

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, 2012

HEALTH

2012



55301201220100100

HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDING DECEMBER 31, 2012
OF THE CONDITION AND AFFAIRS OF THE

DELTA DENTAL OF RHODE ISLAND

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

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 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, US 02904
(Street and Number) (City or Town, State, Country and Zip Code)

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

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

Primary Location of Books and Records 10 CHARLES STREET PROVIDENCE, RI, US 02904 401-752-6000
(Street and Number) (City or Town, State, Country 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. <u>JOSEPH A. NAGLE</u>	<u>PRESIDENT</u>
2. <u>KATHRYN M. SHANLEY</u>	<u>SECRETARY</u>
3. <u>RICHARD A. FRITZ</u>	<u>TREASURER</u>

VICE-PRESIDENTS

Name	Title	Name	Title
<u>RICHARD A. FRITZ</u>	<u>VP. - FINANCE</u>	<u>KATHRYN M. SHANLEY</u>	<u>VP. - EXTERNAL AFFAIRS</u>
<u>ANGELO PEZZULLO</u>	<u>VP. - SALES</u>	<u>STEPHEN J. SPERANDIO</u>	<u>VP. - OPERATIONS/ADMINISTRATION</u>
<u>CARLOS FUENTES</u>	<u>VP. - UNDERWRITING</u>	<u>THOMAS CHASE</u>	<u>VP. - CHIEF INFORMATION OFFICER</u>

DIRECTORS OR TRUSTEES

<u>FRED K. BUTLER</u>	<u>A. THOMAS CORREIA DDS</u>	<u>DAVID A. DUFFY</u>	<u>FRANCIS J. FLYNN</u>
<u>ALMON C. HALL</u>	<u>EDWARD O. HANDY III</u>	<u>STEVEN J. ISSA</u>	<u>JOSEPH J. MARCAURELE</u>
<u>LINDA R. MCGOLDRICK</u>	<u>JAMES F. McMANUS DDS</u>	<u>WILLIAM A. MEKRUT</u>	<u>CYNTHIA S. REED</u>
<u>EDWIN J. SANTOS</u>	<u>ALEC TAYLOR</u>	<u>VANESSA TOLEDO-VICKERS</u>	

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) <u>JOSEPH A. NAGLE</u> _____ (Printed Name) 1. <u>PRESIDENT</u> _____ (Title)	_____ (Signature) <u>KATHRYN M. SHANLEY</u> _____ (Printed Name) 2. <u>SECRETARY</u> _____ (Title)	_____ (Signature) <u>RICHARD A. FRITZ</u> _____ (Printed Name) 3. <u>TREASURER</u> _____ (Title)
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Subscribed and sworn to before me this
11th day of MARCH, 2013

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

PAMELA 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)	39,937,591		39,937,591	45,726,999
2. Stocks (Schedule D):				
2.1 Preferred stocks				
2.2 Common stocks	19,895,214		19,895,214	14,062,367
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 (\$ (1,703,210), Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 22,146,197, Schedule DA)	20,442,987		20,442,987	6,596,787
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)				
9. Receivables for securities				
10. Securities lending reinvested collateral assets (Schedule DL)				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	80,275,792		80,275,792	66,386,153
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	469,265		469,265	538,710
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	3,223,052	208,941	3,014,111	3,343,975
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	2,530,583	58,048	2,472,535	3,064,759
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	758,506	624,914	133,592	212,137
21. Furniture and equipment, including health care delivery assets (\$ 0)	2,067,537	2,067,537		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	10,092,085	9,921,132	170,953	95,530
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other than invested assets	1,421,698	648,827	772,871	260
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	100,838,518	13,529,399	87,309,119	73,641,524
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	100,838,518	13,529,399	87,309,119	73,641,524

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. PURCHASED TAX CREDITS CARRYFORWARDS AT COST	657,880		657,880	
2502. PREPAID EXPENSES AND OTHER ACCTS. REC.	640,186	531,260	108,926	
2503. RETROSPECTIVE PREMIUM ADJUSTMENTS	123,632	117,567	6,065	260
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,421,698	648,827	772,871	260

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	3,143,500		3,143,500	3,175,500
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	147,224		147,224	147,527
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	850,766		850,766	1,474,227
9. General expenses due or accrued	5,689,960		5,689,960	5,024,608
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	986,688		986,688	1,842,079
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ (0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	1,589,611		1,589,611	1,485,124
23. Aggregate write-ins for other liabilities (including \$ 0 current)	326,656		326,656	368,159
24. Total liabilities (Lines 1 to 23)	12,734,405		12,734,405	13,517,224
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	19,015,018	13,010,668
31. Unassigned funds (surplus)	X X X	X X X	55,559,696	47,113,632
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	74,574,714	60,124,300
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	87,309,119	73,641,524

DETAILS OF WRITE-IN LINES				
2301. ADVANCE DEPOSITS	326,656		326,656	368,159
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	326,656		326,656	368,159
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	19,015,018	13,010,668
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	19,015,018	13,010,668

NONE

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	3,295,578	3,380,106
2. Net premium income (including \$ 0 non-health premium income)	X X X	94,167,773	94,466,523
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	8,721,146	8,928,584
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	102,888,919	103,395,107
Hospital and Medical:			
9. Hospital/medical benefits			
10. Other professional services		80,558,601	82,148,777
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)		80,558,601	82,148,777
Less:			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		80,558,601	82,148,777
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 754,868 cost containment expenses		6,796,276	6,729,737
21. General administrative expenses		10,684,085	11,424,115
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)		98,038,962	100,302,629
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	4,849,957	3,092,478
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,381,547	1,345,333
26. Net realized capital gains (losses) less capital gains tax of \$ 0		377,602	135,202
27. Net investment gains (losses) (Lines 25 plus 26)		1,759,149	1,480,535
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		132,080	157,000
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	6,741,186	4,730,013
31. Federal and foreign income taxes incurred	X X X	32,688	16,740
32. Net income (loss) (Lines 30 minus 31)	X X X	6,708,498	4,713,273

DETAILS OF WRITE-IN LINES			
0601.		X X X	
0602.		X X X	
0603.	NONE	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.	NONE	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.	NONE		
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. GAIN ON PURCHASE ON RHODE ISLAND TAX CREDITS		132,080	157,000
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)		132,080	157,000

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	60,124,300	53,924,875
34. Net income or (loss) from Line 32	6,708,498	4,713,273
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	2,997,289	3,128,561
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	1,815,857	(2,267,052)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus	3,444,166	
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	(515,396)	624,643
48. Net change in capital and surplus (Lines 34 to 47)	14,450,414	6,199,425
49. Capital and surplus end of reporting year (Line 33 plus 48)	74,574,714	60,124,300

DETAILS OF WRITE-IN LINES		
4701. INCLUSION OF BAD DEBT RESERVE IN THE NON-ADMITTED ASSETS	(515,396)	624,643
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)	(515,396)	624,643

CASH FLOW

	1	2
Cash from Operations	Current Year	Prior Year
1. Premiums collected net of reinsurance	103,187,546	102,257,680
2. Net investment income	1,828,594	1,654,815
3. Miscellaneous income	132,080	
4. Total (Lines 1 through 3)	105,148,220	103,912,495
5. Benefit and loss related payments	80,590,601	83,140,277
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	16,710,825	17,532,337
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	32,688	16,740
10. Total (Lines 5 through 9)	97,334,114	100,689,354
11. Net cash from operations (Line 4 minus Line 10)	7,814,106	3,223,141
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	11,693,929	11,694,759
12.2 Stocks	2,216,403	557,356
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)	13,910,332	12,252,115
13. Cost of investments acquired (long-term only):		
13.1 Bonds	6,382,578	12,287,389
13.2 Stocks	4,710,505	640,729
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)	11,093,083	12,928,118
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)	2,817,249	(676,003)
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)	3,214,845	(669,711)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	3,214,845	(669,711)
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)	13,846,200	1,877,427
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	6,596,787	4,719,360
19.2 End of year (Line 18 plus Line 19.1)	20,442,987	6,596,787

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

20.0001		
20.0002		
20.0003		

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 – PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				
2. Medicare Supplement				
3. Dental only	94,167,773			94,167,773
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)	94,167,773			94,167,773
10. Life				
11. Property/casualty				
12. Totals (Lines 9 to 11)	94,167,773			94,167,773

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	80,590,601			80,590,601						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	80,590,601			80,590,601						
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	3,143,500			3,143,500						
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	3,143,500			3,143,500						
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	3,175,500			3,175,500						
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	3,175,500			3,175,500						
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	80,558,601			80,558,601						
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	80,558,601			80,558,601						
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	587,860			587,860						
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	587,860			587,860						
2. Incurred but Unreported:										
2.1 Direct	2,555,640			2,555,640						
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	2,555,640			2,555,640						
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	3,143,500			3,143,500						
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	3,143,500			3,143,500						

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B – ANALYSIS OF CLAIMS UNPAID – PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only	3,059,933	77,530,668	7,701	3,135,799	3,067,634	3,175,500
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)	3,059,933	77,530,668	7,701	3,135,799	3,067,634	3,175,500
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	3,059,933	77,530,668	7,701	3,135,799	3,067,634	3,175,500

(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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

12.HM

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	4,181	15	1		
2. 2008	87,700	4,938	7	(4)	
3. 2009	X X X	85,913	3,956	11	
4. 2010	X X X	X X X	82,037	3,409	(2)
5. 2011	X X X	X X X	X X X	79,724	3,062
6. 2012	X X X	X X X	X X X	X X X	77,531

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	4,211	115	1		
2. 2008	92,864	4,951	7	(4)	
3. 2009	X X X	91,083	3,964	11	
4. 2010	X X X	X X X	86,196	3,426	(2)
5. 2011	X X X	X X X	X X X	82,873	3,070
6. 2012	X X X	X X X	X X X	X X X	80,667

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. 2008	109,584	92,641			92,641	84.539			92,641	84.539
2. 2009	108,940	89,880			89,880	82.504			89,880	82.504
3. 2010	105,247	85,444			85,444	81.184			85,444	81.184
4. 2011	103,552	82,786	148	0.179	82,934	80.089	8		82,942	80.097
5. 2012	102,889	77,531			77,531	75.354	3,136	147	80,814	78.545

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C – DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
 (000 Omitted)
Fed Emp Health Benefits Plan

Section A – Paid Health Claims

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX	NONE			
4. 2010	XXX		XXX		
5. 2011	XXX		XXX	XXX	
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX	NONE			
4. 2010	XXX		XXX		
5. 2011	XXX		XXX	XXX	
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior					
2. 2008					
3. 2009	XXX				
4. 2010	XXX	XXX			
5. 2011	XXX	XXX	XXX		
6. 2012	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. 2008										
2. 2009										
3. 2010										
4. 2011										
5. 2012										

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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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	4,181	15	1		
2. 2008	87,700	4,938	7	(4)	
3. 2009	X X X	85,913	3,956	11	
4. 2010	X X X	X X X	82,037	3,409	(2)
5. 2011	X X X	X X X	X X X	79,724	3,062
6. 2012	X X X	X X X	X X X	X X X	77,531

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 2008	2 2009	3 2010	4 2011	5 2012
1. Prior	4,211	115	1		
2. 2008	92,864	4,951	7	(4)	
3. 2009	X X X	91,083	3,964	11	
4. 2010	X X X	X X X	86,196	3,426	(2)
5. 2011	X X X	X X X	X X X	82,873	3,070
6. 2012	X X X	X X X	X X X	X X X	80,667

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. 2008	109,584	92,641			92,641	84.539			92,641	84.539
2. 2009	108,940	89,880			89,880	82.504			89,880	82.504
3. 2010	105,247	85,444			85,444	81.184			85,444	81.184
4. 2011	103,552	82,786	148	0.179	82,934	80.089	8		82,942	80.097
5. 2012	102,889	77,531			77,531	75.354	3,136	147	80,814	78.545

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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)		471,145	458,551		929,696
2. Salaries, wages and other benefits	858,092	4,349,126	4,899,576		10,106,794
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			1,997,570		1,997,570
4. Legal fees and expenses			205,294		205,294
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services	188,523	1,369,153	331,957		1,889,633
7. Traveling expenses	1,213	6,683	103,025		110,921
8. Marketing and advertising			490,246		490,246
9. Postage, express and telephone	2,119	590,859	31,152		624,130
10. Printing and office supplies			229,203		229,203
11. Occupancy, depreciation and amortization			1,354,865		1,354,865
12. Equipment		872,628			872,628
13. Cost or depreciation of EDP equipment and software					
14. Outsourced services including EDP, claims, and other services		404,593	75,772		480,365
15. Boards, bureaus and association fees		13,149	573,917		587,066
16. Insurance, except on real estate			114,997		114,997
17. Collection and bank service charges			(481,742)		(481,742)
18. Group service and administration fees					
19. Reimbursements by uninsured plans	(305,152)	(2,376,981)	(2,610,443)		(5,292,576)
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			1,882,573		1,882,573
23.3 Regulatory authority licenses and fees	654		22,331		22,985
23.4 Payroll taxes	8,696	335,202	323,685		667,583
23.5 Other (excluding federal income and real estate taxes)					
24. Investment expenses not included elsewhere				193,655	193,655
25. Aggregate write-ins for expenses	723	5,853	681,556		688,132
26. Total expenses incurred (Lines 1 to 25)	754,868	6,041,410	10,684,085	193,655	(a) 17,674,018
27. Less expenses unpaid December 31, current year		147,224	5,689,960		5,837,184
28. Add expenses unpaid December 31, prior year		147,527	5,024,608		5,172,135
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)	754,868	6,041,713	10,018,733	193,655	17,008,969

DETAILS OF WRITE-IN LINES					
2501. NET OTHER EXPENSES	723	5,853	585,702		592,278
2502. FAS 106 EXPENSES			95,854		95,854
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page					
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	723	5,853	681,556		688,132

(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) 2,635	2,635
1.1 Bonds exempt from U.S. tax	(a) 78,492	74,569
1.2 Other bonds (unaffiliated)	(a) 1,447,488	1,388,346
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b)	
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)	143,958	143,958
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) 27,362	20,974
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income	112,543	112,543
10. Total gross investment income	1,812,478	1,743,025
11. Investment expenses		(g) 193,655
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		167,823
16. Total deductions (Lines 11 through 15)		361,478
17. Net investment income (Line 10 minus Line 16)		1,381,547

DETAILS OF WRITE-IN LINES		
0901. NET INVESTMENT INCOME FROM SUBSIDIARIES	81,458	81,458
0902. OTHER INCOME	31,085	31,085
0903.		
0998. Summary of remaining write-ins for Line 09 from overflow page		
0999. Totals (Lines 0901 through 0903) plus 0998 (Line 09 above)	112,543	112,543
1501. BANK SERVICE FEES		155,416
1502. OTTI ADJUSTMENTS		12,407
1503.		
1598. Summary of remaining write-ins for Line 15 from overflow page		
1599. Totals (Lines 1501 through 1503) plus 1598 (Line 15 above)		167,823

- (a) Includes \$ 30,988 accrual of discount less \$ 530,400 amortization of premium and less \$ 86,338 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)	21,357		21,357		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	356,245		356,245	2,997,289	
2.21 Common stocks of affiliates					
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets					
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	377,602		377,602	2,997,289	

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

EXHIBIT OF NONADMITTED ASSETS

	1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D)			
2. Stocks (Schedule D):			
2.1 Preferred stocks			
2.2 Common stocks			
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 (Schedule DB)			
8. Other invested assets (Schedule BA)			
9. Receivables for securities			
10. Securities lending reinvested collateral assets (Schedule DL)			
11. Aggregate write-ins for invested assets			
12. Subtotals, cash and invested assets (Lines 1 to 11)			
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	208,941	716,385	507,444
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	58,048	65,999	7,951
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	624,914	564,442	(60,472)
21. Furniture and equipment, including health care delivery assets	2,067,537	2,158,226	90,689
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates	9,921,132	9,939,207	18,075
24. Health care and other amounts receivable			
25. Aggregate write-ins for other than invested assets	648,827	1,900,996	1,252,169
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	13,529,399	15,345,255	1,815,856
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	13,529,399	15,345,255	1,815,856

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 AND OTHER ACCTS REC.	531,260	1,768,477	1,237,217
2502. RETROSPECTIVE PREMIUM ADJUSTMENTS	117,567	132,519	14,952
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page			
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	648,827	1,900,996	1,252,169

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	280,852	277,993	273,276	273,021	274,262	3,295,578
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business						
7. Total	280,852	277,993	273,276	273,021	274,262	3,295,578

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, 2012 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 2012 and 2011 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: Altus Realty Company and The Altus Group, Inc. See Footnote # 4 regarding the Parent's other former wholly owned subsidiary Park Row Associates, which was liquidated in December 2012. The values of these investments are reported using the equity method.

The income and expenses of 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.

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 2012 and 2011 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 2012 the Company had no business combinations, direct purchases or mergers with other companies.

NOTE 4 - - DISCONTINUED OPERATIONS

During 2012 the Company's financial results (Delta Dental of Rhode Island's insurance operations) includes no gains or losses from discontinued operations. However, one of the Parent's wholly-owned subsidiaries was sold, and the net proceeds from liquidating this subsidiary were added to the surplus of the Company which results in \$3,444,000 of additional capital being reported in the net change in capital and surplus section of the Statement of Revenues and Expenses (Continued).

Effective October 1, 2012, the Company's wholly owned subsidiary, Park Row Associates, which functioned as an employee benefits consulting firm since its inception in 1992, was sold to Arthur J. Gallagher & Co., one of the world's largest insurance brokerage and risk management services firms for a gross sales price of \$4,000,000. Net proceeds before taxes totaled approximately \$3,800,000 after deducting expenses including broker commissions, errors & omission "tail" insurance coverage and legal fees. Net proceeds after taxes totaled approximately \$2,300,000. In December 2012, upon the final liquidation of Park Row Associates, these net sale proceeds, as well as the current year's income from operations and accumulated reserves resulted in the \$3,444,000 of additional capital discussed above being transferred to the Parent's Strategic Investment Fund reserves.

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, 2012 and 2011. Accordingly, the Company maintains no investments in the following categories:

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

NOTES TO FINANCIAL STATEMENTS

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

During 2012 and 2011 the Company participated in a joint venture with other Delta Dental Companies. The joint venture is currently involved in a small federal marketing group pilot program in which the Company has taken a 2% risk share, which over the term of the pilot program the average annual underwriting gain is projected to be approximately \$18,000.

NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At December 31, 2012 and 2011, 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 years ended December 31, 2012 and 2011 the Company performed analyses to determine whether declines in fair value below amortized cost were other than temporary impairment ("OTTI") for both its bond and stock portfolio. These analyses resulted in the conclusion that there were declines in fair values that were other than temporary for certain investments totaling \$12,000 for the year ended December 31, 2012. Additionally, an OTTI write-down of \$178,000 had been recorded in 2011.

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 two investments in wholly owned subsidiaries at December 31, 2012 and three investments in wholly owned subsidiaries at December 31, 2011.

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 \$486,774 and \$533,543 as of December 31, 2012 and 2011.

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.

The Company's other wholly owned subsidiary, The Altus Group, Inc., and its subsidiaries are for profit corporations. The Altus Group, Inc., including its subsidiaries Altus Dental, Altus Systems and Altus Dental Insurance Company file consolidated federal and state tax returns. These filings have historically resulted in minimal taxes due resulting from utilizing net operating loss carry forwards from accumulated consolidated losses. Accordingly, for 2011 the tax provision of the Altus Group was \$27,000. For 2012 the tax provision of the Altus Group is \$701,000 which reflects utilizing the final \$1,300,000 of remaining tax net operating loss carry forwards.

NOTES TO FINANCIAL STATEMENTS

As reported in Note 4 above, Park Row Associates was sold and liquidated in late 2012. Park Row will file final federal and state tax returns individually, and in 2012 has both reportable taxable income as well as gains from the net proceeds from its sale and liquidation. Accordingly, current provisions for federal and state taxes of \$1,776,000 and \$209,000 have been recorded for the years ended December 31, 2012 and 2011.

NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Park Row Associates, which was sold effective October 1, 2012, was a wholly owned subsidiary of the Company and provided brokerage and consulting services to employers for health insurance products. For the year ended December 31, 2012 and the year ended December 31, 2011, respectively, this subsidiary generated approximately \$1,455,000 and \$1,740,000 of fees and commissions, and net income, including sale proceeds in 2012, of \$2,730,000 and \$309,000 during the same two year periods.

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, 2012 and 2011, respectively, this entity reported total revenues of \$1,708,000 and \$1,880,000 and net income of \$4,000 and \$222,000 during the same two year periods.

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. For the years ended December 31, 2012 and 2011, after elimination of intercompany transactions, The Altus Group, Inc., generated gains of \$2,726,000 and \$2,159,000.

At December 31, 2012 and 2011 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 portions of 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 going forward and therefore the intercompany advances should be reduced through the Group's continued profitability.

NOTE 11 - - DEBT

During the years ended December 31, 2012 and 2011 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.

NOTES TO FINANCIAL STATEMENTS

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% annually until full vesting occurs after six years of service. The Company's contributions to this plan, representing its full funding requirements were \$858,000 and \$689,000 for the years ended 2012 and 2011.

B. Deferred Compensation Plans

Effective January 1, 1997, the Company established a 401(K) plan. Plan entry of employer contributions are the same as the defined contribution retirement plan described above. The Company's contribution to the plan is matching the first 1% of base compensation and 50% of additional contributions up to 6% of the base compensation that is contributed by each employee. Employer contributions vest 100% after two years of service. The Company's contributions to this plan were \$230,000 and \$112,000 for the years ended 2012 and 2011.

In 2004, the Company established 457(b) Plan for providing deferred compensation for a select group of management. The Company's accrued contributions to this plan were \$17,000 and \$16,500 for the years ended 2012 and 2011.

In 2009, the Company established 457(F) Plan for providing deferred compensation for a select group of management. The Company's accrued contributions to this plan were \$67,000 and \$61,000 for the years ended 2012 and 2011.

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 postretirement 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, 2012 and 2011.

	2012	2011
Accumulated post-retirement benefit obligation	\$ 1,179,000	1,083,000
Fair value of plan assets	—	—
Funded status	\$ 1,179,000	1,083,000
Accrued post-retirement benefit cost recognized in accounts		
payable and accrued expenses	\$ 1,179,000	1,083,000
Net periodic (benefit) cost	191,000	(42,000)
Net benefits paid	95,000	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, 2012 by

NOTES TO FINANCIAL STATEMENTS

\$106,000 and the service and interest cost components of net periodic postretirement benefit cost for the year then ended by \$8,500.

The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 3.09% and 4.75% in 2012 and 2011, respectively. The expected benefits to be paid are approximately \$70,345, \$70,836, \$70,518 and \$70,149, during 2013, 2014, 2015 and 2016, respectively.

No amounts are recognized in reserves which have not yet been recognized as components of net periodic benefit cost as of December 31, 2012 and 2011, respectively. Net periodic benefit cost includes the transitional liability and net actuarial loss.

NOTE 13 - - CAPITAL AND SURPLUS

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, 2012, the Company's total commitment under these employment contracts approximated \$2,886,000.

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.

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 will be renewed at market rates. The lease obligation resulted in rent expense for the year ended December 31, 2012 of \$928,000. For the year ended 2013 rent expense is projected at \$930,000 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

NOTES TO FINANCIAL STATEMENTS

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.

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 year ended 2012 and 2011 financial operations exclude approximately \$94,000,000 and \$95,000,000 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 \$1,998,000 and \$2,082,000 for the years ended December 31, 2012 and 2011.

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:

NOTES TO FINANCIAL STATEMENTS

	Level 1	Level 2	Level 3	Total
December 31, 2012:				
Assets at fair value:				
Common stock	\$ 9,419,071			9,419,071
December 31, 2011:				
Assets at fair value:				
Common stock	\$ 5,998,408			5,998,408

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, 2012 and 2011.

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

	December 31, 2012		December 31, 2011	
	Book value	Estimated fair value	Book value	Estimated fair value
Assets:				
Cash and cash equivalents	\$ (1,703,210)	(1,703,210)	(2,101,967)	(2,101,967)
Short-term investments	22,146,197	22,146,197	8,698,754	8,698,754
Common stock	9,419,071	9,419,071	5,998,408	5,998,408
Investments in affiliates	10,476,144	10,476,144	8,063,959	8,063,959
Investments in debt securities	39,937,591	41,420,917	45,726,999	46,962,482

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.

The Company has purchased approximately \$2,873,000 of state tax credits that will be utilized in 2012 and 2013; hence the Company maintains tax credits as assets at December 31, 2012. The Company estimates the utilization of 2012 and 2013 tax credits by projecting future premium levels taking into account policy growth and applicable rate changes. Gains have been recognized in 2012 for the tax credits to be utilized for the 2012 premium taxes due. Remaining tax credits carried forward of approximately \$658,000 are recorded at cost and the future gains, tax credit value less purchased cost, will be recognized in the year of the utilization of the credits.

NOTE 22 - - EVENTS SUBSEQUENT

NOTES TO FINANCIAL STATEMENTS

The Company has no material events subsequent to December 31, 2012 that would warrant disclosure in these statutory 2012 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 annual premiums written by the Company that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) approximates \$19,288,000 and \$21,958,000 for the years ended December 31, 2012 and 2011.

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

As reported in the Underwriting and Investment Exhibit Part 2b - "Analysis of claims unpaid - prior year" reserves for incurred claims attributable to insured events of prior years has decreased by \$108,000 from \$3,176,000 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 2012, 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.

NOTES TO FINANCIAL STATEMENTS

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 Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

.....

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

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
 KPMG, PROVIDENCE, RI

.....

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

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

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

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

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

- a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- c. Compliance with applicable governmental laws, rules, and regulations;
- d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- e. Accountability for adherence to the code.

Yes No

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

.....

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

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

.....

GENERAL INTERROGATORIES

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

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

.....

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

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

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

BOARD OF DIRECTORS

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

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

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

FINANCIAL

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

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

20.11 To directors or other officers	\$ _____
20.12 To stockholders not officers	\$ _____
20.13 Trustees, supreme or grand (Fraternal only)	\$ _____

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

20.21 To directors or other officers	\$ _____
20.22 To stockholders not officers	\$ _____
20.23 Trustees, supreme or grand (Fraternal only)	\$ _____

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

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

21.21 Rented from others	\$ _____
21.22 Borrowed from others	\$ _____
21.23 Leased from others	\$ _____
21.24 Other	\$ _____

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

22.2 If answer is yes:

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

GENERAL INTERROGATORIES

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

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

INVESTMENT

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

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

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

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

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

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

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

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

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

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

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

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

24.103 Total payable for securities lending reported on the liability page \$ _____

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

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

- 25.21 Subject to repurchase agreements \$ _____
- 25.22 Subject to reverse repurchase agreements \$ _____
- 25.23 Subject to dollar repurchase agreements \$ _____
- 25.24 Subject to reverse dollar repurchase agreements \$ _____
- 25.25 Pledged as collateral \$ _____
- 25.26 Placed under option agreements \$ _____
- 25.27 Letter stock or securities restricted as to sale \$ _____
- 25.28 On deposit with state or other regulatory body \$ _____
- 25.29 Other \$ _____

25.3 For category (25.27) provide the following:

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

GENERAL INTERROGATORIES

- 26.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]
- 26.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement. Yes [] No [] N/A [X]
- 27.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]
- 27.2 If yes, state the amount thereof at December 31 of the current year. \$ _____

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

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

1 Name of Custodian(s)	2 Custodian's Address
CITIZENS BANK	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903

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

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

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

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

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

28.05 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	3 Address
101400	CITIZENS BANK	ONE CITIZENS PLAZA, PROVIDENCE, RI 02903
107662	PMG ADVISORS	1004 FALLS SOR STR, W CONSHOHOCKEN, PA
112559	BNY MELLON	ONE FINANCIAL PLAZA, PROVIDENCE, RI 02903
140781	WHALE ROCK POINT PARTNERS LLC	1 TURKS HEAD PLACE #1050, PROVIDENCE, RI

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

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
29.2999 TOTAL		

GENERAL INTERROGATORIES

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

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

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

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds	62,083,788	63,567,114	1,483,326
30.2 Preferred stocks			
30.3 Totals	62,083,788	63,567,114	1,483,326

30.4 Describe the sources or methods utilized in determining the fair values:

THE REPORTED DECEMBER 31, 2012 FAIR VALUES WERE OBTAINED FROM THE BANK STATEMENTS FROM THE COMPANY'S CUSTODIAN AND VERIFIED AS ESTABLISHED MARKET VALUES FOR ALL PUBLICLY TRADE SECURITIES

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

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

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

ALL FAIR VALUES USED ARE ESTABLISHED MARKET VALUES FOR THESE PUBLICLY TRADE SECURITIES

32.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes No

32.2 If no, list exceptions:

OTHER

33.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? \$ 278,671

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

1 Name	2 Amount Paid
DELTA DENTAL PLANS ASSOCIATION	\$ 185,770
DELTA USA	\$ 92,901
	\$

34.1 Amount of payments for legal expenses, if any? \$ 198,562

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 payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
BLISH & CAVANAGH	\$ 195,120
.....	\$
.....	\$

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

\$ 57,020

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

1 Name	2 Amount Paid
ADVOCACY SOLUTIONS	\$ 57,020
.....	\$
.....	\$

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	\$ 94,167,773		\$ 94,466,523
2.2 Premium Denominator	\$ 94,167,773		\$ 94,466,523
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 3,143,500		\$ 3,175,500
2.5 Reserve Denominator	\$ 3,143,500		\$ 3,175,500
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:
Not Applicable
.....
.....
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ _____
- 5.32 Medical Only \$ _____
- 5.33 Medicare Supplement \$ _____
- 5.34 Dental and vision \$ _____
- 5.35 Other Limited Benefit Plan \$ _____ 2,500
- 5.36 Other \$ _____

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
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 | 551 |
| 8.2 Number of providers at end of reporting year | 541 |
- 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 | 75,185,755 |
| 9.22 Business with rate guarantees over 36 months | |
- 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. \$ 4,476,445
- 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
	2012	2011	2010	2009	2008
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	87,309,119	73,641,524	66,928,253	63,334,616	58,456,616
2. Total liabilities (Page 3, Line 24)	12,734,405	13,517,224	13,003,375	14,279,229	12,944,941
3. Statutory surplus	4,476,445	4,070,955	4,471,062	4,667,069	5,115,410
4. Total capital and surplus (Page 3, Line 33)	74,574,714	60,124,300	53,924,875	49,055,387	45,511,675
Income Statement (Page 4)					
5. Total revenues (Line 8)	102,888,919	103,395,107	105,246,626	108,939,822	109,583,907
6. Total medical and hospital expenses (Line 18)	80,558,601	82,148,777	84,985,861	90,854,850	91,986,947
7. Claims adjustment expenses (Line 20)	6,796,276	6,729,737	5,823,653	5,576,891	6,299,122
8. Total administrative expenses (Line 21)	10,684,085	11,424,115	11,106,190	11,072,029	8,800,091
9. Net underwriting gain (loss) (Line 24)	4,849,957	3,092,478	3,330,922	1,436,052	2,497,747
10. Net investment gain (loss) (Line 27)	1,759,149	1,480,535	1,663,477	1,319,922	109,241
11. Total other income (Lines 28 plus 29)	132,080	157,000	171,380	260,000	
12. Net income or (loss) (Line 32)	6,708,498	4,713,273	5,168,003	2,909,675	2,578,773
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	7,814,106	3,223,141	4,689,117	4,549,058	3,649,652
Risk-Based Capital Analysis					
14. Total adjusted capital	74,574,714	60,124,300	53,924,875	49,055,387	45,511,675
15. Authorized control level risk-based capital	4,476,445	4,070,955	4,471,062	4,667,069	5,115,410
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	274,262	280,852	288,177	306,190	325,838
17. Total members months (Column 6, Line 7)	3,295,578	3,380,106	3,514,134	3,753,539	3,924,782
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)	78.3	79.5	80.7	83.4	83.9
20. Cost containment expenses	0.7	0.7	0.7		0.8
21. Other claims adjustment expenses	6.6	5.8	3.9		5.7
22. Total underwriting deductions (Line 23)	95.3	97.0	96.8	98.7	97.7
23. Total underwriting gain (loss) (Line 24)	4.7	3.0	3.1	1.3	2.3
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	3,067,634	3,432,562	3,974,000	5,020,478	4,209,434
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	3,175,500	4,167,000	5,182,500	5,193,508	5,087,456
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)	10,476,143	8,063,959	4,614,101	3,447,491	3,234,629
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	10,092,085	10,034,737	9,355,420	8,791,709	10,113,001
32. Total of above Lines 26 to 31	20,568,228	18,098,696	13,969,521	12,239,200	13,347,630
33. Total investment in parent included in Lines 26 to 31 above.					

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

Yes [] No [X]

If no, please explain:

.....

.....

.....

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

States, Etc.	1	Direct Business Only							
		2	3	4	5	6	7	8	9
	Active Status	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	94,167,773					94,167,773	
41. South Carolina	SC	N							
42. South Dakota	SD	N							
43. Tennessee	TN	N							
44. Texas	TX	N							
45. Utah	UT	N							
46. Vermont	VT	N							
47. Virginia	VA	N							
48. Washington	WA	N							
49. West Virginia	WV	N							
50. Wisconsin	WI	N							
51. Wyoming	WY	N							
52. American Samoa	AS	N							
53. Guam	GU	N							
54. Puerto Rico	PR	N							
55. U.S. Virgin Islands	VI	N							
56. Northern Mariana Islands	MP	N							
57. Canada	CAN	N							
58. Aggregate other alien	OT	X X X							
59. Subtotal		X X X	94,167,773					94,167,773	
60. Reporting entity contributions for Employee Benefit Plans		X X X							
61. Totals (Direct Business)	(a) 1		94,167,773					94,167,773	

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

NONE

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

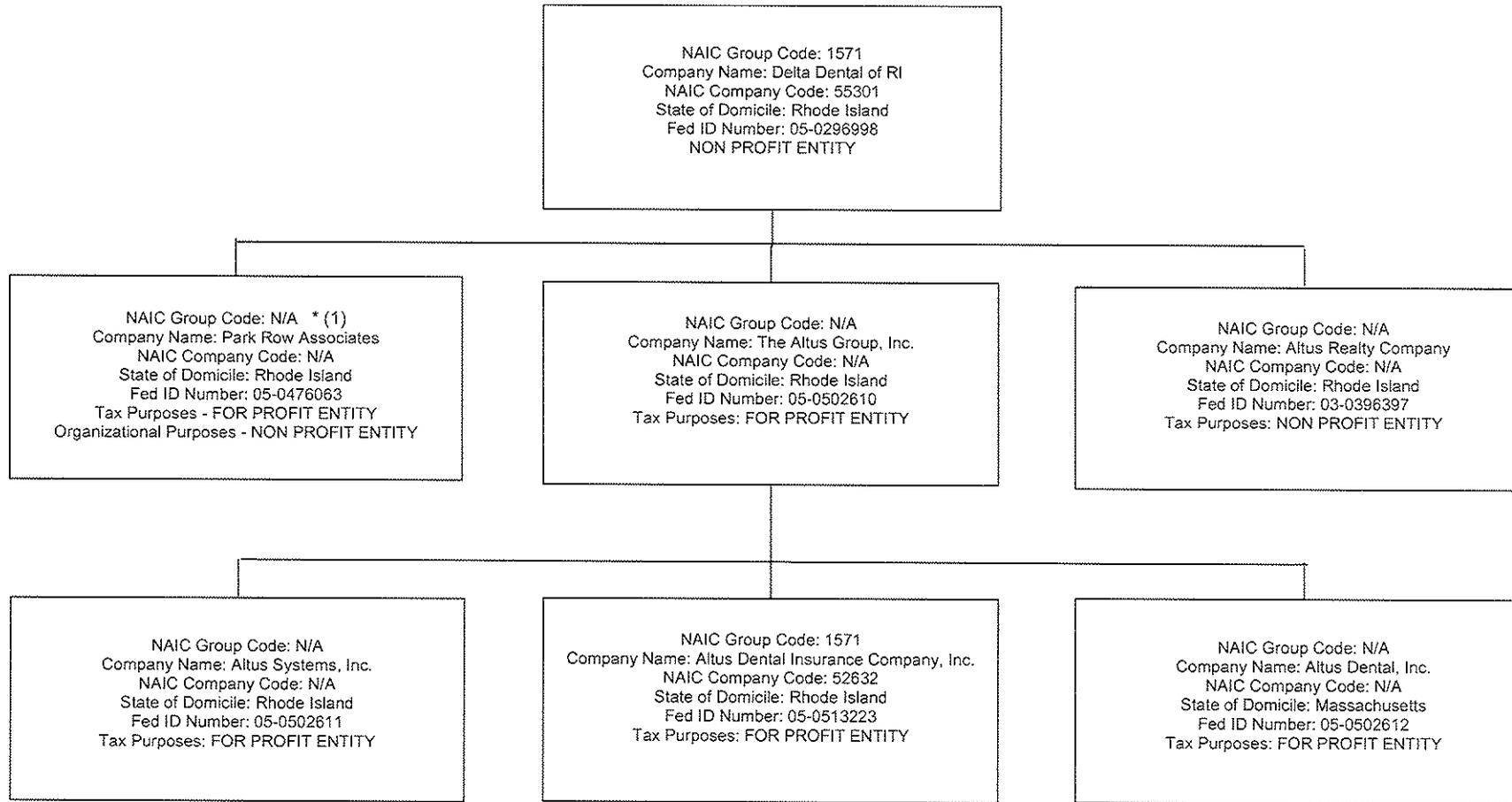
Explanation of basis of allocation by states, premiums by state, etc.

NA

(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



* (1) See footnote #4 where Park Row Associates was sold in the fourth quarter of 2012 and then liquidated for tax purposes in December 2012.

OVERFLOW PAGE FOR WRITE-INS

ALPHABETICAL INDEX TO HEALTH ANNUAL STATEMENT

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Cash Flow	6	Schedule D – Verification Between Years	SI03
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Exhibit 2 – Accident and Health Premiums Due and Unpaid	18	Schedule DA – Verification Between Years	SI10
Exhibit 3 – Health Care Receivables	19	Schedule DB – Part A – Section 1	E18
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20	Schedule DB – Part A – Section 2	E19
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21	Schedule DB – Part A – Verification Between Years	SI11
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22	Schedule DB – Part B – Section 1	E20
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23	Schedule DB – Part B – Section 2	E21
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23	Schedule DB – Part B – Verification Between Years	SI11
Exhibit 8 – Furniture, Equipment and Supplies Owned	24	Schedule DB – Part C – Section 1	SI12
Exhibit of Capital Gains (Losses)	15	Schedule DB – Part C – Section 2	SI13
Exhibit of Net Investment Income	15	Schedule DB - Part D	E22
Exhibit of Nonadmitted Assets	16	Schedule DB - Verification	SI14
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