

ANNUAL STATEMENT

OF THE

DELTA DENTAL PLAN

OF

ARKANSAS, INC.

of **SHERWOOD**

STATE OF **ARKANSAS**

TO THE

Insurance Department

OF THE

STATE OF ARKANSAS

FOR THE YEAR ENDED

December 31, 2019

HEALTH

2019



47155201920100100

ANNUAL STATEMENT

For the Year Ended December 31, 2019
OF THE CONDITION AND AFFAIRS OF THE

Delta Dental Plan of Arkansas, Inc.

NAIC Group Code 0477 0477 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**
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 (City or Town, State, Country and Zip Code)
501-835-3400 (Area Code) (Telephone Number)

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

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

Internet 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.	<u>Eddie Allen Choate</u>	<u>President and CEO</u>
2.	<u>Sarah Jean Clark</u>	<u>Secretary</u>
3.	<u>Phillip Wayne Cox</u>	<u>Treasurer</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>Ina Lynn Harbert #</u>	<u>Senior VP Operations</u>	<u>John Garrett Norman</u>	<u>VP, Information Technology</u>
<u>James Wayne Couch #</u>	<u>Senior VP, COO, General Counsel</u>	<u>Ashley Lynne Riddle</u>	<u>VP of Sales & Account Management</u>
<u>Thomas Burton Redd #</u>	<u>Vice President of Professional Relations</u>	<u>Kelly Terese Carney #</u>	<u>Vice President of Human Resources & CAO</u>
<u>David Edward Hawsey</u>	<u>VP, Marketing</u>	<u>Jimmy Sam Anthony #</u>	<u>VP, Operations</u>
<u>Deborah Ann Lowtharp</u>	<u>VP, Finance & CFO</u>	<u>Jennifer Renee Morales #</u>	<u>Director, Medicaid Operations</u>

DIRECTORS OR TRUSTEES

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

State of Arkansas

County of Pulaski ss

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

(Signature)
Eddie Allen Choate
(Printed Name)
1.
President and CEO
(Title)

Subscribed and sworn to (or affirmed) before me this on this _____ day of _____, 2020, by

(Signature)
Sarah Jean Clark
(Printed Name)
2.
Secretary
(Title)

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

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	34,414,450		34,414,450	36,347,510
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	43,555,539	6,332,538	37,223,001	31,101,307
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)	15,479,134		15,479,134	8,144,567
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	2,997,779		2,997,779	
5. Cash (\$ 22,421,021, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	22,421,021		22,421,021	25,482,231
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	3,306,548		3,306,548	3,761,266
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)	122,174,471	6,332,538	115,841,933	104,836,881
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	225,166		225,166	209,549
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,849,360		2,849,360	1,485,195
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	46,715		46,715	13,920,027
17. Amounts receivable relating to uninsured plans	4,954,406		4,954,406	4,142,319
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	2,349,045	290,367	2,058,678	1,035,462
21. Furniture and equipment, including health care delivery assets (\$ 0)	1,017,069	1,017,069		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	103,016		103,016	8,314
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	4,748,670	2,310,167	2,438,503	2,562,618
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	138,467,918	9,950,141	128,517,777	128,200,365
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	138,467,918	9,950,141	128,517,777	128,200,365

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Deferred Compensation - 457	2,438,503		2,438,503	2,070,994
2502. Prepaid Expenses & Deposits	1,777,647	1,777,647		
2503. Miscellaneous Receivable	483,174	483,174		491,624
2598. Summary of remaining write-ins for Line 25 from overflow page	49,346	49,346		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,748,670	2,310,167	2,438,503	2,562,618

NONE

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	7,681,775		7,681,775	8,455,749
2. Accrued medical incentive pool and bonus amounts	630,234		630,234	514,127
3. Unpaid claims adjustment expenses	286,981		286,981	275,054
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	249,364		249,364	205,012
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	3,923,826		3,923,826	3,343,725
9. General expenses due or accrued	9,702,210		9,702,210	20,961,774
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				1,452,097
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	2,640,312		2,640,312	1,891,560
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	2,561,395		2,561,395	1,904,642
23. Aggregate write-ins for other liabilities (including \$ 0 current)	1,506,304		1,506,304	
24. Total liabilities (Lines 1 to 23)	29,182,401		29,182,401	39,003,740
25. Aggregate write-ins for special surplus funds	X X X	X X X	1,902,777	
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	97,382,599	89,146,625
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	99,335,376	89,196,625
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	128,517,777	128,200,365

DETAILS OF WRITE-IN LINES				
2301. Escheat	1,506,304		1,506,304	
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)	1,506,304		1,506,304	
2501. Affordable Care Act Section 9010 Fee Assessment - 2020	X X X	X X X	1,902,777	
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	1,902,777	
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	7,439,037	7,062,727
2. Net premium income (including \$ 0 non-health premium income)	X X X	218,191,885	256,722,563
3. Change in unearned premium reserves and reserve for rate credits	X X X	44,352	
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	218,236,237	256,722,563
Hospital and Medical:			
9. Hospital/medical benefits		176,471,155	164,317,614
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		630,234	514,127
16. Subtotal (Lines 9 to 15)		177,101,389	164,831,741
Less:			
17. Net reinsurance recoveries		464,931	(40,309,154)
18. Total hospital and medical (Lines 16 minus 17)		176,636,458	205,140,895
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 717,867 cost containment expenses		17,230,081	18,893,999
21. General administrative expenses		22,193,730	27,624,653
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)		216,060,269	251,659,547
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	2,175,968	5,063,016
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,501,007	1,144,422
26. Net realized capital gains (losses) less capital gains tax of \$ 0		(674,453)	(704,248)
27. Net investment gains (losses) (Lines 25 plus 26)		826,554	440,174
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		746,275	395,155
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	3,748,797	5,898,345
31. Federal and foreign income taxes incurred	X X X	(23,104)	680,277
32. Net income (loss) (Lines 30 minus 31)	X X X	3,771,901	5,218,068

DETAILS OF WRITE-IN LINES			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Miscellaneous Income		746,275	395,155
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)		746,275	395,155

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	89,196,625	86,500,054
34. Net income or (loss) from Line 32	3,771,901	5,218,068
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	5,140,251	(1,944,028)
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	1,226,600	(577,469)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	10,138,752	2,696,571
49. Capital and surplus end of reporting year (Line 33 plus 48)	99,335,377	89,196,625

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

NONE

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	231,127,728	257,949,415
2. Net investment income	1,794,832	1,131,468
3. Miscellaneous income	746,275	395,155
4. Total (Lines 1 through 3)	233,668,835	259,476,038
5. Benefit and loss related payments	177,852,615	203,040,348
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	51,277,881	44,013,035
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)	229,130,496	247,733,660
11. Net cash from operations (Line 4 minus Line 10)	4,538,339	11,742,378
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	20,984,788	13,588,621
12.2 Stocks	10,626,265	4,817,129
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	439,103	1,520,953
12.8 Total investment proceeds (Lines 12.1 to 12.7)	32,050,156	19,926,703
13. Cost of investments acquired (long-term only):		
13.1 Bonds	19,092,006	13,751,152
13.2 Stocks	10,219,821	4,641,517
13.3 Mortgage loans		
13.4 Real estate	10,731,414	
13.5 Other invested assets		
13.6 Miscellaneous applications		1,371,866
13.7 Total investments acquired (Lines 13.1 to 13.6)	40,043,241	19,764,535
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)	(7,993,085)	162,168
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)	393,536	(2,060,212)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	393,536	(2,060,212)
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)	(3,061,210)	9,844,334
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	25,482,231	15,637,897
19.2 End of year (Line 18 plus Line 19.1)	22,421,021	25,482,231

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	218,191,885			135,448,367	11,382,476			71,361,042		
2. Change in unearned premium reserves and reserve for rate credit	44,352			44,352						
3. Fee-for-service (net of \$ 0 medical expenses)										XXX
4. Risk revenue										XXX
5. Aggregate write-ins for other health care related revenues										XXX
6. Aggregate write-ins for other non-health care related revenues		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
7. Total revenues (Lines 1 to 6)	218,236,237			135,492,719	11,382,476			71,361,042		
8. Hospital/medical benefits	176,471,156			104,833,607	6,551,047			65,086,502		XXX
9. Other professional services										XXX
10. Outside referrals										XXX
11. Emergency room and out-of-area										XXX
12. Prescription drugs										XXX
13. Aggregate write-ins for other hospital and medical										XXX
14. Incentive pool, withhold adjustments and bonus amounts	630,234			630,234						XXX
15. Subtotal (Lines 8 to 14)	177,101,390			105,463,841	6,551,047			65,086,502		XXX
16. Net reinsurance recoveries	464,931			464,931						XXX
17. Total hospital and medical (Lines 15 minus 16)	176,636,459			104,998,910	6,551,047			65,086,502		XXX
18. Non-health claims (net)		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including \$ 717,868 cost containment expenses	17,230,079			12,680,522	697,780			3,851,777		
20. General administrative expenses	22,193,731			17,337,400	2,288,480			2,567,851		
21. Increase in reserves for accident and health contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
22. Increase in reserves for life contracts		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	216,060,269			135,016,832	9,537,307			71,506,130		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	2,175,968			475,887	1,845,169			(145,088)		

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

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only	135,150,719	341,999		135,492,718
4. Vision only	11,382,476			11,382,476
5. Federal Employees Health Benefits Plan				
6. Title XVIII – Medicare				
7. Title XIX – Medicaid	71,361,042			71,361,042
8. Other health				
9. Health subtotal (Lines 1 through 8)	217,894,237	341,999		218,236,236
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	217,894,237	341,999		218,236,236

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	174,824,310			103,892,149	6,566,636			64,365,525		
1.2 Reinsurance assumed	1,955,890			1,955,890						
1.3 Reinsurance ceded										
1.4 Net	176,780,200			105,848,039	6,566,636			64,365,525		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	7,753,720			4,931,290	151,034			2,671,396		
3.2 Reinsurance assumed	(71,945)			(71,945)						
3.3 Reinsurance ceded										
3.4 Net	7,681,775			4,859,345	151,034			2,671,396		
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	630,234			257,135				373,099		
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	6,106,872			3,896,954	166,622			2,043,296		
8.2 Reinsurance assumed	2,348,876			2,348,876						
8.3 Reinsurance ceded										
8.4 Net	8,455,748			6,245,830	166,622			2,043,296		
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	514,127			273,187				240,940		
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	176,471,158			104,926,485	6,551,048			64,993,625		
12.2 Reinsurance assumed	(464,931)			(464,931)						
12.3 Reinsurance ceded										
12.4 Net	176,006,227			104,461,554	6,551,048			64,993,625		
13. Incurred medical incentive pools and bonuses	116,107			(16,052)				132,159		

(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	485,525			476,634	8,891					
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	485,525			476,634	8,891					
2. Incurred but Unreported:										
2.1 Direct	7,268,195			4,454,656	142,143			2,671,396		
2.2 Reinsurance assumed	(71,945)			(71,945)						
2.3 Reinsurance ceded										
2.4 Net	7,196,250			4,382,711	142,143			2,671,396		
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	7,753,720			4,931,290	151,034			2,671,396		
4.2 Reinsurance assumed	(71,945)			(71,945)						
4.3 Reinsurance ceded										
4.4 Net	7,681,775			4,859,345	151,034			2,671,396		

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	5,483,989	100,364,049	(65,099)	4,924,444	5,418,890	6,245,830
4. Vision only	(1,521)	6,568,157		151,034	(1,521)	166,622
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid	1,885,091	62,480,434		2,671,396	1,885,091	2,043,296
8. Other health						
9. Health subtotal (Lines 1 to 8)	7,367,559	169,412,640	(65,099)	7,746,874	7,302,460	8,455,748
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts				630,234		
13. Totals (Lines 9 - 10 + 11 + 12)	7,367,559	169,412,640	(65,099)	8,377,108	7,302,460	8,455,748

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

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	108,329	108,329	108,329	108,329	108,329
2. 2015	109,903	115,748	115,748	115,748	115,748
3. 2016	X X X	109,903	127,598	127,598	127,598
4. 2017	X X X	X X X	120,807	133,593	133,593
5. 2018	X X X	X X X	X X X	131,645	137,129
6. 2019	X X X	X X X	X X X	X X X	100,364

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	103,402	108,329	108,329	108,329	108,329
2. 2015	121,753	127,598	127,598	127,598	127,598
3. 2016	X X X	129,483	133,593	133,593	133,593
4. 2017	X X X	X X X	127,471	132,921	132,921
5. 2018	X X X	X X X	X X X	137,983	137,064
6. 2019	X X X	X X X	X X X	X X X	105,289

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. 2015	149,436	114,830	8,505	7.407	123,335	82.534			123,335	82.534
2. 2016	157,882	126,044	10,126	8.034	136,170	86.248			136,170	86.248
3. 2017	161,845	126,651	13,463	10.630	140,114	86.573			140,114	86.573
4. 2018	246,841	197,284	18,389	9.321	215,673	87.373			215,673	87.373
5. 2019	135,380	105,848	7,801	7.370	113,649	83.948	5,490	264	119,403	88.198

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	1,635	1,635	1,626		
2. 2015	1,645	1,749	1,749	1,749	1,749
3. 2016	XXX	3,886	3,990	3,990	3,990
4. 2017	XXX	XXX	3,886	4,030	4,030
5. 2018	XXX	XXX	XXX	5,612	5,610
6. 2019	XXX	XXX	XXX	XXX	6,568

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior	1,626	1,626	1,626	1,626	1,626
2. 2015	1,645	1,749	1,749	1,749	1,749
3. 2016	XXX	3,886	3,990	3,990	3,990
4. 2017	XXX	XXX	3,886	4,030	4,030
5. 2018	XXX	XXX	XXX	5,779	5,610
6. 2019	XXX	XXX	XXX	XXX	6,719

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. 2015	3,515	1,726	1,054	61.066	2,780	79.090			2,780	79.090
2. 2016	3,696	1,808	1,104	61.062	2,912	78.788			2,912	78.788
3. 2017	7,539	3,990	508	12.732	4,498	59.663			4,498	59.663
4. 2018	9,882	5,756	564	9.798	6,320	63.955			6,320	63.955
5. 2019	11,382	6,567	698	10.629	7,265	63.829	151	23	7,439	65.358

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(\$000 Omitted)

Fed Emp Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX	59,645	61,530
6. 2019	XXX	XXX	XXX	XXX	62,480

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 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX	61,595	61,530
6. 2019	XXX	XXX	XXX	XXX	65,152

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. 2015										
2. 2016										
3. 2017										
4. 2018	70,268	59,645	3,394	5.690	63,039	89.712			63,039	89.712
5. 2019	71,361	64,366	4,854	7.541	69,220	97.000	2,671		71,891	100.743

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2015	2 2016	3 2017	4 2018	5 2019
1. Prior					
2. 2015					
3. 2016	XXX				
4. 2017	XXX	XXX			
5. 2018	XXX	XXX	XXX		
6. 2019	XXX	XXX	XXX	XXX	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2015										
2. 2016										
3. 2017										
4. 2018										
5. 2019										

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

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid					
	1 2015	2 2016	3 2017	4 2018	5 2019	
1. Prior			109,964	109,955	108,329	108,329
2. 2015	109,964		117,497	117,497	117,497	117,497
3. 2016	X X X		113,789	131,588	131,588	131,588
4. 2017	X X X	X X X		124,693	137,623	137,623
5. 2018	X X X	X X X	X X X		196,902	204,269
6. 2019	X X X	X X X	X X X	X X X		169,412

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 2015	2 2016	3 2017	4 2018	5 2019	
1. Prior			109,955	109,955	109,955	109,955
2. 2015	105,028		129,347	129,347	129,347	129,347
3. 2016	X X X		133,369	137,583	137,583	137,583
4. 2017	X X X	X X X		131,357	136,951	136,951
5. 2018	X X X	X X X	X X X		205,357	204,204
6. 2019	X X X	X X X	X X X	X X X		177,160

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. 2015	152,951	116,556	9,559	8.201	126,115	82.455			126,115	82.455
2. 2016	161,578	127,852	11,230	8.784	139,082	86.077			139,082	86.077
3. 2017	169,384	130,641	13,971	10.694	144,612	85.375			144,612	85.375
4. 2018	326,991	262,685	22,347	8.507	285,032	87.168			285,032	87.168
5. 2019	218,123	176,781	13,353	7.553	190,134	87.168	8,312	287	198,733	91.111

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UNDERWRITING AND INVESTMENT EXHIBIT

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

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves	249,364			249,364					
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)	249,364			249,364					
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	249,364			249,364					
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)									

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DETAILS OF WRITE-IN LINES									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 05 from overflow page									
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)									

NONE

NONE

(a) Includes \$ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 190,500 for occupancy of own building)		114,300	76,200		190,500
2. Salaries, wages and other benefits	322,350	11,109,277	7,621,085		19,052,712
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			9,429,749		9,429,749
4. Legal fees and expenses			316,510		316,510
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			321,317		321,317
7. Traveling expenses		64,898	565,632		630,530
8. Marketing and advertising			632,916		632,916
9. Postage, express and telephone		1,908,647	216,318		2,124,965
10. Printing and office supplies		129,196	86,131		215,327
11. Occupancy, depreciation and amortization		175,898	117,265		293,163
12. Equipment					
13. Cost or depreciation of EDP equipment and software		241,017	1,658,620		1,899,637
14. Outsourced services including EDP, claims, and other services	395,517	7,906,396	2,532,322		10,834,235
15. Boards, bureaus and association fees			1,135,652		1,135,652
16. Insurance, except on real estate		88,672	59,115		147,787
17. Collection and bank service charges		142,255	94,837		237,092
18. Group service and administration fees					
19. Reimbursements by uninsured plans		(8,791,746)	(5,861,164)		(14,652,910)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses		152,163	101,442		253,605
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes		2,545,978			2,545,978
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			203,706		203,706
24. Investment expenses not included elsewhere				235,369	235,369
25. Aggregate write-ins for expenses		725,261	2,886,079		3,611,340
26. Total expenses incurred (Lines 1 to 25)	717,867	16,512,212	22,193,732	235,369	(a) 39,659,180
27. Less expenses unpaid December 31, current year		286,981	9,702,210		9,989,191
28. Add expenses unpaid December 31, prior year		275,054	20,961,774		21,236,828
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)	717,867	16,500,285	33,453,296	235,369	50,906,817

DETAILS OF WRITE-IN LINES					
2501. Charitable Contributions			2,343,126		2,343,126
2502. Record Storage		9,546	6,364		15,910
2503. Seminars		169,674	113,116		282,790
2598. Summary of remaining write-ins for Line 25 from overflow page		546,041	423,473		969,514
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		725,261	2,886,079		3,611,340

(a) Includes management fees of \$ 0 to affiliates and \$ 235,369 to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 107,773	68,123
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 868,219	951,701
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	477,859	477,859
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) 298,767	298,767
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,752,618	1,986,950
11. Investment expenses		(g) 235,369
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) 250,574
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		485,943
17. Net investment income (Line 10 minus Line 16)		1,501,007

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 \$ 33,680 accrual of discount less \$ 70,729 amortization of premium and less \$ 58,264 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 \$ 30,735 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	21,667		21,667		
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	(18,788)		(18,788)		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	(53,136)		(53,136)	6,534,357	
2.21 Common stocks of affiliates				(1,334,816)	
3. Mortgage loans					
4. Real estate	(148,494)		(148,494)		
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)	(475,703)		(475,703)	(59,289)	
10. Total capital gains (losses)	(674,454)		(674,454)	5,140,252	

DETAILS OF WRITE-IN LINES					
0901. Sale of Land in Partnership	(475,703)		(475,703)	(59,289)	
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)	(475,703)		(475,703)	(59,289)	

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks	6,332,538	7,706,348	1,373,810
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)	6,332,538	7,706,348	1,373,810
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	290,367	2,104,426	1,814,059
21. Furniture and equipment, including health care delivery assets	1,017,069	137,552	(879,517)
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	2,310,167	1,228,415	(1,081,752)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	9,950,141	11,176,741	1,226,600
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	9,950,141	11,176,741	1,226,600

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses & Deposits	1,777,647	1,228,415	(549,232)
2502. Miscellaneous Receivable	483,174		(483,174)
2503. Deferred Compensation - 457	49,346		(49,346)
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,310,167	1,228,415	(1,081,752)

NONE

EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	591,286	853,362	854,180	857,154	834,921	7,439,037
7. Total	591,286	853,362	854,180	857,154	834,921	7,439,037

DETAILS OF WRITE-IN LINES						
0601. Dental Only	517,514	715,153	715,119	719,003	705,602	6,483,975
0602. Vision Only	73,772	138,209	139,061	138,151	129,319	955,062
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	591,286	853,362	854,180	857,154	834,921	7,439,037

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 #	12/31/2019	12/31/2018
(1) Delta Dental Plan of Arkansas, Inc state basis	XXX	XXX	XXX	\$3,771,899	\$5,218,068
(2) State Prescribed Practices 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	<u>\$3,771,899</u>	<u>\$5,218,068</u>

Surplus	SSAP#	F/S Page	F/S Line #	12/31/2018	12/31/2018
(5) Delta Dental Plan of Arkansas, Inc				\$99,335,376	\$89,196,625
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP a. 23-63-801 provides limitations on admitted common stock	30	2	2.2	\$6,332,538	\$7,706,348
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP: None	None	None	None	\$0	\$0
(8) NAIC SAP	XXX	XXX	XXX	<u>\$105,667,914</u>	<u>\$96,902,973</u>

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

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

C. Accounting Policy

NOTES TO FINANCIAL STATEMENTS

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 35% 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 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

NOTES TO FINANCIAL STATEMENTS

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

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, 2019 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:

NOTES TO FINANCIAL STATEMENTS

1. Less than 12 Months \$ 0

2. 12 Months or Longer \$ 0

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

1. Less than 12 Months \$ 0

2. 12 Months or Longer \$ 0

(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. Dollar 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 2019 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

(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)

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

with states							
k. On deposit with other regulatory bodies							
l. Pledged as collateral (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	\$50,000	\$50,000	\$ 0	\$ 0	\$50,000	.0004%	.0004%

(2) Detail of Assets Pledged as Collateral Not Captured in Other Categories – N/A

(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. 5* Securities – N/A

P. Short Sales – N/A

Q. Prepayment Penalty and Acceleration Fees –

General Account

(1) Number of CUSIPs 3

(2) Aggregate Amount of Investment Income \$1,818

Note 6: Joint Ventures, Partnerships and Limited Liability Companies

NOTES TO FINANCIAL STATEMENTS

- 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. Due and accrued income as excluded from surplus on the following basis:

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

Note 9: Income Taxes

A. None

B. None

C.

	12/31/2019	12/31/2018	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	(\$23,104)	\$680,277	\$703,381
(b) Foreign			
(c) Subtotal	(\$23,104)	\$680,277	\$703,381
(d) Federal income tax on net capital gains			
(e) Utilization of capital loss carry-forward			
(f) Other			
(g) Federal and foreign income taxes incurred	(\$23,104)	\$680,277	\$703,381
2. Deferred Tax Assets	None		None
3. Deferred Tax Liabilities	None		None
4. Net deferred tax assets/liabilities	None		None

NOTES TO FINANCIAL STATEMENTS

D. None

E. None

F. None

G. None

H. None

I. None

Note 10: Information Concerning Parent, Subsidiaries and Affiliates

A, B, C, F & H.

Effective August 1, 2012, the Company entered into an Agreement to Affiliate (the “Agreement”) with Renaissance Health Service Corporation (“RHSC”), a Michigan nonprofit corporation, with the goal of coordinating and combining organizational and administrative functions to enhance efficiencies between the Company, RHSC and other Delta Dental plans similarly affiliated with RHSC. Under the Agreement:

- (i) RHSC became the Company’s sole corporate member pursuant to the Agreement filed with the Arkansas Insurance Department; however, the Affiliation and resulting transition of corporate membership was not determined to result in a change in control for DDAR under Arkansas law. See note 10 Notes to the Financial Statements, under the heading “Renaissance Health Service Corporation”;
- (ii) RHSC did not take responsibility for the solvency of the Company (and indeed maintains minimal assets);
- (iii) RHSC’s rights under the Agreement include the ability to have (at the option of the Company’s Board of Directors) either a representative on the Company’s board or an observer in board meeting; however, the Company’s Board of Directors remains its governing body, responsible for managing its affairs and assets;
- (iv) RHSC’s rights under the Agreement include prior approval authority over certain large transactions; and
- (v) The Company’s rights under the Agreement include the ability to appoint a percentage of the members of RHSC (other participating Delta Dental plans have similar rights), which members, in turn, appoint the RHSC board.

The Company reports on Schedule Y Part 1A participation in the affiliation arrangement with RHSC and the other Delta Dental plans. However, it is not “Directly Controlled By” or “Ultimately Controlled” by any other entity.

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, 2019

NOTES TO FINANCIAL STATEMENTS

and 2018 were \$12,650,212 and \$10,206,040 respectively. The Company reported \$2,561,631 and \$1,747,210 due to DDPMI at December 31, 2019 and 2018, 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 \$6,332,538 and \$6,321,715 at December 31, 2019 and 2018, 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 2019 or 2018.

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.

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, 2019 and 2018, the Dental Foundation received donations in the amount of \$2,108,209 and \$1,931,053 respectively. The Dental Foundation made contributions of \$883,287 and \$808,830 to qualified organizations in 2019 and 2018, 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, 2019 and 2018 were \$113,509 and \$118,773 respectively. The Company reported \$18,896 and \$8,313 receivable from DDTN at December 31, 2018 and 2017, respectively.

NOTES TO FINANCIAL STATEMENTS

D. At December 31, 2019, the Company reported \$2,560,174 as amounts due to affiliate, DDPMI, \$80,137 due to its affiliate, RLHIA, and \$18,896 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). 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 Ownership	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%	\$95,492	\$95,492	\$0
Renaissance Holding Company	13.2%	\$12,781,552	\$6,449,014	\$6,332,538
Total SSAP No. 97 8b(iii)		\$12,877,044	\$6,544,506	\$6,332,538

NOTES TO FINANCIAL STATEMENTS

Entities				
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi)		\$12,877,044	\$6,544,506	\$6,332,538
f. Aggregate Total		\$12,877,044	\$6,544,506	\$6,332,538

(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	08/20/2019	\$14,628,510	Y Y	N N	I 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			

NOTES TO FINANCIAL STATEMENTS

f. Aggregate Total			\$14,628,510			
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N. Investment in Insurance SCAs – N/A

O. SCA Loss Tracking - None

Note 11: Debt

A. None

B. 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 \$585,000 and \$755,000 for the years ended December 31, 2019 and 2018, 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) Advances to Surplus Not Repaid - N/A
- (7) Stock Held for Special Purposes - N/A
- (8) Changes in Special Surplus Funds from Prior Year - N/A
- (9) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is \$5,140,252.
- (10) Surplus Notes - N/A
- (11) Impact of Restatement in Quasi-Reorganization - N/A
- (12) 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. Product Warranties – 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 (other than any listed below) 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.

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.

The Company, along with the Delta Dental Plans Association (DDPA), DeltaUSA, and the other independent DDPA member companies, is defending a collection of lawsuits that have

NOTES TO FINANCIAL STATEMENTS

been filed in at least ten different district courts. The parties have requested that the cases be consolidated before a single district court for pretrial proceedings. The plaintiffs, representing purported classes of dental providers, allege that various Association member company licensing standards violate federal antitrust laws. The Company believes the claims are meritless and intends to vigorously defend this case. At this point it is too early in the proceedings to determine the outcome of the matter or the range or amount of any potential loss.

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 \$4,831,101 and \$4,283,412 in 2019 and 2018 respectively.

Note 15: Leases

- A. None
- B. 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

- A. None
- B. None
- C. 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:

	2019	2018
Gross reimbursement for medical costs incurred	\$ 307,285,152	\$ 317,739,440
Gross administrative fees accrued	14,652,910	14,701,187
Gross expenses incurred (claims and administrative)	(321,938,062)	(332,440,627)
Total net gain or loss from operations	\$ 0	\$ 0

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

NOTES TO FINANCIAL STATEMENTS

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 Industrial and Misc Hybrid Securities Parent, Subs and Affiliates		3,389,866 31,024,585		3,389,866 31,024,585	
Total Bonds		34,414,450		34,414,450	
Common Stock Industrial and Misc Parent, Subs and Affiliates	30,678,355	12,877,044		30,678,355 12,877,044	
Total Common Stock	30,678,355	12,877,044		43,555,399	
Derivative Assets Interest rate contracts Foreign exchange contracts Credit contracts Commodity futures contracts Total Derivatives					
Separate account assets					
Total assets at fair value	30,678,355	47,291,494		77,969,849	
b. Liabilities at fair value					
Derivative liabilities					
Total liabilities at fair value					

(2) Category 3 Fair Value Measurements – N/A

NOTES TO FINANCIAL STATEMENTS

- (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	Net Asset Value (NAV) Included in Level 2
Bonds	\$34,414,450	\$34,414,450	\$ 0	\$34,414,450			
Common Stock	43,555,399	37,222,860	30,678,355	12,877,044			
Perpetual Preferred Stock							
Mortgage Loans							
Total	<u>\$77,969,849</u>	<u>\$71,637,310</u>	<u>\$30,678,355</u>	<u>\$47,291,494</u>			

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

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

NOTES TO FINANCIAL STATEMENTS

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?	Yes	No
B.	ACA fee assessment payable for upcoming year	\$1,902,777	\$0
C.	ACA fee assessment paid	\$0	\$996,660
D.	Premium written subject to ACA 9010 assessment	\$217,781,191	\$0
E.	Total Adjusted Capital before surplus adjustment	\$99,335,376	\$89,196,625
F.	Total Adjusted Capital after surplus adjustment	\$99,335,376	\$86,500,054
G.	Authorized Control Level after surplus adjustment	\$10,684,591	\$11,191,308
H.	Would reporting the ACA assessment as of December 31, 2018 have triggered an RBC action level?	No	No

Note 23: Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

(1) No

(2) No

Section 2 – Ceded Reinsurance Report – Part A

(1) No

(2) No

NOTES TO FINANCIAL STATEMENTS

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, 2019 that are subject to retrospective rating features is \$71,361,041 that represented 33% 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, 2018 were \$6,138,399. In 2019, \$7,367,559 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years and \$169,412,639 for the current year. The reserve for the current year is \$6,837,088 and the remaining reserves for prior years are now \$6,846 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$1,229,160 unfavorable prior-year loss development since December 31, 2018 to December 31, 2019. This decrease is largely due to the adding a new line of business (Medicaid). Original estimates are increased or decreased as additional information becomes known regarding individual claims. No return premium was 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.

NOTES TO FINANCIAL STATEMENTS

Note 28: Health Care Receivables

None.

Note 29: Participating Policies

None.

Note 30: Premium Deficiency Reserves

None.

Note 31: Anticipated Salvage and Subrogation

None.

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, Chief Actuary and Chief Data Officer, 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	<u>CapRocq Core Real Estate Fun</u>
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$ <u>3,306,548</u>

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 acquire various real estate properties

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

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

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

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

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [X] 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 [X]
- 22.2 If answer is yes:
- | | |
|--|----------|
| 22.21 Amount paid as losses or risk adjustment | \$ _____ |
| 22.22 Amount paid as expenses | \$ _____ |
| 22.23 Other amounts paid | \$ _____ |
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03) Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto:

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

- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [] No [] N/A [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs. \$ _____
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs. \$ _____
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [] No [] N/A [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [] No [] N/A [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending? Yes [] No [] N/A [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- | | |
|--|----------|
| 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ |
| 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ |
| 24.103 Total payable for securities lending reported on the liability page | \$ _____ |
- 25.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03). Yes [X] No []

GENERAL INTERROGATORIES

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

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

25.3 For category (25.26) provide the following:

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

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

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

LINES 26.3 through 26.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

26.3 Does the reporting entity utilize derivatives to hedge variable annuity guarantees subject to fluctuations as a result of interest rate sensitivity? Yes [] No [X]

26.4 If the response to 26.3 is YES, does the reporting entity utilize:

	26.41 Special accounting provision of SSAP No. 108	Yes [] No [X]
	26.42 Permitted accounting practice	Yes [] No [X]
	26.43 Other accounting guidance	Yes [] No [X]

26.5 By responding YES to 26.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [] No [X]

- The reporting entity has obtained explicit approval from the domiciliary state.
- Hedging strategy subject to the special accounting provisions is consistent with the requirements of VM-21.
- Actuarial certification has been obtained which indicates that the hedging strategy is incorporated within the establishment of VM-21 reserves and provides the impact of the hedging strategy within the Actuarial Guideline Conditional Tail Expectation Amount.
- Financial Officer Certification has been obtained which indicates that the hedging strategy meets the definition of a Clearly Defined Hedging Strategy within VM-21 and that the Clearly Defined Hedging Strategy is the hedging strategy being used by the company in its actual day-to-day risk mitigation efforts.

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 []

GENERAL INTERROGATORIES

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]

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

28.0597 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 invested assets? Yes [X] No []

28.0598 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 invested assets? Yes [X] No []

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	254900X402TZHSC5XG17	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 [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
381430-50-3	GOLDMAN:AB US LG CAP EQ	755,798
464287-23-4	ISHARES:MSCI EM MKTS	381,395
464287-46-5	ISHARES:MSCI EAFE ETF	520,800

GENERAL INTERROGATORIES

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
464287-47-3	ISHARES:RUSS MC VAL	758,160
464287-48-1	ISHARES:RUSS MC GR	915,480
46429B-69-7	ISHARES:EDGE MSCI MV USA	459,340
78462F-10-3	SPDR S&P 500 ETF	1,182,836
922908-75-1	VANGUARD S-C ID ETF	662,560
922908-76-9	VANGUARD TSM IDX ETF	1,799,820
29.2999 TOTAL		7,436,189

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
GOLDMAN:AB US LG CAP EQ	Apple Inc	30,988	12/31/2019
GOLDMAN:AB US LG CAP EQ	Microsoft	30,761	12/31/2019
GOLDMAN:AB US LG CAP EQ	Amazon.com	18,290	12/31/2019
GOLDMAN:AB US LG CAP EQ	Facebook	11,035	12/31/2019
GOLDMAN:AB US LG CAP EQ	Aphabet Inc. Class C	9,599	12/31/2019
ISHARES:MSCI EM MKTS	Alibaba Group Holding	22,426	12/31/2019
ISHARES:MSCI EM MKTS	Tencent Holdings	17,659	12/31/2019
ISHARES:MSCI EM MKTS	Taiwan Semiconductor MFG	16,781	12/31/2019
ISHARES:MSCI EM MKTS	Samsung Electronics	14,493	12/31/2019
ISHARES:MSCI EM MKTS	China Construction Bank Corp	4,729	12/31/2019
ISHARES:MSCI EAFE ETF	Nestle	11,718	12/31/2019
ISHARES:MSCI EAFE ETF	Roche Holding	8,437	12/31/2019
ISHARES:MSCI EAFE ETF	Novartis	7,239	12/31/2019
ISHARES:MSCI EAFE ETF	Toyota	5,729	12/31/2019
ISHARES:MSCI EAFE ETF	HSBC Holdings	5,208	12/31/2019
ISHARES:RUSS MC VAL	Sempra	7,203	12/31/2019
ISHARES:RUSS MC VAL	Newmont	5,838	12/31/2019
ISHARES:RUSS MC VAL	Xcel Energy	5,762	12/31/2019
ISHARES:RUSS MC VAL	Welltower	5,459	12/31/2019
ISHARES:RUSS MC VAL	Consolidated Edison	5,004	12/31/2019
ISHARES:RUSS MC GR	Fiserv	19,134	12/31/2019
ISHARES:RUSS MC GR	Global Payments	16,662	12/31/2019
ISHARES:RUSS MC GR	Advanced Micro Devices	13,824	12/31/2019
ISHARES:RUSS MC GR	Lam Research	10,803	12/31/2019
ISHARES:RUSS MC GR	Dollar General	10,711	12/31/2019
ISHARES:EDGE MSCI MV US	Newmont	7,855	12/31/2019
ISHARES:EDGE MSCI MV US	Coca-Cola	7,258	12/31/2019
ISHARES:EDGE MSCI MV US	NextEra Energy	7,258	12/31/2019
ISHARES:EDGE MSCI MV US	Visa Inc. Class A	7,258	12/31/2019
ISHARES:EDGE MSCI MV US	McDonald's Corp	7,212	12/31/2019
SPDR S&P 500 ETF	Microsoft	57,486	12/31/2019
SPDR S&P 500 ETF	Apple	57,249	12/31/2019
SPDR S&P 500 ETF	Amazon.com	37,023	12/31/2019
SPDR S&P 500 ETF	Facebook	21,528	12/31/2019
SPDR S&P 500 ETF	Berkshire Hathaway	19,399	12/31/2019
VANGUARD S-C ID ETF	Leidos Holdings	2,319	12/31/2019
VANGUARD S-C ID ETF	Zebra Technologies	2,319	12/31/2019
VANGUARD S-C ID ETF	Atmos Energy	2,253	12/31/2019
VANGUARD S-C ID ETF	IDEX	2,186	12/31/2019
VANGUARD S-C ID ETF	Steris	2,186	12/31/2019
VANGUARD TSM IDX ETF	Microsoft	67,673	12/31/2019
VANGUARD TSM IDX ETF	Apple	66,053	12/31/2019
VANGUARD TSM IDX ETF	Amazon.com	43,916	12/31/2019
VANGUARD TSM IDX ETF	Facebook	27,897	12/31/2019
VANGUARD TSM IDX ETF	Berkshire Hathaway	24,118	12/31/2019

GENERAL INTERROGATORIES

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

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	34,414,450	35,298,836	884,386
30.2 Preferred stocks			
30.3 Totals	34,414,450	35,298,836	884,386

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 [X] No []

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 [X] No []

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

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

32.2 If no, list exceptions:

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.
 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]

35. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:
 a. The shares were purchased prior to January 1, 2019.
 b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
 c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
 d. The fund only or predominantly holds bonds in its portfolio.
 e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
 f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.
 Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes [] No [X]

OTHER

GENERAL INTERROGATORIES

36.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 577,579

36.2 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	\$ 548,979
.....	\$
.....	\$

37.1 Amount of payments for legal expenses, if any? \$ 313,990

37.2 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	\$ 139,125
Mitchell Williams Law PLLC	\$ 106,877
.....	\$

38.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 144,000

38.2 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	\$ 84,000
Capitol Advisors Group	\$ 60,000
.....	\$

GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

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

2. Health Test:

	1 Current Year		2 Prior Year
2.1 Premium Numerator	\$ 218,091,971		\$ 256,722,563
2.2 Premium Denominator	\$ 218,091,971		\$ 256,722,563
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 8,561,373		\$ 7,783,271
2.5 Reserve Denominator	\$ 8,561,373		\$ 9,174,888
2.6 Reserve Ratio (2.4 / 2.5)	1.000		0.848

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

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

N/A

.....

.....

.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

7.2 If no, give details:

8. Provide the following information regarding participating providers:
 8.1 Number of providers at start of reporting year 2,787
 8.2 Number of providers at end of reporting year 2,973

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

9.2 If yes, direct premium earned:
 9.21 Business with rate guarantees between 15-36 months 11,523,732
 9.22 Business with rate guarantees over 36 months 460,662

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

10.2 If yes:
 10.21 Maximum amount payable bonuses \$ 630,234
 10.22 Amount actually paid for year bonuses \$ _____
 10.23 Maximum amount payable withholds \$ _____
 10.24 Amount actually paid for year withholds \$ _____

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

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

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

11.4 If yes, show the amount required. \$ 10,684,591

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

11.6 If the amount is calculated, show the calculation:

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

1		
Name of Service Area		
.....

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

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

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

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

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

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

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

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

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

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

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
	2019	2018	2017	2016	2015
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	128,517,777	128,200,365	120,739,837	102,225,994	102,130,287
2. Total liabilities (Page 3, Line 24)	29,182,401	39,003,740	34,239,783	30,759,913	31,539,516
3. Statutory minimum capital and surplus requirement	10,684,591	50,000	50,000	50,000	50,000
4. Total capital and surplus (Page 3, Line 33)	99,335,376	89,196,625	86,500,054	71,466,081	70,590,771
Income Statement (Page 4)					
5. Total revenues (Line 8)	218,236,236	257,117,718	169,799,436	162,016,558	153,421,023
6. Total medical and hospital expenses (Line 18)	176,636,458	205,140,895	130,542,204	124,936,340	120,562,806
7. Claims adjustment expenses (Line 20)	17,230,081	18,893,999	13,971,705	11,230,058	9,559,022
8. Total administrative expenses (Line 21)	22,193,730	27,624,653	25,739,738	20,287,919	22,678,394
9. Net underwriting gain (loss) (Line 24)	2,175,967	5,458,171	(454,211)	5,562,241	620,801
10. Net investment gain (loss) (Line 27)	826,554	440,174	1,464,078	3,602,920	1,092,688
11. Total other income (Lines 28 plus 29)	746,275				
12. Net income or (loss) (Line 32)	3,771,900	5,218,068	1,009,867	9,165,161	1,713,489
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	4,538,339	11,742,378	3,308,285	2,316,606	9,088,863
Risk-Based Capital Analysis					
14. Total adjusted capital	99,335,376	89,196,625	86,500,054	71,466,081	70,590,771
15. Authorized control level risk-based capital	10,684,591	11,191,308	8,282,301	7,482,440	7,342,518
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	834,921	591,286	275,868	265,714	264,229
17. Total members months (Column 6, Line 7)	7,439,037	7,062,727	3,202,293	3,210,864	3,088,937
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	80.9	79.9	77.1	77.3	78.8
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	99.0	98.0	100.5	96.8	99.9
23. Total underwriting gain (loss) (Line 24)	1.0	2.1	(0.3)	3.4	0.4
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	7,302,460	6,138,905	5,959,577	7,735,716	5,028,306
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	8,455,748	6,869,328	6,967,901	9,883,111	5,876,708
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)					
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)					
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	12,877,043	14,214,514	14,732,165	12,748,600	13,736,444
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	12,877,043	14,214,514	14,732,165	12,748,600	13,736,444
33. Total investment in parent included in Lines 26 to 31 above.					

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

Yes [] No [X]

If no, please explain:

.....

.....

.....

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status (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	146,533,196	71,361,042				217,894,238	
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	146,533,196	71,361,042				217,894,238	
60. Reporting entity contributions for Employee Benefit Plans		X X X							
61. Totals (Direct Business)		X X X	146,533,196	71,361,042				217,894,238	

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.**

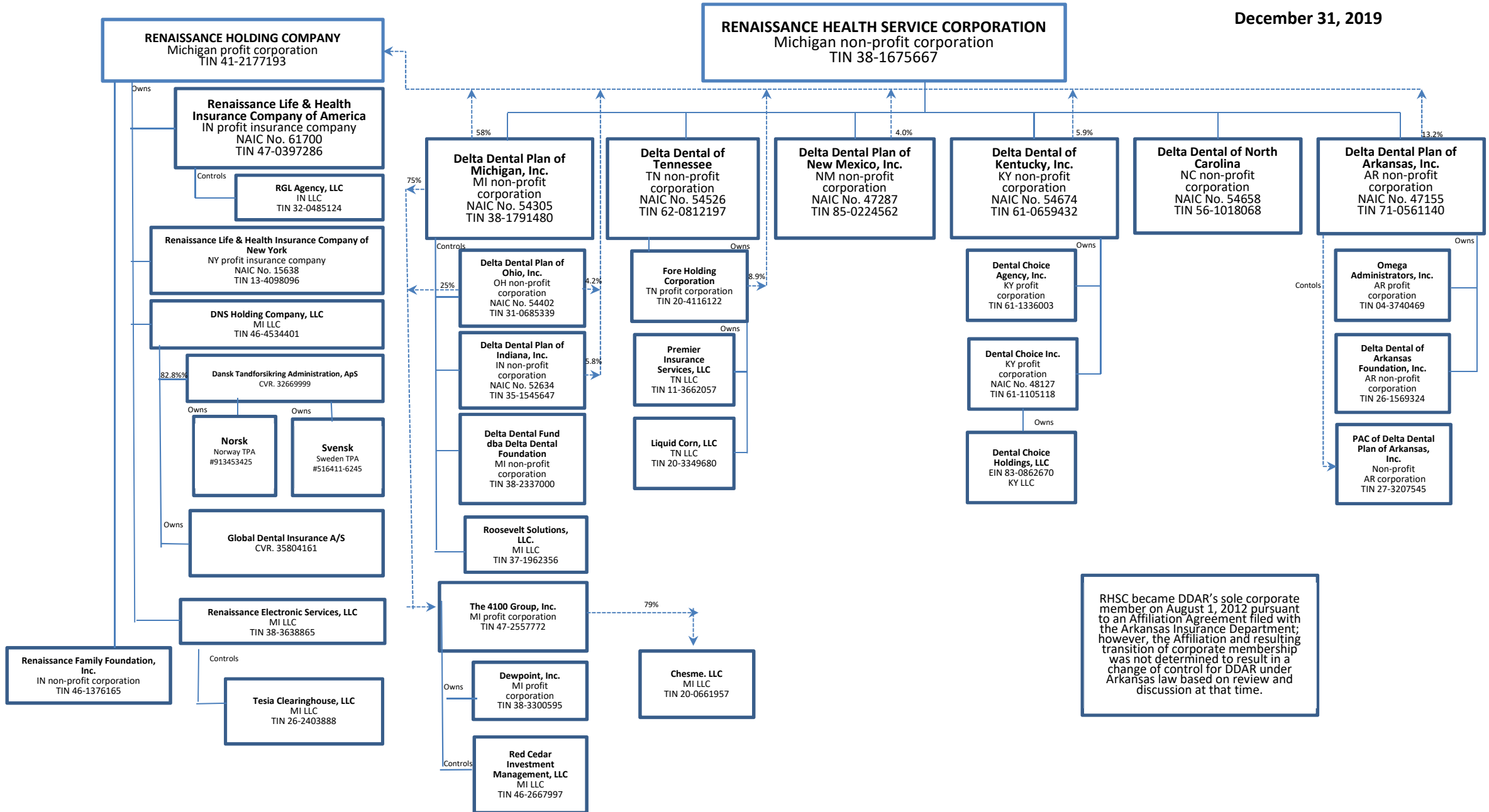
Situs of Contract

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

PART 1 - ORGANIZATIONAL CHART

ORGANIZATIONAL CHART

December 31, 2019



RHSC became DDAR's sole corporate member on August 1, 2012 pursuant to an Affiliation Agreement filed with the Arkansas Insurance Department; however, the Affiliation and resulting transition of corporate membership was not determined to result in a change of control for DDAR under Arkansas law based on review and discussion at that time.

OVERFLOW PAGE FOR WRITE-INS

Page 2 - Continuation

ASSETS

	Current Year			Prior Year
	1	2	3	4
REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Vehicles	49,346	49,346		
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	49,346	49,346		

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			59,445		59,445
2505. Consulting		546,041	364,028		910,069
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)		546,041	423,473		969,514

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