

**ANNUAL STATEMENT**

**OF THE**

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**of** \_\_\_\_\_  
**STATE OF** \_\_\_\_\_

**TO THE**

**Insurance Department**

**OF THE**

**FOR THE YEAR ENDED**

**December 31, 2021**

**HEALTH**

**2021**



47155202120100100

# ANNUAL STATEMENT

For the Year Ended December 31, 2021  
OF THE CONDITION AND AFFAIRS OF THE

## Delta Dental Plan of Arkansas, Inc.

NAIC Group Code 0477 0477 NAIC Company Code 47155 Employer's ID Number 71-0561140  
(Current Period) (Prior Period)

Organized under the Laws of Arkansas, State of Domicile or Port of Entry AR

Country of Domicile US

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

Incorporated/Organized March 15, 1982 Commenced Business August 1, 1982

Statutory Home Office 1513 Country Club Road, Sherwood, AR, US 72120  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 1513 Country Club Road (Street and Number)  
Sherwood, AR, US 72120 (City or Town, State, Country and Zip Code)  
501-835-3400 (Area Code) (Telephone Number)

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

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

Internet Web Site Address deltadentalar.com

Statutory Statement Contact Deborah Ann Lowtharp 501-992-1634  
(Name) (Area Code) (Telephone Number) (Extension)  
dlowtharp@deltadentalar.com 501-992-1635  
(E-Mail Address) (Fax Number)

### OFFICERS

	Name	Title
1.	<u>Kristin Nielsen Merlo #</u>	<u>President and CEO</u>
2.	<u>Cindy Hovis Boyle</u>	<u>Secretary</u>
3.	<u>Arnoud Derk Krijt</u>	<u>Treasurer</u>

### VICE-PRESIDENTS

Name	Title	Name	Title
<u>James Winfeld-Scott Couch #</u>	<u>Senior VP, COO, CLO</u>	<u>Thomas Burton Redd</u>	<u>Vice President of Professional Relations</u>
<u>David Edward Hawsey</u>	<u>VP, Marketing</u>	<u>Jimmy Sam Anthony</u>	<u>VP, Operations</u>
<u>Deborah Ann Lowtharp</u>	<u>VP, Finance &amp; CFO</u>	<u>Jennifer Renee Morales</u>	<u>Director, Medicaid Operations</u>
<u>Kathleen Lestage Mehdizadegan #</u>	<u>VP, General Counsel</u>	<u>Eddie Allen Choate #</u>	<u>CEO</u>

### DIRECTORS OR TRUSTEES

<u>Mel Taylor Collazo</u>	<u>Phillip Wayne Cox</u>	<u>Robbins Mark Bailey</u>	<u>Troy John Dryden Bartels</u>
<u>Arnoud Derk Krijt</u>	<u>Cindy Hovis Boyle</u>	<u>Tamika Silverman Edwards</u>	<u>Joseph Wood Thompson</u>
<u>Sarah Jean Clark</u>	<u>Granville Wayne Callahan, Sr.</u>	<u>Nader Elias Alley #</u>	<u>Paul Eugene Beahm, Jr. #</u>
<u>Mark Alan Langston #</u>			

State of Arkansas

County of Pulaski ss

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

(Signature)  
Kristin Nielsen Merlo  
(Printed Name)  
1.  
President and CEO  
(Title)

(Signature)  
Arnoud Derk Krijt  
(Printed Name)  
2.  
(Title)

(Signature)  
Arnoud Derk Krijt  
(Printed Name)  
3.  
Treasurer  
(Title)

Subscribed and sworn to (or affirmed) before me this on this  
day of \_\_\_\_\_, 2022, by

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

## ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D)	35,756,257		35,756,257	32,431,347
2. Stocks (Schedule D):				
2.1 Preferred stocks	78,860		78,860	
2.2 Common stocks	61,950,759	11,182,968	50,767,791	40,305,860
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)	21,116,470		21,116,470	20,871,751
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)	2,766,188		2,766,188	2,881,605
5. Cash (\$ 37,177,765, Schedule E - Part 1), cash equivalents (\$ 0, Schedule E - Part 2), and short-term investments (\$ 0, Schedule DA)	37,177,765		37,177,765	30,894,024
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives (Schedule DB)				
8. Other invested assets (Schedule BA)	2,227,188		2,227,188	2,419,758
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)	161,073,487	11,182,968	149,890,519	129,804,345
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	198,310		198,310	212,114
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,243,447		1,243,447	2,175,341
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums (\$ 0) and contracts subject to redetermination (\$ 0)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers				
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts				
17. Amounts receivable relating to uninsured plans	5,783,833		5,783,833	7,297,689
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	2,256,442	756,304	1,500,138	1,628,154
21. Furniture and equipment, including health care delivery assets (\$ 0)	2,163,030	2,163,030		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	8,834		8,834	6,006
24. Health care (\$ 0) and other amounts receivable				
25. Aggregate write-ins for other-than-invested assets	4,227,433	1,839,555	2,387,878	2,649,264
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	176,954,816	15,941,857	161,012,959	143,772,913
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	176,954,816	15,941,857	161,012,959	143,772,913

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Deferred Compensation - 457	2,387,878		2,387,878	2,649,264
2502. Prepaid Expenses & Deposits	1,647,792	1,647,792		
2503. Miscellaneous Receivable	107,015	107,015		
2598. Summary of remaining write-ins for Line 25 from overflow page	84,748	84,748		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	4,227,433	1,839,555	2,387,878	2,649,264

NONE

## LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	6,536,448		6,536,448	6,845,970
2. Accrued medical incentive pool and bonus amounts				(257,066)
3. Unpaid claims adjustment expenses	274,354		274,354	269,691
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Services Act	2,243,692		2,243,692	6,034,937
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserves				
7. Aggregate health claim reserves				
8. Premiums received in advance	2,599,024		2,599,024	3,182,158
9. General expenses due or accrued	12,643,413		12,643,413	11,597,388
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	3,523,744		3,523,744	2,869,389
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified \$ ( 0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans	2,595,422		2,595,422	2,419,583
23. Aggregate write-ins for other liabilities (including \$ 0 current)	1,823,963		1,823,963	1,619,535
24. Total liabilities (Lines 1 to 23)	32,240,060		32,240,060	34,581,585
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	50,000	50,000
31. Unassigned funds (surplus)	X X X	X X X	128,722,899	109,141,329
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	128,772,899	109,191,329
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	161,012,959	143,772,914

DETAILS OF WRITE-IN LINES				
2301. Escheat	1,823,963		1,823,963	1,619,535
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,823,963		1,823,963	1,619,535
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. Surplus required by the Arkansas Insurance Department	X X X	X X X	50,000	50,000
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X	50,000	50,000

NONE

## STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	X X X	10,728,352	8,943,453
2. Net premium income (including \$ 0 non-health premium income)	X X X	214,046,748	191,038,184
3. Change in unearned premium reserves and reserve for rate credits	X X X	29,437	16,377
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X	5,305,010	4,956,883
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	4,000	
8. Total revenues (Lines 2 to 7)	X X X	219,385,195	196,011,444
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		165,311,426	143,889,560
10. Other professional services			
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs			
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			(257,066)
16. Subtotal (Lines 9 to 15)		165,311,426	143,632,494
<b>Less:</b>			
17. Net reinsurance recoveries			
18. Total hospital and medical (Lines 16 minus 17)		165,311,426	143,632,494
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 1,397,890 cost containment expenses		20,456,873	18,944,845
21. General administrative expenses		25,725,876	26,226,734
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)		211,494,175	188,804,073
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	7,891,020	7,207,371
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,046,955	765,776
26. Net realized capital gains (losses) less capital gains tax of \$ 0		6,282,049	(191,248)
27. Net investment gains (losses) (Lines 25 plus 26)		7,329,004	574,528
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		649,084	630,983
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	15,869,108	8,412,882
31. Federal and foreign income taxes incurred	X X X	459,252	
32. Net income (loss) (Lines 30 minus 31)	X X X	15,409,856	8,412,882

DETAILS OF WRITE-IN LINES			
0601. ....	X X X		
0602. ....	X X X		
0603. ....	X X X		
0698. Summary of remaining write-ins for Line 06 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	X X X		
0701. Net Gain Loss from Fixed Assets	X X X	4,000	
0702. ....	X X X		
0703. ....	X X X		
0798. Summary of remaining write-ins for Line 07 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above)	X X X	4,000	
1401. ....			
1402. ....			
1403. ....			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901. Miscellaneous Income		649,084	630,983
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)		649,084	630,983

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2
	Current Year	Prior Year
<b>CAPITAL &amp; SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year	109,191,329	99,335,377
34. Net income or (loss) from Line 32	15,409,856	8,412,882
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	1,740,852	9,865,650
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	2,430,862	(8,422,580)
40. Change in unauthorized and certified reinsurance		
41. Change in treasury stock		
42. Change in surplus notes		
43. Cumulative effect of changes in accounting principles		
44. Capital Changes:		
44.1 Paid in		
44.2 Transferred from surplus (Stock Dividend)		
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in		
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus		
48. Net change in capital and surplus (Lines 34 to 47)	19,581,570	9,855,952
49. Capital and surplus end of reporting year (Line 33 plus 48)	128,772,899	109,191,329

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

NONE

**CASH FLOW**

	1	2
<b>Cash from Operations</b>	Current Year	Prior Year
1. Premiums collected net of reinsurance	219,759,392	195,769,119
2. Net investment income	1,168,751	1,401,648
3. Miscellaneous income		
4. Total (Lines 1 through 3)	220,928,143	197,170,767
5. Benefit and loss related payments	165,363,882	145,355,598
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	46,011,700	41,959,857
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		
10. Total (Lines 5 through 9)	211,375,582	187,315,455
11. Net cash from operations (Line 4 minus Line 10)	9,552,561	9,855,312
<b>Cash from Investments</b>		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	8,353,105	8,894,044
12.2 Stocks	16,655,350	10,676,099
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	440,855	863,316
12.8 Total investment proceeds (Lines 12.1 to 12.7)	25,449,310	20,433,459
13. Cost of investments acquired (long-term only):		
13.1 Bonds	11,646,229	7,289,458
13.2 Stocks	19,124,892	8,996,544
13.3 Mortgage loans		
13.4 Real estate	808,457	5,832,646
13.5 Other invested assets	160,000	
13.6 Miscellaneous applications		
13.7 Total investments acquired (Lines 13.1 to 13.6)	31,739,578	22,118,648
14. Net increase (decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(6,290,268)	(1,685,189)
<b>Cash from Financing and Miscellaneous Sources</b>		
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)	3,021,659	302,879
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	3,021,659	302,879
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	6,283,952	8,473,002
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	30,894,023	22,421,021
19.2 End of year (Line 18 plus Line 19.1)	37,177,975	30,894,023

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

20.0001		
20.0002		
20.0003		

### ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	214,046,748			122,127,851	12,888,996			79,029,901		
2. Change in unearned premium reserves and reserve for rate credit	29,437			29,437						
3. Fee-for-service (net of \$ 0 medical expenses)										X X X
4. Risk revenue	5,305,010			5,305,010						X X X
5. Aggregate write-ins for other health care related revenues										X X X
6. Aggregate write-ins for other non-health care related revenues	4,000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,000
7. Total revenues (Lines 1 to 6)	219,385,195			127,462,298	12,888,996			79,029,901		4,000
8. Hospital/medical benefits	165,311,426			94,872,442	6,678,615			63,760,369		X X X
9. Other professional services										X X X
10. Outside referrals										X X X
11. Emergency room and out-of-area										X X X
12. Prescription drugs										X X X
13. Aggregate write-ins for other hospital and medical										X X X
14. Incentive pool, withhold adjustments and bonus amounts										X X X
15. Subtotal (Lines 8 to 14)	165,311,426			94,872,442	6,678,615			63,760,369		X X X
16. Net reinsurance recoveries										X X X
17. Total hospital and medical (Lines 15 minus 16)	165,311,426			94,872,442	6,678,615			63,760,369		X X X
18. Non-health claims (net)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
19. Claims adjustment expenses including \$ 1,397,890 cost containment expenses	20,456,873			15,520,840	647,685			4,288,348		
20. General administrative expenses	25,725,877			18,296,536	2,600,208			4,829,133		
21. Increase in reserves for accident and health contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
22. Increase in reserves for life contracts		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
23. Total underwriting deductions (Lines 17 to 22)	211,494,176			128,689,818	9,926,508			72,877,850		
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	7,891,019			(1,227,520)	2,962,488			6,152,051		4,000

DETAILS OF WRITE-IN LINES										
0501. ....										X X X
0502. ....										X X X
0503. ....										X X X
0598. Summary of remaining write-ins for Line 05 from overflow page										X X X
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 05 above)										X X X
0601. Gain Loss on Fixed Assets	4,000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,000
0602. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0603. ....		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0698. Summary of remaining write-ins for Line 06 from overflow page		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	4,000	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	4,000
1301. ....										X X X
1302. ....										X X X
1303. ....										X X X
1398. Summary of remaining write-ins for Line 13 from overflow page										X X X
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)										X X X

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 1 – PREMIUMS

Line of Business	1  Direct Business	2  Reinsurance Assumed	3  Reinsurance Ceded	4  Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical) .....				
2. Medicare Supplement .....				
3. Dental only .....	127,462,298			127,462,298
4. Vision only .....	12,888,996			12,888,996
5. Federal Employees Health Benefits Plan .....				
6. Title XVIII – Medicare .....				
7. Title XIX – Medicaid .....	79,029,901			79,029,901
8. Other health .....				
9. Health subtotal (Lines 1 through 8) .....	219,381,195			219,381,195
10. Life .....				
11. Property/casualty .....				
12. Totals (Lines 9 to 11) .....	219,381,195			219,381,195

## 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	165,620,948			95,039,819	6,661,316			63,919,813		
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	165,620,948			95,039,819	6,661,316			63,919,813		
2. Paid medical incentive pools and bonuses										
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	6,536,448			4,292,399	171,177			2,072,872		
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net	6,536,448			4,292,399	171,177			2,072,872		
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	6,845,971			4,459,776	153,879			2,232,316		
8.2 Reinsurance assumed										
8.3 Reinsurance ceded										
8.4 Net	6,845,971			4,459,776	153,879			2,232,316		
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	(257,066)			(105,397)				(151,669)		
11. Amounts recoverable from reinsurers December 31, prior year										
12. Incurred benefits:										
12.1 Direct	165,311,425			94,872,442	6,678,614			63,760,369		
12.2 Reinsurance assumed										
12.3 Reinsurance ceded										
12.4 Net	165,311,425			94,872,442	6,678,614			63,760,369		
13. Incurred medical incentive pools and bonuses	257,066			105,397				151,669		

(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	340,836			317,644	23,192					
1.2 Reinsurance assumed										
1.3 Reinsurance ceded										
1.4 Net	340,836			317,644	23,192					
2. Incurred but Unreported:										
2.1 Direct	6,195,612			3,974,755	147,985			2,072,872		
2.2 Reinsurance assumed										
2.3 Reinsurance ceded										
2.4 Net	6,195,612			3,974,755	147,985			2,072,872		
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct										
3.2 Reinsurance assumed										
3.3 Reinsurance ceded										
3.4 Net										
4. TOTALS:										
4.1 Direct	6,536,448			4,292,399	171,177			2,072,872		
4.2 Reinsurance assumed										
4.3 Reinsurance ceded										
4.4 Net	6,536,448			4,292,399	171,177			2,072,872		

**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	4,039,716	91,000,103		4,292,399	4,039,716	4,459,776
4. Vision only	183,748	6,477,569		171,177	183,748	153,879
5. Federal Employees Health Benefits Plan						
6. Title XVIII – Medicare						
7. Title XIX – Medicaid	2,175,256	61,744,557		2,072,872	2,175,256	2,232,316
8. Other health						
9. Health subtotal (Lines 1 to 8)	6,398,720	159,222,229		6,536,448	6,398,720	6,845,971
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	6,398,720	159,222,229		6,536,448	6,398,720	6,845,971

(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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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. 2017										
2. 2018										
3. 2019										
4. 2020										
5. 2021										

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

**Section A – Paid Health Claims**

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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. 2017										
2. 2018										
3. 2019										
4. 2020										
5. 2021										

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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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior		127,598	127,598	127,598	127,598
2. 2017	120,807		133,593	133,593	133,593
3. 2018	X X X		131,645	137,129	137,129
4. 2019	X X X	X X X		100,364	105,002
5. 2020	X X X	X X X	X X X		81,197
6. 2021	X X X	X X X	X X X	X X X	

**Section B – Incurred Health Claims**

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2017	2 2018	3 2019	4 2020	5 2021
1. Prior		133,593	133,593	133,593	133,593
2. 2017	127,598		132,921	132,921	132,921
3. 2018	X X X		137,983	137,064	137,064
4. 2019	X X X	X X X		105,002	105,002
5. 2020	X X X	X X X	X X X		85,237
6. 2021	X X X	X X X	X X X	X X X	

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

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3 / 2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5 / 1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5 + 7 + 8)	10 (Col. 9 / 1) Percent
1. 2017	161,845	126,651	13,463	10.630	140,114	86.573			140,114	86.573
2. 2018	246,841	197,284	18,389	9.321	215,673	87.373			215,673	87.373
3. 2019	135,493	105,848	7,801	7.370	113,649	83.878			113,649	83.878
4. 2020	121,649	85,835	15,075	17.563	100,910	82.952			100,910	82.952
5. 2021	129,407	95,040	15,521	16.331	110,561	85.437	4,292	252	115,105	88.948

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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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior	3,990	3,990	3,990	3,990	3,990
2. 2017	3,886	4,030	4,030	4,030	4,030
3. 2018	X X X	5,779	5,610	5,610	5,610
4. 2019	X X X	X X X	6,568	6,771	6,771
5. 2020	X X X	X X X	X X X	6,001	6,184
6. 2021	X X X	X X X	X X X	X X X	6,478

**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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior	3,990	3,990	3,990	3,990	3,990
2. 2017	3,886	4,030	4,030	4,030	4,030
3. 2018	X X X	5,779	5,610	5,610	5,610
4. 2019	X X X	X X X	6,719	6,771	6,771
5. 2020	X X X	X X X	X X X	6,154	6,184
6. 2021	X X X	X X X	X X X	X X X	6,649

**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. 2017	7,539	3,990	508	12.732	4,498	59.663			4,498	59.663
2. 2018	9,882	5,756	564	9.798	6,320	63.955			6,320	63.955
3. 2019	11,382	6,567	698	10.629	7,265	63.829			7,265	63.829
4. 2020	11,008	6,203	606	9.769	6,809	61.855			6,809	61.855
5. 2021	12,889	6,661	648	9.728	7,309	56.707	171	23	7,503	58.212

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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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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. 2017										
2. 2018										
3. 2019										
4. 2020										
5. 2021										

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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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	X X X	59,645	61,530	61,530	61,530
4. 2019	X X X	X X X	62,480	64,784	64,784
5. 2020	X X X	X X X	X X X	50,383	52,558
6. 2021	X X X	X X X	X X X	X X X	61,745

**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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	X X X	61,595	61,530	61,530	61,530
4. 2019	X X X	X X X	61,595	52,558	52,558
5. 2020	X X X	X X X	X X X	52,615	52,558
6. 2021	X X X	X X X	X X X	X X X	63,817

**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. 2017										
2. 2018	70,268	59,645	3,394	5.690	63,039	89.712			63,039	89.712
3. 2019	71,361	64,366	4,856	7.544	69,222	97.003			69,222	97.003
4. 2020	63,354	52,687	3,264	6.195	55,951	88.315			55,951	88.315
5. 2021	77,085	63,920	4,288	6.708	68,208	88.484	2,073		70,281	91.173

**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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior					
2. 2017					
3. 2018	XXX				
4. 2019	XXX	XXX			
5. 2020	XXX	XXX	XXX		
6. 2021	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. 2017										
2. 2018										
3. 2019										
4. 2020										
5. 2021										

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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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior	131,588	131,588	131,588	131,588	131,588
2. 2017	124,693	137,623	137,623	137,623	137,623
3. 2018	X X X	197,069	204,269	204,269	204,269
4. 2019	X X X	X X X	169,412	176,557	176,557
5. 2020	X X X	X X X	X X X	137,581	143,979
6. 2021	X X X	X X X	X X X	X X X	159,223

**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 2017	2 2018	3 2019	4 2020	5 2021
1. Prior	137,583	137,583	137,583	137,583	137,583
2. 2017	131,484	136,951	136,951	136,951	136,951
3. 2018	X X X	205,357	204,204	204,204	204,204
4. 2019	X X X	X X X	173,602	164,331	164,331
5. 2020	X X X	X X X	X X X	144,006	143,979
6. 2021	X X X	X X X	X X X	X X X	165,759

**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. 2017	169,384	130,641	13,971	10.694	144,612	85.375			144,612	85.375
2. 2018	326,991	262,685	22,347	8.507	285,032	87.168			285,032	87.168
3. 2019	218,236	176,781	13,355	7.555	190,136	87.124			190,136	87.124
4. 2020	196,011	144,725	18,945	13.090	163,670	83.500			163,670	83.500
5. 2021	219,381	165,621	20,457	12.352	186,078	84.820	6,536	275	192,889	87.924

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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	295,177			295,177					
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)	1,948,515							1,948,515	
5. Aggregate write-ins for other policy reserves									
6. Totals (gross)	2,243,692			295,177				1,948,515	
7. Reinsurance ceded									
8. Totals (Net) (Page 3, Line 4)	2,243,692			295,177				1,948,515	
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (gross)									
13. Reinsurance ceded									
14. Totals (Net) (Page 3, Line 7)									

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

NONE

NONE

(a) Includes \$ 0 premium deficiency reserve.

## UNDERWRITING AND INVESTMENT EXHIBIT

### PART 3 – ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$ 190,500 for occupancy of own building)		114,300	76,200		190,500
2. Salaries, wages and other benefits	1,029,592	12,787,876	9,211,645		23,029,113
3. Commissions (less \$ 0 ceded plus \$ 0 assumed)			9,779,344		9,779,344
4. Legal fees and expenses			376,078		376,078
5. Certifications and accreditation fees					
6. Auditing, actuarial and other consulting services			251,083		251,083
7. Traveling expenses		12,735	120,159		132,894
8. Marketing and advertising			502,227		502,227
9. Postage, express and telephone		1,834,238	211,250		2,045,488
10. Printing and office supplies		237,732	158,488		396,220
11. Occupancy, depreciation and amortization		145,557	97,038		242,595
12. Equipment					
13. Cost or depreciation of EDP equipment and software		636,909	2,240,510		2,877,419
14. Outsourced services including EDP, claims, and other services	368,298	8,420,023	3,634,076		12,422,397
15. Boards, bureaus and association fees			1,254,136		1,254,136
16. Insurance, except on real estate		136,322	90,881		227,203
17. Collection and bank service charges		162,574	108,383		270,957
18. Group service and administration fees					
19. Reimbursements by uninsured plans		(9,472,687)	(6,315,125)		(15,787,812)
20. Reimbursements from fiscal intermediaries					
21. Real estate expenses		247,196	164,797		411,993
22. Real estate taxes			117,841		117,841
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes					
23.2 State premium taxes		3,037,344			3,037,344
23.3 Regulatory authority licenses and fees					
23.4 Payroll taxes					
23.5 Other (excluding federal income and real estate taxes)			99,060		99,060
24. Investment expenses not included elsewhere				309,165	309,165
25. Aggregate write-ins for expenses		758,865	3,547,806		4,306,671
26. Total expenses incurred (Lines 1 to 25)	1,397,890	19,058,984	25,725,877	309,165	(a) 46,491,916
27. Less expenses unpaid December 31, current year		274,354	12,643,413		12,917,767
28. Add expenses unpaid December 31, prior year		269,691	11,597,388		11,867,079
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)	1,397,890	19,054,321	24,679,852	309,165	45,441,228

DETAILS OF WRITE-IN LINES					
2501. Charitable Contributions			2,984,876		2,984,876
2502. Record Storage		8,519	5,679		14,198
2503. Seminars		93,674	62,449		156,123
2598. Summary of remaining write-ins for Line 25 from overflow page		656,672	494,802		1,151,474
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		758,865	3,547,806		4,306,671

(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) 55,383	62,675
1.1 Bonds exempt from U.S. tax	(a)	
1.2 Other bonds (unaffiliated)	(a) 806,964	860,163
1.3 Bonds of affiliates	(a)	
2.1 Preferred stocks (unaffiliated)	(b) 3,511	3,511
2.11 Preferred stocks of affiliates	(b)	
2.2 Common stocks (unaffiliated)		574,868
2.21 Common stocks of affiliates		
3. Mortgage loans	(c)	
4. Real estate	(d)	190,500
5. Contract loans		
6. Cash, cash equivalents and short-term investments	(e) 344,209	343,558
7. Derivative instruments	(f)	
8. Other invested assets		
9. Aggregate write-ins for investment income		
10. Total gross investment income	1,779,493	2,035,275
11. Investment expenses		(g) 309,165
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) 679,154
15. Aggregate write-ins for deductions from investment income		
16. Total deductions (Lines 11 through 15)		988,319
17. Net investment income (Line 10 minus Line 16)		1,046,956

DETAILS OF WRITE-IN LINES			
0901.	<b>NONE</b>		
0902.			
0903.			
0998. Summary of remaining write-ins for Line 09 from overflow page			
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)			
1501.	<b>NONE</b>		
1502.			
1503.			
1598. Summary of remaining write-ins for Line 15 from overflow page			
1599. Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)			

(a)	Includes \$ 18,520 accrual of discount less \$ 126,422 amortization of premium and less \$ 36,807 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 \$ 190,500 for company's occupancy of its own buildings; and excludes \$ 0 interest on encumbrances.
(e)	Includes \$ 124 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 \$ 309,165 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 \$ 679,154 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)	93,668		93,668		
1.3 Bonds of affiliates					
2.1 Preferred stocks (unaffiliated)					
2.11 Preferred stocks of affiliates					
2.2 Common stocks (unaffiliated)	6,096,256		6,096,256	1,285,169	
2.21 Common stocks of affiliates				455,683	
3. Mortgage loans					
4. Real estate					
5. Contract loans					
6. Cash, cash equivalents and short-term investments					
7. Derivative instruments					
8. Other invested assets	92,126		92,126		
9. Aggregate write-ins for capital gains (losses)					
10. Total capital gains (losses)	6,282,050		6,282,050	1,740,852	

DETAILS OF WRITE-IN LINES					
0901.	<b>NONE</b>				
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	11,182,968	11,673,228	490,260
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)	11,182,968	11,673,228	490,260
13. Title plants (for Title insurers only)			
14. Investment income due and accrued			
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection			
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			
15.3 Accrued retrospective premiums and contracts subject to redetermination			
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers			
16.2 Funds held by or deposited with reinsured companies			
16.3 Other amounts receivable under reinsurance contracts			
17. Amounts receivable relating to uninsured plans			
18.1 Current federal and foreign income tax recoverable and interest thereon			
18.2 Net deferred tax asset			
19. Guaranty funds receivable or on deposit			
20. Electronic data processing equipment and software	756,304	1,276,218	519,914
21. Furniture and equipment, including health care delivery assets	2,163,030	2,565,564	402,534
22. Net adjustment in assets and liabilities due to foreign exchange rates			
23. Receivables from parent, subsidiaries and affiliates			
24. Health care and other amounts receivable			
25. Aggregate write-ins for other-than-invested assets	1,839,555	2,857,710	1,018,155
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	15,941,857	18,372,720	2,430,863
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			
28. Total (Lines 26 and 27)	15,941,857	18,372,720	2,430,863

DETAILS OF WRITE-IN LINES			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page			
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)			
2501. Prepaid Expenses & Deposits	1,647,792	924,510	(723,282)
2502. Miscellaneous Receivable	107,015	71,885	(35,130)
2503. Vehicles	84,748		(84,748)
2598. Summary of remaining write-ins for Line 25 from overflow page		1,861,315	1,861,315
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	1,839,555	2,857,710	1,018,155

**NONE**

## EXHIBIT 1 – ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations						
2. Provider Service Organizations						
3. Preferred Provider Organizations						
4. Point of Service						
5. Indemnity Only						
6. Aggregate write-ins for other lines of business	884,018	917,171	881,479	881,856	892,045	10,728,352
7. Total	884,018	917,171	881,479	881,856	892,045	10,728,352

DETAILS OF WRITE-IN LINES						
0601. Dental Only	743,158	775,774	740,412	740,607	747,967	9,028,792
0602. Vision Only	140,860	141,397	141,067	141,249	144,078	1,699,560
0603.						
0698. Summary of remaining write-ins for Line 06 from overflow page						
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above)	884,018	917,171	881,479	881,856	892,045	10,728,352

## NOTES TO FINANCIAL STATEMENTS

### Note 1: Summary of Significant Accounting Policies

#### A. Accounting Practices

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

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

	SSAP#	F/S Page	F/S Line #	12/31/2021	12/31/2020
Net Income					
(1) Delta Dental Plan of Arkansas, Inc state basis	XXX	XXX	XXX	\$15,409,856	\$8,412,882
(2) State Prescribed Practices that are an increase/(decrease) from NAIC SAP:					
None	None	None	None	\$0	\$0
(3) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
None	None	None	None	\$0	\$0
(4) NAIC SAP	XXX	XXX	XXX	<u>\$15,409,856</u>	<u>\$8,412,882</u>

	SSAP#	F/S Page	F/S Line #	12/31/2021	12/31/2020
Surplus					
(5) Delta Dental Plan of Arkansas, Inc				\$128,772,899	\$109,191,329
(6) State Prescribed Practices that are an increase/(decrease) from NAIC SAP					
a. 23-63-801 provides limitations on admitted common stock	30	2	2.2	\$11,182,968	\$11,673,228
(7) State Permitted Practices that are an increase/(decrease) from NAIC SAP:					
None	None	None	None	\$0	\$0
(8) NAIC SAP	XXX	XXX	XXX	<u>\$139,955,867</u>	<u>\$120,864,557</u>

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

The preparation of financial statements in conformity with the Annual Statement Instructions and Accounting Practices and Procedures Manual requires management to make estimates and

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## NOTES TO FINANCIAL STATEMENTS

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assumptions that affect the reported amounts in the financial statements and accompanying notes. The actual results could differ from these estimates.

### C. Accounting Policy

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

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

In addition, the Company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans and SVO-Identified investments are both stated at amortized cost or fair (market) value based on the issuers NAIC Securities Valuation Office designation.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 35% or more are carried on the equity basis.
- (4) Preferred Stocks are stated in accordance with the guidance provided in *SSAP No. 32R-Preferred Stock*.
- (5) Mortgage Loans - N/A
- (6) Loan-Backed Securities are stated at either amortized cost or the lower of amortized cost or fair value. The retrospective adjustment method is used to value all securities, except for interest only securities or securities where the yield had become negative, that are valued using the prospective method.
- (7) The Company carries Omega Administrators, Inc. (wholly-owned non-insurance subsidiary) and Renaissance Holding Company (non-insurance affiliate) at GAAP equity value adjusted to statutory accounting principles.
- (8) The Company invested in limited partnerships and joint ventures. These are carried at GAAP equity value.
- (9) Derivatives - N/A
- (10) The Company does not anticipate investment income as a factor in the premium deficiency calculation.
- (11) Claims incurred and unpaid include both claims in process and a provision for incurred but not reported claims. A provision for incurred but not reported claims is an actuarially determined and certified estimate based on claims experience and accumulated statistical data. The methods for making such actuarially determined and certified estimates and for establishing the resulting liability are continually reviewed. Provision is also made for estimated claims processing costs to be incurred in paying such claims and is included in unpaid claims adjustment expenses. Management believes the amounts reflected for

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## NOTES TO FINANCIAL STATEMENTS

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these liabilities are adequate; however, the ultimate liabilities may differ from the amounts recorded. Any adjustments are reflected in the period they are recorded.

(12) The Company has not modified its capitalization policy from the prior annual period.

(13) Pharmaceutical rebate receivables - N/A

### **D. Going Concern**

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

### **Note 2: Accounting Changes and Corrections of Errors**

A. None.

### **Note 3: Business Combinations and Goodwill**

A. Statutory Purchase Method - None

B. Statutory Merger - None

C. Assumption Reinsurance - None

D. Impairment Loss – None

E. Subcomponents and Calculation of Adjusted Surplus and Total Admitted Goodwill - None

### **Note 4: Discontinued Operations**

A. Discontinued Operations Disposed of or Classified as Held for Sale - None

B. Change in Plan of Sale of Discontinued Operations - None

C. Nature of Any Significant Involvement with Discontinued Operations After Disposal –  
None

D. Equity Interest Retained in the Discontinued Operation After Disposal - None

### **Note 5: Investments**

A. Mortgage Loans, including Mezzanine Real Estate Loans - N/A

B. Debt Restructuring - N/A

C. Reverse Mortgages - N/A

D. Loan-Backed Securities

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## NOTES TO FINANCIAL STATEMENTS

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- (1) Sources of Prepayment Assumptions - N/A
- (2) OTTI Securities - N/A
- (3) OTTI Securities - N/A
- (4) All debt securities held as of December 31, 2021 where fair value was less than amortized cost for which an other-than-temporary impairment has not been recognized in earnings as a realized loss:
  - 1. The aggregate amount of unrealized losses:
 

1. Less than 12 Months	\$	0
2. 12 Months or Longer	\$	0
  - 2. The aggregate related fair value of securities with unrealized losses:
 

1. Less than 12 Months	\$	0
2. 12 Months or Longer	\$	0
- (5) Should an impairment of any of securities become other than temporary, the cost basis of the investment will be reduced and the resulting loss recognized in net income in the period the other-than-temporary impairment is identified.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - N/A

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – N/A

H. Repurchase Agreements Transactions Accounted for as a Sale – N/A

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – N/A

J. Real Estate

- (1) No impairment loss was recognized in 2021 for investments in real estate.
- (2) The Company has had no changes in plans to sell or not to sell any investments in real estate.
- (3) Retail Land Sales Operations - N/A
- (4) Real Estate Investments with Participating Mortgage Loan Features - N/A

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

L. Restricted Assets

- (1) Restricted Assets (Including Pledged)

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**NOTES TO FINANCIAL STATEMENTS**


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Restricted Asset Category	1 Total Gross (Admitted & Nonadmitted) Restricted from Current year	2 Total Gross (Admitted & Nonadmitted) Restricted from Prior Year	3 Increase/ (Decrease) (1 Minus 2)	4 Total Current Year Nonadmitted Restricted	5 Total Current Year Admitted Restricted (1 minus 4)	6 Gross (Admitted & Nonadmitted) Restricted to Total Assets (a)	7 Admitted Restricted to Total Admitted Assets (b)
a. Subject to contractual obligation for which liability is not shown	\$	\$	\$	\$	\$	%	%
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as							

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**NOTES TO FINANCIAL STATEMENTS**


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to sale							
i. FHLB capital stock							
j. On deposit with states	\$50,000	\$50,000	\$ 0	\$ 0	\$50,000	.0003%	.0003%
k. On deposit with other regulatory bodies							
l. Pledged as collateral (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other restricted assets							
o. Total Restricted Assets	\$50,000	\$50,000	\$ 0	\$ 0	\$50,000	.0003%	.0003%

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

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

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

M. Working Capital Finance Investments – N/A

N. Offsetting and Netting of Assets and Liabilities –

O. 5GI Securities – N/A

P. Short Sales – N/A

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## NOTES TO FINANCIAL STATEMENTS

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Q. Prepayment Penalty and Acceleration Fees –

	General Account
(1) Number of CUSIPs	5
(2) Aggregate Amount of Investment Income	\$63,657

R. Cash Pool by Asset type

<u>Asset Type</u>	<u>Percent Share</u>
(1) Cash	.....100%
(2) Cash Equivalents	.....0%
(3) Short-Term Investments	0%
(4) Total	100%

**Note 6: Joint Ventures, Partnerships and Limited Liability Companies**

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

**Note 7: Investment Income**

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

**Note 8: Derivative Instruments**

None

**Note 9: Income Taxes**

- A. None
- B. None

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**NOTES TO FINANCIAL STATEMENTS**


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C.

	12/31/2021	12/31/2020	(Col 1-2) Change
1. Current Income Tax			
(a) Federal	(\$459,252)	\$500,071	(\$959,323)
(b) Foreign			
(c) Subtotal	(\$459,252)	\$500,071	(\$959,323)
(d) Federal income tax on net capital gains			
(e) Utilization of capital loss carry-forward			
(f) Other			
(g) Federal and foreign income taxes incurred	(\$459,252)	\$500,071	(\$959,323)
2. Deferred Tax Assets	None		None
3. Deferred Tax Liabilities	None		None
4. Net deferred tax assets/liabilities	None		None

D. None

E. None

F. None

G. None

H. None

I. None

**Note 10: Information Concerning Parent, Subsidiaries and Affiliates****A, B, C, F & H.**

Effective August 1, 2012, the Company entered into an Agreement to Affiliate (the "Agreement") with Renaissance Health Service Corporation ("RHSC"), a Michigan nonprofit corporation, with the goal of coordinating and combining organizational and administrative functions to enhance

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## NOTES TO FINANCIAL STATEMENTS

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efficiencies between the Company, RHSC and other Delta Dental plans similarly affiliated with RHSC. Under the Agreement:

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

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

### ***Delta Dental Plan of Michigan, Inc. (DDPMI)***

DDPMI and the Company belong to the same holding company, RHSC. DDPMI provides the Company certain actuarial, information technology, and other administrative services as detailed in agreements signed by both parties. The fees paid related to these agreements for the years ended December 31, 2021 and 2020 were \$10,289,402 and \$10,201,321 respectively. The Company reported \$3,522,768 and \$2,783,543 due to DDPMI at December 31, 2021 and 2020, respectively.

### ***Renaissance Holding Company (Renaissance Holding)***

As part of the affiliation with RHSC, the Company contributed \$8,900,000 for 890 shares, or 11.8 percent ownership of Renaissance Holding Company, a Michigan for-profit downstream holding company, on August 1, 2012. On January 2, 2013 the Company purchased an additional 700 shares of Renaissance Holding common stock for \$7,000,000. On June 1, 2017 the Company purchased an additional 198 shares for \$1,980,000 for a total percent ownership of 13.2%. The statutory carrying value of the Company's investment in Renaissance Holding was \$8,050,648 and \$7,239,813 at December 31, 2021 and 2020, respectively. The value of Renaissance Holding is based on the audited GAAP basis adjusted to statutory equity basis in accordance with SSAP No. 97. The adjustment to statutory basis included a "look through" to the subsidiaries held by Renaissance Holding. The values of these subsidiaries in determining Renaissance Holding's statutory equity value were also adjusted to statutory equity basis. There were no significant transactions between the Company and Renaissance Holding in 2021 or 2020.

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## NOTES TO FINANCIAL STATEMENTS

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### ***Omega Administrators, Inc.***

On December 3, 2002, the Company incorporated Omega Administrators, Inc. (Omega) as a wholly owned for-profit non-insurance subsidiary. Omega was incorporated to serve as a third-party administrator and provide the Company with an alternative corporation that it can use to administer dental coverages for the Company and other insurance carriers outside the boundaries of the state of Arkansas.

### ***Delta Dental of Arkansas Political Action Committee***

On July 30, 2010, the Company formed the Delta Dental of Arkansas Political Action Committee (the PAC) as a non-profit corporation. The PAC was intended to serve as a political action committee that may make contributions to and expenditures on behalf of state candidates, other committees and all matters thereto. The donations were received from both corporate and individual donors.

### ***Delta Dental of Arkansas Foundation, Inc.***

On December 7, 2007, the Company incorporated Delta Dental of Arkansas Foundation, Inc. (the Dental Foundation) as a 501(c)(3) organization to promote oral health in the State of Arkansas. In addition to its promotion of oral health, the Foundation will make gifts, grants and contributions to other charitable organizations as well as promote educational endeavors as permitted by the Internal Revenue Code. For the years ended December 31, 2021 and 2020, the Dental Foundation received donations in the amount of \$2,769,675 and \$1,449,819 respectively. The Dental Foundation made contributions of \$2,193,530 and \$1,201,054 to qualified organizations in 2021 and 2020, respectively.

### ***Delta Dental of Tennessee, Inc. (DDTN)***

DDTN and the Company belong to the same holding company, RHSC. The Company provides DDTN with certain claims processing services detailed in agreements signed by both parties. The fees received related to these agreements for the years ended December 31, 2021 and 2020 were \$78,899 and \$96,020 respectively. The Company reported \$5,177 and \$6,652 receivable from DDTN at December 31, 2021 and 2020, respectively.

D. At December 31, 2021, the Company reported \$3,522,768 as amounts due to affiliate, DDPMI, \$976 due to its affiliate, RLHIA, and \$5,177 due from its affiliate, DDTN. These amounts will be settled within thirty days of the report date.

E. Description of Material Management or Service Contract – See Above

F. Guaranties or Undertakings Disclosed in Note 14 – Liabilities, Contingencies, and Assessments – N/A

G. N/A

H. See sections above.

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## NOTES TO FINANCIAL STATEMENTS

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- I. The Company owns 13.2% interest in Renaissance Holding Company, whose carrying value is equal to or exceeds 10% of the admitted assets of the Company. The Company carries Renaissance Holding Company at \$8,050,648.

At December 31, 2021, The Company's interest in Renaissance Holding Company was \$19,233,616, which was \$11,182,968 in excess of the carrying value.

Material effects of possible conversions, exercises or contingent issuances – None

Change in valuation method - None

- J. Investments in Impaired SCAs – The Company did not recognize any impairment write down for its investments in Subsidiary, Controlled or Affiliated Companies during the statement period.
- K. Investment in a Foreign Subsidiary - N/A
- L. Non Audited Downstream Non-insurance Holding Companies - N/A
- M. All SCA Investments

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

SCA Entity	% of SCA Ownership	Gross Amount	Admitted Amount	Nonadmitted Amount
a. SSAP No. 97 8a Entities				
Total SSAP No. 97 8a Entities				
b. SSAP No. 97 8b(ii) Entities				
Total SSAP No. 97 8b(ii) SCA Entities				
c. SSAP No. 97 8b(iii) Entities				
Omega Administrators, Inc	100%	\$ 82,285	\$ 82,285	\$0
Renaissance Holding Company	13.2%	\$19,233,616	\$8,050,648	\$11,182,968
Total SSAP No. 97 8b(iii) Entities		\$19,315,901	\$8,132,933	\$11,182,968
d. SSAP No. 97 8b(iv) Entities				
Total SSAP No. 97 8b(iv) Entities				
e. Total SSAP No. 97 8b Entities (except 8bi)		\$19,315,901	\$8,132,933	\$11,182,968
f. Aggregate Total		\$19,315,901	\$8,132,933	\$11,182,968

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**NOTES TO FINANCIAL STATEMENTS**


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(2)

SCA Entity	Type of NAIC Filing	Date of Filing to NAIC	NAIC Valuation Amount	NAIC Response Received Y/N	NAIC Disallowed Entities Valuation Method, Resubmission Required Y/N	Code
a. SSAP No. 97 8a Entities						
Total SSAP No. 97 8a Entities						
b. SSAP No. 97 8b(ii) Entities						
Total SSAP No. 97 8b(ii) SCA Entities						
c. SSAP No. 97 8b(iii) Entities						
Omega Administrators, Inc				Y	N	I
Renaissance Holding Company	S2	08/30/2021	\$18,913,042	Y	N	M
Total SSAP No. 97 8b(iii) Entities			\$18,913,042			
d. SSAP No. 97 8b(iv) Entities						
Total SSAP No. 97 8b(iv) Entities						
e. Total SSAP No. 97 8b Entities (except 8bi)			\$18,913,042			
f. Aggregate Total			\$18,913,042			

N. Investment in Insurance SCAs – N/A

O. SCA Loss Tracking - None

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## NOTES TO FINANCIAL STATEMENTS

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**Note 11: Debt**

- A. None
- B. None

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

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

A Nonqualified 457(f) Retirement Plan was established by the Company on January 1, 2016, to retain senior officers. The plan requires a five year vesting period. Participation in the plan is determined at the sole discretion of the Company's Board of Directors. The Board of Directors approves the funding of the plan in the first quarter of each year.

Effective January 1, 2013, The Company sponsors a 401(k) plan (the "Plan") covering substantially all employees greater than 18 years old on first day of service. The Company will match 100 percent of the first 3 percent of deferred wages and 50 percent of the next 2 percent of deferred wages. A participant is immediately 100 percent vested in employee salary, rollover, and Company matching contributions and any income or loss thereon.

The Company also sponsors a profit-sharing plan covering all full-time employees who have completed one year of service. Contributions to the plan are discretionary and limited by the Internal Revenue Code. A participant is fully vested after a three-year period. Contributions to the profit-sharing plan totaled approximately \$1,049,000 and \$972,000 for the years ended December 31, 2021 and 2020, respectively.

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

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## NOTES TO FINANCIAL STATEMENTS

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### **Note 13: Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations**

- A. The Company has no shares authorized, issued, or outstanding
- B. The Company has no preferred stock.
- C. N/A
- D. N/A
- E. N/A
- F. There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- G. The total amount of advances to surplus not repaid is 0.
- H. N/A
- I. N/A
- J. The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains and losses is (\$10,658,934).
- K. N/A
- L. N/A
- M. N/A

### **Note 14: Contingencies**

- A. Contingent Commitments – N/A
- B. Assessments - N/A
- C. Gain Contingencies - N/A
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - N/A
- E. Product Warranties – N/A
- F. All Other Contingencies - The Company is subject to claims and lawsuits in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits (other than any listed below) will not have a material adverse effect of the Company's results of operation or financial condition. Other than the items described in Note 6, the Company has no assets that it considers to be impaired.

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

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## NOTES TO FINANCIAL STATEMENTS

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Renaissance Holding Company of \$17,880,000 would be offset by the withdrawal fee of \$10,000,000 for a net amount of \$7,880,000.

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

As indicated in Note 10: Information concerning Parent, Subsidiaries and Affiliates, the company and DDPMI belong to the same holding company, RHSC. DDPMI maintains the system and annually assigns each affiliate a per claim charge for using this system based upon the number of anticipated claims and the total cost of the system. The company incurred ETS claims processing fees of \$4,700,963 and \$4,139,221 in 2021 and 2020 respectively.

### **Note 15: Leases**

- A. None
- B. None

### **Note 16: Information About Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk**

None.

### **Note 17: Sale, Transfer and Servicing of Financial Assets and Extinguishment of Liabilities**

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

### **Note 18: Gain or Loss to the Reporting Entity From Uninsured Plans and From the Uninsured Portion of Partially Insured Plans**

- A. ASO Plans - N/A
- B. The gain from operations from Administrative Services Contract (ASC) uninsured plans and the uninsured portion of partially insured plans were as follows for the years ended December 31, 2021 and 2020:

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**NOTES TO FINANCIAL STATEMENTS**


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	<u>2021</u>	<u>2020</u>
Gross reimbursement for medical costs incurred	\$ 311,436,137	\$ 273,894,881
Gross administrative fees accrued	15,787,812	14,166,491
Gross expenses incurred (claims and administrative)	<u>(327,223,950)</u>	<u>(288,061,372)</u>
Total net gain or loss from operations	<u>\$ 0</u>	<u>\$ 0</u>

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

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

None.

**Note 20: Fair Value Measurements**

A. Fair Value Measurements at Reporting Date

(1)

Description for each class of asset or liability	Level 1	Level 2	Level 3	Total	Net Asset Value (NAV) Included in Level 2
a. Assets at fair value					
Perpetual Preferred Stock					
Industrial and Misc Parent, Subs and Affiliates					
Total Perpetual Preferred Stock					
Bonds					
US Government		7,260,456		7,260,456	
Industrial and Misc Hybrid Securities Parent, Subs and Affiliates		28,495,801		28,495,801	
Total Bonds		35,756,257		35,756,257	
Common Stock					
Industrial and Misc Parent, Subs and Affiliates	42,713,507	19,315,901		42,713,507 19,315,901	
Total Common Stock	42,713,507	19,315,901		62,029,407	
Derivative Assets					
Interest rate contracts					

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**NOTES TO FINANCIAL STATEMENTS**


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Foreign exchange contracts					
Credit contracts					
Commodity futures contracts					
Total Derivatives					
Separate account assets					
Total assets at fair value	42,713,507	55,072,158		97,785,665	
b. Liabilities at fair value					
Derivative liabilities					
Total liabilities at fair value					

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

B. Other Fair Value Measurements - N/A

C. Fair Value Measurements Aggregate

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Not Practicable	Net Asset Value (NAV) Included in Level 2
Bonds	\$35,756,257	\$35,756,257	\$ 0	\$35,756,257			
Common Stock	62,029,407	50,846,439	42,713,507	19,315,901			
Perpetual Preferred Stock							
Mortgage Loans							
Total	<u>\$97,785,665</u>	<u>\$86,602,696</u>	<u>\$42,713,507</u>	<u>\$55,072,158</u>			

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

E. N/A

**Note 21: Other Items**

- A. Extraordinary Items - N/A  
B. Troubled Debt Restructuring - N/A  
C. Other Disclosures – N/A  
D. Business Interruption Insurance Recoveries - N/A

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## NOTES TO FINANCIAL STATEMENTS

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- E. State Transferable Tax Credits - N/A
- F. Subprime-Mortgage-Related Risk Exposure - N/A
- G. Retained Assets - N/A
- H. Insurance-Linked Securities (ILS) Contracts – N/A
- I. N/A

### **Note 22: Events Subsequent**

Type I – Recognized Subsequent Events: Subsequent events have been considered through 02/23/2022 for the statutory statement issued on 12/31/2021. The Company does not recognize any subsequent events.

Type II – Nonrecognized Subsequent Events - Subsequent events have been considered through 02/23/2022 for the statutory statement issued on 12/31/2021. The Company does not recognize any subsequent events.

### **Note 23: Reinsurance**

#### A. Ceded Reinsurance Report

##### Section 1 – General Interrogatories

(1) No

(2) No

##### Section 2 – Ceded Reinsurance Report – Part A

(1) No

(2) No

##### Section 3 – Ceded Reinsurance Report – Part B

(1) N/A

(2) No

#### B. Uncollectible Reinsurance - N/A

#### C. Commutation of Ceded Reinsurance - N/A

#### D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation – N/A

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**NOTES TO FINANCIAL STATEMENTS**


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**Note 24: Retrospectively Rated Contracts and Contracts Subject to Redetermination**

- A. The company estimates accrued retrospective premium adjustments for its Medicaid insurance business through a mathematical approach using an algorithm of the company's underwriting rules and experience rating practices.
- B. The Company records accrued retrospective premium as an adjustment to direct written premiums
- C. The amount of net premiums written by the Company at December 31, 2021 that are subject to retrospective rating features is \$79,029,901 that represented 36% of the total net premiums written. No other premiums written by the Company are subject to retrospective rating features.
- D.

	1	2	3	4	5
	Individual	Small Group Employer	Large Group Employer	Other Categories with Rebates	Total
Prior Reporting Year					
(1) Medical loss ratio rebates incurred				\$11,154,205	\$11,154,205
(2) Medical loss ratio rebates paid				\$11,154,205	\$11,154,205
(3) Medical loss ratio rebates unpaid	XXX	XXX	XXX	XXX	
(4) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(5) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	
(6) Rebates unpaid net of reinsurance					
Current Reporting Year-to-Date					
(7) Medical loss ratio rebates incurred				\$1,948,515	\$1,948,515
(8) Medical loss ratio rebates paid				XXX	XXX
(9) Medical loss ratio rebates unpaid				\$1,948,515	\$1,948,515
(10) Plus reinsurance assumed amounts	XXX	XXX	XXX	XXX	
(11) Less reinsurance ceded amounts	XXX	XXX	XXX	XXX	

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## NOTES TO FINANCIAL STATEMENTS

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(12) Rebates unpaid net of reinsurance	XXX	XXX	XXX	XXX	
--	-----	-----	-----	-----	--

E. N/A

### Note 25: Change in Incurred Claims and Claims Adjustment Expenses

A. Reserves as December 31, 2020 were \$6.8 million. As of December 31, 2021, \$6.4 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior year are now \$6.8 million as a result of re-estimation of unpaid claims and claim adjustment expenses principally on dental lines of insurance. Therefore, there has been a \$.4 million favorable prior-year claim development since December 31, 2020 to December 31, 2021. Original estimates are increased or decreased as additional information becomes known regarding individual claims.

B. Significant Changes in Methodologies - None

### Note 26: Intercompany Pooling Arrangements

None

### Note 27: Structured Settlements

None.

### Note 28: Health Care Receivables

None.

### Note 29: Participating Policies

None.

### Note 30: Premium Deficiency Reserves

1. Liability carried for premium deficiency reserve \$0
2. Date of the most recent evaluation of this liability 12/31/21
3. Was anticipated investment income utilized in this calculation? No.

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## NOTES TO FINANCIAL STATEMENTS

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### **Note 31: Anticipated Salvage and Subrogation**

None.



## GENERAL INTERROGATORIES

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....	.....	.....
.....	.....	.....

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

.....  
 .....  
 .....

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,

7.21 State the percentage of foreign control. \_\_\_\_\_ %

7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....	.....
.....	.....

8.1 Is the company a subsidiary of a depository institution holding company (DIHC) or a DIHC itself, regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the DIHC.

.....  
 .....  
 .....

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
.....	.....	.....	.....	.....	.....
.....	.....	.....	.....	.....	.....

8.5 Is the reporting entity a depository institution holding company with significant insurance operations as defined by the Board of Governors of Federal Reserve System or a subsidiary of the reporting entity? Yes [ ] No [X]

8.6 If response to 8.5 is no, is the reporting entity a company or subsidiary of a company that has otherwise been made subject to the Federal Reserve Board's capital rule? Yes [ ] No [X] N/A [ ]

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

Plante Moran, PLLC, 1111 Michigan Avenue, East Lansing, MI 48823  
 .....  
 .....

## GENERAL INTERROGATORIES

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 18A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

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

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

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

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?  
 Toby L. Hall Senior Vice President, Chief Actuary and Chief Data Officer, Delta Dental of Michigan, Ohio, and Indiana, 4100 Okemos Road, Okemos, MI 48864  
 .....  
 .....

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

12.11 Name of real estate holding company	CapRocq Core Real Estate F
12.12 Number of parcels involved	
12.13 Total book/adjusted carrying value	\$ 2,054,673

12.2 If yes, provide explanation:  
 The Company invested on 12/27/12 in CapRocq Real Estate Fund (LLC) which will use the funds to acquire various real estate properties.  
 .....  
 .....

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

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

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

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

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

## GENERAL INTERROGATORIES

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).

.....  
 .....  
 .....

14.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes  No

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

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

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

## BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes  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  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  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

## GENERAL INTERROGATORIES

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	\$ _____

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

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

24.1 Does the insurer utilize third parties to pay agent commissions in which the amounts advanced by the third parties are not settled in full within 90 days? Yes [ ] No [X]

24.2 If the response to 24.1 is yes, identify the third-party that pays the agents and whether they are a related party.

1 Name of Third Party	2 Is the Third-Party Agent a Related Party (Yes/No)
.....	.....
.....	.....

## INVESTMENT

25.01 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 25.03) Yes [X] No [ ]

25.02 If no, give full and complete information, relating thereto:  
 .....  
 .....  
 .....

25.03 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)  
 .....  
 .....  
 .....

25.04 For the reporting entity's securities lending program, report amount of collateral for conforming programs as outlined in the Risk Based Capital Instructions. \$ \_\_\_\_\_

25.05 For the reporting entity's securities lending program report amount of collateral for other programs. \$ \_\_\_\_\_

## GENERAL INTERROGATORIES

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

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

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

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

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

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

25.093 Total payable for securities lending reported on the liability page \$ \_\_\_\_\_

26.1 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 25.03). Yes [X] No [ ]

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

- 26.21 Subject to repurchase agreements \$ \_\_\_\_\_
- 26.22 Subject to reverse repurchase agreements \$ \_\_\_\_\_
- 26.23 Subject to dollar repurchase agreements \$ \_\_\_\_\_
- 26.24 Subject to reverse dollar repurchase agreements \$ \_\_\_\_\_
- 26.25 Placed under option agreements \$ \_\_\_\_\_
- 26.26 Letter stock or securities restricted as to sale - excluding FHLB Capital Stock \$ \_\_\_\_\_
- 26.27 FHLB Capital Stock \$ \_\_\_\_\_
- 26.28 On deposit with states \$ 50,000
- 26.29 On deposit with other regulatory bodies \$ \_\_\_\_\_
- 26.30 Pledged as collateral - excluding collateral pledged to an FHLB \$ \_\_\_\_\_
- 26.31 Pledged as collateral to FHLB - including assets backing funding agreements \$ \_\_\_\_\_
- 26.32 Other \$ \_\_\_\_\_

26.3 For category (26.26) provide the following:

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

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

## GENERAL INTERROGATORIES

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

LINES 27.3 through 27.5 : FOR LIFE/FRATERNAL REPORTING ENTITIES ONLY:

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

27.4 If the response to 27.3 is YES, does the reporting entity utilize:

27.41	Special accounting provision of SSAP No. 108	Yes [ ] No [X]
27.42	Permitted accounting practice	Yes [ ] No [X]
27.43	Other accounting guidance	Yes [ ] No [X]

27.5 By responding YES to 27.41 regarding utilizing the special accounting provisions of SSAP No. 108, the reporting entity attests to the following: Yes [ ] No [X]

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

28.1 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]

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

29. 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 [ ]

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

1 Name of Custodian(s)	2 Custodian's Address
Stephens Capital Management	111 Center Street, Little Rock, AR 72201
First Security Bank	314 North Spring Street, Searcy, AR 72143
Regions Bank	201 Milan Pkwy 2nd Floor, Birmingham, AL 35211

29.02 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)

29.03 Have there been any changes, including name changes, in the custodian(s) identified in 29.01 during the current year? Yes [ ] No [X]

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

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

## GENERAL INTERROGATORIES

29.05 Investment management - Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["... that have access to the investment accounts"; "...handle securities"]

1 Name Firm or Individual	2 Affiliation
Stephens Capital Management	U
Luther King Capital Management	U
FCI Advisors	U

29.0597 For those firms/individuals listed in the table for Question 29.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's invested assets? Yes  No

29.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 29.05, does the total assets under management aggregate to more than 50% of the reporting entity's invested assets? Yes  No

29.06 For those firms or individuals listed in the table 29.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Name Firm or Individual	2 Central Registration Depository Number	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed

30.1 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

30.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
30.2999 TOTAL		

30.3 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 Valu Attributable to the Holding	4 Date of Valuation

31. 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 (+)
31.1 Bonds	35,756,257	36,538,947	782,690
31.2 Preferred stocks	78,860	78,860	
31.3 Totals	35,835,117	36,617,807	782,690

## GENERAL INTERROGATORIES

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

The Company uses the investment software of Clearwater Analytics to determine the fair values.

.....  
 .....  
 .....

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

32.2 If the answer to 32.1 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

32.3 If the answer to 32.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

.....  
 .....  
 .....

33.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes  No

33.2 If no, list exceptions:

.....  
 .....  
 .....

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

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

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

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

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

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

36. By assigning FE to a Schedule BA non-registered private fund, the reporting entity is certifying the following elements of each self-designated FE fund:

- a. The shares were purchased prior to January 1, 2019.
- b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
- c. The security had a public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO prior to January 1, 2019.
- d. The fund only or predominantly holds bonds in its portfolio.
- e. The current reported NAIC Designation was derived from the public credit rating(s) with annual surveillance assigned by an NAIC CRP in its legal capacity as an NRSRO.
- f. The public credit rating(s) with annual surveillance assigned by an NAIC CRP has not lapsed.

Has the reporting entity assigned FE to Schedule BA non-registered private funds that complied with the above criteria? Yes  No

37. By rolling/renewing short-term or cash-equivalent investments with continued reporting on Schedule DA, part 1 or Schedule E Part 2 (identified through a code (%) in those investment schedules), the reporting entity is certifying the following:

- a. The investment is a liquid asset that can be terminated by the reporting entity on the current maturity date.
- b. If the investment is with a nonrelated party or nonaffiliate, then it reflects an arms-length transaction with renewal completed at the discretion of all involved parties.
- c. If the investment is with a related party or affiliate, then the reporting entity has completed robust re-underwriting of the transaction for which documentation is available for regulator review.
- d. Short-term and cash equivalent investments that have been renewed/rolled from the prior period that do not meet the criteria in 37.a - 37.c are reported as long-term investments.

Has the reporting entity rolled/renewed short-term or cash equivalent investments in accordance with these criteria? Yes  No  N/A

## OTHER

## GENERAL INTERROGATORIES

38.1 Amount of payments to trade associations, service organizations and statistical or Rating Bureaus, if any? \$ 519,825

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

1 Name	2 Amount Paid
Delta Dental Plan Association .....	\$ ..... 519,825
.....	\$ .....
.....	\$ .....

39.1 Amount of payments for legal expenses, if any? \$ 428,326

39.2 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
HealthScape Advisors, LLC Total .....	\$ ..... 125,000
.....	\$ .....
.....	\$ .....

40.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ 137,000

40.2 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
Capitol Advisors Group .....	\$ ..... 60,000
DBH Management Consultants .....	\$ ..... 77,000
.....	\$ .....

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

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

2. Health Test:

	1 Current Year		2 Prior Year
2.1 Premium Numerator	\$ 214,046,748	\$	190,877,182
2.2 Premium Denominator	\$ 214,046,748	\$	190,877,182
2.3 Premium Ratio (2.1 / 2.2)	1.000		1.000
2.4 Reserve Numerator	\$ 8,780,140	\$	12,623,841
2.5 Reserve Denominator	\$ 8,780,140	\$	12,623,841
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:  
Dental and vision insurance is a short-tailed insurance product with very predictable experience. In addition, the maximum policy exposure is limited. Stop-loss reinsurance is not considered necessary.
- .....
- .....
- .....
- 5.3 Maximum retained risk (see instructions)
- 5.31 Comprehensive Medical \$ \_\_\_\_\_
- 5.32 Medical Only \$ \_\_\_\_\_
- 5.33 Medicare Supplement \$ \_\_\_\_\_
- 5.34 Dental and vision \$ \_\_\_\_\_
- 5.35 Other Limited Benefit Plan \$ \_\_\_\_\_
- 5.36 Other \$ \_\_\_\_\_

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

N/A

.....

.....

.....

## GENERAL INTERROGATORIES PART 2 - HEALTH INTERROGATORIES

- 7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes  No
- 7.2 If no, give details:  
.....  
.....  
.....
8. Provide the following information regarding participating providers:
- |  |       |
|--|-------|
| 8.1 Number of providers at start of reporting year | 2,858 |
| 8.2 Number of providers at end of reporting year   | 3,001 |
- 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 | 6,956,478 |
| 9.22 Business with rate guarantees over 36 months       | 112,358   |
- 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 checked="" type="checkbox"/> No <input type="checkbox"/> |
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements? Yes  No
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus:  
Arkansas  
.....  
.....  
.....
- 11.4 If yes, show the amount required. \$ \_\_\_\_\_ 50,000
- 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		
Dental Insurance	Arkansas	
Vision Insurance	Arkansas	

- 13.1 Do you act as a custodian for health savings accounts? Yes  No
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ \_\_\_\_\_
- 13.3 Do you act as an administrator for health savings accounts? Yes  No
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ \_\_\_\_\_
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3, authorized reinsurers? Yes  No  N/A
- 14.2 If the answer to 14.1 is yes, please provide the following:

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

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

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

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

**GENERAL INTERROGATORIES**  
**PART 2 - HEALTH INTERROGATORIES**

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states? Yes [ ] No [X]
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity? Yes [ ] No [X]

## FIVE – YEAR HISTORICAL DATA

	1	2	3	4	5
	2021	2020	2019	2018	2017
<b>Balance Sheet (Pages 2 and 3)</b>					
1. Total admitted assets (Page 2, Line 28)	161,012,747	143,772,913	128,517,777	128,200,365	120,739,837
2. Total liabilities (Page 3, Line 24)	32,240,060	34,581,584	29,182,401	39,003,740	34,239,783
3. Statutory minimum capital and surplus requirement	50,000	50,000	50,000	50,000	50,000
4. Total capital and surplus (Page 3, Line 33)	128,772,899	109,191,329	99,335,376	89,196,625	86,500,054
<b>Income Statement (Page 4)</b>					
5. Total revenues (Line 8)	219,381,195	196,011,444	218,236,236	257,117,718	169,799,436
6. Total medical and hospital expenses (Line 18)	165,311,426	143,632,494	176,636,458	205,140,895	130,542,204
7. Claims adjustment expenses (Line 20)	20,456,873	18,944,845	17,230,081	18,893,999	13,971,705
8. Total administrative expenses (Line 21)	25,725,876	26,226,734	22,193,730	27,624,653	25,739,738
9. Net underwriting gain (loss) (Line 24)	7,887,020	7,207,371	2,175,967	5,458,171	(454,211)
10. Net investment gain (loss) (Line 27)	7,333,004	574,528	826,554	440,174	1,464,078
11. Total other income (Lines 28 plus 29)	649,084	630,983	746,275		
12. Net income or (loss) (Line 32)	15,409,855	8,412,882	3,771,900	5,218,068	1,009,867
<b>Cash Flow (Page 6)</b>					
13. Net cash from operations (Line 11)	9,552,561	9,855,312	4,538,339	11,742,378	3,308,285
<b>Risk-Based Capital Analysis</b>					
14. Total adjusted capital	128,772,899	109,191,329	99,335,376	89,196,625	86,500,054
15. Authorized control level risk-based capital		10,531,620	10,684,591	11,191,308	8,282,301
<b>Enrollment (Exhibit 1)</b>					
16. Total members at end of period (Column 5, Line 7)	892,045	884,018	834,921	591,286	275,868
17. Total members months (Column 6, Line 7)	10,628,352	8,943,453	7,439,037	7,062,727	3,202,293
<b>Operating Percentage (Page 4)</b>					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Line 18 plus Line 19)	75.4	73.3	80.9	79.9	77.1
20. Cost containment expenses					
21. Other claims adjustment expenses					
22. Total underwriting deductions (Line 23)	96.6	96.3	99.0	98.0	100.5
23. Total underwriting gain (loss) (Line 24)	3.4	3.7	1.0	2.1	(0.3)
<b>Unpaid Claims Analysis</b>					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	6,398,719	7,144,407	7,302,460	6,138,905	5,959,577
25. Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	6,845,970	7,681,774	8,455,748	6,869,328	6,967,901
<b>Investments In Parent, Subsidiaries and Affiliates</b>					
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)	19,315,901	19,002,482	12,877,043	14,214,514	14,732,165
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)					
30. Affiliated mortgage loans on real estate					
31. All other affiliated					
32. Total of above Lines 26 to 31	19,315,901	19,002,482	12,877,043	14,214,514	14,732,165
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 [ ]

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	10
	Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	CHIP Title XXI	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/Casualty Premiums	Total Columns 2 Through 8	Deposit-Type Contracts
1. Alabama	AL	N								
2. Alaska	AK	N								
3. Arizona	AZ	N								
4. Arkansas	AR	L	140,351,294	79,029,901					219,381,195	
5. California	CA	N								
6. Colorado	CO	N								
7. Connecticut	CT	N								
8. Delaware	DE	N								
9. District of Columbia	DC	N								
10. Florida	FL	N								
11. Georgia	GA	N								
12. Hawaii	HI	N								
13. Idaho	ID	N								
14. Illinois	IL	N								
15. Indiana	IN	N								
16. Iowa	IA	N								
17. Kansas	KS	N								
18. Kentucky	KY	N								
19. Louisiana	LA	N								
20. Maine	ME	N								
21. Maryland	MD	N								
22. Massachusetts	MA	N								
23. Michigan	MI	N								
24. Minnesota	MN	N								
25. Mississippi	MS	N								
26. Missouri	MO	N								
27. Montana	MT	N								
28. Nebraska	NE	N								
29. Nevada	NV	N								
30. New Hampshire	NH	N								
31. New Jersey	NJ	N								
32. New Mexico	NM	N								
33. New York	NY	N								
34. North Carolina	NC	N								
35. North Dakota	ND	N								
36. Ohio	OH	N								
37. Oklahoma	OK	N								
38. Oregon	OR	N								
39. Pennsylvania	PA	N								
40. Rhode Island	RI	N								
41. South Carolina	SC	N								
42. South Dakota	SD	N								
43. Tennessee	TN	N								
44. Texas	TX	N								
45. Utah	UT	N								
46. Vermont	VT	N								
47. Virginia	VA	N								
48. Washington	WA	N								
49. West Virginia	WV	N								
50. Wisconsin	WI	N								
51. Wyoming	WY	N								
52. American Samoa	AS	N								
53. Guam	GU	N								
54. Puerto Rico	PR	N								
55. U.S. Virgin Islands	VI	N								
56. Northern Mariana Islands	MP	N								
57. Canada	CAN	N								
58. Aggregate other alien	OT	X X X								
59. Subtotal	X X X		140,351,294	79,029,901					219,381,195	
60. Reporting entity contributions for Employee Benefit Plans	X X X									
61. Totals (Direct Business)	X X X		140,351,294	79,029,901					219,381,195	

DETAILS OF WRITE-INS										
5800	X X X									
5800	X X X									
5800	X X X									
5899 Summary of remaining write-ins for Line 58 from overflow page	X X X									
5899 Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)	X X X									

NONE

- (a) Active Status Counts
- L – Licensed or Chartered - License 1
  - E – Eligible - Reporting entities elig \_\_\_\_\_
  - R - Registered - Non-domiciled RR \_\_\_\_\_
  - Q - Qualified - Qualified or accredit \_\_\_\_\_
  - N – None of the above - Not allow 56

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

Situs of contract

\_\_\_\_\_

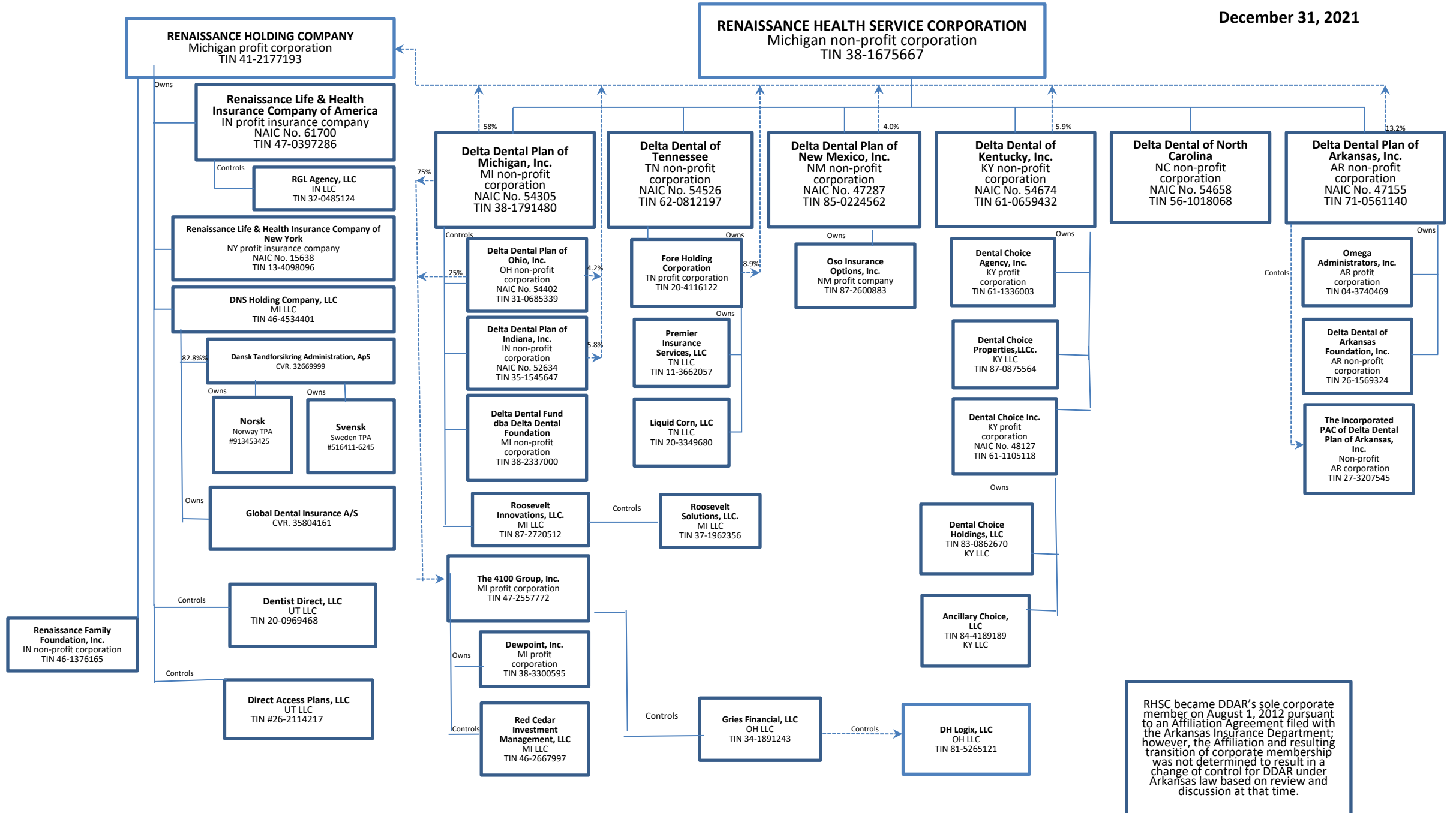
\_\_\_\_\_

\_\_\_\_\_

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

## PART 1 - ORGANIZATIONAL CHART

### ORGANIZATIONAL CHART December 31, 2021



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

**OVERFLOW PAGE FOR WRITE-INS**

**Page 2 - Continuation**

**ASSETS**

	Current Year			Prior Year
	1	2	3	4
<b>REMAINING WRITE-INS AGGREGATED AT LINE 25 FOR OTHER THAN INVESTED ASSETS</b>	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
2504. Vehicles	84,748	84,748		
2597. Totals (Lines 2504 through 2596) (Page 2, Line 2598)	84,748	84,748		

**OVERFLOW PAGE FOR WRITE-INS**

**Page 14 - Continuation**

**UNDERWRITING AND INVESTMENT EXHIBIT**

**PART 3 – ANALYSIS OF EXPENSES**

	Claim Adjustment Expenses		3	4	5
	1	2			
<b>WRITE-INS AGGREGATED AT LINE 25 FOR UNDERWRITING AND INVESTMENT EXHIBIT</b>	Cost Containment Expenses	Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504. Subscriptions .....			57,020		57,020
2505. Consulting .....		656,672	437,782		1,094,454
2597. Totals (Lines 2501 through 2596) (Page 14, Line 2598)		656,672	494,802		1,151,474

**OVERFLOW PAGE FOR WRITE-INS**

**Page 16 - Continuation**

**EXHIBIT OF NONADMITTED ASSETS**

<b>DETAILS OF WRITE-IN LINES FOR OTHER THAN INVESTED ASSETS AT LINE 25</b>	<b>1 Current Year Total Nonadmitted Assets</b>	<b>2 Prior Year Total Nonadmitted Assets</b>	<b>3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)</b>
2504. Deferred Compensation - 457		1,861,315	1,861,315
2597. Totals (Lines 2504 through 2596) (Page 16, Line 2598)		1,861,315	1,861,315