

**FILED** *AM*  
**JAN 04 2022**  
Department of Insurance  
State of Idaho

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**  
**STATE OF IDAHO**

In the Matter of:

DELTA DENTAL PLAN OF IDAHO

Certificate of Authority No. 1901  
NAIC No. 47791

Docket No. 18-4053-22

**ORDER ADOPTING REPORT  
OF EXAMINATION AS OF  
DECEMBER 31, 2020**

The Idaho Department of Insurance ("Department"), in accordance with Idaho Code §§ 41-219(1) and 41-3426, examined the affairs, transactions, accounts, records, and assets of Delta Dental Plan of Idaho ("Delta Dental"), for the period of January 1, 2016, through December 31, 2020. The Department then prepared a corresponding Report of Examination ("Report") under Idaho Code §§ 41-227.

Having reviewed the Report and record, the Department's Director ("Director") enters this order adopting the Report as filed.

**FINDINGS OF FACT**

1. Delta Dental is an Idaho-domiciled professional service corporation licensed to transact disability insurance, excluding managed care, in Idaho under Certificate of Authority No. 1901. Delta Dental transacts such business under the assumed business name Delta Dental of Idaho.

2. The Department completed an examination of Delta Dental under Idaho Code § 41-219(1), as incorporated by § 41-3426, on or about November 29, 2021. The Report sets forth the Department's findings.

3. Pursuant to Idaho Code § 41-227(4), the Department's examiner-in-charge filed the verified Report with the Department on November 29, 2021, and the Department transmitted a copy of the Report to Delta Dental on November 30, 2021. A copy of the verified Report is attached as Exhibit A.

4. Pursuant to Idaho Code § 41-227(4), Delta Dental had 30 days from receipt of the Report to make a written submission or rebuttal with respect to any matters contained in the Report. No such submission or rebuttal was received by the Department from Delta Dental.

5. On or about December 17, 2021, the Department received a Waiver from Delta Dental signed by Greg Donaca, its President and CEO. By executing the Waiver, a copy of which is attached as Exhibit B, Delta Dental agreed the Director could immediately enter a final order adopting the Report without modification; waived its right to make a written submission or rebuttal to the Report; and waived its right to request a hearing and to seek reconsideration or appeal from the Director's final order.

### **CONCLUSIONS OF LAW**

6. Idaho Code § 41-227(5)(a) provides that, after "the period allowed for the receipt of written submissions or rebuttals" expires, the Director "shall fully consider and review the report, together with any written submissions or rebuttals and relevant portions of the examiner's work papers" and shall enter an order adopting the report of examination as filed or with modifications or corrections, rejecting the report and reopening the examination, or calling for an investigatory hearing.

6. Having fully considered the Report, the Director concludes that, regarding the matters examined, the Report's comments, findings, and recommendations are appropriate and are incorporated herein as if set forth in full.

**ORDER**

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report is ADOPTED as filed, pursuant to Idaho Code §§ 41-227(5)(a).

IT IS FURTHER ORDERED, pursuant to Idaho Code §§ 41-227(8), that the adopted Report is a public record and shall not be subject to the exemptions from disclosure provided in chapter 1, title 74, Idaho Code.

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-227(6)(a), that, within 30 days of the issuance of the adopted Report, Delta Dental shall file with the Department's chief examiner affidavits executed by each of its directors stating under oath that they have received a copy of the adopted Report and related orders.

DATED AND EFFECTIVE this 3<sup>rd</sup> day of January, 2022.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE



\_\_\_\_\_  
DEAN L. CAMERON  
Director

### **NOTIFICATION OF RIGHTS**

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within 14 days of the service date of this order. The agency will dispose of the motion for reconsideration within 21 days of its receipt, or the motion will be considered denied by operation of law. *See* Idaho Code § 67-5246(4).

Any such motion for reconsideration shall be served on the Director of the Idaho Department of Insurance, addressed as follows:

Dean L. Cameron, Director  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order or orders previously issued in this case may file a petition for judicial review in the district court of the county in which:

- i. A hearing was held;
- ii. The final agency action was taken;
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho; or
- iv. The real property or personal property that was the subject of the agency action is located.

A petition for judicial review must be filed within 28 days of: (a) the service date of this final order, (b) the service of an order denying motion for reconsideration, or (c) the failure within 21 days to grant or deny a motion for reconsideration, whichever is later. *See* Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal. Idaho Code § 67-5274.

### CERTIFICATE OF SERVICE

I HEREBY CERTIFY that, on this 4<sup>th</sup> day of January, 2022, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2020, to be served upon the following by the designated means:

Delta Dental Plan of Idaho  
555 E. Parkcenter Blvd.  
Boise, ID 83706-6503  
[bshrum@deltadentalid.com](mailto:bshrum@deltadentalid.com)

☐ first class mail  
☒ certified mail  
☐ hand delivery  
☒ email

Eric Fletcher  
Chief Examiner  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
Boise, ID 83720-0043  
[eric.fletcher@doi.idaho.gov](mailto:eric.fletcher@doi.idaho.gov)

☐ first class mail  
☐ certified mail  
☐ hand delivery  
☒ email

John C. Keenan  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

☐ first class mail  
☐ certified mail  
☒ hand delivery  
☐ email

*Pamela Murray*

DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

DELTA DENTAL PLAN OF IDAHO  
(hospital and professional service corporation)  
(NAIC Company Code: 47791)

As of  
December 31, 2020



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Boise, Idaho  
November 29, 2021

The Honorable Dean L. Cameron  
Director of Insurance  
State of Idaho  
700 West State Street  
P.O. Box 83720  
Boise, Idaho 83720-0043

Dear Director:

Pursuant to your instructions, in compliance with Section 41-219(1), Idaho Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2020, of the financial condition and corporate affairs of:

Delta Dental Plan of Idaho  
555 E. Parkcenter Blvd.  
Boise, Idaho 83706

Hereinafter referred to as (the "Company"), at its offices in Boise, Idaho. The following report of examination is respectfully submitted.



## SCOPE OF EXAMINATION

### *Period Covered*

We have performed our single-state examination of the Company. The last exam was completed as of December 31, 2015. This examination covers the period of January 1, 2016, through December 31, 2020.

### *Examination Procedures Employed*

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* to determine compliance with accounting practices and procedures in conformity with the applicable laws and insurance rules promulgated by the Idaho Department of Insurance (the "Department"). The handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment was identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the examination report but separately communicated to the Company.

The examination determined the risks associated with identified key functional areas of the Company's operation and considered mitigating factors. Interviews were held with the senior management of the Company to gain an understanding of the entity's operating profile and control environment.

The Company retained the services of a certified public accounting firm, Eide Bailly, LLP, to audit its financial records for the years under examination. The firm allowed the examiners access to requested work papers prepared in connection with its audits. The external audit work was relied upon where deemed appropriate.

The examination relied on the findings of the actuarial firm contracted by the Department to verify reserves.

A letter of representation certifying that management disclosed all significant matters and records was obtained from management and included in the examination working papers.

### *Status of Prior Examination Findings*

Our examination included a review to determine the current status of the three exception conditions commented on in the preceding report of examination, dated March 30, 2017, which covered the period from January 1, 2011, to December 31, 2015. The Company addressed each of the three exceptions, and they are no longer material findings. The Department supports the Company's continued attention and efforts toward strengthened reporting controls, due to the nature and intricacies of said reporting.

## **SUMMARY OF SIGNIFICANT FINDINGS**

Our examination did not disclose any material adverse findings or any adjustments that impacted the Company's reported capital and surplus.

## **SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization declared the spreading Novel Coronavirus Diseases, COVID-19, a pandemic. On March 13, 2020, the United States declared the COVID-19 pandemic as a national emergency. COVID-19 has created economic disruptions on a global scale which has led to uncertainty about the overall economic impact to financial markets. At this time, the full effect of COVID-19 on the Company is unknown. In a coordinated effort, the Company and the Department will continue to monitor the effects of the pandemic to the Company.

## **COMPANY HISTORY**

### *General*

The Company operates as a non-profit, non-stock professional service corporation organized on June 21, 1971, under Title 41, Chapter 34, Idaho Code. The Company commenced business on December 5, 1971. As a professional service corporation, the Company, in exchange for period payments, provides indemnity in reasonable amounts for certain health care services that are furnished by the Company's participant licensees, known as Members. Each Member is a duly licensed dentist in Idaho.

In February of 1973, the Company was granted an exemption from federal income tax under Section 501(c)(4) of the Internal Revenue Code, which remains in effect. Additionally, the Company is exempt from state income tax under Idaho Code § 63-3025B. The Company is subject to premium tax which is imposed upon each subscriber's contract pursuant to Idaho Code § 41-3427.

In 2004, the Company registered a Doing Business As name of "Delta Dental of Idaho."

The Company is the ultimate parent in a holding company system. There are two wholly owned subsidiaries: Health Services Group, LLC (HSG) and Advanced Health Services, LLC (AHS). On September 12, 2012, the Company formed HSG, as an insurance producer. HSG discontinued sales of its DeltaVision product in late 2015 and is currently inactive. The Company formed AHS in

June of 2019. The Company transferred all its IT personnel to AHS, which now provides contracted information technology services to the Company as well as other companies.

#### *Capital Contributions*

The Company provided an initial contribution to AHS when AHS was first formed, in the amount of \$500,000. In November 2020, the Company provided a \$700,000 contribution to AHS. Both were approved by the Board of Directors. The Company is not obligated to make additional capital contributions to either of its wholly owned subsidiaries.

#### *Mergers and Acquisitions*

The Company did not engage in any mergers or acquisitions during the examination period or subsequent.

#### *Surplus Debentures*

The Company did not issue or purchase any surplus debentures during the examination period or subsequent.

### **CORPORATE RECORDS**

The meetings of the Board of Directors (the "Board") and the Members were conducted on a quarterly and annual basis for all years under examination. Meetings in 2020 were held via conference calls and video calls, due to the COVID-19 pandemic restrictions. Members only meetings were held on an annual basis.

The Company's corporate records, which includes but are not limited to, accounting, claims system, policyholder information and Board meeting minutes were kept at the corporate office in Boise, Idaho.

### **MANAGEMENT AND CORPORATE GOVERNANCE**

The bylaws of the Company indicated the number of Directors on the Board may be not less than three and no more than thirteen. The Board of Directors shall consist of two classes of members: Member Directors and Independent Directors. Member Directors are those that the Company has contracted with to provide health care services. Independent Directors are those defined by the instructions for IRS Form 990. At all times, a majority of the Directors shall be Independent Directors.

The following persons served as Directors of the Company as of December 31, 2020:

Name & Location	Occupation	Member or Independent Director
Kyle Siemens, DMD, Chair Pocatello, Idaho	Dentist, General Practice	Member Director
Annette Herman, Chair-Elect* Park City, Utah	Managing Director of Thomas Arts Advertising	Independent Director
John Jurevic, Immediate-Past-Chair Portland, Oregon	Retired CEO, Oregon Anesthesiology Group	Independent Director
Mike Fery, Secretary/Treasurer Boise Idaho	President/CEO, Rocky Mountain Mgmt & Development	Independent Director
Mark Alexander, DMD Twin Falls, Idaho	Dentist, General Practice	Member Director
Nancy Briggs Boise, Idaho	Retired Software Executive	Independent Director
John, Eck, MD Boise, Idaho	Medical Doctor	Independent Director
Jack Lincks, DDS Boise, Idaho	Dentist, Periodontist	Member Director
Mike Mooney Boise, Idaho	Retired CEO, Bank of the Cascades	Independent Director
Christine Neuhoff Boise, Idaho	VP and Chief Legal Officer, St. Lukes	Independent Director
Jim Pierce, DDS Lewiston, Idaho	Dentist, General Practice	Member Director
Kurt Petellin, DDS Couer d'Alene, Idaho	Dentist, General Practice	Member Director
Park Price Idaho Falls, Idaho	Retired President, Bank of Idaho	Independent Director

*\*Subsequent to the examination period, Ms. Herman assumed the position of Board Chair.*

The Board is tasked with electing officers on an annual basis, hiring a CEO, if necessary, and approving CEO compensation. The Board also establishes various committees, approves recommendations of those various committees, discusses business strategic plans and provides guidance and recommendations. As of December 31, 2020, the Board had established the following committees:

Executive Committee

Meets to make decisions on events that cannot wait for a Board meeting to be convened and then reports to the Board. Members as of December 31, 2020, were as follows:

Annette Herman  
Jon Jurevic  
Kyle Siemen  
Mike Fery  
Park Price

Audit, Risk & Compliance Committee

Appoints external auditor and corresponds regarding the annual audit and report, oversees the enterprise risk management process, and makes recommendations to the Board. Members as of December 31, 2020, were as follows:

Annette Herman  
Christine Neuhoff  
Jon Eck  
Jon Jurevic  
Mike Fery  
Nancy Briggs  
Park Price

Investment & Finance Committee

Oversees the investment managers and financial reporting including budgeting and three to five year budget projections. Reports to the Board and makes recommendations on investments and transactions for Board approval. Members as of December 31, 2020, were as follows:

Annette Herman  
John Eck  
Jon Jurevic  
Mike Fery  
Mike Mooney  
Nancy Briggs  
Park Price

#### Corporate Governance Committee

Amongst other duties, performs research on potential Board members which includes interviews of the potential members and makes recommendations to the Board and Members. As of December 31, 2020, committee members were as follows:

Annette Herman  
Jack Lincks  
Mark Alexander  
Mike Fery  
Mike Mooney  
Nancy Briggs  
Park Price

#### Compensation Committee

Consults with outside consultants on salary ranges for CEO and executive officers, makes recommendations to the Board on CEO base salary and bonuses, approves metrics to be used for annual performance achievement and makes the recommendations to the Board for approval. Members as of December 31, 2020, were as follows:

Annette Herman  
Christine Neuhoff  
Jim Pierce  
Jon Jurevic  
Kyle Siemen  
Kurt Petellin  
Mike Mooney

#### Community Outreach Committee

Provides research and recommendations for charitable contributions or dental services to be provided for certain low-income groups/individuals along with activities to make people aware of these services. Members as of December 31, 2020, were as follows:

Ernest Meshak-Hart  
Jack Lincks  
Jill Wagers  
Jim Pierce  
Josh Campbell  
Kurt Petellin  
Mark Alexander  
Sarah Toevs

#### Dental Advisory Committee

Reviews provider network performance, determines providers that do not comply with Company rules and/or Idaho law, determines provider credentialing and termination. Members as of December 31, 2020, were as follows:

Christine Neuhoff  
Jack Lincks  
Jim Pierce  
John Eck  
Kurt Petellin  
Mark Alexander  
Mike Mooney

#### Network Ad-Hoc Committee

Oversees current products and implementation of new products, in addition to determining enhancements to current products or strategies and making recommendations to the Board. Members as of December 31, 2020, were as follows:

Annette Herman  
Christine Neuhoff  
Jack Lincks  
Kyle Siemen

As previously mentioned, the Company is the ultimate parent in a holding company system consisting of two wholly owned subsidiaries. As of December 31, 2020, the Company had the following agreements in place with its subsidiaries:

#### Administrative Services Agreement between the Company and HSG

Effective October 1, 2012, this agreement states that the Company is to provide administrative and management support to HSG for \$1,500 a month in addition to any actual direct costs incurred and paid on HSG's behalf by the Company. The agreement states that HSG will comply with all HIPAA regulations. The agreement is for a period of five years and will renew annually each additional year thereafter, unless notice to terminate is provided at least three months prior to the agreement renewal date.

The agreement was amended effective January 1, 2017, to state that the Company will provide limited administrative and management support to HSG due to the inactivity of HSG. The monthly fee is no longer effective, and the amendment will be adjusted, if HSG becomes active.

#### Administrative Services Agreement between the Company and AHS

Effective January 1, 2019, this agreement states that the Company will provide administrative and management services to AHS for a monthly fee of \$45,040 to include any actual direct costs incurred and paid on AHS's behalf by the Company. The agreement states that AHS will comply with all HIPAA regulations. The agreement is for a period of five years and will renew annually each year thereafter, unless notice to terminate is provided at least three months prior to the agreement renewal date.

#### IT Services Agreement between AHS and the Company

Effective June 1, 2019, this agreement states that AHS will provide the Company with professional services including on-going IT Infrastructure and Service Desk support and Cybersecurity support. The Company is responsible for making the necessary internal arrangements for carrying out the services on a non-interference basis. The agreement also states that AHS may subcontract all or part of the services to be performed to qualified third parties with notification and pre-approval of the Company.

The agreement is for five contract periods, running from January 1 to December 31. The agreement shall continue in effect unless thirty days prior notice is provided to the Company for termination. If at the end of the five contract periods, the agreement has not been terminated, the agreement will automatically renew on an annual basis.

The base fee for services is \$185,000 per month plus billing for hours in excess of the contracted allowed 120 hours per quarter as well as any direct costs incurred or paid on the Company's behalf by AHS. At the end of each contractor period, the fee shall be reviewed and the Bureau of Labor and Statistics Employment Cost Index for the most recently completed quarter will be considered to negotiate in good faith the next contract period base service fee.

Effective January 1, 2020, the base fee per month was increased to \$210,000 plus billing for hours in excess of the contracted allowed 120 hours per quarter as well as any direct costs incurred or paid on the Company's behalf by AHS.

### **FIDELITY BONDS AND OTHER INSURANCE**

The minimum fidelity coverage suggested by the NAIC for an insurer of the Company's size and premium volume is not less than \$600,000. As of December 31, 2020, the Company had sufficient fidelity bond coverage subject to a loss limit of \$1 million in aggregate.

The Company also had additional insurance protection for Directors and Officers, Employment Practices Liability, Professional Liability and Cyber Liability.

### **PENSION, STOCK OWNERSHIP AND INSURANCE PLANS**

Employees are eligible for a 401(k) qualified defined contribution plan sponsored by the Company. The employer matching contribution to the plan is an amount equal to 200% of each participant's salary reduction contributions for the plan year up to three percent of the eligible salary. In addition, on an annual basis the Board determines if a company wide bonus will be awarded to employees. The Board considers historical, actual, and forecasted performance when determining the amount of the company wide bonus. The Company's contribution to the 401(k) plan was \$242,502 and \$230,188 for the company wide bonus for the year ended December 31, 2020.

In December 2003, the Company entered into a supplementary income retirement trust (rabbi trust) for certain employees, which is funded with cash. Upon retirement or termination of the plan participants, the participants' interest will begin to be distributed. Upon death or disability of the



plan participants, the entire interest will be distributed. The fair market value of the plan assets was \$545,942 as of December 31, 2020.

The Company maintains on its balance sheet a deferred compensation program for the benefit of participating Members, being the dentist providers. As directed by the Members and allowed under the program for future distributions to the Members, the Company reduces its claim payment to the Members and invests the withheld funds plus related interest. The fair market value of these assets, with an equally offsetting liability, was \$9,005,830 as of December 31, 2020.

## **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2020, the Company was licensed in the State of Idaho as a Professional Service Corporation. The Company provides prepaid dental service programs and indemnity in reasonable amounts to subscribers, their eligible dependents, or other beneficiaries via individual and family plans. The Company also partners with other insurance carriers to provide dental products bundled with other health insurance products. Dental insurance is marketed to individuals and groups through the Company's sales force and other distribution channels such as: on-line brokers, medical benefits providers and directly through private exchanges and Idaho's public exchange.

## **GROWTH OF THE COMPANY**

The following represents the Company's premium activity and its relationship to surplus during the examination period:

	2016	2017	2018	2019	2020
Gross Written Premium	\$48,710,822	52,496,235	58,535,109	64,052,510	67,241,682
Capital and Surplus	\$35,806,295	41,811,585	41,384,913	47,200,398	53,047,469
Gross Written Premium to Capital and Surplus Ratio	136%	126%	141%	136%	127%

Gross written premium and capital and surplus increased over the examination period due to substantial growth in the Company's line of business.

## **REINSURANCE**

The Company neither assumed nor ceded any reinsurance during the examination period.

## **ACCOUNTS AND RECORDS**

The Company has specific accounting software that integrates with its claims and billing systems.

The annual independent audits of the Company for the years 2016 through 2020 were performed by Eide Bailly. Their audit reports were made available for the examination.

Document and information requests for the examination were made in writing. The Company provided the requested documentation and information in a timely manner.

## **STATUTORY DEPOSITS**

Pursuant to Title 41, Chapter 34, Idaho Code, Professional Service Corporations are not required to maintain statutory deposits.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the company for the period ending December 31, 2020. The accompanying comments on financial statements reflect any material examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

## Statement of Assets and Liabilities

### Assets

Bonds	\$24,360,201
Common stocks	29,965,955
Real estate	
Properties occupied by the company	6,386,213
Cash	(731,012)
Other invested assets	47,410
Aggregate write-ins for invested assets	9,551,772
Premiums and considerations:	
Uncollected premiums and agents' balances in the course of collection	646,453
Amounts receivable relating to uninsured plans	1,733,993
Electronic data processing equipment and software	28,884
Furniture and equipment, including health care delivery assets	590,711
Total Assets	<u><u>\$72,580,580</u></u>

### Liabilities, Surplus and Capital

Claims unpaid	\$3,969,000
Unpaid claims adjustment expenses	270,270
Aggregate health policy reserves	145,481
Premiums received in advance	2,297,360
General expenses due or accrued	3,299,228
Amounts withheld or retained for the account of others	9,551,772
Total Liabilities	<u><u>\$19,533,111</u></u>
Unassigned funds (surplus)	<u>\$53,047,469</u>
Total Capital and Surplus	<u><u>\$53,047,469</u></u>
Total Liabilities, Capital and Surplus	<u><u>\$72,580,580</u></u>

Statement of Revenue and Expenses

Underwriting Income	
Net premium income	\$67,241,682
Total Underwriting Income	<u>\$67,241,682</u>
Underwriting Deductions	
Hospital/medical benefits	\$49,480,126
Claims adjustment expenses	3,232,629
General administrative expenses	11,740,486
Total Underwriting Deductions	<u>\$64,453,241</u>
Net Underwriting Gain (Loss)	<u>\$2,788,441</u>
Investment Income	
Net investment income earned	\$907,172
Net realized capital gains (losses)	1,655,199
Net Investment Gain	<u>\$2,562,371</u>
Net Income	<u>\$5,350,812</u>

Capital and Surplus

Capital and Surplus Prior Reporting Year	<u>\$47,200,398</u>
Net income	\$5,350,813
Change in net unrealized capital gains (losses)	2,234,789
Change in nonadmitted assets	<u>(1,738,531)</u>
Net Change in Capital and Surplus	<u>\$5,847,071</u>
Capital and Surplus End of Reporting Year	<u>\$53,047,469</u>

Reconciliation of Capital and Surplus

	2016	2017	2018	2019	2020
Capital and Surplus					
Prior Reporting Year	\$33,065,472	\$35,652,449	\$41,811,586	\$41,384,914	\$47,200,398
Net income (loss)	1,982,699	3,140,035	2,908,952	2,923,679	5,350,813
Change in net unrealized capital gains (losses)	759,754	2,918,194	(3,324,798)	4,439,678	2,234,789
Change in nonadmitted assets	(155,476)	100,908	(10,826)	(1,547,873)	(1,738,531)
Net Change in Capital and Surplus	\$2,586,977	\$6,159,137	(\$426,672)	\$5,815,484	\$5,847,071
Capital and Surplus End of Reporting Period	\$35,652,449	\$41,811,586	\$41,384,914	\$47,200,398	\$53,047,469

Analysis of Changes in Financial Statements Resulting from Examination

There were no material adjustments to surplus resulting from the examination.

Comments on Financial Statement Items

There were no adverse findings or material changes to the financial statements resulting from the examination.

**SUMMARY OF RECOMMENDATIONS**

There were no material findings or recommendations rising to the level deemed necessary for inclusion into this report of examination.



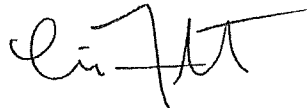
## ACKNOWLEDGEMENT

Michael Mayberry, FSA, MAAA, Senior Vice President & Principal of Lewis & Ellis, Inc. performed the actuarial phases of the examination. Joanna Latham, CPA, CFE, AES, CISA, CRISC of Jennan Enterprises, LLC performed the information systems review. In addition to the undersigned, Sara Schumacher, Manager, CPA, CFE, of Risk & Regulatory Consulting and Heidi Carey, CPA, Insurance Financial Examiner of the Idaho Department of Insurance participated in the examination. They join the undersigned in acknowledging the assistance and cooperation extended during the course of the examination by officers, employees, and representatives of the Company.

Respectfully submitted,



Barbara A. Bartlett, CPA, MBA, CFE  
Examiner-in-Charge  
Representing the Idaho Department of Insurance

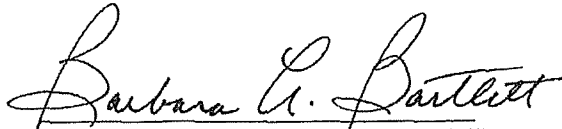


Eric Fletcher, CFE  
Chief Examiner  
Idaho Department of Insurance

## AFFIDAVIT OF EXAMINER

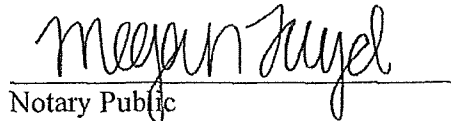
State: Missouri  
County Caldwell

Barbara A. Bartlett, CPA, MBA, CFE, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Delta Dental Plan of Idaho, Inc. for the period January 1, 2016 through December 31, 2020, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.



Barbara A. Bartlett, CPA, MBA, CFE  
Senior Manager  
Risk & Regulatory Consulting, LLC  
On behalf of Idaho Department of Insurance

Subscribe and sworn to before me the 29 day of November, 2021, at Hamilton, Missouri.



Notary Public



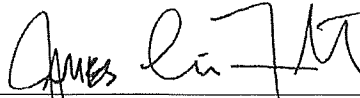
MEGAN LOYD  
My Commission Expires  
September 16, 2022  
Caldwell County  
Commission #18749596

My Commission Expires: 09/16/2022

## AFFIDAVIT OF EXAMINER

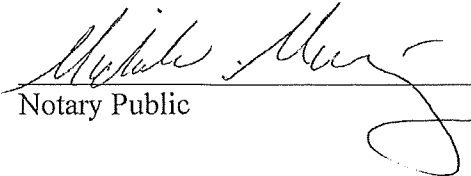
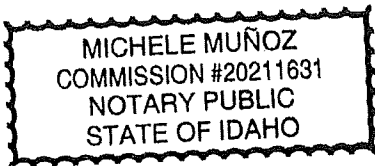
Idaho  
Ada

James "Eric" Fletcher, CFE, being duly sworn, deposes and says that they are a duly appointed Examiner for the Department of Insurance of the State of Idaho, that they have made an examination of the affairs and financial condition of Delta Dental Plan of Idaho, Inc. for the period January 1, 2016 through December 31, 2020, that the information contained in the report consisting of the foregoing pages is true and correct to the best of their knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.



James Eric Fletcher, CFE  
Chief Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 29<sup>th</sup> day of November, 2021, at Boise (City),  
ID (State).

  
Notary Public

My Commission Expires: 03-30-2027

BRAD LITTLE  
Governor

*State of Idaho*  
**DEPARTMENT OF INSURANCE**

700 West State Street, 3rd Floor  
P.O. Box 83720  
Boise, Idaho 83720-0043  
Phone (208)334-4250  
FAX # (208)334-4398

DEAN L. CAMERON  
Director

**WAIVER**

In the matter of the Report of Examination as of December 31, 2020 of the:

**Delta Dental Plan of Idaho, Inc**

By executing this Waiver, the Company hereby acknowledges receipt of the above-described examination report, verified as of the November 29, 2021, and by this Waiver hereby consents to the immediate entry of a final order by the Director of the Department of Insurance adopting said report without any modifications.

By executing this Waiver, the Company also hereby waives:

1. its right to examine the report for not more than thirty (30) days as provided in Idaho Code section 41-227(4),
2. its right, after the date of this waiver, to make a written submission or rebuttal to the report prior to entry of a final order as provided in Idaho Code section 41-227(4) and (5),
3. any right to request a hearing under Idaho Code sections 41-227(5) and (6), 41-232(2)(b), or elsewhere in the Idaho Code, and
4. any right to seek reconsideration and appeal from the Director's order adopting the report as provided by section 41-227(6), Idaho Code, or elsewhere in the Idaho Code.

Dated this 17th day of December, 2021

**Delta Dental Plan of Idaho, Inc**

Greg Donaca

Name (print)

*Greg Donaca*

Name (signature)

President and CEO

Title

**EXHIBIT**

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