

**QUARTERLY STATEMENT**

**OF THE**

**DELTA DENTAL**

---

**OF RHODE ISLAND**

---

**of PROVIDENCE**

---

**in the state of RHODE ISLAND**

---

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**STATE OF RHODE ISLAND**

**FOR THE QUARTER ENDED**

**September 30, 2018**

**HEALTH**

**2018**



55301201820100103

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2018  
OF THE CONDITION AND AFFAIRS OF THE

## DELTA DENTAL OF RHODE ISLAND

NAIC Group Code 1571, 1571 NAIC Company Code 55301 Employer's ID Number 05-0296998  
(Current Period) (Prior Period)

Organized under the Laws of RHODE ISLAND State of Domicile or Port of Entry RI

Country of Domicile USA

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

Incorporated/Organized October 22, 1959 Commenced Business April 1, 1966

Statutory Home Office 10 CHARLES STREET, PROVIDENCE, RI US 02904  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 10 CHARLES STREET  
(Street and Number)

PROVIDENCE, RI US 02904 401-752-6000  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address 10 CHARLES STREET, PROVIDENCE, RI US 02904  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 10 CHARLES STREET PROVIDENCE, RI US 02904 401-752-6000  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.deltadentalri.com

Statutory Statement Contact GEORGE J. BEDARD 401-752-6000  
(Name) (Area Code) (Telephone Number) (Extension)  
gbedard@deltadentalri.com 401-752-6070  
(E-Mail Address) (Fax Number)

### OFFICERS

Name	Title
1. JOSEPH A. NAGLE	PRESIDENT
2. MELISSA GENNARI	ASSISTANT SECRETARY
3. RICHARD A. FRITZ	TREASURER

### VICE-PRESIDENTS

Name	Title	Name	Title
RICHARD A. FRITZ	VP & CFO	JOSEPH PERRONI	VP - SALES
THOMAS CHASE	VP - CHIEF OPERATING OFFICER	BLAINE CARROLL	VP - STRATEGIC INITIATIVES
WENDY DUNCAN #	VP - CHIEF MARKETING OFFICER		

### DIRECTORS OR TRUSTEES

JULIE G. DUFFY	THOMAS P. ENRIGHT	FRANCIS J. FLYNN	JONATHAN W. HALL
EDWARD O. HANDY III	COLIN P. KANE #	JOSEPH J. MARCAURELE	LINDA R. McGOLDRICK
MARK A. PAULHUS	HEATHER A. PROVINO #	JAMES V. ROSATI	JOHN T. RUGGEIRI
EDWIN J. SANTOS	MARK A. SHAW		

State of RHODE ISLAND

County of PROVIDENCE ss

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

(Signature) JOSEPH A. NAGLE	(Signature) MELISSA GENNARI	(Signature) RICHARD A. FRITZ
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
PRESIDENT	ASSISTANT SECRETARY	TREASURER
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
13th day of NOVEMBER, 2018

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

KRISTEN MEIZOSO  
My commission expires 8/1/20

## ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	64,746,528		64,746,528	64,509,335
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks	58,647,155		58,647,155	56,169,624
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
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 (\$ 2,632,864), cash equivalents (\$ 917,061), and short-term investments (\$ 0)	3,549,925		3,549,925	5,863,688
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	6,551,196		6,551,196	7,730,973
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	133,494,804		133,494,804	134,273,620
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	639,909		639,909	575,285
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,343,217	127,612	1,215,605	715,823
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	3,527,467	113,918	3,413,549	3,357,451
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	353,632	63,509	290,123	394,451
21. Furniture and equipment, including health care delivery assets (\$ 0)	213,235	213,235		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	9,220,582	8,821,468	399,114	262,771
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	664,594	664,131	463	1,363
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	149,457,440	10,003,873	139,453,567	139,580,764
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	149,457,440	10,003,873	139,453,567	139,580,764

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.	663,655	663,655		
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS	476	476		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)	664,594	664,131	463	1,363

NONE

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	4,207,000		4,207,000	4,342,000
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	387,853		387,853	403,303
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance	1,231,783		1,231,783	2,026,077
9. General expenses due or accrued	8,764,764		8,764,764	11,915,662
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	718,714		718,714	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	1,408,860		1,408,860	1,762,316
23. Aggregate write-ins for other liabilities (including \$ 0 current)	464,646		464,646	363,946
24. Total liabilities (Lines 1 to 23)	17,183,620		17,183,620	21,010,677
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	49,058,721	46,643,574
31. Unassigned funds (surplus)	X X X	X X X	73,211,226	71,084,565
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	122,269,947	118,570,087
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	139,453,567	139,580,764

DETAILS OF WRITE-IN LINES				
2301. ADVANCE DEPOSITS	464,646		464,646	363,946
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)	464,646		464,646	363,946
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	49,058,721	46,643,574
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	49,058,721	46,643,574

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year	Prior Year Ended
	To Date		To Date	December 31
	1 Uncovered	2 Total	3 Total	4 Total
1. Member Months	X X X	2,894,393	2,131,943	3,117,274
2. Net premium income (including \$ 0 non-health premium income)	X X X	89,036,721	67,813,092	97,522,483
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	89,036,721	67,813,092	97,522,483
<b>Hospital and Medical:</b>				
9. Hospital/medical benefits				
10. Other professional services		75,035,143	55,394,876	78,438,614
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)		75,035,143	55,394,876	78,438,614
<b>Less:</b>				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		75,035,143	55,394,876	78,438,614
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$ 688,354 cost containment expenses		6,917,662	5,219,409	5,691,285
21. General administrative expenses		7,691,665	7,177,209	10,398,812
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)		89,644,470	67,791,494	94,528,711
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(607,749)	21,598	2,993,772
25. Net investment income earned		1,475,108	1,082,486	1,667,272
26. Net realized capital gains (losses) less capital gains tax of \$ 0		695,683	129,688	105,167
27. Net investment gains (losses) (Lines 25 plus 26)		2,170,791	1,212,174	1,772,439
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
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	1,563,042	1,233,772	4,920,589
31. Federal and foreign income taxes incurred	X X X			
32. Net income (loss) (Lines 30 minus 31)	X X X	1,563,042	1,233,772	4,920,589

DETAILS OF WRITE-IN LINES				
0601. ....	X X X			
0602. ....	X X X			
0603. ....	X X X			
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X			
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X			
0701. ....	X X X			
0702. ....	X X X			
0703. ....	X X X			
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X			
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X			
1401. ....				
1402. ....				
1403. ....				
1498. Summary of remaining write-ins for Line 14 from overflow page				
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)				
2901. GAIN ON PURCHASE ON RHODE ISLAND TAX CREDITS				154,378
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

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>			
33. Capital and surplus prior reporting year	118,570,087	107,758,532	107,758,532
34. Net income or (loss) from Line 32	1,563,042	1,233,772	4,920,589
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	3,208,467	2,184,992	5,264,582
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(1,185,813)	576,485	728,690
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	114,164	75,793	(102,306)
48. Net change in capital and surplus (Lines 34 to 47)	3,699,860	4,071,042	10,811,555
49. Capital and surplus end of reporting period (Line 33 plus 48)	122,269,947	111,829,574	118,570,087

<b>DETAILS OF WRITE-IN LINES</b>			
4701. INCLUSION OF BAD DEBT RESERVE IN THE NON-ADMITTED ASSETS	114,164	75,793	(102,306)
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)	114,164	75,793	(102,306)

**CASH FLOW**

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
<b>Cash from Operations</b>			
1. Premiums collected net of reinsurance	87,686,547	68,759,867	99,389,620
2. Net investment income	2,106,167	1,271,469	1,833,362
3. Miscellaneous income			154,378
4. Total (Lines 1 to 3)	89,792,714	70,031,336	101,377,360
5. Benefit and loss related payments	75,170,143	55,465,876	78,363,614
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	18,129,131	8,501,134	13,620,326
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)	93,299,274	63,967,010	91,983,940
11. Net cash from operations (Line 4 minus Line 10)	(3,506,560)	6,064,326	9,393,420
<b>Cash from Investments</b>			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	8,260,689	9,727,387	14,078,860
12.2 Stocks	416,335	15,634,967	3,048,852
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	2,922,829	1,523,183	1,523,183
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)	11,599,853	26,885,537	18,650,895
13. Cost of investments acquired (long-term only):			
13.1 Bonds	8,913,727	3,723,830	9,994,868
13.2 Stocks	308,909	16,866,076	1,342,133
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets	515,730	855,944	2,695,944
13.6 Miscellaneous applications			
13.7 Total investments acquired (Lines 13.1 to 13.6)	9,738,366	21,445,850	14,032,945
14. Net increase (or decrease) in contract loans and premium notes			
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,861,487	5,439,687	4,617,950
<b>Cash from Financing and Miscellaneous Sources</b>			
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)	(668,690)	(7,362,615)	(8,669,964)
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(668,690)	(7,362,615)	(8,669,964)
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(2,313,763)	4,141,398	5,341,406
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	5,863,686	522,280	522,280
19.2 End of period (Line 18 plus Line 19.1)	3,549,923	4,663,678	5,863,686

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

20.0001			
20.0002			
20.0003			

## EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10
		2	3							
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
Total Members at end of:										
1. Prior Year	324,275					324,275				
2. First Quarter	320,284					320,284				
3. Second Quarter	327,668					327,668				
4. Third Quarter	322,411					322,411				
5. Current Year										
6. Current Year Member Months	2,894,393					2,894,393				
Total Member Ambulatory Encounters for Period:										
7. Physician										
8. Non-Physician										
9. Totals										
10. Hospital Patient Days Incurred										
11. Number of Inpatient Admissions										
12. Health Premiums Written (a)	87,686,547					87,686,547				
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	89,036,721					89,036,721				
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	75,170,143					75,170,143				
18. Amount Incurred for Provision of Health Care Services	75,035,143					75,035,143				

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0





## UNDERWRITING AND INVESTMENT EXHIBIT

### ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5  Claims Incurred in Prior Years (Columns 1 + 3)	6  Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1  On Claims Incurred Prior to January 1 of Current Year	2  On Claims Incurred During the Year	3  On Claims Unpaid Dec. 31 of Prior Year	4  On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	3,819,899	71,350,244	101,270	4,105,730	3,921,169	4,342,000
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)	3,819,899	71,350,244	101,270	4,105,730	3,921,169	4,342,000
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	3,819,899	71,350,244	101,270	4,105,730	3,921,169	4,342,000

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

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (A) Basis of Presentation

The Quarterly Statement of Delta Dental of Rhode Island for the quarter ended September 30, 2018 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 2018 and 2017 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 #	2018	2017
01. DELTA DENTAL OF RHODE ISLAND state basis (Page 4,	X X X	X X X	X X X	1,563,042	4,920,589
02. State Prescribed Practices that increase/(decrease) NAIC SAP:					
e.g. Depreciation of Fixed Assets					
Totals (Lines 01A0200 thru 01A0200)					
03. State Permitted Practices that increase/(decrease) NAIC SAP:					
e.g. Depreciation of Home Office Property					
Totals (Lines 01A0300 thru 01A0300)					
04. NAIC SAP (1 - 2 - 3 =	X X X	X X X	X X X	1,563,042	4,920,589

##### SURPLUS

	SSAP #	F/S Page	F/S Line #	2018	2017
05. Company state basis (Page 3, Line 33, Columns 3 & 4)	X X X	X X X	X X X	122,269,974	118,570,087
06. State Prescribed Practices that increase/(decrease) NAIC SAP:					
e.g., Goodwill, net, Fixed Assets, net					
Totals (Lines 01A0600 thru 01A0600)					
07. State Permitted Practices that increase/(decrease) NAIC SAP:					
e.g., Home Office Property					
Totals (Lines 01A0700 thru 01A0700)					
08. NAIC SAP (5 - 6 - 7 =	X X X	X X X	X X X	122,269,974	118,570,087

#### (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

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## NOTES TO FINANCIAL STATEMENTS

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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 NAIC guidelines starting at December 31, 2017, money market mutual funds are now reported as Cash on Schedule E and the Balance Sheet per the NAIC guidance.
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 2018 and 2017 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 2018, 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 2018, the Company's financial results includes no gains or losses from discontinued operations. The related disclosures, specifically including 4A(1), 4A(3) and 4A(4), 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 September 30, 2018 and December 31, 2017.

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 5A(3) through 5A(8), 5B(1) through 5B(3), 5D(2) through 5D(4), 5E(3)a, 5E(3)b, 5E(5)a, 5E(7), 5F, 5G, 5H, 5I, 5L(1) through 5L(4), 5M(1), 5M(2), 5N, 5O, 5P, 5Q and 5R, 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.

## NOTES TO FINANCIAL STATEMENTS

4. Loan Backed Securities – Stated at amortized cost.
5. Dollar Repurchase Agreements and/or Securities Lending Transactions – This is not applicable.
6. Repurchase Agreements Transactions Accounted for as Secured Borrowing – This is not applicable.
7. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – This is not applicable.
8. Repurchase Agreements Transactions Accounted for as a Sale – This is not applicable.
9. Reverse Repurchase Agreements Transactions Accounted for as a Sale – This is not applicable.
10. Real Estate – One of the company’s subsidiaries, Altus Realty, owns the building that functions as corporate headquarters for the parent and all subsidiaries.
11. Low-Income Housing Tax Credits (LIHTC) – 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.
12. Restricted Assets - This is not applicable.
13. Working Capital Finance Investments - This is not applicable.
14. Offsetting and Netting of Assets and Liabilities - This is not applicable.
15. Structured Notes - This is not applicable.
16. 5\* Securities – This is not applicable.
17. Short Sales – This is not applicable.
18. Prepayment Penalty and Acceleration Fees – This is not applicable.

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

During 2018 and 2017, there has been \$230,000 and \$400,000 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 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. In 2018, the loss reserve was reduced by another \$110,000. The other two smaller joint ventures had reported the remaining \$120,000 and \$124,000 of profitability in 2018 and 2017 respectively.

In 2018 and 2017, there was an increase of approximately \$980,000 and \$371,000 in the value of the existing venture capital funds. In 2018, there was a sale of an investment within the Venture Capital Funds resulting in a distribution of approximately \$972,000, which included a realized gain of approximately \$727,000. In 2018 and 2017, the company made 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 September 30, 2018 and December 31, 2017, 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.

For the three quarters ended September 30, 2018 and the year ended December 31, 2017, 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.

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## NOTES TO FINANCIAL STATEMENTS

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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. No GAAP OTTI adjustments were required or recorded for the stock portfolio for the three quarters ended September 30, 2018 and the year ended December 31, 2017.

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 \$0 and \$4,000, which reduced bond investments and reserves, were required for the three quarters ended September 30, 2018 and the year ended December 31, 2017.

### NOTE 8 - - DERIVATIVE INSTRUMENTS

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 periods ended September 30, 2018 and December 31, 2017, 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 three quarters ended September 30, 2018 and the year ended December 31, 2017, the tax provision of the Altus Group was \$931,000 and \$1,519,000.

As the company is a nonprofit entity, the NAIC required tables or disclosures, specifically including 9A1, 9A2, 9A3, 9A4 and 9C, are all not applicable to the Company.

### NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A. In the fourth quarter of 2016, a new entity within the Altus Group, First Circle, Inc., was established and was capitalized with \$10,000,000 in the first quarter of 2017. This amount was recorded as an intercompany transfer by the Company. First Circle, Inc., a for-profit subsidiary 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.

B. See section A above.

C. See section A above.

## NOTES TO FINANCIAL STATEMENTS

D. At September 30, 2018 and December 31, 2017 the Company has intercompany receivables and payables with/to the Altus Group, Inc. and other affiliates. Some of these balances resulted from the fact that Altus Dental Insurance Company maintained a sweep banking arrangement for the Altus Group and its subsidiaries. The remainder of these balances are related to allocated expenses.

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 intercompany balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for Altus Dental Insurance Company, 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 profitability going forward and that the intercompany advances will be reduced gradually over time.

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

### DELTA DENTAL OF RHODE ISLAND INTERCOMPANY BALANCES SEPTEMBER 30, 2018

#### Assets (Page 2)

Line #	Account #	Description	Amount
23	1214-0000-002	A/R from Altus Dental, Inc.	\$5,238,008.09
	1214-0000-005	A/R from Altus Dental Insurance Co., Inc. *	399,114.24
	1214-0000-006	A/R from Altus Realty Company Inc.	2,064,221.48
	1214-0000-008	A/R from Altus Ventures, Inc.	0.00
	1214-0000-009	A/R from First Circle, Inc.	<u>1,519,238.66</u>
		<b>Total</b>	<b><u>\$9,220,582.47</u></b>

\* Settled within 90 days

#### Liabilities (Page 3)

Line #	Account #	Description	Amount
15	1214-0000-001	A/P to Altus Systems, Inc.	<u>\$718,714.20</u>
		<b>Total</b>	<b><u>\$718,714.20</u></b>

E. The requirements of section E specify that the company is required to disclose guarantees and undertakings in accordance with SSAP #5. Per this NAIC guidance, this information is disclosed in Note #14.

F. Delta Dental of RI (DDRI) and Altus Dental Insurance Company are 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. 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 ultimate 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



## NOTES TO FINANCIAL STATEMENTS

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 Delta Dental (DDRI), for costs associated with a portion of consolidated expenses incurred by DDRI that should be spread between 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, such as Underwriting and Finance.
- Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both DDRI and this Company, such as claims processing and customer service.
- 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 the Company 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 Rhode Island) presently rents approximately one half of the existing space within this building. For the periods ended September 30, 2018 and December 31, 2017, this entity reported total revenues of \$1,427,000 and \$1,891,000 and net income of \$242,000 and \$354,000.

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 periods ended September 30, 2018 and December 31, 2017, after elimination of intercompany transactions, The Altus Group, Inc., generated gains of \$1,912,000 and \$2,829,000.

G. The nature of Delta Dental of Rhode Island's relationship with all subsidiaries is disclosed in Footnote #1 under the Common Stock – Investments in Subsidiaries section.

H. The consolidated holding company maintains no upstream intermediate entities. This type of structured entity is not applicable to the corporate structure of Delta Dental of Rhode Island and all subsidiaries.

I. Section #1– name and percentage ownership of each SCA entity – like G (above), the nature of Delta Dental of Rhode Island's relationship with all subsidiaries is disclosed in Footnote #1 under the Common Stock – Investments in Subsidiaries section.

- Section #2 – The Altus Group has filed a Sub 1 and Sub 2 filing with the SVU. This entity reported a value of \$43,035,980, reported using the equity method as of December 31, 2017.
- Section #3 – The information required for this section for the Altus Group is disclosed in more detail in Footnote #6 of the Statutory Financial Statements of Delta Dental of Rhode Island for the year ended December 31, 2017.
- Section #4 – material effects of possible conversions, exercises or contingent issuances is not applicable.
- Section #5 – changes in valuation methods and the reason for any recorded adjustments that must be disclosed is not applicable.

J. SCA impairment is not applicable to the Delta Dental of Rhode Island and its subsidiaries as all are healthy and profitable. Additionally, when valuing these subsidiaries for Statutory purposes, the GAAP book values of the entities are reduced for any non-admitted assets under the statutory guidance.

K. Foreign Insurance Subsidiaries are not applicable to the operations of Delta Dental of Rhode Island and subsidiaries.

L. Investments in a downstream noninsurance holding Company are not applicable to the operations of Delta Dental of Rhode Island and subsidiaries.

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS

**10. Information Concerning Parent, Subsidiaries, Affiliates and Other**  
**M. All SCA Investments**

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

SCA Entity	Percentage of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities	X X X			
b. SSAP No. 97 8b(ii) Entities				
01. The Altus Group	100.000%	44,947,613	44,947,613	
Total SSAP No. 97 8b(ii) Entities	X X X	44,947,613	44,947,613	
c. SSAP No. 97 8b(iii) Entities				
Total SSAP No. 97 8b(iii) Entities	X X X			
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities	X X X			
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b + c)	X X X	44,947,613	44,947,613	
f. Aggregate Total (a + e)	X X X	44,947,613	44,947,613	

(2) NAIC Filing Response Information

SCA Entity (Should be same entities as shown in M(1) above.)	Type of NAIC Filing *	Date of Filing to the NAIC	NAIC Valuation Amount	NAIC Response Received Y / N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y / N	Code **
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities	X X X	X X X		X X X	X X X	X X X
b. SSAP No. 97 8b(ii) Entities						
01. The Altus Group	S2	08/28/2018	43,035,980	Y	N	M
Total SSAP No. 97 8b(ii) Entities	X X X	X X X	43,035,980	X X X	X X X	X X X
c. SSAP No. 97 8b(iii) Entities						
Total SSAP No. 97 8b(iii) Entities	X X X	X X X		X X X	X X X	X X X
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities	X X X	X X X		X X X	X X X	X X X
e. Total SSAP No. 97 8b Entities (except 8bi entities) (b + c)	X X X	X X X	43,035,980	X X X	X X X	X X X
f. Aggregate Total (a + e)	X X X	X X X	43,035,980	X X X	X X X	X X X

\* S1 - Sub-1, S2 - Sub 2 or RDF - Resubmission of Disallowed Filing

\*\* I - Immaterial or M - Material

N. The NAIC guidance per this section relates to disclosing Insurance SCA investments where the statutory equity reflects a departure from the NAIC permitted or prescribed statutory accounting practices and procedures. This departure from NAIC entity valuation methodology is not applicable to the corporate structure of Delta Dental of Rhode Island and its subsidiaries, therefore the table disclosing an NAIC departure is not applicable.

**N. Investment in Insurance SCAs**

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from N and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity a insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

SCA Entity (Investments in Insurance SCA Entities)	Monetary Effect on NAIC SAP		Amount of Investment	
	Net Income Increase (Decrease)	Surplus Increase (Decrease)	Per Audited Statutory Equity	If the Insurance SCA Had Completed Statutory Financial Statements *

\* Per AP&P Manual (without permitted or prescribed practices)

**NOTE 11 - - DEBT**

During the three quarters ended September 30, 2018 and the year ended December 31, 2017 the Company had no outstanding capital notes or any debt arrangements. The related note disclosures, specifically including 11B(2) through 11B(4), are all not applicable.

## NOTES TO FINANCIAL STATEMENTS

### 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 \$894,000 and \$934,000 for the three quarters ended September 30, 2018 and the year ended December 31, 2017.

#### 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 \$211,000 and \$269,000 for the three quarters ended September 30, 2018 and the year ended December 31, 2017.

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 will be \$18,000 for each of the years ended 2018 and 2017.

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 will be approximately \$35,000 for the years ended 2018 and 2017.

#### 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.

		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.

## NOTES TO FINANCIAL STATEMENTS

No amounts are recognized in reserves which have not yet been recognized as components of net periodic benefit cost as of September 30, 2018 and December 31, 2017, 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, specifically including 13(11) and 13(12), 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 were restricted for the estimated twelve months of the 2018 ACA assessment, based on the actual 2017 premiums in the December 31, 2017 filing. This amount was expensed in the first quarter of 2018. The final actual amount from the IRS was paid in September 2018 in the amount of \$746,843. No reserves were restricted for the twelve months of the 2018 estimated premiums for a 2019 ACA assessment in the September 30, 2018 filing, due to another one year moratorium. In January 2018, the Government funding bill was passed, which included a resolution providing an additional one-year moratorium on the ACA fee for the 2019 calendar year, which would have been payable in September 2019.
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 \$0 and \$4,000 for the nine months ended September 30, 2018 and the year ended December 31, 2017 as discussed in note 7.
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 commitments for 2018 and 2019 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

## NOTES TO FINANCIAL STATEMENTS

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)	Current status of payment or performance risk of guarantee. (a) Also provide additional discussion as warranted
<b>Total</b>		X X X		X X X

(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.) \$
- b. Current Liability Recognized in F/S:
  - 1. Noncontingent Liabilities \$
  - 2. Contingent Liabilities \$
- c. Ultimate Financial Statement Impact if action under the guarantee is required.
  - 1. Investments in SCA \$
  - 2. Joint Venture \$
  - 3. Dividends to Stockholders (capital contribution) \$
  - 4. Expense \$
  - 5. Other \$
  - 6. Total (Should equal 3a.) \$

**Assessments**

02.

- a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end \$
- b. Decreases current year:
 

--	--
- c. Increases current year:
 

--	--
- d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current quarter-end \$

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

Claims related ECO and bad faith losses paid during the \$   
 Number of claims where amounts were paid to settle claims related extra contractual obligations claims resulting from lawsuits during the reporting period: (a) 0-25 claims (b) 26-50 claims (c) 5 (d) 101-500 claims (e) More than 500 claims  
 Answer (A, B, C, D, or E): \_\_\_\_\_  
 Indicate whether claim count information is disclosed (f) per claim or (g) per claimant  
 Answer (F or G): \_\_\_\_\_

**NOTE 15 - - LEASES**

The Company maintains a lease obligation for all its office space through its subsidiary Altus Realty Company. The lease is maintained at market rates. For the year ended 2017 rent expense was \$814,000 annually. 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, 2018, the minimum aggregate rental commitments are as follows: (Dollars in thousands)

		Operating Leases
Year Ending December 31		
2019 (year ending December 31)	\$	888,000
2020 (year ending December 31)	\$	888,000
2021 (year ending December 31)	\$	222,000
2022 (year ending December 31)	\$	
2023 (year ending December 31)	\$	
Total (aggregate total of all future years)	\$	1,998,000

## NOTES TO FINANCIAL STATEMENTS

B.

01.

## c. Lessor Leases

Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2018 are as follows: Operating Leases

Year Ending December 31	
2019 (year ending December 31)	\$
2020 (year ending December 31)	\$
2021 (year ending December 31)	\$
2022 (year ending December 31)	\$
2023 (year ending December 31)	\$
Total (aggregate total of all future years)	\$

## 02. Leveraged Leases

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

September 30, 2018 were as shown below: (In thousands (years as seen in Notes text))

	2018	2017
1. Income from leveraged leases before income tax including	\$	
2. Less current income tax	\$	
3. Net income from leverage leases	\$	

## c. The components of the investment in leveraged leases at

September 30, 2018 and Dec. 31, 2017 were as shown below: (years as seen in Notes text)

	2018	2017
1. Lease contracts receivable (net principal & interest non-rec)	\$	
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, specifically including 16(1), 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 17C(2), 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 three quarters ended September 30, 2018 and the year ended December 31, 2017 exclude approximately \$70,051,000 and \$112,070,000 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**
**A. ASO Plans**

The gain from operations from Administrative Services Only (ASO) plans and the uninsured portion of partially insured plans was as follows during 2018: (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 reimbursement for administrative expenses (including administrative fees) in excess of actual expenses	\$		
b. Total net other income or expenses (including interest paid to or received)	\$		
c. Net gain or (loss) from operations (a + b)	\$		
d. Total claim payment volume	\$		

**B. ASC Plans**

The gain from operations from Administrative Services Contract (ASC) plans and the uninsured portion of partially insured plans was as follows during 2018: (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	\$ 65,483,068		65,483,068
b. Gross administrative fees accrued	\$ 4,567,789		4,567,789
c. Other income or expenses (including interest paid to or received)	\$		
d. Gross expenses incurred (claims and administrative)	\$ 70,050,857		70,050,857
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 \$1,693,000 and \$2,180,000 for the three quarters ended September 30, 2018 and the year ended December 31, 2017. 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
<b>September 30, 2018</b>				
Assets at fair value:				
Cash	\$ 2,632,864			2,632,864
Cash Equivalents - MMMF	917,061			917,061
Common Stock	13,699,542			13,699,542
Investment in Affiliates		44,947,613		44,947,613
Investment in Debt Securities		63,932,112		63,932,112
Investment in Venture Funds			3,622,772	3,622,772
Investment in Altus Realty		2,607,916		2,607,916
<b>December 31, 2017</b>				
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

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 September 30, 2018 and December 31, 2017.

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

	September 30, 2018		December 31, 2017	
	Book value	Estimated fair value	Book value	Estimated fair value
Assets:				
Cash	\$ 2,632,864	2,632,864	5,695,700	5,695,700
Cash Equivalents - MMMF	917,061	917,061	167,988	167,988
Common Stock	13,699,542	13,699,542	13,133,644	13,133,644
Investment in Affiliates	44,947,612	44,947,613	43,035,980	43,035,980
Investment in Debt Services	64,746,528	63,932,112	64,509,335	64,757,549
Investment in Venture Funds	3,622,772	3,622,772	3,099,638	3,099,638
Investment in Altus Realty	2,607,916	2,607,916	2,360,377	2,360,377

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

Description for each class of asset or liability	(1) (Level 1)	(2) (Level 2)	(3) (Level 3)	(4) (Level 3)	(5) Total
<b>a. Assets at fair Value</b>					
01. Cash	\$ 2,632,864				2,632,864
02. Cash Equivalents - MMMF	\$ 917,061				917,061
03. Common Stocks	\$ 13,699,542				13,699,542
04. Investment in Affiliates		44,947,613			44,947,613
05. Investment in Debt Services		63,932,112			63,932,112
06. Investment in Venture Funds				3,622,772	3,622,772
07. Investment in Altus Realty		2,607,916			2,607,916
<b>Total assets at fair value</b>	<b>\$ 17,249,467</b>	<b>111,487,641</b>		<b>3,622,772</b>	<b>132,359,880</b>
<b>b. Liabilities at fair value</b>					
<b>Total liabilities at fair value</b>	<b>\$</b>				

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Description	Beginning Balance at 01/01/2018	Transfers in Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for Current Quarter End
<b>a. Assets</b>										
01. Investment in Venture Funds	\$ 3,099,638			729,959	249,824	515,730		972,379		3,622,772
<b>Total</b>	<b>\$ 3,099,638</b>			<b>729,959</b>	<b>249,824</b>	<b>515,730</b>		<b>972,379</b>		<b>3,622,772</b>

Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Description	Beginning Balance at 01/01/2018	Transfers in Level 3	Transfers out of Level 3	Total gains and (losses) included in Net Income	Total gains and (losses) included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance for Current Quarter End
<b>b. Liability</b>										
<b>Total</b>	<b>\$</b>									

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	(Level 1)	(Level 2)	(Level 3)	Not Practicable (Carrying Value)
<b>Total</b>	<b>\$</b>					

Type or Class of Financial Instrument	Carrying Value	Effective Interest Rate	Maturity Date	Explanation
<b>Total</b>	<b>\$</b>			

**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 had entered into an agreement to purchase state tax credits to be utilized in 2017, which were filed and paid in early April, 2018. The Company entered into agreements to purchase state tax credits that will be utilized in 2018, and has remaining 2017 carryforwards from the previous purchases; hence the Company maintains tax credits as net assets at September 30, 2018 and December 31, 2017. The Company estimates the utilization of 2018 and 2017 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 will be recognized in the fourth quarter of 2018 for the tax credits utilized in 2018.

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

**NOTES TO FINANCIAL STATEMENTS**

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 – The receipt of the certification for 2017 tax credits in the amount of \$2,000,000 was in early April, 2018. The other invested assets total of \$6,551,196 and \$7,730,973 listed on the September 30, 2018 and the December 31, 2017 Balance Sheets are made up of 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**

**21. Other Items**

State Transferable Tax Credits

E. Description of State Transferable Tax Credits	State		Carrying Value	Unused Amount
01. State of Rhode Island Tax Credit Purchased - 2017	RI		320,508	31,655
Total	X X X		320,508	31,655

E.4 State Tax Credits Admitted and Nonadmitted

	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.

**NOTES TO FINANCIAL STATEMENTS**

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

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

G. Retained Assets

	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				

	Individual		Group	
	Number	Balance/ Amount	Number	Balance/ Amount
a. Number/Balance of Retained Asset Accounts at the Beginning of the Year				
b. Number/Balance 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 the Year				
f. Number/Amount of Retained Asset Accounts Closed/Withdrawn During the Year				
g. Number/Balance of Retained Asset Accounts at the End				

**NOTE 22 - - EVENTS SUBSEQUENT**

The Company has no events subsequent to September 30, 2018 that would warrant disclosure in these statutory 2018 financial statements.

In accordance with SSAP 35R, the twelve month estimated 2018 ACA assessment in the amount of \$841,948 has been expensed in the first quarter of 2018. The final revised amount of \$746,843 was paid on September 30, 2018. The company recorded \$841,948 as restricted reserves in the December 31, 2017 filing, based on actual 2017 premiums. Additionally, \$0 has been recorded as restricted reserves at September 30, 2018 due to another one year moratorium, which will result in no payment for the 2018 statutory premiums, which would have been utilized in the 2019 ACA assessment, which would have been due September 30, 2019.

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**NOTES TO FINANCIAL STATEMENTS**


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**NOTES TO FINANCIAL STATEMENTS**


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**22. Events Subsequent**

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance p subject to Section 9010 of the Federal Affordable Care Act ( )	<input type="text" value="YES"/>	
B. ACA fee assessment payable for the upcoming year	\$ <input type="text" value=""/>	<input type="text" value=""/>
C. ACA fee assessment paid	\$ <input type="text" value="746,843"/>	<input type="text" value=""/>
D. Premium written subject to ACA 9010 assessment	\$ <input type="text" value="89,036,721"/>	<input type="text" value="97,522,483"/>
E. Total Adjusted Capital before surplus adjustment (Five-Year	\$ <input type="text" value="118,570,087"/>	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ <input type="text" value="118,570,087"/>	
G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)	\$ <input type="text" value="10,222,297"/>	
H. Would reporting the ACA assessment as of Dec. 31, 2018 have triggered an RBC action level (YES/NO)?	<input type="text" value="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, specifically including 23B, 23C, 23D(1)a, and 23D(2)a, are all not applicable.

**NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS**

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 \$2,958,000 and \$2,962,000 at September 30, 2018 and December 31, 2017. The related note disclosures, specifically including 24D and 24E, are all not applicable.

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

Reserves as of December 31, 2017 were \$4,342,000. As of September 30, 2018 \$3,819,899 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$101,270 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on dental line of insurance. Therefore, there has been a \$420,831 favorable prior-year development since December 31, 2017 to September 30, 2018. 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 no 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**

## NOTES TO FINANCIAL STATEMENTS

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As documented in the NAIC Annual Statement filing instructions for 2018 and 2017, 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

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 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [ ] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [ ] No [ ]

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 [X] No [ ]

2.2 If yes, date of change: 04/26/2018

3.1 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 [X] No [ ]

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [ ] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes. [Dotted lines for text entry]

3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [ ] No [X]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group [Blank line]

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

4.2 If yes, provide the name of 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.

Table with 3 columns: 1 Name of Entity, 2 NAIC Company Code, 3 State of Domicile. Includes dotted lines for data entry.

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? If yes, attach an explanation. Yes [ ] No [X] N/A [ ]

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2017

6.2 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

6.3 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

6.4 By what department or departments? INSURANCE DIVISION DEPARTMENT OF BUSINESS REGULATION STATE OF RHODE ISLAND [Dotted lines for text entry]

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

7.1 Has this 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]

## GENERAL INTERROGATORIES

7.2 If yes, give full information

.....  
 .....  
 .....

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 below the names and location (city and state of the main office) of any affiliates regulated by a federal 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
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

9.1 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 [ X ] No [ ]

9.11 If the response to 9.1 is No, please explain:

.....  
 .....  
 .....

9.2 Has the code of ethics for senior managers been amended? Yes [ ] No [ X ]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....  
 .....  
 .....

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....  
 .....  
 .....

### FINANCIAL

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

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

### INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [ ] No [ X ]



## GENERAL INTERROGATORIES

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

.....  
 .....  
 .....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ \_\_\_\_\_

13. Amount of real estate and mortgages held in short-term investments: \$ \_\_\_\_\_

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes  No

14.2 If yes, please complete the following:

	1	2
	Prior Year-End Book/Adjusted Carrying Value	Current Quarter Book/Adjusted Carrying Value
14.21 Bonds .....	\$ _____	\$ _____
14.22 Preferred Stock .....	\$ _____	\$ _____
14.23 Common Stock .....	\$ 43,035,980	\$ 44,947,613
14.24 Short-Term Investments .....	\$ _____	\$ _____
14.25 Mortgage Loans on Real Estate .....	\$ _____	\$ _____
14.26 All Other .....	\$ 10,423,005	\$ 11,828,498
14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) .....	\$ 53,458,985	\$ 56,776,111
14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above .....	\$ _____	\$ _____

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes  No

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

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	\$ _____
16.3 Total payable for securities lending reported on the liability page	\$ _____

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

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

1 Name of Custodian(s)	2 Custodian Address
CITIZENS BANK	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903
.....	.....

17.2 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)
.....	.....	.....
.....	.....	.....

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes  No

## GENERAL INTERROGATORIES

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

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

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers. Including individuals that have the authority to make investments 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 of Firm or Individual	2 Affiliation
RICHARD A. FRITZ	I
GEORGE J. BEDARD	I

17.5097 For those firms/individuals listed in the table for Question 17.5, 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]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No [ ]

18.2 If no, list exceptions:

.....

.....

.....

19. By self-designating 5\*GI securities, the reporting entity is certifying the following elements for 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.

Has the reporting entity self-designated 5\*GI securities? Yes [ ] No [X]

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

- |     |                                                                                                                                                             |                                                                             |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| 1.  | Operating Percentages:                                                                                                                                      |                                                                             |
| 1.1 | A&H loss percent .....                                                                                                                                      | <u>85.05</u> %                                                              |
| 1.2 | A&H cost containment percent .....                                                                                                                          | <u>0.77</u> %                                                               |
| 1.3 | A&H expense percent excluding cost containment expenses .....                                                                                               | <u>15.64</u> %                                                              |
| 2.1 | Do you act as a custodian for health savings accounts?                                                                                                      | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 2.2 | If yes, please provide the amount of custodial funds held as of the reporting date.                                                                         | \$ _____                                                                    |
| 2.3 | Do you act as an administrator for health savings accounts?                                                                                                 | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 2.4 | If yes, please provide the balance of the funds administered as of the reporting date.                                                                      | \$ _____                                                                    |
| 3.  | Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least two states?                                 | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 3.1 | If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of the reporting entity? | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |



## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

### Current Year To Date - Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
		Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property / Casualty Premiums	Total Columns 2 Through 7
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	89,036,721					89,036,721	
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	89,036,721					89,036,721	
60. Reporting entity contributions for Employee Benefit Plans		X X X							
61. Totals (Direct Business)		X X X	89,036,721					89,036,721	

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		X X X							
58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		X X X							

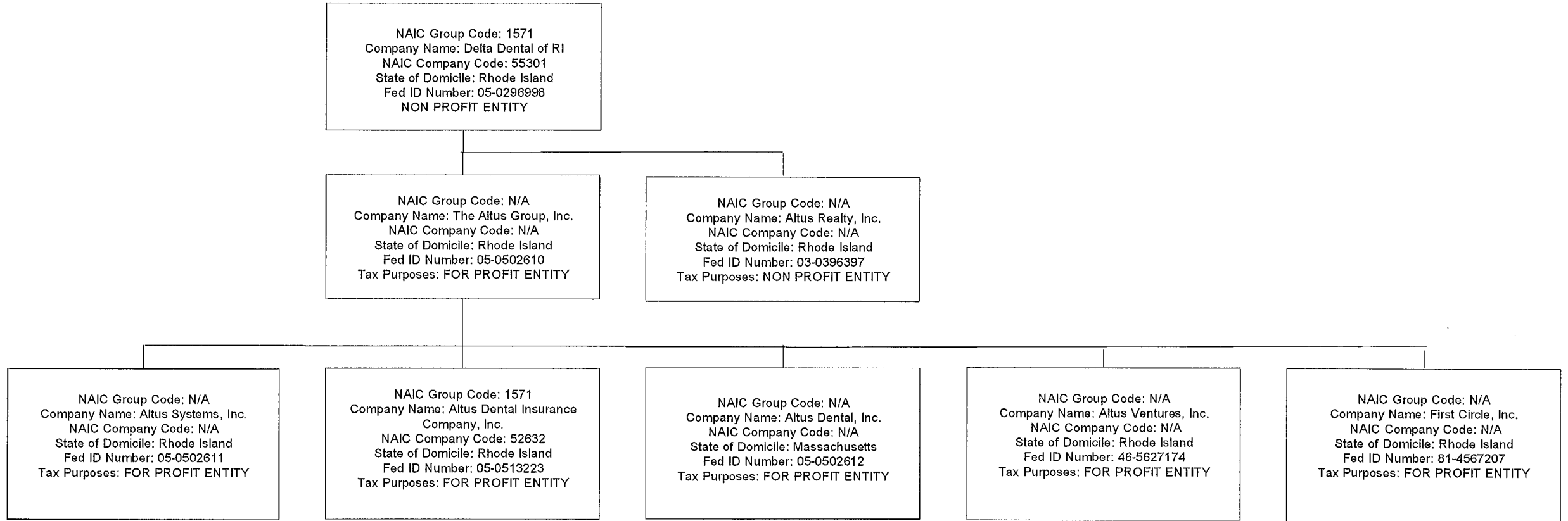
NONE

(a) Active Status Counts

L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG	1
E - Eligible - Reporting entities eligible or approved to write surplus lines in the state	_____
R - Registered - Non-domiciled RRGs	_____
Q - Qualified - Qualified or accredited reinsurer	_____
N - None of the above - Not allowed to write business in the state	56

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

**PART 1 - ORGANIZATIONAL CHART**



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Group Code	Group Name	NAIC Company Code	ID Number	Federal RSSD	CIK	Name of Securities Exchange if Publicly Traded (U.S. or International)	Names of Parent, Subsidiaries Or Affiliates	Domiciliary Location	Relationship to Reporting Entity	Directly Controlled by (Name of Entity / Person)	Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other)	If Control is Ownership Provide Percentage	Ultimate Controlling Entity(ies)/Person(s)	Is an SCA Filing Required? (Y/N)	*
		00000	03-0396397				ALTUS REALTY COMPANY, INC.	RI	DS	DELTA DENTAL OF RHODE ISLAND	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
		00000	05-0502610				THE ALTUS GROUP, INC.	RI	DS	DELTA DENTAL OF RHODE ISLAND	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	Y	
		00000	05-0502611				ALTUS SYSTEMS, INC.	RI	DS	THE ALTUS GROUP, INC.	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
		00000	05-0502612				ALTUS DENTAL, INC.	MA	DS	THE ALTUS GROUP, INC.	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
1571	ALTUS DENTAL INSURANCE COMPANY, INC.	52632	05-0513223				ALTUS DENTAL INSURANCE COMPANY, INC.	RI	IA	THE ALTUS GROUP, INC.	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
		00000	46-5627174				ALTUS VENTURES, INC	RI	DS	THE ALTUS GROUP, INC.	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
1571	DELTA DENTAL OF RHODE ISLAND	55301	05-0526998				DELTA DENTAL OF RHODE ISLAND	RI	RE	DELTA DENTAL OF RHODE ISLAND	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	
		00000	81-4567207				FIRST CIRCLE, INC.	RI	DS	THE ALTUS GROUP, INC.	BOARD OF DIRECTORS	100.0	DELTA DENTAL OF RI	N	

16

Asterik	Explanation
<div style="font-size: 48pt; font-weight: bold;">NONE</div>	

## SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

**Explanation:**

Question 1: N/A

**Bar Code:**



55301201836500103



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**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A - VERIFICATION****Real Estate**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Current year change in encumbrances		
4. Total gain (loss) on disposals		
5. Deduct amounts received on disposals		
6. Total foreign exchange change in book/adjusted carrying value		
7. Deduct current year's other than temporary impairment recognized		
8. Deduct current year's depreciation		
9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8)		
10. Deduct total nonadmitted amounts		
11. Statement value at end of current period (Line 9 minus Line 10)		

**NONE****SCHEDULE B - VERIFICATION****Mortgage Loans**

	1 Year To Date	2 Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest, December 31 of prior year		
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals		
8. Deduct amortization of premium and mortgage interest points and commitment fees		
9. Total foreign exchange change in book value/recorded investment excluding accrued interest		
10. Deduct current year's other than temporary impairment recognized		
11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)		
12. Total valuation allowance		
13. Subtotal (Line 11 plus Line 12)		
14. Deduct total nonadmitted amounts		
15. Statement value at end of current period (Line 13 minus Line 14)		

**NONE****SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	7,730,973	6,317,928
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		2,042,409
2.2 Additional investment made after acquisition	515,730	653,535
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)	497,363	356,850
6. Total gain (loss) on disposals	729,959	(116,566)
7. Deduct amounts received on disposals	2,922,829	1,523,183
8. Deduct amortization of premium and depreciation		
9. Total foreign exchange change in book/adjusted carrying value		
10. Deduct current year's other than temporary impairment recognized		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10)	6,551,196	7,730,973
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	6,551,196	7,730,973

**SCHEDULE D - VERIFICATION****Bonds and Stocks**

	1 Year To Date	2 Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	120,678,959	112,071,688
2. Cost of bonds and stocks acquired	9,222,636	11,336,556
3. Accrual of discount	31,281	33,658
4. Unrealized valuation increase (decrease)	2,624,079	14,801,108
5. Total gain (loss) on disposals	(34,277)	221,734
6. Deduct consideration for bonds and stocks disposed of	8,677,022	17,040,539
7. Deduct amortization of premium	451,974	745,246
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees		
11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10)	123,393,682	120,678,959
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	123,393,682	120,678,959

## SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity  
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

2012

NAIC Designation	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
<b>BONDS</b>								
1. NAIC 1 (a) .....	54,978,481	1,804,146	1,974,135	(1,123,576)	56,033,974	54,978,481	53,684,916	53,985,201
2. NAIC 2 (a) .....	10,079,645			981,968	8,270,099	10,079,645	11,061,613	9,777,697
3. NAIC 3 (a) .....					747,916			746,438
4. NAIC 4 (a) .....								
5. NAIC 5 (a) .....								
6. NAIC 6 (a) .....								
7. Total Bonds	65,058,126	1,804,146	1,974,135	(141,608)	65,051,989	65,058,126	64,746,529	64,509,336
<b>PREFERRED STOCK</b>								
8. NAIC 1 .....								
9. NAIC 2 .....								
10. NAIC 3 .....								
11. NAIC 4 .....								
12. NAIC 5 .....								
13. NAIC 6 .....								
14. Total Preferred Stock								
15. Total Bonds & Preferred Stock	65,058,126	1,804,146	1,974,135	(141,608)	65,051,989	65,058,126	64,746,529	64,509,336

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

### SCHEDULE DA - PART 1

#### Short-Term Investments

	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
9199999					

**NONE**

### SCHEDULE DA - VERIFICATION

#### Short-Term Investments

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Cost of short-term investments acquired		
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals		
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)		
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)		

**NONE**

## SCHEDULE DB - PART A - VERIFICATION

### Options, Caps, Floors, Collars, Swaps and Forwards

1.	Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year)		
2.	Cost Paid/(Consideration Received) on additions		
3.	Unrealized Valuation increase/(decrease)		
4.	Total gain (loss) on termination recognized	<b>NONE</b>	
5.	Considerations received/(paid) on terminations		
6.	Amortization		
7.	Adjustment to the Book/Adjusted Carrying Value of hedged item		
8.	Total foreign exchange change in Book/Adjusted Carrying Value		
9.	Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8)		
10.	Deduct nonadmitted assets		
11.	Statement value at end of current period (Line 9 minus Line 10)		

## SCHEDULE DB - PART B - VERIFICATION

### Future Contracts

1.	Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year)		
2.	Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column)		
3.1	Add:		
	Change in variation margin on open contracts - Highly Effective Hedges		
3.11	Section 1, Column 15, current year to date minus		
3.12	Section 1, Column 15, prior year		
	Change in variation margin on open contracts - All Other		
3.13	Section 1, Column 18, current year to date minus		
3.14	Section 1, Column 18, prior year		
3.2	Add:		
	Change in adjustment to basis of hedged item		
3.21	Section 1, Column 17, current year to date minus		
3.22	Section 1, Column 17, prior year		
	Change in amount recognized		
3.23	Section 1, Column 19, current year to date minus	<b>NONE</b>	
3.24	Section 1, Column 19, prior year		
3.3	Subtotal (Line 3.1 minus Line 3.2)		
4.1	Cumulative variation margin on terminated contracts during the year		
4.2	Less:		
4.21	Amount used to adjust basis of hedged item		
4.22	Amount recognized		
4.3	Subtotal (Line 4.1 minus Line 4.2)		
5.	Dispositions gains (losses) on contracts terminated in prior year:		
5.1	Total gain (loss) recognized for terminations in prior year		
5.2	Total gain (loss) adjusted into the hedged item(s) for terminations in prior year		
6.	Book/Adjusted carrying value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2)		
7.	Deduct total nonadmitted amounts		
8.	Statement value at end of current period (Line 6 minus Line 7)		

## SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

Replicated (Synthetic Asset) Transactions								Components of the Replication (Synthetic Asset) Transactions							
1	2	3	4	5	6	7	8	Derivative Instrument(s) Open			Cash Instrument(s) Held				
Number	Description	NAIC Designation or Other Description	Notional Amount	Book/Adjusted Carrying Value	Fair Value	Effective Date	Maturity Date	9	10	11	12	13	14	15	16
								Description	Book/Adjusted Carrying Value	Fair Value	CUSIP	Description	NAIC Designation or Other Description	Book/Adjusted Carrying Value	Fair Value
<b>NONE</b>															
9999999	Totals					X X X	X X X	X X X			X X X	X X X	X X X		

505



## SCHEDULE DB VERIFICATION

### Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

Book/Adjusted Carrying Value Check

1. Part A, Section 1, Column 14	_____
2. Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance	_____
3. Total (Line 1 plus Line 2)	_____
4. Part D, Section 1, Column 5	_____
5. Part D, Section 1, Column 6	_____
6. Total (Line 3 minus Line 4 minus Line 5)	_____

**NONE**

Fair Value Check

7. Part A, Section 1, Column 16	_____
8. Part B, Section 1, Column 13	_____
9. Total (Line 7 plus Line 8)	_____
10. Part D, Section 1, Column 8	_____
11. Part D, Section 1, Column 9	_____
12. Total (Line 9 minus Line 10 minus Line 11)	_____

Potential Exposure Check

13. Part A, Section 1, Column 21	_____
14. Part B, Section 1, Column 20	_____
15. Part D, Section 1, Column 11	_____
16. Total (Line 13 plus Line 14 minus Line 15)	_____



**SCHEDULE E PART 2 - VERIFICATION**

(Cash Equivalents)

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	167,988	
2. Cost of cash equivalents acquired	10,597,461	22,415,253
3. Accrual of discount		
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		
6. Deduct consideration received on disposals	9,848,388	22,247,265
7. Deduct amortization of premium		
8. Total foreign exchange change in book/adjusted carrying value		
9. Deduct current year's other than temporary impairment recognized		
10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9)	917,061	167,988
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	917,061	167,988





### SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Vendor or General Partner	6 NAIC Desig- nation	7 Date Originally Acquired	8 Type and Strategy	9 Actual Cost at Time of Acquisition	10 Additional Investment Made After Acquisition	11 Amount of Encumbrances	12 Commitment for Additional Investment	13 Percentage of Ownership
		3 City	4 State									
<b>NONE</b>												
4699999 Totals												X X X

EO3

### SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

1 CUSIP Ident- ification	2 Name or Description	Location		5 Name of Purchaser or Nature of Disposal	6 Date Originally Acquired	7 Disposal Date	8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year	Change in Book/Adjusted Carrying Value						15 Book/Adjusted Carrying Value Less Encumbrances on Disposal	16 Consideration	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Investment Income
		3 City	4 State					9 Unrealized Valuation Increase (Decrease)	10 Current Year's (Depreciation) or (Amortization)/ Accretion	11 Current Year's Other Than Temporary Impairment Recognized	12 Capitalized Deferred Interest and Other	13 Total Change in B./A.C.V. (9+10-11+12)	14 Total Foreign Exchange Change in B./A.C.V.						
000000-00-0	POINT JUDITH CAPITAL PARTN	PROVIDENCE	RI	POINT JUDITH CAPITAL PART	05/31/2013	08/31/2018	147,722							147,722	728,117		580,395	580,395	
000000-00-0	POINT JUDITH CAPITAL PARTN	PROVIDENCE	RI	POINT JUDITH CAPITAL PART	12/31/2015	08/31/2018	97,295							97,295	244,261		146,966	146,966	
2199999 Other - Joint Venture/Partnership Interests - Unaffiliated							245,017							245,017	972,378		727,361	727,361	
4499999 Total Unaffiliated							245,017							245,017	972,378		727,361	727,361	
4699999 Totals							245,017							245,017	972,378		727,361	727,361	

### SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 Foreign	4 Date Acquired	5 Name of Vendor	6 Number of Shares of Stock	7 Actual Cost	8 Par Value	9 Paid for Accrued Interest and Dividends	10 NAIC Designation or Market Indicator (a)
00209T-AB-1	COMCAST CABLE COMMUNICATIONS HOLDINGS IN		08/10/2018	CITIZENS		369,243	300,000.00	7,012	1FE
91159J-AA-4	U.S. BANCORP		08/17/2018	CITIZENS		492,070	500,000.00	1,475	1FE
904764-AM-9	UNILEVER CAPITAL CORP	C	08/17/2018	CITIZENS		257,684	250,000.00	325	1FE
931142-DU-4	WAL-MART STORES INC		08/17/2018	CITIZENS		486,131	500,000.00	2,154	1FE
25468P-CN-4	WALT DISNEY CO		08/17/2018	CITIZENS		199,018	200,000.00	76	1FE
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	1,804,146	1,750,000.00	11,042	X X X
8399997	Subtotal - Bonds - Part 3				X X X	1,804,146	1,750,000.00	11,042	X X X
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	1,804,146	1,750,000.00	11,042	X X X
G16249-10-7	BROOKFIELD PROPERTY PARTNERS UNT		08/21/2018	CITIZENS	744,000	15,029			L
9099999	Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	15,029	X X X		X X X
9799997	Subtotal - Common Stock - Part 3				X X X	15,029	X X X		X X X
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X
9799999	Total - Common Stock				X X X	15,029	X X X		X X X
9899999	Total - Preferred and Common Stock				X X X	15,029	X X X		X X X
9999999	Totals				X X X	1,819,175	X X X	11,042	X X X

E04

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

## SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of  
During the Current Quarter

1	2	3	4	5	6	7	8	9	10	Change in Book/Adjusted Carrying Value					16	17	18	19	20	21	22	
										11	12	13	14	15								
CUSIP Identification	Description	For eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Consideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in B./A.C.V. (11+12-13)	Total Foreign Exchange Change in B./A.C.V.	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Stated Contractual Maturity Date	NAIC Designation or Market Indic at (a)	
31371L-DY-2	FN 254919 - RMBS		09/26/2018	CITIZENS		1,754	1,754.00	1,836	1,763		(9)		(9)		1,754				56	09/01/2018	1	
31371M-GB-7	FN 255894 - RMBS		09/01/2018	CITIZENS		1,467	1,466.78	1,440	1,438		29		29		1,467				43	10/01/2025	1	
31402R-H3-6	FN 735650 - RMBS		09/01/2018	CITIZENS		477	477.17	476	475		2		2		477				18	11/01/2018	1	
31403D-EP-0	FN 745442 - RMBS		09/01/2018	CITIZENS		3,609	3,608.58	3,595	3,597		12		12		3,609				119	07/01/2019	1	
31417Y-FQ-5	FN MA0174 - RMBS		09/01/2018	CITIZENS		3,823	3,822.59	4,041	3,872		(49)		(49)		3,823				98	09/01/2019	1	
31417Y-VX-2	FN MA0629 - RMBS		09/01/2018	CITIZENS		6,298	6,297.93	6,523	6,374		(76)		(76)		6,298				135	01/01/2021	1	
3199999	Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligations				X X X	17,428	17,427.05	17,911	17,519		(91)		(91)		17,428				469	X X X	X X X	
056752-AC-2 24422E-QV-4 59156R-AT-5	BAIDU INC	C	08/06/2018	CITIZENS		1,000,000	1,000,000.00	1,009,830	1,001,256		(1,256)		(1,256)		1,000,000				32,500	08/06/2018	1FE	
	JOHN DEERE CAPITAL CORP		09/10/2018	CITIZENS		215,000	215,000.00	260,242	219,983		(4,983)		(4,983)		215,000				12,431	09/10/2018	1FE	
	METLIFE INC		08/15/2018	CITIZENS		742,818	725,000.00	911,632	762,143		(20,435)		(20,435)		741,708		1,110	1,110	55,948	02/15/2019	1FE	
3899999	Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)				X X X	1,957,818	1,940,000.00	2,181,704	1,983,382		(26,674)		(26,674)		1,956,708		1,110	1,110	100,879	X X X	X X X	
8199999	Subtotal - Bonds - SVO Identified Funds				X X X															X X X	X X X	
8399997	Subtotal - Bonds - Part 4				X X X	1,975,246	1,957,427	2,199,615	2,000,901		(26,765)		(26,765)		1,974,136		1,110	1,110	101,348	X X X	X X X	
8399998	Summary Item from Part 5 for Bonds				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
8399999	Total - Bonds				X X X	1,975,246	1,957,427.05	2,199,615	2,000,901		(26,765)		(26,765)		1,974,136		1,110	1,110	101,348	X X X	X X X	
00206R-10-2 369604-10-3 36174X-10-1	AT&T ORD		08/07/2018	CITIZENS	2.56	82		85	100	(14)			(14)		85		(3)	(3)	4		L	
	GENERAL ELECTRIC ORD		07/25/2018	CITIZENS															125		L	
	GGP ORD	C	08/31/2018	CITIZENS	1,980.00	618		52,978	46,312	6,666			6,666		52,978		(52,360)	(52,360)	44,719		L	
9099999	Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated)				X X X	700		53,063	46,412	6,652			6,652		53,063		(52,363)	(52,363)	44,848	X X X	X X X	
9799997	Subtotal - Common Stock - Part 4				X X X	700	X X X	53,063	46,412	6,652			6,652		53,063		(52,363)	(52,363)	44,848	X X X	X X X	
9799998	Summary Item from Part 5 for Common Stocks				X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
9799999	Total - Common Stocks				X X X	700	X X X	53,063	46,412	6,652			6,652		53,063		(52,363)	(52,363)	44,848	X X X	X X X	
9899999	Total - Preferred and Common Stocks				X X X	700	X X X	53,063	46,412	6,652			6,652		53,063		(52,363)	(52,363)	44,848	X X X	X X X	

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

### SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

1 CUSIP Ident- ification	2 Description	3 F o r e i g n	4 Disposal Date	5 Name of Purchaser	6 Number of Shares of Stock	7 Consid- eration	8 Par Value	9 Actual Cost	10 Prior Year Book/ Adjusted Carrying Value	Change in Book/Adjusted Carrying Value					16 Book/ Adjusted Carrying Value at Disposal Date	17 Foreign Exchange Gain (Loss) on Disposal	18 Realized Gain (Loss) on Disposal	19 Total Gain (Loss) on Disposal	20 Bond Interest/ Stock Dividends Received During Year	21 Stated Contractual Maturity Date	22 NAIC Desig- nation or Market Indicat (a)
										11 Unrealized Valuation Increase/ (Decrease)	12 Current Year's (Amort- ization)/ Accretion	13 Current Year's Other Than Temporary Impairment Recognized	14 Total Change in B./A.C.V. (11+12-13)	15 Total Foreign Exchange Change in B./A.C.V.							
999999	Totals					1,975,946	X X X	2,252,678	2,047,313	6,652	(26,765)		(20,113)		2,027,199		(51,253)	(51,253)	146,196	X X X	X X X

E05.1

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues . . . . . 0 .

### SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
Description	Description of Item(s) Hedged, Used for Income Generation or Replicated	Schedule/ Exhibit Identifier	Type(s) of Risk(s) (a)	Exchange, Counterparty or Central Clearinghouse	Trade Date	Date of Maturity or Expiration	Number of Contracts	Notional Amount	Strike Price, Rate or Index Received (Paid)	Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid	Current Year Initial Cost of Premium (Received) Paid	Current Year Income	Book/ Adjusted Carrying Value	Code	Fair Value	Unrealized Valuation Increase/ (Decrease)	Total Foreign Exchange Change in B./A.C.V.	Current Year's (Amortization)/ Accretion	Adjustment to Carrying Value of Hedged Item	Potential Exposure	Credit Quality of Reference Entity	Hedge Effectiveness at Inception and at Quarter-end (b)	
<b>NONE</b>																							
1449999 Total																							

E06

(a)

Code	Description of Hedged Risk(s)
<b>NONE</b>	

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
<b>NONE</b>	



### SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

1 Ticker Symbol	2 Number of Contracts	3 Notional Amount	4 Description	5 Description of Item(s) Hedged, Used for Income Generation or Replicated	6 Schedule/ Exhibit Identifier	7 Type(s) of Risk(s) (a)	8 Date of Maturity or Expiration	9 Exchange	10 Trade Date	11 Transaction Price	12 Reporting Date Price	13 Fair Value	14 Book/ Adjusted Carrying Value	Highly Effective Hedges			18 Cumulative Variation Margin for All Other Hedges	19 Change in Variation Margin Gain (Loss) Recognized in Current Year	20 Potential Exposure	21 Hedge Effectiveness at Inception and at Quarter-end (b)	22 Value of One (1) Point
														15 Cumulative Variation Margin	16 Deferred Variation Margin	17 Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item					
						X X X	X X X	X X X	X X X	X X X	X X X								X X X	X X X	

NONE

Broker Name	Beginning Cash Balance	Cumulative Cash Change	Ending Cash Balance
<div style="font-size: 3em; font-weight: bold;">NONE</div>			
Total Net Cash Deposits			

E07

(a)

Code	Description of Hedged Risk(s)
<div style="font-size: 3em; font-weight: bold;">NONE</div>	

(b)

Code	Financial or Economic Impact of the Hedge at the End of the Reporting Period
<div style="font-size: 3em; font-weight: bold;">NONE</div>	

### SCHEDULE DB - PART D - SECTION 1

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

1 Description of Exchange, Counterparty or Central Clearinghouse	2 Master Agreement (Y or N)	3 Credit Support Annex (Y or N)	4 Fair Value of Acceptable Collateral	Book/Adjusted Carrying Value			Fair Value			11 Potential Exposure	12 Off-Balance Sheet Exposure
				5 Contracts With Book/ Adjusted Carrying Value >0	6 Contracts With Book/ Adjusted Carrying Value <0	7 Exposure net of Collateral	8 Contracts With Fair Value >0	9 Contracts With Fair Value <0	10 Exposure Net of Collateral		
<b>NONE</b>											
0999999 Gross Totals											
1. Offset per SSAP No. 64											
2. Net after right of offset per SSAP No. 64											

E08

## SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged by Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book / Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)	
			<b>NONE</b>						
0199999 Total Collateral Pledged by Reporting Entity								X X X	X X X

E09

Collateral Pledged to Reporting Entity

1 Exchange, Counterparty or Central Clearinghouse	2 Type of Asset Pledged	3 CUSIP Identification	4 Description	5 Fair Value	6 Par Value	7 Book / Adjusted Carrying Value	8 Maturity Date	9 Type of Margin (I, V or IV)	
			<b>NONE</b>						
0299999 Total Collateral Pledged to Reporting Entity							X X X	X X X	X X X

## SCHEDULE DL - PART 1

### SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date  
 (Securities lending collateral assets reported in aggregate on Line 10 of the Assets page  
 and not included on Schedules A, B, BA, D DB and E)

1	2	3	4	5	6	7
CUSIP Identification	Description	Code	NAIC Desig- nation/ Market Indicator	Fair Value	Book / Adjusted Carrying Value	Maturity Dates
NONE						
999999 Totals						XXX

General Interrogatories:

1. Total activity for the year to date	Fair Value \$	0	Book/Adjusted Carrying Value \$	0
2. Average balance for the year to date	Fair Value \$	0	Book/Adjusted Carrying Value \$	0
3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:				
NAIC 1 \$	0;	NAIC 2 \$	0;	NAIC 3 \$
0;	NAIC 4 \$	0;	NAIC 5 \$	0;
0;	NAIC 6 \$	0.		

## SCHEDULE DL - PART 2

### SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

(Securities lending collateral assets included on Schedule A, B, BA, D, DB and E  
and not reported in aggregate on Line 10 of the Assets page)

1  CUSIP Identification	2  Description	3  Code	4  NAIC Desig- nation/ Market Indicator	5  Fair Value	6  Book / Adjusted Carrying Value	7  Maturity Dates
NONE						
999999 Totals						XXX

General Interrogatories:

1. Total activity for the year	Fair Value \$	0	Book/Adjusted Carrying Value \$	0
2. Average balance for the year	Fair Value \$	0	Book/Adjusted Carrying Value \$	0



### SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

1 CUSIP	2 Description	3 Code	4 Date Acquired	5 Rate of Interest	6 Maturity Date	7 Book/Adjusted Carrying Value	8 Amount of Interest Due & Accrued	9 Amount Received During Year
990220-47-7	RBS CITIZENS NA CASH SWEEP		09/30/2018	1.870		917,061		7,309
8699999 All Other Money Market Mutual Funds						917,061		7,309
8899999 Total Cash Equivalents						917,061		7,309

E13