plan of Arkansas, Inc. (the “Company”) have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual as required by the Arkansas Insurance Department.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The actual results could differ from these estimates.

C. Accounting Policy

Dental and vision premiums are billed in advance and are included in income ratably over the period to which they apply; accordingly, the portion of dental and vision premiums applicable to future periods is included in the statements of admitted assets, liabilities, capital and surplus – statutory basis as unearned premiums. Dental and vision care costs are accrued as services are rendered, including estimates of costs incurred but not yet reported.

The Company maintains deposits from certain employer groups with administrative service contracts. These deposits represent a prefunding of expected costs under the contract.

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost or fair (market) value based on the issuers NAIC Securities Valuation Office designation.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred Stocks - N/A
- (5) Mortgage Loans - N/A
- (6) Loan-Backed Securities - N/A
- (7) The Company carries Omega Administrators, Inc. (wholly-owned non-insurance subsidiary) and Renaissance Holding Company (non-insurance affiliate) at GAAP equity value adjusted to statutory accounting principles.

NOTES TO FINANCIAL STATEMENTS

- (8) The Company carries CapRocq Core Real Estate Fund (joint venture with limited liability in real estate fund) at GAAP equity value adjusted to statutory accounting principles.
- (9) Derivatives - N/A
- (10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
- (11) Claims incurred and unpaid include both claims in process and a provision for incurred but not reported claims. A provision for incurred but not reported claims is an actuarially determined and certified estimate based on claims experience and accumulated statistical data. The methods for making such actuarially determined and certified estimates and for establishing the resulting liability are continually reviewed. Provision is also made for estimated claims processing costs to be incurred in paying such claims and is included in unpaid claims adjustment expenses. Management believes the amounts reflected for these liabilities are adequate; however, the ultimate liabilities may differ from the amounts recorded. Any adjustments are reflected in the period they are recorded.
- (12) The Company has modified its capitalization policy from the prior annual period, changing the capitalization minimum from \$1,000 to \$10,000.
- (13) Pharmaceutical rebate receivables - N/A

Note 2: Accounting Changes and Corrections of Errors

- A. None.

Note 3: Business Combinations and Goodwill

- A. Statutory Purchase Method - None
- B. Statutory Merger - None
- C. Assumption Reinsurance - None
- D. Impairment Loss - None

Note 4: Discontinued Operations

- None.

Note 5: Investments

NOTES TO FINANCIAL STATEMENTS

- A. Mortgage Loans, including Mezzanine Real Estate Loans - N/A
- B. Debt Restructuring - N/A
- C. Reverse Mortgages - N/A
- D. Loan-Backed Securities
 - (1) Sources of Prepayment Assumptions - N/A
 - (2) OTTI Securities - N/A
 - (3) OTTI Securities - N/A
 - (4) All debt securities held as of December 31, 2013 where fair value was less than amortized cost for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:
 - 1. The aggregate amount of unrealized losses:

1. Less than 12 Months	\$239,300
2. 12 Months or Longer	\$51,609
 - 2. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$13,278,838
2. 12 Months or Longer	\$687,594
 - (5) Should an impairment of any of securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.
- E. Repurchase Agreements and/or Securities Lending Transactions - N/A
- F. Real Estate
 - (1) No impairment loss was recognized in 2013 for investments in real estate.
 - (2) The Company has a property in Sherwood, Arkansas which was classified as held for sale in 2013. This property is a lot behind a restaurant. The lot is currently listed and the company feels the surrounding businesses represent our best prospects.
 - (3) The Company has had no changes in plans to sell or not to sell any investments in real estate.
 - (4) Retail Land Sales Operations - N/A
 - (5) Real Estate Investments with Participating Mortgage Loan Features - N/A
- G. Low-income Housing Tax Credits (LIHTC) - N/A
- H. Restricted Assets

NOTES TO FINANCIAL STATEMENTS

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease)	Total Current Year Admitted Restricted	% Gross Restricted to Total Assets	% Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements						
c. Subject to repurchase agreements						
d. Subject to reverse repurchase agreements						
e. Subject to dollar repurchase agreements						
f. Subject to dollar reverse repurchase agreements						
g. Placed under option contracts						
h. Letter stock or securities restricted as to sale						
i. On deposit with states	\$50,000	\$50,000	\$ 0	\$50,000	0.0005%	0.0006%

NOTES TO FINANCIAL STATEMENTS

j. On deposit with other regulatory bodies						
k. Pledged as collateral not captured in other categories						
l. Other restricted assets						
m. Total Restricted Assets	\$50,000	\$50,000	\$ 0	\$50,000	.0005%	.0006%

Note 6: Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

Note 7: Investment Income

- A. Due and accrued investment income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due.
- B. The total amount excluded was \$0.

Note 8: Derivative Instruments

None.

Note 9: Income Taxes

The Company's primary activities are tax exempt under IRS Section 501(c)(4). Omega Ventures, Inc. (dissolved on December 7, 2012) and Omega Administrators, Inc. (the taxable entities) are subject to both federal and state income taxes. Delta Dental of

NOTES TO FINANCIAL STATEMENTS

Arkansas Foundation, Inc. and Delta Dental Arkansas Political Action Committee are tax exempt under IRS Sections 501(c)(3) and 527, respectively.

- A. Components of DTA or DTL Recognized in Financial Statements - N/A
- B. DTLs Not Recognized Due to Temporary Differences - N/A
- C. Significant Components of Income Taxes Incurred - N/A
- D. Income Tax Different from Change in DTAs and DTLs - N/A
- E. Operating Loss and Tax Credit Carry Forwards Available - N/A
- F. Federal Income Tax Return Consolidated with Others - N/A
- G. Federal or Foreign Income Tax Loss Contingencies – N/A

Note 10: Information Concerning Parent, Subsidiaries and Affiliates***A, B, C, F & H.***

Effective August 1, 2012, the Company affiliated with Renaissance Health Service Corporation (RHSC), a Michigan nonprofit holding corporation of various organizations. Pursuant to an affiliation agreement, RHSC became the sole corporate member of the Company. In accordance with the agreement, RHSC and the Company have certain rights regarding the nomination and election of members to each other's board of directors. The affiliation was approved by the Commissioner of the Arkansas Insurance Department on August 1, 2012.

Delta Dental Plan of Michigan, Inc. (DDPMI)

DDPMI and the Company belong to the same holding company, RHSC. DDPMI provides the Company certain actuarial, information technology, and other administrative services as detailed in agreements signed by both parties. The fees paid related to these agreements for the years ended December 31, 2013 and 2012 were \$1,261,499 and \$99,358, respectively. The Company reported \$594,044 and \$89,648 due to DDPMI at December 31, 2013 and 2012, respectively.

Renaissance Holding Company (Renaissance Holding)

As part of the affiliation with RHSC, the Company contributed \$8,900,000 for 890 shares, or 11.8 percent ownership of Renaissance Holding Company, a Michigan for-profit downstream holding company, on August 1, 2012. The carrying value of the Company's investment in Renaissance Holding was \$13,506,155 and \$4,053,102 at December 31, 2013 and 2012, respectively. The value of Renaissance Holding is based on the audited GAAP basis adjusted to statutory equity basis in accordance with SSAP No. 9. The adjustment to statutory basis included a "look through" to the subsidiaries held by Renaissance Holding. The values of these subsidiaries in determining Renaissance Holding's statutory equity value were also adjusted to statutory equity basis. On January 2, 2013 the Company purchased an additional 700 shares of Renaissance Holding common

NOTES TO FINANCIAL STATEMENTS

stock for \$7,000,000. There were no significant transactions between the Company and Renaissance Holding in 2013 or 2012, outside of the purchase of stock.

Omega Administrators, Inc.

On December 3, 2002, the Company incorporated Omega Administrators, Inc. (Omega) as a wholly owned for-profit non-insurance subsidiary. Omega was incorporated to serve as a third-party administrator and provide the Company with an alternative corporation that it can use to administer dental coverages for the Company and other insurance carriers outside the boundaries of the state of Arkansas.

Effective January 1, 2013, all employees and related benefit plans moved from Omega to Delta. The Company and Omega entered into an administrative services agreement, where Delta "will provide product support, customer service and related services necessary to administer Omega contracts, including administrative service contracts." For administering its services, Omega reimburses the Company monthly at the rate \$1.59 per dental subscriber per month for 2013. The initial term of this agreement is for a period of one year and will expire on December 31, 2013. The agreement will be renewed annually thereafter. Omega paid administration fees of \$919,639 during the year ended December 31, 2013.

Delta Dental of Arkansas Political Action Committee

Only July 30, 2010, the Company formed the Delta Dental of Arkansas Political Action Committee (the PAC) as a non-profit corporation. The PAC was intended to serve as a political action committee that may make contributions to and expenditures on behalf of state candidates, other committees and all matters thereto. During the years ended December 31, 2013 and 2012, the PAC received \$12,400 and \$20,900 in donations, respectively. The donations were received from both corporate and individual donors. During the years ended December 31, 2013 and 2012, the PAC made \$7,000 and \$16,000 in campaign contributions, respectively.

Delta Dental of Arkansas Foundation, Inc.

On December 7, 2007, the Company incorporated Delta Dental of Arkansas Foundation, Inc. (the Dental Foundation) as a 501(c)(3) organization to promote oral health in the State of Arkansas. In addition to its promotion of oral health, the Foundation will make gifts, grants and contributions to other charitable organizations as well as promote educational endeavors as permitted by the Internal Revenue Code. For the years ended December 31, 2013 and 2012, the Dental Foundation received donations in the amount of \$3,433,301 and \$1,765,956, respectively. The Dental Foundation made contributions of \$1,331,667 and \$1,380,370 to qualified organizations in 2013 and 2012, respectively.

D. At December 31, 2013, the Company reported \$102,569 and \$0 as amounts due from and to the subsidiary, Omega, respectively. At December 31, 2013, the Company reported \$594,044 as amounts due to affiliate, DDPMI. At December 31, 2013, the Company reported \$735 due from its affiliate, RHLIA. These amounts will be settled within thirty days of the report date.

E. Guarantees - See Note 14

NOTES TO FINANCIAL STATEMENTS

- F. See details above
- G. Control Relationship - N/A
- H. See sections above.
- I. Investment in a SCA that Exceeds 10% of Admitted Assets - N/A
- J. Investments in Impaired SCAs - N/A
- K. Investment in a Foreign Subsidiary - N/A
- L. Non Audited Downstream Non-insurance Holding Companies - N/A

Note 11: Debt

None.

Note 12: Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

A Nonqualified 457(b) Retirement Plan was established by the Company on April 1, 2003, "as an inducement and motivation to its key managerial and highly compensated employees and its Board of Directors." Participation in the plan is determined at the sole discretion of the Company's Board of Directors. At December 31, 2013 and 2012, plan assets totaled \$1,197,446 and \$974,737, respectively, and plan liabilities totaled \$1,197,446 and \$974,737, respectively, resulting in gains (losses) reported in the GAAP statements of activities of \$0 and \$0, respectively. The plan assets and liabilities and related gains (losses) on plan assets are omitted from statutory reporting.

The Company, through one of its wholly owned subsidiaries, provided profit-sharing and 401(k) plans for its eligible employees. Effective January 1, 2013, the 401(k) plan and the profit-sharing plan were transferred to the Company as all employees moved from Omega to the Company.

The Company sponsors a 401(k) plan (the "Plan") covering substantially all employees greater than 18 years old on first day of service. The Company will match 100 percent of the first 3 percent of deferred wages and 50 percent of the next 2 percent of deferred wages. A participant is immediately 100 percent vested in employee salary, rollover, and Company matching contributions and any income or loss thereon. Matching contributions to the Plan totaled approximately \$248,000 and \$251,000 in 2013 and 2012, respectively.

The Company also sponsors a profit-sharing plan covering all full-time employees who have completed one year of service. Contributions to the plan are discretionary and limited by the Internal Revenue Code. A participant is fully vested over a three-year period. Contributions to the profit-sharing plan totaled approximately \$586,000 and \$614,000 for the years ended December 31, 2013 and 2012, respectively.

NOTES TO FINANCIAL STATEMENTS

- A. Defined Benefit Plan - N/A
- B. Defined Contribution Plans - N/A
- C. Multiemployer Plans - N/A
- D. Consolidated/Holding Company Plans - N/A
- E. Postemployment Benefits and Compensated Absences - N/A
- F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - N/A

Note 13: Capital and Surplus, Shareholders' Dividend Restrictions and Quasi- Reorganizations

- (1) Capital Stock Authorized, Issued and Outstanding - N/A
- (2) Preferred Stock - N/A
- (3) Dividend Restrictions - N/A
- (4) Dividends Paid - N/A
- (5) Profits Paid as Ordinary Dividends - N/A
- (6) Under the laws of the state of Arkansas, the Company is required to provide a minimum contingency reserve of \$50,000. Pursuant to the Arkansas Statutory Deposit Requirements, the Company has pledged a certificate of deposit in the amount of \$50,000 to the Insurance Department of Arkansas.
- (7) Advances to Surplus Not Repaid - N/A
- (8) Stock Held for Special Purposes - N/A
- (9) Changes in Special Surplus Funds from Prior Year - N/A
- (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$1,524,155.
- (11) Surplus Notes - N/A
- (12) Impact of Restatement in Quasi-Reorganization - N/A
- (13) Effective Date of Quasi-Reorganization - N/A

Note 14: Contingencies

- A. Contingent Commitments - N/A
- B. Assessments - N/A
- C. Gain Contingencies - N/A

NOTES TO FINANCIAL STATEMENTS

- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - N/A
- E. All Other Contingencies - The Company is subject to claims and lawsuits in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect of the Company's results of operation or financial condition. The Company has no assets that it considers to be impaired.

On October 19, 2006, the Company entered into a vision marketing and third-party claims administration agreement with Avesis Third Party Administrators, Inc. (Avesis). The agreement calls for Avesis to provide vision plan designs, group underwriting, claim processing and payment and customer service. The Company has exclusive rights to market in Arkansas through December 31, 2007, and will extend the agreement if certain sales goals are met. Avesis will be the Company's exclusive vision insurance partner as long as network goals are achieved. Administration fees incurred with Avesis during 2013 and 2012 totaled \$889,581 and \$797,951, respectively.

In early 2005, the Company made the decision to convert its claims processing systems. The new claims processing system is owned by Delta Dental Plan of Virginia, Inc. (Virginia) and is licensed to the Company for its use. A maintenance fee is calculated based on a percentage of the total licensing fee and will be paid annually to Virginia for technical support and servicing upgrades. Total fees incurred were approximately \$557,635 and \$459,892 for the years ended December 31, 2013 and 2012, respectively.

Note 15: Leases

None.

Note 16: Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

None.

Note 17: Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities

None.

NOTES TO FINANCIAL STATEMENTS

Note 18: Gain or Loss to the Reporting Entity From Uninsured Plans and From the Uninsured Portion of Partially Insured Plans

A. ASO Plans - N/A

B. The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows for the years ended December 31, 2013 and 2012:

	2013	2012
Gross reimbursement for medical costs incurred	\$ 271,602,084	\$ 269,969,079
Gross administrative fees accrued	12,384,441	12,217,064
Gross expenses incurred (claims and administrative)	(283,986,525)	(282,186,143)
Total net gain or loss from operations	\$ 0	\$ 0

C. Medicare or Similarly Structured Cost Based Reimbursement Contract - N/A

Note 19: Direct Premiums Written/Produced by Managing General Agents/Third Party Administrators

None.

Note 20: Fair Value Measurements

A. Fair Value Measurements at Reporting Date

(1) Description	Level 1	Level 2	Level 3	Total
Assets at Fair Value				
Cash and ST Inv				
Cash	\$12,707,652			\$12,707,652
Money markets	\$192,026			\$192,026
Certificates of deposits	\$ 0	\$245,000		\$245,000
Total Cash and ST	\$12,899,678	\$245,000	\$ 0	\$13,144,678
Bonds				
U.S. Treasury		\$9,421,847		\$9,518,416
U.S. Govt Agencies		\$3,911,480		\$3,820,100
Industrial and Misc	\$8,520,248			\$8,654,614
Total Bonds	\$8,520,248	\$13,333,327	\$ 0	\$21,853,575
Common Stock				
Industrial and Misc	\$18,802,625	\$ 0	\$ 0	\$18,802,625
Total Common	\$18,802,625	\$ 0	\$ 0	\$18,802,625

NOTES TO FINANCIAL STATEMENTS

Stock				
Total Assets at Fair Value	\$40,222,551	\$13,578,327	\$ 0	\$53,800,878

B. Other Fair Value Measurements - N/A

C. Inability to Estimate Fair Value of Financial Instrument - N/A

Note 21: Other Items

A. Extraordinary Items - N/A

B. Troubled Debt Restructuring - N/A

C. Other Disclosures – N/A

D. Uncollectible Assets - N/A

E. Business Interruption Insurance Recoveries - N/A

F. State Transferable Tax Credits - N/A

G. Subprime-Mortgage-Related Risk Exposure - N/A

H. Retained Assets - N/A

Note 22: Events Subsequent

Subsequent events have been considered through February 28, 2014 for the statutory statement issued on February 28, 2014.

On January 1, 2014, the Company will be subject to an annual fee under section 9010 of the Affordable Care Act (ACA). This annual fee will be allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of health insurance for any U.S. health risk that is written during the preceding calendar year. A health insurance entity's portion of the annual fee becomes payable once the entity provides health insurance for any U.S. health risk for each calendar year beginning on or after January 1, 2014. As of December 31, 2013, the Company has written health insurance subject to the ACA assessment, expects to conduct health insurance business in 2014, and estimates their portion of the annual health insurance industry fee to be payable on September 30, 2014 to be \$614,000. This assessment is expected to impact risk based capital by 1%.

A. ACA fee assessment payable \$614,000

NOTES TO FINANCIAL STATEMENTS

- B. Assessment expected to impact RBC 1%

Note 23: Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) No

(2) No

Section 2 – Ceded Reinsurance Report – Part A

(1) Yes

(1) \$0

(2) \$0 - a non-admitted reinsurer accepts \$93,419 of the reserve

(2) No

Section 3 – Ceded Reinsurance Report – Part B

(1) N/A

(2) No

B. Uncollectible Reinsurance - N/A

C. Commutation of Ceded Reinsurance - N/A

Note 24: Retrospectively Rated Contracts and Contracts Subject to Redetermination

None.

Note 25: Change in Incurred Claims and Claims Adjustment Expenses

The reserve for incurred claims and claim adjustment expenses attributable to insured events increased \$469,864, from \$4,729,388 at December 31, 2012, to \$5,199,252 at December 31, 2013. This increase was due mainly to the large increase in existing subscribers in dental risk groups. This increase is also a result of the re-estimation of unpaid claims and claim adjustment expenses related to dental and vision insurance. Original estimates are increased and decreased as additional information becomes available regarding individual claims and as a result of the ongoing analysis of recent loss development trends.

NOTES TO FINANCIAL STATEMENTS

The incurred amounts related to prior years represent the variations between the Company's estimated losses and loss adjustment expense for prior years' claims and the actual amounts required to satisfy claims. These variations resulted primarily from loss development on the business.

Note 26: Intercompany Pooling Arrangements

None.

Note 27: Structured Settlements

None.

Note 28: Health Care Receivables

None.

Note 29: Participating Policies

None.

Note 30: Premium Deficiency Reserves

As of December 31, 2013, the Company had no liabilities related to premium deficiency reserves.

Note 31: Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

6.2 If yes, give full information:

.....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. _____ %
 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e., the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 FDIC	6 SEC
.....

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Plante Moran, PLLC, 1111 Michigan Avenue, East Lansing, MI 48823

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If response to 10.1 is yes, provide information related to this exemption:

.....

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If response to 10.3 is yes, provide information related to this exemption:

.....

GENERAL INTERROGATORIES

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes No N/A

10.6 If the response to 10.5 is no or n/a, please explain:

.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Toby L. Hall, Senior Vice President and Chief Actuary, at Delta Dental of Michigan, Ohio and Indiana; 4100 Okemos Road, Okemos, MI 48864

.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes No

12.11 Name of real estate holding company

CapRocq Core Real Estate Fun

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$ 4,772,014

12.2 If yes, provide explanation:

The Company has invested on 12/27/12 in CapRocq real estate fund (LLC) which will use the funds to acquire various real estate properties

.....

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

.....

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes No

13.3 Have there been any changes made to any of the trust indentures during the year? Yes No

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes No N/A

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes No

14.11 If the response to 14.1 is no, please explain:

.....

14.2 Has the code of ethics for senior managers been amended? Yes No

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

.....

GENERAL INTERROGATORIES

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

.....

15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List? Yes [] No [X]

15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1 American Bankers Association (ABA) Routing Number	2 Issuing or Confirming Bank Name	3 Circumstances That Can Trigger the Letter of Credit	4 Amount
.....
.....

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate thereof? Yes [X] No []

17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No []

18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person? Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]

20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

22.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [] No [X]

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment	\$ _____
22.22 Amount paid as expenses	\$ _____
22.23 Other amounts paid	\$ _____

GENERAL INTERROGATORIES

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes No

23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes No

24.02 If no, give full and complete information, relating thereto:

24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided):

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes No N/A

24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ _____

24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes No N/A

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes No N/A

24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____

24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$ _____

24.103 Total payable for securities lending reported on the liability page \$ _____

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes No

25.2 If yes, state the amount thereof at December 31 of the current year:

	25.21 Subject to repurchase agreements	\$ _____
	25.22 Subject to reverse repurchase agreements	\$ _____
	25.23 Subject to dollar repurchase agreements	\$ _____
	25.24 Subject to reverse dollar repurchase agreements	\$ _____
	25.25 Pledged as collateral	\$ _____
	25.26 Placed under option agreements	\$ _____
	25.27 Letter stock or securities restricted as to sale	\$ _____
	25.28 On deposit with state or other regulatory body	\$ _____ 50,000
	25.29 Other	\$ _____

25.3 For category (25.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....

GENERAL INTERROGATORIES

26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes No N/A
 If no, attach a description with this statement.

27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes No

27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

28. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes No

28.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Stephens Capital Management	111 Center Street, Little Rock, AR 72201
Intrust Wealth Management	5314 S Yale Avenue, Suite 206, Tulsa, OK 74135

28.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

28.03 Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year? Yes No

28.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

28.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
N/A	Stephens Capital Management	111 Center Street, Little Rock, AR 72201
N/A	Intrust Wealth Management	5314 S Yale Avenue, Suite 206, Tulsa, OK 74135

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D – Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes No

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
741479-10-9	T Rowe Price Growth Stk Fnd Ind Cm	5,192,563
47803U-64-0	John Hancock III Disciplined Value	5,087,300
55273G-29-8	MFS Intl. Diversification Fnd CL 1	2,950,657
74253Q-67-1	Principal Midcap Val Fund Ins 4774	1,648,033
74160Q-20-2	Primecap Odyssey Agr Grwth Fn 1651	1,622,221
00143M-49-7	Invesco Small Cap Value Fund CI Y	1,161,209
29.2999 TOTAL		18,802,625

GENERAL INTERROGATORIES

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
552983-52-0	MFS New Discovery Fund	1,140,642
29.2999 TOTAL		18,802,625

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
T Rowe Price Growth Stk Fnd I	Google Inc.	318,823	12/31/2013
T Rowe Price Growth Stk Fnd I	Amazon.com, Inc.	274,167	12/31/2013
John Hancock III Disciplined Val	Exxon Mobil Corporation Comm	236,051	12/31/2013
John Hancock III Disciplined Val	Berkshire Hathaway Inc Class B	190,265	12/31/2013
John Hancock III Disciplined Val	Wells Fargo & Company Comm	181,617	12/31/2013
John Hancock III Disciplined Val	Pfizer, Inc. Common Stock	168,390	12/31/2013
John Hancock III Disciplined Val	Citigroup, Inc. Common Stock	164,829	12/31/2013
T Rowe Price Growth Stk Fnd I	Mastercard Incorporated Comm	157,335	12/31/2013
T Rowe Price Growth Stk Fnd I	priceline.com Incorporated	154,738	12/31/2013
John Hancock III Disciplined Val	JP Morgan Chase & Co. Comm	154,654	12/31/2013
T Rowe Price Growth Stk Fnd I	Apple Inc.	147,988	12/31/2013
Principal Midcap Val Fund Ins 4	S&P Mid 400 Emini Mar14	146,510	12/31/2013
T Rowe Price Growth Stk Fnd I	Visa Inc.	145,911	12/31/2013
T Rowe Price Growth Stk Fnd I	Gilead Sciences, Inc.	143,834	12/31/2013
John Hancock III Disciplined Val	Johnson & Johnson Common S	132,270	12/31/2013
John Hancock III Disciplined Val	Occidental Petroleum Corporati	125,656	12/31/2013
T Rowe Price Growth Stk Fnd I	Crown Castle International Corp	118,390	12/31/2013
T Rowe Price Growth Stk Fnd I	Danaher Corporation Common	115,275	12/31/2013
T Rowe Price Growth Stk Fnd I	Precision Castparts Corporation	113,198	12/31/2013
John Hancock III Disciplined Val	Bank of America Corporation C	105,307	12/31/2013
John Hancock III Disciplined Val	CVS Caremark Corporation Co	104,290	12/31/2013
Primecap Odyssey Agr Grwth F	Pharmacyclics, Inc.	47,044	12/31/2013
Primecap Odyssey Agr Grwth F	Dreamworks Animation SKG, In	47,044	12/31/2013
Principal Midcap Val Fund Ins 4	Cigna Corporation Common Sto	44,332	12/31/2013
Principal Midcap Val Fund Ins 4	Cardinal Health, Inc. Common	44,002	12/31/2013
Principal Midcap Val Fund Ins 4	Fifth Third Bancorp	42,354	12/31/2013
Invesco Small Cap Value Fund	Abercrombie & Fitch Company	42,268	12/31/2013
Primecap Odyssey Agr Grwth F	Qiagen N.V.	39,744	12/31/2013
Primecap Odyssey Agr Grwth F	Seattle Genetics, Inc.	38,447	12/31/2013
Primecap Odyssey Agr Grwth F	ROCHE HLDG AG DIV RT	38,447	12/31/2013
Invesco Small Cap Value Fund	E*TRADE Financial Corporation	38,088	12/31/2013
Invesco Small Cap Value Fund	Alere Inc. Common Stock	36,694	12/31/2013
Principal Midcap Val Fund Ins 4	Omnicare, Inc. Common Stock	36,586	12/31/2013
Invesco Small Cap Value Fund	ManpowerGroup Common Stoc	36,462	12/31/2013
Invesco Small Cap Value Fund	LPL Financial Holdings Inc.	34,604	12/31/2013
Primecap Odyssey Agr Grwth F	TRIBUNE COMPANY	34,229	12/31/2013
Invesco Small Cap Value Fund	Belden Inc Common Stock	32,746	12/31/2013
Primecap Odyssey Agr Grwth F	Micron Technology, Inc.	31,958	12/31/2013
Invesco Small Cap Value Fund	Harman International Industries	31,933	12/31/2013
Primecap Odyssey Agr Grwth F	Fluidigm Corporation	31,309	12/31/2013
Invesco Small Cap Value Fund	Aercap Holdings N.V. Ordinary	30,888	12/31/2013
Primecap Odyssey Agr Grwth F	Delta Air Lines, Inc. Common St	29,849	12/31/2013
Primecap Odyssey Agr Grwth F	CME Group Inc.	29,849	12/31/2013
Principal Midcap Val Fund Ins 4	CA Inc.	29,335	12/31/2013
Invesco Small Cap Value Fund	Sealed Air Corporation Commo	29,262	12/31/2013
Invesco Small Cap Value Fund	Zions Bancorporation	29,030	12/31/2013
Principal Midcap Val Fund Ins 4	SLM Corporation	29,005	12/31/2013
MFS Intl. Diversification Fnd CL	Royal Dutch Shell PLC Class A	28,301	12/31/2013
Principal Midcap Val Fund Ins 4	Murphy Oil Corporation Commo	27,852	12/31/2013
Principal Midcap Val Fund Ins 4	Discover Financial Services Co	27,193	12/31/2013
MFS New Discovery Fund	CONSOL Energy Inc. Common	26,349	12/31/2013
MFS Intl. Diversification Fnd CL	KDDI Corp.	26,016	12/31/2013
MFS Intl. Diversification Fnd CL	Nestle SA	23,981	12/31/2013
MFS Intl. Diversification Fnd CL	Danone	23,741	12/31/2013
MFS New Discovery Fund	Joy Global Inc. Common Stock	23,497	12/31/2013
MFS Intl. Diversification Fnd CL	HSBC Holdings PLC	23,276	12/31/2013
MFS New Discovery Fund	Diana Shipping inc. common st	22,471	12/31/2013

GENERAL INTERROGATORIES

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
MFS Intl. Diversification Fnd CL	Nestle SA	22,106	12/31/2013
MFS New Discovery Fund	Atwood Oceanics, Inc. Common	21,330	12/31/2013
MFS New Discovery Fund	Constant Contact, Inc.	21,330	12/31/2013
MFS New Discovery Fund	IPG Photonics Corporation	21,330	12/31/2013
Principal Midcap Val Fund Ins 4	Royal Caribbean Cruises Ltd. C	21,260	12/31/2013
MFS Intl. Diversification Fnd CL	GlaxoSmithKline PLC	21,111	12/31/2013
MFS New Discovery Fund	Polypore International Inc Com	20,988	12/31/2013
MFS Intl. Diversification Fnd CL	Nestle SA	20,898	12/31/2013

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	22,185,156	22,045,601	(139,555)
30.2 Preferred stocks			
30.3 Totals	22,185,156	22,045,601	(139,555)

30.4 Describe the sources or methods utilized in determining the fair values:
Brokerage statements - FV taken from stock exchanges

.....

.....

.....

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [] No [X]

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

.....

.....

.....

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

32.2 If no, list exceptions:

.....

.....

.....

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 301,172

33.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Delta Dental Plans Association	\$ 278,272
.....	\$
.....	\$

GENERAL INTERROGATORIES

34.1 Amount of payments for legal expenses, if any? \$ 29,541

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Friday, Eldredge & Clark	\$ 17,409
Mitchell Williams Law PLLC	\$ 8,079
	\$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 102,089

35.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
DBH	\$ 62,089
InVeritas, Inc.	\$ 40,000
	\$

GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
- 1.2 If yes, indicate premium earned on U.S. business only. \$ _____
- 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$ _____
- 1.31 Reason for excluding
.....
.....
.....
- 1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. \$ _____
- 1.5 Indicate total incurred claims on all Medicare Supplement insurance. \$ _____
- 1.6 Individual policies:
- Most current three years:
- 1.61 Total premium earned \$ _____
- 1.62 Total incurred claims \$ _____
- 1.63 Number of covered lives _____
- All years prior to most current three years:
- 1.64 Total premium earned \$ _____
- 1.65 Total incurred claims \$ _____
- 1.66 Number of covered lives _____
- 1.7 Group policies:
- Most current three years:
- 1.71 Total premium earned \$ _____
- 1.72 Total incurred claims \$ _____
- 1.73 Number of covered lives _____
- All years prior to most current three years:
- 1.74 Total premium earned \$ _____
- 1.75 Total incurred claims \$ _____
- 1.76 Number of covered lives _____

2. Health Test:

	1 Current Year	2 Prior Year	
2.1 Premium Numerator	\$ 121,326,081	\$ 116,251,255	
2.2 Premium Denominator	\$ 121,326,081	\$ 116,251,255	
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000	
2.4 Reserve Numerator	\$ 5,199,252	\$ 4,729,388	
2.5 Reserve Denominator	\$ 5,199,252	\$ 4,729,388	
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000	

- 3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [] No [X]
- 3.2 If yes, give particulars:
.....
.....
.....
- 4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No []
- 4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [] No [X]
- 5.1 Does the reporting entity have stop-loss reinsurance? Yes [] No [X]
- 5.2 If no, explain:
Dental and Vision insurance is a short-tailed insurance product with very predictable experience. In addition, the maximum policy exposure is limited. Stop-loss reinsurance is not considered necessary.
.....
.....
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ _____
- 5.32 Medical Only \$ _____
- 5.33 Medicare Supplement \$ _____
- 5.34 Dental and vision \$ _____
- 5.35 Other Limited Benefit Plan \$ _____ 2,500
- 5.36 Other \$ _____

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

N/A

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2013	2012	2011	2010	2009
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	79,839,014	81,062,041	78,444,436	74,194,521	64,551,004
2. Total liabilities (Page 3, Line 24)	20,825,364	18,366,547	16,375,778	12,762,826	11,199,672
3. Statutory surplus	50,000	50,000	50,000	50,000	50,000
4. Total capital and surplus (Page 3, Line 33)	59,013,650	62,695,496	62,068,658	61,381,695	53,351,332
Income Statement (Page 4)					
5. Total revenues (Line 8)	121,330,152	116,410,316	92,449,390	80,048,942	73,345,570
6. Total medical and hospital expenses (Line 18)	95,636,853	91,569,474	71,953,449	61,234,664	55,953,481
7. Claims adjustment expenses (Line 20)	6,800,105	7,207,469	6,525,304	5,720,160	3,678,411
8. Total administrative expenses (Line 21)	15,538,728	14,336,547	14,639,712	11,669,787	10,115,634
9. Net underwriting gain (loss) (Line 24)	3,354,466	3,296,826	(669,075)	1,424,331	3,598,044
10. Net investment gain (loss) (Line 27)	3,052,025	2,676,827	2,757,952	7,497,783	2,671,831
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	6,406,491	5,973,653	2,088,877	8,922,114	6,269,875
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	10,184,444	4,884,289	2,325,629	8,293,846	10,363,620
Risk-Based Capital Analysis					
14. Total adjusted capital	59,013,650	62,695,496	62,068,658	61,431,696	53,351,332
15. Authorized control level risk-based capital	6,388,131	5,117,707	3,412,650	3,142,527	3,462,342
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	232,447	226,449	181,566	169,649	160,553
17. Total members months (Column 6, Line 7)	2,797,962	2,669,838	2,135,410	1,964,168	1,848,061
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	78.8	78.8	77.8	76.5	76.3
20. Cost containment expenses					
21. Other claims adjustment expenses			7.1	6.8	5.0
22. Total underwriting deductions (Line 23)	97.2	97.3	100.7	98.2	95.1
23. Total underwriting gain (loss) (Line 24)	2.8	2.8	(0.7)	1.8	4.9
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	4,400,533	3,373,907	3,494,126	2,058,923	2,004,298
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	4,729,388	4,016,859	2,467,869	2,381,317	2,519,114
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	15,125,339	8,291,407	1,315,106	1,639,646	2,515,530
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	15,125,339	8,291,407	1,315,106	1,639,646	2,515,530
33. Total investment in parent included in Lines 26 to 31 above.					

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors?

Yes [] No [X]

If no, please explain:

.....

.....

.....

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N	108,562,593					108,562,593	
5. California	CA	N							
6. Colorado	CO	N							
7. Connecticut	CT	N							
8. Delaware	DE	N							
9. District of Columbia	DC	N							
10. Florida	FL	N							
11. Georgia	GA	N							
12. Hawaii	HI	N							
13. Idaho	ID	N							
14. Illinois	IL	N							
15. Indiana	IN	N							
16. Iowa	IA	N							
17. Kansas	KS	N							
18. Kentucky	KY	N							
19. Louisiana	LA	N							
20. Maine	ME	N							
21. Maryland	MD	N							
22. Massachusetts	MA	N							
23. Michigan	MI	N							
24. Minnesota	MN	N							
25. Mississippi	MS	N							
26. Missouri	MO	N							
27. Montana	MT	N							
28. Nebraska	NE	N							
29. Nevada	NV	N							
30. New Hampshire	NH	N							
31. New Jersey	NJ	N							
32. New Mexico	NM	N							
33. New York	NY	N							
34. North Carolina	NC	N							
35. North Dakota	ND	N							
36. Ohio	OH	N							
37. Oklahoma	OK	N							
38. Oregon	OR	N							
39. Pennsylvania	PA	N							
40. Rhode Island	RI	N							
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X							
59. Subtotal		X X X	108,562,593					108,562,593	
60. Reporting entity contributions for Employee Benefit Plans		X X X							
61. Totals (Direct Business)	(a)	X X X	108,562,593					108,562,593	

DETAILS OF WRITE-INS									
58001.		X X X							
58002.		X X X							
58003.		X X X							
58998.	Summary of remaining write-ins for Line 58 from overflow page	X X X							
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X							

NONE

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

Explanation of basis of allocation by states, premiums by state, etc.

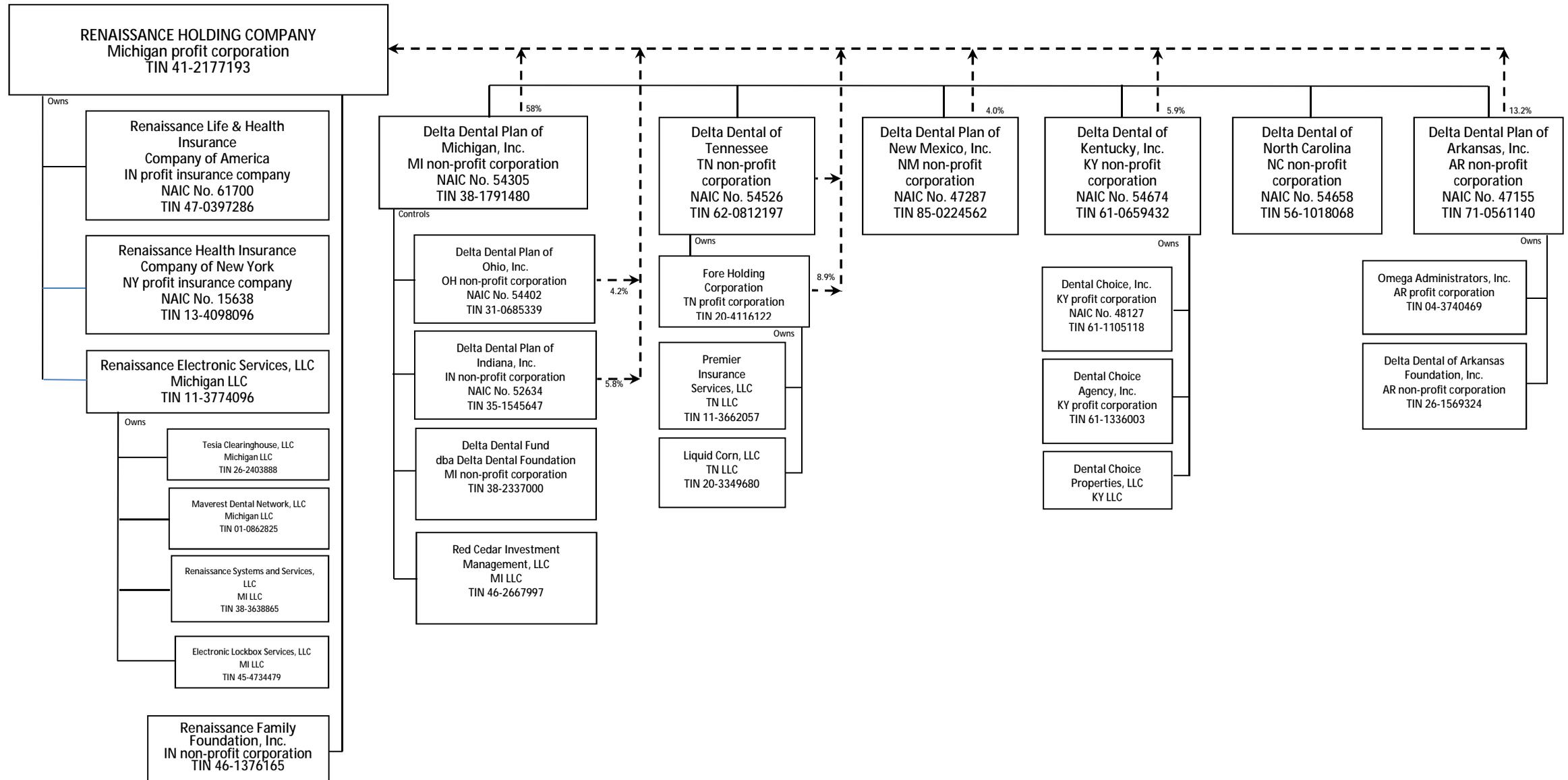
Arkansas only

(a) Insert the number of L responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART RENAISSANCE HEALTH SERVICE CORPORATION Michigan non-profit corporation TIN 38-1675667

ORGANIZATIONAL
CHART
March 31, 2013



OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. Subscriptions			56,267		56,267
2505. Consulting		97,913	65,275		163,188
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)		97,913	121,542		219,455

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