

ANNUAL STATEMENT

OF THE

DELTA DENTAL

OF RHODE ISLAND

of **PROVIDENCE**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

RHODE ISLAND

FOR THE YEAR ENDED

December 31, 2010

HEALTH

2010



55301201020100100

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2010

OF THE CONDITION AND AFFAIRS OF THE

DELTA DENTAL OF RHODE ISLAND

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

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

Country of Domicile UNITED STATES OF AMERICA

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

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

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

Main Administrative Office: 10 CHARLES STREET
(Street and Number)
PROVIDENCE, RI 02904 401-752-6000
(City or Town, State and Zip Code) (Area Code) (Telephone Number)

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

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

Internet Website Address www.deltadentalri.com

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

OFFICERS

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

VICE-PRESIDENTS

Name	Title	Name	Title
RICHARD A. FRITZ	VP. - FINANCE	KATHRYN M. SHANLEY	VP. - EXTERNAL AFFAIRS
ANGELO PEZZULLO	VP. - SALES	STEPHEN J. SPERANDIO	VP. - OPERATIONS/ADMINISTRATION
CRAIG LEWIS #	VP. - UNDERWRITING	THOMAS CHASE #	VP. - CHIEF INFORMATION OFFICER

DIRECTORS OR TRUSTEES

EDWARD ALMON	FRED K. BUTLER	A. THOMAS CORREIA DDS	DAVID A. DUFFY
ALMON C. HALL	EDWARD O. HANDY #	DONALD S. IANNAZZI	STEVEN J. ISSA
JOSEPH J. MARCAURELE #	JAMES F. McMANUS DDS	WILLIAM A. MEKRUT	CINDY REED
EDWIN J. SANTOS	ALEC TAYLOR	VANESSA TOLEDO-VICKERS	

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) 1.	(Printed Name) 2.	(Printed Name) 3.
(Title) PRESIDENT	(Title) SECRETARY	(Title) TREASURER

Subscribed and sworn to before me this
25th day of FEBRUARY, 2011

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

PAMELA B. BUTERA
My commission expires 8/24/14

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)	45,529,863		45,529,863	41,564,152
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	10,957,033		10,957,033	8,411,725
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 (\$ (1,157,740), Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 5,877,100, Schedule DA)	4,719,360		4,719,360	7,556,453
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	61,206,256		61,206,256	57,532,330
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	555,990		555,990	587,179
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,757,538	157,741	2,599,797	1,686,508
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				
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	2,175,681		2,175,681	2,679,759
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	1,097,178	844,518	252,660	401,266
21. Furniture and equipment, including health care delivery assets (\$ 0)	840,830	840,830		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	9,355,420	9,303,719	51,701	216,761
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	2,017,562	1,931,394	86,168	230,813
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	80,006,455	13,078,202	66,928,253	63,334,616
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	80,006,455	13,078,202	66,928,253	63,334,616

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	1,808,303	1,808,303		
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS	203,735	117,567	86,168	230,813
2503. OTHER AR & UTILITY DEPOSIT	5,524	5,524		
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	2,017,562	1,931,394	86,168	230,813

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	4,167,000		4,167,000	5,182,500
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	180,043		180,043	221,541
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	978,398		978,398	1,533,692
9. General expenses due or accrued	4,796,925		4,796,925	3,276,950
10.1. Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2. Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	1,429,027		1,429,027	2,701,352
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
20. Reinsurance in unauthorized companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	1,058,776		1,058,776	1,067,323
23. Aggregate write-ins for other liabilities (including \$ 0 current)	393,209		393,209	295,871
24. Total liabilities (Lines 1 to 23)	13,003,378		13,003,378	14,279,229
25. Aggregate write-ins for special surplus funds	X X X	X X X		
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	9,399,829	8,099,587
31. Unassigned funds (surplus)	X X X	X X X	44,525,046	40,955,800
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	53,924,875	49,055,387
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	66,928,253	63,334,616

DETAILS OF WRITE-IN LINES				
2301. ADVANCE DEPOSITS	390,207		390,207	293,034
2302. OTHER AP	3,002		3,002	2,837
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	393,209		393,209	295,871
2501.	X X X	X X X		
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		
3001. STRATEGIC INVESTMENT RESERVE	X X X	X X X	9,399,829	8,099,587
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	9,399,829	8,099,587

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	3,514,134	3,753,539
2. Net premium income (including \$ 0 non-health premium income)	X X X	96,415,232	100,811,927
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	8,831,394	8,127,895
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	105,246,626	108,939,822
Hospital and Medical:			
9. Hospital/medical benefits			
10. Other professional services		84,985,861	90,854,850
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)		84,985,861	90,854,850
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		84,985,861	90,854,850
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 836,250 cost containment expenses		5,823,653	5,576,891
21. General administrative expenses		11,106,190	11,072,029
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)		101,915,704	107,503,770
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	3,330,922	1,436,052
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,703,209	1,814,964
26. Net realized capital gains (losses) less capital gains tax of \$ 0		131,648	(235,042)
27. Net investment gains (losses) (Lines 25 plus 26)		1,834,857	1,579,922
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	5,165,779	3,015,974
31. Federal and foreign income taxes incurred	X X X	(2,224)	106,299
32. Net income (loss) (Lines 30 minus 31)	X X X	5,168,003	2,909,675

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.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	49,055,387	45,511,675
34. Net income or (loss) from Line 32	5,168,003	2,909,675
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	1,771,198	1,317,874
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(1,780,960)	(683,837)
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	(288,753)	
48. Net change in capital and surplus (Lines 34 to 47)	4,869,488	3,543,712
49. Capital and surplus end of reporting period (Line 33 plus 48)	53,924,875	49,055,387

DETAILS OF WRITE-IN LINES		
4701. INCLUSION OF BAD DEBT RESERVE IN THE NON-ADMITTED ASSETS	(288,753)	
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)	(288,753)	

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	104,282,121	110,282,356
2. Net investment income	1,866,046	1,508,696
3. Miscellaneous income		
4. Total (Lines 1 through 3)	106,148,167	111,791,052
5. Benefit and loss related payments	86,001,361	90,865,858
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	15,459,913	16,269,837
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	(2,224)	106,299
10. Total (Lines 5 through 9)	101,459,050	107,241,994
11. Net cash from operations (Line 4 minus Line 10)	4,689,117	4,549,058
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	14,598,662	14,925,267
12.2 Stocks	1,233,802	1,094,590
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)	15,832,464	16,019,857
13. Cost of investments acquired (long-term only):		
13.1 Bonds	18,964,041	22,893,243
13.2 Stocks	1,893,043	1,501,468
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)	20,857,084	24,394,711
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(5,024,620)	(8,374,854)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	(2,501,590)	2,443,272
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(2,501,590)	2,443,272
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)	(2,837,093)	(1,382,524)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	7,556,453	8,938,977
19.2 End of year (Line 18 plus Line 19.1)	4,719,360	7,556,453

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	96,415,232			96,415,232						
2. Change in unearned premium reserves and reserve for rate credit										
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue	8,831,394			8,831,394						X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
7. Total revenues (Lines 1 to 6)	105,246,626			105,246,626						
8. Hospital/medical benefits										X X X
9. Other professional services	84,985,861			84,985,861						X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	84,985,861			84,985,861						X X X
16. Net reinsurance recoveries										X X X
17. Total hospital and medical (Lines 15 minus 16)	84,985,861			84,985,861						X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 836,250 cost containment expenses	5,823,653			8,177,156					(2,353,503)	
20. General administrative expenses	11,106,190			13,905,122					(2,798,932)	
21. Increase in reserves for accident and health contracts										X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	101,915,704			107,068,139					(5,152,435)	
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	3,330,922			(1,821,513)					5,152,435	

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

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	96,415,232			96,415,232
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 through 8)	96,415,232			96,415,232
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	96,415,232			96,415,232

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	86,001,361			86,001,361						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	86,001,361			86,001,361						
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	4,167,000			4,167,000						
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	4,167,000			4,167,000						
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	5,182,500			5,182,500						
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	5,182,500			5,182,500						
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	84,985,861			84,985,861						
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	84,985,861			84,985,861						
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
	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	1,201,655			1,201,655						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	1,201,655			1,201,655						
2. Incurred but Unreported:										
2.1 Direct	2,965,345			2,965,345						
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	2,965,345			2,965,345						
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	4,167,000			4,167,000						
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	4,167,000			4,167,000						

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	3,964,057	82,037,304	9,943	4,157,057	3,974,000	5,182,500
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 through 8)	3,964,057	82,037,304	9,943	4,157,057	3,974,000	5,182,500
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	3,964,057	82,037,304	9,943	4,157,057	3,974,000	5,182,500

(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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	3,795	18	17		
2. 2006	91,671	4,484	36	4	
3. 2007	X X X	85,483	4,128	11	1
4. 2008	X X X	X X X	87,700	4,938	7
5. 2009	X X X	X X X	X X X	85,913	3,956
6. 2010	X X X	X X X	X X X	X X X	82,037

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	3,618	3	17		
2. 2006	96,654	15	36	4	
3. 2007	X X X	4,503	4,158	11	1
4. 2008	X X X	X X X	92,864	4,951	7
5. 2009	X X X	X X X	X X X	91,083	3,964
6. 2010	X X X	X X X	X X X	X X X	86,196

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. 2006	112,017	96,195			96,195	85.875			96,195	85.875
2. 2007	106,144	89,623			89,623	84.435			89,623	84.435
3. 2008	109,584	92,645			92,645	84.542			92,645	84.542
4. 2009	108,940	89,869	222	0.247	90,091	82.698	8		90,099	82.705
5. 2010	105,247	82,037			82,037	77.947	4,159	180	86,376	82.070

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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

Federal Employee Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX	NONE			
4. 2008	XXX				
5. 2009	XXX		XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX	NONE			
4. 2008	XXX		XXX		
5. 2009	XXX		XXX	XXX	
6. 2010	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. 2006										
2. 2007										
3. 2008				NONE						
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior					
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX			
5. 2009	XXX	XXX	XXX		
6. 2010	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. 2006										
2. 2007										
3. 2008										
4. 2009										
5. 2010										

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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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	3,795	18	17		
2. 2006	91,671	4,484	36	4	
3. 2007	X X X	85,483	4,128	11	1
4. 2008	X X X	X X X	87,700	4,938	7
5. 2009	X X X	X X X	X X X	85,913	3,956
6. 2010	X X X	X X X	X X X	X X X	82,037

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 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	3,618	3	17		
2. 2006	96,654	15	36	4	
3. 2007	X X X	4,503	4,158	11	1
4. 2008	X X X	X X X	92,864	4,951	7
5. 2009	X X X	X X X	X X X	91,083	3,964
6. 2010	X X X	X X X	X X X	X X X	86,196

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. 2006	112,017	96,195			96,195	85.875			96,195	85.875
2. 2007	106,144	89,623			89,623	84.435			89,623	84.435
3. 2008	109,584	92,645			92,645	84.542			92,645	84.542
4. 2009	108,940	89,869	222	0.247	90,091	82.698	8		90,099	82.705
5. 2010	105,247	82,037			82,037	77.947	4,159	180	86,376	82.070

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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									
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)									
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									

NONE

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 (\$ 0 for occupancy of own building)		422,469	502,427		924,896
2. Salaries, wages and other benefits	1,063,922	3,842,738	5,328,488		10,235,148
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			1,983,484		1,983,484
4. Legal fees and expenses			136,702		136,702
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	113,546	838,200	633,754		1,585,500
7. Traveling expenses		27,700	114,782		142,482
8. Marketing and advertising			480,489		480,489
9. Postage, express and telephone	241	589,190	59,346		648,777
10. Printing and office supplies			217,952		217,952
11. Occupancy, depreciation and amortization			1,055,369		1,055,369
12. Equipment		713,828			713,828
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		544,687	41,523		586,210
15. Boards, bureaus and association fees		6,360	484,128		490,488
16. Insurance, except on real estate			110,081		110,081
17. Collection and bank service charges			(271,704)		(271,704)
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(349,820)	(2,003,683)	(2,798,932)		(5,152,435)
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			1,923,842		1,923,842
23.3 Regulatory authority licenses and fees			26,584		26,584
23.4 Payroll taxes	7,829		308,405		316,234
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				145,065	145,065
25. Aggregate write-ins for expenses	532	5,914	769,470		775,916
26. Total expenses incurred (Lines 1 to 25)	836,250	4,987,403	11,106,190	145,065	(a) 17,074,908
27. Less expenses unpaid December 31, current year		180,043	4,796,925		4,976,968
28. Add expenses unpaid December 31, prior year		221,541	4,344,273		4,565,814
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)	836,250	5,028,901	10,653,538	145,065	16,663,754

DETAILS OF WRITE-IN LINES					
2501. NET OTHER EXPENSES	532	5,914	539,873		546,319
2502. FAS 106 EXPENSE			229,597		229,597
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	532	5,914	769,470		775,916

(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) 207,173	160,741
1.1 Bonds exempt from U.S. tax	(a) 52,125	64,904
1.2 Other bonds (unaffiliated)	(a) 1,276,448	1,295,561
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	113,462	113,462
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) 37,961	21,312
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		364,312
10. Total gross investment income	1,687,169	2,020,292
11. Investment expenses		(g) 145,065
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		172,019
16. Total deductions (Lines 11 through 15)		317,084
17. Net investment income (Line 10 minus Line 16)		1,703,208

DETAILS OF WRITE-IN LINES		
0901. NET INVESTMENT INCOME FROM SUBSIDIARIES		125,070
0902. GAIN ON PURCHASE OF RHODE ISLAND TAX CREDITS		171,380
0903. OTHER INCOME		67,862
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)		364,312
1501. BANK SERVICE FEES		172,019
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)		172,019

- (a) Includes \$ 40,906 accrual of discount less \$ 502,225 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 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					
1.1 Bonds exempt from U.S. tax					
1.2 Other bonds (unaffiliated)	21,091		21,091		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	110,557		110,557	604,588	
2.21 Common stocks of affiliates				1,206,400	
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)				(39,790)	
10. Total capital gains (losses)	131,648		131,648	1,771,198	

DETAILS OF WRITE-IN LINES				
0901. INTEREST RATE SWAP ADJUSTMENT			(39,790)	
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)			(39,790)	

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			
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. Derivatives			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
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	157,741	446,492	288,751
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums			
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	844,518	1,142,003	297,485
21. Furniture and equipment, including health care delivery assets	840,830	618,890	(221,940)
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	9,303,719	8,574,948	(728,771)
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	1,931,394	514,909	(1,416,485)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,078,202	11,297,242	(1,780,960)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	13,078,202	11,297,242	(1,780,960)

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	1,808,303	391,743	(1,416,560)
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS	117,567	119,869	2,302
2503. UTILITY DEPOSIT	5,524	3,297	(2,227)
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,931,394	514,909	(1,416,485)

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	306,190	298,729	298,682	285,200	288,177	3,514,134
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	306,190	298,729	298,682	285,200	288,177	3,514,134

DETAILS OF WRITE-IN LINES						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)						

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(A) Basis of Presentation**

The Annual Statement of Delta Dental of Rhode Island for the year ended December 31, 2010 has been completed in accordance with NAIC *Annual Statement Instructions* and the *Accounting Practices and Procedures* manual. Management is not aware of any deviations from this NAIC guidance, as it relates to the 2010 and 2009 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**Investment Income and Declines in Fair Value**

The Company periodically reviews its bonds and common stocks to determine whether a decline in fair value below the amortized cost basis is other than temporary. The process for identifying declines in the fair value of investments that are other than temporary involves consideration of several factors. These factors include (1) the period in which there has been a significant decline in value; (2) an analysis of the liquidity, business prospects, and overall financial condition of the issuer; (3) the significance of the decline; and (4) our intent and ability to hold the investment for a sufficient period for the value to recover. When our analysis of the above factors results in the conclusion that declines in fair values are other than temporary, the cost of the securities is written down to fair value and is reflected as a realized loss.

Bonds

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

Common Stocks - - Investments in Subsidiaries

The accompanying financial statements of Delta Dental of Rhode Island include the common stock investments of its wholly owned subsidiaries: Park Row Associates, Altus Realty Company and The Altus Group, Inc. The values of these investments are reported using the equity method.

The income and expenses of Park Row Associates, Altus Realty Company and The Altus Group, Inc. are combined such that the net change for the year is reported as "Net unrealized capital gains and losses" on line 36 in the Statement of Revenues and Expenses.

During 2004, the Company contracted with an independent investment advisor to separately manage a portion of the Company's investment portfolio. As a result of this arrangement, common stocks of nonaffiliated companies were added to the Company's investment portfolio in 2004. These common stocks are valued at market as they are categorized as "available-for-sale" securities.

Claims and Claims Adjudication Expenses

The estimated liability for claims incurred but unpaid is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. The estimated liability for accrued claims adjudication expense represents the anticipated cost of processing claims incurred but unpaid at the balance sheet date. The estimates

NOTES TO FINANCIAL STATEMENTS

for claims and claims adjudication expenses may be more or less than the amount ultimately paid. Such changes in estimates are reflected in current period operations.

NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The financial statements included in this filing do not contain any items that resulted from corrections of errors. Beginning with the December 31, 2001 annual filing the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This included the adoption of the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans".

SSAP 47 requires the exclusion of uninsured plan business for both premiums earned and claims incurred in the Statement of Revenues and Expenses. The Company has identified its Administrative Service Business (ASC), where the account, not Delta Dental of Rhode Island, has assumed the overall risk for the claims incurred and removed these components from both premiums earned and claims incurred in these 2010 and 2009 financial statements and the associated supporting exhibits. The administrative expenses reimbursed from ASC business is reported as "reimbursements by uninsured accident and health plans" in the Underwriting and Investment Exhibit Part 3 - Analysis of Expenses.

NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During 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 (Delta Dental of Rhode Island's insurance operations) include no gains or losses from discontinued operations. However, Altus Systems, Inc., a wholly owned subsidiary of the Company's had operated a division under the name of Altus Benefit Administrators. This division operated as a third party administrator providing COBRA, and other Section 125 Plan services to companies mainly in Rhode Island and Massachusetts. Effective May 1, 2009 this division was sold to a third party. The agreement was a sale of assets and resulted in recording gains on the books of Altus Systems in 2010 and 2009 of \$600,000 of \$320,000 respectively. These gains are reflected on line 36 "change in net unrealized capital gains" on the Company's Statement of Revenues and Expenses.

NOTE 5 - - INVESTMENTS

The Company's bond and common stock investments described in Note 1 represent all of the Company's statutory recorded investments as of December 31, 2010 and 2009. 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

During 2010 and 2009 the Company did not participate in any joint ventures, partnerships or LLCs. In 2006 the Company participated in a joint venture with other Delta Dental Companies.

NOTES TO FINANCIAL STATEMENTS

The joint venture submitted an unsuccessful bid to administer a dental program for military personnel and other federal employees.

NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At December 31, 2010, 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.

During the year ended December 31, 2010 and 2009 the Company performed analyzes to determine whether declines in fair value below amortized cost basis were other than temporary impairment ("OTTI") for both its bond and stock portfolio. These analyzes resulted in the conclusion that there were no declines in fair values that were other than temporary for certain investments in 2010 and 2009.

NOTE 8 - - DERIVATIVE INSTRUMENTS

As disclosed in Note 1 above, all investments consist of United States government and government agency securities, corporate notes with fixed rates and maturities, common stocks and three investments in wholly owned subsidiaries.

In 2002, the Company and one of its wholly owned subsidiaries, Altus Realty Company, joint and severally entered into an interest rate swap agreement with Bank of America relating to the financing of the purchase of the Company's office facilities at 10 Charles Street in Providence, RI. Altus Realty's financial results are accounted for under the equity method in this filing, and include the effect of recording the fair value of this interest rate swap liability as a separate component of reserves in the amount of \$472,071 and \$432,282 as of December 31, 2010 and 2009.

NOTE 9 - - FEDERAL INCOME TAXES

Delta Dental of Rhode Island is a not-for-profit corporation pursuant to Section 501(C)(4) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(a) of the IRC and, accordingly, no provision for income taxes has been made in the accompanying statutory financial statements other than a provision for unrelated business income. Altus Realty Company is also a not-for-profit real estate holding corporation under Section 501(C) (2) of the IRC, and as such has made no provision for income taxes.

Park Row Associates and The Altus Group, Inc., the Company's other wholly owned subsidiaries, are for profit corporations. The Altus Group, Inc., and its subsidiaries Altus Dental, Altus Systems and Altus Dental Insurance Company file consolidated federal and state tax returns. These filings have resulted in minimal taxes due resulting from accumulated consolidated losses. Park Row Associates files federal and state taxes on its own, and has reported taxable income. Accordingly, a current provision for federal and state taxes of \$141,000 and \$202,000 have been recorded for the years ended December 31, 2010 and 2009.

NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Park Row Associates is a wholly owned subsidiary of the Company and provides brokerage and consulting services to employers for health insurance products. For the years ended December 31, 2010 and 2009, respectively, this subsidiary generated approximately \$1,304,000 and \$1,249,000 of fees and commissions, and net income of \$168,000 and \$440,000 during the same two-year period.

NOTES TO FINANCIAL STATEMENTS

Altus Realty Company, a wholly owned subsidiary of the Company, is a non-profit real estate holding Company that holds title to and manages the building at 10 Charles Street in Providence, RI. The Company (Delta Dental of RI) presently rents approximately one half of the existing space within this building. For the years ended December 31, 2010 and 2009, respectively, this entity reported total revenues of \$1,795,000 and \$1,719,000 and net income of \$78,000 and \$40,000 during the same two-year period.

The Altus Group, Inc. is a wholly owned subsidiary of the Company and was established as a for-profit entity in 1999 for the purpose of expanding the Company's offering of prepaid dental care coverage and other third party administration services. For the years ended December 31, 2010 and 2009, after elimination of intercompany transactions, The Altus Group, Inc., generated a gain and a (loss) of \$939,000 and (\$944,000).

At December 31, 2010 and 2009 the Company has intercompany receivables from The Altus Group, Inc. and other subsidiaries. These balances resulted from advances that were provided to fund operating expenses of both The Altus Group, Inc. and its subsidiaries, as well as cash flow needs of Altus Realty. The Company charges interest on unpaid advanced funds. For Statutory filing purposes the intercompany receivable balances from Altus Dental, Inc., Altus Realty and Altus Systems are considered non-admitted assets. These subsidiary entities do not currently possess the necessary liquidity to repay the entire receivable balances within 90 days. Therefore the currently uncollectible amounts are treated as nonadmitted assets in accordance with SSAP #25.

Management's cash flow projections for The Altus Group, Inc. and its subsidiaries are made based on a number of factors, which affect the changes in the receivable balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for the Company and Altus Dental Insurance Company, Inc, a wholly owned subsidiary of The Altus Group, 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 2011 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. As described in Note 8 - - DERIVATIVE INSTRUMENTS above, the Company and one of its wholly owned subsidiaries, Altus Realty Company, jointly and severally entered into an interest rate swap agreement with Bank of America relating to the financing of the purchase of the Company's office facilities at 10 Charles Street in Providence, RI. This instrument and the related debt on the building are recorded on the financial statements of Altus Realty Company.

NOTE 12 - - EMPLOYEE RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS**A. Defined Contribution Retirement Plan**

The Company maintains a noncontributory, defined contribution retirement plan. The plan covers all full time employees who are 21 years of age and have completed three months of service to the Company.

Employees qualify for benefits upon normal retirement at age 65, or early retirement, which is met upon reaching age 60 and completion of five years of service. Vesting of contributions (made on behalf of each employee) begins at 20% after two years of service and increases 20%

NOTES TO FINANCIAL STATEMENTS

annually until full vesting occurs after six years of service. The Company's contributions to this plan, representing its full funding requirements were \$792,000 and \$746,000 for 2010 and 2009.

B. Deferred Compensation Plans

Effective January 1, 1997, the Company established a 401(K) plan. Plan entry and vesting of employer contributions are the same as the defined contribution retirement plan described above. The Company's contributions to this plan were \$214,000 and \$147,000 for 2010 and 2009.

In 2004, the Company established 457(b) Plan for providing deferred compensation for a select group of management. The Company's contributions to this plan were \$16,500 for 2010 and 2009.

In 2009, the Company established 457(F) Plan for providing deferred compensation for a select group of management. The Company's contributions to this plan were \$58,600 and \$46,900 for 2010 and 2009.

C. Postretirement Benefit Plans

The Company provides postretirement medical and dental benefits covering certain members of the board of directors who had served three full terms (9 years) as of April 1994. The Company accounts for post retirement benefits under the provisions of Statement of Statutory Accounting Principles (SSAP) No. 89, Accounting for Pensions, A Replacement of SSAP No. 8. Actuary valuations were used to measure plan assets and obligations as of December 31, 2010 and 2009.

		2010	2009
Accumulated post-retirement benefit obligation	\$	1,222,000	993,000
Fair value of plan assets			—
Funded status	\$	1,222,000	993,000
Accrued post-retirement benefit cost recognized in accounts			
payable and accrued expenses	\$	1,222,000	993,000
Net periodic (benefit) cost		229,000	(52,000)
Net benefits paid		94,000	97,000

The trend assumptions used in determining the accumulated postretirement benefit obligation were 7% for medical benefits and for dental benefits. Trend assumptions have a significant effect on the amounts reported. To illustrate, increasing the assumed trend in each case by 1% per year would increase the accumulated postretirement benefit obligation as of December 31, 2010 by \$110,000 and the service and interest cost components of net periodic postretirement benefit cost for the year then ended by \$9,000.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 4.75% and 6.42% in 2010 and 2009, respectively. The expected benefits to be paid are approximately \$77,636, \$76,543, \$75,238 and \$74,739, during 2011, 2012, 2013 and 2014, respectively.

No amounts are recognized in reserves which have not yet been recognized as components of net periodic benefit cost as of December 31, 2010 and 2009, respectively. Net periodic benefit cost includes the transitional liability and net actuarial loss.

NOTE 13 - - CAPITAL AND SURPLUS

NOTES TO FINANCIAL STATEMENTS

Delta Dental of Rhode Island is a not-for-profit corporation; accordingly the Company has no shares of stock outstanding. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

NOTE 14 - - CONTINGENT LIABILITIES

The Company has entered into employment contracts with certain key employees. These employment contracts vary in length. At December 31, 2010, the Company's total commitment under these employment contracts approximated \$2,083,000.

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.

For matters regarding pending litigation as of December 31, 2010, the Company's litigation with one of its competitors was resolved and dismissed during 2005. The company is not involved in any other legal proceedings.

The Company has issued an unlimited parental guaranty, dated September 15, 2000, on behalf of Altus Dental Insurance Company, Inc., a subsidiary of The Altus Group Inc. The guaranty states that any and all claims and obligations of Altus Dental Insurance Company, Inc. to its subscribers and policyholders will be funded and satisfied by the Company in the event of any inability of Altus Dental Insurance Company, Inc. to satisfy such claims and obligations.

This guaranty became effective in September 2002 as Altus Dental Insurance Company, Inc. began underwriting dental insurance in Massachusetts at that time.

NOTE 15 - - LEASES

The Company maintains a lease obligation for all its office space through its subsidiary Altus Realty Company. The current office lease commenced in April 2009 and runs through March 2013. The lease was renewed at market rates. The lease obligation resulted in rent expense for the year ended December 31, 2010 of \$910,000. For the year ended 2011 rent expense is projected at \$940,000 annually.

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.

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.

NOTES TO FINANCIAL STATEMENTS

As discussed in Note 2, for the December 31, 2001 annual filing the Company implemented the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans". The Company's 2010 and 2009 financial operations exclude approximately \$91,000,000 and \$85,000,000 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 \$1,983,000 and \$2,018,000 for the years ended December 31, 2010 and 2009.

NOTE 20 - - FAIR VALUE MEASUREMENTS

The use of different assumptions or valuation methodologies may have a material impact on the estimated fair value amounts.

The Company's valuation techniques are based on observable and unobservable pricing inputs. Observable inputs reflect market data obtained from independent sources based on trades of securities while unobservable inputs reflect the Company's market assumptions. These inputs comprise of the following fair value hierarchy:

Level 1 – Observable inputs in the form of quoted prices for identical instruments in active markets.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be derived from observable market data for substantially the full term of the assets or liabilities.

Level 3 – One or more unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets and liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using internal models, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The following table provides information about the Company's financial assets and liabilities measured at fair value on a recurring basis:

	Level 1	Level 2	Level 3	Total
December 31, 2010:				
Assets at fair value:				
Common stock	\$ 6,342,932			6,342,932
December 31, 2009:				
Assets at fair value:				
Common stock	\$ 4,964,234	—	—	4,964,234

The Company does not have any financial instruments that are measured at fair value that are deemed to be a Level 3 price at December 31, 2010 and 2009.

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

NOTES TO FINANCIAL STATEMENTS

	December 31, 2010		December 31, 2009	
	Book value	Estimated fair value	Book value	Estimated fair value
Assets:				
Cash and cash equivalents	\$ (1,157,740)	(1,157,740)	2,429,586	2,429,586
Short-term investments	5,877,100	5,877,100	5,126,867	5,126,827
Common stock	6,342,932	6,342,932	4,964,234	4,964,234
Investments in affiliates	4,614,101	4,614,101	3,447,491	3,447,491
Investments in debt securities	45,529,863	45,529,863	41,564,152	42,838,717

Cash and Cash Equivalents – The carrying value of cash and cash equivalents are presented at cost, which approximates fair value.

Short-Term Investments – The carrying value of short-term investments are presented at cost, which approximates fair value.

Investments in Debt Securities – Investments are reported at amortized cost. The Company obtains fair value measurements from independent pricing sources, which base their fair value measurements upon observable inputs such as reported trades of comparable securities, broker quotes, the U.S. Treasury yield curve, benchmark interest rates, credit information, and the securities' terms and conditions. These prices are deemed to be Level 2.

Investments in Common Stock and Affiliates – Investments in affiliates is valued on the statutory equity basis. The fair value of common stock is based on quoted market prices provided by an independent pricing service to determine fair value.

NOTE 21 - - OTHER ITEMS

The Company has no extraordinary items, troubled debt restructuring or other required disclosures of unusual items. Additionally, the Company has no additional disclosure requirements regarding Retirement Plans, Deferred Compensation and Postretirement Benefits other than the disclosures made in Note 12 above.

NOTE 22 - - EVENTS SUBSEQUENT

The Company is not aware of any material events subsequent to December 31, 2010 that would warrant disclosure in these 2010 statutory financial statements.

NOTE 23 - - REINSURANCE

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums to companies headquartered in the State of Rhode Island.

NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS

The Company estimates accrued retrospective premium adjustments for each contractual group by projecting incurred losses based on group claims paid data. This data is updated and analyzed monthly and accrued retrospective premium adjustments are recorded monthly to earned premiums. The amount of net premiums written by the Company that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) is approximately \$32,078,000 and \$24,215,000 for the years ended December 31, 2010 and 2009.

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

NOTES TO FINANCIAL STATEMENTS

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 \$1,209,000 from \$5,183,000 at the beginning of the current year as a result of reestimation of unpaid claims. This favorable decrease is 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 2010, 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.

GENERAL INTERROGATORIES

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 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

.....

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

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

.....

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

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

.....

GENERAL INTERROGATORIES

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.6 If response to 10.5 is "yes," provide information related to this exemption:

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

10.8 If the response to 10.7 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?
 KPMG, PROVIDENCE, RI 02903

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

12.11 Name of real estate holding company	
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$

12.2 If yes, provide explanation:

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 [] N/A [X]

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).

BOARD OF DIRECTORS

15. 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 []
16. 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 []
17. 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

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [] No [X]
- 19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|----------|
| 19.11 To directors or other officers | \$ _____ |
| 19.12 To stockholders not officers | \$ _____ |
| 19.13 Trustees, supreme or grand (Fraternal only) | \$ _____ |
- 19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- | | |
|---|----------|
| 19.21 To directors or other officers | \$ _____ |
| 19.22 To stockholders not officers | \$ _____ |
| 19.23 Trustees, supreme or grand (Fraternal only) | \$ _____ |
- 20.1 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]
- 20.2 If yes, state the amount thereof at December 31 of the current year:
- | | |
|----------------------------|----------|
| 20.21 Rented from others | \$ _____ |
| 20.22 Borrowed from others | \$ _____ |
| 20.23 Leased from others | \$ _____ |
| 20.24 Other | \$ _____ |
- 21.1 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]
- 21.2 If answer is yes:
- | | |
|--|----------|
| 21.21 Amount paid as losses or risk adjustment | \$ _____ |
| 21.22 Amount paid as expenses | \$ _____ |
| 21.23 Other amounts paid | \$ _____ |
- 22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [X] No []
- 22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: \$ _____

GENERAL INTERROGATORIES

INVESTMENT

- 23.1 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? (other than securities lending programs addressed in 23.3) Yes No
- 23.2 If no, give full and complete information relating thereto:

- 23.3 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)

- 23.4 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
- 23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. \$ _____
- 23.6 If answer to 23.4 is no, report amount of collateral for other programs. \$ _____
- 23.7 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
- 23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes No N/A
- 23.9 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities lending Agreement (MLSA) to conduct securities lending? Yes No N/A
- 24.1 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 20.1 and 23.3) Yes No
- 24.2 If yes, state the amount thereof at December 31 of the current year:
- | | | | |
|--|-------|--|----------|
| | 24.21 | Subject to repurchase agreements | \$ _____ |
| | 24.22 | Subject to reverse repurchase agreements | \$ _____ |
| | 24.23 | Subject to dollar repurchase agreements | \$ _____ |
| | 24.24 | Subject to reverse dollar repurchase agreements | \$ _____ |
| | 24.25 | Pledged as collateral | \$ _____ |
| | 24.26 | Placed under option agreements | \$ _____ |
| | 24.27 | Letter stock or securities restricted as to sale | \$ _____ |
| | 24.28 | On deposit with state or other regulatory body | \$ _____ |
| | 24.29 | Other | \$ _____ |
- 24.3 For category (24.27) provide the following:
- | 1
Nature of Restriction | 2
Description | 3
Amount |
|----------------------------|------------------|-------------|
| | | |
| | | |
- 25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes No
- 25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement. Yes No N/A
- 26.1 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
- 26.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

GENERAL INTERROGATORIES

27. Excluding items in Schedule E-Part 3-Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes No

27.01 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	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903

27.02 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)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year?

Yes No

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

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

27.05 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/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(s)	3 Address
101400	CITIZENS BANK	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903
107662	PMG ADVISORS	1004 FALLS COR CTR, W CONSHOHOCKEN, PA
112559	BNY MELLON	ONE FINANCIAL PLAZA, PROVIDENCE, RI 02903

28.1 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

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 TOTAL		

28.3 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

GENERAL INTERROGATORIES

29. 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 (+)
29.1 Bonds	51,406,963	52,910,532	1,503,569
29.2 Preferred stocks			
29.3 Totals	51,406,963	52,910,532	1,503,569

29.4 Describe the sources or methods utilized in determining the fair values:
 THE REPORTED DECEMBER 31, 2010 FAIR VALUES WERE OBTAINED FROM THE BANK STATEMENTS FROM THE COMPANY'S CUSTODIAN AND VERIFIED AS ESTABLISHED MARKET VALUES FOR ALL PUBLICLY TRADED SECURITIES.

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

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [] No [X]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

ALL FAIR VALUES USED ARE ESTABLISHED MARKET VALUES FOR THESE PUBLICLY TRADED SECURITIES.

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

31.2 If no, list exceptions:

OTHER

32.1 Amount of payments to Trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 279,327

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

1 Name	2 Amount Paid
DELTA DENTAL PLANS ASSOCIATION	181,447
DELTA USA	97,880

33.1 Amount of payments for legal expenses, if any? \$ 133,817

33.2 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	121,856
MISC.	11,961

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 57,000

GENERAL INTERROGATORIES

34.2 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
ADVOCACY SOLUTIONS	57,000

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	\$ 96,415,232		\$ 100,811,927
2.2 Premium Denominator	\$ 96,415,232		\$ 100,811,927
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 4,167,000		\$ 5,182,500
2.5 Reserve Denominator	\$ 4,167,000		\$ 5,182,500
2.6 Reserve Ratio (2.4 / 2.5)	1.000		1.000

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

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
There are no specific arrangements that would protect a subscriber or their dependents against the risk of insolvency. However, the risk of insolvency is very low given the Company's financial strength and conservative investment policies. Also, given the Company only sells group insurance, a subscriber's employer would buy another group policy from another carrier in the event the Company became insolvent and was not able to pay its claims.

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 | 548 |
| 8.2 Number of providers at end of reporting year | 542 |
- 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 | 57,862,575 |
| 9.22 Business with rate guarantees over 36 months | 20,819,925 |
- 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 | \$ _____ |
| 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 <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 11.13 An Individual Practice Association (IPA), or, | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
| 11.14 A Mixed Model (combination of above)? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |
- 11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes 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. \$ 4,471,062
- 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 | | |
| RHODE ISLAND | | |
- 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. \$ _____

FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2010	2009	2008	2007	2006
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	66,928,253	63,334,616	58,456,616	56,724,275	59,352,829
2. Total liabilities (Page 3, Line 24)	13,003,375	14,279,229	12,944,941	12,913,944	12,898,424
3. Statutory surplus	4,471,062	4,667,069	5,115,410	4,950,752	4,767,870
4. Total capital and surplus (Page 3, Line 33)	53,924,875	49,055,387	45,511,675	43,810,331	46,454,405
Income Statement (Page 4)					
5. Total revenues (Line 8)	105,246,626	108,939,822	109,583,907	106,143,774	112,016,568
6. Total medical and hospital expenses (Line 18)	84,985,861	90,854,850	91,986,947	90,068,306	95,989,727
7. Claims adjustment expenses (Line 20)	5,823,653	5,576,891	6,299,122	6,329,403	4,979,327
8. Total administrative expenses (Line 21)	11,106,190	11,072,029	8,800,091	8,264,188	6,475,242
9. Net underwriting gain (loss) (Line 24)	3,330,922	1,436,052	2,497,747	1,481,877	4,572,272
10. Net investment gain (loss) (Line 27)	1,834,857	1,579,922	109,241	1,817,074	1,927,381
11. Total other income (Lines 28 plus 29)					(1,775,000)
12. Net income or (loss) (Line 32)	5,168,003	2,909,675	2,578,773	3,233,070	4,689,338
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	4,689,117	4,549,058	3,649,652	4,207,192	2,880,982
Risk-Based Capital Analysis					
14. Total adjusted capital	53,924,875	49,055,387	45,511,675	43,810,331	46,454,405
15. Authorized control level risk-based capital	4,471,062	4,667,069	5,115,410	4,950,752	4,767,870
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	288,177	306,190	325,838	330,946	363,678
17. Total members months (Column 6, Line 7)	3,514,134	3,753,539	3,924,782	3,958,655	4,376,458
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 (Lines 18 plus Line 19)	80.7	83.4	83.9	84.9	85.7
20. Cost containment expenses	0.7		0.8	0.5	0.5
21. Other claims adjustment expenses	3.9		5.7	6.0	4.5
22. Total underwriting deductions (Line 23)	96.8	98.7	97.7	98.6	95.9
23. Total underwriting gain (loss) (Line 24)	3.1	1.3	2.3	1.4	4.1
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	3,974,000	5,020,478	4,209,434	4,519,704	3,816,066
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	5,182,500	5,193,508	5,087,456	5,004,289	4,480,616
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)	4,614,101	3,447,491	3,234,629	2,925,465	4,732,149
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	9,355,420	8,791,709	10,113,001	7,372,012	4,943,631
32. Total of above Lines 26 to 31	13,969,521	12,239,200	13,347,630	10,297,477	9,675,780

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.	Active Status	Direct Business Only								
		2	3	4	5	6	7	8	9	
		Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts	
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	N								
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	L	96,415,232					96,415,232		
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	CN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal		X X X	96,415,232					96,415,232		
60. Reporting entity contributions for Employee Benefit Plans		X X X								
61. Totals (Direct Business)	(a) 1		96,415,232					96,415,232		

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

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

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

ALL PREMIUMS WRITTEN WITHIN THE STATE OF RHODE ISLAND.

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

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

NAIC Group Code	Group Name	NAIC Company Code	State of Domicile	Federal ID Number	Company Name
1571	DELTA DENTAL OF RHODE ISLAND	55301	RI	05-0296998	DELTA DENTAL OF RHODE ISLAND
1571	DELTA DENTAL OF RHODE ISLAND	52632	RI	05-0513223	ALTUS DENTAL INSURANCE COMPANY, INC.

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

Exhibit of Nonadmitted Assets	16	Schedule DA – Verification Between Years	SI11
Analysis of Operations By Lines of Business	7	Schedule DB – Part A – Section 1	E18
Assets	2	Schedule DB – Part A – Section 2	E18
Cash Flow	6	Schedule DB – Part A – Section 3	E19
Exhibit 1 – Enrollment By Product Type for Health Business Only	17	Schedule DB – Part A – Verification Between Years	SI12
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DB – Part B – Section 1	E19
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part B – Section 2	E20
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part B – Section 3	E20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part B – Verification Between Years	SI12
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part C – Section 1	E21
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part C – Section 2	E21
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part C – Section 3	E22
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part C – Verification Between Years	SI13
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