

ANNUAL STATEMENT

OF THE

ALTUS DENTAL

INSURANCE COMPANY, INC.

of **PROVIDENCE**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

STATE OF RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2006

HEALTH

2006



52632200620100100

ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE
ALTUS DENTAL INSURANCE CO., INC.

NAIC Group Code 1571 (Current Period) 1571 (Prior Period) NAIC Company Code 52632 Employer's ID Number 05-0153223

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

Country of Domicile UNITED STATES OF AMERICA

Licensed as business type: Life, Accident & Health [X] 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: August 1, 2000 Commenced Business: September 1, 2001

Statutory Home Office: 10 CHARLES STREET PROVIDENCE, RI 02904

Main Administrative Office: 10 CHARLES STREET PROVIDENCE, RI 02904 401-752-6000

Mail Address: 10 CHARLES STREET PROVIDENCE, RI 02904

Primary Location of Books and Records: 10 CHARLES STREET PROVIDENCE, RI 02904 877-223-0588

Internet Website Address: www.altusdental.com

Statutory Statement Contact: GEORGE J. BEDARD 877-223-0588
gbedard@altusdental.com 401-457-7260

Policyowner Relations Contact: 10 CHARLES STREET PROVIDENCE, RI 02904 877-223-0588

OFFICERS

Table with 2 columns: Name, Title. Rows include JOSEPH A. NAGLE (PRESIDENT), KATHRYN M. SHANLEY (SECRETARY), RICHARD A. FRITZ (TREASURER).

Vice-Presidents

Table with 4 columns: Name, Title, Name, Title. Rows include GREGORY L. DUBUC (VP - UNDERWRITING), KATHRYN M. SHANLEY (VP - EXTERNAL AFFAIRS), JOSEPH PERRONI (VP - SALES), RICHARD A. FRITZ (VP - FINANCE), STEPHEN J. SPERANDIO (VP - OPERATIONS/ADMINISTRATION).

DIRECTORS OR TRUSTEES

Table with 4 columns: Name, Title, Name, Title. Rows include EDWARD ALMON (MARIA M. ASCIOLLA, DMD), VINCENT DELNERO (DAVID DUFFY), SANDRA PARRILLO (STEPHEN J. PUERINI, DMD), PATRICIA A. SULLIVAN (LEONARD C. TADDEI, DMD), PHILLIP C. BARNER, DDS, DONALD IANNAZZI, EDWIN SANTOS, FRED K. BUTLER, WILLIAM A. MEKRUT, KARL SHERRY.

State of Rhode Island
County of Providence ss

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

(Signature) JOSEPH A. NAGLE (Signature) KATHRYN M. SHANLEY (Signature) RICHARD A. FRITZ
(Printed Name) (Printed Name) (Printed Name)
1. PRESIDENT 2. SECRETARY 3. TREASURER
(Title) (Title) (Title)

Subscribed and sworn to before me this 28th day of February, 2007

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

Pamela B. Butera
My commission expires 8/24/10

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)	5,332,544		5,332,544	5,342,162
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 221,416, Schedule E-Part 1), cash equivalents (\$ 0 Schedule E-Part 2) and short-term investments (\$ 494,345, Schedule DA)	715,761		715,761	(52,886)
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets (Schedule BA)				
8. Receivables for securities				
9. Aggregate write-ins for invested assets				
10. Subtotals, cash and invested assets (Lines 1 to 9)	6,048,305		6,048,305	5,289,276
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	67,967		67,967	67,338
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	250,341		250,341	85,244
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset	23,681	23,681		
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates	1,948,496	1,948,496		
22. Health care (\$ 0) and other amounts receivable				
23. Aggregate write-ins for other than invested assets				
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	8,338,790	1,972,177	6,366,613	5,441,858
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	8,338,790	1,972,177	6,366,613	5,441,858

DETAILS OF WRITE-INS				
0901.				
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)				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	722,820		722,820	581,420
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	45,291		45,291	35,651
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	241,030		241,030	267,929
9. General expenses due or accrued	159,343		159,343	196,956
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized capital gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	383,955		383,955	254,175
16. Payable for securities				
17. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans				
21. Aggregate write-ins for other liabilities (including \$ 0 current)	10,000		10,000	10,000
22. Total liabilities (Lines 1 to 21)	1,562,439		1,562,439	1,346,131
23. Aggregate write-ins for special surplus funds	X X X	X X X		
24. Common capital stock	X X X	X X X	3,000,000	3,000,000
25. Preferred capital stock	X X X	X X X		
26. Gross paid in and contributed surplus	X X X	X X X	2,069,861	2,069,861
27. Surplus notes	X X X	X X X		
28. Aggregate write-ins for other than special surplus funds	X X X	X X X		
29. Unassigned funds (surplus)	X X X	X X X	(265,687)	(974,134)
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	X X X	X X X		
30.2 0 shares preferred (value included in Line 25 \$ 0)	X X X	X X X		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	X X X	X X X	4,804,174	4,095,727
32. Total liabilities, capital and surplus (Lines 22 and 31)	X X X	X X X	6,366,613	5,441,858

DETAILS OF WRITE-INS				
2101. ADVANCE DEPOSITS	10,000		10,000	10,000
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	10,000		10,000	10,000
2301.	X X X	X X X		
2302.	X X X	X X X		
2303.	X X X	X X X		
2398. Summary of remaining write-ins for Line 23 from overflow page	X X X	X X X		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	X X X	X X X		
2801.	X X X	X X X		
2802.	X X X	X X X		
2803.	X X X	X X X		
2898. Summary of remaining write-ins for Line 28 from overflow page	X X X	X X X		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	X X X	X X X		

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	649,232	428,035
2. Net premium income (including \$ 0 non-health premium income)	X X X	16,094,054	12,387,280
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	16,094,054	12,387,280
Hospital and Medical:			
9. Hospital/medical benefits			
10. Other professional services		13,077,968	9,617,649
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments, and bonus amounts			
16. Subtotal (Lines 9 to 15)		13,077,968	9,617,649
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		13,077,968	9,617,649
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 183,422 cost containment expenses		677,877	480,501
21. General administrative expenses		2,478,663	1,917,185
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)		16,234,508	12,015,335
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(140,454)	371,945
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		301,906	249,617
26. Net realized capital gains (losses) less capital gains tax of \$ 0			
27. Net investment gains (losses) (Lines 25 plus 26)		301,906	249,617
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	161,452	621,562
31. Federal and foreign income taxes incurred	X X X	53,054	214,691
32. Net income (loss) (Lines 30 minus 31)	X X X	108,398	406,871

DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 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.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	4,095,727	4,367,890
34. Net income or (loss) from Line 32	108,398	406,871
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		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	600,048	(679,034)
40. Change in unauthorized 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)	708,446	(272,163)
49. Capital and surplus end of reporting year (Line 33 plus 48)	4,804,173	4,095,727

DETAILS OF WRITE-INS		
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)		

CASH FLOW

	1	2
	Current Year	Prior Year
Cash from Operations		
1. Premiums collected net of reinsurance	15,902,058	12,458,438
2. Net investment income	301,306	276,385
3. Miscellaneous income		
4. Total (Lines 1 through 3)	16,203,364	12,734,823
5. Benefit and loss related payments	12,936,568	9,560,509
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	3,239,407	2,571,381
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) \$ 0 net of tax on capital gains (losses)		
10. Total (Lines 5 through 9)	16,175,975	12,131,890
11. Net cash from operations (Line 4 minus Line 10)	27,389	602,933
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,500,000	1,300,000
12.2 Stocks		
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		
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,500,000	1,300,000
13. Cost of investments acquired (long-term only):		
13.1 Bonds	1,490,411	1,048,530
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,490,411	1,048,530
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)	9,589	251,470
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)	731,669	(522,837)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	731,669	(522,837)
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)	768,647	331,566
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	(52,886)	(384,452)
19.2 End of year (Line 18 plus Line 19.1)	715,761	(52,886)

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

20.0001.		
20.0002.		
20.0003.		

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	16,094,054			16,094,054
4. Vision only				
5. Federal Employees Health Benefits Plan				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid				
8. Stop loss				
9. Disability income				
10. Long-term care				
11. Other health				
12. Health subtotal (Lines 1 through 11)	16,094,054			16,094,054
13. Life				
14. Property / casualty				
15. Totals (Lines 12 to 14)	16,094,054			16,094,054

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2 - CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	12,936,568			12,936,568									
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net	12,936,568			12,936,568									
2. Paid medical incentive pools and bonuses													
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	722,820			722,820									
3.2 Reinsurance assumed													
3.3 Reinsurance ceded													
3.4 Net	722,820			722,820									
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct													
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net													
5. Accrued medical incentive pools and bonuses, current year													
6. Net healthcare receivables (a)													
7. Amounts recoverable from reinsurers December 31, current year													
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	581,420			581,420									
8.2 Reinsurance assumed													
8.3 Reinsurance ceded													
8.4 Net	581,420			581,420									
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct													
9.2 Reinsurance assumed													
9.3 Reinsurance ceded													
9.4 Net													
10. Accrued medical incentive pools and bonuses, prior year													
11. Amounts recoverable from reinsurers December 31, prior year													
12. Incurred benefits:													
12.1 Direct	13,077,968			13,077,968									
12.2 Reinsurance assumed													
12.3 Reinsurance ceded													
12.4 Net	13,077,968			13,077,968									
13. Incurred medical incentive pools and bonuses													

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

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR**

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1 Direct													
1.2 Reinsurance assumed													
1.3 Reinsurance ceded													
1.4 Net													
2. Incurred but Unreported:													
2.1 Direct	722,820			722,820									
2.2 Reinsurance assumed													
2.3 Reinsurance ceded													
2.4 Net	722,820			722,820									
3. Amount 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	722,820			722,820									
4.2 Reinsurance assumed													
4.3 Reinsurance ceded													
4.4 Net	722,820			722,820									

UNDERWRITING AND INVESTMENT EXHIBIT

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

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year	Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental Only	479,333	12,457,235	6,204	716,616	485,537	581,420
4. Vision Only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)	479,333	12,457,235	6,204	716,616	485,537	581,420
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	479,333	12,457,235	6,204	716,616	485,537	581,420

(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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)**

Medicare Supplement

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)

Dental Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	35				
2. 2002	1,424	122	2		
3. 2003	X X X	3,734	292	2	
4. 2004	X X X	X X X	6,065	341	4
5. 2005	X X X	X X X	X X X	9,218	475
6. 2006	X X X	X X X	X X X	X X X	12,458

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	38				
2. 2002	1,575	125	2		
3. 2003	X X X	4,073	307	2	
4. 2004	X X X	X X X	6,575	343	4
5. 2005	X X X	X X X	X X X	9,797	481
6. 2006	X X X	X X X	X X X	X X X	13,175

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. 2002	2,325	1,548			1,548	66.581			1,548	66.581
2. 2003	5,447	4,028			4,028	73.949			4,028	73.949
3. 2004	8,774	6,410			6,410	73.057			6,410	73.057
4. 2005	12,387	9,693	36	0.371	9,729	78.542	6	1	9,736	78.599
5. 2006	16,094	12,458			12,458	77.408	717	44	13,219	82.136

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)**

Vision Only

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)**

Federal Employees Health Benefits Plan

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

1 2

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)**

Title XVIII - Medicare

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

UNDERWRITING AND INVESTMENT EXHIBIT

**PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
(000 Omitted)**

Title XIX - Medicaid

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

1 2

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
 (000 Omitted)

Other
Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior					
2. 2002					
3. 2003	X X X				
4. 2004	X X X	X X X			
5. 2005	X X X	X X X	X X X		
6. 2006	X X X	X X X	X X X	X X X	

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. 2002										
2. 2003										
3. 2004										
4. 2005										
5. 2006										

1 2

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF INCURRED HEALTH CLAIMS
 (000 Omitted)

Grand Total

Section A - Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	35				
2. 2002	1,424	122	2		
3. 2003	X X X	3,734	292	2	
4. 2004	X X X	X X X	6,065	341	4
5. 2005	X X X	X X X	X X X	9,218	475
6. 2006	X X X	X X X	X X X	X X X	12,458

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 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	38				
2. 2002	1,575	125	2		
3. 2003	X X X	4,073	307	2	
4. 2004	X X X	X X X	6,575	343	4
5. 2005	X X X	X X X	X X X	9,797	481
6. 2006	X X X	X X X	X X X	X X X	13,175

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. 2002	2,325	1,548			1,548	66.581			1,548	66.581
2. 2003	5,447	4,028			4,028	73.949			4,028	73.949
3. 2004	8,774	6,410			6,410	73.057			6,410	73.057
4. 2005	12,387	9,693	36	0.371	9,729	78.542	6	1	9,736	78.599
5. 2006	16,094	12,458			12,458	77.408	717	44	13,219	82.136

UNDERWRITING AND INVESTMENT EXHIBIT

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

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

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DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page												
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 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)												

(a) Includes \$ 0 premium deficiency reserve.

**UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 0 for occupancy of own building)					
2. Salaries, wages and other benefits					
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)					
4. Legal fees and expenses					
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services					
7. Traveling expenses					
8. Marketing and advertising					
9. Postage, express and telephone					
10. Printing and office supplies					
11. Occupancy, depreciation and amortization					
12. Equipment					
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services					
15. Boards, bureaus and association fees					
16. Insurance, except on real estate					
17. Collection and bank service charges					
18. Group service and administration fees					
19. Reimbursements by uninsured plans					
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses					
22. Real estate taxes					
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes					
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere					
25. Aggregate write-ins for expenses	183,422	494,455	2,478,663		3,156,540
26. Total expenses incurred (Lines 1 to 25)	183,422	494,455	2,478,663		(a) 3,156,540
27. Less expenses unpaid December 31, current year		45,291	159,343		204,634
28. Add expenses unpaid December 31, prior year		35,651	196,955		232,606
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)	183,422	484,815	2,516,275		3,184,512

DETAILS OF WRITE-INS					
2501. ADMIN SERVICE FEES	183,422	494,455	2,478,663		3,156,540
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 + 2598) (Line 25 above)	183,422	494,455	2,478,663		3,156,540

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

EXHIBIT OF NET INVESTMENT INCOME

	1 Collected During Year	2 Earned During Year
1. U.S. Government bonds	(a) 141,221	130,922
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 116,650	127,579
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 5,078	5,078
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	75,128	75,128
10. Total gross investment income	338,077	338,707

11. Investment expenses		(g)
12. Investment taxes, licenses and fees, excluding federal income taxes		(g)
13. Interest expense		(h)
14. Depreciation on real estate and other invested assets		(i)
15. Aggregate write-ins for deductions from investment income		36,801
16. Total deductions (Lines 11 through 15)		36,801
17. Net investment income (Line 10 minus Line 16)		301,906

DETAILS OF WRITE-INS			
0901. INTERCOMPANY INTEREST ALLOCATIONS		75,128	75,128
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page			
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)		75,128	75,128
1501. BANK FEES			36,801
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)			36,801

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

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Unrealized Increases (Decreases) by Adjustment	4 Total
1. U.S. Government bonds				
1.1 Bonds exempt from U.S. tax				
1.2 Other bonds (unaffiliated)				
1.3 Bonds of affiliates				
2.1 Preferred stocks (unaffiliated)				
2.11 Preferred stocks of affiliates				
2.2 Common stocks (unaffiliated)				
2.21 Common stocks of affiliates				
3. Mortgage loans				
4. Real estate				
5. Contract loans				
6. Cash, cash equivalents and short-term investments				
7. Derivative instruments				
8. Other invested assets				
9. Aggregate write-ins for capital gains (losses)				
10. Total capital gains (losses)				

DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page				
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)				

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
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			
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. Other invested assets (Schedule BA)			
8. Receivables for securities			
9. Aggregate write-ins for invested assets			
10. Subtotals, cash and invested assets (Lines 1 to 9)			
11. Title plants (for Title insurers only)			
12. Investment income due and accrued			
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection			
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
13.3 Accrued retrospective premiums			
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers			
14.2 Funds held by or deposited with reinsured companies			
14.3 Other amounts receivable under reinsurance contracts			
15. Amounts receivable relating to uninsured plans			
16.1 Current federal and foreign income tax recoverable and interest thereon			
16.2 Net deferred tax asset	23,681	21,841	(1,840)
17. Guaranty funds receivable or on deposit			
18. Electronic data processing equipment and software			
19. Furniture and equipment, including health care delivery assets			
20. Net adjustment in assets and liabilities due to foreign exchange rates			
21. Receivables from parent, subsidiaries and affiliates	1,948,496	2,550,384	601,888
22. Health care and other amounts receivable			
23. Aggregate write-ins for other than invested assets			
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	1,972,177	2,572,225	600,048
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
26. Total (Lines 24 and 25)	1,972,177	2,572,225	600,048

DETAILS OF WRITE-INS			
0901.			
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)			
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)			

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	39,173	51,036	51,757	57,085	57,156	649,232
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	39,173	51,036	51,757	57,085	57,156	649,232

DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)						

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The Annual Statement of Altus Dental Insurance Company, Inc. for the year ended December 31, 2006 has been completed in accordance with the NAIC *Annual Statement Instructions* and the *Accounting Practices and Procedures* manual. Note management is not aware of any deviations from this NAIC guidance, as interpreted by the Rhode Island Department of Business Regulation, as it relates to the financial information contained in this annual statement.

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

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

(C) Accounting Policies

Bonds

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

Claims and Claims Adjudication Expenses

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

NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

As part of this current year's annual statement preparation, the Company's financial statements contain no items that resulted from corrections of errors or changes in accounting principles. Additionally, in 2001 the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This implementation had no material impact on the 2006 and 2005 accounting practices or resulting statutory income and surplus as reported by the Company.

NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During the year the Company had no business combinations, direct purchases or mergers with other companies.

NOTE 4 - - DISCONTINUED OPERATIONS

During the year the Company's financial results include no gains or losses from discontinued operations.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - - INVESTMENTS

The Company's bond investments described in Note 1 represent all of the Company's statutory recorded investments at December 31, 2006 and 2005. Accordingly, the Company maintains no investments in the following categories:

- Mortgage loans
- Debt restructuring issues
- Reverse Mortgages
- Loan Backed Securities
- Repurchase Agreements

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

At December 31, 2006 the Company has no participation in joint ventures, partnerships or LLCs.

NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At December 31, 2006, the Company had no income due or accrued that it considered a nonadmitted asset, as collection on accrued interest is reasonably assured for all Company investments.

NOTE 8 - - DERIVATIVE INSTRUMENTS

As disclosed in Note 1 above, all investments consist of United States government and government agency securities, and „investment grade“ corporate notes with fixed rates and maturities. During the years ended December 31, 2006 and 2005, the Company had not utilized any derivative financial instruments.

NOTE 9 - - FEDERAL INCOME TAXES

The income tax benefit differed from the amounts computed by applying the U.S. federal income tax rate of 34% to pretax loss as a result of the following:

	2006	2005
Current provision	\$ 54,894	218,230
Other deferred differences	(1,840)	(3,539)
Computed "expected" tax expense	\$ 53,054	214,691

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

NOTES TO FINANCIAL STATEMENTS

	<u>2006</u>	<u>2005</u>
Deferred tax assets:		
Amortization of start up costs	\$ —	—
Claims incurred but unpaid	6,611	5,317
Advanced subscriber premiums	<u>17,070</u>	<u>16,524</u>
Net deferred tax asset	<u>\$ 23,681</u>	<u>21,841</u>

For Statutory reporting purposes the above net deferred tax assets are reported as nonadmitted assets .

Altus Dental Insurance Company is incorporated in the State of Rhode Island as a for profit company. The Company pays premium and investment income taxes to the State of Massachusetts.

Additionally, for federal tax purposes the Company's taxable operations are included within the consolidated group tax filings of its parent, the Altus Group. The other subsidiaries of The Altus Group are Altus Systems, Inc and Altus Dental, Inc., which are included in the consolidated returns for both federal and state tax reporting.

Presently the consolidated operations of The Altus Group have resulted in a cumulative loss for federal and state tax reporting purposes. Accordingly, the tax provision of Altus Dental Insurance Company is reflected as a payable to the Altus Group, where at the Altus Group level (the consolidated filing entity) there are no taxes due. Since there are no taxes currently payable this tax provision expense on Altus Dental Insurance Company is reflected as a „tax benefit“ on other subsidiaries that generated these cumulative losses for tax purposes. This activity is similarly reflected through recording a receivable from the Altus Group on the books of Altus Dental, Inc.

NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Altus Dental Insurance Company, Inc. is a wholly owned subsidiary of The Altus Group, Inc. which itself is a wholly owned subsidiary of Delta Dental of Rhode Island. This group of affiliated for-profit entities was established in 1999 for the purpose of expanding the ultimate parent company's offering of prepaid dental care products to organizations based outside the State of Rhode Island.

For the years ended December 31, 2006 and 2005, after elimination of intercompany transactions, The Altus Group, Inc., generated losses of \$577,000 and \$133,000, respectively.

Altus Dental Insurance Company, Inc. is allocated expenses from affiliated entities based on allocation methods, which are analyzed and updated by management on an annual basis. The resulting total expense allocations are disclosed on Schedule Y of this Annual Statement filing. Total expenses, including these allocated expenses, are disclosed in more descriptive detail in the Underwriting and Investment Exhibit Part 3 - Analysis of Expenses.

At December 31, 2006 and 2005 the Company has intercompany receivables from the Altus Group, Inc. and other affiliates. Some of these balances resulted from advances that were provided to fund operating expenses of The Altus Group, Inc. and its subsidiaries. For Statutory filing purposes the intercompany receivable balances from The Altus Group are considered non-admitted assets. This parent and affiliated entities, which are in a start up phase, do not currently possess the necessary liquidity to repay these receivables within 90 days, and are therefore treated as nonadmitted assets in accordance with SSAP #25.

Management's cash flow projections for The Altus Group, Inc. and its subsidiaries are made

NOTES TO FINANCIAL STATEMENTS

based on a number of factors, which affect the changes in the receivable balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for Altus Dental Insurance Company, Inc.; the amount and rate of increase in operating and administrative expenses; the level of success Altus Dental, Inc. experiences in developing and maintaining its dental network; and the level of resources required by Altus Dental, Inc. for recruitment and marketing functions. Management's current cash flow projections for The Altus Group, Inc. and its subsidiaries projects profitability to begin in 2008 and that the intercompany advances will begin to be reduced at that time.

NOTE 11 - - DEBT

During the year the Company had no outstanding capital notes or any debt arrangements.

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

The Company maintains no retirement or other post retirement benefit plans.

NOTE 13 - - CAPITAL AND SURPLUS

Altus Dental Insurance Company, Inc. is a subsidiary of The Altus Group, Inc. and is a for-profit corporation. The Company's capital stock consists of 30 shares issued and outstanding. Each share has \$100,000 par value amounting to the \$3,000,000 total reflected on the balance sheet. All of the Company's outstanding shares of stock are owned by The Altus Group, Inc. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

The contributed surplus of \$2,069,861 results from the additional capitalization of the Company when bond and fixed income notes (the investment portfolio) were transferred from its parent to the Company. The initial and subsequent additional capitalization (from these investment portfolio transfers) were to fulfill capitalization requirements of the Rhode Island Department of Business Regulation and the Massachusetts Division of Insurance.

NOTE 14 - - CONTINGENT LIABILITIES

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

NOTE 15 - - LEASES

The Company has no lease obligations for office space or other such commitments.

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

The Company maintains no financial instruments with off-balance sheet risk or any financial instruments with concentrations of credit risk.

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

The Company has no transactions relating to transfers of receivables reported as sales, transfer and servicing of financial assets or wash sales.

NOTES TO FINANCIAL STATEMENTS

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

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

As discussed in Note 2, for the December 31, 2001 annual filing the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This included the implementation of Statement on Statutory Accounting Principles (SSAP) # 47 „Uninsured Plans“. The Company's 2006 and 2005 financial operations respectively exclude approximately \$186,000 and \$104,000 of revenues from such plans and there are no significant gains or losses related to such transactions.

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

The Company maintains no relationships with managing general agents or third party administrators. The Company does utilize in-house sales efforts, as well as independent brokers to market its products. Premiums earned are reported gross of brokers' commissions of approximately \$599,000 and \$487,000 for the years ended December 31, 2006 and 2005.

NOTE 20 - - SEPTEMBER 11 EVENTS and OTHER DISCLOSURES

The Company's business activities were not affected by the events of September 11, 2001. Accordingly, the Company incurred no losses relating to this event. Management is of the opinion that the Company maintains no related risks, uncertainties or other disclosures under SSAP No. 1 Disclosure of Accounting Policies or AICPA SOP 96-1 Environmental Remediation Liabilities that would require disclosure in this annual statutory filing.

NOTE 21 - - OTHER ITEMS

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

NOTE 22 - - EVENTS SUBSEQUENT

The Company has no events subsequent to December 31, 2006 that would warrant disclosure in these statutory 2006 financial statements.

NOTE 23 - - REINSURANCE

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums.

NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS

The Company presently does not underwrite premiums that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) for the year ended December 31, 2006.

NOTES TO FINANCIAL STATEMENTS

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

As reported in the Underwriting and Investment Exhibit Part 2b - „Analysis of claims unpaid - prior year“ reserves for incurred claims attributable to insured events of prior years has decreased by \$95,000 from \$581,000 at the beginning of the current year as a result of reestimation of unpaid claims. This favorable decrease is generally the result of an ongoing analysis of paid claims and recent loss development trends.

NOTE 26 - - INTERCOMPANY POOLING ARRANGEMENTS

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

NOTE 27 - - STRUCTURED SETTLEMENTS

As documented in the NAIC Annual Statement filing instructions for 2006, this footnote is not applicable to health insurance insurers.

NOTE 28- - HEALTH CARE RECEIVABLES

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

NOTE 29 - - PARTICIPATING POLICIES

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

NOTE 30 - - PREMIUM DEFICIENCY RESERVES

The Company does not maintain any amount of premium deficiency reserves.

NOTE 31 - - ANTICIPATED SALVAGE AND SUBROGATION

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

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities				
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies				
1.22 Issued by U.S. government sponsored agencies	2,814,323	46.531	2,814,323	46.531
1.3 Foreign government (including Canada, excluding mortgage-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA				
1.512 Issued or guaranteed by FNMA and FHLMC				
1.513 All other				
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA				
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521				
1.523 All other				
2. Other debt and other fixed income securities (excluding short term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)	2,518,221	41.635	2,518,221	41.635
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
4.6 Mezzanine real estate loans				
5. Real estate investments:				
5.1 Property occupied by company				
5.2 Property held for production of income (including \$ 0 of property acquired in satisfaction of debt)				
5.3 Property held for sale (including \$ 0 property acquired in satisfaction of debt)				
6. Contract loans				
7. Receivables for securities				
8. Cash, cash equivalents and short-term investments	715,761	11.834	715,761	11.834
9. Other invested assets				
10. Total invested assets	6,048,305	100.000	6,048,305	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

- 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 Office of Thrift Supervision (OTS), 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 OTS	6 FDIC	7 SEC

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
 KPMG
 PROVIDENCE, RI 02903

10. 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? KPMG
 PROVIDENCE, RI 02903

- 11.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]
- | | |
|---|------------|
| 11.11 Name of real estate holding company | _____ |
| 11.12 Number of parcels involved | _____ 0 |
| 11.13 Total book/adjusted carrying value | \$ _____ 0 |

11.2 If yes, provide explanation _____

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

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

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

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

12.4 If answer to (12.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [X] N/A []

BOARD OF DIRECTORS

13. 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 []

14. 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 []

15. 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

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

16.11 To directors or other officers	\$ _____ 0
16.12 To stockholders not officers	\$ _____ 0
16.13 Trustees, supreme or grand (Fraternal only)	\$ _____ 0

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

16.21 To directors or other officers	\$ _____ 0
16.22 To stockholders not officers	\$ _____ 0
16.23 Trustees, supreme or grand (Fraternal only)	\$ _____ 0

17.1 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]

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

17.21 Rented from others	\$ _____ 0
17.22 Borrowed from others	\$ _____ 0
17.23 Leased from others	\$ _____ 0
17.24 Other	\$ _____ 0

18.1 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]

18.2 If answer is yes:

18.21 Amount paid as losses or risk adjustment	\$ _____ 0
18.22 Amount paid as expenses	\$ _____ 0
18.23 Other amounts paid	\$ _____ 0

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

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

19.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ 1,948,496

INVESTMENT

20.1 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, except as shown by Schedule E - Part 3 - Special Deposits? Yes No

20.2 If no, give full and complete information, relating thereto

21.1 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, except as shown on Schedule E - Part 3 - Special Deposits, 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 17.1). Yes No

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

21.21 Loaned to others	\$ <u>0</u>
21.22 Subject to repurchase agreements	\$ <u>0</u>
21.23 Subject to reverse repurchase agreements	\$ <u>0</u>
21.24 Subject to dollar repurchase agreements	\$ <u>0</u>
21.25 Subject to reverse dollar repurchase agreements	\$ <u>0</u>
21.26 Pledged as collateral	\$ <u>0</u>
21.27 Placed under option agreements	\$ <u>0</u>
21.28 Letter stock or securities restricted as to sale	\$ <u>0</u>
21.29 Other	\$ <u>0</u>

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No

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

23.1 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

23.2 If yes, state the amount thereof at December 31 of the current year. \$ 0

24. Excluding items in Schedule E, 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 Part 1-General, Section IV.H-Custodial or Safekeeping agreements of the NAIC Financial Condition Examiners Handbook? Yes No

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

1 Name of Custodian(s)	2 Custodian's Address
CITIZENS BANK	RWR110 P.O. BOX 9587, PROVIDENCE, R.I. 02904

24.02 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)

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes No

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

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

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

25.1 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]

25.2 If yes, complete the following schedule:

1 CUSIP#	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
25.2999	Total	

25.3 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

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
26.1 Bonds	5,332,544	5,267,961	(64,583)
26.2 Preferred stocks			
26.3 Totals	5,332,544	5,267,961	(64,583)

26.4 Describe the sources or methods utilized in determining the fair values: The reported December 31, 2006 fair values of securities were obtained from bank statements from the company's custodian

27.1 Have all the filing requirements of the Purposes and Procedures manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list exceptions: _____

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ _____ 0

28.2 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
	\$
	\$
	\$

29.1 Amount of payments for legal expenses, if any? \$ _____ 611

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

1 Name	2 Amount Paid
BLISH & CAVANAGH, LLP	\$ 248
BINGHAM McCUTCHEN, LLP	\$ 363
	\$

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ _____ 0

30.2 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
	\$
	\$
	\$
	\$

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

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

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

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

1.31 Reason for excluding _____

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

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

1.6 Individual policies:

Most current three years:

1.61 Total premium earned \$ _____

1.62 Total incurred claims \$ _____

1.63 Number of covered lives _____

All years prior to most current three years:

1.64 Total premium earned \$ _____

1.65 Total incurred claims \$ _____

1.66 Number of covered lives _____

1.7 Group policies:

Most current three years:

1.71 Total premium earned \$ _____

1.72 Total incurred claims \$ _____

1.73 Number of covered lives _____

All years prior to most current three years:

1.74 Total premium earned \$ _____

1.75 Total incurred claims \$ _____

1.76 Number of covered lives _____

2. Health Test:

	1	2
	Current Year	Prior Year
2.1 Premium Numerator	\$ 16,094,054	\$ 12,387,280
2.2 Premium Denominator	\$ 16,094,054	\$ 12,387,280
2.3 Premium Ratio (2.1/2.2)	1.00	1.00
2.4 Reserve Numerator	\$ 722,820	\$ 581,420
2.5 Reserve Denominator	\$ 722,820	\$ 581,420
2.6 Reserve Ratio (2.4/2.5)	1.00	1.00

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: _____

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical	\$ _____
5.32 Medical Only	\$ _____
5.33 Medicare Supplement	\$ _____
5.34 Dental	\$ 2,000
5.35 Other Limited Benefit Plan	\$ _____
5.36 Other	\$ _____

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

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

7.2 If no, give details _____

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year	2,060
8.2 Number of providers at end of reporting year	2,253

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

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months	7,043,000
9.22 Business with rate guarantees over 36 months	_____

GENERAL INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? YES [] NO [X]
- 10.2 If yes:
- | | | |
|--|---|----------|
| | 10.21 Maximum amount payable bonuses | \$ _____ |
| | 10.22 Amount actually paid for year bonuses | \$ _____ |
| | 10.23 Maximum amount payable withholds | \$ _____ |
| | 10.24 Amount actually paid for year withholds | \$ _____ |
- 11.1 Is the reporting entity organized as:
- | | | |
|--|---|------------------|
| | 11.12 A Medical Group/Staff Model, | YES [] NO [X] |
| | 11.13 An Individual Practice Association (IPA), or, | YES [] NO [X] |
| | 11.14 A Mixed Model (combination of above)? | YES [] NO [X] |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? YES [X] NO []
- 11.3 If yes, show the name of the state requiring such net worth. RHODE ISLAND
- 11.4 If yes, show the amount required. \$ 1,000,000
- 11.5 Is this amount included as part of contingency reserve in stockholder's equity? YES [] NO [X]
- 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		

FIVE-YEAR HISTORICAL DATA

	1	2	3	4	5
	2006	2005	2004	2003	2002
BALANCE SHEET (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	6,366,613	5,441,858	5,352,306	5,523,700	5,911,536
2. Total liabilities (Page 3, Line 22)	1,562,439	1,346,131	984,416	627,247	491,787
3. Statutory surplus					
4. Total capital and surplus (Page 3, Line 31)	4,804,174	4,095,727	4,367,890	4,896,453	5,419,749
INCOME STATEMENT (Page 4)					
5. Total revenues (Line 8)	16,094,054	12,387,280	8,773,912	5,446,943	2,324,806
6. Total medical and hospital expenses (Line 18)	13,077,968	9,617,649	6,541,563	4,043,664	1,564,929
7. Claims adjustment expenses (Line 20)	677,877	480,501	442,972	141,345	65,899
8. Total administrative expenses (Line 21)	2,478,663	1,917,185	1,279,773	1,066,708	547,945
9. Net underwriting gain (loss) (Line 24)	(140,454)	371,945	509,604	195,226	146,033
10. Net investment gain (loss) (Line 27)	301,906	249,617	241,763	307,326	317,201
11. Total other income (Lines 28 plus 29)					
12. Net income or (loss) (Line 32)	108,398	406,872	495,902	331,625	300,222
RISK-BASED CAPITAL ANALYSIS					
13. Total adjusted capital	4,804,174	4,095,727	4,367,890	4,896,453	5,419,749
14. Authorized control level risk-based capital	557,083	449,249	299,554	218,773	44,752
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	57,156	39,173	30,097	19,671	11,558
16. Total members months (Column 6, Line 7)	649,232	428,035	303,801	193,633	88,671
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Line 18 plus Line 19)	81.2	77.6	74.6	74.2	67.3
19. Cost containment expenses	1.4	1.1	0.5	X X X	X X X
20. Other claims adjustment expenses	6.2	2.8	4.5	2.6	2.8
21. Total underwriting deductions (Line 23)	101.0	97.0	94.2	96.4	93.7
22. Total underwriting gain (loss) (Line 24)	(1.0)	3.0	5.8	3.6	6.3
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	485,809	353,259	310,229	123,747	38,724
24. Estimated liability of unpaid claims - [prior year (Line 13, Col. 6)]	581,420	524,280	342,110	154,030	48,100
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
29. Affiliated mortgage loans on real estate					
30. All other affiliated					
31. Total of above Lines 25 to 30					

SCHEDULE D - SUMMARY BY COUNTRY
Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1	2	3	4
		Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value of Bonds
BONDS	1. United States	2,814,323	2,767,171	2,785,898	2,850,000
	2. Canada				
	3. Other Countries				
	4. Totals	2,814,323	2,767,171	2,785,898	2,850,000
Governments (Including all obligations guaranteed by governments)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Public Utilities (unaffiliated)	21. United States	2,518,221	2,500,790	2,552,706	2,500,000
	22. Canada				
	23. Other Countries				
	24. Totals	2,518,221	2,500,790	2,552,706	2,500,000
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	25. Totals				
	26. Total Bonds	5,332,544	5,267,961	5,338,604	5,350,000
	27. United States				
	28. Canada				
Parent, Subsidiaries and Affiliates	29. Other Countries				
	30. Totals				
	31. United States				
	32. Canada				
PREFERRED STOCKS	33. Other Countries				
	34. Totals				
	35. United States				
	36. Canada				
Public Utilities (unaffiliated)	37. Other Countries				
	38. Totals				
	39. Totals				
	40. Total Preferred Stocks				
Banks, Trust and Insurance Companies (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Industrial and Miscellaneous (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Parent, Subsidiaries and Affiliates	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
COMMON STOCKS	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	5,332,544	5,267,961	5,338,604	

SCHEDULE D - VERIFICATION BETWEEN YEARS
Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year	5,342,162	7. Amortization of premium	18,888
2. Cost of bonds and stocks acquired, Column 7, Part 3	1,490,411	8. Foreign Exchange Adjustment:	
3. Accrual of discount	18,859	8.1 Column 15, Part 1	
4. Increase (decrease) by adjustment:		8.2 Column 19, Part 2 Section 1	
4.1 Columns 12 - 14, Part 1		8.3 Column 16, Part 2, Section 2	
4.2 Column 15 - 17, Part 2, Section 1		8.4 Column 15, Part 4	
4.3 Column 15, Part 2, Section 2		9. Book/adjusted carrying value at end of current period	5,332,544
4.4 Column 11 - 13, Part 4		10. Total valuation allowance	
5. Total gain (loss), Column 19, Part 4		11. Subtotal (Lines 9 plus 10)	5,332,544
6. Deduct consideration for bonds and stocks disposed of Column 7, Part 4	1,500,000	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	5,332,544

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

State, Etc.	1 Guaranty Fund (Yes or No)	2 Is Insurer Licensed (Yes or No)	Direct Business Only					
			3 Accident & Health Premiums	4 Medicare Title XVIII	5 Medicaid Title XIX	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit-Type Contract Funds	8 Property/Casualty Premiums
1. Alabama	AL	NO						
2. Alaska	AK	NO						
3. Arizona	AZ	NO						
4. Arkansas	AR	NO						
5. California	CA	NO						
6. Colorado	CO	NO						
7. Connecticut	CT	NO						
8. Delaware	DE	NO						
9. Dist. Columbia	DC	NO						
10. Florida	FL	NO						
11. Georgia	GA	NO						
12. Hawaii	HI	NO						
13. Idaho	ID	NO						
14. Illinois	IL	NO						
15. Indiana	IN	NO						
16. Iowa	IA	NO						
17. Kansas	KS	NO						
18. Kentucky	KY	NO						
19. Louisiana	LA	NO						
20. Maine	ME	NO						
21. Maryland	MD	NO						
22. Massachusetts	MA	NO	16,094,054					
23. Michigan	MI	NO						
24. Minnesota	MN	NO						
25. Mississippi	MS	NO						
26. Missouri	MO	NO						
27. Montana	MT	NO						
28. Nebraska	NE	NO						
29. Nevada	NV	NO						
30. New Hampshire	NH	NO						
31. New Jersey	NJ	NO						
32. New Mexico	NM	NO						
33. New York	NY	NO						
34. North Carolina	NC	NO						
35. North Dakota	ND	NO						
36. Ohio	OH	NO						
37. Oklahoma	OK	NO						
38. Oregon	OR	NO						
39. Pennsylvania	PA	NO						
40. Rhode Island	RI	NO						
41. South Carolina	SC	NO						
42. South Dakota	SD	NO						
43. Tennessee	TN	NO						
44. Texas	TX	NO						
45. Utah	UT	NO						
46. Vermont	VT	NO						
47. Virginia	VA	NO						
48. Washington	WA	NO						
49. West Virginia	WV	NO						
50. Wisconsin	WI	NO						
51. Wyoming	WY	NO						
52. American Samoa	AS	NO						
53. Guam	GU	NO						
54. Puerto Rico	PR	NO						
55. U.S. Virgin Islands	VI	NO						
56. Northern Mariana Islands	MP	NO						
57. Canada	CN	NO						
58. Aggregate other alien	OT	X X X	X X X					
59. Subtotal	X X X	X X X	16,094,054					
60. Reporting entity contributions for Employee Benefit Plans	X X X	X X X						
61. Total (Direct Business)	X X X	(a) 2	16,094,054					

DETAILS OF WRITE-INS								
5801.		X X X	X X X					
5802.		X X X	X X X					
5803.		X X X	X X X					
5898. Summary of remaining write-ins for Line 58 from overflow page		X X X	X X X					
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)		X X X	X X X					

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

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(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART

1571	DELTA DENTAL OF RHODE ISLAND	52632	RI	05-0513223	ALTUS DENTAL INSURANCE COMPANY INC.
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OVERFLOW PAGE FOR WRITE-INS
