ANNUAL STATEMENT

OF THE

_____

_____

_____

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of _____

in the state of _____

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2016

HEALTH

2016

47155201620100100

ANNUAL STATEMENT

For the Year Ended December 31, 2016
OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

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

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

Country of Domicile United States

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

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

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

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

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

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

Internet Web Site Address www.deltadentalar.com

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

OFFICERS

	Name	Title
1.	Eddie Allen Choate	President and CEO
2.	Mel Taylor Collazo	Vice Chair and Secretary
3.	Phillip Wayne Cox	Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Ina Lynn Harbert	Senior Vice President and COO	Phyllis Lynn Rogers	Senior Vice President and CFO
Allen Dale Moore	Vice President of Information Technology	James Wayne Couch	Vice President and General Counsel
Ashley Lynne Riddle	VP of Sales & Account Management	Robert Allen Mason	Vice President of Professional Relations
Kelly Terese Carney	Vice President of Human Resources	Ebb Weldon Johnson	VP, Exec Director, DDAR Foundation, Publi
David Edward Hawsey #	VP, Marketing		

DIRECTORS OR TRUSTEES

James Talbert Johnston	Susan Jane Fletcher Smith	Mel Taylor Collazo	Terri Anderson Miller
Troy John Dryden Bartels	Sarah Jean Clark	Granville Wayne Callahan, Sr.	Robbins Mark Bailey
Phillip Wayne Cox	Joseph Wood Thompson #		

State of Arkansas

County of Pulaski ss

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

(Signature)	(Signature)	(Signature)
Eddie Allen Choate	Mel Taylor Collazo	Phillip Wayne Cox
(Printed Name) 1.	(Printed Name) 2.	(Printed Name) 3.
President and CEO	Vice Chair and Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me this on this _____ day of _____, 2017, by

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	31,844,700		31,844,700	25,739,450
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	39,678,129	19,232,930	20,445,199	20,426,057
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less $ 0 encumbrances)	8,623,546		8,623,546	8,573,054
4.2 Properties held for the production of income (less $ 0 encumbrances)				
4.3 Properties held for sale (less $ 0 encumbrances)				
5. Cash ($ 15,436,587, Schedule E - Part 1), cash equivalents ($ 150,000, Schedule E - Part 2), and short-term investments ($ 390,826, Schedule DA)	15,977,413		15,977,413	26,911,036
6. Contract loans (including $ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	4,318,751		4,318,751	4,888,436
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	1,898,396		1,898,396	1,410,650
12. Subtotals, cash and invested assets (Lines 1 to 11)	102,340,935	19,232,930	83,108,005	87,948,683
13. Title plants less $ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	102,016		102,016	70,655
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	4,018,269		4,018,269	1,122,177
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	12,458,155		12,458,155	8,160,150
17. Amounts receivable relating to uninsured plans	1,676,866		1,676,866	4,360,144
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	1,022,530	355,701	666,829	314,734
21. Furniture and equipment, including health care delivery assets ($ 0)	100,762	100,762		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	70,745		70,745	2,338
24. Health care ($ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	586,897	461,788	125,109	151,406
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	122,377,175	20,151,181	102,225,994	102,130,287
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	122,377,175	20,151,181	102,225,994	102,130,287

DETAILS OF WRITE-IN LINES				
1101. Deferred Compensation - 457	1,898,396		1,898,396	1,410,650
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)	1,898,396		1,898,396	1,410,650
2501. Prepaid Expenses & Deposits	461,595	461,595		
2502. Miscellaneous Receivable	125,302	193	125,109	151,406
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	586,897	461,788	125,109	151,406

LIABILITIES, CAPITAL AND SURPLUS

		Current Year			Prior Year
		1 Covered	2 Uncovered	3 Total	4 Total
1.	Claims unpaid (less $ 133,986 reinsurance ceded)	6,967,901		6,967,901	9,883,110
2.	Accrued medical incentive pool and bonus amounts				
3.	Unpaid claims adjustment expenses	171,591		171,591	174,923
4.	Aggregate health policy reserves, including the liability of $ 0 for medical loss ratio rebate per the Public Health Services Act				
5.	Aggregate life policy reserves				
6.	Property/casualty unearned premium reserves				
7.	Aggregate health claim reserves				
8.	Premiums received in advance	2,368,013		2,368,013	2,521,567
9.	General expenses due or accrued	14,877,218		14,877,218	11,233,632
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	1,071,102		1,071,102	963,996
12.	Amounts withheld or retained for the account of others	1,364,258		1,364,258	1,781,992
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	1,881,831		1,881,831	3,040,694
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	133,986		133,986	107,589
21.	Net adjustments in assets and liabilities due to foreign exchange rates				
22.	Liability for amounts held under uninsured plans	1,924,013		1,924,013	1,832,013
23.	Aggregate write-ins for other liabilities (including $ 0 current)				
24.	Total liabilities (Lines 1 to 23)	30,759,913		30,759,913	31,539,516
25.	Aggregate write-ins for special surplus funds	XXX	XXX		920,743
26.	Common capital stock	XXX	XXX		
27.	Preferred capital stock	XXX	XXX		
28.	Gross paid in and contributed surplus	XXX	XXX		
29.	Surplus notes	XXX	XXX		
30.	Aggregate write-ins for other than special surplus funds	XXX	XXX	50,000	50,000
31.	Unassigned funds (surplus)	XXX	XXX	71,416,081	69,620,028
32.	Less treasury stock, at cost:				
	32.1 0 shares common (value included in Line 26 $ 0)	XXX	XXX		
	32.2 0 shares preferred (value included in Line 27 $ 0)	XXX	XXX		
33.	Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	71,466,081	70,590,771
34.	Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	102,225,994	102,130,287

	DETAILS OF WRITE-IN LINES				
2301.					
2302.					
2303.					
2398.	Summary of remaining write-ins for Line 23 from overflow page				
2399.	Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				
2501.	Affordable Care Act Section 9010 Fee Assessment - 2016	XXX	XXX		920,743
2502.		XXX	XXX		
2503.		XXX	XXX		
2598.	Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX		920,743
3001.	Surplus required by the Arkansas Insurance Department	XXX	XXX	50,000	50,000
3002.		XXX	XXX		
3003.		XXX	XXX		
3098.	Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX		
3099.	Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	50,000	50,000

NONE

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	3,210,864	3,088,937
2.	Net premium income (including $ 0 non-health premium income)	XXX	161,578,227	152,948,522
3.	Change in unearned premium reserves and reserve for rate credits	XXX	296	1,817
4.	Fee-for-service (net of $ 0 medical expenses)	XXX		
5.	Risk revenue	XXX		
6.	Aggregate write-ins for other health care related revenues	XXX		
7.	Aggregate write-ins for other non-health revenues	XXX	438,035	470,684
8.	Total revenues (Lines 2 to 7)	XXX	162,016,558	153,421,023
Hospital and Medical:				
9.	Hospital/medical benefits		94,899,516	92,178,530
10.	Other professional services			
11.	Outside referrals			
12.	Emergency room and out-of-area			
13.	Prescription drugs			
14.	Aggregate write-ins for other hospital and medical			
15.	Incentive pool, withhold adjustments and bonus amounts			
16.	Subtotal (Lines 9 to 15)		94,899,516	92,178,530
Less:				
17.	Net reinsurance recoveries		(30,036,824)	(28,384,276)
18.	Total hospital and medical (Lines 16 minus 17)		124,936,340	120,562,806
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ 1,162,051 cost containment expenses		11,230,058	9,559,022
21.	General administrative expenses		20,287,919	22,678,394
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)		156,454,317	152,800,222
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,562,241	620,801
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		396,355	477,583
26.	Net realized capital gains (losses) less capital gains tax of $ 0		3,206,564	615,105
27.	Net investment gains (losses) (Lines 25 plus 26)		3,602,919	1,092,688
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ 0) (amount charged off $ 0)]			
29.	Aggregate write-ins for other income or expenses			
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	9,165,160	1,713,489
31.	Federal and foreign income taxes incurred	XXX		
32.	Net income (loss) (Lines 30 minus 31)	XXX	9,165,160	1,713,489

DETAILS OF WRITE-IN LINES				
0601.	Miscellaneous Income	XXX		
0602.		XXX		
0603.		XXX		
0698.	Summary of remaining write-ins for Line 06 from overflow page	XXX		
0699.	Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	XXX		
0701.	Miscellaneous Income	XXX	438,035	470,684
0702.		XXX		
0703.		XXX		
0798.	Summary of remaining write-ins for Line 07 from overflow page	XXX		
0799.	Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	XXX	438,035	470,684
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page			
1499.	Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.				
2902.				
2903.				
2998.	Summary of remaining write-ins for Line 29 from overflow page			
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

NONE

NONE

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL & SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	70,590,774	64,809,188
34.	Net income or (loss) from Line 32	9,165,160	1,713,489
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $ 0	(1,975,768)	(1,618,760)
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax		
39.	Change in nonadmitted assets	(6,287,668)	5,658,489
40.	Change in unauthorized and certified reinsurance	(26,397)	28,368
41.	Change in treasury stock		
42.	Change in surplus notes		
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in		
	44.2 Transferred from surplus (Stock Dividend)		
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in		
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		
47.	Aggregate write-ins for gains or (losses) in surplus		
48.	Net change in capital and surplus (Lines 34 to 47)	875,327	5,781,586
49.	Capital and surplus end of reporting year (Line 33 plus 48)	71,466,101	70,590,774

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

NONE

CASH FLOW

		1	2
	Cash from Operations	Current Year	Prior Year
1.	Premiums collected net of reinsurance	152,745,317	157,947,451
2.	Net investment income	505,758	748,113
3.	Miscellaneous income	379,319	452,553
4.	Total (Lines 1 through 3)	153,630,394	159,148,117
5.	Benefit and loss related payments	126,263,937	118,820,093
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	25,049,851	31,239,161
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)	151,313,788	150,059,254
11.	Net cash from operations (Line 4 minus Line 10)	2,316,606	9,088,863
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	5,151,463	11,441,507
	12.2 Stocks	19,324,450	9,924,514
	12.3 Mortgage loans		
	12.4 Real estate		35,241
	12.5 Other invested assets	1,076,544	672,465
	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)	25,552,457	22,073,727
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	11,223,098	14,763,379
	13.2 Stocks	25,110,120	6,636,759
	13.3 Mortgage loans		
	13.4 Real estate	274,976	2,195
	13.5 Other invested assets	253,430	422,466
	13.6 Miscellaneous applications		
	13.7 Total investments acquired (Lines 13.1 to 13.6)	36,861,624	21,824,799
14.	Net increase (decrease) in contract loans and premium notes		
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(11,309,167)	248,928
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes		
	16.2 Capital and paid in surplus, less treasury stock		
	16.3 Borrowed funds		
	16.4 Net deposits on deposit-type contracts and other insurance liabilities		
	16.5 Dividends to stockholders		
	16.6 Other cash provided (applied)	(1,941,063)	1,819,910
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(1,941,063)	1,819,910
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(10,933,624)	11,157,701
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	26,911,037	15,753,336
	19.2 End of year (Line 18 plus Line 19.1)	15,977,413	26,911,037

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

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	161,578,227			157,881,839	3,696,388					
2. Change in unearned premium reserves and reserve for rate credit	296			296						
3. Fee-for-service (net of $ 0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues	438,035	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	438,035
7. Total revenues (Lines 1 to 6)	162,016,558			157,882,135	3,696,388					438,035
8. Hospital/medical benefits	94,899,516			91,231,293	3,668,223					XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs										XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts										XXX
15. Subtotal (Lines 8 to 14)	94,899,516			91,231,293	3,668,223					XXX
16. Net reinsurance recoveries	(30,036,825)			(31,870,936)	1,834,111					XXX
17. Total hospital and medical (Lines 15 minus 16)	124,936,341			123,102,229	1,834,112					XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 1,162,051 cost containment expenses	11,230,058			10,126,492	1,103,566					
20. General administrative expenses	20,287,919			19,854,205	433,714					
21. Increase in reserves for accident and health contracts										XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	156,454,318			153,082,926	3,371,392					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,562,240			4,799,209	324,996					438,035

DETAILS OF WRITE-IN LINES										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 05 from overflow page										XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										XXX
0601. Miscellaneous Income	438,035	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	438,035
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 06 from overflow page		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	438,035	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	438,035
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page										XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)										XXX

NONE

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only	119,328,186	38,553,949		157,882,135
4. Vision only	7,374,941		3,678,553	3,696,388
5. Federal Employees Health Benefits Plan				
6. Title XVIII – Medicare				
7. Title XIX – Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	126,703,127	38,553,949	3,678,553	161,578,523
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	126,703,127	38,553,949	3,678,553	161,578,523

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	97,600,002			93,984,573	3,615,429					
1.2 Reinsurance assumed	32,059,264			32,059,264						
1.3 Reinsurance ceded	1,807,715				1,807,715					
1.4 Net	127,851,551			126,043,837	1,807,714					
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	4,883,318			4,615,346	267,972					
3.2 Reinsurance assumed	2,218,569			2,218,569						
3.3 Reinsurance ceded	133,986				133,986					
3.4 Net	6,967,901			6,833,915	133,986					
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct										
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net										
5. Accrued medical incentive pools and bonuses, current year										
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	7,583,805			7,368,626	215,179					
8.2 Reinsurance assumed	2,406,895			2,406,895						
8.3 Reinsurance ceded	107,590				107,590					
8.4 Net	9,883,110			9,775,521	107,589					
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct										
9.2 Reinsurance assumed										
9.3 Reinsurance ceded										
9.4 Net										
10. Accrued medical incentive pools and bonuses, prior year										
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	94,899,515			91,231,293	3,668,222					
12.2 Reinsurance assumed	31,870,938			31,870,938						
12.3 Reinsurance ceded	1,834,111				1,834,111					
12.4 Net	124,936,342			123,102,231	1,834,111					
13. Incurred medical incentive pools and bonuses										

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	237,354			232,799	4,555					
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	237,354			232,799	4,555					
2. Incurred but Unreported:										
2.1 Direct	4,645,964			4,382,547	263,417					
2.2 Reinsurance assumed	2,218,569			2,218,569						
2.3 Reinsurance ceded	133,986				133,986					
2.4 Net	6,730,547			6,601,116	129,431					
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	4,883,318			4,615,346	267,972					
4.2 Reinsurance assumed	2,218,569			2,218,569						
4.3 Reinsurance ceded	133,986				133,986					
4.4 Net	6,967,901			6,833,915	133,986					

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	7,605,694	118,438,141	21,727	6,812,188	7,627,421	9,775,521
4. Vision only	108,295	1,699,419		133,986	108,295	107,590
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	7,713,989	120,137,560	21,727	6,946,174	7,735,716	9,883,111
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	7,713,989	120,137,560	21,727	6,946,174	7,735,716	9,883,111

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Hospital & Medical

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Medicare Supplement

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Dental Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	68,488	68,488	68,488	68,488	68,488
2. 2012	86,141	90,456	90,456	90,456	90,456
3. 2013	XXX	89,330	94,436	94,436	94,436
4. 2014	XXX	XXX	103,402	108,329	108,329
5. 2015	XXX	XXX	XXX	109,903	117,509
6. 2016	XXX	XXX	XXX	XXX	118,438

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	68,488	68,488	68,488	68,488	68,488
2. 2012	86,141	90,456	90,456	90,456	90,456
3. 2013	XXX	89,330	94,436	94,436	94,436
4. 2014	XXX	XXX	103,402	108,329	108,329
5. 2015	XXX	XXX	XXX	109,903	117,509
6. 2016	XXX	XXX	XXX	XXX	125,272

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	113,542	98,281	6,992	7.114	105,273	92.717			105,273	92.717
2. 2013	118,415	93,645	6,578	7.024	100,223	84.637			100,223	84.637
3. 2014	136,319	107,645	7,056	6.555	114,701	84.142			114,701	84.142
4. 2015	149,436	114,830	8,505	7.407	123,335	82.534			123,335	82.534
5. 2016	157,882	126,044	10,126	8.034	136,170	86.248	6,834	149	143,153	90.671

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Vision Only

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	1,211	1,211	1,211	1,211	1,211
2. 2012	1,342	1,448	1,448	1,448	1,448
3. 2013	XXX	1,545	1,626	1,626	1,626
4. 2014	XXX	XXX	1,554	1,635	1,635
5. 2015	XXX	XXX	XXX	1,645	1,753
6. 2016	XXX	XXX	XXX	XXX	1,699

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	1,211	1,211	1,211	1,211	1,211
2. 2012	1,342	1,448	1,448	1,448	1,448
3. 2013	XXX	1,545	1,643	1,643	1,643
4. 2014	XXX	XXX	1,554	1,635	1,635
5. 2015	XXX	XXX	XXX	1,645	1,753
6. 2016	XXX	XXX	XXX	XXX	1,833

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	2,702	1,427	215	15.067	1,642	60.770			1,642	60.770
2. 2013	2,909	1,537	222	14.444	1,759	60.468			1,759	60.468
3. 2014	3,229	1,653	343	20.750	1,996	61.815			1,996	61.815
4. 2015	3,515	1,726	1,054	61.066	2,780	79.090			2,780	79.090
5. 2016	3,696	1,808	1,104	61.062	2,912	78.788	134	23	3,069	83.036

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Fed Emp Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Title XVIII - Medicare

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Title XIX - Medicaid

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Other

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior					
2. 2012					
3. 2013	XXX				
4. 2014	XXX	XXX			
5. 2015	XXX	XXX	XXX		
6. 2016	XXX	XXX	XXX	XXX	

NONE

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012										
2. 2013										
3. 2014										
4. 2015										
5. 2016										

NONE

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Grand Total

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	69,699	69,699	69,699	69,699	69,699
2. 2012	87,483	91,904	91,904	91,904	91,904
3. 2013	XXX	90,875	96,062	96,062	96,062
4. 2014	XXX	XXX	104,956	109,964	109,964
5. 2015	XXX	XXX	XXX	111,548	119,262
6. 2016	XXX	XXX	XXX	XXX	120,137

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2012	2 2013	3 2014	4 2015	5 2016
1. Prior	69,699	69,699	69,699	69,699	69,699
2. 2012	87,483	91,904	91,904	91,904	91,904
3. 2013	XXX	90,875	96,079	96,079	96,079
4. 2014	XXX	XXX	104,956	109,964	109,964
5. 2015	XXX	XXX	XXX	111,548	119,262
6. 2016	XXX	XXX	XXX	XXX	127,105

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2012	116,244	99,708	7,207	7.228	106,915	91.975			106,915	91.975
2. 2013	121,324	95,182	6,800	7.144	101,982	84.058			101,982	84.058
3. 2014	139,548	109,298	7,399	6.770	116,697	83.625			116,697	83.625
4. 2015	152,951	116,556	9,559	8.201	126,115	82.455			126,115	82.455
5. 2016	161,578	127,852	11,230	8.784	139,082	86.077	6,968	172	146,222	90.496

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

DETAILS OF WRITE-IN LINES									
0501.									
0502.			NONE						
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)									
1101.									
1102.			NONE						
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

(a) Includes $ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent ($ 190,500 for occupancy of own building)		114,300	76,200		190,500
2. Salaries, wages and other benefits		8,407,162	5,604,774		14,011,936
3. Commissions (less $ 412,461 ceded plus $ 1,391,871 assumed)			8,770,967		8,770,967
4. Legal fees and expenses			323,898		323,898
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			164,838		164,838
7. Traveling expenses		37,500	423,202		460,702
8. Marketing and advertising			974,524		974,524
9. Postage, express and telephone		1,773,637	202,551		1,976,188
10. Printing and office supplies		210,504	140,336		350,840
11. Occupancy, depreciation and amortization		119,121	79,414		198,535
12. Equipment		4,463	2,975		7,438
13. Cost or depreciation of EDP equipment and software		244,665	236,036		480,701
14. Outsourced services including EDP, claims, and other services	1,162,051	6,394,768	3,629,092		11,185,911
15. Boards, bureaus and association fees			650,424		650,424
16. Insurance, except on real estate		71,176	47,451		118,627
17. Collection and bank service charges		138,729	92,486		231,215
18. Group service and administration fees					
19. Reimbursements by uninsured plans		(8,960,796)	(5,973,864)		(14,934,660)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses		145,883	97,255		243,138
22. Real estate taxes			77,271		77,271
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes		941,542			941,542
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			876,568		876,568
24. Investment expenses not included elsewhere				197,808	197,808
25. Aggregate write-ins for expenses		425,352	3,791,520		4,216,872
26. Total expenses incurred (Lines 1 to 25)	1,162,051	10,068,006	20,287,918	197,808	(a) 31,715,783
27. Less expenses unpaid December 31, current year		171,591	14,877,218		15,048,809
28. Add expenses unpaid December 31, prior year		174,923	11,233,632		11,408,555
29. Amounts receivable relating to uninsured plans, prior year					
30. Amounts receivable relating to uninsured plans, current year					
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,162,051	10,071,338	16,644,332	197,808	28,075,529

DETAILS OF WRITE-IN LINES					
2501. Consulting		304,093	202,728		506,821
2502. Seminars		110,289	73,526		183,815
2503. Record Storage		10,970	7,313		18,283
2598. Summary of remaining write-ins for Line 25 from overflow page			3,507,953		3,507,953
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		425,352	3,791,520		4,216,872

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

EXHIBIT OF NET INVESTMENT INCOME

		1 Collected During Year	2 Earned During Year
1.	U.S. Government bonds	(a) 218,962	
1.1	Bonds exempt from U.S. tax	(a) 218,962	224,688
1.2	Other bonds (unaffiliated)	(a) 215,380	240,824
1.3	Bonds of affiliates	(a)	
2.1	Preferred stocks (unaffiliated)	(b)	
2.11	Preferred stocks of affiliates	(b)	
2.2	Common stocks (unaffiliated)	105,400	105,400
2.21	Common stocks of affiliates		
3.	Mortgage loans	(c)	
4.	Real estate	(d)	190,500
5.	Contract loans		
6.	Cash, cash equivalents and short-term investments	(e) 57,247	57,234
7.	Derivative instruments	(f)	
8.	Other invested assets		
9.	Aggregate write-ins for investment income		
10.	Total gross investment income	815,951	818,646
11.	Investment expenses		(g) 197,808
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i) 224,483
15.	Aggregate write-ins for deductions from investment income		
16.	Total deductions (Lines 11 through 15)		422,291
17.	Net investment income (Line 10 minus Line 16)		396,355

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

(a) Includes $ 38,964 accrual of discount less $ 25,149 amortization of premium and less $ 0 paid for accrued interest on purchases.
(b) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued dividends on purchases.
(c) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(d) Includes $ 190,500 for company's occupancy of its own buildings; and excludes $ 0 interest on encumbrances.
(e) Includes $ 0 accrual of discount less $ 0 amortization of premium and less $ 0 paid for accrued interest on purchases.
(f) Includes $ 0 accrual of discount less $ 0 amortization of premium.
(g) Includes $ 197,808 investment expenses and $ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes $ 0 interest on surplus notes and $ 0 interest on capital notes.
(i) Includes $ 0 depreciation on real estate and $ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	14,344		14,344		
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)	5,457		5,457		
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)	2,933,467		2,933,467	(987,924)	
2.21	Common stocks of affiliates				(987,844)	
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash, cash equivalents and short-term investments					
7.	Derivative instruments					
8.	Other invested assets	253,430		253,430		
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)	3,206,698		3,206,698	(1,975,768)	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	19,232,930	12,508,699	(6,724,231)
3. Mortgage loans on real estate (Schedule B):			
3.1 First lines			
3.2 Other than first lines			
4. Real estate (Schedule A):			
4.1 Properties occupied by the company			
4.2 Properties held for the production of income			
4.3 Properties held for sale			
5. Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			
6. Contract loans			
7. Derivatives (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)	19,232,930	12,508,699	(6,724,231)
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
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	355,701	427,614	71,913
21. Furniture and equipment, including health care delivery assets	100,762	113,218	12,456
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	461,788	813,981	352,193
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	20,151,181	13,863,512	(6,287,669)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	20,151,181	13,863,512	(6,287,669)

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses & Deposits	461,595	587,425	125,830
2502. Miscellaneous Receivable	193	226,556	226,363
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	461,788	813,981	352,193

NONE

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of 1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	6 Current Year Member Months
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	264,229	267,948	268,933	266,708	265,714	3,210,864
7. Total	264,229	267,948	268,933	266,708	265,714	3,210,864

DETAILS OF WRITE-IN LINES						
0601. Dental Only	217,409	220,176	221,132	218,246	215,760	2,630,091
0602. Vision Only	46,820	47,772	47,801	48,462	49,954	580,773
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	264,229	267,948	268,933	266,708	265,714	3,210,864

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Accounting Practices

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

Description	December 31, 2016	December 31, 2015
Net Income, AR	$ 9,165,160	$ 1,713,488
Effect of AR prescribed practices	(6,724,231)	4,022,729
Effect of AR permitted practices		
Net Income, NAIC SAP	$ 2,440,929	$ 5,736,217

Description	December 31, 2016	December 31, 2015
Statutory Surplus, AR	$ 71,466,082	$ 70,590,774
Effect of AR prescribed practices	19,232,930	12,508,699
Effect of AR permitted practices		
Policyholders Surplus, NAIC SAP	$ 90,699,012	$ 83,099,473

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

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

C. Accounting Policy

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

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

In addition, the Company uses the following accounting policies:

(1) Short-term investments are stated at amortized cost.

NOTES TO FINANCIAL STATEMENTS

(2) Bonds not backed by other loans are stated at amortized cost or fair (market) value based on the issuers NAIC Securities Valuation Office designation.

(3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.

(4) Preferred Stocks - N/A

(5) Mortgage Loans - N/A

(6) Loan-Backed Securities - N/A

(7) The Company carries Omega Administrators, Inc. (wholly-owned non-insurance subsidiary) and Renaissance Holding Company (non-insurance affiliate) at GAAP equity value adjusted to statutory accounting principles.

(8) The Company carries CapRocq Core Real Estate Fund (joint venture with limited liability in real estate fund) at GAAP equity value.

(9) Derivatives - N/A

(10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.

(11) Claims incurred and unpaid include both claims in process and a provision for incurred but not reported claims. A provision for incurred but not reported claims is an actuarially determined and certified estimate based on claims experience and accumulated statistical data. The methods for making such actuarially determined and certified estimates and for establishing the resulting liability are continually reviewed. Provision is also made for estimated claims processing costs to be incurred in paying such claims and is included in unpaid claims adjustment expenses. Management believes the amounts reflected for these liabilities are adequate; however, the ultimate liabilities may differ from the amounts recorded. Any adjustments are reflected in the period they are recorded.

(12) The Company has not modified its capitalization policy from the prior annual period.

(13) Pharmaceutical rebate receivables - N/A

Note 2: Accounting Changes and Corrections of Errors

A. None.

Note 3: Business Combinations and Goodwill

A. Statutory Purchase Method - None

NOTES TO FINANCIAL STATEMENTS

B. Statutory Merger - None

C. Assumption Reinsurance - None

D. Impairment Loss - None

Note 4: Discontinued Operations

None.

Note 5: Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - N/A

B. Debt Restructuring - N/A

C. Reverse Mortgages - N/A

D. Loan-Backed Securities

(1) Sources of Prepayment Assumptions - N/A

(2) OTTI Securities - N/A

(3) OTTI Securities - N/A

(4) All debt securities held as of December 31, 2016 where fair value was less than amortized cost for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:

1. The aggregate amount of unrealized losses:

1. Less than 12 Months $143,940

2. 12 Months or Longer $34,510

2. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months $8,025,098

2. 12 Months or Longer $4,816,587

(5) Should an impairment of any of securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

E. Repurchase Agreements and/or Securities Lending Transactions - N/A

F. Real Estate

(1) No impairment loss was recognized in 2016 for investments in real estate.

NOTES TO FINANCIAL STATEMENTS

(2) The Company has had no changes in plans to sell or not to sell any investments in real estate.

(3) Retail Land Sales Operations - N/A

(4) Real Estate Investments with Participating Mortgage Loan Features - N/A

G. Low-income Housing Tax Credits (LIHTC) - N/A

H. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted From Prior Year	Increase/ (Decrease)	Total Current Year Admitted Restricted	% Gross Restricted to Total Assets	% Admitted Restricted to Total Admitted Assets
a.Subject to contractual obligation for which liability is not shown	$	$	$	$	%	%
b.Collateral held under security lending agreements						
c.Subject to repurchase agreements						
d.Subject to reverse repurchase agreements						
e.Subject to dollar repurchase agreements						
f.Subject to dollar reverse repurchase agreements						
g.Placed under option contracts						
h.Letter stock or securities restricted as to sale						
i.On deposit with states	$50,000	$50,000	$ 0	$50,000	0.0004%	0.0005%
j.On deposit with other regulatory bodies						
k.Pledged as collateral not captured in other categories						
l.Other restricted assets						

NOTES TO FINANCIAL STATEMENTS

m.Total Restricted Assets	$50,000	$50,000	$ 0	$50,000	.0004%	.0005%

Note 6: Joint Ventures, Partnerships and Limited Liability Companies

A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.

Note 7: Investment Income

A. Due and accrued investment income was excluded from surplus on the following bases: All investment income due and accrued with amounts that are over 90 days past due.

B. The total amount excluded was $0.

Note 8: Derivative Instruments

None.

Note 9: Income Taxes

The Company's primary activities are tax exempt under IRS Section 501(c)(4). Omega Administrators, Inc. (the taxable entity) is subject to both federal and state income taxes. Delta Dental of Arkansas Foundation, Inc. and Delta Dental Arkansas Political Action Committee are tax exempt under IRS Sections 501(c)(3) and 527, respectively.

A. Components of DTA or DTL Recognized in Financial Statements - N/A

B. DTLs Not Recognized Due to Temporary Differences - N/A

C. Significant Components of Income Taxes Incurred - N/A

D. Income Tax Different from Change in DTAs and DTLs - N/A

E. Operating Loss and Tax Credit Carry Forwards Available - N/A

F. Federal Income Tax Return Consolidated with Others - N/A

G. Federal or Foreign Income Tax Loss Contingencies – N/A

NOTES TO FINANCIAL STATEMENTS

Note 10: Information Concerning Parent, Subsidiaries and Affiliates

A, B, C, F & H.

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

Delta Dental Plan of Michigan, Inc. (DDPMI)

DDPMI and the Company belong to the same holding company, RHSC. DDPMI provides the Company certain actuarial, information technology, and other administrative services as detailed in agreements signed by both parties. The fees paid related to these agreements for the years ended December 31, 2016 and 2015 were $8,378,612 and $4,770,016, respectively. The Company reported $1,881,831 and $2,769,877 due to DDPMI at December 31, 2016 and 2015, respectively.

Renaissance Holding Company (Renaissance Holding)

As part of the affiliation with RHSC, the Company contributed $8,900,000 for 890 shares, or 11.8 percent ownership of Renaissance Holding Company, a Michigan for-profit downstream holding company, on August 1, 2012. On January 2, 2013 the Company purchased an additional 700 shares of Renaissance Holding common stock for $7,000,000. The statutory carrying value of the Company's investment in Renaissance Holding was $5,111,300 and $5,106,514 at December 31, 2016 and 2015, respectively. The value of Renaissance Holding is based on the audited GAAP basis adjusted to statutory equity basis in accordance with SSAP No. 97. The adjustment to statutory basis included a "look through" to the subsidiaries held by Renaissance Holding. The values of these subsidiaries in determining Renaissance Holding's statutory equity value were also adjusted to statutory equity basis. There were no significant transactions between the Company and Renaissance Holding in 2016 or 2015, outside of the purchase of stock.

Omega Administrators, Inc.

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

The Company and Omega entered into an administrative services agreement, where Delta "will provide product support, customer service and related services necessary to administer Omega contracts, including administrative service contracts." For administering its services, Omega reimburses the Company monthly at the rate $1.58 per dental subscriber per month for 2014. The initial term of this agreement was for a period

of one year and expired on December 31, 2013. The agreement was renewed annually thereafter with a final expiration date of December 31, 2014. Omega paid administration fees of $1,055,974 during the year ended December 31, 2014. Omega ceased TPA business during 2015.

Delta Dental of Arkansas Political Action Committee

Only July 30, 2010, the Company formed the Delta Dental of Arkansas Political Action Committee (the PAC) as a non-profit corporation. The PAC was intended to serve as a political action committee that may make contributions to and expenditures on behalf of state candidates, other committees and all matters thereto. The donations were received from both corporate and individual donors.

Delta Dental of Arkansas Foundation, Inc.

On December 7, 2007, the Company incorporated Delta Dental of Arkansas Foundation, Inc. (the Dental Foundation) as a 501(c)(3) organization to promote oral health in the State of Arkansas. In addition to its promotion of oral health, the Foundation will make gifts, grants and contributions to other charitable organizations as well as promote educational endeavors as permitted by the Internal Revenue Code. For the years ended December 31, 2016 and 2015, the Dental Foundation received donations in the amount of $3,000,000 and $2,514,643, respectively. The Dental Foundation made contributions of $2,306,521 and $4,450,334 to qualified organizations in 2016 and 2015, respectively.

D. At December 31, 2016, the Company reported $1,881,831 as amounts due to affiliate, DDPMI. At December 31, 2016, the Company reported $70,745 due from its affiliate, RLHIA. These amounts will be settled within thirty days of the report date.

E. Guarantees - See Note 14

F. See details above

G. Control Relationship - N/A

H. See sections above.

I. Investment in a SCA that Exceeds 10% of Admitted Assets - N/A

J. Investments in Impaired SCAs - N/A

K. Investment in a Foreign Subsidiary - N/A

L. Non Audited Downstream Non-insurance Holding Companies - N/A

Note 11: Debt

None.

NOTES TO FINANCIAL STATEMENTS

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

A Nonqualified 457(b) Retirement Plan was established by the Company on April 1, 2003, "as an inducement and motivation to its key managerial and highly compensated employees and its Board of Directors." Participation in the plan is determined at the sole discretion of the Company's Board of Directors.

A Nonqualified 457(f) Retirement Plan was established by the Company on January 1, 2016, to retain senior officers. The plan requires a five year vesting period. Participation in the plan is determined at the sole discretion of the Company's Board of Directors. The Board of Directors approves the funding of the plan in the first quarter of each year.

Effective January 1, 2013, The Company sponsors a 401(k) plan (the "Plan") covering substantially all employees greater than 18 years old on first day of service. The Company will match 100 percent of the first 3 percent of deferred wages and 50 percent of the next 2 percent of deferred wages. A participant is immediately 100 percent vested in employee salary, rollover, and Company matching contributions and any income or loss thereon.

The Company also sponsors a profit-sharing plan covering all full-time employees who have completed one year of service. Contributions to the plan are discretionary and limited by the Internal Revenue Code. A participant is fully vested after a three-year period. Contributions to the profit-sharing plan totaled approximately $622,000 and $617,000 for the years ended December 31, 2016 and 2015, respectively.

A. Defined Benefit Plan - N/A

B. Defined Contribution Plans - N/A

C. Multiemployer Plans - N/A

D. Consolidated/Holding Company Plans - N/A

E. Postemployment Benefits and Compensated Absences - N/A

F. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - N/A

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

(1) Capital Stock Authorized, Issued and Outstanding - N/A

(2) Preferred Stock - N/A

(3) Dividend Restrictions - N/A

(4) Dividends Paid - N/A

(5) Profits Paid as Ordinary Dividends - N/A

(6) Under the laws of the state of Arkansas, the Company is required to provide a minimum contingency reserve of $50,000. Pursuant to the Arkansas Statutory Deposit Requirements, the Company has pledged a certificate of deposit in the amount of $50,000 to the Insurance Department of Arkansas.

(7) Advances to Surplus Not Repaid - N/A

(8) Stock Held for Special Purposes - N/A

(9) Changes in Special Surplus Funds from Prior Year - N/A

(10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is $4,749,246.

(11) Surplus Notes - N/A

(12) Impact of Restatement in Quasi-Reorganization - N/A

(13) Effective Date of Quasi-Reorganization - N/A

Note 14: Contingencies

A. Contingent Commitments - N/A

B. Assessments - N/A

C. Gain Contingencies - N/A

D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - N/A

E. All Other Contingencies - The Company is subject to claims and lawsuits in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect of the Company's results of operation or financial condition. Other than the items described in Note 6, the Company has no assets that it considers to be impaired.

On October 19, 2006, the Company entered into a vision marketing and third-party claims administration agreement with Avesis Third Party Administrators, Inc. (Avesis). The agreement calls for Avesis to provide vision plan designs, group underwriting, claim processing and payment and customer service. The Company has exclusive rights to market in Arkansas through December 31, 2007, and will extend the agreement if certain sales goals are met. Avesis will be the Company's exclusive vision insurance partner as long as network goals are achieved. Administration fees incurred with Avesis during 2016 and 2015 totaled $1,095,526 and $1,037,660, respectively.

As indicated in Note 10: Information concerning Parent, Subsidiaries and Affiliates, the company and DDPMI belong to the same holding company, RHSC. DDPMI maintains the system and annually assigns each affiliate a per claim charge for using this system based upon the number of anticipated claims and the total cost of the

NOTES TO FINANCIAL STATEMENTS

system. The company incurred ETS claims processing fees of $3,547,801 and $1,177,383 in 2016 and 2015 respectively.

Note 15: Leases

None.

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

None.

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

None.

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

A. ASO Plans - N/A

B. The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows for the years ended December 31, 2016 and 2015:

	2016	2015
Gross reimbursement for medical costs incurred	$ 322,262,562	$ 272,669,413
Gross administrative fees accrued	14,934,659	12,842,766
Gross expenses incurred (claims and administrative)	(337,197,222)	(285,512,179)
Total net gain or loss from operations	$ 0	$ 0

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

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

None.

NOTES TO FINANCIAL STATEMENTS

Note 20: Fair Value Measurements

A. Fair Value Measurements at Reporting Date

Assets Measured or Declined at Fair Value at December 31, 2016				
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	
(1) Description	Level 1	Level 2	Level 3	Total Fair Value
Bonds				
U.S. Treasury	$ 0	$13,171,246	$ 0	$13,171,246
U.S. Govt Agencies		7,732,684		7,732,684
Industrial and Misc	4,576,511	6,271,697	0	10,848,208
Subtotal Bonds	$4,576,511	$27,175,627	$ 0	$31,752,138
Mutual Funds				
Large cap	0	$ 0	$ 0	0
Mid cap	1,797,837			1,797,837
Small cap	705,973			705,973
International	2,088,898	0	0	2,088,898
Subtotal mutual funds	4,592,708	0	0	4,592,708
Cash and ST Investments				
Cash	15,341,588			15,341,588
Money markets	390,825			390,825
Certificates of deposits	245,000	0		0
Subtotal cash and ST Inv	15,977,413	0		15,977,413
Total Assets at Fair Value	$25,146,632	27,175627	$ 0	$52,322,259

B. Other Fair Value Measurements - N/A

C. Fair Value Measurements Aggregate

(1) Type of Financial	(2) Aggregate	(3) Admitted	(4) Level 1	(4) Level 2	(4) Level 3	(5) Not

NOTES TO FINANCIAL STATEMENTS

Instrument	Fair Value	Assets				Practicable
Cash and ST Inv	$15,977,413	$15,977,413	$15,732,413	$0		
Bonds	31,752,138	31,844,700	4,576,511	27,175,627		
Mutual Funds	4,592,708	15,224,734	4,592,708			
Total	$52,322,259	$63,046,847	$24,901,632	$27,175,627	$ 0	$ 0

D. No Change

Note 21: Other Items

A. Extraordinary Items - N/A

B. Troubled Debt Restructuring - N/A

C. Other Disclosures – N/A

D. Uncollectible Assets - N/A

E. Business Interruption Insurance Recoveries - N/A

F. State Transferable Tax Credits - N/A

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

H. Retained Assets - N/A

Note 22: Events Subsequent

None.

Note 23: Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) No

(2) No

Section 2 – Ceded Reinsurance Report – Part A

(1) Yes

(1) $0

(2) $0 - a non-admitted reinsurer accepts $133,986 of the reserve

(2) No

Section 3 – Ceded Reinsurance Report – Part B

(1) N/A

(2) No

B. Uncollectible Reinsurance - N/A

C. Commutation of Ceded Reinsurance - N/A

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – N/A

Note 24: Retrospectively Rated Contracts and Contracts Subject to Redetermination

None.

Note 25: Change in Incurred Claims and Claims Adjustment Expenses

Reserves for incurred claims as of December 31, 2015 were $9,883,111. In 2016, $7,713,989 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years and $120,137,561 for the current year. The reserve for the current year is $6,946,174 and the remaining reserves for prior years are now $21,727 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a $2,169,122 favorable prior-year loss development since December 31, 2015 to December 31, 2016. This 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. The business to which this relates does not include retrospectively rated policies, therefore there was no return premium accrued as a result of the prior year effects.

Note 26: Intercompany Pooling Arrangements

None.

Note 27: Structured Settlements

None.

Note 28: Health Care Receivables

NOTES TO FINANCIAL STATEMENTS

None.

Note 29: Participating Policies

None.

Note 30: Premium Deficiency Reserves

As of December 31, 2016, the Company had no liabilities related to premium deficiency reserves.

Note 31: Anticipated Salvage and Subrogation

None.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

If yes, complete Schedule Y, Parts 1, 1A and 2.

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Arkansas

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [ ] No [X]

2.2 If yes, date of change:

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2013

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2013

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 12/29/2014

3.4 By what department or departments?
Arkansas Insurance Department

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

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

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

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

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

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

GENERAL INTERROGATORIES

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

6.2 If yes, give full information:

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

7.2 If yes,

7.21 State the percentage of foreign control. _____ %

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

1 Nationality	2 Type of Entity

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

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

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

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

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

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Plante Moran, PLLC, 1111 Michigan Avenue, East Lansing, MI 48823

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

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

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

GENERAL INTERROGATORIES

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Toby L. Hall, Senior Vice President and Chief Actuary, at Delta Dental of Michigan, Ohio and Indiana; 4100 Okemos Road, Okemos, MI 48864

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

12.11	Name of real estate holding company	CapRocq Core Real Estate Fun
12.12	Number of parcels involved	
12.13	Total book/adjusted carrying value	$ 4,318,751

12.2 If yes, provide explanation:
The Company has invested on 12/27/12 in CapRocq real estate fund (LLC) which will use the funds to acquire various real estate properties

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

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

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

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

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

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

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
c. Compliance with applicable governmental laws, rules, and regulations;
d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
e. Accountability for adherence to the code. Yes [X] No [ ]

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

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

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

GENERAL INTERROGATORIES

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

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

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11 To directors or other officers $ _____

20.12 To stockholders not officers $ _____

20.13 Trustees, supreme or grand (Fraternal only) $ _____

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

20.21 To directors or other officers $ _____

20.22 To stockholders not officers $ _____

20.23 Trustees, supreme or grand (Fraternal only) $ _____

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

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

21.21 Rented from others $ _____

21.22 Borrowed from others $ _____

21.23 Leased from others $ _____

21.24 Other $ _____

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

GENERAL INTERROGATORIES

22.2 If answer is yes:

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

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

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

INVESTMENT

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

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

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

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

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

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

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

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

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

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

24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$
24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2	$
24.103 Total payable for securities lending reported on the liability page	$

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

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	$
25.22	Subject to reverse repurchase agreements	$
25.23	Subject to dollar repurchase agreements	$
25.24	Subject to reverse dollar repurchase agreements	$
25.25	Placed under option agreements	$
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	$
25.27	FHLB Capital Stock	$
25.28	On deposit with states	$ 50,000
25.29	On deposit with other regulatory bodies	$
25.30	Pledged as collateral - excluding collateral pledged to an FHLB	$
25.31	Pledged as collateral to FHLB - including assets backing funding agreements	$
25.32	Other	$

25.3 For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount

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

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

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

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

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

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

1 Name of Custodian(s)	2 Custodian's Address
Stephens Capital Management	111 Center Street, Little Rock, AR 72201
Intrust Wealth Management	5314 S Yale Avenue, Suite 206, Tulsa, OK 74135
Luther King Capital Management	301 Commerce St, Suite 1600, Forth Worth, TX 76102
First Security Bank	314 North Spring Street, Search, AR 72143

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

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

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

GENERAL INTERROGATORIES

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

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

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

1 Name Firm or Individual	2 Affiliation
Stephens Capital Management	U
Luther King Capital Management	U
FCI Advisors	U
Intrust Wealth Management	U

28.059 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [X] No [ ]

28.059 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [ ] No [X]

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

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
Stephens Capital Management	123570	N/A	SEC	DS
Luther King Capital Management	110093	N/A	SEC	DS
FCI Advisors	106398	N/A	SEC	DS
Intrust Wealth Management	43502	N/A	SEC	DS

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
246097-20-8	Delaware Small Cap Value Instl	705,973
465899-70-6	Ivy International Core Equity Inst	2,088,898
779556-40-6	T Rowe Price Mid-Cap Growth	1,105,987
77957Y-40-3	Rowe T Price Mid Cap Value Fd	691,850
29.2999 TOTAL		4,592,708

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
Ivy International Core Equity Ins	Bridgestone Corp	51,596	12/31/2016
Ivy International Core Equity Ins	Total SA	49,298	12/31/2016
Ivy International Core Equity Ins	Vinci SA	45,747	12/31/2016
Ivy International Core Equity Ins	Adecco Group AG	43,240	12/31/2016
Ivy International Core Equity Ins	Isuzu Motors Ltd	42,405	12/31/2016
Ivy International Core Equity Ins	Nestle SA	42,405	12/31/2016
Ivy International Core Equity Ins	Teva Pharmaceutical Industries	41,569	12/31/2016
Ivy International Core Equity Ins	SoftBank Group Corp	40,734	12/31/2016
Ivy International Core Equity Ins	Deutsche Post AG	40,525	12/31/2016
Ivy International Core Equity Ins	Shire PLC ADR	39,689	12/31/2016
T Rowe Price Mid-Cap Growth	Fiserv Inc	23,005	12/31/2016

GENERAL INTERROGATORIES

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
T Rowe Price Mid-Cap Growth	Willis Towers Watson PLC	22,894	12/31/2016
Delaware Small Cap Value Instl	East West Bancorp Inc	22,026	12/31/2016
T Rowe Price Mid-Cap Growth	Textron Inc	19,244	12/31/2016
T Rowe Price Mid-Cap Growth	Teleflex Inc	18,581	12/31/2016
Rowe T Price Mid Cap Value Fd	Textron Inc	17,850	12/31/2016
T Rowe Price Mid-Cap Growth	Microchip Technology Inc	17,806	12/31/2016
T Rowe Price Mid-Cap Growth	Hologic Inc	17,585	12/31/2016
T Rowe Price Mid-Cap Growth	IDEX Corp	17,364	12/31/2016
Rowe T Price Mid Cap Value Fd	Hologic Inc	17,158	12/31/2016
T Rowe Price Mid-Cap Growth	Fidelity National Financial Inc	17,143	12/31/2016
T Rowe Price Mid-Cap Growth	AutoZone Inc	16,922	12/31/2016
Rowe T Price Mid Cap Value Fd	FirstEnergy Corp	16,397	12/31/2016
T Rowe Price Mid-Cap Growth	Equifax Inc	16,369	12/31/2016
Rowe T Price Mid Cap Value Fd	Bunge Ltd	16,051	12/31/2016
Delaware Small Cap Value Instl	Webster Financial Corp	15,814	12/31/2016
Rowe T Price Mid Cap Value Fd	Leucadia National Corp	15,428	12/31/2016
Rowe T Price Mid Cap Value Fd	Hess Corp	15,359	12/31/2016
Rowe T Price Mid Cap Value Fd	Northern Trust Corp	15,082	12/31/2016
Delaware Small Cap Value Instl	MasTec Inc	14,825	12/31/2016
Delaware Small Cap Value Instl	Berry Plastics Group Inc	14,614	12/31/2016
Rowe T Price Mid Cap Value Fd	Murphy Oil Corp	14,183	12/31/2016
Rowe T Price Mid Cap Value Fd	C.H. Robinson Worldwide Inc	13,768	12/31/2016
Rowe T Price Mid Cap Value Fd	Synchrony Financial	13,491	12/31/2016
Delaware Small Cap Value Instl	Selective Insurance Group Inc	12,355	12/31/2016
Delaware Small Cap Value Instl	Hancock Holding Co	12,002	12/31/2016
Delaware Small Cap Value Instl	Bank of Hawaii Corp	10,943	12/31/2016
Delaware Small Cap Value Instl	Synopsys Inc	10,872	12/31/2016
Delaware Small Cap Value Instl	Great Western Bancorp Inc	10,660	12/31/2016
Delaware Small Cap Value Instl	Patterson-UTI Energy Inc	10,237	12/31/2016
Hanesbrands Inc. Common Sto	Principal Midcap Val Fund Ins 4	23,425	12/31/2016
DeVry Education Group Inc. Co	Invesco Small Cap Value Fund	23,378	12/31/2016
AECOM Common Stock	Invesco Small Cap Value Fund	22,782	12/31/2016
MDC Partners Inc Class A	Invesco Small Cap Value Fund	22,603	12/31/2016
Nu Skin Enterprises, Inc. Comm	Invesco Small Cap Value Fund	21,709	12/31/2016
Owens Corning Inc Common St	Principal Midcap Val Fund Ins 4	21,595	12/31/2016
LPL Financial Holdings Inc.	Invesco Small Cap Value Fund	21,291	12/31/2016
Royal Caribbean Cruises Ltd. C	Principal Midcap Val Fund Ins 4	20,619	12/31/2016
E*TRADE Financial Corporation	Invesco Small Cap Value Fund	20,456	12/31/2016
Public Service Enterprise Group	Principal Midcap Val Fund Ins 4	20,375	12/31/2016
SunTrust Banks, Inc. Common	Principal Midcap Val Fund Ins 4	20,009	12/31/2016
Cigna Corporation Common Sto	Principal Midcap Val Fund Ins 4	19,887	12/31/2016
AmTrust Financial Services, Inc	Invesco Small Cap Value Fund	18,965	12/31/2016
Zions Bancorporation	Invesco Small Cap Value Fund	18,488	12/31/2016
Tyler Technologies, Inc. Comm	T Rowe Price Div Small Cap Gr	7,160	12/31/2016
Vail Resorts, Inc. Common Stoc	T Rowe Price Div Small Cap Gr	6,609	12/31/2016
Domino's Pizza Inc Common St	T Rowe Price Div Small Cap Gr	6,120	12/31/2016
Maximus, Inc. Common Stock	T Rowe Price Div Small Cap Gr	6,059	12/31/2016
Caseys General Stores, Inc.	T Rowe Price Div Small Cap Gr	5,997	12/31/2016
Manhattan Associates, Inc.	T Rowe Price Div Small Cap Gr	5,263	12/31/2016
J & J Snack Foods Corp.	T Rowe Price Div Small Cap Gr	5,202	12/31/2016
SS&C Technologies Holdings, I	T Rowe Price Div Small Cap Gr	5,141	12/31/2016
MarketAxess Holdings, Inc.	T Rowe Price Div Small Cap Gr	4,835	12/31/2016
The Middleby Corporation	T Rowe Price Div Small Cap Gr	4,773	12/31/2016

GENERAL INTERROGATORIES

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	32,235,526	32,142,963	(92,563)
30.2 Preferred stocks			
30.3 Totals	32,235,526	32,142,963	(92,563)

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

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

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

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

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

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? $ 323,369

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

1 Name	2 Amount Paid
Delta Dental Plans Association	$ 297,569
	$
	$

34.1 Amount of payments for legal expenses, if any? $ 323,898

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

1 Name	2 Amount Paid
Mitchell Williams Law PLLC Total	$ 48,668
Friday Eldrege & Clark Total	$ 31,743
	$

35.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $ 506,821

GENERAL INTERROGATORIES

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

1 Name	2 Amount Paid
DBH Management Consultants Total	$ 60,886
	$
	$

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $ _____

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $ _____

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. $ _____

1.5 Indicate total incurred claims on all Medicare Supplement insurance. $ _____

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ _____
1.62 Total incurred claims $ _____
1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned $ _____
1.65 Total incurred claims $ _____
1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ _____
1.72 Total incurred claims $ _____
1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned $ _____
1.75 Total incurred claims $ _____
1.76 Number of covered lives _____

2. Health Test:

	1 Current Year	2 Prior Year
2.1 Premium Numerator	$ 161,578,227	$ 152,948,522
2.2 Premium Denominator	$ 161,578,227	$ 152,948,522
2.3 Premium Ratio (2.1 / 2.2)	1.000	1.000
2.4 Reserve Numerator	$ 6,967,901	$ 9,883,110
2.5 Reserve Denominator	$ 6,967,901	$ 9,883,110
2.6 Reserve Ratio (2.4 / 2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [ ] No [X]

5.2 If no, explain:

Dental and Vision insurance is a short-tailed insurance product with very predictable experience. In addition, the maximum policy exposure is limited. Stop-loss reinsurance is not considered necessary.

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $ _____
5.32 Medical Only $ _____
5.33 Medicare Supplement $ _____
5.34 Dental and vision $ 2,500
5.35 Other Limited Benefit Plan $ _____
5.36 Other $ _____

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

N/A

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

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

7.2 If no, give details:

8. Provide the following information regarding participating providers:
   - 8.1 Number of providers at start of reporting year: 1,142
   - 8.2 Number of providers at end of reporting year:

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

9.2 If yes, direct premium earned:
   - 9.21 Business with rate guarantees between 15-36 months: 19,142,074
   - 9.22 Business with rate guarantees over 36 months: 10,198,221

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

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

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

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

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

11.4 If yes, show the amount required. $ 50,000

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

11.6 If the amount is calculated, show the calculation:

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

1 Name of Service Area		

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

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

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

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

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

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

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

15. Provide the following for individual ordinary life insurance* policies (U.S. business only) for the current year (prior to reinsurance assumed or ceded).
   - 15.1 Direct Premium Written $
   - 15.2 Total Incurred Claims $
   - 15.3 Number of Covered Lives

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

FIVE – YEAR HISTORICAL DATA

	1 2016	2 2015	3 2014	4 2013	5 2012
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	102,225,994	102,130,287	97,388,603	79,839,014	81,062,041
2. Total liabilities (Page 3, Line 24)	30,759,913	31,539,516	32,657,528	20,825,364	18,366,547
3. Statutory minimum capital and surplus requirement	50,000	50,000	50,000	50,000	50,000
4. Total capital and surplus (Page 3, Line 33)	71,466,081	70,590,771	64,731,075	59,013,650	62,695,496
Income Statement (Page 4)					
5. Total revenues (Line 8)	162,016,558	153,421,023	139,775,656	121,330,152	116,410,316
6. Total medical and hospital expenses (Line 18)	124,936,340	120,562,806	109,975,211	95,636,853	91,569,474
7. Claims adjustment expenses (Line 20)	11,230,058	9,559,022	7,398,095	6,800,105	7,207,469
8. Total administrative expenses (Line 21)	20,287,919	22,678,394	19,669,413	15,538,728	14,336,547
9. Net underwriting gain (loss) (Line 24)	5,562,241	620,801	2,732,937	3,354,466	3,296,826
10. Net investment gain (loss) (Line 27)	3,602,920	1,092,688	2,186,066	3,052,025	2,676,827
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	9,165,161	1,713,489	4,919,003	6,406,491	5,973,653
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	2,316,606	9,088,863	4,956,938	10,184,444	4,884,289
Risk-Based Capital Analysis					
14. Total adjusted capital	71,466,081	70,590,771	64,809,188	59,013,650	62,695,496
15. Authorized control level risk-based capital	7,482,440	7,342,518	7,163,770	6,388,131	5,117,707
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	265,714	264,229	240,715	232,447	226,449
17. Total members months (Column 6, Line 7)	3,210,864	3,088,937	2,846,887	2,797,962	2,669,838
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	77.3	78.8	78.8	78.8	78.8
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	96.8	99.9	98.2	97.2	97.3
23. Total underwriting gain (loss) (Line 24)	3.4	0.4	2.0	2.8	2.8
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	7,735,716	5,028,306	4,341,384	4,400,533	3,373,907
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	9,883,111	5,876,708	5,199,252	4,729,388	4,016,859
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	12,748,600	13,736,444	16,523,924	15,125,339	8,291,407
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	12,748,600	13,736,444	16,523,924	15,125,339	8,291,407
33. Total investment in parent included in Lines 26 to 31 above.					

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

If no, please explain:

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.		1 Active Status	Direct Business Only 2 Accident & Health Premiums	3 Medicare Title XVIII	4 Medicaid Ttle XIX	5 Federal Employees Health Benefits Plan Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N	126,703,127						126,703,127	
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X	126,703,127						126,703,127	
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Totals (Direct Business)		(a)	126,703,127						126,703,127	

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

NONE

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

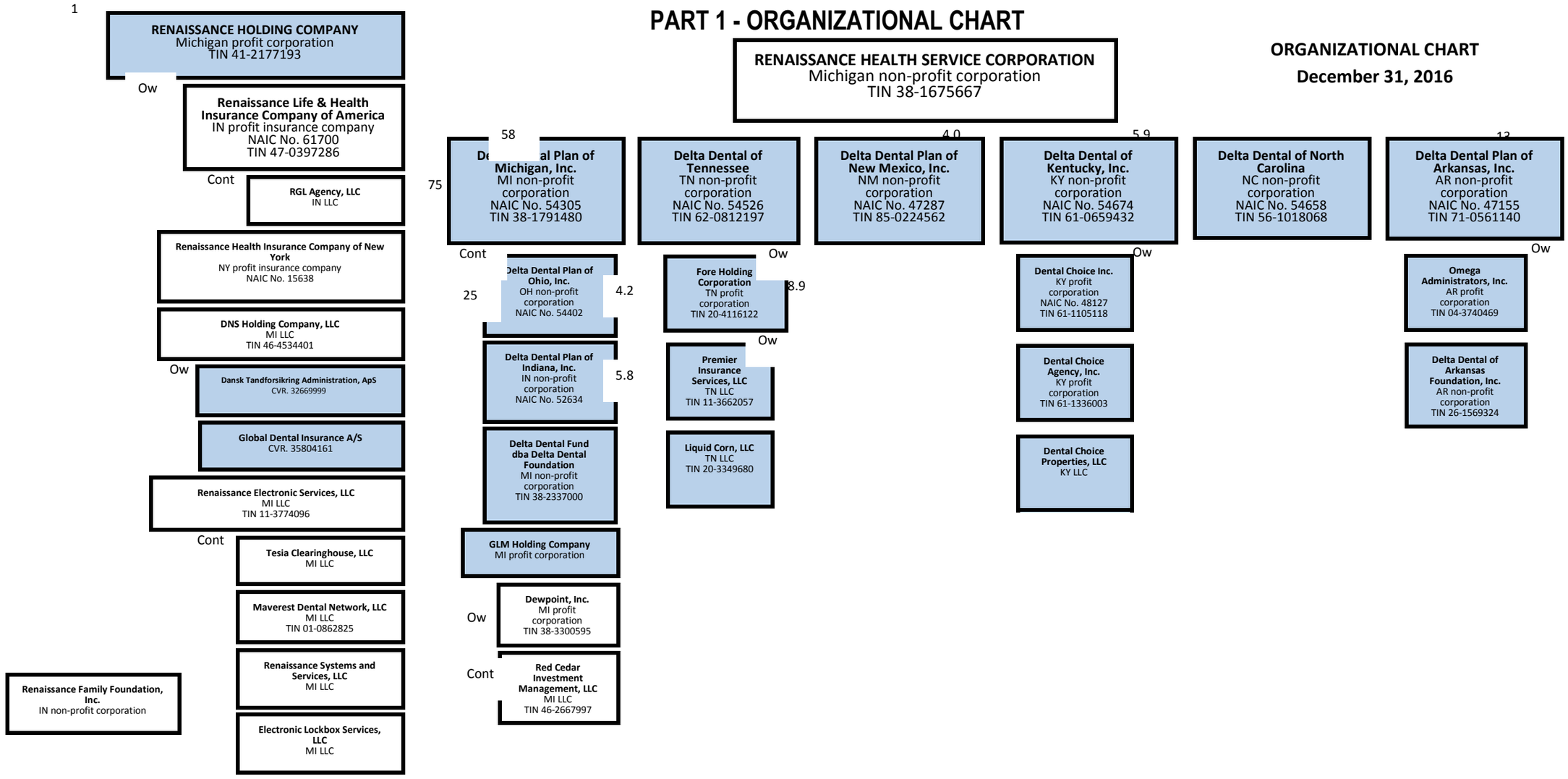
Explanation of basis of allocation by states, premiums by state, etc.

Arkansas only

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

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

PART 1 - ORGANIZATIONAL CHART



OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. Charitable Contributions			3,393,744		3,393,744
2505. Subscriptions			114,209		114,209
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)			3,507,953		3,507,953

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT