

ANNUAL STATEMENT

OF THE

of _____
STATE OF _____

TO THE

Insurance Department

OF THE

FOR THE YEAR ENDED

December 31, 2018

HEALTH

2018



47155201820100100

ANNUAL STATEMENT

For the Year Ended December 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	47155	Employer's ID Number	71-0561140
	(Current Period)	(Prior Period)				
Organized under the Laws of	Arkansas	State of Domicile or Port of Entry			AR	
Country of Domicile	US					
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			Sherwood, AR, US 72120		
	(Street and Number)			(City or Town, State, Country and Zip Code)		
Main Administrative Office	1513 Country Club Road					
	(Street and Number)					
	Sherwood, AR, US 72120			501-835-3400		
	(City or Town, State, Country and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	1513 Country Club Road			Sherwood, AR, US 72120		
	(Street and Number or P.O. Box)			(City or Town, State, Country and Zip Code)		
Primary Location of Books and Records	1513 Country Club Road			Sherwood, AR, US 72120		
	(Street and Number)			(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	Deborah Ann Lowtharp			501-992-1634		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	dlowtharp@deltadentalar.com			501-992-1635		
	(E-Mail Address)			(Fax Number)		

OFFICERS

	Name	Title
1.	Eddie Allen Choate	President and CEO
2.	Sarah Jean Clark	Secretary
3.	Phillip Wayne Cox	Treasurer

VICE-PRESIDENTS

Name	Title	Name	Title
Ina Lynn Harbert	Senior Vice President and COO	John Garrett Norman	VP, Information Technology
James Wayne Couch	Senior 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	David Edward Hawsey	VP, Marketing
Jimmy Sam Anthony #	Director, Medicaid Operations	Deborah Ann Lowtharp #	VP, Finance & CFO

DIRECTORS OR TRUSTEES

Mel Taylor Collazo	Phillip Wayne Cox	Robbins Mark Bailey	Troy John Dryden Bartels
Arnoud Krijt	Cindy Hovis Boyle	Tamika Silverman Edwards	Joseph Wood Thompson
Sarah Jean Clark	James Talbert Johnston	Granville Wayne Callahan, Sr.	Doug Robert Anderson

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	Sarah Jean Clark	Phillip Wayne Cox
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
President and CEO	Secretary	Treasurer
(Title)	(Title)	(Title)

Subscribed and sworn to (or affirmed) before me this on this
day of , 2019, 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)	36,347,510		36,347,510	36,460,255
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	38,807,655	7,706,348	31,101,307	33,191,129
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)	8,144,567		8,144,567	8,384,057
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 25,482,231, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	25,482,231		25,482,231	15,637,897
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	3,761,266		3,761,266	3,737,586
9. Receivables for securities				173,089
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets	2,070,994		2,070,994	2,553,957
12. Subtotals, cash and invested assets (Lines 1 to 11)	114,614,223	7,706,348	106,907,875	100,137,970
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	209,549		209,549	147,282
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,485,195		1,485,195	4,092,668
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	13,920,027		13,920,027	13,367,062
17. Amounts receivable relating to uninsured plans	4,142,319		4,142,319	1,702,119
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	3,139,888	2,104,426	1,035,462	568,943
21. Furniture and equipment, including health care delivery assets (\$ 0)	137,552	137,552		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	8,314		8,314	35
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	1,720,039	1,228,415	491,624	723,759
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	139,377,106	11,176,741	128,200,365	120,739,838
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	139,377,106	11,176,741	128,200,365	120,739,838

DETAILS OF WRITE-IN LINES				
1101. Deferred Compensation - 457	2,070,994		2,070,994	2,553,957
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)	2,070,994		2,070,994	2,553,957
2501. Prepaid Expenses & Deposits	1,228,415	1,228,415		
2502. Miscellaneous Receivable	491,624		491,624	723,759
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,720,039	1,228,415	491,624	723,759

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	8,455,749		8,455,749	6,869,329
2. Accrued medical incentive pool and bonus amounts	514,127		514,127	
3. Unpaid claims adjustment expenses	275,054		275,054	211,959
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	205,012		205,012	181,625
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	3,343,725		3,343,725	2,306,290
9. General expenses due or accrued	20,961,774		20,961,774	18,287,339
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				1,080,019
12. Amounts withheld or retained for the account of others	1,452,097		1,452,097	1,299,643
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	1,891,560		1,891,560	2,068,567
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ (0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	1,904,642		1,904,642	1,935,013
23. Aggregate write-ins for other liabilities (including \$ 0 current)				
24. Total liabilities (Lines 1 to 23)	39,003,740		39,003,740	34,239,784
25. Aggregate write-ins for special surplus funds	X X X	X X X		996,660
26. Common capital stock	X X X	X X X		
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X		
29. Surplus notes	X X X	X X X		
30. Aggregate write-ins for other than special surplus funds	X X X	X X X	50,000	50,000
31. Unassigned funds (surplus)	X X X	X X X	89,146,625	85,453,394
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	89,196,625	86,500,054
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	128,200,365	120,739,838

DETAILS OF WRITE-IN LINES				
2301.	NONE			
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	X X X	X X X		996,660
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X		996,660
3001. Surplus required by the Arkansas Insurance Department	X X X	X X X	50,000	50,000
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	50,000	50,000

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	7,062,727	3,202,293
2. Net premium income (including \$ 0 non-health premium income)	X X X	256,722,563	169,383,471
3. Change in unearned premium reserves and reserve for rate credits	X X X		432
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X	395,155	415,533
8. Total revenues (Lines 2 to 7)	X X X	257,117,718	169,799,436
Hospital and Medical:			
9. Hospital/medical benefits		164,317,614	95,849,537
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		514,127	
16. Subtotal (Lines 9 to 15)		164,831,741	95,849,537
Less:			
17. Net reinsurance recoveries		(40,309,154)	(34,692,667)
18. Total hospital and medical (Lines 16 minus 17)		205,140,895	130,542,204
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 2,159,007 cost containment expenses		18,893,999	13,971,705
21. General administrative expenses		27,624,653	25,739,738
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)		251,659,547	170,253,647
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	5,458,171	(454,211)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,144,422	854,836
26. Net realized capital gains (losses) less capital gains tax of \$ 0		(704,248)	609,242
27. Net investment gains (losses) (Lines 25 plus 26)		440,174	1,464,078
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	5,898,345	1,009,867
31. Federal and foreign income taxes incurred	X X X	680,277	
32. Net income (loss) (Lines 30 minus 31)	X X X	5,218,068	1,009,867

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701. Miscellaneous Income	X X X	395,155	415,533
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X	395,155	415,533
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	86,500,054	71,466,101
34. Net income or (loss) from Line 32	5,218,068	1,009,867
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	(1,944,028)	4,338,195
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(577,469)	9,551,908
40. Change in unauthorized and certified reinsurance		133,983
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)	2,696,571	15,033,953
49. Capital and surplus end of reporting year (Line 33 plus 48)	89,196,625	86,500,054

DETAILS OF WRITE-IN LINES		
4701.	NONE	
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)		

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	257,949,415	168,622,927
2. Net investment income	1,131,468	1,108,616
3. Miscellaneous income	395,155	450,455
4. Total (Lines 1 through 3)	259,476,038	170,181,998
5. Benefit and loss related payments	203,040,348	130,432,347
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	44,013,035	36,441,367
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	680,277	
10. Total (Lines 5 through 9)	247,733,660	166,873,714
11. Net cash from operations (Line 4 minus Line 10)	11,742,378	3,308,284
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	13,588,621	5,043,361
12.2 Stocks	4,817,129	9,125,163
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds	1,520,953	957,829
12.8 Total investment proceeds (Lines 12.1 to 12.7)	19,926,703	15,126,353
13. Cost of investments acquired (long-term only):		
13.1 Bonds	13,751,152	9,648,757
13.2 Stocks	4,641,517	7,042,910
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	1,371,866	
13.7 Total investments acquired (Lines 13.1 to 13.6)	19,764,535	16,691,667
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)	162,168	(1,565,314)
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)	(2,060,212)	(2,082,486)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	(2,060,212)	(2,082,486)
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)	9,844,334	(339,516)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	15,637,897	15,977,413
19.2 End of year (Line 18 plus Line 19.1)	25,482,231	15,637,897

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

20.0001		
20.0002		
20.0003		

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	256,722,563			246,840,925	9,881,638					
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue										X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	395,155	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	395,155
7. Total revenues (Lines 1 to 6)	257,117,718			246,840,925	9,881,638					395,155
8. Hospital/medical benefits	164,317,614			158,588,548	5,729,066					X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts	514,127			514,127						X X X
15. Subtotal (Lines 8 to 14)	164,831,741			159,102,675	5,729,066					X X X
16. Net reinsurance recoveries	(40,309,154)			(40,309,154)						X X X
17. Total hospital and medical (Lines 15 minus 16)	205,140,895			199,411,829	5,729,066					X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 2,159,007 cost containment expenses	18,893,999			18,330,195	563,804					
20. General administrative expenses	27,624,654			25,366,670	2,257,984					
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	251,659,548			243,108,694	8,550,854					
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,458,170			3,732,231	1,330,784					395,155

[illegible]

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	197,869,801	48,971,124		246,840,925
4. Vision only	9,881,638			9,881,638
5. Federal Employees Health Benefits Plan				
6. Title XVIII – Medicare				
7. Title XIX – Medicaid				
8. Other health				
9. Health subtotal (Lines 1 through 8)	207,751,439	48,971,124		256,722,563
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	207,751,439	48,971,124		256,722,563

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	162,806,232			157,050,087	5,756,145					
1.2 Reinsurance assumed	40,234,116			40,234,116						
1.3 Reinsurance ceded										
1.4 Net	203,040,348			197,284,203	5,756,145					
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	6,106,873			5,940,251	166,622					
3.2 Reinsurance assumed	2,348,876			2,348,876						
3.3 Reinsurance ceded										
3.4 Net	8,455,749			8,289,127	166,622					
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	514,127			514,127						
6. Net healthcare receivables (a)										
7. Amounts recoverable from reinsurers December 31, current year										
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	4,595,491			4,401,790	193,701					
8.2 Reinsurance assumed	2,273,838			2,273,838						
8.3 Reinsurance ceded										
8.4 Net	6,869,329			6,675,628	193,701					
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	164,317,614			158,588,548	5,729,066					
12.2 Reinsurance assumed	40,309,154			40,309,154						
12.3 Reinsurance ceded										
12.4 Net	204,626,768			198,897,702	5,729,066					
13. Incurred medical incentive pools and bonuses	514,127			514,127						

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A – CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	298,543			292,815	5,728					
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	298,543			292,815	5,728					
2. Incurred but Unreported:										
2.1 Direct	5,808,330			5,647,436	160,894					
2.2 Reinsurance assumed	2,348,876			2,348,876						
2.3 Reinsurance ceded										
2.4 Net	8,157,206			7,996,312	160,894					
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	6,106,873			5,940,251	166,622					
4.2 Reinsurance assumed	2,348,876			2,348,876						
4.3 Reinsurance ceded										
4.4 Net	8,455,749			8,289,127	166,622					

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 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	5,994,566	191,289,637	505	8,288,621	5,995,071	6,675,627
4. Vision only	143,834	5,612,310		166,622	143,834	193,701
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	6,138,400	196,901,947	505	8,455,243	6,138,905	6,869,328
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts				514,127		
13. Totals (Lines 9 - 10 + 11 + 12)	6,138,400	196,901,947	505	8,969,370	6,138,905	6,869,328

11

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

Section A – Paid Health Claims

NONE

Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses
Outstanding at End of Year

NONE

NONE

Section A – Paid Health Claims

NONE

Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year

NONE

NONE

12.MS

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	94,436	94,436	94,436	94,436	94,436
2. 2014	103,402	108,329	108,329	108,329	108,329
3. 2015	X X X	109,903	115,748	115,748	115,748
4. 2016	X X X	X X X	109,903	115,748	115,748
5. 2017	X X X	X X X	X X X	127,598	133,593
6. 2018	X X X	X X X	X X X	X X X	191,290

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	94,436	94,436	94,436	94,436	94,436
2. 2014	103,402	108,329	108,329	108,329	108,329
3. 2015	X X X	121,753	127,598	127,598	127,598
4. 2016	X X X	X X X	127,598	133,593	133,593
5. 2017	X X X	X X X	X X X	127,598	132,921
6. 2018	X X X	X X X	X X X	X X X	199,578

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. 2014	136,319	107,645	7,056	6.555	114,701	84.142			114,701	84.142
2. 2015	149,436	114,830	8,505	7.407	123,335	82.534			123,335	82.534
3. 2016	157,882	126,044	10,126	8.034	136,170	86.248			136,170	86.248
4. 2017	161,845	126,651	13,463	10.630	140,114	86.573			140,114	86.573
5. 2018	246,841	197,284	18,389	9.321	215,673	87.373	8,803	253	224,729	91.042

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,626	1,626	1,626	1,626	1,626
2. 2014	1,554	1,635	1,635	1,626	1,626
3. 2015	X X X	1,645	1,749	1,749	1,749
4. 2016	X X X	X X X	3,886	3,990	3,990
5. 2017	X X X	X X X	X X X	3,886	4,030
6. 2018	X X X	X X X	X X X	X X X	5,612

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,643	1,643	1,643	1,643	1,643
2. 2014	1,554	1,635	1,635	1,635	1,635
3. 2015	X X X	3,886	3,989	3,989	3,989
4. 2016	X X X	X X X	3,886	3,990	3,990
5. 2017	X X X	X X X	X X X	3,886	4,030
6. 2018	X X X	X X X	X X X	X X X	5,779

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. 2014	3,229	1,653	343	20.750	1,996	61.815			1,996	61.815
2. 2015	3,515	1,726	1,054	61.066	2,780	79.090			2,780	79.090
3. 2016	3,696	1,808	1,104	61.062	2,912	78.788			2,912	78.788
4. 2017	7,539	3,990	508	12.732	4,498	59.663			4,498	59.663
5. 2018	9,882	5,756	564	9.798	6,320	63.955	166	22	6,508	65.857

Section A – Paid Health Claims

NONE

Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year

NONE

NONE

Section A – Paid Health Claims

NONE

NONE

NONE

12.XV

Section A – Paid Health Claims

NONE

NONE

NONE

NONE

[illegible]

Section A – Paid Health Claims

NONE

Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year

NONE

12.0T

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	96,062	96,062	96,062	96,062	96,062
2. 2014	104,956	109,964	109,964	109,955	109,955
3. 2015	X X X	111,548	117,497	117,497	117,497
4. 2016	X X X	X X X	113,789	119,738	119,738
5. 2017	X X X	X X X	X X X	131,484	137,623
6. 2018	X X X	X X X	X X X	X X X	196,902

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 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	96,079	96,079	96,079	96,079	96,079
2. 2014	104,956	109,964	109,964	109,964	109,964
3. 2015	X X X	125,639	131,587	131,587	131,587
4. 2016	X X X	X X X	131,484	137,583	137,583
5. 2017	X X X	X X X	X X X	131,484	136,951
6. 2018	X X X	X X X	X X X	X X X	205,357

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. 2014	139,548	109,298	7,399	6.770	116,697	83.625			116,697	83.625
2. 2015	152,951	116,556	9,559	8.201	126,115	82.455			126,115	82.455
3. 2016	161,578	127,852	11,230	8.784	139,082	86.077			139,082	86.077
4. 2017	169,384	130,641	13,971	10.694	144,612	85.375			144,612	85.375
5. 2018	256,723	203,040	18,953	9.335	221,993	86.472	8,969	275	231,237	90.073

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

	1	2	3	4	5	6	7	8	9
		Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	205,012			205,012					
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)	205,012			205,012					
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	205,012			205,012					
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.			NONE						
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)									
1101.			NONE						
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)									

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
1. Rent (\$ 0 for occupancy of own building)		114,300	76,200		190,500
2. Salaries, wages and other benefits	1,764,711	9,053,804	7,212,343		18,030,858
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			11,686,823		11,686,823
4. Legal fees and expenses			345,842		345,842
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			208,222		208,222
7. Traveling expenses		43,907	502,302		546,209
8. Marketing and advertising			1,112,555		1,112,555
9. Postage, express and telephone		2,061,272	231,409		2,292,681
10. Printing and office supplies		489,717	326,478		816,195
11. Occupancy, depreciation and amortization		133,833	89,222		223,055
12. Equipment		2,100	1,400		3,500
13. Cost or depreciation of EDP equipment and software		294,509	1,519,894		1,814,403
14. Outsourced services including EDP, claims, and other services	394,296	9,191,828	4,934,040		14,520,164
15. Boards, bureaus and association fees			953,489		953,489
16. Insurance, except on real estate		93,583	62,389		155,972
17. Collection and bank service charges		135,863	90,576		226,439
18. Group service and administration fees					
19. Reimbursements by uninsured plans		(8,820,712)	(5,880,475)		(14,701,187)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses		215,372	143,582		358,954
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes		3,014,817			3,014,817
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			1,170,210		1,170,210
24. Investment expenses not included elsewhere				318,729	318,729
25. Aggregate write-ins for expenses		710,801	2,838,153		3,548,954
26. Total expenses incurred (Lines 1 to 25)	2,159,007	16,734,994	27,624,654	318,729	(a) 46,837,384
27. Less expenses unpaid December 31, current year		275,054	20,961,774		21,236,828
28. Add expenses unpaid December 31, prior year		211,959	18,287,339		18,499,298
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)	2,159,007	16,671,899	24,950,219	318,729	44,099,854

DETAILS OF WRITE-IN LINES					
2501. Charitable Contributions			2,262,820		2,262,820
2502. Record Storage		1,786	1,190		2,976
2503. Seminars		135,428	90,285		225,713
2598. Summary of remaining write-ins for Line 25 from overflow page		573,587	483,858		1,057,445
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		710,801	2,838,153		3,548,954

(a) Includes management fees of \$ 0 to affiliates and \$ 318,729 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 220,530	261,804
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 471,563	492,393
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	526,436	526,436
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) 231,507	231,507
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,450,036	1,702,640
11. Investment expenses		(g) 318,729
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) 239,489
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		558,218
17. Net investment income (Line 10 minus Line 16)		1,144,422

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 \$ 75,037 accrual of discount less \$ 117,622 amortization of premium and less \$ 78,519 paid for accrued interest on purchases.
- (b) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued dividends on purchases.
- (c) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (d) Includes \$ 0 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
- (e) Includes \$ 0 accrual of discount less \$ 0 amortization of premium and less \$ 0 paid for accrued interest on purchases.
- (f) Includes \$ 0 accrual of discount less \$ 0 amortization of premium.
- (g) Includes \$ 0 investment expenses and \$ 0 investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
- (h) Includes \$ 0 interest on surplus notes and \$ 0 interest on capital notes.
- (i) Includes \$ 0 depreciation on real estate and \$ 0 depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) on Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1. U.S. Government bonds	(163,765)		(163,765)		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(25,180)		(25,180)	(44,202)	
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	856,563	(2,147,964)	(1,291,401)	(1,540,193)	
2.21 Common stocks of affiliates				(359,633)	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)	776,098		776,098		
10. Total capital gains (losses)	1,443,716	(2,147,964)	(704,248)	(1,944,028)	

DETAILS OF WRITE-IN LINES					
0901. Sale of Land in Partnership		776,098		776,098	
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)		776,098		776,098	

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	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	7,706,348	8,591,518	885,170
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)	7,706,348	8,591,518	885,170
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	2,104,426	766,085	(1,338,341)
21. Furniture and equipment, including health care delivery assets	137,552	168,098	30,546
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	1,228,415	1,073,571	(154,844)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	11,176,741	10,599,272	(577,469)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	11,176,741	10,599,272	(577,469)

DETAILS OF WRITE-IN LINES			
1101.	NONE		
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses & Deposits	1,228,415	1,073,571	(154,844)
2502. Miscellaneous Receivable			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,228,415	1,073,571	(154,844)

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	275,868	591,069	588,952	583,950	591,286	7,062,727
7. Total	275,868	591,069	588,952	583,950	591,286	7,062,727

DETAILS OF WRITE-IN LINES						
0601. Dental Only	220,016	526,218	521,760	514,622	517,514	6,247,864
0602. Vision Only	55,852	64,851	67,192	69,328	73,772	814,863
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	275,868	591,069	588,952	583,950	591,286	7,062,727

NOTES TO FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements Delta Dental Plan of Arkansas, Inc. (the “Company”) are presented on the basis of accounting practices prescribed or permitted by the Arkansas Insurance Department. The Arkansas Insurance Department recognizes only statutory accounting practices prescribed or permitted by the state of Arkansas for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Arkansas Insurance Code.

The National Association of Insurance Commissioners’ (NAIC) Accounting Practices and Procedures manual (NAIC SAP), has been adopted as a component of prescribed or permitted practices by the state of Arkansas. The State has adopted certain prescribed accounting principles that differ from those found in NAIC SAP. A reconciliation of the Company’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Arkansas is shown below:

Net Income	SSAP#	F/S Page	F/S Line #	12/31/2018	12/31/2017
(1) Delta Dental Plan of Arkansas, Inc state basis	XXX	XXX	XXX	\$5,218,068	\$1,009,867
(2) State Prescribed Pratices that are an increase/(decrease) from NAIC SAP: None	None	None	None	\$0	\$0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP: None	None	None	None	\$0	\$0
(4) NAIC SAP	XXX	XXX	XXX	\$5,218,068	\$1,009,867

Surplus	SSAP#	F/S Page	F/S Line #	12/31/2018	12/31/2017
(5) Delta Dental Plan of Arkansas, Inc				\$89,196,625	\$86,500,054
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
a. 23-63-801 provides limitations on admitted common stock	A-001	2	2.2	\$7,706,348	\$8,591,518
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: None	None	None	None	\$0	\$0
(8) NAIC SAP	XXX	XXX	XXX	\$96,902,973	\$95,091,572

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

NOTES TO FINANCIAL STATEMENTS

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

Group dental and vision premiums are billed a month in advance and included in income once the month arrives. Individual premiums may be paid annually or monthly. The portion of premiums received annually from individuals that apply to future period is included in the statement of admitted assets, liabilities, capital and surplus – statutory basis as unearned premiums.

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans and SVO-Identified investments are both 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 are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities, except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (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

NOTES TO FINANCIAL STATEMENTS

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

D. Going Concern

Management has evaluated the Company and determined there is no doubt in its ability to continue as a going concern

Note 2: Accounting Changes and Corrections of Errors

- A. None.

Note 3: Business Combinations and Goodwill

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

Note 4: Discontinued Operations

- A. Discontinued Operations Disposed of or Classified as Held for Sale - None
- B. Change in Plan of Sale of Discontinued Operations - None
- C. Nature of Any Significant Involvement with Discontinued Operations After Disposal –
None
- D. Equity Interest Retained in the Discontinued Operation After Disposal - None

NOTES TO FINANCIAL STATEMENTS

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, 2018 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	\$	0
2. 12 Months or Longer	\$	19,751
 - 2. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 Months	\$	0
2. 12 Months or Longer	\$	1,748,868
 - (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. Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A
- H. Repurchase Agreements Transactions Accounted for as a Sale – N/A
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – N/A
- J. Real Estate
 - (1) No impairment loss was recognized in 2018 for investments in real estate.
 - (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

NOTES TO FINANCIAL STATEMENTS

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

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

L. Restricted Assets

(1) Restricted Assets (Including Pledged)

Restricted Asset Category	Total Gross Restrictede from Current Year	Total Gross Restrictede From Prior Year	Increase/ (Decrease)	Total Current Year Admitted Restrictede	% Gross Restrictede to Total Assets	% Admitted Restrictede 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%	0.0004%
j.On deposit with other regulatory bodies						
k.Pledged as collateral not captured in other categories						
l.Other restricted assets						
m.Total Restricted Assets	\$50,000	\$50,000	\$ 0	\$50,000	.0004%	.0005%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories

NOTES TO FINANCIAL STATEMENTS

Description of Assets	Total Gross (Admitted & Nonadmitted) Restricted from CY	Total Gross (Admitted & Nonadmitted) Restricted from PY	Increase/ (Decrease)	Total CY Admitted Restricted	Gross (Admitted & Nonadmitted) Restricted to Total Asset	Admitted Restricted to Total Admitted Assets
CD	\$50,000	\$50,000	0	\$50,000	\$50,000	\$50,000

(3) Detail of Other Restricted Assets – N/A

(4) Collateral Received and Reflected as Assets Within the Reporting Entities Financial Statements – N/A

M. Working Capital Finance Investments – N/A

N. Offsetting and Netting of Assets and Liabilities –

O. Structured Note – N/A

P. 5GI Securities – N/A

Q. Short Sales – N/A

R. Prepayment Penalty and Acceleration Fees –

General Account

(1) Number of CUSIPs	<u>3</u>
(2) Aggregate Amount of Investment Income	<u>\$995</u>

Note 6: Joint Ventures, Partnerships and Limited Liability Companies

- A. Investments in Joint Ventures, Partnerships and LLCs that exceed 10% of admitted assets – None
- B. Impaired Joint Ventures, Partnerships, and LLCs – None

Note 7: Investment Income

- A. All investment income due and accrued with amounts that are over 90 days past due with the exception of mortgage loans in default
- B. The total amount excluded was \$0

Note 8: Derivative Instruments

None

NOTES TO FINANCIAL STATEMENTS

Note 9: Income Taxes

- A. None
- B. None
- C.

	12/31/2018	12/31/2017	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	\$680,277	0	\$680,277
(b) Foreign			
(c) Subtotal	\$680,277		\$680,277
(d) Federal income tax on net capital gains			
(e) Utilization of capital loss carry-forward			
(f) Other			
(g) Federal and foreign income taxes incurred	\$680,277		\$680,277
2. Deferred Tax Assets	None		None
3. Deferred Tax Liabilities	None		None
4. Net deferred tax assets/liabilities	None		None

- D. None
- E. None
- F. None
- G. None

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, 2018 and 2017 were \$10,206,040.45 and \$8,714,308 respectively. The Company reported \$1,747,210 and \$2,136,141 due to DDPMI at December 31, 2018 and 2017, 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. On June 1, 2017 the Company purchased an additional 198 shares for \$1,980,000 for a total percent ownership of 13.2%. The statutory carrying value of the Company's investment in Renaissance Holding was \$6,321,715 and \$5,438,670 at December 31, 2018 and 2017, 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 2018 or 2017, 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.

NOTES TO FINANCIAL STATEMENTS

Delta Dental of Arkansas Political Action Committee

On 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, 2018 and 2017, the Dental Foundation received donations in the amount of \$1,931,053 and \$2,555,727 respectively. The Dental Foundation made contributions of \$808,830 and \$1,109,077 to qualified organizations in 2018 and 2017, respectively.

Delta Dental of Tennessee, Inc. (DDTN)

DDTN and the Company belong to the same holding company, RHSC. The Company provides DDTN with certain claims processing services detailed in agreements signed by both parties. The fees received related to these agreements for the years ended December 31, 2018 and 2017 were \$118,773 and \$118,837 respectively. The Company reported \$8,313 and \$0 receivable from DDTN at December 31, 2018 and 2017, respectively.

D. At December 31, 2018, the Company reported \$1,747,210 as amounts due to affiliate, DDPMI, \$144,349 due to its affiliate, RLHIA, and \$8,313 due from its affiliate, DDTN. 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

None

J. Investments in Impaired SCAs

In the first quarter of 2018 the Company determined the book value of Omega Administrators, Inc. was permanently impaired. Omega Administrators Inc.'s book value of \$2.2M originated when Omega was actively operating as a third party administrator. Omega has ceased operations as a third party administrator (TPA).

NOTES TO FINANCIAL STATEMENTS

Since there are no prospects for TPA business for Omega in the foreseeable future, the Company decided to impair the value of Omega.

Omega Administrators, Inc. was written down from \$2,264,150 to \$103,655 for a total impairment of \$2,160,495. Fair value was determined based on Omega Administrator Inc.’s total equity as of December 31, 2017.

- K. Investment in a Foreign Subsidiary - N/A
- L. Non Audited Downstream Non-insurance Holding Companies - N/A
- M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs

SCA Entity	% of SCA Ownershi p	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities				
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) SCA Entities				
c. SSAP No. 97 8b(iii) Entities				
Omega Administrators, Inc	100%	\$98,147	\$98,147	\$0
Renaissance Holding Company	13.2%	\$14,116,367	\$6,410,018	\$7,706,348
Total SSAP No. 97 8b(iii) Entities		\$14,214,514	\$6,508,165	\$7,706,348
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi)		\$14,214,514	\$6,508,165	\$7,706,348
f. Aggregate Total		\$14,214,514	\$6,508,165	\$7,706,348

NOTES TO FINANCIAL STATEMENTS

(2)

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities						
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) SCA Entities						
c. SSAP No. 97 8b(iii) Entities Omega Administrators, Inc Renaissance Holding Company	S2	10/01/18	\$14,628,510	Y	N	M
Total SSAP No. 97 8b(iii) Entities			\$14,628,510			
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities						
e. Total SSAP No. 97 8b Entities (except 8bi)			\$14,628,510			
f. Aggregate Total			\$14,628,510			

- N. Investment in Insurance SCAs – N/A
- O. SCA Loss Tracking - None

NOTES TO FINANCIAL STATEMENTS

Note 11: Debt

None.

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

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

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 \$755,000 and \$613,000 for the years ended December 31, 2018 and 2017, respectively.

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

NOTES TO FINANCIAL STATEMENTS

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 \$6,087,819.
- (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. Joint and Several Liabilities – N/A
- F. 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.

NOTES TO FINANCIAL STATEMENTS

In the event that The Company elects to withdraw from its affiliation, The Company has agreed to a withdrawal fee. The fee shall be the lesser of \$10,000,000 or 10% of net assets. Upon withdrawing, The Company will receive its full amount of initial investment in Renaissance Holding Company. If the Company were to withdraw, the purchase price of shares in Renaissance Holding Company of \$17,880,000 would be offset by the withdrawal fee of \$10,000,000 for a net amount of \$7,880,000.

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 system. The company incurred ETS claims processing fees of \$4,283,412 and \$4,090,161 in 2018 and 2017 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, 2018 and 2017:

	2018	2017
Gross reimbursement for medical costs incurred	\$ 317,739,440	\$ 327,102,855
Gross administrative fees accrued	14,701,187	15,142,411
Gross expenses incurred (claims and administrative)	<u>(332,440,627)</u>	<u>(342,245,266)</u>
Total net gain or loss from operations	\$ <u>0</u>	\$ <u>0</u>

NOTES TO FINANCIAL STATEMENTS

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

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

None.

Note 20: Fair Value Measurements

A. Fair Value Measurements at Reporting Date

(1)

Description for each class of asset or liability	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
a. Assets at fair value					
Perpetual Preferred Stock					
Industrial and Misc Parent, Subs and Affiliates					
Total Perpetual Preferred Stock					
Bonds					
US Government		12,060,124		12,060,124	
Industrial and Misc		24,287,386		24,287,386	
Hybrid Securities					
Parent, Subs and Affiliates					
Total Bonds		36,347,510		36,347,510	
Common Stock					
Industrial and Misc	24,593,141			24,593,141	
Parent, Subs and Affiliates		14,214,514		14,214,514	
Total Common Stock	24,593,141	14,214,514		38,807,655	
Derivative Assets					
Interest rate contracts					
Foreign exchange contracts					
Credit contracts					
Commodity futures contracts					
Total Derivatives					

NOTES TO FINANCIAL STATEMENTS

Separate account assets					
Total assets at fair value	24,593,141	50,562,024		75,155,165	
b. Liabilities at fair value					
Derivative liabilities					
Total liabilities at fair value					

- (2) Category 3 Fair Value Measurements – N/A
- (3) Policy for Transferring Between Levels – N/A
- (4) Value Techniques for Level 2 and Level 3 Measurements
- (5) Derivative Assets and Liabilities – N/A

B. Other Fair Value Measurements - N/A

C. Fair Value Measurements Aggregate

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable
Bonds	\$36,347,510	\$36,347,510	\$ 0	\$36,347,510		
Common Stock	38,807,655	31,101,306	24,593,141	14,214,514		
Perpetual Preferred Stock						
Mortgage Loans						
Total	<u>\$75,155,165</u>	<u>\$67,488,816</u>	<u>\$24,593,141</u>	<u>\$50,562,024</u>		

D. Not Practicable to Estimate Fair Value – N/A

Note 21: Other Items

- A. Extraordinary Items - N/A
- B. Troubled Debt Restructuring - N/A
- C. Other Disclosures – N/A
- D. Business Interruption Insurance Recoveries - N/A
- E. State Transferable Tax Credits - N/A
- F. Subprime-Mortgage-Related Risk Exposure - N/A

NOTES TO FINANCIAL STATEMENTS

- G. Retained Assets - N/A
- H. Insurance-Linked Securities (ILS) Contracts – N/A

Note 22: Events Subsequent

		<u>Current Year</u>	<u>Prior Year</u>
A.	Did the reporting entity write accident and health insurance premium that is subject to Section 9010 of the federal Affordable Health Care Act?	No	Yes
B.	ACA fee assessment payable for upcoming year	\$0	\$996,660
C.	ACA fee assessment paid	\$996,660	\$0
D.	Premium written subject to ACA 9010 assessment	0	\$119,851,012
E.	Total Adjusted Capital before surplus adjustment	\$89,777,823	\$86,500,054
F.	Total Adjusted Capital after surplus adjustment	\$89,777,823	\$86,500,054
G.	Authorized Control Level after surplus adjustment	\$10,212,202	\$8,282,301
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level?	No	N/A

Note 23: Reinsurance

- A. Ceded Reinsurance Report
 - Section 1 – General Interrogatories
 - (1) No

NOTES TO FINANCIAL STATEMENTS

(2) No

Section 2 – Ceded Reinsurance Report – Part A

(1) No

(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

- A. The company estimates accrued retrospective premium adjustments for its Medicaid insurance business through a mathematical approach using an algorithm of the company’s underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to direct written premiums
- C. The amount of net premiums written by the Company at December 31, 2018 that are subject to retrospective rating features is \$70,268,182 that represented 27% of the total net premiums written. No other premiums written by the Company are subject to retrospective rating features.
- D. N/A
- E. N/A

Note 25: Change in Incurred Claims and Claims Adjustment Expenses

- A. Reserves for incurred claims as of December 31, 2017 were \$5,948,402. In 2018, \$6,138,399 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years and \$196,901,948 for the current year. The reserve for the current year is \$7,782,766 and the remaining reserves for prior years are now \$505 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$189,997 unfavorable prior-year loss development since December 31, 2017 to December 31, 2018. 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

NOTES TO FINANCIAL STATEMENTS

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.

B. Significant Changes in Methodologies - None

Note 26: Intercompany Pooling Arrangements

None

Note 27: Structured Settlements

None.

Note 28: Health Care Receivables

None.

Note 29: Participating Policies

None.

Note 30: Premium Deficiency Reserves

As of December 31, 2018, 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 ☒ No ☐

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

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ N/A ☐

1.3 State Regulating?

Arkansas

1.4 Is the reporting entity publicly traded or a member of a publicly traded group?

Yes ☐ No ☒

1.5 If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒

2.2 If yes, date of change:

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

12/31/2016

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.

12/31/2016

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).

05/16/2018

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 ☒ No ☐ N/A ☐

3.6 Have all of the recommendations within the latest financial examination report been complied with?

Yes ☒ No ☐ N/A ☐

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

4.11 sales of new business?

Yes ☐ No ☒

4.12 renewals?

Yes ☐ No ☒

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

4.21 sales of new business?

Yes ☐ No ☒

4.22 renewals?

Yes ☐ No ☒

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒

If yes, complete and file the merger history data file with the NAIC.

GENERAL INTERROGATORIES

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

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:

.....

.....

.....

GENERAL INTERROGATORIES

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:

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, 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	\$ 3,761,266

12.2 If yes, provide explanation: The Company invested on 12/27/12 in Caprocq real estate fund (LLC) which will use the funds to ccquire 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:

GENERAL INTERROGATORIES

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).

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 \$

GENERAL INTERROGATORIES

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 ☒

22.2 If answer is yes:

22.21 Amount paid as losses or risk adjustment

22.22 Amount paid as expenses

22.23 Other amounts paid

\$

\$

\$

23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☒ No ☐

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

\$

8,313

INVESTMENT

24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)

Yes ☒ No ☐

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

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

24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?

Yes ☐ No ☐ N/A ☒

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

\$

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

\$

24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?

Yes ☐ No ☐ N/A ☒

24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?

Yes ☐ No ☐ N/A ☒

24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?

Yes ☐ No ☐ N/A ☒

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

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

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

24.103 Total payable for securities lending reported on the liability page

\$

\$

\$

25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes ☒ No ☐

GENERAL INTERROGATORIES

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

25.21	Subject to repurchase agreements	\$	
25.22	Subject to reverse repurchase agreements	\$	
25.23	Subject to dollar repurchase agreements	\$	
25.24	Subject to reverse dollar repurchase agreements	\$	
25.25	Placed under option agreements	\$	
25.26	Letter stock or securities restricted as to sale - excluding FHLB Capital Stock	\$	
25.27	FHLB Capital Stock	\$	
25.28	On deposit with states	\$	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
First Security Bank	314 North Spring Street, Searcy, AR 72143
Regions Bank	201 Milan Pkwy 2nd Floor, Birmingham, AL 35211

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

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		SEC	DS
Luther King Capital Management	110093	254900X4O2TZHSC5XG17	SEC	DS
FCI Advisors	106398		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 [X] No []

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
246097-20-8	DELAWARE SMCP VAL INST	692,630
46600A-82-3	IVY:INTL CORE EQTY N	3,188,490
683974-60-4	OPPENHEIMER DEV MKTS I	1,245,098
779556-40-6	T ROWE PRICE MC GR I	1,205,853
77957Y-40-3	T ROWE PRICE MC VL I	447,497
779919-30-7	T ROWE PRICE RE I	468,693
29.2999 TOTAL		7,248,261

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
DELAWARE SMCP VAL INST	East West Bancorp	18,701	12/31/2018
DELAWARE SMCP VAL INST	ITT	15,792	12/31/2018
DELAWARE SMCP VAL INST	MasTec	15,723	12/31/2018
DELAWARE SMCP VAL INST	Selective Insurance Group	15,376	12/31/2018
DELAWARE SMCP VAL INST	Webster Financial	14,545	12/31/2018
IVY:INTL CORE EQTY N	Nestle	87,365	12/31/2018
IVY:INTL CORE EQTY N	Roche Holding	79,712	12/31/2018
IVY:INTL CORE EQTY N	Total	79,393	12/31/2018
IVY:INTL CORE EQTY N	SAP	69,190	12/31/2018
IVY:INTL CORE EQTY N	Danone	65,364	12/31/2018
OPPENHEIMER DEV MKTS I	Alibaba Group	80,309	12/31/2018

GENERAL INTERROGATORIES

1	2	3	4
Name of Mutual Fund (from above table)	Name of Significant Holding of the Mutual Fund	Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	Date of Valuation
OPPENHEIMER DEV MKTS I	Taiwan Semiconductor	63,375	12/31/2018
OPPENHEIMER DEV MKTS I	Tencent Holdings	57,025	12/31/2018
OPPENHEIMER DEV MKTS I	Novatek PJSC	54,037	12/31/2018
OPPENHEIMER DEV MKTS I	Housing Development Finance	45,820	12/31/2018
T ROWE PRICE MC GR I	Teleflex	31,352	12/31/2018
T ROWE PRICE MC GR I	The Cooper Companies	25,323	12/31/2018
T ROWE PRICE MC GR I	Microchip Technology	23,755	12/31/2018
T ROWE PRICE MC GR I	Keysight Technologies	23,273	12/31/2018
T ROWE PRICE MC GR I	Hologic	23,152	12/31/2018
T ROWE PRICE MC VL I	FirstEnergy	13,917	12/31/2018
T ROWE PRICE MC VL I	EQT Corp	11,098	12/31/2018
T ROWE PRICE MC VL I	Newmont Mining	11,053	12/31/2018
T ROWE PRICE MC VL I	Bunge	10,516	12/31/2018
T ROWE PRICE MC VL I	The Kroger Co	9,621	12/31/2018
T ROWE PRICE RE I	Prologis	35,949	12/31/2018
T ROWE PRICE RE I	Simon Property Group	31,590	12/31/2018
T ROWE PRICE RE I	Equity Residential	29,762	12/31/2018
T ROWE PRICE RE I	AvalonBay Communities	29,153	12/31/2018
T ROWE PRICE RE I	Camden Property	23,622	12/31/2018

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	36,347,510	36,024,745	(322,765)
30.2 Preferred stocks			
30.3 Totals	36,347,510	36,024,745	(322,765)

30.4 Describe the sources or methods utilized in determining the fair values:
The Company uses the investment software of Clearwater Analytics to determine the fair values.

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

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

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:
The Company uses the investment software of Clearwater Analytics to determine the fair values. Clearwater Analytics receives the fair value of securities from several pricing sources, including Securities Evaluations. The Company has selected Securities Evaluations to determine the fair values of the reported securities.

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

32.2 If no, list exceptions:

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

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

GENERAL INTERROGATORIES

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

34 By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:

- a. The security was purchased prior to January 1, 2018.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as an NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
- d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.

Has the reporting entity self-designated PLGI securities? Yes [] No [X]

OTHER

35.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 519,324

35.2 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.

35.2 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 Plan Association	\$ 491,824
	\$
	\$

36.1 Amount of payments for legal expenses, if any? \$ 300,623

36.2 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
Faegre Baker Daniels	\$ 99,813
Mitchell Williams Law PLLC	\$ 78,775
	\$

37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 78,000

37.2 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	\$ 74,000
	\$
	\$

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

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

\$

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

\$

1.31 Reason for excluding

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

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$

1.62 Total incurred claims

\$

1.63 Number of covered lives

All years prior to most current three years:

1.64 Total premium earned

\$

1.65 Total incurred claims

\$

1.66 Number of covered lives

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$

1.72 Total incurred claims

\$

1.73 Number of covered lives

All years prior to most current three years:

1.74 Total premium earned

\$

1.75 Total incurred claims

\$

1.76 Number of covered lives

2. Health Test:

	1		2
	Current Year		Prior Year
2.1 Premium Numerator	\$ 256,722,563	\$	169,412,669
2.2 Premium Denominator	\$ 256,722,563	\$	169,412,669
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 7,783,271	\$	7,050,954
2.5 Reserve Denominator	\$ 9,174,888	\$	7,050,954
2.6 Reserve Ratio (2.4 / 2.5)	0.848		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

8.2 Number of providers at end of reporting year

1,169

2,787

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

9.22 Business with rate guarantees over 36 months

12,280,162

143,942

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

10.22 Amount actually paid for year bonuses

10.23 Maximum amount payable withholds

10.24 Amount actually paid for year withholds

\$ 514,127

\$

\$

\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

11.13 An Individual Practice Association (IPA), or,

11.14 A Mixed Model (combination of above)?

Yes [] No [X]

Yes [] No [X]

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

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes ☒ No ☐
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes ☐ No ☒

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2018	2017	2016	2015	2014
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	128,200,365	120,739,837	102,225,994	102,130,287	97,388,603
2. Total liabilities (Page 3, Line 24)	39,003,740	34,239,783	30,759,913	31,539,516	32,657,528
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)	89,196,625	86,500,054	71,466,081	70,590,771	64,731,075
Income Statement (Page 4)					
5. Total revenues (Line 8)	257,117,718	169,799,436	162,016,558	153,421,023	139,775,656
6. Total medical and hospital expenses (Line 18)	205,140,895	130,542,204	124,936,340	120,562,806	109,975,211
7. Claims adjustment expenses (Line 20)	18,893,999	13,971,705	11,230,058	9,559,022	7,398,095
8. Total administrative expenses (Line 21)	27,624,653	25,739,738	20,287,919	22,678,394	19,669,413
9. Net underwriting gain (loss) (Line 24)	5,458,171	(454,211)	5,562,241	620,801	2,732,937
10. Net investment gain (loss) (Line 27)	440,174	1,464,078	3,602,920	1,092,688	2,186,066
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	5,218,068	1,009,867	9,165,161	1,713,489	4,919,003
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	11,742,378	3,308,285	2,316,606	9,088,863	4,956,938
Risk-Based Capital Analysis					
14. Total adjusted capital	89,368,364	86,500,054	71,466,081	70,590,771	64,809,188
15. Authorized control level risk-based capital	10,212,202	8,282,301	7,482,440	7,342,518	7,163,770
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	591,286	275,868	265,714	264,229	240,715
17. Total members months (Column 6, Line 7)	7,062,727	3,202,293	3,210,864	3,088,937	2,846,887
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)	79.9	77.1	77.3	78.8	78.8
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	98.0	100.5	96.8	99.9	98.2
23. Total underwriting gain (loss) (Line 24)	2.1	(0.3)	3.4	0.4	2.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	6,138,905	5,959,577	7,735,716	5,028,306	4,341,384
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	6,869,328	6,967,901	9,883,111	5,876,708	5,199,252
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)	14,214,514	14,732,165	12,748,600	13,736,444	16,523,924
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	14,214,514	14,732,165	12,748,600	13,736,444	16,523,924
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:

29

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS
Allocated by States and Territories

			1	Direct Business Only							
			2	3	4	5	6	7	8	9	
States, Etc.			Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N								
2.	Alaska	AK	N								
3.	Arizona	AZ	N								
4.	Arkansas	AR	L	207,751,439						207,751,439	
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	207,751,439						207,751,439	
60.	Reporting entity contributions for Employee Benefit Plans		X X X								
61.	Totals (Direct Business)		X X X	207,751,439						207,751,439	

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

NONE

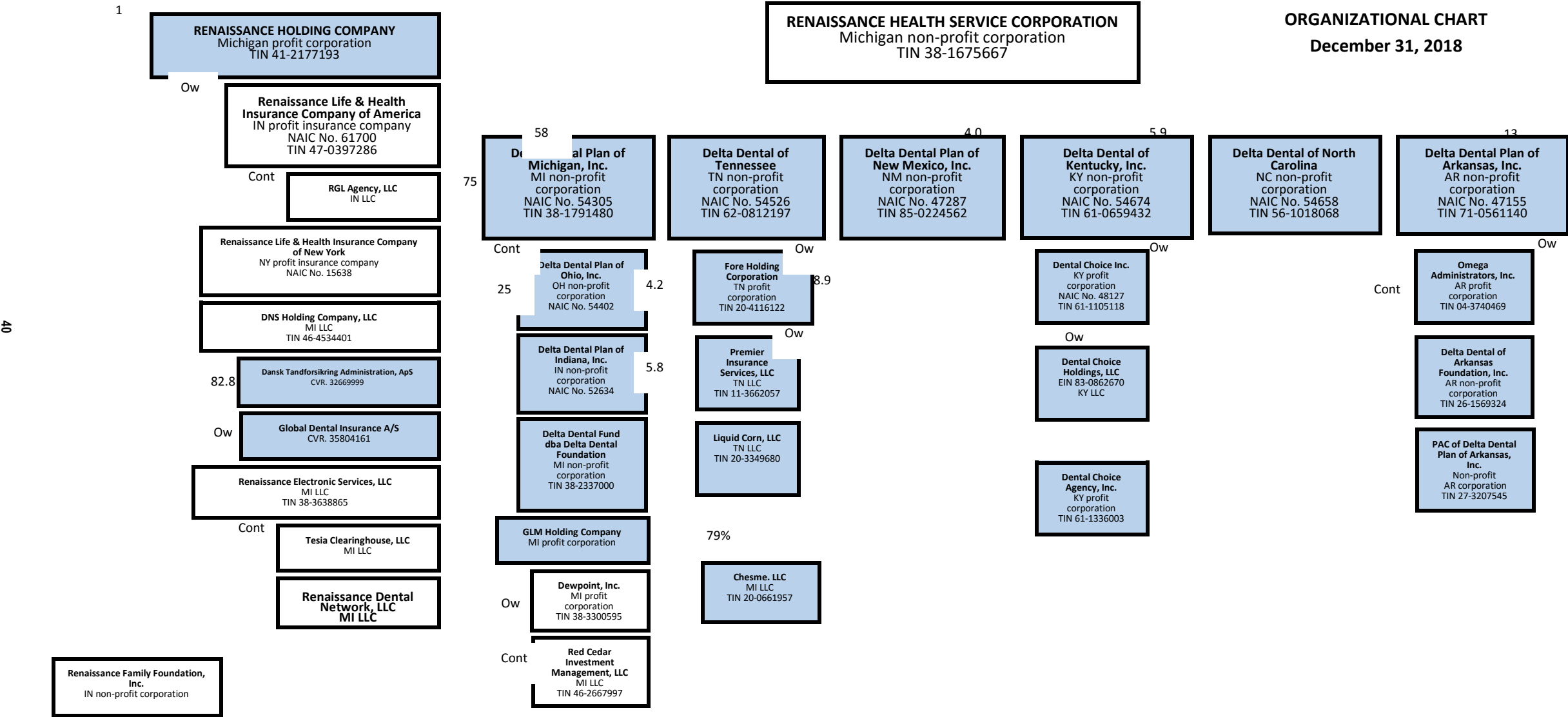
(a)	Active Status Counts	
	L – Licensed or Chartered - Licensed i	1
	E – Eligible - Reporting entities eligible	
	R - Registered - Non-domiciled RRGs	
	Q - Qualified - Qualified or accredited r	
	N – None of the above - Not allowed t	56

(b)	Explanation of basis of allocation of premiums by states, etc.
Situs of Contract	

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

PART 1 - ORGANIZATIONAL CHART

ORGANIZATIONAL CHART
December 31, 2018



OVERFLOW PAGE FOR WRITE-INS

Page 14 - Continuation

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3	4	5
	1	2			
WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. Subscriptions			101,467		101,467
2505. Consulting		573,587	382,391		955,978
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)		573,587	483,858		1,057,445

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