

ANNUAL STATEMENT

OF THE

DELTA DENTAL

OF RHODE ISLAND

of **PROVIDENCE**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

STATE OF RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2017

HEALTH

2017

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)	64,509,335		64,509,335	69,266,845
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	56,169,624		56,169,624	42,804,842
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)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 5,695,700, Schedule E - Part 1), cash equivalents (\$ 167,988, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	5,863,688		5,863,688	522,280
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	7,730,973		7,730,973	6,317,928
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)	134,273,620		134,273,620	118,911,895
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	575,285		575,285	636,208
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	738,757	22,934	715,823	635,437
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 (\$ 0) and contracts subject to redetermination (\$ 0)				
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	3,461,883	104,432	3,357,451	5,033,421
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	471,531	77,080	394,451	612,229
21. Furniture and equipment, including health care delivery assets (\$ 0)	143,145	143,145		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	8,062,628	7,799,857	262,771	122,000
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	671,975	670,612	1,363	463
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	148,398,824	8,818,060	139,580,764	125,951,653
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	148,398,824	8,818,060	139,580,764	125,951,653

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 AND OTHER ACCTS. REC.	670,612	670,612		
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS	900		900	
2503. NET STATE AND FEDERAL TAX ADVANCES	463		463	463
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	671,975	670,612	1,363	463

NONE

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	4,342,000		4,342,000	4,267,000
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	403,303		403,303	394,381
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	2,026,077		2,026,077	1,754,524
9. General expenses due or accrued	11,915,662		11,915,662	7,634,181
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				
12. Amounts withheld or retained for the account of others				
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	197,373		197,373	
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				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	1,762,316		1,762,316	3,582,948
23. Aggregate write-ins for other liabilities (including \$ 0 current)	363,946		363,946	560,087
24. Total liabilities (Lines 1 to 23)	21,010,677		21,010,677	18,193,121
25. Aggregate write-ins for special surplus funds	X X X	X X X	841,948	
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	46,643,574	33,022,877
31. Unassigned funds (surplus)	X X X	X X X	71,084,565	74,735,655
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	118,570,087	107,758,532
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	139,580,764	125,951,653

DETAILS OF WRITE-IN LINES				
2301. ADVANCE DEPOSITS	363,946		363,946	560,087
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)	363,946		363,946	560,087
2501. RESTRICTED RESERVES ACA ASSESSMENT	X X X	X X X	841,948	
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	841,948	
3001. RESERVES FROM WHOLLY OWNED SUBSIDIARIES	X X X	X X X	46,643,574	33,022,877
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	46,643,574	33,022,877

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	3,117,274	2,343,111
2. Net premium income (including \$ 0 non-health premium income)	X X X	97,522,483	75,974,126
3. Change in unearned premium reserves and reserve for rate credits	X X X		
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		
8. Total revenues (Lines 2 to 7)	X X X	97,522,483	75,974,126
Hospital and Medical:			
9. Hospital/medical benefits			
10. Other professional services		78,438,614	58,638,216
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)		78,438,614	58,638,216
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		78,438,614	58,638,216
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 566,321 cost containment expenses		5,691,285	5,744,957
21. General administrative expenses		10,398,812	10,820,407
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)		94,528,711	75,203,580
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	2,993,772	770,546
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,667,272	1,884,272
26. Net realized capital gains (losses) less capital gains tax of \$ 0		105,167	(13,458)
27. Net investment gains (losses) (Lines 25 plus 26)		1,772,439	1,870,814
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		154,378	122,008
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	4,920,589	2,763,368
31. Federal and foreign income taxes incurred	X X X		
32. Net income (loss) (Lines 30 minus 31)	X X X	4,920,589	2,763,368

DETAILS OF WRITE-IN LINES			
0601.		X X X	
0602.		X X X	
0603.	NONE	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.		X X X	
0702.		X X X	
0703.	NONE	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	
1401.			
1402.			
1403.	NONE		
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. GAIN ON PURCHASE ON RHODE ISLAND TAX CREDITS		154,378	122,008
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)		154,378	122,008

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	107,758,532	99,764,734
34. Net income or (loss) from Line 32	4,920,589	2,763,368
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	5,264,582	4,473,420
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	728,690	986,341
40. Change in unauthorized and certified reinsurance		
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	(102,306)	(229,331)
48. Net change in capital and surplus (Lines 34 to 47)	10,811,555	7,993,798
49. Capital and surplus end of reporting year (Line 33 plus 48)	118,570,087	107,758,532

DETAILS OF WRITE-IN LINES		
4701. INCLUSION OF BAD DEBT RESERVE IN THE NON-ADMITTED ASSETS	(102,306)	(229,331)
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)	(102,306)	(229,331)

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	99,389,620	75,472,103
2. Net investment income	1,833,362	1,898,471
3. Miscellaneous income	154,378	122,008
4. Total (Lines 1 through 3)	101,377,360	77,492,582
5. Benefit and loss related payments	78,363,614	59,243,216
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	13,620,326	13,969,252
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)	91,983,940	73,212,468
11. Net cash from operations (Line 4 minus Line 10)	9,393,420	4,280,114
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	14,078,860	8,599,843
12.2 Stocks	3,048,852	12,286,584
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	1,523,183	1,833,721
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)	18,650,895	22,720,148
13. Cost of investments acquired (long-term only):		
13.1 Bonds	9,994,868	8,180,296
13.2 Stocks	1,342,133	13,625,831
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets	2,695,944	1,698,511
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	14,032,945	23,504,638
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	4,617,950	(784,490)
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)	(8,669,964)	1,329,730
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(8,669,964)	1,329,730
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)	5,341,406	4,825,354
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	522,280	(4,303,074)
19.2 End of year (Line 18 plus Line 19.1)	5,863,686	522,280

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	97,522,483			97,522,483						
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	97,522,483			97,522,483						
8. Hospital/medical benefits										XXX
9. Other professional services	78,438,614			78,438,614						XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs										XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	78,438,614			78,438,614						XXX
16. Net reinsurance recoveries										XXX
17. Total hospital and medical (Lines 15 minus 16)	78,438,614			78,438,614						XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 566,321 cost containment expenses	5,691,285			2,100,167					3,591,118	
20. General administrative expenses	10,398,812			7,045,451					3,353,361	
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	94,528,711			87,584,232					6,944,479	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	2,993,772			9,938,251					(6,944,479)	

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

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	97,522,483			97,522,483
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII – Medicare				
7. Title XIX – Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	97,522,483			97,522,483
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	97,522,483			97,522,483

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	78,363,614			78,363,614						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	78,363,614			78,363,614						
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	4,342,000			4,342,000						
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	4,342,000			4,342,000						
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	4,267,000			4,267,000						
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	4,267,000			4,267,000						
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	78,438,614			78,438,614						
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	78,438,614			78,438,614						
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	266,788			266,788						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	266,788			266,788						
2. Incurred but Unreported:										
2.1 Direct	4,075,212			4,075,212						
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	4,075,212			4,075,212						
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	4,342,000			4,342,000						
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	4,342,000			4,342,000						

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	2	3	4	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	4,070,190	74,293,424	34,366	4,307,634	4,104,556	4,267,000
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	4,070,190	74,293,424	34,366	4,307,634	4,104,556	4,267,000
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	4,070,190	74,293,424	34,366	4,307,634	4,104,556	4,267,000

(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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12HM

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12.MS

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013	2,765				
3. 2014	71,531	2,566			
4. 2015	XXX	65,307	2,954		
5. 2016	XXX	XXX	64,685	2,262	
6. 2017	XXX	XXX	XXX	56,981	4,070
				XXX	74,293

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior	2,781				
2. 2013	76,464	2,587			
3. 2014	XXX	69,761	2,964		
4. 2015	XXX	XXX	69,547	2,321	
5. 2016	XXX	XXX	XXX	61	4,104
6. 2017	XXX	XXX	XXX	XXX	78,601

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. 2013	100,329	74,097			74,097	73.854			74,097	73.854
2. 2014	89,710	68,261			68,261	76.091			68,261	76.091
3. 2015	84,961	66,947			66,947	78.797			66,947	78.797
4. 2016	75,974	61,051	394	0.645	61,445	80.876	34		61,479	80.921
5. 2017	97,522	74,293			74,293	76.181	4,308	403	79,004	81.011

12D0

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12.VO

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12XV

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

12 XI

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior					
2. 2013					
3. 2014	XXX				
4. 2015	XXX	XXX			
5. 2016	XXX	XXX	XXX		
6. 2017	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. 2013										
2. 2014										
3. 2015										
4. 2016										
5. 2017										

1201

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior		2,765			
2. 2013		71,531	2,566		
3. 2014	X X X		65,307	2,954	
4. 2015	X X X			64,685	2,262
5. 2016	X X X				56,981
6. 2017	X X X			X X X	4,070
					74,293

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 2013	2 2014	3 2015	4 2016	5 2017
1. Prior		2,781			
2. 2013		76,464	2,587		
3. 2014	X X X		69,761	2,964	
4. 2015	X X X			69,547	2,321
5. 2016	X X X				61
6. 2017	X X X			X X X	4,104
					78,601

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. 2013	100,329	74,097			74,097	73.854			74,097	73.854
2. 2014	89,710	68,261			68,261	76.091			68,261	76.091
3. 2015	84,961	66,947			66,947	78.797			66,947	78.797
4. 2016	75,974	61,051	394	0.645	61,445	80.876	34		61,479	80.921
5. 2017	97,522	74,293			74,293	76.181	4,308	403	79,004	81.011

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D – AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ _____ 0 for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)			NONE						
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									

13

DETAILS OF WRITE-IN LINES									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)			NONE						
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)			NONE						

(a) Includes \$ _____ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 0 for occupancy of own building)		432,106	403,497		835,603
2. Salaries, wages and other benefits	844,058	4,703,708	5,374,637		10,922,403
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			2,180,054		2,180,054
4. Legal fees and expenses			134,823		134,823
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	57,680	864,975	186,627		1,109,282
7. Traveling expenses	934	5,277	114,127		120,338
8. Marketing and advertising			498,417		498,417
9. Postage, express and telephone		526,375	26,748		553,123
10. Printing and office supplies			196,833		196,833
11. Occupancy, depreciation and amortization			677,882		677,882
12. Equipment		1,157,884			1,157,884
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		329,554	79,296		408,850
15. Boards, bureaus and association fees	2,313	6,149	610,572		619,034
16. Insurance, except on real estate			177,724		177,724
17. Collection and bank service charges			(74,940)		(74,940)
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(354,134)	(3,236,984)	(3,353,361)		(6,944,479)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes			1,950,450		1,950,450
23.3 Regulatory authority licenses and fees			25,500		25,500
23.4 Payroll taxes	15,148	334,485	367,077		716,710
23.5 Other (excluding federal income and real estate taxes)			93,539		93,539
24. Investment expenses not included elsewhere				445,494	445,494
25. Aggregate write-ins for expenses	322	1,435	729,310		731,067
26. Total expenses incurred (Lines 1 to 25)	566,321	5,124,964	10,398,812	445,494	(a) 16,535,591
27. Less expenses unpaid December 31, current year		403,303	11,915,662		12,318,965
28. Add expenses unpaid December 31, prior year		394,381	7,634,181		8,028,562
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)	566,321	5,116,042	6,117,331	445,494	12,245,188

DETAILS OF WRITE-IN LINES					
2501. NET OTHER EXPENSES	322	1,435	674,637		676,394
2502. FAS 106			54,673		54,673
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	322	1,435	729,310		731,067

(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)	
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 1,686,557	1,625,634
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	264,146	264,146
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 9,513	9,513
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	423,258	423,258
10. Total gross investment income	2,383,474	2,322,551
11. Investment expenses		(g) 445,494
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)
15. Aggregate write-ins for deductions from investment income		209,781
16. Total deductions (Lines 11 through 15)		655,275
17. Net investment income (Line 10 minus Line 16)		1,667,276

DETAILS OF WRITE-IN LINES		
0901. FEDERAL MARKETING JOINT VENTURE ACTIVITY	400,298	400,298
0902. INCOME FROM SUBSIDIARIES	18,347	18,347
0903. OTHER INCOME	4,613	4,613
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	423,258	423,258
1501. BANK SERVICE FEES		209,781
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)		209,781

- (a) Includes \$ 33,658 accrual of discount less \$ 745,246 amortization of premium and less \$ 91,345 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 \$ 0 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 \$ 0 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					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	21,329		21,329	39,169	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	200,405		200,405	5,127,040	
2.21 Common stocks of affiliates					
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)	(116,566)		(116,566)	98,373	
10. Total capital gains (losses)	105,168		105,168	5,264,582	

DETAILS OF WRITE-IN LINES					
0901. OTHER INVESTMENTS - PT JUDITH	(116,566)		(116,566)	98,373	
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)	(116,566)		(116,566)	98,373	

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			
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
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)			
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	22,934	92,153	69,219
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
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	104,432	137,519	33,087
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	77,080	100,383	23,303
21. Furniture and equipment, including health care delivery assets	143,145	217,187	74,042
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	7,799,857	8,248,725	448,868
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	670,612	750,781	80,169
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	8,818,060	9,546,748	728,688
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	8,818,060	9,546,748	728,688

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 AND OTHER ACCTS REC.	670,612	750,781	80,169
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	670,612	750,781	80,169

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	197,311	164,424	334,594	327,552	324,275	3,117,274
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	197,311	164,424	334,594	327,552	324,275	3,117,274

DETAILS OF WRITE-IN LINES						
0601.		NONE				
0602.						
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)						

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The Annual Statement of Delta Dental of Rhode Island for the year ended December 31, 2017 has been completed in accordance with NAIC *Annual Statement Instructions* and the *Accounting Practices and Procedures* manual and are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Department of Business Regulations. Management is not aware of any deviations from this NAIC guidance, as it relates to the 2017 and 2016 financial information contained in these statements.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

- A. Reconciliation of the Company's net inc. and capital & surplus between NAIC SAP and the state of Rhode Island is shown below.

NET INCOME

	SSAP #	F/S Page	F/S Line #	2017	2016
01. DELTA DENTAL OF RHODE ISLAND state basis (Page \$	X X X	X X X	X X X	4,920,589	2,763,368

02. State Prescribed Practices that are an increase/(decrease) from NAIC SAP:

Details of Depreciation of Fixed Assets	SSAP #	F/S Page	F/S Line #	Net Income 2017	Net Income 2016
Totals (Lines 01A0201 through 01A0225)					

03. State Permitted Practices that are an increase/(decrease) from NAIC SAP:

Details of Depreciation of Home Office Property	SSAP #	F/S Page	F/S Line #	Net Income 2017	Net Income 2016
Totals (Lines 01A0301 through 01A0325)					

04. NAIC SAP \$ X X X X X X X X X X 4,920,589 2,763,368

SURPLUS

	SSAP #	F/S Page	F/S Line #	2017	2016
05. DELTA DENTAL OF RHODE ISLAND state basis (Page \$	X X X	X X X	X X X	118,570,087	107,758,532

06. State Prescribed Practices that are an increase/(decrease) from NAIC SAP:

e.g., Goodwill, net, Fixed Assets, Net	SSAP #	F/S Page	F/S Line #	Surplus 2017	Surplus 2016
Totals (Lines 01A0601 through 01A0625)					

07. State Permitted Practices that are an increase/(decrease) from NAIC SAP:

Home Office Property	SSAP #	F/S Page	F/S Line #	Net Income 2017	Net Income 2016
Totals (Lines 01A0701 through 01A0725)					

08. NAIC SAP \$ X X X X X X X X X X 118,570,087 107,758,532

(B) Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(C) Accounting Policies

Investment Income and Declines in Fair Value

The Company periodically reviews its bonds and common stocks to determine whether a decline in fair value below the amortized cost basis is other than temporary. The process for identifying declines in the fair value of investments that are other than temporary involves consideration of several factors. These factors include (1) the period in which there has been a significant decline in value; (2) an analysis of the liquidity, business prospects, and overall financial condition of the issuer; (3) the significance of the decline; and (4) our intent and ability to hold the investment for a sufficient period for the value to recover. When our analysis of the above factors results in the

NOTES TO FINANCIAL STATEMENTS

conclusion that declines in fair values are other than temporary, the cost of the securities is written down to fair value and is reflected as a realized loss.

Bonds

Bond investments are stated at amortized cost and consist of United States Treasury and government agency securities as well as "Investment Grade" corporate notes with fixed rates and maturities. Interest income is accrued as earned. The Company has both the intent and ability to hold these securities until maturity and, accordingly, has categorized these investments as "held-to-maturity" securities. As a result, unrealized gains and losses are excluded from net income.

Common Stocks - - Investments in Subsidiaries

The accompanying financial statements of Delta Dental of Rhode Island include the common stock investments of its wholly owned subsidiary, The Altus Group, Inc. Another subsidiary, Altus Realty, Inc. is a non-profit real estate holding company and is reported on Schedule BA. The values of these investments are reported using the equity method.

The income and expenses of Altus Realty Company and The Altus Group, Inc. are combined such that the net change for the year is included in "Net unrealized capital gains and losses" on line 36 in the Statement of Revenues and Expenses.

The Company contracts with an independent investment advisor to separately manage a portion of the Company's investment portfolio. As a result of this arrangement, common stocks of nonaffiliated companies were added to the Company's investment portfolio beginning in 2004. These common stocks, including investments in mutual funds, are valued at market as they are categorized as "available-for-sale" securities.

Claims and Claims Adjudication Expenses

The estimated liability for claims incurred but unpaid is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. The estimated liability for accrued claims adjudication expense represents the anticipated cost of processing claims incurred but unpaid at the balance sheet date. The estimates for claims and claims adjudication expenses may be more or less than the amount ultimately paid. Such changes in estimates are reflected in current period operations.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company.

1. Short term investments are stated at cost.
2. Bonds are stated at amortized value using the constant yield / scientific method.
3. Common stocks in our investment portfolio are stated at market value. In accordance with new NAIC guidelines starting in 2017, money market mutual funds are now reported as Cash on Schedule E and the Balance Sheet. In 2016, these were reported as common stocks included on Schedule D.
4. The company does not own preferred stocks; hence this accounting policy is not applicable.
5. The company does not have mortgage loans directly; hence this accounting policy is not applicable. One of the company's subsidiaries, Altus Realty, owns the building and had mortgage debt associated with the company office facility. This debt was paid off in 2014.
6. Loan-backed securities are stated at amortized value using the constant yield / scientific method.
7. Investments in subsidiaries, controlled and affiliated entities are reported using the equity method.
8. Investments in joint ventures, partnerships and limited liability companies are valued based on quarterly and annual reports supplied by the joint ventures.
9. The company does not own derivatives; hence this accounting policy is not applicable.
10. The company does utilize anticipated investment income as a factor in the premium deficiency calculation.

NOTES TO FINANCIAL STATEMENTS

11. The company methodologies for estimating the liabilities for losses and loss/claim adjustment expenses are actuarially derived as described above.
12. The capitalization policy and the predefined thresholds did not change from the prior period.
13. The company does not use pharmaceutical rebate receivables; hence this accounting policy is not applicable.

D) Going Concerns

There are no conditions or events that raise substantial doubt about the Company's ability to continue as a going concern.

NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The financial statements included in this filing do not contain any items that resulted from corrections of errors. Beginning with the December 31, 2001 annual filing the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This included the adoption of the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans".

SSAP 47 requires the exclusion of uninsured plan business for both premiums earned and claims incurred in the Statement of Revenues and Expenses. The Company has identified its Administrative Service Business (ASC), where the account, not Delta Dental of Rhode Island, has assumed the overall risk for the claims incurred and removed these components from both premiums earned and claims incurred in these 2017 and 2016 financial statements and the associated supporting exhibits. The administrative expenses reimbursed from ASC business is reported in the Annual Statement as "reimbursements by uninsured accident and health plans" in the Underwriting and Investment Exhibit Part 3 - Analysis of Expenses.

NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During 2017, the Company had no business combinations, direct purchases or mergers with other companies. The related disclosures are all not applicable.

NOTE 4 - - DISCONTINUED OPERATIONS

During 2017, the Company's financial results includes no gains or losses from discontinued operations. The related disclosures are all not applicable.

NOTE 5 - - INVESTMENTS

The Company's bond, common stock investments and Schedule BA investments described in Note 1 represent all of the Company's statutory recorded investments as of December 31, 2017 and December 31, 2016.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company. The related note disclosures, specifically including 5D, 5E(3)b, 5I(2), 5I(3) and 5J are all not applicable.

1. Mortgage Loans, including Mezzanine Real Estate Loans – This is not applicable.
2. Debt Restructuring – This is not applicable.
3. Reverse Mortgages – This is not applicable.
4. Loan Backed Securities – Stated at amortized cost.
5. Repurchase Agreements and/or Securities Lending Transactions – This is not applicable.

NOTES TO FINANCIAL STATEMENTS

6. Real Estate – One of the company’s subsidiaries, Altus Realty, owns the building that functions as corporate headquarters for the parent and all subsidiaries.
7. Investments in low-income housing tax credits – The company does utilize state tax credits, which may include low-income housing tax credits. See footnote number 21, where accounting for tax credits is addressed.
8. Restricted Assets - This is not applicable.
9. Working Capital Finance Investments - This is not applicable.
10. Offsetting and Netting of Assets and Liabilities - This is not applicable.
11. Structured Notes - This is not applicable.

NOTE 6 - - JOINT VENTURES, PARTNERSHIPS and LIMITED LIABILITY COMPANIES

During 2017 and 2016, there has been \$400,000 and \$572,000 respectively of income from the company’s three joint ventures. The Company participates in three separate joint ventures with other Delta Dental Plans. These joint ventures started January 1, 2014, and Delta Dental of RI has taken a 3.02% risk share. One of these new ventures experienced startup costs in the first year and more importantly network recruiting efforts had fallen short of what was assumed in the priced contractual premiums for the largest of these three programs. A projected loss over the full five year contract period for one of these ventures had been recorded in the amount of approximately \$1,900,000 in 2014, which reflected the general partners most conservative assumptions. In 2016, this loss reserve was revised, based on the general partners projections, reflecting a gain of approximately \$396,000 recorded for this program. In 2017, this loss reserve was revised further, based on the general partners projections, at that time reflecting a gain of approximately \$276,000 recorded for this program. The other two smaller joint ventures had reported the remaining \$124,000 and \$176,000 of profitability in 2017 and 2016 respectively.

In 2017, there was an increase of approximately \$371,000 in the value of the existing venture capital funds. In 2017 and 2016, the company made several additional contributions which increased its investments in the existing venture funds. These investments are reported on Schedule BA.

NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At December 31, 2017 and December 31, 2016, the Company had no income due or accrued that it considered a non-admitted asset, as collection on accrued interest is reasonably assured for all Company investments.

During the years ended December 31, 2017 and December 31, 2016, the Company performed GAAP analyses to determine whether declines in fair value below amortized cost were other than temporary impairment (“OTTI”) for the stock portfolio. Additionally, a statutory review of creditworthiness for the bond portfolio is performed.

The Company’s common stocks are recorded at fair market values. For stocks that meet the GAAP OTTI criteria, required OTTI adjustments result in a reduction of unrealized losses and an equivalent increase in realized losses as a result of writing down the original cost amount to the current market value for these specific common stocks where market value has fallen below cost by a defined percentage and time frame that meets the Company’s OTTI criteria. GAAP OTTI adjustments of \$0 and \$66,000 were recorded for the stock portfolio for the years ended December 31, 2017 and December 31, 2016.

In addition to this GAAP OTTI analysis, a separate statutory adjustment is required for bonds that fall to an NAIC #3 rating. These statutory analyses resulted in statutory temporarily impaired adjustments in the amount of \$4,000 and \$43,000, which reduced bond investments and reserves, were required for the years ended December 31, 2017 and December 31, 2016

NOTE 8 - - DERIVATIVE INSTRUMENTS

NOTES TO FINANCIAL STATEMENTS

As disclosed in Note 1 above, all investments consist of United States government and government agency securities, corporate notes with fixed rates and maturities, common stocks and two investments in wholly owned subsidiaries. During the years ended December 31, 2017 and December 31, 2016, the Company had not utilized any derivative financial instruments. The related disclosures are all not applicable.

NOTE 9 - - FEDERAL INCOME TAXES

Delta Dental of Rhode Island is a not-for-profit corporation pursuant to Section 501(C)(4) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(a) of the IRC and, accordingly, no provision for income taxes has been made in the accompanying statutory financial statements. Altus Realty Company is also a not-for-profit real estate holding corporation under Section 501(C) (2) of the IRC, and as such has made no provision for income taxes.

The Company's other wholly owned subsidiary, The Altus Group, Inc., and its subsidiaries are for profit corporations. The Altus Group, Inc., including its subsidiaries Altus Dental, Inc., Altus Systems, Inc., Altus Dental Insurance Company Inc., Altus Ventures, Inc. and First Circle, Inc. file consolidated federal and state tax returns. For the years ended December 31, 2017 and December 31, 2016, the tax provision of the Altus Group was \$1,519,000 and \$1,994,000.

As the company is a nonprofit entity, the NAIC required tables or disclosures are not applicable to the Company.

NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Delta Dental of RI is allocated expenses from Altus Systems, Inc., a subsidiary within the Altus Group. Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both DDRI and Altus Dental Insurance Company (ADIC). As a for-profit company, AS "sells" its dental related services to its sister and ultimate parent company at a 2% markup over its costs (to satisfy IRS requirements); therefore AS generates net income on its dental operations. The allocations from Altus Systems are based on the Company's member enrollment levels as a percentage of total consolidated dental member enrollment.

The Parent Company's one dental insurance subsidiary, Altus Dental Insurance Company, is allocated expenses from three affiliated Companies. The Parent, Delta Dental of RI and two sister companies (Altus Systems, Inc. and Altus Dental, Inc.) within the Altus Group. The allocations from Delta and Altus Systems are based on the Company's member enrollment levels as a percentage of total consolidated dental member enrollment. Expenses from Altus Dental are based on the number of subscribers under contract by the Company. The main allocated expenses from each source are as follows:

- Expenses are allocated from the Parent, Delta Dental (DDRI), for costs associated with a portion of consolidated expenses incurred by the Parent that should be spread among the two insurance companies. The main costs in this category would be rent, depreciation and payroll and fringes benefit costs for the various departments that service both insurance Companies.
- Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both ADIC and this Company.
- Altus Dental incurs costs related to: (1) advertising, (2) recruiting and servicing the provider network, and (3) sales and marketing activities. These costs are then allocated to ADIC based on the volume of subscriber dental contracts.

Altus Realty Company, a wholly owned subsidiary of the Company, is a non-profit real estate holding Company that holds title to and manages the building at 10 Charles Street in Providence, RI. The Company (Delta Dental of RI) presently rents approximately one half of the existing

NOTES TO FINANCIAL STATEMENTS

space within this building. For the years ended December 31, 2017 and December 31, 2016 respectively, this entity reported total revenues of \$1,891,000 and \$1,888,000 and net income of \$354,000 and \$303,000.

The Altus Group, Inc. is a wholly owned subsidiary of the Company and was established as a for-profit entity in 1999 for the purpose of expanding the Company's offering of prepaid dental care coverage. For the years ended December 31, 2017 and December 31, 2016, after elimination of intercompany transactions, The Altus Group, Inc., generated gains of \$2,829,000 and \$3,193,000.

In the fourth quarter of 2016, a new entity within the Altus Group was established. This for-profit subsidiary, First Circle, Inc., is in the development stage. The Company is a services company that connects consumers with dentists for services not payable by insurance, and assists dental offices in promoting and increasing the efficiency of their offerings of such services through its proprietary Chewsi technological, transactional, payment processing and marketing services platform.

At December 31, 2017 and December 31, 2016 the Company has intercompany receivables from The Altus Group, Inc. and other subsidiaries. These balances resulted from advances that were provided to fund operating expenses of both The Altus Group, Inc. and its subsidiaries, as well as cash flow needs of Altus Realty. The Company charges interest on unpaid advanced funds. For Statutory filing purposes portions of the intercompany receivable balances from Altus Dental, Inc., Altus Realty and Altus Systems are considered non-admitted assets. These subsidiary entities do not currently possess the necessary liquidity to repay the entire receivable balances within 90 days. Therefore the currently uncollectible amounts are treated as nonadmitted assets in accordance with SSAP #25.

Management's cash flow projections for The Altus Group, Inc. and its subsidiaries are made based on a number of factors, which affect the changes in the receivable balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for the Company and Altus Dental Insurance Company, Inc., a wholly owned subsidiary of The Altus Group, Inc.; the amount and rate of increase in operating and administrative expenses; the level of success Altus Dental, Inc. experiences in developing and maintaining its dental network; and the level of resources required by Altus Dental, Inc. for recruitment and marketing functions. Management's current cash flow projections for the dental operations of The Altus Group, Inc. and its subsidiaries projects continued profitability going forward and therefore the intercompany advances should continue to be gradually reduced.

See Schedule Y of the 2017 Annual Statement – Part 2 – Summary of Insurers Transactions with any Affiliates.

DELTA DENTAL OF RHODE ISLAND				
INTERCOMPANY BALANCES DECEMBER 31, 2017				
Assets (Page 2)				
Line #	Account #	Description		Amount
23	1214-0000-001	A/R from Altus Systems, Inc.		\$720,603.34
	1214-0000-002	A/R from Altus Dental, Inc.		5,045,739.01
	1214-0000-005	A/R from Altus Dental Insurance Co., Inc. *		262,771.13
	1214-0000-006	A/R from Altus Realty Company Inc.		2,033,514.62
		Total		\$8,062,628.10
		* Settled within 90 days		

NOTES TO FINANCIAL STATEMENTS

Liabilities (Page 3)			
Line #	Account #	Description	Amount
15	1214-0000-009	A/P to First Circle, Inc.	\$197,373.10
		Total	\$197,373.10

NOTE 11 - - DEBT

During the years ended December 31, 2017 and December 31, 2016 the Company had no outstanding capital notes or any debt arrangements. The related note disclosures, specifically including 11B are all not applicable.

NOTE 12 - - EMPLOYEE RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

A. Defined Contribution Retirement Plan

The Company maintains a noncontributory, defined contribution retirement plan. The plan covers all full time employees who are 21 years of age and have completed three months of service to the Company.

Employees qualify for benefits upon normal retirement at age 65, or early retirement, which is met upon reaching age 60 and completion of five years of service. Vesting of contributions (made on behalf of each employee) begins at 20% after two years of service and increases 20% annually until full vesting occurs after six years of service. The Company's contributions to this plan, representing its full funding requirements were \$934,000 and \$965,000 for the years ended December 31, 2017 and December 31, 2016.

B. Deferred Compensation Plans

Effective January 1, 1997, the Company established a 401(k) plan. Plan entry of employer contributions are the same as the defined contribution retirement plan described above. The Company's contribution to the plan is matching the first 1% of base compensation and 50% of additional contributions up to 6% of the base compensation that is contributed by each employee. Employer contributions vest 100% after two years of service. The Company's contributions to this plan were \$269,000 and \$266,000 for the years ended December 31, 2017 and December 31, 2016.

In 2004, the Company established 457(b) Plan for providing deferred compensation for a select group of management. The Company's paid contributions to this plan were \$18,000 for each of the years ended 2017 and 2016.

In 2009, the Company established 457(f) Plan for providing deferred compensation for a select group of management. The Company's expenses for each year to this plan were approximately \$76,000 for the years ended 2017 and 2016.

C. Postretirement Benefit Plans

The Company provides postretirement medical and dental benefits covering certain members of the board of directors who had served three full terms (9 years) as of April 1994. The Company accounts for postretirement benefits under the provisions of Statement of Statutory Accounting Principles (SSAP) No. 89, Accounting for Pensions, A Replacement of SSAP No. 8. Actuary valuations were used to measure plan assets and obligations as of December 31, 2017 and 2016.

NOTES TO FINANCIAL STATEMENTS

		2017	2016
Accumulated post-retirement benefit obligation	\$	788,000	734,000
Fair value of plan assets		—	—
Funded status	\$	788,000	734,000
Accrued post-retirement benefit cost recognized in accounts			
payable and accrued expenses	\$	788,000	734,000
Net periodic (benefit) cost		54,000	(11,000)
Net benefits paid		81,000	76,000

The trend assumptions used in determining the accumulated postretirement benefit obligation were 5.4% for medical benefits and 3% for dental benefits. Trend assumptions have a significant effect on the amounts reported.

No amounts are recognized in reserves which have not yet been recognized as components of net periodic benefit cost as of December 31, 2017 and December 31, 2016, respectively. Net periodic benefit cost includes the transitional liability and net actuarial loss.

NOTE 13 - - CAPITAL AND SURPLUS

Delta Dental of Rhode Island is a not-for-profit corporation; accordingly the Company has no shares of stock outstanding. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

Note the following disclosures related to the company's capital and surplus are addressed below or are not applicable. Other than ACA restrictions, the related note disclosures are all not applicable.

1. Shares issued – Not applicable.
2. Dividend rate – Not applicable.
3. Dividend restrictions – Not applicable.
4. Dividends paid – Not applicable.
5. Profits that may be paid as dividends – Not applicable.
6. Restrictions placed on unassigned funds – \$841,948 of reserves are restricted for the estimated twelve months of the 2018 ACA assessment, based on the actual 2017 premiums in the December 31, 2017 filing, which will be paid in September 2018. No reserves were restricted for the twelve months of the 2017 ACA assessment in the December 31, 2016 filing, due to the one year moratorium. The Consolidated Appropriations Act, 2016 (Public Law No: 114-113), which was signed into law on December 18, 2015, imposes a moratorium on the 2017 Annual ACA Assessment, which would have been payable in calendar year 2017. \$549,306 of reserves were restricted for the estimated twelve months of the 2016 ACA assessment in the December 31, 2015 filing, which was paid in September, 2016.
7. Total amount of advances to surplus – Not applicable.
8. Amount of stock held by reporting entity for special purposes – Not applicable.
9. Changes in the balances of special surplus funds from the prior year – Not applicable.
10. Portion of unassigned funds represented or reduced by unrealized gains and losses is \$4,000 and \$43,000 as discussed in note 7 for 2017 and 2016.
11. Surplus notes – Not applicable.
12. Impact of the restatement in a quasi-reorganization – Not applicable.
13. Effective date of quasi-reorganization – Not applicable.

NOTE 14 - - CONTINGENT LIABILITIES

The Company has entered into employment contracts with certain key employees. These employment contracts vary in length. At December 31, 2017 the Company's total commitment under these employment contracts approximated \$2,542,000. This total includes contractual

NOTES TO FINANCIAL STATEMENTS

commitments for 2017 and 2018 for one individual, which are exercisable at the option of this employee.

There are no contingent liabilities arising from litigation, which would be considered material in relation to the Company’s financial position. Accordingly, the Company has committed no reserves to cover any contingent liabilities.

On February 6, 2017, Delta Dental of Rhode Island received notice from the Massachusetts Department of Revenue alleging that it failed to file certain Preferred Provider Organization (“PPO”) excise tax returns. Delta Dental of Rhode Island is one of several Delta Dental Plans Association member companies that received this notice, which alleges that excise taxes are due retroactively from the period ending December 31, 2006. Delta Dental of Rhode Island and the other Delta Dental Plans strongly disagree with this interpretation of the premium tax regulations by the Massachusetts Department of Revenue. Delta Dental of Rhode Island intends to aggressively contest the assessment.

The Company has issued an unlimited parental guaranty, dated September 15, 2000, on behalf of Altus Dental Insurance Company, Inc., a subsidiary of The Altus Group Inc. The guaranty states that any and all claims and obligations of Altus Dental Insurance Company, Inc. to its subscribers and policyholders will be funded and satisfied by the Company in the event of any inability of Altus Dental Insurance Company, Inc. to satisfy such claims and obligations.

This guaranty became effective in September 2002 as Altus Dental Insurance Company, Inc. began underwriting dental insurance in Massachusetts at that time.

The following which are applicable to the company are described below.

1. Contingent commitments – Not applicable
2. Assessments – Not applicable
3. Gain contingencies – Not applicable
4. Claims related extra contractual obligation – Not applicable
5. Joint and several liabilities – Not applicable
6. All other contingencies – DDRI has contract commitments with certain key employees in the amount of \$ 2,542,000 at December 31, 2017.

NOTES TO FINANCIAL STATEMENTS

14. Contingencies

A. 01. (1) Total Contingent Liabilities: \$ 2,541,636

02.

1	2	3	4	5
Nature and circumstances of guarantee and key attributes, including date and duration of agreement	liability recognition of guarantee. (include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R)	Ultimate financial statement impact if action under the guarantee is required	Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted. (a)	nt status of payment or performance risk of guar
				Also provide additional discussion as warranted
Total		XXX		XXX

(a) Pursuant to the terms of the guarantee, the Company would be required to perform in the event of default by the Company, but would also be permitted to take control of the real estate.

NOTES TO FINANCIAL STATEMENTS

03.		
a.	Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make underguarantees. (Should equal total of Column 4 for (2) above.)	\$ <input type="text"/>
b.	Current Liability Recognized in F/S:	
	1. Noncontingent Liabilities	\$ <input type="text"/>
	2. Contingent Liabilities	\$ <input type="text"/>
c.	Ultimate Financial Statement Impact if action under the guarantee is required.	
	1. Investments in SCA	\$ <input type="text"/>
	2. Joint Venture	\$ <input type="text"/>
	3. Dividends to Stockholders (capital contribution)	\$ <input type="text"/>
	4. Expense	\$ <input type="text"/>
	5. Other	\$ <input type="text"/>
	6. Total (Should equal (3)a.)	\$ <input type="text"/>
B.	Assessments	
02.		
a.	Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end	\$ <input type="text"/>
b.	Decreases current year:	
	<input type="text"/>	<input type="text"/>
c.	Increases current year:	
	<input type="text"/>	<input type="text"/>
d.	Assets recognized from paid and accrued premium tax offsets and policy surcharges current year-end	\$ <input type="text"/>

NOTE 15 - - LEASES

The Company maintains a lease obligation for all its office space through its subsidiary Altus Realty Company. The current office lease commenced in April 2013 and runs through March 2018. During 2013, the lease was renewed at market rates. For the year ended 2017 rent expense was \$814,000 annually. For the final two months of the lease in 2018, the rent expense is projected to be \$136,000. In January 2018, the company completed a long term lease renewal obligation with Altus Realty Company, commencing on March 1, 2018 and extending the terms of the lease until March 31, 2021, with an option to renew for an additional three years. The new base rent amount will be approximately \$888,000 annually, and the rental space occupied has increased with this lease renewal.

NOTES TO FINANCIAL STATEMENTS

15.	Leases	
A.		
02.		
a.	At January 1, 2017, the minimum aggregate rental commitments are as follows: (Dollars in thousands)	
		Operating Leases
	Year Ending December 31	
	2018 (as seen in Notes text)	\$ 876,000
	2019 (as seen in Notes text)	\$ 888,000
	2020 (as seen in Notes text)	\$ 888,000
	2021 (as seen in Notes text)	\$ 222,000
	2022 (as seen in Notes text)	\$
	Total	\$ 2,874,000

NOTES TO FINANCIAL STATEMENTS

B. 01.

c. Lessor Leases

Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2017 are as follows

Year Ending December 31	
2018 (as seen in Notes text)	\$
2019 (as seen in Notes text)	\$
2020 (as seen in Notes text)	\$
2021 (as seen in Notes text)	\$
2022 (as seen in Notes text)	\$
Total	\$

02. Leveraged Leases

b. The Company's investment in leveraged leases relates to equipment

Dec. 31, 2017 were as shown below: (In thousands)

	(years as seen in Notes text)	
	2017	2016
1. Income from leveraged leases before income tax includir	\$	\$
2. Less current income tax	\$	\$
3. Net income from leverage leases	\$	\$

c. The components of the investment in leveraged leases at

Dec. 31, 2017 and Dec. 31, 2016 were as shown below

	(years as seen in Notes text)	
	2017	2016
1. Lease contracts receivable (net principal & interest non-r	\$	\$
2. Estimated residual value of leased assets	\$	\$
3. Unearned and deferred income	\$	\$
4. Investment in leveraged leases	\$	\$
5. Deferred income taxes related to leveraged leases	\$	\$
6. Net investment in leveraged leases	\$	\$

NOTE 16 - - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company maintains no financial instruments with off-balance sheet risk or any financial instruments with concentrations of credit risk. The related note disclosures are all not applicable.

NOTE 17 - - SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS

The Company has no transactions relating to transfers of receivables reported as sales, transfer and servicing of financial assets or wash sales. The related note disclosures, specifically including 17B(2), 17B(4)a, 17B(4)b and 17C are all not applicable.

NOTE 18 - - GAIN OR LOSS FROM UNINSURED ACCIDENT & HEALTH PLANS

The Company's policy regarding underwriting and pricing for uninsured or partially insured accident and health plans has been to determine that the administrative premium charged to each account covers all incremental costs (directly associated with servicing the specific account) plus a share of fixed and variable operating expenses to be incurred by the Company during the contract period.

As discussed in Note 1 and 2, for the December 31, 2001 annual filing the Company implemented the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans". The Company's financial operations for the years ended December 31, 2017 and December 31, 2016 exclude approximately \$112,070,000 and \$128,296,000 of revenues from such plans and there are no significant gains or losses related to such transactions.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans
A. ASO Plans

The gain from operations from Administrative Services Only plans and the uninsured portion of partially insured plans was during 2017: (years as seen in Notes text)

	<u>ASO</u> <u>Uninsured</u> <u>Plans</u>	<u>Uninsured Portion</u> <u>of Partially Insured</u> <u>Plans</u>	<u>Total</u> <u>ASO</u>
a. Net reimburs for admin Exp (includ admin fees) in exc	\$		
b. Total net other income or exp (includ interest paid to c	\$		
c. Net gain or (loss) from operations (a + b)	\$		
d. Total claim payment volume	\$		

B. ASC Plans

The gain from operations from Administrative Services Only plans and the uninsured portion of partially insured plans was during 2017: (years as seen in Notes text)

	<u>ASC</u> <u>Uninsured</u> <u>Plans</u>	<u>Uninsured Portion</u> <u>of Partially Insured</u> <u>Plans</u>	<u>Total</u> <u>ASC</u>
a. Gross reimbursement for medical cost incurred	\$ 105,125,084		105,125,084
b. Gross administrative fees accrued	\$ 6,944,479		6,944,479
c. Other income or expenses (includ interest paid to or r	\$		
d. Gross expenses incurred (claims and administrative)	\$ 112,069,563		112,069,563
e. Total net gain or loss from operations (a + b + c - d)	\$		

NOTE 19 - - DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

The Company maintains no relationships with managing general agents or third party administrators. The Company does utilize in-house sales efforts, as well as independent brokers to market its products. Premiums earned are reported gross of brokers' commissions of approximately \$2,180,000 and \$2,146,000 for the years ended December 31, 2017 and December 31, 2016. The related note disclosures are all not applicable.

NOTE 20 - - FAIR VALUE MEASUREMENTS

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

The Company's valuation techniques are based on observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources based on trades of securities while unobservable inputs reflect the Company's market assumptions. These inputs comprise of the following fair value hierarchy:

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived from observable market data for substantially the full term of the assets or liabilities.

Level 3 – One or more unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using internal models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following table provides information about the Company's financial assets and liabilities measured at fair value on a recurring basis:

NOTES TO FINANCIAL STATEMENTS

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Assets at fair value:				
Cash	\$ 5,695,700			5,695,700
Cash Equivalents - MMMF	167,988			167,988
Common Stock	13,133,644			13,133,644
Investment in Affiliates		43,035,980		43,035,980
Investment in Debt Securities		64,757,549		64,757,549
Investment in Venture Funds			3,099,638	3,099,638
Investment in Altus Realty		2,360,377		2,360,377
December 31, 2016				
Assets at fair value:				
Cash & Cash Equivalents	\$ 522,280			522,280
Common Stock - incl MMMF	12,598,043			12,598,043
Investment in Affiliates		30,206,749		30,206,749
Investment in Debt Securities		69,640,931		69,640,931
Investment in Venture Funds			2,728,998	2,728,998
Investment in Altus Realty		1,995,275		1,995,275

The Company's Investments in Venture Funds are the only financial instruments that are measured at fair value that are deemed to be a Level 3 price at December 31, 2017 and December 31, 2016.

The book values and estimated fair values of the Company's financial instruments are as follows:

	December 31, 2017		December 31, 2016	
	Book value	Estimated fair value	Book value	Estimated fair value
Assets:				
Cash	\$ 5,695,700	5,695,700	522,280	522,280
Cash Equivalents - MMMF	167,988	167,988		
Common Stock	13,133,644	13,133,644	12,598,043	12,598,043
Investment in Affiliates	43,035,980	43,035,980	30,206,749	30,206,749
Investment in Debt Services	64,509,335	64,757,549	69,266,845	69,640,931
Investment in Venture Funds	3,099,638	3,099,638	2,728,998	2,728,998
Investment in Altus Realty	2,360,377	2,360,377	1,995,275	1,995,275

Cash and Cash Equivalents – The carrying value of cash and cash equivalents are presented at cost, which approximates fair value.

Short-Term Investments (Common Stock – Money Market Mutual Fund “MMMF”) – The carrying value of short-term investments are presented at cost, which approximates fair value.

Investments in Debt Securities – Investments are reported at amortized cost. The Company obtains fair value measurements from independent pricing sources, which base their fair value measurements upon observable inputs such as reported trades of comparable securities, broker quotes, the U.S. Treasury yield curve, benchmark interest rates, credit information, and the securities' terms and conditions. These prices are deemed to be Level 2.

Investments in Common Stock and Affiliates – Investments in affiliates is valued on the statutory equity basis. The fair value of common stock is based on quoted market prices provided by an independent pricing service to determine fair value.

Investments in Venture Funds – The carrying value of Investments in Venture Capital Funds are presented at cost less reported syndication and management fees, which approximates fair value.

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

A.

1. Fair Value Measurements at Reporting Date

(1) Description	(2) (Level 1)	(3) (Level 2)	(4) (Level 3)	(5) Total
a. Assets at fair Value				
01. Cash	\$ 5,695,700			5,695,700
02. Cash Equivalents - MMMF	\$ 167,988			167,988
03. Common Stocks	\$ 13,133,644			13,133,644
04. Investments in Affiliates		43,035,980		43,035,980
05. Investments in Debt Services		64,757,549		64,757,549
06. Investments in Venture Funds			3,099,638	3,099,638
07. Investments in Altus Realty		2,360,377		2,360,377
Total assets at fair value	\$ 18,997,332	110,153,906	3,099,638	132,250,876
b. Liabilities at fair value				
Total liabilities at fair value	\$			

NOTE 21 - - OTHER ITEMS

The Company has no extraordinary items, troubled debt restructuring or other required disclosures of unusual items. Additionally, the Company has no additional disclosure requirements regarding Retirement Plans, Deferred Compensation and Postretirement Benefits other than the disclosures made in Note 12 above.

The company has entered into an agreement currently to purchase state tax credits to be utilized in 2017. The Company entered into agreements to purchase state tax credits that were utilized in 2016, and has remaining 2016 carryforwards from the 2015 purchases; hence the Company maintains tax credits as net assets at December 31, 2017 and December 31, 2016. The Company estimates the utilization of 2017 and 2016 tax credits by projecting future premium levels taking into account policy growth and applicable rate changes. Gains were recognized in the fourth quarter of 2017 for the tax credits utilized for 2017. Gains were recognized in the fourth quarter of 2016 for the tax credits utilized in 2016.

Other than the purchase of RI state tax credits, the remaining areas below are not applicable to the company.

1. Extraordinary items – Not applicable
2. Troubled debt restructuring debtors – Not applicable
3. Other disclosures and unusual items – Not applicable
4. Business interruption insurance recoveries – Not applicable
5. State transferable and non-transferable tax credits – There is a signed contractual agreement in place to purchase 2017 tax credits in the amount of \$2,000,000. The payment will be made in the next quarter. There were contractual commitments in place at December 31, 2016 that have been paid in 2017 for the 2016 state tax credits utilized in 2016. The fair value of the 2016 purchases were \$700,000 and \$593,986 and shown on Schedule BA – Part 1. The other invested assets total of \$7,730,973 listed on the December 31, 2017 Balance Sheet is made up of state tax credits, the equity method valuation of Altus Realty and investments in joint ventures. The other invested assets total of \$6,317,928 listed on the December 31, 2016 Balance Sheet was made up of comparable state tax credits, the equity method valuation of Altus Realty and investments in joint ventures.
6. Subprime-mortgage-related risk exposure – Not applicable
7. Retained assets – Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

21. Other Items

E. State Transferable Tax Credits
Description of State Transferable and Non-transferable Tax Credits

1.	State	Carrying Value	Unused Amount
01. State of Rhode Island Tax Credit Purchased - 2016	RI	80,186	
02. State of Rhode Island Tax Credit Purchased - 2017	RI	222,427	
03. State of Rhode Island Tax Credit Purchased - 2017	RI	1,968,345	31,655
Total	X X X	2,270,958	31,655

4.	Total Admitted	Total Non-Admitted
a. Transferable	\$	\$
b. Non-transferable	\$	\$

F. Subprime Mortgage Related Risk Exposure

2. Direct exposure through investments in subprime mortgage loans.

	(1)	(2)	(3)	(4)	(5)
	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Value of Land and Buildings	Other-Than-Temporary Impairment Losses Recognized	Default Rate
a. Mortgages in the process of foreclosure	\$				
b. Mortgages in good standing	\$				
c. Mortgages with restructure terms	\$				
d. Total	\$				

3. Direct exposure through other investments.

	(1)	(2)	(3)	(4)
	Actual Cost	Book/Adjusted Carrying Value (excluding interest)	Fair Value	Other-Than-Temporary Impairment Losses Recognized
a. Residential mortgage-backed securities	\$			
b. Commercial mortgage-backed securities	\$			
c. Collateralized debt obligations	\$			
d. Structured securities	\$			
e. Equity investment in SCAs *	\$			
f. Other assets	\$			
g. Total	\$			

*ABC Company's subsidiary XYZ Company has investments in subprime mortgages. These investments comprise _____% of the companies invested assets. \$ _____

4. Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

	(1)	(2)	(3)	(4)
	Losses Paid in the Current Year	Losses Incurred in the Current Year	Case Reserves at End of Current Period	IBNR Reserves at End of Current Period
a. Mortgage Guaranty Coverage	\$			
b. Financial Guaranty Coverage	\$			
c. Other Lines (specify):	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
	\$			
d. Total	\$			

G. Retained Assets

02.	In Force			
	As of End of Current Year		As of End of Prior Year	
	Number	Balance	Number	Balance
a. Up to and including 12 Months	\$			
b. 13 to 24 Months	\$			
c. 25 to 37 Months	\$			
d. 37 to 48 Months	\$			
e. 49 to 60 Months	\$			
f. Over 60 Months	\$			
g. Total	\$			

NOTES TO FINANCIAL STATEMENTS

03.

	Individual		Group	
	Number	Balance/ Amount	Number	Balance/ Amount
a. Number/Balance of Retained Asset Accounts at the Beginning of the Year		\$		
b. Number/Amount of Retained Asset Accounts Issued/Added During the Year		\$		
c. Investment Earnings Credited to Retained Asset Accounts During the Year	X X X	\$	X X X	
d. Fees and Other Charges Assessed to Retained Asset Accounts During the Year	X X X	\$	X X X	
e. Number/Amount of Retained Asset Accounts Transferred to State Unclaimed Property funds During		\$		
f. Number/Amount of Retained Asset Accounts Closed/Withdrawn During the Year		\$		
g. Number/Balance of Retained Asset Accounts at the End of the Year		\$		

H. Insurance-Linked Securities (ILS) Contracts

Management of Risk Related To:	Number of Outstanding ILS Contracts	Aggregate Maximum Proceeds
(1) Directly - Written Insurance Risks		
a. ILS Contracts as Issuer		
b. ILS Contracts as Ceding Insurer		
c. ILS Contracts as Counterparty		
(2) Assumed Insurance Risks		
a. ILS Contracts as Issuer		
b. ILS Contracts as Ceding Insurer		
c. ILS Contracts as Counterparty		

NOTE 22 - - EVENTS SUBSEQUENT

The Company has no events subsequent to December 31, 2017 that would warrant disclosure in these statutory 2017 financial statements.

In accordance with SSAP 35R, the company recorded \$841,948 as restricted reserves in this December 31, 2017 filing for the estimated 2018 ACA assessment. Additionally, \$0 had been recorded as restricted reserves at December 31, 2016 due to the one year moratorium of the ACA assessment in 2017.

NOTES TO FINANCIAL STATEMENTS

22. Events Subsequent

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance policies subject to Section 9010 of the Federal Affordable Care Act (Yes/No)?	YES	
B. ACA fee assessment payable for the upcoming year	\$ 841,948	
C. ACA fee assessment paid		\$ 549,306
D. Premium written subject to ACA 9010 assessment	\$ 97,422,483	
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$ 118,570,087	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 117,728,139	
G. Authorized Control Level (Five-Year Historical Line 15)	\$ 10,222,297	
H. Would reporting the ACA assessment as of Dec. 31, 2017 have triggered an RBC action level (YES/NO)?	NO	

NOTE 23 - - REINSURANCE

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums to companies headquartered in the State of Rhode Island. The related note disclosures are all not applicable.

NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS

NOTES TO FINANCIAL STATEMENTS

The Company estimates accrued retrospective premium adjustments for each contractual group by projecting incurred losses based on group claims paid data. This data is updated and analyzed monthly and accrued retrospective premium adjustments are recorded monthly to earned premiums. The amount of net annual premiums written by the Company that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) approximates \$2,962,000 and \$2,835,000 at December 31, 2017 and December 31, 2016.

NOTE 25 - - CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Reserves as of December 31, 2016 were \$4,267,000. As of December 31, 2017 \$4,070,190 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$34,366 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on dental line of insurance. Therefore, there has been a \$162,444 favorable prior-year development since December 31, 2016 to December 31, 2017. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$0 of unfavorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

NOTE 26 - - INTERCOMPANY POOLING ARRANGEMENTS

The Company utilizes no intercompany pooling arrangements in its dental premium underwriting.

NOTE 27 - - STRUCTURED SETTLEMENTS

As documented in the NAIC Annual Statement filing instructions for 2017 and 2016, this footnote is not applicable to health insurance insurers.

NOTE 28 - - HEALTH CARE RECEIVABLES

The Company has no receivables that would be considered Health Care Receivables under SSAP #84. Accordingly, pharmacy rebates and risk sharing receivables are not currently applicable to the Company's operations.

The company does not have any risk sharing receivables. The related note disclosures are all not applicable.

NOTE 29 - - PARTICIPATING POLICIES

The Company does not underwrite any business that would result in group accident or health participating policies. Accordingly, policy dividends are not applicable to the Company's operations.

NOTE 30 - - PREMIUM DEFICIENCY RESERVES

The Company does not maintain any amount of premium deficiency reserves. The related note disclosures are all not applicable.

NOTE 31 - - ANTICIPATED SALVAGE AND SUBROGATION

NOTES TO FINANCIAL STATEMENTS

The Company's liability for unpaid claims is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. This liability reflects no reductions for salvage and subrogation recoveries, which are recorded in the year of receipt.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

- 1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes No]
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes No N/A]
- 1.3 State Regulating? RHODE ISLAND
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes No]
- 2.2 If yes, date of change: 04/27/2017
- 3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017
- 3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2012
- 3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 03/13/2014
- 3.4 By what department or departments?
 INSURANCE DIVISION DEPARTMENT OF BUSINESS REGULATION STATE OF RHODE ISLAND

- 3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with departments? Yes No N/A]
- 3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes No N/A]
- 4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business? Yes No]
- 4.12 renewals? Yes No]
- 4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business? Yes No]
- 4.22 renewals? Yes No]
- 5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes No]
- 5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....

GENERAL INTERROGATORIES

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [] No [X]

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?
 GRANT THORNTON, LLP 124 HEBRON AVE., STE. 200 GLASTONBURY, CT 06033-2063

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 18A 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?

HUGGINS ACTUARIAL SERVICES, INC. 111 VETERANS SQUARE, SECOND FLOOR MEDIA, PA 19063

.....

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

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

\$ _____

12.2 If yes, provide explanation:

.....

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 committee 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]

GENERAL INTERROGATORIES

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	\$ _____

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

GENERAL INTERROGATORIES

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	Placed under option agreements	\$ _____
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$ _____
25.27	FHLB Capital Stock	\$ _____
25.28	On deposit with states	\$ _____
25.29	On deposit with other regulatory bodies	\$ _____
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	\$ _____
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	\$ _____
25.32	Other	\$ _____

25.3 For category (25.26) provide the following:

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

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

26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] N/A [X]
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 [X]

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 [X] 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
CITIZENS BANK	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903
.....

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 [X]

GENERAL INTERROGATORIES

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 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["... that have access to the investment accounts"; "...handle securities"]

1 Name Firm or Individual	2 Affiliation
RICHARD A. FRITZ	
GEORGE J. BEDARD	

28.059 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets?

Yes [] No [X]

28.059 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets?

Yes [] No [X]

28.06 For those firms or individuals listed in the table 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
.....
.....

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 [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
00162Q-10-6	COHEN STEERS GLOBAL REALTY M	584,022
464287-46-5	ISHARES MSCI EAFE ETF	1,047,620
464288-27-3	ISHARES MSCI EAFE SMALL CAP ET	432,150
464287-23-4	ISHARES MSCI EMERGING MARKETS	883,500
78464A-81-3	SPDR S&P 600 SMALL CAP ETF	759,430
78467Y-10-7	SPDR S&P MIDCAP 400 ETF	1,462,811
29.2999 TOTAL		5,169,533

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
COHEN STEERS GLOBAL RE	SIMON PROPERTY GROUP IN	24,237	12/31/2017
COHEN STEERS GLOBAL RE	PROLOGIS INC.	22,076	12/31/2017
COHEN STEERS GLOBAL RE	EQUINIX INC	21,492	12/31/2017
COHEN STEERS GLOBAL RE	PUBLIC STORAGE	18,689	12/31/2017
COHEN STEERS GLOBAL RE	SUN HUNG KAI PRORPERTIE	18,221	12/31/2017
ISHARES MSCI EAFE ETF	NESTLE SA	17,810	12/31/2017
ISHARES MSCI EAFE ETF	HSBC HOLDINGS PLC	14,143	12/31/2017
ISHARES MSCI EAFE ETF	NOVARTIS AG	13,305	12/31/2017
ISHARES MSCI EAFE ETF	TOYOTA MOTOR CORP	11,838	12/31/2017
ISHARES MSCI EAFE ETF	ROCHE HOLDING AG DIVIDE	11,419	12/31/2017
ISHARES MSCI EAFE SMALL	TEMENOS GROUP AG	1,426	12/31/2017

GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
ISHARES MSCI EAFE SMALL	SMURFIT KAPPA GROUP PLC	1,340	12/31/2017
ISHARES MSCI EAFE SMALL	INFORMA PLC	1,296	12/31/2017
ISHARES MSCI EAFE SMALL	RENTOKIL INITIAL PLC	1,296	12/31/2017
ISHARES MSCI EAFE SMALL	HALMA PLC	1,253	12/31/2017
ISHARES MSCI EMERGING M	TENCENT HOLDINGS LTD	50,713	12/31/2017
ISHARES MSCI EMERGING M	ALIBABA GROUP HOLDING L	35,340	12/31/2017
ISHARES MSCI EMERGING M	SAMSUNG ELECTRONICS CO	34,103	12/31/2017
ISHARES MSCI EMERGING M	TAIWAN SEMICONDUCTOR M	32,336	12/31/2017
ISHARES MSCI EMERGING M	NASPERS LTD CLASS N	18,730	12/31/2017
SPDR S&P 600 SMALL CAP E	NEKTAR THERAPEUTICS INC	12,531	12/31/2017
SPDR S&P 600 SMALL CAP E	CHEMED CORP	3,949	12/31/2017
SPDR S&P 600 SMALL CAP E	HEALTHCARE SERVICES GR	3,873	12/31/2017
SPDR S&P 600 SMALL CAP E	CANTEL MEDICAL CORP	3,797	12/31/2017
SPDR S&P 600 SMALL CAP E	EVERCORE INC A	3,721	12/31/2017
SPDR S&P MIDCAP 400 ETF	TAKE-TWO INTERACTIVE SO	10,240	12/31/2017
SPDR S&P MIDCAP 400 ETF	NVR INC	10,093	12/31/2017
SPDR S&P MIDCAP 400 ETF	SVB FINANCIAL GROUP	10,093	12/31/2017
SPDR S&P MIDCAP 400 ETF	MSCI INC	9,362	12/31/2017
SPDR S&P MIDCAP 400 ETF	TELEFLEX INC	9,216	12/31/2017

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	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	64,509,335	64,757,549	248,214
30.2 Preferred stocks			
30.3 Totals	64,509,335	64,757,549	248,214

30.4 Describe the sources or methods utilized in determining the fair values:

THE REPORTED DECEMBER 31, 2017 FAIR VALUES WERE OBTAINED FROM THE BANK STATEMENTS FROM THE COMPANY'S CUSTODIAN AND VERIFIED AS ESTABLISHED MARKET VALUES FOR ALL PUBLICLY TRADE SECURITIES

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 [X]

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:

FAIR VALUES USED ARE ESTABLISHED MARKET VALUES FOR THESE PUBLICLY TRADE SECURITIES

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed?

Yes [X] No []

32.2 If no, list exceptions:

.....

33 By self-designating 5*GI securities, the reporting entity is certifying the following elements of each self-designated 5*GI security:

- a. Documentation necessary to permit a full credit analysis of the security does not exist.
- b. Issuer or obligor is current on all contracted interest and principal payments.
- c. The insurer has an actual expectation of ultimate payment of all contracted interest and principal.

GENERAL INTERROGATORIES

Has the reporting entity self-designated 5*GI securities?

Yes [] No [X]

OTHER

34.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 444,811

34.2 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	\$ 330,304
DELTA USA	\$ 114,507
	\$

35.1 Amount of payments for legal expenses, if any? \$ 119,607

35.2 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
BLISH & CAVANAGH	\$ 119,607
.....	\$
	\$

36.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 63,000

36.2 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
ADVOCAY SOLUTIONS	\$ 63,000
.....	\$
	\$

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		2	
	Current Year		Prior Year	
2.1 Premium Numerator	\$ 97,522,483		\$ 75,974,126	
2.2 Premium Denominator	\$ 97,522,483		\$ 75,974,126	
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000	
2.4 Reserve Numerator	\$ 4,342,000		\$ 4,267,000	
2.5 Reserve Denominator	\$ 4,342,000		\$ 4,267,000	
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:
REINSURANCE ARRANGEMENTS ARE NOT APPLICABLE TO MOST DENTAL INSURANCE CARRIERS.
-
-
-
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ _____
- 5.32 Medical Only \$ _____
- 5.33 Medicare Supplement \$ _____
- 5.34 Dental and vision \$ _____ 2,500
- 5.35 Other Limited Benefit Plan \$ _____
- 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:
There are no specific arrangements that would protect a subscriber or their dependents against the risk of insolvency. However, the risk of insolvency is very low given the Company's financial strength and conservative investment policies. Also, given the Company only sells group insurance, a subscriber's employer would buy another group policy from another carrier in the event the company became insolvent.
-

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes No

7.2 If no, give details:

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year 545
 8.2 Number of providers at end of reporting year 554

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes No

9.2 If yes, direct premium earned:
 9.21 Business with rate guarantees between 15-36 months 33,524,863
 9.22 Business with rate guarantees over 36 months 62,889,972

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes No

10.2 If yes:
 10.21 Maximum amount payable bonuses \$ _____
 10.22 Amount actually paid for year bonuses \$ _____
 10.23 Maximum amount payable withholds \$ _____
 10.24 Amount actually paid for year withholds \$ _____

11.1 Is the reporting entity organized as:
 11.12 A Medical Group/Staff Model, Yes No
 11.13 An Individual Practice Association (IPA), or, Yes No
 11.14 A Mixed Model (combination of above)? Yes No

11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes No

11.3 If yes, show the name of the state requiring such minimum capital and surplus:
 RHODE ISLAND

11.4 If yes, show the amount required. \$ 10,222,297

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes No

11.6 If the amount is calculated, show the calculation:

12. List service areas in which reporting entity is licensed to operate:

	1 Name of Service Area	
.....

13.1 Do you act as a custodian for health savings accounts? Yes No

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____

13.3 Do you act as an administrator for health savings accounts? Yes No

13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____

14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes No N/A

14.2 If the answer to 14.1 is yes, please provide the following:

1 Company Name	2 NAIC Company Code	3 Domiciliary Jurisdiction	4 Reserve Credit	Assets Supporting Reserve Credit		
				5 Letters of Credit	6 Trust Agreements	7 Other
.....

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).

15.1 Direct Premium Written \$ _____
 15.2 Total Incurred Claims \$ _____
 15.3 Number of Covered Lives _____

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without secondary guarantee)
Universal Life (with or without secondary guarantee)
Variable Universal Life (with or without secondary guarantee)

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2017	2016	2015	2014	2013
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	139,580,764	125,951,653	116,600,465	114,048,648	102,963,700
2. Total liabilities (Page 3, Line 24)	21,010,677	18,193,121	16,835,731	16,951,053	15,622,655
3. Statutory minimum capital and surplus requirement	10,222,297	7,074,517	6,756,893	5,810,259	4,731,064
4. Total capital and surplus (Page 3, Line 33)	118,570,087	107,758,532	99,764,734	97,097,595	87,341,045
Income Statement (Page 4)					
5. Total revenues (Line 8)	97,522,483	75,974,126	84,961,063	89,710,021	100,329,336
6. Total medical and hospital expenses (Line 18)	78,438,614	58,638,216	67,967,472	67,401,912	76,099,966
7. Claims adjustment expenses (Line 20)	5,691,285	5,744,957	6,819,761	5,940,329	6,094,127
8. Total administrative expenses (Line 21)	10,398,812	10,820,407	11,752,746	11,162,757	10,772,886
9. Net underwriting gain (loss) (Line 24)	2,993,772	770,546	(1,578,916)	5,205,023	7,362,358
10. Net investment gain (loss) (Line 27)	1,772,439	1,870,814	2,362,224	36,652	2,330,659
11. Total other income (Lines 28 plus 29)	154,378	122,008	150,154	(841,124)	(1,343,970)
12. Net income or (loss) (Line 32)	4,920,589	2,763,368	937,462	4,408,551	8,357,277
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	9,393,420	4,280,114	(307,983)	5,220,631	13,136,715
Risk-Based Capital Analysis					
14. Total adjusted capital	118,570,087	107,758,532	99,764,734	97,097,595	87,341,045
15. Authorized control level risk-based capital	10,222,297	7,074,517	6,756,893	5,810,259	4,731,064
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	324,275	197,311	195,438	223,783	233,832
17. Total members months (Column 6, Line 7)	3,117,274	2,343,111	2,514,603	2,701,747	3,101,341
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 (Line 18 plus Line 19)	80.4	77.2	80.0	75.1	75.9
20. Cost containment expenses	0.6	0.8	0.8	0.6	0.7
21. Other claims adjustment expenses	5.3	6.8	7.3	6.0	5.4
22. Total underwriting deductions (Line 23)	96.9	99.0	101.9	94.2	92.7
23. Total underwriting gain (loss) (Line 24)	3.1	1.0	(1.9)	5.8	7.3
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	4,104,556	4,536,416	5,327,423	4,700,786	2,781,064
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	4,267,000	4,872,000	4,475,200	4,947,000	3,143,500
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)	43,035,980	30,206,749	27,013,915	21,784,704	12,889,636
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	8,062,628	8,370,725	7,963,364	8,608,335	11,159,258
32. Total of above Lines 26 to 31	51,098,608	38,577,474	34,977,279	30,393,039	24,048,894
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.	Active Status	Direct Business Only							
		2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Title XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N							
2. Alaska	AK	N							
3. Arizona	AZ	N							
4. Arkansas	AR	N							
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	L	97,522,483					97,522,483	
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	97,522,483					97,522,483	
60. Reporting entity contributions for Employee Benefit Plans		X X X							
61. Totals (Direct Business)	(a) 1		97,522,483					97,522,483	

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.

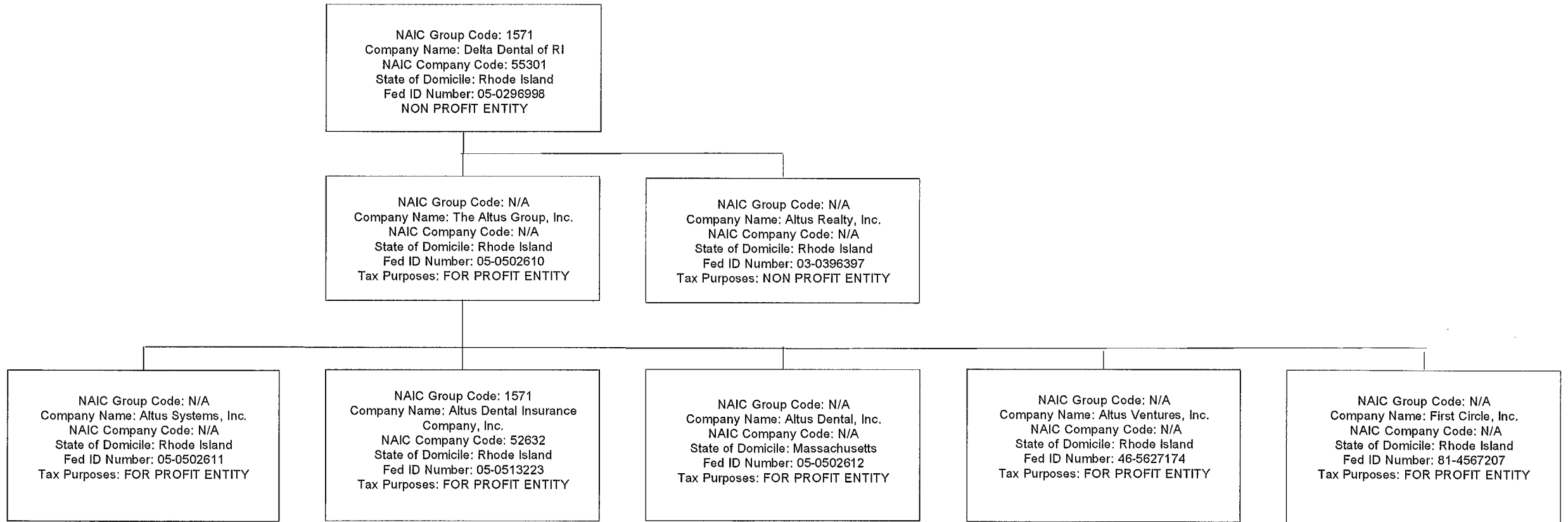
Explanation of basis of allocation by states, premiums by state, etc.

ALL PREMIUMS WRITTEN IN THE STATE OF RHODE ISLAND

(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



OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

Analysis of Operations By Lines of Business	7	Schedule D – Part 6 – Section 2	E16
Assets	2	Schedule D – Summary By Country	SI04
Cash Flow	6	Schedule D – Verification Between Years	SI03
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DA – Part 1	E17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 3A - Analysis of Health Care Receivables Collected and Accrued	20	Schedule DB – Part A – Section 2	E19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	24	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	24	Schedule DB – Part C – Section 1	SI12
Exhibit 8 – Furniture, Equipment and Supplies Owned	25	Schedule DB – Part C – Section 2	SI13
Exhibit of Capital Gains (Losses)	15	Schedule DB - Part D - Section 1	E22
Exhibit of Net Investment Income	15	Schedule DB - Part D - Section 2	E23
Exhibit of Nonadmitted Assets	16	Schedule DB - Verification	SI14
Exhibit of Premiums, Enrollment and Utilization (State Page)	30	Schedule DL - Part 1	E24
Five-Year Historical Data	29	Schedule DL - Part 2	E25
General Interrogatories	27	Schedule E – Part 1 – Cash	E26
Jurat Page	1	Schedule E – Part 2 – Cash Equivalents	E27
Liabilities, Capital and Surplus	3	Schedule E – Part 3 – Special Deposits	E28
Notes To Financial Statements	26	Schedule E – Verification Between Years	SI15
Overflow Page For Write-ins	44	Schedule S – Part 1 – Section 2	31
Schedule A – Part 1	E01	Schedule S – Part 2	32
Schedule A – Part 2	E02	Schedule S – Part 3 – Section 2	33
Schedule A – Part 3	E03	Schedule S – Part 4	34
Schedule A – Verification Between Years	SI02	Schedule S – Part 5	35
Schedule B – Part 1	E04	Schedule S – Part 6	36
Schedule B – Part 2	E05	Schedule S – Part 7	37
Schedule B – Part 3	E06	Schedule T – Part 2 – Interstate Compact	39
Schedule B – Verification Between Years	SI02	Schedule T – Premiums and Other Considerations	38
Schedule BA – Part 1	E07	Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	40
Schedule BA – Part 2	E08	Schedule Y - Part 1A - Detail of Insurance Holding Company System	41
Schedule BA – Part 3	E09	Schedule Y - Part 2 – Summary of Insurer's Transactions With Any Affiliates	42
Schedule BA – Verification Between Years	SI03	Statement of Revenue and Expenses	4
Schedule D – Part 1	E10	Summary Investment Schedule	SI01
Schedule D – Part 1A – Section 1	SI05	Supplemental Exhibits and Schedules Interrogatories	43
Schedule D – Part 1A – Section 2	SI08	Underwriting and Investment Exhibit – Part 1	8
Schedule D – Part 2 – Section 1	E11	Underwriting and Investment Exhibit – Part 2	9
Schedule D – Part 2 – Section 2	E12	Underwriting and Investment Exhibit – Part 2A	10
Schedule D – Part 3	E13	Underwriting and Investment Exhibit – Part 2B	11
Schedule D – Part 4	E14	Underwriting and Investment Exhibit – Part 2C	12
Schedule D – Part 5	E15	Underwriting and Investment Exhibit – Part 2D	13
Schedule D – Part 6 – Section 1	E16	Underwriting and Investment Exhibit – Part 3	14