

**FILED**  
**APR 28 2021**  
Department of Insurance  
State of Idaho

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

WILLAMETTE DENTAL OF IDAHO, INC.

Certificate of Authority No. 3067

NAIC No. 95819

Docket No. 18-3907-21

**ORDER ADOPTING REPORT  
OF EXAMINATION AS OF  
DECEMBER 31, 2019**

The State of Idaho, Department of Insurance (“Department”), having conducted an examination of the affairs, transactions, accounts, records, and assets of Willamette Dental of Idaho, Inc. (“Willamette Dental”), pursuant to Idaho Code §§ 41-3911 and 41-219(1) and (5), hereby alleges the following facts that constitute a basis for issuance of an order, pursuant to Idaho Code § 41-227(5)(a), adopting the Report of Examination of Willamette Dental of Idaho, Inc., as of December 31, 2019 (“Report”), as filed.

**FINDINGS OF FACT**

1. Willamette Dental is an Idaho-domiciled managed care organization licensed to transact managed care insurance in Idaho under Certificate of Authority No. 3067.
2. The Department completed an examination of Willamette Dental pursuant to Idaho Code §§ 41-3911 and 41-219(1) and (5) on or about April 12, 2021. The Department’s findings are set forth in the Report.
3. Pursuant to Idaho Code § 41-227(4), a copy of the Report, verified under oath by

the Department's examiner-in-charge, was filed with the Department on April 12, 2021, and a copy of such verified Report was transmitted to Willamette Dental on the same date. A copy of the verified Report is attached hereto as Exhibit A.

4. On or about April 20, 2021, the Department received a Waiver from Willamette Dental signed by Wee Yuen Chin, Treasurer for Willamette Dental. By execution of such Waiver, a copy of which is attached hereto as Exhibit B, Willamette Dental consented to the immediate entry of a final order by the Director of the Department ("Director") adopting the Report without any modifications; 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.

5. No written submissions or rebuttals with respect to any matters contained in the Report were received by the Department from Willamette Dental.

#### **CONCLUSIONS OF LAW**

6. Idaho Code § 41-227(5) provides that "[w]ithin thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals, 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.

7. Having fully considered the Report, the Director concludes that the Report should be adopted.

#### **ORDER**

NOW, THEREFORE, based on the foregoing, IT IS HEREBY ORDERED that the Report

of Examination of Willamette Dental of Idaho, Inc., as of December 31, 2019, is hereby 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 thirty (30) days of the issuance of the adopted Report, Willamette 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 28 day of April, 2021.

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 fourteen (14) days of the service date of this order. The agency will dispose of the motion for reconsideration within twenty-one (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 twenty-eight (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 twenty-one (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 20<sup>th</sup> day of April, 2021, I caused a true and correct copy of the foregoing ORDER ADOPTING REPORT OF EXAMINATION AS OF DECEMBER 31, 2019 to be served upon the following by the designated means:

Willamette Dental of Idaho, Inc.  
6950 NE Campus Way  
Hillsboro, OR 97124-5611

- first class mail
- certified mail
- hand delivery
- email

Eric Fletcher  
Chief Examiner, Company Activities Bureau Chief  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043  
eric.fletcher@doi.idaho.gov

- first class mail
- certified mail
- hand delivery
- email

Edith L. Pacillo  
Lead Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043  
edith.pacillo@doi.idaho.gov

- first class mail
- certified mail
- hand delivery
- email



DEPARTMENT OF INSURANCE

STATE OF IDAHO



REPORT OF EXAMINATION

Of

WILLAMETTE DENTAL OF IDAHO, INC.

(a disability, managed care insurer)

NAIC company code: 95819

as of

December 31, 2019

**EXHIBIT**

**A**

exhibitsticker.com

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Boise, Idaho  
April 12, 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 Idaho Code § 41-219(1), 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, 2019, of the financial condition and corporate affairs of:

Willamette Dental of Idaho, Inc.  
8950 W. Emerald Street, Suite 108  
Boise, Idaho 83704

Hereinafter referred to as the “Company”, having been examined at the primary location of its books and records in Hillsboro, Oregon. The following report of examination is respectfully submitted.

## SCOPE OF EXAMINATION

### *Period Covered*

We have performed our full scope, risk-focused coordinated examination of the Company. The Company is a single-state insurer that writes business in Idaho. The last exam was completed as of December 31, 2014. This examination covers the period of January 1, 2015, through December 31, 2019.

This examination was a coordinated examination, in which Washington was the lead state with participation from examiners from the states of Idaho and Oregon. It was conducted concurrently with the examinations of Willamette Dental Insurance, Inc. (Oregon) and Willamette Dental of Washington, Inc. (Washington).

### *Examination Procedures Employed*

The examination was conducted in accordance with the risk-focused examination process pursuant to the NAIC *Financial Condition Examiners Handbook* to determine compliance with accounting practices and procedures in conformity with the applicable laws of the State of Idaho, and insurance rules promulgated by the Idaho Department of Insurance (“Department”). The examination process required that we plan and perform the examination to evaluate the financial condition and identify current and prospective risks of the Company, including management and governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. The examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and management’s compliance with the Statements of Statutory Accounting Principles and Annual Statement Instructions when applicable to domestic state regulations.

The Company retained the services of a certified public accounting firm, Perkins & Company, P.C., Portland, Oregon, to audit its financial records for the years under examination. The firm provided the examiners access to requested work papers prepared in connection with its audits. The external audit work was relied upon where deemed appropriate.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

The examination determined the risks associated with identified key functional activities of the Company’s operations 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.

This examination report includes findings of fact, as mentioned in Idaho Code § 41-227(2) and general information about the insurer and its financial condition.

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

*Status of Prior Examination Findings*

There were no exception conditions reported in the Report of Examination, dated December 31, 2014, which covered the period from January 1, 2011 to December 31, 2014.

**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 was incorporated on July 22, 1998 under the laws of the State of Idaho. Effective September 11, 1998, the Director of the Idaho Department of Insurance issued a Certificate of Authority to transact business in this State as a disability, managed care only company. The Company is a limited managed care company offering dental care services as provided in Idaho Code § 41-3903(13). The Idaho Department of Insurance required the Company to maintain a premium to surplus ratio of seven to one with a minimum of \$50,000 pursuant to Idaho Code § 41-3905(2). The Department further agreed that a minimum capital and surplus requirement of \$200,000 would be reached no later than three years after the issuance of the Certificate of Authority.

Effective December 2, 2002, the Company changed its name from Columbia Dental of Idaho, Inc. to Willamette Dental of Idaho, Inc.

On May 9, 2003, the Idaho Department of Insurance approved the acquisition by the Company of Willamette Dental Insurance, Inc. (an Oregon insurer) and Willamette Dental of Washington, Inc. (a Washington insurer). The Company was authorized to issue 50,000 new shares of stock to Dr. Eugene Skourtes, the ultimate owner of the Company, in exchange for all shares of stock of these affiliated companies. This acquisition was deemed to be a merger for purposes of Idaho Code § 41-715(2). The investment in these affiliates may be recorded as a statutory asset without limitation.

### *Capital Contributions*

The Company's Articles of Incorporation authorized the issuance of 50,000 shares of common stock with a \$1.00 par value. The Articles of Amendment to the Articles of Incorporation changed the authorized shares from 50,000 to 174,483 shares of \$1.00 par value common stock. Each Director was a stockholder of the Company, meeting the requirements of Idaho Code §41- 2835(3). The Directors each purchased a qualifying share of capital stock at book value. Idaho Code § 41-2835(3) was subsequently amended in 2003 whereby Directors are no longer required to own a share of stock in order to be a director.

The activity in the capital structure since inception of the Company is illustrated below:

<u>Year</u>	<u>Number of Shares Issued</u>	<u>Value of Common Stock</u>	<u>Surplus Paid in or Contributed</u>
1998	50,000 (a)	\$ 50,000	\$ 0
1999	0	\$ 0	\$ 220,000 (b)
2003	124,483 (c)	\$124,483	\$ 2,995,593 (c)
2008	<u>(1) (d)</u>	<u>\$ (1)</u>	<u>\$ 0</u>
Totals	<u>174,482</u>	<u>\$174,482</u>	<u>\$ 3,215,593</u>

(a) Initial sale includes one share to each of the five Directors. The remaining 49,995 shares were owned by Eugene C. Skourtes, Trustee, U/A/D 04/23/92, the Eugene C. Skourtes Revocable Trust.

(b) Dr. Eugene Skourtes contributed \$220,000 in surplus during 1999 to help cover some of the initial operating losses incurred by the Company.

(c) Willamette Dental Insurance, Inc. and Willamette Dental of Washington, Inc. were acquired with a total value of \$3,120,076. For this transaction, 124,483 shares of stock with a par value of \$1.00 were issued to Dr. Skourtes. The remainder of the transaction resulted in \$2,995,593 of Surplus Paid in or Contributed.

(d) One share issued to a Director in 1998 (a) was conveyed back to the Company and cancelled on or about October 21, 2008.

The total common capital stock was \$174,482 and paid-in or contributed surplus was \$3,215,593 at December 31, 2019.

### *Surplus Debentures*

Effective December 30, 1999, the Company began issuing surplus notes to Willamette Dental Management Corporation (formerly Denkor Dental Management Corporation, Beaverton, Oregon). The notes were being used to offset the losses incurred through the quarter ending December 31, 1999. The Board of Directors passed a Corporate Resolution to borrow on December 30, 1999. The Resolution allowed the Company to borrow up to \$300,000 at any one time. At the same time, the directors of Willamette Dental Management Corporation authorized it to lend up to \$300,000 at any one time to Willamette Dental of Idaho, Inc.

The two companies also signed a Surplus Loan Agreement. This Agreement outlines the terms of the various borrowings. The agreement shall be indefinite until all indebtedness of the Company to Willamette Dental Management Corporation has been performed in full and the parties terminate the agreement in writing. The loans shall bear interest at the rate of 6 percent per annum. The Company will repay the loan in full, with accrued interest, subject to the approval of the Idaho Department of Insurance. The Company may pre-pay without penalty, subject to its compliance with the terms of the surplus note with subordination and prior approval requirements of the agreement.

During the current examination period, the Company did not issue any additional surplus notes. No repayments were made during the current examination period.

The surplus notes issued by the Company are illustrated in the following chart:

<u>Date Issued</u>	<u>Par Value (Face Amount of Notes)</u>	<u>Dates Idaho DOI Approved Repayment</u>	<u>Principal Approved for Repayment</u>	<u>Carrying Value as of 12/31/2019</u>
12/30/1999	\$ 175,000	6/30/2005	\$ (175,000)	\$ 0
03/28/2000	275,000	6/27/2007	(275,000)	0
06/30/2000	250,000	6/08/2006	(250,000)	0
11/01/2000	300,000	6/02/2008	(300,000)	0
12/11/2000	200,000	11/24/2008	(200,000)	0
03/26/2001	275,000	11/24/2008	(275,000)	0
06/28/2001	200,000	4/10/2009	(200,000)	0
09/30/2001	100,000	12/3/2010	(100,000)	0
09/30/2001	300,000	---	---	300,000
03/30/2003	250,000	6/20/2013	(250,000)	0
08/31/2003	300,000	6/24/2014	(300,000)	0
<b>Total:</b>	<b><u>\$2,625,000</u></b>		<b><u>\$(2,325,000)</u></b>	<b><u>\$300,000</u></b>

The surplus note of \$300,000 issued on September 30, 2001 was outstanding as of December 31, 2019.

## **CORPORATE RECORDS**

The meetings of the Board of Directors and Shareholders were conducted on a quarterly and an annual basis, respectively, for all the years under examination.

## **MANAGEMENT AND CORPORATE GOVERNANCE**

The bylaws of the Company indicate the number of Directors shall be not less than five (5) nor more than fifteen (15). The following persons served as Directors of the Company as of December 31, 2019:

<u>Name and Business Address</u>	<u>Principal Occupation</u>
Eugene Constantine Skourtes, D.M.D. Hillsboro, Oregon	President and Secretary, Willamette Dental of Idaho, Inc.
Diane Rae Keys Boise, Idaho	Retired Director of Legislative and Education of Independent Insurance Agents and Brokers of Idaho
Wendy Jo Tippetts Boise, Idaho	President and Owner, Association Services Group, Inc.
Jennifer Taylor Boise, Idaho	Legal Secretary, Givens Pursley LLP
Wee Yuen Chin Hillsboro, Oregon	Treasurer and Chief Financial Officer, Willamette Dental of Idaho, Inc.

The number of Directors serving the Company at year-end 2019 was in compliance with the Company's bylaws and Idaho Code § 41-2835(1).

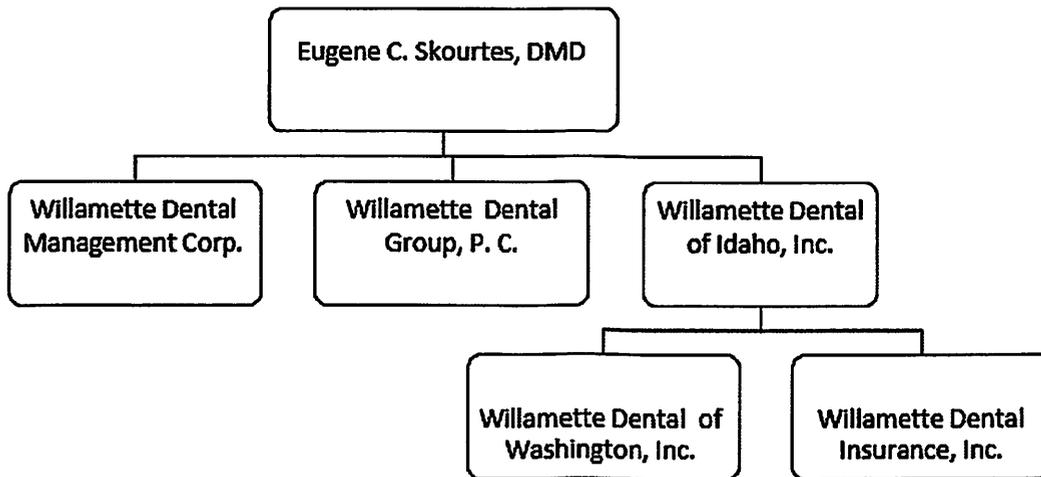
The bylaws require the Company to have a President and a Secretary and such other officers as the Board of Directors may prescribe, including a Treasurer. Such other officers and assistant officers and agents as may be necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person. The following persons served as officers of the Company as of December 31, 2019:

<u>Name</u>	<u>Position</u>
Eugene Constantine Skourtes, D.M.D.	President
Eugene Constantine Skourtes, D.M.D.	Secretary
Wee Yuen Chin	Treasurer

Pursuant to the Company's bylaws, the Board of Directors, by resolution adopted by a majority of the full board, may designate two or more of its members to constitute an Executive Committee. The Board has not designated an Executive Committee and as such, the Board of Directors acts as the Executive Committee.

An Audit Committee was also not designated by the Company. Therefore, the Company's entire Board of Directors constitutes the Audit Committee as permitted by IDAPA 18.07.04.011.03.

The Company is a member of an insurance holding company system. Eugene C. Skourtes, D.M.D. is the ultimate controlling person, as noted in the following abridged organizational chart:



As of the report of examination date, the Company's ownership interest in Willamette Dental Insurance, Inc. and Willamette Dental of Washington, Inc., was 100 percent.

Inter Company Agreements involving the Company and holding company affiliates include:

*Intercompany Tax Sharing Agreement*

The Company entered into an intercompany tax sharing agreement with its subsidiaries, Willamette Dental Insurance, Inc. and Willamette Dental of Washington, Inc., effective July 1, 2003. Under the terms of the agreement, the parties agreed to file a consolidated federal tax return. Each company will be liable for its appropriate share of the taxes to be computed as if each individual company was a separate entity. The subsidiaries shall pay the Company on a quarterly basis no later than the due date of the estimated quarterly payment.

*Dental Provider Agreement*

The Company entered into a dental provider agreement with Willamette Dental Group, P.C., on March 1, 2019. This agreement replaced the existing agreement effective January 1, 2004. Under the terms of this agreement, Willamette Dental Group, P.C. agrees to provide dental providers to perform all covered dental services for the Company. The services provided include, but are not limited to diagnostic, preventative, restorative, periodontal, oral surgery and orthodontic.

The Company also pays Willamette Dental Group, P.C. for dental provider services through a capitation plan based upon a flat percentage of the subscriber's gross premiums. The capitation payment shall be paid no later than the 15th of the month following the month the premium is received. Claim expenses paid to Willamette Dental Group, P.C. in 2019 totaled \$12,250,016.

*Business Services Agreement*

The Company entered into a business services agreement with Willamette Dental Management Corporation effective October 1, 2014. The agreement was amended on August 1, 2016 adding provisions for annual true-up of any fees paid. Under the terms of this agreement, Willamette Dental

Management agrees to provide management, administrative support, marketing, and accounting services to the Company. The services provided further include, but are not limited to, recruitment of dentists and paraprofessionals, underwriting, collection of premiums, and processing and payment of claims.

The terms of the agreement are for an initial period of forty years commencing on October 1, 2014, and shall be automatically renewed for successive one year periods thereafter. Written notice of termination shall be at least 365 days before the end of the initial term or any renewal term, unless terminated for other reasons specified in the agreement.

The parties shall establish annually, through the budget setting process, a fair and reasonable amount for the administrative and management services fees for the upcoming year. The fee amount is based upon, but not limited to, factors such as the reasonable value of the business services to be provided by Willamette Dental Management Corporation based on current and historical cost and pricing information, changes in the Company's business, and commercial third party administrator market rates. The fee is to be paid monthly in arrears. The Company paid \$529,212 under this agreement to Willamette Dental Management in 2019.

## **FIDELITY BONDS AND OTHER INSURANCE**

The minimum fidelity bond coverage suggested by the NAIC for an insurer of the Company's size and premium volume is not less than \$175,000. As of December 31, 2019, the Company had sufficient fidelity bond coverage of \$1,000,000.

The Company also has additional insurance protection for: property, general liability, business auto, umbrella coverage, earthquake and flood, professional errors and omissions, privacy network protection, and directors and officers/employment practices/fiduciary liability coverages.

## **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2019, the Company is licensed in the State of Idaho as a managed care organization authorized to write disability, managed care only business. The Company's line of business is dental insurance. Policies are sold on a capitated basis primarily to groups and organizations.

The Company is serviced by five locations for handling patients in Boise, Coeur d'Alene, Idaho Falls, Meridian, and Twin Falls, Idaho.

## GROWTH OF THE COMPANY

The following represents the Company's Premium Activity and its relationship to surplus over the period of our examination.

	2019	2018	2017	2016	2015
Gross Written Premium	\$ 13,617,834	11,685,291	9,726,388	8,443,458	7,260,649
Policyholder Surplus	\$ 30,558,709	25,270,359	23,427,732	20,414,680	18,762,851
Gross Written Premium to Policyholder Surplus Ratio	45%	46%	42%	41%	39%

## LOSS EXPERIENCE

The following represents the Company's loss experience and its relationship to net premium income over the period of our examination:

	2019	2018	2017	2016	2015
Net Premium Earned	\$ 13,617,834	11,685,291	9,726,388	8,443,458	7,260,649
Claims Incurred	\$ 12,250,016	10,539,273	8,730,679	7,406,144	6,312,893
Claims Adjustment Expenses	-	-	-	-	-
Administrative Expenses Incurred (AEI)	\$ 945,204	974,376	733,239	731,565	599,538
Total Claims and AEI	\$ 13,195,220	11,513,649	9,463,918	8,137,709	6,912,431
Total Claims and AEI to Net Premium Earned (Combined Ratio)	96.9%	98.5%	97.3%	96.4%	95.2%

## REINSURANCE

### *Assumed*

The Company did not assume any reinsurance as of December 31, 2019.

### *Ceded*

The Company did not ceded any reinsurance as of December 31, 2019.

## **ACCOUNTS AND RECORDS**

The annual independent audits of the Company for the years 2015 through 2019 were performed by Perkins & Co., P.C., Portland, Oregon. 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 Idaho Code § 41-316A and Idaho Code § 41-3905(7), the Company is required to maintain a deposit in an amount not less than \$25,000. The examination confirmed the Company maintained a statutory deposit with the State of Idaho consisting of a US Bank NA., Certificate of Deposit with a fair value of \$106,982. This deposit is adequate to cover the required deposit.

## **FINANCIAL STATEMENTS**

The financial section of this report contains the following statements:

Balance Sheet as of December 31, 2019

Statement of Revenue and Expenses as of December 31, 2019

Reconciliation of Surplus as of December 31, 2019

Balance Sheet  
As of December 31, 2019

ASSETS

Common stocks (Note 1)	\$29,403,533
Cash (\$930,674), cash equivalents (\$0) and short-term investments (\$0)	930,674
Total Invested Assets	\$30,334,207
Uncollected premiums and agents' balances in the course of collection	84,080
Current federal and foreign income tax recoverable and interest thereon	334,482
Receivables from parent, subsidiaries and affiliates	89
Total Assets	\$30,752,858

LIABILITIES, CAPITAL AND SURPLUS

Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per Public Health Service Act (Note 2)	\$ 9,873
Premiums received in advance	85,609
General expenses due or accrued	36,081
Amounts due to parent, subsidiaries and affiliates	62,586
Total Liabilities	\$ 194,149
**Aggregate write-ins for special surplus funds	209,000
Common capital stock (Note 3)	174,483
Gross paid in and contributed surplus	3,215,593
Surplus notes	300,000
Unassigned funds (surplus)	26,659,633
Total Capital and Surplus	\$30,558,709
Total Liabilities, Capital and Surplus	\$30,752,858

\*\*Estimate ACA fee for 2019: \$209,000.

Statement of Revenue and Expenses  
As of December 31, 2019

Net premium income		<u>\$ 13,617,834</u>
Total Revenues		\$ 13,617,834
Other professional services	<u>\$ 12,250,016</u>	
Total hospital and medical	\$ 12,250,016	
General administrative expenses	<u>945,204</u>	
Total underwriting deductions		<u>13,195,220</u>
Net underwriting gain (loss)		\$ 422,614
 Net investment income earned	 <u>\$ 2,336</u>	
Net investment gains (losses)		<u>2,336</u>
 Net income (loss) after capital gains tax and before all other federal income taxes		 \$ 424,950
Federal and foreign income taxes incurred		<u>93,157</u>
Net Income (Loss)		<u><u>\$ 331,793</u></u>

Reconciliation of Surplus  
As of December 31, 2019

Capital and surplus prior reporting year	\$ 25,270,359
Net income or (loss)	\$ 331,793
Change in net unrealized capital gains (losses) less capital gains tax (\$0)	<u>4,956,557</u>
Net change in capital and surplus	<u>\$ 5,288,350</u>
Capital and surplus end of reporting year	<u>\$ 25,270,359</u>

Analysis of Changes in Financial Statements Resulting From Examination

There were no adjustments made to surplus in the Report of Examination.

## NOTES TO FINANCIAL STATEMENTS

Note (1)	Common stocks	\$29,403,533
	Change in net unrealized capital gains (losses) (2014)	\$ 4,956,557

Effective July 1, 2003, the Company through a merger acquired 100 percent of the outstanding stock of Willamette Dental Insurance, Inc. and Willamette Dental of Washington, Inc. in exchange for a stock subscription with the sole shareholder of the two insurance entities. The Company accounts for its investments in its subsidiaries using the equity method set forth in SSAP No. 97. The difference between cost and carrying value of the subsidiaries reported by the respective subsidiaries in the most recently filed Annual Statements filed with the states of Oregon and Washington is taken to the Capital and Surplus Account as unrealized capital gain or loss.

The carrying values of the Company's investments in Willamette Dental Insurance, Inc. and Willamette Dental of Washington, Inc. as of December 31, 2019, are as follows:

Willamette Dental Insurance, Inc.	\$ 12,038,072
Willamette Dental of Washington, Inc.	<u>17,365,461</u>
Total:	<u>\$ 29,403,533</u>

Note (2)	Aggregate health policy reserves, including the liability of \$0 for medical loss ratio rebate per Public Health Service Act	\$ 9,873
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Lynn F. Dong, FSA, MAAA, Principal and Consulting Actuary with the firm of Milliman, Inc., Seattle, Washington, examined the assumptions and methods used in determining aggregate health policy reserves as of December 31, 2019. In Mr. Dong's opinion, the amounts carried in the balance sheet:

- Are in accordance with the accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- Meet the requirements of the insurance laws and regulations of the State of Idaho and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed,
- Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- Are computed on the basis of assumptions and methods consistent with those used in computing the corresponding items in the annual statement of the preceding year-end, and
- Include appropriate provision for all actuarial items that ought to be established.

Note (3) Common capital stock \$ 174,483

The Company reported Common capital stock of \$174,483 in its Annual Statements for all years under examination. This represented 174,483 shares of issued and outstanding common stock with a \$1.00 par value. As previously reported, one share of common stock issued to a Director in 1998 was conveyed back to the Company and cancelled on or about October 21, 2008 upon that Director's retirement. However, the Company's Common capital stock was not adjusted accordingly for the cancelled share, causing Common capital stock to be overstated by one share of \$1.00 par value. As the amount is immaterial, an adjustment was not made to surplus in the Report of Examination. See *COMPANY HISTORY, Capital Contributions* for additional comments.

Subsequent to the period of examination, as of December 31, 2020, the company adjusted Common capital stock to \$174,482, representing 174,482 shares of issued and outstanding common stock with a \$1.00 par value.

## COMMENTS AND RECOMMENDATIONS

This examination did not provide recommendations to the Company as a result of our review.

## ACKNOWLEDGEMENT

The undersigned acknowledges the assistance and cooperation extended during the course of the examination by representatives of the Company.

Respectfully submitted,



Jessie Adamson, CFE  
Deputy Chief Examiner  
Idaho Department of Insurance

**AFFIDAVIT OF EXAMINER**

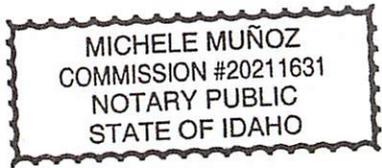
Idaho  
Ada County

Jessie L. Adamson, being duly sworn, deposes and says that she is a duly appointed Examiner for the Department of Insurance of the State of Idaho, that she has made an examination of the affairs and financial condition of Willamette Dental of Idaho, Inc. for the period from January 1, 2015 through December 31, 2019, that the information contained in the report consisting of the foregoing pages is true and correct to the best of her knowledge and belief; and that any conclusions and recommendations contained in this report are based on the facts disclosed in the information.

*Jessie Adamson*

\_\_\_\_\_  
Jessie L. Adamson, CFE  
Deputy Chief Examiner  
Idaho Department of Insurance

Subscribe and sworn to before me the 12<sup>th</sup> day of April, 2021, at Boise (City),  
ID (State).



*Michele Muñoz*  
\_\_\_\_\_  
Notary Public

My Commission Expires: 03-30-2027

State of Idaho  
**DEPARTMENT OF INSURANCE**

**BRAD LITTLE**  
Governor

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, 2019 of the:

**Willamette Dental of Idaho, Inc.**

By executing this Waiver, the Company hereby acknowledges receipt of the above-described examination report, verified as of the 12<sup>th</sup> day of April 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 up to 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 20 day of April, 2021

**Willamette Dental of Idaho, Inc.**

Wee Yuen Chin

Name (print)

Wee Yuen Chin

Name (signature)

Treasurer

Title

