

QUARTERLY STATEMENT

OF THE

ALTUS DENTAL

INSURANCE COMPANY, INC.

of **PROVIDENCE**

in the state of **RHODE ISLAND**

TO THE

Insurance Department

OF THE

STATE OF

STATE OF RHODE ISLAND

FOR THE QUARTER ENDED

September 30, 2017

HEALTH

2017



52632201720100103

QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2017
OF THE CONDITION AND AFFAIRS OF THE

ALTUS DENTAL INSURANCE CO., INC.

NAIC Group Code 1571, 1571 NAIC Company Code 52632 Employer's ID Number 05-0513223
(Current Period) (Prior Period)

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

Country of Domicile UNITED STATES OF AMERICA

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

Incorporated/Organized August 1, 2000 Commenced Business September 1, 2001

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

Main Administrative Office 10 CHARLES STREET
(Street and Number)

PROVIDENCE, RI US 02904 877-223-0577
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

Primary Location of Books and Records 10 CHARLES STREET PROVIDENCE, RI US 02904 877-223-0577
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.altusdental.com

Statutory Statement Contact GEORGE J. BEDARD 877-223-0577
(Name) (Area Code) (Telephone Number) (Extension)
gbedard@altusdental.com 401-457-7260
(E-Mail Address) (Fax Number)

OFFICERS

| Name | Title |
|---------------------|---------------------|
| 1. JOSEPH A. NAGLE | PRESIDENT |
| 2. MELISSA GENNARI | ASSISTANT SECRETARY |
| 3. RICHARD A. FRITZ | TREASURER |

VICE-PRESIDENTS

| Name | Title | Name | Title |
|------------------|---------------------------------|----------------|----------------------------|
| RICHARD A. FRITZ | VP - FINANCE | JOSEPH PERRONI | VP - SALES |
| THOMAS CHASE | VP - CHIEF INFORMATION OFFICER | BLAINE CARROLL | VP - STRATEGIC INITIATIVES |
| CYNTHIA WARD | VP - MARKETING & COMMUNICATIONS | | |
| | | | |
| | | | |
| | | | |
| | | | |

DIRECTORS OR TRUSTEES

| | | | |
|-------------------|---------------------|------------------------|---------------------|
| JULIE G. DUFFY | THOMAS ENRIGHT # | FRANCIS J. FLYNN | WILLIAM G. FOULKES |
| JONATHAN W. HALL | EDWARD O. HANDY III | JOSEPH J. MARCAURELE | LINDA R. MCGOLDRICK |
| MARK A. PAULHUS | CYNTHIA S. REED | JAMES V. ROSATI | JOHN T. RUGGEIRI |
| EDWIN J. SANTOS # | MARK SHAW # | VANESSA TOLEDO-VICKERS | |
| | | | |
| | | | |
| | | | |
| | | | |

State of RHODE ISLAND

County of PROVIDENCE ss

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

| | | |
|--------------------------------|--------------------------------|---------------------------------|
| (Signature) JOSEPH A. NAGLE | (Signature) MELISSA GENNARI | (Signature) RICHARD A. FRITZ |
| (Printed Name) 1. | (Printed Name) 2. | (Printed Name) 3. |
| PRESIDENT | ASSISTANT SECRETARY | TREASURER |
| (Title) | (Title) | (Title) |

Subscribed and sworn to before me this 9th day of NOVEMBER, 2017

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

KRISTEN MEIZOSO
My commission expires 8/1/20

ASSETS

| | Current Statement Date | | | 4 December 31 Prior Year Net Admitted Assets |
|---|------------------------|----------------------------|--|---|
| | 1 Assets | 2 Nonadmitted Assets | 3 Net Admitted Assets (Cols. 1 - 2) | |
| 1. Bonds | 26,909,849 | | 26,909,849 | 24,335,500 |
| 2. Stocks: | | | | |
| 2.1 Preferred stocks | | | | |
| 2.2 Common stocks | 1,356,422 | | 1,356,422 | 1,249,121 |
| 3. Mortgage loans on real estate: | | | | |
| 3.1 First liens | | | | |
| 3.2 Other than first liens | | | | |
| 4. Real estate: | | | | |
| 4.1 Properties occupied by the company (less \$ 0 encumbrances) | | | | |
| 4.2 Properties held for the production of income (less \$ 0 encumbrances) | | | | |
| 4.3 Properties held for sale (less \$ 0 encumbrances) | | | | |
| 5. Cash (\$ 2,190,676), cash equivalents (\$ 0), and short-term investments (\$ 0) | 2,190,676 | | 2,190,676 | (164,232) |
| 6. Contract loans (including \$ 0 premium notes) | | | | |
| 7. Derivatives | | | | |
| 8. Other invested assets | 1,640,581 | | 1,640,581 | 2,916,483 |
| 9. Receivables for securities | | | | |
| 10. Securities lending reinvested collateral assets | | | | |
| 11. Aggregate write-ins for invested assets | | | | |
| 12. Subtotals, cash and invested assets (Lines 1 to 11) | 32,097,528 | | 32,097,528 | 28,336,872 |
| 13. Title plants less \$ 0 charged off (for Title insurers only) | | | | |
| 14. Investment income due and accrued | 357,986 | | 357,986 | 263,841 |
| 15. Premiums and considerations: | | | | |
| 15.1 Uncollected premiums and agents' balances in the course of collection | 597,693 | 81,406 | 516,287 | 376,296 |
| 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 | 744,301 | 61,625 | 682,676 | 855,485 |
| 18.1 Current federal and foreign income tax recoverable and interest thereon | | | | |
| 18.2 Net deferred tax asset | 220,574 | | 220,574 | 220,574 |
| 19. Guaranty funds receivable or on deposit | | | | |
| 20. Electronic data processing equipment and software | | | | |
| 21. Furniture and equipment, including health care delivery assets (\$ 0) | | | | |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates | | | | |
| 23. Receivables from parent, subsidiaries and affiliates | | | | |
| 24. Health care (\$ 0) and other amounts receivable | | | | |
| 25. Aggregate write-ins for other than invested assets | 19,877 | 19,877 | | |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25) | 34,037,959 | 162,908 | 33,875,051 | 30,053,068 |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | | |
| 28. Total (Lines 26 and 27) | 34,037,959 | 162,908 | 33,875,051 | 30,053,068 |

| 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: MA LIFE & HEALTH INS GUARANTY ASSOC CLASS A & B ASSESSMENT | 19,877 | 19,877 | | |
| 2502. | | | | |
| 2503. | | | | |
| 2598. Summary of remaining write-ins for Line 25 from overflow page | | | | |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above) | 19,877 | 19,877 | | |

LIABILITIES, CAPITAL AND SURPLUS

| | Current Period | | | Prior Year |
|--|----------------|----------------|------------|------------|
| | 1 Covered | 2 Uncovered | 3 Total | 4 Total |
| 1. Claims unpaid (less \$ 0 reinsurance ceded) | 1,561,060 | | 1,561,060 | 1,582,150 |
| 2. Accrued medical incentive pool and bonus amounts | | | | |
| 3. Unpaid claims adjustment expenses | 86,108 | | 86,108 | 88,640 |
| 4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act | | | | |
| 5. Aggregate life policy reserves | | | | |
| 6. Property/casualty unearned premium reserve | | | | |
| 7. Aggregate health claim reserves | | | | |
| 8. Premiums received in advance | 1,209,223 | | 1,209,223 | 1,164,652 |
| 9. General expenses due or accrued | 1,876,995 | | 1,876,995 | 1,933,779 |
| 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 | 2,221,763 | | 2,221,763 | 1,430,035 |
| 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 | | | | |
| 23. Aggregate write-ins for other liabilities (including \$ 0 current) | 478,600 | | 478,600 | 469,700 |
| 24. Total liabilities (Lines 1 to 23) | 7,433,749 | | 7,433,749 | 6,668,956 |
| 25. Aggregate write-ins for special surplus funds | X X X | X X X | 764,095 | |
| 26. Common capital stock | X X X | X X X | 3,000,000 | 3,000,000 |
| 27. Preferred capital stock | X X X | X X X | | |
| 28. Gross paid in and contributed surplus | X X X | X X X | 3,319,861 | 3,319,861 |
| 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 | | |
| 31. Unassigned funds (surplus) | X X X | X X X | 19,357,346 | 17,064,251 |
| 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 | 26,441,302 | 23,384,112 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33) | X X X | X X X | 33,875,051 | 30,053,068 |

| DETAILS OF WRITE-IN LINES | | | | |
|---|---------|-------|---------|---------|
| 2301. ADVANCE DEPOSITS | 478,600 | | 478,600 | 469,700 |
| 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) | 478,600 | | 478,600 | 469,700 |
| 2501. RESTRICTED RESERVES ACA ASSESSMENT | X X X | X X X | 764,095 | |
| 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 | 764,095 | |
| 3001. | X X X | X X X | | |
| 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 | | |

STATEMENT OF REVENUE AND EXPENSES

| | Current Year | | Prior Year | Prior Year Ended |
|---|----------------|------------|------------|------------------|
| | To Date | | To Date | December 31 |
| | 1 Uncovered | 2 Total | 3 Total | 4 Total |
| 1. Member Months | X X X | 1,255,240 | 1,190,822 | 1,601,465 |
| 2. Net premium income (including \$ 0 non-health premium income) | X X X | 45,304,561 | 41,437,961 | 55,927,444 |
| 3. Change in unearned premium reserves and reserve for rate credits | X X X | | | |
| 4. Fee-for-service (net of \$ 0 medical expenses) | X X X | | | |
| 5. Risk revenue | X X X | | | |
| 6. Aggregate write-ins for other health care related revenues | X X X | | | |
| 7. Aggregate write-ins for other non-health revenues | X X X | | | |
| 8. Total revenues (Lines 2 to 7) | X X X | 45,304,561 | 41,437,961 | 55,927,444 |
| Hospital and Medical: | | | | |
| 9. Hospital/medical benefits | | | | |
| 10. Other professional services | | 33,970,943 | 31,594,574 | 41,971,467 |
| 11. Outside referrals | | | | |
| 12. Emergency room and out-of-area | | | | |
| 13. Prescription drugs | | | | |
| 14. Aggregate write-ins for other hospital and medical | | | | |
| 15. Incentive pool, withhold adjustments and bonus amounts | | | | |
| 16. Subtotal (Lines 9 to 15) | | 33,970,943 | 31,594,574 | 41,971,467 |
| Less: | | | | |
| 17. Net reinsurance recoveries | | | | |
| 18. Total hospital and medical (Lines 16 minus 17) | | 33,970,943 | 31,594,574 | 41,971,467 |
| 19. Non-health claims (net) | | | | |
| 20. Claims adjustment expenses, including \$ 372,893 cost containment expenses | | 1,873,836 | 1,809,544 | 2,417,585 |
| 21. General administrative expenses | | 5,273,721 | 5,667,633 | 7,385,561 |
| 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) | | 41,118,500 | 39,071,751 | 51,774,613 |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23) | X X X | 4,186,061 | 2,366,210 | 4,152,831 |
| 25. Net investment income earned | | 482,739 | 434,481 | 576,066 |
| 26. Net realized capital gains (losses) less capital gains tax of \$ 0 | | 24,602 | | 44,077 |
| 27. Net investment gains (losses) (Lines 25 plus 26) | | 507,341 | 434,481 | 620,143 |
| 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 | | | | 108,459 |
| 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 | 4,693,402 | 2,800,691 | 4,881,433 |
| 31. Federal and foreign income taxes incurred | X X X | 1,623,853 | 1,198,641 | 1,920,841 |
| 32. Net income (loss) (Lines 30 minus 31) | X X X | 3,069,549 | 1,602,050 | 2,960,592 |

| DETAILS OF WRITE-IN LINES | | | | |
|---|-------|--|--|---------|
| 0601. | X X X | | | |
| 0602. | X X X | | | |
| 0603. | X X X | | | |
| 0698. Summary of remaining write-ins for Line 06 from overflow page | X X X | | | |
| 0699. Totals (Lines 0601 through 0603 plus 0698) (Line 06 above) | X X X | | | |
| 0701. | X X X | | | |
| 0702. | X X X | | | |
| 0703. | X X X | | | |
| 0798. Summary of remaining write-ins for Line 07 from overflow page | X X X | | | |
| 0799. Totals (Lines 0701 through 0703 plus 0798) (Line 07 above) | X X X | | | |
| 1401. | | | | |
| 1402. | | | | |
| 1403. | | | | |
| 1498. Summary of remaining write-ins for Line 14 from overflow page | | | | |
| 1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above) | | | | |
| 2901. GAIN ON PURCHASE OF MASSACHUSETTS TAX CREDITS | | | | 108,459 |
| 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) | | | | 108,459 |

STATEMENT OF REVENUE AND EXPENSES (Continued)

| | 1 | 2 | 3 |
|--|-------------------------|-----------------------|---------------------------------|
| | Current Year To Date | Prior Year To Date | Prior Year Ended December 31 |
| CAPITAL & SURPLUS ACCOUNT | | | |
| 33. Capital and surplus prior reporting year | 23,384,112 | 20,400,285 | 20,400,285 |
| 34. Net income or (loss) from Line 32 | 3,069,549 | 1,602,050 | 2,960,592 |
| 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 | 7,518 | (22,255) | (14,752) |
| 37. Change in net unrealized foreign exchange capital gain or (loss) | | | |
| 38. Change in net deferred income tax | | | 37,987 |
| 39. Change in nonadmitted assets | (4,947) | (22,416) | (50,253) |
| 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 | (14,930) | 22,416 | 50,253 |
| 48. Net change in capital and surplus (Lines 34 to 47) | 3,057,190 | 1,579,795 | 2,983,827 |
| 49. Capital and surplus end of reporting period (Line 33 plus 48) | 26,441,302 | 21,980,080 | 23,384,112 |

| DETAILS OF WRITE-IN LINES | | | |
|---|----------|--------|--------|
| 4701. INCLUSION OF BAD DEBT RESERVE IN THE NON ADMITTED ASSET | (14,930) | 22,416 | 50,253 |
| 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) | (14,930) | 22,416 | 50,253 |

CASH FLOW

| | 1 | 2 | 3 |
|--|-------------------------|-----------------------|---------------------------------|
| | Current Year To Date | Prior Year To Date | Prior Year Ended December 31 |
| Cash from Operations | | | |
| 1. Premiums collected net of reinsurance | 45,381,950 | 41,418,391 | 56,253,078 |
| 2. Net investment income | 413,196 | 325,021 | 634,336 |
| 3. Miscellaneous income | | | |
| 4. Total (Lines 1 to 3) | 45,795,146 | 41,743,412 | 56,887,414 |
| 5. Benefit and loss related payments | 33,992,033 | 31,652,174 | 41,897,107 |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts | | | |
| 7. Commissions, expenses paid and aggregate write-ins for deductions | 7,206,873 | 8,476,552 | 10,523,285 |
| 8. Dividends paid to policyholders | | | |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses) | 1,623,853 | 1,198,641 | 1,920,841 |
| 10. Total (Lines 5 through 9) | 42,822,759 | 41,327,367 | 54,341,233 |
| 11. Net cash from operations (Line 4 minus Line 10) | 2,972,387 | 416,045 | 2,546,181 |
| Cash from Investments | | | |
| 12. Proceeds from investments sold, matured or repaid: | | | |
| 12.1 Bonds | 3,205,484 | 1,750,000 | 8,085,936 |
| 12.2 Stocks | 6,734,358 | | |
| 12.3 Mortgage loans | | | |
| 12.4 Real estate | | | |
| 12.5 Other invested assets | 1,275,902 | 1,157,341 | 1,157,341 |
| 12.6 Net gains (or losses) on cash, cash equivalents and short-term investments | | | |
| 12.7 Miscellaneous proceeds | | | |
| 12.8 Total investment proceeds (Lines 12.1 to 12.7) | 11,215,744 | 2,907,341 | 9,243,277 |
| 13. Cost of investments acquired (long-term only): | | | |
| 13.1 Bonds | 6,113,704 | 1,731,537 | 9,551,861 |
| 13.2 Stocks | 6,839,759 | 88,832 | 1,130,172 |
| 13.3 Mortgage loans | | | |
| 13.4 Real estate | | | |
| 13.5 Other invested assets | | 910,000 | 2,750,000 |
| 13.6 Miscellaneous applications | 1,934 | | |
| 13.7 Total investments acquired (Lines 13.1 to 13.6) | 12,955,397 | 2,730,369 | 13,432,033 |
| 14. Net increase (or decrease) in contract loans and premium notes | | | |
| 15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14) | (1,739,653) | 176,972 | (4,188,756) |
| Cash from Financing and Miscellaneous Sources | | | |
| 16. Cash provided (applied): | | | |
| 16.1 Surplus notes, capital notes | | | |
| 16.2 Capital and paid in surplus, less treasury stock | | | |
| 16.3 Borrowed funds | | | |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities | | | |
| 16.5 Dividends to stockholders | | | |
| 16.6 Other cash provided (applied) | 1,122,174 | 603,870 | 619,970 |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | 1,122,174 | 603,870 | 619,970 |
| RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS | | | |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17) | 2,354,908 | 1,196,887 | (1,022,605) |
| 19. Cash, cash equivalents and short-term investments: | | | |
| 19.1 Beginning of year | (164,232) | 858,373 | 858,373 |
| 19.2 End of period (Line 18 plus Line 19.1) | 2,190,676 | 2,055,260 | (164,232) |

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

| | | | |
|---------|--|--|--|
| 20.0001 | | | |
| 20.0002 | | | |
| 20.0003 | | | |

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

| | 1 | Comprehensive (Hospital & Medical) | | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|------------|------------------------------------|-------|---------------------|-------------|-------------|---------------------------------------|----------------------|--------------------|-------|
| | | 2 | 3 | | | | | | | |
| | Total | Individual | Group | Medicare Supplement | Vision Only | Dental Only | Federal Employees Health Benefit Plan | Title XVIII Medicare | Title XIX Medicaid | Other |
| Total Members at end of: | | | | | | | | | | |
| 1. Prior Year | 136,741 | | | | | 136,741 | | | | |
| 2. First Quarter | 137,307 | | | | | 137,307 | | | | |
| 3. Second Quarter | 138,084 | | | | | 138,084 | | | | |
| 4. Third Quarter | 144,179 | | | | | 144,179 | | | | |
| 5. Current Year | | | | | | | | | | |
| 6. Current Year Member Months | 1,255,240 | | | | | 1,255,240 | | | | |
| Total Member Ambulatory Encounters for Period: | | | | | | | | | | |
| 7. Physician | | | | | | | | | | |
| 8. Non-Physician | | | | | | | | | | |
| 9. Totals | | | | | | | | | | |
| 10. Hospital Patient Days Incurred | | | | | | | | | | |
| 11. Number of Inpatient Admissions | | | | | | | | | | |
| 12. Health Premiums Written (a) | 45,381,950 | | | | | 45,381,950 | | | | |
| 13. Life Premiums Direct | | | | | | | | | | |
| 14. Property/Casualty Premiums Written | | | | | | | | | | |
| 15. Health Premiums Earned | 45,304,561 | | | | | 45,304,561 | | | | |
| 16. Property/Casualty Premiums Earned | | | | | | | | | | |
| 17. Amount Paid for Provision of Health Care Services | 33,992,033 | | | | | 33,992,033 | | | | |
| 18. Amount Incurred for Provision of Health Care Services | 33,970,943 | | | | | 33,970,943 | | | | |

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$ 0

UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

| Line of Business | Claims Paid Year to Date | | Liability End of Current Quarter | | 5 Claims Incurred in Prior Years (Columns 1 + 3) | 6 Estimated Claim Reserve and Claim Liability Dec. 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 Dec. 31 of Prior Year | 4 On Claims Incurred During the Year | | |
| 1. Comprehensive (hospital and medical) | | | | | | |
| 2. Medicare Supplement | | | | | | |
| 3. Dental only | 1,442,252 | 32,549,782 | 32,387 | 1,528,673 | 1,474,639 | 1,582,150 |
| 4. Vision only | | | | | | |
| 5. Federal Employees Health Benefits Plan | | | | | | |
| 6. Title XVIII - Medicare | | | | | | |
| 7. Title XIX - Medicaid | | | | | | |
| 8. Other health | | | | | | |
| 9. Health subtotal (Lines 1 to 8) | 1,442,252 | 32,549,782 | 32,387 | 1,528,673 | 1,474,639 | 1,582,150 |
| 10. Health care receivables (a) | | | | | | |
| 11. Other non-health | | | | | | |
| 12. Medical incentive pools and bonus amounts | | | | | | |
| 13. Totals (Lines 9 - 10 + 11 + 12) | 1,442,252 | 32,549,782 | 32,387 | 1,528,673 | 1,474,639 | 1,582,150 |

(a) Excludes \$ 0 loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Basis of Presentation

The Quarterly Statement of Altus Dental Insurance Company, Inc. for the three quarters ended September 30, 2017 has been completed in accordance with the NAIC *Annual Statement Instructions* and the *Accounting Practices and Procedures Manual* and are presented on the basis of accounting practices prescribed or permitted by the Rhode Island Department of Business Regulations. Note management is not aware of any deviations from this NAIC guidance, as interpreted by the Rhode Island Department of Business Regulation, as it relates to the financial information contained in this statement.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies and Going Concern

A. Reconciliation of the Company's net inc. and capital & surplus between NAIC SAP and the state of Rhode Island is shown below.

NET INCOME

| | SSAP # | F/S Page | F/S Line # | 2017 | 2016 |
|---|--------|----------|------------|---------------------------|---------------------------|
| 01. ALTUS DENTAL INSURANCE CO., INC. state basis (Page | X X X | X X X | X X X | 3,069,549 | 2,960,592 |
| 02. State Prescribed Practices that increase/(decrease) NAIC SAP: | | | | | |
| e.g. Depreciation of Fixed Assets | SSAP # | F/S Page | F/S Line # | <u>Net Income</u> 2017 | <u>Net Income</u> 2016 |
| | | | | | |
| | | | | | |
| Totals (Lines 01A0200 thru 01A0200) | | | | | |
| 03. State Permitted Practices that increase/(decrease) NAIC SAP: | | | | | |
| e.g. Depreciation of Home Office Property | SSAP # | F/S Page | F/S Line # | <u>Net Income</u> 2017 | <u>Net Income</u> 2016 |
| | | | | | |
| | | | | | |
| Totals (Lines 01A0300 thru 01A0300) | | | | | |
| 04. NAIC SAP (1 - 2 - 3 = | X X X | X X X | X X X | 3,069,549 | 2,960,592 |

SURPLUS

| | SSAP # | F/S Page | F/S Line # | 2017 | 2016 |
|---|--------|----------|------------|------------------------|------------------------|
| 05. Company state basis (Page 3, Line 33, Columns 3 & 4) | X X X | X X X | X X X | 26,441,302 | 23,384,112 |
| 06. State Prescribed Practices that increase/(decrease) NAIC SAP: | | | | | |
| e.g., Goodwill, net, Fixed Assets, net | SSAP # | F/S Page | F/S Line # | <u>Surplus</u> 2017 | <u>Surplus</u> 2016 |
| | | | | | |
| | | | | | |
| Totals (Lines 01A0600 thru 01A0600) | | | | | |
| 07. State Permitted Practices that increase/(decrease) NAIC SAP: | | | | | |
| e.g., Home Office Property | SSAP # | F/S Page | F/S Line # | <u>Surplus</u> 2017 | <u>Surplus</u> 2016 |
| | | | | | |
| | | | | | |
| Totals (Lines 01A0700 thru 01A0700) | | | | | |
| 08. NAIC SAP (5 - 6 - 7 = | X X X | X X X | X X X | 26,441,302 | 23,384,112 |

(B) Use of Estimates in the Preparation of the Financial Statements

The preparation of the financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Therefore there is no effect on the reported net income, statutory surplus and risk based capital from utilizing an accounting practice that differs from the NAIC statutory accounting practices and procedures.

(C) Accounting Policies

Investment Income and Declines in Fair Value

The Company periodically reviews its bonds to determine whether a decline in fair value below the amortized cost basis is other than temporary. The process for identifying declines in the fair value of investments that are other than temporary involves consideration of several factors. These factors include (1) the period in which there has been a significant decline in value; (2) an

NOTES TO FINANCIAL STATEMENTS

analysis of the liquidity, business prospects, and overall financial condition of the issuer; (3) the significance of the decline; and (4) our intent and ability to hold the investment for a sufficient period for the value to recover. When our analysis of the above factors results in the conclusion that declines in fair values are other than temporary, the cost of the securities is written down to fair value and is reflected as a realized loss.

Bonds

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

Claims and Claims Adjudication Expenses

The estimated liability for claims incurred but unpaid is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. The estimated liability for accrued claims adjudication expense represents the anticipated cost of processing claims incurred but unpaid at the balance sheet date. The estimates for claims and claims adjudication expenses may be more or less than the amount ultimately paid when claims are settled. Such changes in estimates are reflected in current period operations.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company.

1. Short term investments are stated at amortized cost.
2. Bonds are stated at amortized value using the constant yield / scientific method.
3. The company does not own common stocks; however, in accordance with NAIC guidelines, money market funds are reported as Common Stocks on the Balance Sheet.
4. The company does not own preferred stocks; hence this accounting policy is not applicable.
5. The company does not have mortgage loans; hence this accounting policy is not applicable.
6. Loan-backed securities are stated at amortized value using the constant yield / scientific method.
7. Investments in subsidiaries, controlled and affiliated entities would be reported using the equity method.
8. The company does not have investments in joint ventures, partnerships and limited liability companies; hence this accounting policy is not applicable.
9. The company does not own derivatives; hence this accounting policy is not applicable.
10. The company does utilize anticipated investment income as a factor in the premium deficiency calculation.
11. The company methodologies for estimating the liabilities for losses and loss/claim adjustment expenses are actuarially derived as described above.
12. The capitalization policy and the predefined thresholds did not change from the prior period.
13. The company does not use pharmaceutical rebate receivables; hence this accounting policy is not applicable.

(D) Going Concerns

There are no conditions or events that raise substantial doubt about the Company’s ability to continue as a going concern.

NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

As part of this current year’s quarterly statement preparation, the Company’s financial statements contain no items that resulted from corrections of errors or changes in accounting principles.

NOTES TO FINANCIAL STATEMENTS

Additionally, as required the Company's financial statements are prepared in accordance with the Codification of the NAIC Accounting Practices and Procedures Manual. This had no material impact on the 2017 and 2016 accounting practices or resulting statutory income and surplus as reported by the Company.

NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During 2017, the Company had no business combinations, direct purchases or mergers with other companies. The related disclosures are all not applicable.

NOTE 4 - - DISCONTINUED OPERATIONS

During 2017, the Company's financial results include no gains or losses from discontinued operations. The related note disclosures are all not applicable.

NOTE 5 - - INVESTMENTS

The Company's bond investments described in Note 1 represent all of the Company's statutory recorded investments at September 30, 2017 and December 31, 2016.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company. The related note disclosures, specifically including 5D, 5E(3)b, 5I(2), 5I(3) and 5J are all not applicable.

1. Mortgage Loans, including Mezzanine Real Estate Loans – This is not applicable.
2. Debt Restructuring – This is not applicable.
3. Reverse Mortgages – This is not applicable.
4. Loan Backed Securities – This is not applicable.
5. Repurchase Agreements and/or Securities Lending Transactions – This is not applicable.
6. Real Estate – The company's parent through one of its subsidiaries, Altus Realty, owns the building that functions as corporate headquarters for the parent and all subsidiaries.
7. Investments in low-income housing tax credits – The company does utilize state tax credits, which may include low-income housing tax credits. See footnote number 21, where accounting for tax credits is addressed.
8. Restricted Assets – This is not applicable, so no table is needed.
9. Working Capital Finance Investments – This is not applicable.
10. Offsetting and Netting of Assets and Liabilities – This is not applicable.
11. Structured Notes – This is not applicable.

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

During 2017 and 2016, the Company did not participate in any joint ventures, partnerships or LLCs. The related disclosures are all not applicable.

NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At September 30, 2017 and December 31, 2016, the Company had no income due or accrued that it considered a nonadmitted asset, as collection on accrued interest is reasonably assured for all Company investments. There was no income excluded. There was a statutory temporarily impaired adjustment in the amount of \$7,235 in 2017 and \$14,752 in 2016, which reduced investments and reserves in 2017 and 2016.

NOTE 8 - - DERIVATIVE INSTRUMENTS

NOTES TO FINANCIAL STATEMENTS

As disclosed in Note 1 above, all investments consist of United States government and government agency securities, and “investment grade” corporate notes with fixed rates and maturities. During the periods ended September 30, 2017 and December 31, 2016, the Company had not utilized any derivative financial instruments. The related disclosures are all not applicable.

NOTE 9 - - FEDERAL INCOME TAXES

The Company adopted SSAP No. 101, a replacement of SSAP No. 10R, effective January 1, 2012. The September 30, 2017 and December 31, 2016 balances and related disclosures are calculated and presented pursuant to SSAP No. 101.

NOTES TO FINANCIAL STATEMENTS

9. Income Taxes

A. The components of the net deferred tax asset/(liability) at September 30 are as follows:

| | 09/30/2017 | | | 12/31/2016 | | |
|---|------------|---------|----------------------|------------|---------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | Ordinary | Capital | (Col 1 + 2) Total | Ordinary | Capital | (Col 4 + 5) Total |
| a. Gross Deferred Tax Assets | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |
| b. Statutory Valuation Allowance Adjustment | \$ | | | | | |
| c. Adjusted Gross Deferred Tax Assets (1a - 1b) | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |
| d. Deferred Tax Assets Nonadmitted | \$ | | | | | |
| e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d) | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |
| f. Deferred Tax Liabilities | \$ | | | | | |
| g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f) | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |

| | Change | | |
|---|-------------------------|------------------------|----------------------|
| | (7) | (8) | (9) |
| | (Col 1 - 4) Ordinary | (Col 2 - 5) Capital | (Col 7 + 8) Total |
| a. Gross Deferred Tax Assets | \$ | | |
| b. Statutory Valuation Allowance Adjustment | \$ | | |
| c. Adjusted Gross Deferred Tax Assets (1a - 1b) | \$ | | |
| d. Deferred Tax Assets Nonadmitted | \$ | | |
| e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d) | \$ | | |
| f. Deferred Tax Liabilities | \$ | | |
| g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f) | \$ | | |

| | 09/30/2017 | | | 12/31/2016 | | |
|--|------------|---------|----------------------|------------|---------|----------------------|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | Ordinary | Capital | (Col 1 + 2) Total | Ordinary | Capital | (Col 4 + 5) Total |
| Admission Calculation Components SSAP No. 101 | | | | | | |
| a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | \$ | | | | | |
| b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |
| 1. Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date. | \$ | | | | | |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | \$ X X X | X X X | | X X X | X X X | |
| c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities. | \$ | | | | | |
| d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | \$ 220,574 | | 220,574 | 220,574 | | 220,574 |

| | Change | | |
|--|-------------------------|------------------------|----------------------|
| | (7) | (8) | (9) |
| | (Col 1 - 4) Ordinary | (Col 2 - 5) Capital | (Col 7 + 8) Total |
| Admission Calculation Components SSAP No. 101 | | | |
| a. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks. | \$ | | |
| b. Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below) | \$ | | |
| 1. Adjusted Gross Deferred Tax Assets to be Realized Following the Balance Sheet Date. | \$ | | |
| 2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold | \$ X X X | X X X | |
| c. Adjusted Gross Deferred Tax Assets (Excluding the Amount Of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities. | \$ | | |
| d. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c)) | \$ | | |

NOTES TO FINANCIAL STATEMENTS

| 3. | 2017 | 2016 |
|--|------|------|
| a. Ratio Percentage Used to Determine Recover Period And Threshold Limitation Amount. | | |
| b. Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b)2 Above \$ | | |

| 4. | 09/30/2017 | | 12/31/2016 | | Change | |
|---|------------|---------|------------|---------|------------------------|----------------------|
| Impact of Tax Planning Strategies | (1) | (2) | (3) | (4) | (5) | (6) |
| (a) Determination of Adjusted Gross Deferred Tax Assets and Net Admitted Deferred Tax Assets, By Tax Character As A Percentage. | Ordinary | Capital | Ordinary | Capital | (Col 1 - 3) Capital | (Col 2 - 4) Total |
| 1. Adjusted Gross DTAs Amount From Note 9A1(c) | 220,574 | | 220,574 | | | |
| 2. Percentage of Adjusted Gross DTAs By Tax Character Attributable To The Impact of Tax Planning Strategies | | | | | | |
| 3. Net Admitted Adjusted Gross DTAs Amount from Note 9A1 | 220,574 | | 220,574 | | | |
| 4. Percentage of Net Admitted Adjusted Gross DTAs by Tax Character Attributable To The Impact of Tax Planning Strategies | | | | | | |

b. Does the Company's Tax-planning Strategies include the use of reinsurance?

* As reported on the statutory balance sheet for the most recently filed statement with the domiciliary state commissioner adjusted in accordance with SS.

C. Current income taxes incurred consist of the following major components:

| | (1) | (2) | (3) |
|---|--------------|--------------|-----------------------|
| | 09/30/2017 | 12/31/2016 | (Col 1 - 2) Change |
| 1. Current Income Tax | | | |
| a. Federal | \$ 1,623,853 | \$ 1,920,841 | \$ (296,988) |
| b. Foreign | \$ | \$ | \$ |
| c. Subtotal | \$ 1,623,853 | \$ 1,920,841 | \$ (296,988) |
| d. Federal Income Tax on net capital gains | \$ | \$ | \$ |
| e. Utilization of capital loss carry-forwards | \$ | \$ | \$ |
| f. Other | \$ | \$ | \$ |
| g. Federal and foreign income taxes incurred | \$ 1,623,853 | \$ 1,920,841 | \$ (296,988) |
| 2. Deferred Tax Assets: | | | |
| a. Ordinary | | | |
| (1) Discounting of unpaid losses | \$ 11,192 | \$ 11,192 | |
| (2) Unearned premium reserve | \$ 111,136 | \$ 111,136 | |
| (3) Policyholder reserves | \$ | \$ | |
| (4) Investments | \$ | \$ | |
| (5) Deferred acquisition costs | \$ | \$ | |
| (6) Policyholder dividends accrual | \$ | \$ | |
| (7) Fixed assets | \$ | \$ | |
| (8) Compensation and benefits accrual | \$ | \$ | |
| (9) Pension accrual | \$ | \$ | |
| ## Receivables - nonadmitted | \$ 53,706 | \$ 53,706 | |
| ## Net operating loss carry-forward | \$ | \$ | |
| ## Tax credit carry-forward | \$ | \$ | |
| ## Other (including items <5% of total ordinary tax assets) | \$ 44,540 | \$ 44,540 | |
| ## Subtotal | \$ 220,574 | \$ 220,574 | |
| b. Statutory valuation allowance adjustment | \$ | \$ | |
| c. Nonadmitted | \$ | \$ | |
| d. Admitted ordinary deferred tax assets (2a99 - 2b - 2c) | \$ 220,574 | \$ 220,574 | |
| e. Capital: | | | |
| (1) Investments | \$ | \$ | |
| (2) Net capital loss carry-forward | \$ | \$ | |
| (3) Real estate | \$ | \$ | |
| (4) Other (including items <5% of total capital tax assets) | \$ | \$ | |
| ## Subtotal | \$ | \$ | |
| f. Statutory valuation allowance adjustment | \$ | \$ | |
| g. Nonadmitted | \$ | \$ | |
| h. Admitted capital deferred tax assets (2e99 - 2f - 2g) | \$ | \$ | |
| i. Admitted deferred tax assets (2d + 2h) | \$ 220,574 | \$ 220,574 | |
| 3. Deferred Tax Liabilities: | | | |
| a. Ordinary | | | |
| (1) Investments | \$ | \$ | |
| (2) Fixed assets | \$ | \$ | |
| (3) Deferred and uncollected premium | \$ | \$ | |
| (4) Policyholder reserves | \$ | \$ | |
| (5) Other (including items <5% of total ordinary tax liabilities) | \$ | \$ | |
| ## Subtotal | \$ | \$ | |
| b. Capital: | | | |
| (1) Investments | \$ | \$ | |
| (2) Real Estate | \$ | \$ | |
| (3) Other (including items <5% of total capital tax liabilities) | \$ | \$ | |
| ## Subtotal | \$ | \$ | |
| c. Deferred tax liabilities (3a99 + 3b99) | \$ | \$ | |
| 4. Net deferred tax assets/liabilities (2i - 3c) | \$ 220,574 | \$ 220,574 | |

The Company is not utilizing tax planning strategies.

There are no temporary differences for which deferred tax liabilities are not recognized.

NOTES TO FINANCIAL STATEMENTS

as a percentage of total consolidated dental member enrollment. Expenses from Altus Dental are based on the number of subscribers under contract by the Company. The main allocated expenses from each source are as follows:

- Expenses are allocated from the Parent, Delta Dental (DDRI), for costs associated with a portion of consolidated expenses incurred by the Parent that should be spread among the two insurance companies. The main costs in this category would be rent, depreciation and payroll and fringes benefit costs for the various departments that service both insurance Companies.
- Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both DDRI and this Company.
- Altus Dental incurs costs related to: (1) advertising, (2) recruiting and servicing the provider network, and (3) sales and marketing activities. These costs are then allocated to the Company based on the volume of subscriber dental contracts.

For the periods ended September 30, 2017 and December 31, 2016, after elimination of intercompany transactions, The Altus Group, Inc. generated income of \$1,407,000 and \$3,193,000, respectively.

Altus Dental Insurance Company, Inc. is allocated expenses from affiliated entities based on allocation methods, which are analyzed and updated by management on an annual basis. The resulting total expense allocations are disclosed on Schedule Y of the 2016 Annual Statement filing. Total expenses, including these allocated expenses, are disclosed in more descriptive detail in the year end Underwriting and Investment Exhibit Part 3 – Analysis of Expenses.

At September 30, 2017 and December 31, 2016 the Company has intercompany receivables and payables with/to the Altus Group, Inc. and other affiliates. Some of these balances resulted from the fact that Altus Dental Insurance Company maintained a sweep banking arrangement for the Altus Group and some of its subsidiaries. The remainder of these balances are related to allocated expenses.

Management's cash flow projections for The Altus Group, Inc. and its subsidiaries are made based on a number of factors, which affect the changes in the intercompany balances over the period of time being analyzed. The most significant factors include: the relative and absolute growth in enrollment levels for Altus Dental Insurance Company, Inc.; the amount and rate of increase in operating and administrative expenses; the level of success Altus Dental, Inc. experiences in developing and maintaining its dental network; and the level of resources required by Altus Dental, Inc. for recruitment and marketing functions. Management's current cash flow projections for the dental operations of The Altus Group, Inc. and its subsidiaries projects profitability going forward and that the intercompany advances will be reduced gradually over time.

NOTE 11 - - DEBT

During the periods ended September 30, 2017 and December 31, 2016 the Company had no outstanding capital notes or any debt arrangements. The related note disclosures, specifically including 11B, are all not applicable.

NOTE 12 - - EMPLOYEE RETIREMENT PLANS AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company maintains no retirement or other post retirement benefit plans. The related note disclosures, specifically including 12A(4), are all not applicable.

NOTE 13 - - CAPITAL AND SURPLUS

NOTES TO FINANCIAL STATEMENTS

Altus Dental Insurance Company, Inc. is a subsidiary of The Altus Group, Inc. and is a for-profit corporation. The Company's capital stock consists of 30 shares issued and outstanding. Each share has \$100,000 par value amounting to the \$3,000,000 total reflected on the balance sheet. All of the Company's outstanding shares of stock are owned by The Altus Group, Inc. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

The contributed surplus of \$3,319,861 results from the additional capitalization of the Company when bond and fixed income notes (the investment portfolio) were transferred from its parent to the Company. The initial and subsequent additional capitalizations (from these investment portfolio transfers) were to fulfill capitalization requirements of the Rhode Island Department of Business Regulation and the Massachusetts Division of Insurance.

Note the following disclosures related to the company's capital and surplus. The related note disclosures are all not applicable.

1. 30 shares at \$100,000 per share. No shares issued.
2. Dividend rate – Not applicable
3. Dividend restrictions – Not applicable
4. Dividends paid – Not applicable
5. Profits that may be paid as dividends – Not applicable
6. Restrictions placed on unassigned funds – \$764,095 of reserves are restricted for the estimated nine months of the 2017 ACA assessment, based on the estimated 2017 premiums in the September 30, 2017 filing, which will be paid in September 2018. \$0 of reserves are restricted for the estimated twelve months of the 2016 ACA assessment in the December 31, 2016 filing, due to the one year moratorium. The Consolidated Appropriations Act, 2016 (Public Law No: 114-113), which was signed into law on December 18, 2015, imposes a moratorium on the 2016 Annual ACA Assessment, which would have been payable in calendar year 2017. \$656,374 of reserves were restricted for the estimated twelve months of the 2015 ACA assessment in the December 31, 2015 filing, which was paid in September, 2016.
7. Total amount of advances to surplus – Not applicable
8. Amount of stock held by reporting entity for special purposes – Not applicable
9. Changes in the balances of special surplus funds from the prior year – Not applicable
10. Portion of unassigned funds represented or reduced by unrealized gains and losses is \$7,235 in 2017 and \$14,752 in 2016 as discussed in note 7.
11. Surplus notes – Not applicable
12. Impact of the restatement in a quasi-reorganization – Not applicable
13. Effective date of quasi-reorganization – Not applicable

NOTE 14 - - CONTINGENT LIABILITIES

There are no contingent liabilities arising from litigation which would be considered material in relation to the Company's financial position. Accordingly, the Company has no reserves committed to cover any contingent liabilities. The related note disclosures are all not applicable.

The following are not applicable to the company.

1. Contingent commitments – Not applicable
2. Assessments – Not applicable, other than the ACA Assessment addressed above
3. Gain contingencies – Not applicable
4. Claims related extra contractual obligation – Not applicable
5. Joint and several liabilities – Not applicable
6. All other contingencies – Not applicable

NOTE 15 - - LEASES

NOTES TO FINANCIAL STATEMENTS

The Company has no lease obligations for office space or other such commitments. The related note disclosures are all not applicable.

NOTE 16 - - INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

The Company maintains no financial instruments with off-balance sheet risk or any financial instruments with concentrations of credit risk. The related note disclosures are all not applicable.

NOTE 17 - - SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS

The Company has no transactions relating to transfers of receivables reported as sales, transfer and servicing of financial assets or wash sales. The related note disclosures, specifically including 17B(2), 17B(4)a, 17B(4)b and 17C are all not applicable.

NOTE 18 - - GAIN OR LOSS FROM UNINSURED ACCIDENT & HEALTH PLANS

The Company's policy regarding underwriting and pricing for uninsured or partially insured accident and health plans has been to determine that the administrative premium charged to each account covers all incremental costs (directly associated with servicing the specific account) plus a share of fixed and variable operating expenses to be incurred by the Company during the contract period.

As discussed in Note 1 and 2, for the 2017 quarterly and 2016 annual filings, the Company's financial statements are prepared in accordance with the Codification of the NAIC Accounting Practices and Procedures Manual. This included the implementation of Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans". The Company's September 30, 2017 and December 31, 2016 financial operations respectively exclude approximately \$4,378,000 and \$7,275,000 of revenues from such plans and there are no significant gains or losses related to such transactions.

The company does not have any ASO plans and Medicare or similarly structured cost based reimbursement contract. The company does have ASC plan information, which is included in the following illustration.

NOTES TO FINANCIAL STATEMENTS

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured

A. ASO Plans

The gain from operations from Administrative Services Only (ASO) plans and the uninsured portion of partially insured plans was as follows during 2017: (years as seen in Notes text)

| | <u>ASO</u> <u>Uninsured</u> <u>Plans</u> | <u>Ininsured Portion</u> <u>f Partially Insure</u> <u>Plans</u> | <u>Total</u> <u>ASO</u> |
|---|--|---|----------------------------|
| a. Net reimbursement for administrative expenses (including administrative fees) in excess of actual expenses | \$ | | |
| b. Total net other income or expenses (including interest paid to or received) | \$ | | |
| c. Net gain or (loss) from operations (a + b) | \$ | | |
| d. Total claim payment volume | \$ | | |

B. ASC Plans

The gain from operations from Administrative Services Contract (ASC) plans and the uninsured portion of partially insured plans was as follows during 2017: (years as seen in Notes text)

| | <u>ASC</u> <u>Uninsured</u> <u>Plans</u> | <u>Ininsured Portion</u> <u>f Partially Insure</u> <u>Plans</u> | <u>Total</u> <u>ASC</u> |
|--|--|---|----------------------------|
| a. Gross reimbursement for medical cost incurred | \$ 4,048,992 | | 4,048,992 |
| b. Gross administrative fees accrued | \$ 328,872 | | 328,872 |
| c. Other income or expenses (including interest paid to or received) | \$ | | |
| d. Gross expenses incurred (claims and administrative) | \$ 4,377,864 | | 4,377,864 |
| e. Total net gain or loss from operations (a + b + c - d) | \$ | | |

NOTES TO FINANCIAL STATEMENTS

NOTE 19 - - DIRECT PREMIUM WRITTEN / PRODUCED BY MANAGING GENERAL AGENTS / THIRD PARTY ADMINISTRATORS

The Company maintains no relationships with managing general agents or third party administrators. The Company does utilize in-house sales efforts, as well as independent brokers to market its products. Premiums earned are reported gross of broker's commissions of approximately \$2,040,000 and \$2,469,000 for the periods ended September 30, 2017 and December 31, 2016. The related note disclosures are all not applicable.

NOTE 20 - - FAIR VALUE MEASUREMENTS

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

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

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

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

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

The Company does not currently have any financial assets that are measured at Level 3 fair value on a recurring basis.

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

| | Level 1 | Level 2 | Level 3 | Total |
|-----------------------------|--------------|------------|---------|------------|
| September 30, 2017 | | | | |
| Assets at fair value: | | | | |
| Common Stock - Money Market | \$ 1,356,422 | | | 1,356,422 |
| Investments - Bonds | | 27,290,914 | | 27,290,914 |
| December 31, 2016 | | | | |
| Assets at fair value: | | | | |
| Common Stock - Money Market | \$ 1,249,121 | | | 1,249,121 |
| Investments - Bonds | | 24,622,382 | | 24,622,382 |

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

NOTES TO FINANCIAL STATEMENTS

| | 2017 | | 2016 | |
|----------------------------|--------------|----------------------|--------------|----------------------|
| | Book value | Estimated fair value | Book value | Estimated fair value |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 2,190,676 | 2,190,676 | \$ (164,232) | (164,232) |
| Common Stock - Money Marke | 1,356,422 | 1,356,422 | 1,249,121 | 1,249,121 |
| Investments - Bonds | 26,909,850 | 27,290,914 | 24,335,500 | 24,622,382 |

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

Common Stock – Money Market – The carrying value of short-term investments are presented at cost, which approximates fair value.

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

NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

A.

1. Fair Value Measurements at Reporting Date

| (1) Description for each class of asset or liability | (2) (Level 1) | (3) (Level 2) | (4) (Level 3) | (5) Total |
|---|------------------|------------------|------------------|--------------|
| a. Assets at fair value | | | | |
| 01. Cash and Cash Equivalents | \$ 2,190,676 | | | 2,190,676 |
| 02. Common Stock - Money Market | \$ 1,356,422 | | | 1,356,422 |
| 03. Investments - Bonds | | 27,290,914 | | 27,290,914 |
| Total assets at fair value | \$ 3,547,098 | 27,290,914 | | 30,838,012 |
| b. Liabilities at fair value | | | | |
| | | | | |
| Total liabilities at fair value | \$ | | | |

NOTE 21 - - OTHER ITEMS

The Company has no extraordinary items, subprime mortgage related risk exposure, troubled debt restructuring or other required disclosures of unusual items. Additionally, the Company has no additional disclosure requirements regarding Retirement Plans, Deferred Compensation and Postretirement Benefits.

The Company has entered into two signed agreement to purchase state tax credits that will be utilized in 2016 and 2017, and has remaining 2016 carryforwards from 2015 purchases; hence the Company maintains tax credits as net assets at September 30, 2017 and December 31, 2016. Before purchasing the tax credits the Company estimates the utilization of 2017 and 2016 tax credits by projecting future premium levels taking into account policy growth and applicable rate changes.

Other than the purchase of MA state tax credits, the remaining areas below are not applicable to the company.

1. Unusual or infrequent items – Not applicable
2. Troubled debt restructuring debtors – Not applicable
3. Other disclosures and unusual items – Not applicable
4. Business interruption insurance recoveries – Not applicable

NOTES TO FINANCIAL STATEMENTS

5. State transferable and non-transferable tax credits – Two state tax credit purchases have been made in 2016 to be utilized in 2016 and 2017, along with the carryforward balance from 2015. The carrying value in the amount of \$1,640,581 is listed on the September 30, 2017 Balance Sheet and the attached note. The carrying value in the amount of \$2,916,483 was listed on the December 31, 2016 Balance Sheet and the attached note.
6. Subprime-mortgage-related risk exposure – Not applicable
7. Retained assets – Not applicable

NOTES TO FINANCIAL STATEMENTS

21. Other Items

| State Transferable Tax Credits | | State | Carrying Value | Unused Amount |
|---|--------------------------------|-------|----------------|---------------|
| Description of State Transferable Tax Credits | | | | |
| 01. | 2016 Massachusetts Tax Credits | MA | 1,640,581 | 131,246 |
| Total | | X X X | 1,640,581 | 131,246 |

| State Tax Credits Admitted and Nonadmitted | | Total Admitted | Total Non-Admitted |
|--|------------------|----------------|--------------------|
| a. | Transferable | | |
| b. | Non-transferable | | |

F. Subprime Mortgage Related Risk Exposure

2. Direct exposure through investments in subprime mortgage loans.

| | 1 | 2 | 3 | 4 | 5 |
|--|---|------------|-----------------------------|---|--------------|
| | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Value of Land and Buildings | Other Than Temporary Impairment Losses Recognized | Default Rate |
| a. Mortgages in the process of foreclosure | | | | | |
| b. Mortgages in good standing | | | | | |
| c. Mortgages with restructure terms | | | | | |
| d. Total | | | | | |

3. Direct exposure through other investments.

| | 1 | 2 | 3 | 4 |
|---|-------------|---|------------|---|
| | Actual Cost | Book/Adjusted Carrying Value (excluding interest) | Fair Value | Other Than Temporary Impairment Losses Recognized |
| a. Residential mortgage-backed securities | | | | |
| b. Commercial mortgage-backed securities | | | | |
| c. Collateralized debt obligations | | | | |
| d. Structured securities | | | | |
| e. Equity investment in SCAs * | | | | |
| f. Other assets | | | | |
| g. Total | | | | |

*ABC Company's subsidiary XYZ Company has investments in subprime mortgages. These investments comprise _____% of the companies invested assets.

4. Underwriting exposure to subprime mortgage risk through Mortgage Guaranty or Financial Guaranty insurance coverage.

| | 1 | 2 | 3 | 4 |
|--------------------------------|---------------------------------|-------------------------------------|--|---------------------------------------|
| | Losses Paid in the Current Year | Losses Incurred in the Current Year | Case Reserves at End of Current Period | BNR Reserves at End of Current Period |
| a. Mortgage Guaranty Coverage | | | | |
| b. Financial Guaranty Coverage | | | | |
| c. Other Lines (specify): | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| d. Total | | | | |

NOTES TO FINANCIAL STATEMENTS

G. Retained Assets

02.

- a. Up to and including 12 Months
- b. 13 to 24 Months
- c. 25 to 37 Months
- d. 37 to 48 Months
- e. 49 to 60 Months
- f. Over 60 Months
- g. Total

| In Force | | | |
|---------------------------|---------|-------------------------|---------|
| As of End of Current Year | | As of End of Prior Year | |
| Number | Balance | Number | Balance |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

03.

- a. Number/Balance of Retained Asset Accounts at the Beginning of the Year
- b. Number/Balance of Retained Asset Accounts Issued/Added During the Year
- c. Investment Earnings Credited to Retained Asset Accounts During the Year
- d. Fees and Other Charges Assessed to Retained Asset Accounts During the Year
- e. Number/Amount of Retained Asset Accounts Transferred to State Unclaimed Property funds During the Year
- f. Number/Amount of Retained Asset Accounts Closed/Withdrawn During the Year
- g. Number/Balance of Retained Asset Accounts at the End of the Year

| Individual | | Group | |
|------------|--------------------|--------|--------------------|
| Number | Balance/ Amount | Number | Balance/ Amount |
| | | | |
| | | | |
| X X X | | X X X | |
| X X X | | X X X | |
| | | | |
| | | | |
| | | | |
| | | | |

NOTE 22 - - EVENTS SUBSEQUENT

The Company has no events subsequent to September 30, 2017 that would warrant disclosure in these statutory 2017 financial statements.

In accordance with SSAP 35R, the company recorded \$764,095 as restricted reserves in this September 30, 2017 filing, based on estimated 2017 premiums. The company in 2016 had a liability for the 2015 ACA assessment in the amount of \$656,374 and recorded \$0 as restricted reserves in the December 31, 2016 filing, due to the one year moratorium. The twelve month 2015 ACA assessment in the amount of \$656,374 had been expensed in the first quarter, which was paid on September 30, 2016. Additionally \$0 had been recorded as restricted reserves at December 31, 2016 due to the one year moratorium, which will result in no payment for the 2016 statutory premiums written calculated 2016 ACA assessment, which would have been due September 30, 2017.

NOTES TO FINANCIAL STATEMENTS

22.

Events Subsequent

| | Current Year | Prior Year |
|---|---------------|------------|
| A. Did the reporting entity write accident and health insurance policies subject to Section 9010 of the Federal Affordable Care Act () | YES | |
| B. ACA fee assessment payable for the upcoming year | \$ 1,024,635 | |
| C. ACA fee assessment paid | | 656,374 |
| D. Premium written subject to ACA 9010 assessment | \$ 45,304,561 | 55,927,444 |
| E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14) | \$ 23,384,112 | |
| F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above) | \$ 22,359,477 | |
| G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15) | \$ 1,759,194 | |
| H. Would reporting the ACA assessment as of Dec. 31, 2017 have triggered an RBC action level (YES/NO)? | NO | |

NOTE 23 - - REINSURANCE

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums. The related note disclosures are all not applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS

The Company presently does not underwrite premiums that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) for the periods ended September 30, 2017 and December 31, 2016. The related note disclosures, specifically including 24E, are all not applicable.

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

Reserves as of September 30, 2017 were \$1,561,060. As of September 30, 2017 \$1,442,252 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$32,387 as a result of re-estimation of unpaid claims and claim adjustment expenses on the dental line of insurance. Therefore, there has been a \$107,511 favorable prior-year development since December 31, 2016 to September 30, 2017. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Included in this decrease, the Company experienced \$0 of unfavorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

NOTE 26 - - INTERCOMPANY POOLING ARRANGEMENTS

The Company utilizes no intercompany pooling arrangements in its dental premium underwriting.

NOTE 27 - - STRUCTURED SETTLEMENTS

As documented in the NAIC Annual Statement filing instructions for 2017 and 2016, this footnote is not applicable to health insurance insurers.

NOTE 28 - - HEALTH CARE RECEIVABLES

The Company has no receivables that would be considered Health Care Receivables under SSAP #84. Accordingly, pharmacy rebates and risk sharing receivables are not currently applicable to the Company's operations.

The company does not have any risk sharing receivables. The related note disclosures are all not applicable.

NOTE 29 - - PARTICIPATING POLICIES

The Company does not underwrite any business that would result in group accident or health participating policies. Accordingly, policy dividends are not applicable to the Company's operations.

NOTE 30 - - PREMIUM DEFICIENCY RESERVES

The Company performed an analysis for premium deficiency reserves as of September 30, 2017 and December 31, 2016. This resulted in no additional liability for the current 2017 year as well as 2016. The related note disclosures are all not applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 31 - - ANTICIPATED SALVAGE AND SUBROGATION

The Company's liability for unpaid claims is actuarially determined based on an analysis of historical claims experience, modified for changes in enrollment, inflation and benefit coverage. This liability reflects no reductions for salvage and subrogation recoveries, which are recorded in the year of receipt.

GENERAL INTERROGATORIES

PART 1 – COMMON INTERROGATORIES

GENERAL

1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act? Yes [] No [X]

1.2 If yes, has the report been filed with the domiciliary state? Yes [] No []

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [] No [X]

2.2 If yes, date of change: _____

3.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No []

If yes, complete Schedule Y, Parts 1, and 1A.

3.2 Have there been any substantial changes in the organizational chart since the prior quarter end? Yes [] No [X]

3.3 If the response to 3.2 is yes, provide a brief description of those changes.

4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [] No [X]

4.2 If yes, provide the name of 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 |
|---------------------|------------------------|------------------------|
| | | |
| | | |

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved? Yes [] No [] N/A [X]
 If yes, attach an explanation.

6.1 State as of what date the latest financial examination of the reporting entity was made or is being made. _____ 12/31/2017 _____

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. _____ 12/31/2012 _____

6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). _____ 03/13/2014 _____

6.4 By what department or departments?
 INSURANCE DIVISION , DEPARTMENT OF BUSINESS REGULATION, STATE OF RHODE ISLAND

6.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [] N/A []

6.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [] N/A []

7.1 Has this 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]

GENERAL INTERROGATORIES

7.2 If yes, give full information

.....

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

.....

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

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

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

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

Yes [X] No []

9.11 If the response to 9.1 is No, please explain:

.....

9.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

.....

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

9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

.....

FINANCIAL

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

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

INVESTMENT

11.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.) Yes [] No [X]

GENERAL INTERROGATORIES

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

.....

12. Amount of real estate and mortgages held in other invested assets in Schedule BA: \$ _____

13. Amount of real estate and mortgages held in short-term investments: \$ _____

14.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates? Yes [] No [X]

14.2 If yes, please complete the following:

| | 1 | 2 |
|--|---|--|
| | Prior Year-End Book/Adjusted Carrying Value | Current Quarter Book/Adjusted Carrying Value |
| 14.21 Bonds | \$ _____ | \$ _____ |
| 14.22 Preferred Stock | \$ _____ | \$ _____ |
| 14.23 Common Stock | \$ _____ | \$ _____ |
| 14.24 Short-Term Investments | \$ _____ | \$ _____ |
| 14.25 Mortgage Loans on Real Estate | \$ _____ | \$ _____ |
| 14.26 All Other | \$ _____ | \$ _____ |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 14.21 to 14.26) | \$ _____ | \$ _____ |
| 14.28 Total Investment in Parent included in Lines 14.21 to 14.26 above | \$ _____ | \$ _____ |

15.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB? Yes [] No [X]

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

16. For the reporting entity's security lending program, state the amount of the following as current statement date:

| | |
|--|----------|
| 16.1 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ |
| 16.2 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 | \$ _____ |
| 16.3 Total payable for securities lending reported on the liability page | \$ _____ |

17. 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 []

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

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

17.2 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) |
|--------------|------------------|------------------------------|
| | | |
| | | |

17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter? Yes [] No [X]

GENERAL INTERROGATORIES

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

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

17.5 Investment management - Identify all investment advisors, investment managers, broker/dealers. Including individuals that have the authority to make investments 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 of Firm or Individual | 2 Affiliation |
|---------------------------------|------------------|
| RICHARD A. FRITZ | I |
| GEORGE J. BEDARD | I |

17.5097 For those firms/individuals listed in the table for Question 17.5, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No [X]

17.5098 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 17.5, the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

17.6 For those firms or individuals listed in the table for 17.5 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

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

18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Investment Analysis Office been followed? Yes [X] No []

18.2 If no, list exceptions:

.....

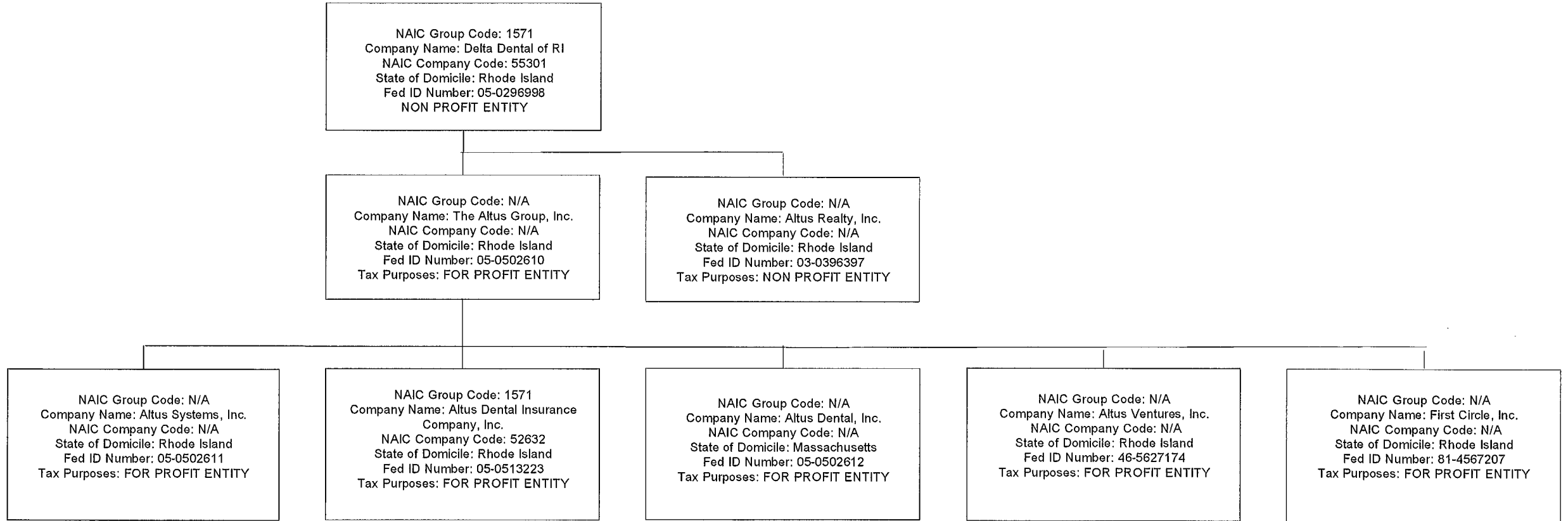
GENERAL INTERROGATORIES

PART 2 - HEALTH

1. Operating Percentages:
- | | |
|---|---------|
| 1.1 A&H loss percent | 75.81 % |
| 1.2 A&H cost containment percent | 0.82 % |
| 1.3 A&H expense percent excluding cost containment expenses | 14.95 % |
- 2.1 Do you act as a custodian for health savings accounts? Yes [] No [X]
- 2.2 If yes, please provide the amount of custodial funds held as of the reporting date. \$ _____
- 2.3 Do you act as an administrator for health savings accounts? Yes [] No [X]
- 2.4 If yes, please provide the balance of the funds administered as of the reporting date. \$ _____

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

PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

Response

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

NO

Explanation:

Question 1: THE COMPANY DOES NOT TRANSACT THIS TYPE OF BUSINESS

Bar Code:



52632201736500103

OVERFLOW PAGE FOR WRITE-INS

SCHEDULE A - VERIFICATION**Real Estate**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Current year change in encumbrances | | |
| 4. Total gain (loss) on disposals | | |
| 5. Deduct amounts received on disposals | | |
| 6. Total foreign exchange change in book/adjusted carrying value | | |
| 7. Deduct current year's other than temporary impairment recognized | | |
| 8. Deduct current year's depreciation | | |
| 9. Book/adjusted carrying value at the end of current period (Lines 1 + 2 + 3 + 4 - 5 + 6 - 7 - 8) | | |
| 10. Deduct total nonadmitted amounts | | |
| 11. Statement value at end of current period (Line 9 minus Line 10) | | |

NONE**SCHEDULE B - VERIFICATION****Mortgage Loans**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book value/recorded investment excluding accrued interest, December 31 of prior year | | |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | |
| 7. Deduct amounts received on disposals | | |
| 8. Deduct amortization of premium and mortgage interest points and commitment fees | | |
| 9. Total foreign exchange change in book value/recorded investment excluding accrued interest | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book value/recorded investment excluding accrued interest at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | | |
| 12. Total valuation allowance | | |
| 13. Subtotal (Line 11 plus Line 12) | | |
| 14. Deduct total nonadmitted amounts | | |
| 15. Statement value at end of current period (Line 13 minus Line 14) | | |

NONE**SCHEDULE BA - VERIFICATION****Other Long-Term Invested Assets**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year | 2,916,483 | 1,215,365 |
| 2. Cost of acquired: | | |
| 2.1 Actual cost at time of acquisition | | 2,750,000 |
| 2.2 Additional investment made after acquisition | | |
| 3. Capitalized deferred interest and other | | |
| 4. Accrual of discount | | |
| 5. Unrealized valuation increase (decrease) | | |
| 6. Total gain (loss) on disposals | | 108,459 |
| 7. Deduct amounts received on disposals | 1,275,902 | 1,157,341 |
| 8. Deduct amortization of premium and depreciation | | |
| 9. Total foreign exchange change in book/adjusted carrying value | | |
| 10. Deduct current year's other than temporary impairment recognized | | |
| 11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 + 6 - 7 - 8 + 9 - 10) | 1,640,581 | 2,916,483 |
| 12. Deduct total nonadmitted amounts | | |
| 13. Statement value at end of current period (Line 11 minus Line 12) | 1,640,581 | 2,916,483 |

SCHEDULE D - VERIFICATION**Bonds and Stocks**

| | 1 Year To Date | 2 Prior Year Ended December 31 |
|---|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year | 25,584,621 | 23,542,624 |
| 2. Cost of bonds and stocks acquired | 12,953,462 | 10,680,095 |
| 3. Accrual of discount | 10,116 | 9,581 |
| 4. Unrealized valuation increase (decrease) | 7,516 | (14,752) |
| 5. Total gain (loss) on disposals | 24,602 | 44,077 |
| 6. Deduct consideration for bonds and stocks disposed of | 9,964,444 | 8,128,075 |
| 7. Deduct amortization of premium | 351,539 | 548,929 |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | (1,937) | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | 28,266,271 | 25,584,621 |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | 28,266,271 | 25,584,621 |

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by NAIC Designation

S102

| NAIC Designation | 1 Book/Adjusted Carrying Value Beginning of Current Quarter | 2 Acquisitions During Current Quarter | 3 Dispositions During Current Quarter | 4 Non-Trading Activity During Current Quarter | 5 Book/Adjusted Carrying Value End of First Quarter | 6 Book/Adjusted Carrying Value End of Second Quarter | 7 Book/Adjusted Carrying Value End of Third Quarter | 8 Book/Adjusted Carrying Value December 31 Prior Year |
|-----------------------------------|---|--|--|--|---|--|---|---|
| BONDS | | | | | | | | |
| 1. NAIC 1 (a) | 20,450,411 | 2,559,636 | 952,019 | (98,617) | 21,557,024 | 20,450,411 | 21,959,411 | 19,609,728 |
| 2. NAIC 2 (a) | 4,463,948 | | | (8,435) | 3,960,659 | 4,463,948 | 4,455,513 | 4,237,783 |
| 3. NAIC 3 (a) | 490,615 | | | 4,310 | 487,155 | 490,615 | 494,925 | 487,990 |
| 4. NAIC 4 (a) | | | | | | | | |
| 5. NAIC 5 (a) | | | | | | | | |
| 6. NAIC 6 (a) | | | | | | | | |
| 7. Total Bonds | 25,404,974 | 2,559,636 | 952,019 | (102,742) | 26,004,838 | 25,404,974 | 26,909,849 | 24,335,501 |
| PREFERRED STOCK | | | | | | | | |
| 8. NAIC 1 | | | | | | | | |
| 9. NAIC 2 | | | | | | | | |
| 10. NAIC 3 | | | | | | | | |
| 11. NAIC 4 | | | | | | | | |
| 12. NAIC 5 | | | | | | | | |
| 13. NAIC 6 | | | | | | | | |
| 14. Total Preferred Stock | | | | | | | | |
| 15. Total Bonds & Preferred Stock | 25,404,974 | 2,559,636 | 952,019 | (102,742) | 26,004,838 | 25,404,974 | 26,909,849 | 24,335,501 |

(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of non-rated, short-term and cash-equivalent bonds by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0

SCHEDULE DA - PART 1

Short-Term Investments

| | 1 | 2 | 3 | 4 | 5 |
|---------|---------------------------------|--------------|----------------|---------------------------------------|--|
| | Book/Adjusted Carrying Value | Par Value | Actual Cost | Interest Collected Year To Date | Paid for Accrued Interest Year To Date |
| 9199999 | | | | | |

NONE

SCHEDULE DA - VERIFICATION

Short-Term Investments

| | 1 | 2 |
|---|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of short-term investments acquired | | |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | | |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | | |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | | |

NONE

SCHEDULE DB - PART A - VERIFICATION

Options, Caps, Floors, Collars, Swaps and Forwards

| | | | |
|-----|---|-------------|--|
| 1. | Book/Adjusted Carrying Value, December 31, prior year (Line 9, prior year) | | |
| 2. | Cost Paid/(Consideration Received) on additions | | |
| 3. | Unrealized Valuation increase/(decrease) | | |
| 4. | Total gain (loss) on termination recognized | NONE | |
| 5. | Considerations received/(paid) on terminations | | |
| 6. | Amortization | | |
| 7. | Adjustment to the Book/Adjusted Carrying Value of hedged item | | |
| 8. | Total foreign exchange change in Book/Adjusted Carrying Value | | |
| 9. | Book/Adjusted Carrying Value at End of Current Period (Lines 1 + 2 + 3 + 4 - 5 + 6 + 7 + 8) | | |
| 10. | Deduct nonadmitted assets | | |
| 11. | Statement value at end of current period (Line 9 minus Line 10) | | |

SCHEDULE DB - PART B - VERIFICATION

Future Contracts

| | | | |
|------|--|-------------|--|
| 1. | Book/Adjusted carrying value, December 31 of prior year (Line 6, prior year) | | |
| 2. | Cumulative cash change (Section 1, Broker Name/Net Cash Deposits Footnote - Cumulative Cash Change column) | | |
| 3.1 | Add: | | |
| | Change in variation margin on open contracts - Highly Effective Hedges | | |
| 3.11 | Section 1, Column 15, current year to date minus | | |
| 3.12 | Section 1, Column 15, prior year | | |
| | Change in variation margin on open contracts - All Other | | |
| 3.13 | Section 1, Column 18, current year to date minus | | |
| 3.14 | Section 1, Column 18, prior year | | |
| 3.2 | Add: | | |
| | Change in adjustment to basis of hedged item | | |
| 3.21 | Section 1, Column 17, current year to date minus | | |
| 3.22 | Section 1, Column 17, prior year | | |
| | Change in amount recognized | | |
| 3.23 | Section 1, Column 19, current year to date minus | NONE | |
| 3.24 | Section 1, Column 19, prior year | | |
| 3.3 | Subtotal (Line 3.1 minus Line 3.2) | | |
| 4.1 | Cumulative variation margin on terminated contracts during the year | | |
| 4.2 | Less: | | |
| 4.21 | Amount used to adjust basis of hedged item | | |
| 4.22 | Amount recognized | | |
| 4.3 | Subtotal (Line 4.1 minus Line 4.2) | | |
| 5. | Dispositions gains (losses) on contracts terminated in prior year: | | |
| 5.1 | Total gain (loss) recognized for terminations in prior year | | |
| 5.2 | Total gain (loss) adjusted into the hedged item(s) for terminations in prior year | | |
| 6. | Book/Adjusted carrying value at end of current period (Lines 1 + 2 + 3.3 - 4.3 - 5.1 - 5.2) | | |
| 7. | Deduct total nonadmitted amounts | | |
| 8. | Statement value at end of current period (Line 6 minus Line 7) | | |

SCHEDULE DB - PART C - SECTION 1

Replication (Synthetic Asset) Transactions Open as of Current Statement Date

| Replicated (Synthetic Asset) Transactions | | | | | | | | Components of the Replication (Synthetic Asset) Transactions | | | | | | | |
|---|-------------|--|--------------------|---------------------------------|------------|----------------|---------------|--|---------------------------------|------------|-------------------------|-------------|--|---------------------------------|------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | Derivative Instrument(s) Open | | | Cash Instrument(s) Held | | | | |
| Number | Description | NAIC Designation or Other Description | Notional Amount | Book/Adjusted Carrying Value | Fair Value | Effective Date | Maturity Date | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | | | | | | | | Description | Book/Adjusted Carrying Value | Fair Value | CUSIP | Description | NAIC Designation or Other Description | Book/Adjusted Carrying Value | Fair Value |
| NONE | | | | | | | | | | | | | | | |
| 9999999 | Totals | | | | | X X X | X X X | X X X | | | X X X | X X X | X X X | | |

505

SCHEDULE DB VERIFICATION

Verification of Book/Adjusted Carrying Value, Fair Value and Potential Exposure of all Open Derivative Contracts

Book/Adjusted Carrying Value Check

| | | |
|---|--|--|
| 1. Part A, Section 1, Column 14 | | |
| 2. Part B, Section 1, Column 15 plus Part B, Section 1 Footnote - Total Ending Cash Balance | | |
| 3. Total (Line 1 plus Line 2) | | |
| 4. Part D, Section 1, Column 5 | | |
| 5. Part D, Section 1, Column 6 | | |
| 6. Total (Line 3 minus Line 4 minus Line 5) | | |

NONE

Fair Value Check

| | | |
|--|--|--|
| 7. Part A, Section 1, Column 16 | | |
| 8. Part B, Section 1, Column 13 | | |
| 9. Total (Line 7 plus Line 8) | | |
| 10. Part D, Section 1, Column 8 | | |
| 11. Part D, Section 1, Column 9 | | |
| 12. Total (Line 9 minus Line 10 minus Line 11) | | |

Potential Exposure Check

| | | |
|--|--|--|
| 13. Part A, Section 1, Column 21 | | |
| 14. Part B, Section 1, Column 20 | | |
| 15. Part D, Section 1, Column 11 | | |
| 16. Total (Line 13 plus Line 14 minus Line 15) | | |

SCHEDULE E - VERIFICATION

(Cash Equivalents)

| | 1 | 2 |
|---|--------------|---------------------------------|
| | Year To Date | Prior Year Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year | | |
| 2. Cost of cash equivalents acquired | | |
| 3. Accrual of discount | | |
| 4. Unrealized valuation increase (decrease) | | |
| 5. Total gain (loss) on disposals | | |
| 6. Deduct consideration received on disposals | NONE | |
| 7. Deduct amortization of premium | | |
| 8. Total foreign exchange change in book/adjusted carrying value | | |
| 9. Deduct current year's other than temporary impairment recognized | | |
| 10. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9) | | |
| 11. Deduct total nonadmitted amounts | | |
| 12. Statement value at end of current period (Line 10 minus Line 11) | | |

SCHEDULE A - PART 2

Showing All Real Estate ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 Description of Property | Location | | 4 Date Acquired | 5 Name of Vendor | 6 Actual Cost at Time of Acquisition | 7 Amount of Encumbrances | 8 Book/Adjusted Carrying Value Less Encumbrances | 9 Additional Investment Made After Acquisition |
|------------------------------|-----------|------------|--------------------|---------------------|---|-----------------------------|---|---|
| | 2 City | 3 State | | | | | | |
| NONE | | | | | | | | |
| 0399999 Totals | | | | | | | | |

EO1

SCHEDULE A - PART 3

Showing All Real Estate DISPOSED During the Quarter, Including Payments During the Final Year on "Sales Under Contract"

| 1 Description of Property | Location | | 4 Disposal Date | 5 Name of Purchaser | 6 Actual Cost | 7 Expended for Additions, Permanent Improvements and Changes in Encumbrances | 8 Book/Adjusted Carrying Value Less Encumbrances Prior Year | Change in Book/Adjusted Carrying Value Less Encumbrances | | | | | 14 Book/Adjusted Carrying Value Less Encumbrances on Disposal | 15 Amounts Received During Year | 16 Foreign Exchange Gain (Loss) on Disposal | 17 Realized Gain (Loss) on Disposal | 18 Total Gain (Loss) on Disposal | 19 Gross Income Earned Less Interest Incurred on Encumbrances | 20 Taxes, Repairs and Expenses Incurred |
|------------------------------|-----------|------------|--------------------|------------------------|------------------|---|--|--|---|---|---|--|--|------------------------------------|--|--|-------------------------------------|--|--|
| | 2 City | 3 State | | | | | | 9 Current Year's Depreciation | 10 Current Year's Other Than Temporary Impairment Recognized | 11 Current Year's Change in Encumbrances | 12 Total Change in B./A.C.V. (11 - 9 - 10) | 13 Total Foreign Exchange Change in B./A.C.V. | | | | | | | |
| NONE | | | | | | | | | | | | | | | | | | | |
| 0399999 Totals | | | | | | | | | | | | | | | | | | | |

SCHEDULE BA - PART 2

Showing Other Long-Term Invested Assets ACQUIRED AND ADDITIONS MADE During the Current Quarter

| 1 CUSIP Ident- ification | 2 Name or Description | Location | | 5 Name of Vendor or General Partner | 6 NAIC Desig- nation | 7 Date Originally Acquired | 8 Type and Strategy | 9 Actual Cost at Time of Acquisition | 10 Additional Investment Made After Acquisition | 11 Amount of Encumbrances | 12 Commitment for Additional Investment | 13 Percentage of Ownership |
|-----------------------------------|-----------------------------|-----------|------------|---|-------------------------------|-------------------------------------|------------------------------|---|--|---------------------------------|--|-------------------------------------|
| | | 3 City | 4 State | | | | | | | | | |
| NONE | | | | | | | | | | | | |
| 4699999 Totals | | | | | | | | | | | | X X X |

EO3

SCHEDULE BA - PART 3

Showing Other Long-Term Invested Assets DISPOSED, Transferred or Repaid During the Current Quarter

| 1 CUSIP Ident- ification | 2 Name or Description | Location | | 5 Name of Purchaser or Nature of Disposal | 6 Date Originally Acquired | 7 Disposal Date | 8 Book/Adjusted Carrying Value Less Encumbrances, Prior Year | Change in Book/Adjusted Carrying Value | | | | | 15 Book/Adjusted Carrying Value Less Encumbrances on Disposal | 16 Consideration | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Investment Income |
|-----------------------------------|-----------------------------|-----------|------------|---|-------------------------------------|-----------------------|---|--|--|---|--|---|--|---------------------|---|---|--|----------------------------|
| | | 3 City | 4 State | | | | | 9 Unrealized Valuation Increase (Decrease) | 10 Current Year's (Depreciation) or (Amortization)/ Accretion | 11 Current Year's Other Than Temporary Impairment Recognized | 12 Capitalized Deferred Interest and Other | 13 Total Change in B./A.C.V. (9+10-11+12) | | | | | | |
| NONE | | | | | | | | | | | | | | | | | | |
| 4699999 Totals | | | | | | | | | | | | | | | | | | |

SCHEDULE D - PART 3

Show All Long-Term Bonds and Stock Acquired During the Current Quarter

| 1 CUSIP Ident- ification | 2 Description | 3 Foreign | 4 Date Acquired | 5 Name of Vendor | 6 Number of Shares of Stock | 7 Actual Cost | 8 Par Value | 9 Paid for Accrued Interest and Dividends | 10 NAIC Designation or Market Indicator (a) |
|-----------------------------------|--|--------------|--------------------|---------------------|--------------------------------------|------------------|----------------|--|--|
| 010392-FC-7 | ALABAMA POWER CO | | 07/07/2017 | Citizens | | 260,090 | 250,000.00 | 2,367 | 1FE |
| 15189X-AP-3 | CENTERPOINT ENERGY HOUSTON ELECTRIC LLC | | 07/21/2017 | Citizens | | 496,110 | 500,000.00 | 1,413 | 1FE |
| 343412-AB-8 | FLUOR CORP | | 07/21/2017 | Citizens | | 521,465 | 500,000.00 | 6,141 | 1FE |
| 36962G-4R-2 | GENERAL ELECTRIC CO | | 08/11/2017 | Citizens | | 268,985 | 250,000.00 | 4,557 | 1FE |
| 582839-AJ-5 | MEAD JOHNSON NUTRITION CO | C | 08/11/2017 | Citizens | | 516,895 | 500,000.00 | 3,792 | 1FE |
| 637432-CG-8 | NATIONAL RURAL UTILITIES COOPERATIVE FIN | | 07/25/2017 | Citizens | | 132,674 | 125,000.00 | 1,979 | 1FE |
| 694308-GN-1 | PACIFIC GAS AND ELECTRIC CO | | 07/07/2017 | Citizens | | 108,005 | 100,000.00 | 1,994 | 1FE |
| 751212-AB-7 | RALPH LAUREN CORP | | 08/11/2017 | Citizens | | 255,413 | 250,000.00 | 3,245 | 1FE |
| 3899999 | Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | X X X | 2,559,637 | 2,475,000.00 | 25,488 | X X X |
| 8399997 | Subtotal - Bonds - Part 3 | | | | X X X | 2,559,637 | 2,475,000.00 | 25,488 | X X X |
| 8399998 | Summary Item from Part 5 for Bonds | | | | X X X | X X X | X X X | X X X | X X X |
| 8399999 | Total - Bonds | | | | X X X | 2,559,637 | 2,475,000.00 | 25,488 | X X X |
| 990220-47-7 | RBS CITIZENS NA CASH SWEEP | | 09/29/2017 | Citizens | 3,658,062.320 | 3,658,062 | | | V |
| 9399999 | Subtotal - Common Stock - Money Market Mutual Funds | | | | X X X | 3,658,062 | X X X | | X X X |
| 9799997 | Subtotal - Common Stock - Part 3 | | | | X X X | 3,658,062 | X X X | | X X X |
| 9799998 | Summary Item from Part 5 for Common Stocks | | | | X X X | X X X | X X X | X X X | X X X |
| 9799999 | Total - Common Stock | | | | X X X | 3,658,062 | X X X | | X X X |
| 9899999 | Total - Preferred and Common Stock | | | | X X X | 3,658,062 | X X X | | X X X |
| 9999999 | Totals | | | | X X X | 6,217,699 | X X X | 25,488 | X X X |

E04

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE D - PART 4

Show All Long-Term Bonds and Stock Sold, Redeemed or Otherwise Disposed of During the Current Quarter

ES

| 1 CUSIP Ident- ification | 2 Description | 3 F o r e i g n | 4 Disposal Date | 5 Name of Purchaser | 6 Number of Shares of Stock | 7 Consid- eration | 8 Par Value | 9 Actual Cost | 10 Prior Year Book/ Adjusted Carrying Value | Change in Book/Adjusted Carrying Value | | | | | 16 Book/ Adjusted Carrying Value at Disposal Date | 17 Foreign Exchange Gain (Loss) on Disposal | 18 Realized Gain (Loss) on Disposal | 19 Total Gain (Loss) on Disposal | 20 Bond Interest/ Stock Dividends Received During Year | 21 Stated Contractual Maturity Date | 22 NAIC Desig- nation or Market Indicat (a) | |
|---|--|--------------------------------------|--|----------------------------------|--|-------------------------------|--|-------------------------------|---|--|--|---|--|--|---|--|---|--|---|---|--|-------|
| | | | | | | | | | | 11 Unrealized Valuation Increase/ (Decrease) | 12 Current Year's (Amort- ization)/ Accretion | 13 Current Year's Other Than Temporary Impairment Recognized | 14 Total Change in B./A.C.V. (11+12-13) | 15 Total Foreign Exchange Change in B./A.C.V. | | | | | | | | |
| 039483-AY-8 20825C-AN-4 J43830-EM-6 | ARCHER-DANIELS-MIDLAND CO CONOCOPHILLIPS MITSUBISHI CORP | D | 09/29/2017 08/01/2017 07/13/2017 | Citizens Citizens Citizens | | 248,474 205,914 500,000 | 244,000.00 200,000.00 500,000.00 | 290,384 233,300 492,760 | 253,439 207,543 499,009 | | (5,786) (3,177) 991 | | (5,786) (3,177) 991 | | 247,653 204,366 500,000 | | 821 1,548 | 821 1,548 | 13,815 5,200 9,375 | 03/15/2018 05/15/2018 07/13/2017 | 1FE 1FE 1FE | |
| 3899999 | Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) | | | | | X X X | 954,388 | 944,000.00 | 1,016,444 | 959,991 | | (7,972) | | (7,972) | 952,019 | | 2,369 | 2,369 | 28,390 | X X X | X X X | |
| 8199999 | Subtotal - Bonds - SVO Identified Funds | | | | | X X X | | | | | | | | | | | | | | X X X | X X X | |
| 8399997 | Subtotal - Bonds - Part 4 | | | | | X X X | 954,388 | 944,000 | 1,016,444 | 959,991 | | (7,972) | | (7,972) | 952,019 | | 2,369 | 2,369 | 28,390 | X X X | X X X | |
| 8399998 | Summary Item from Part 5 for Bonds | | | | | 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 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 8399999 | Total - Bonds | | | | | X X X | 954,388 | 944,000.00 | 1,016,444 | 959,991 | | (7,972) | | (7,972) | 952,019 | | 2,369 | 2,369 | 28,390 | X X X | X X X | |
| 996085-25-4 990220-47-7 | DREYFUS CASH MGMT FUND RBS CITIZENS NA CASH SWEEP | | 09/20/2017 09/29/2017 | Xerox Conduent Citizens | 527,750.00 2,739,176.3 | 527,750 2,739,176 | | 527,750 2,739,176 | | | | | | 527,750 2,739,176 | | | | 1,156 1,774 | | V V | | |
| 9399999 | Subtotal - Common Stock - Money Market Mutual Funds | | | | | X X X | 3,266,926 | X X X | 3,266,926 | | | | | | 3,266,926 | | | | 2,930 | X X X | X X X | |
| 9799997 | Subtotal - Common Stock - Part 4 | | | | | X X X | 3,266,926 | X X X | 3,266,926 | | | | | | 3,266,926 | | | | 2,930 | X X X | X X X | |
| 9799998 | Summary Item from Part 5 for Common Stocks | | | | | 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 | X X X | X X X | X X X | X X X | X X X | X X X | X X X | X X X |
| 9799999 | Total - Common Stocks | | | | | X X X | 3,266,926 | X X X | 3,266,926 | | | | | | 3,266,926 | | | | 2,930 | X X X | X X X | |
| 9899999 | Total - Preferred and Common Stocks | | | | | X X X | 3,266,926 | X X X | 3,266,926 | | | | | | 3,266,926 | | | | 2,930 | X X X | X X X | |
| 9999999 | Totals | | | | | | 4,221,314 | X X X | 4,283,370 | 959,991 | | (7,972) | | (7,972) | 4,218,945 | | 2,369 | 2,369 | 31,320 | X X X | X X X | |

(a) For all common stock bearing the NAIC market indicator 'U' provide: the number of such issues 0.

SCHEDULE DB - PART A - SECTION 1

Showing all Options, Caps, Floors, Collars, Swaps and Forwards Open as of Current Statement Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | |
|---------------|---|------------------------------|------------------------|---|------------|--------------------------------|---------------------|-----------------|---|--|--|---------------------|-------------------------------|------|------------|---|--|--|---|--------------------|------------------------------------|---|--|
| Description | Description of Item(s) Hedged, Used for Income Generation or Replicated | Schedule/ Exhibit Identifier | Type(s) of Risk(s) (a) | Exchange, Counterparty or Central Clearinghouse | Trade Date | Date of Maturity or Expiration | Number of Contracts | Notional Amount | Strike Price, Rate or Index Received (Paid) | Cumulative Prior Year(s) Initial Cost of Premium (Received) Paid | Current Year Initial Cost of Premium (Received) Paid | Current Year Income | Book/ Adjusted Carrying Value | Code | Fair Value | Unrealized Valuation Increase/ (Decrease) | Total Foreign Exchange Change in B./A.C.V. | Current Year's (Amortization)/ Accretion | Adjustment to Carrying Value of Hedged Item | Potential Exposure | Credit Quality of Reference Entity | Hedge Effectiveness at Inception and at Quarter-end (b) | |
| NONE | | | | | | | | | | | | | | | | | | | | | | | |
| 1449999 Total | | | | | | | | | | | | | | | | | | | | | | | |

E06

(a)

| Code | Description of Hedged Risk(s) |
|-------------|-------------------------------|
| NONE | |

(b)

| Code | Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|-------------|--|
| NONE | |

SCHEDULE DB - PART B - SECTION 1

Future Contracts Open as of the Current Statement Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | Highly Effective Hedges | | | 18 | 19 | 20 | 21 | 22 |
|---------------|---------------------|-----------------|-------------|---|------------------------------|------------------------|--------------------------------|----------|------------|-------------------|----------------------|------------|-------------------------------|-----------------------------|---------------------------|--|--|---|--------------------|---|------------------------|
| | | | | | | | | | | | | | | 15 | 16 | 17 | | | | | |
| Ticker Symbol | Number of Contracts | Notional Amount | Description | Description of Item(s) Hedged, Used for Income Generation or Replicated | Schedule/ Exhibit Identifier | Type(s) of Risk(s) (a) | Date of Maturity or Expiration | Exchange | Trade Date | Transaction Price | Reporting Date Price | Fair Value | Book/ Adjusted Carrying Value | Cumulative Variation Margin | Deferred Variation Margin | Change in Variation Margin Gain (Loss) Used to Adjust Basis of Hedged Item | Cumulative Variation Margin for All Other Hedges | Change in Variation Margin Gain (Loss) Recognized in Current Year | Potential Exposure | Hedge Effectiveness at Inception and at Quarter-end (b) | Value of One (1) Point |
| 1449999 Total | | | | | | X X X | X X X | X X X | | | X X X | | | | | | | | | X X X | X X X |

NONE

| Broker Name | Beginning Cash Balance | Cumulative Cash Change | Ending Cash Balance |
|--|------------------------|------------------------|---------------------|
| <div style="font-size: 4em; font-weight: bold;">NONE</div> | | | |
| Total Net Cash Deposits | | | |

E07

(a)

| Code | Description of Hedged Risk(s) |
|--|-------------------------------|
| <div style="font-size: 4em; font-weight: bold;">NONE</div> | |

(b)

| Code | Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|--|--|
| <div style="font-size: 4em; font-weight: bold;">NONE</div> | |

SCHEDULE DB - PART D - SECTION 1

Counterparty Exposure for Derivative Instruments Open as of Current Statement Date

| 1 Description of Exchange, Counterparty or Central Clearinghouse | 2 Master Agreement (Y or N) | 3 Credit Support Annex (Y or N) | 4 Fair Value of Acceptable Collateral | Book/Adjusted Carrying Value | | | Fair Value | | | 11 Potential Exposure | 12 Off-Balance Sheet Exposure |
|---|--------------------------------------|---|--|---|---|------------------------------------|---|---|-------------------------------------|-----------------------------|--|
| | | | | 5 Contracts With Book/ Adjusted Carrying Value >0 | 6 Contracts With Book/ Adjusted Carrying Value <0 | 7 Exposure net of Collateral | 8 Contracts With Fair Value >0 | 9 Contracts With Fair Value <0 | 10 Exposure Net of Collateral | | |
| NONE | | | | | | | | | | | |
| 0999999 Gross Totals | | | | | | | | | | | |
| 1. Offset per SSAP No. 64 | | | | | | | | | | | |
| 2. Net after right of offset per SSAP No. 64 | | | | | | | | | | | |

E08

SCHEDULE DB - PART D - SECTION 2

Collateral for Derivative Instruments Open as of Current Statement Date

Collateral Pledged by Reporting Entity

| 1 Exchange, Counterparty or Central Clearinghouse | 2 Type of Asset Pledged | 3 CUSIP Identification | 4 Description | 5 Fair Value | 6 Par Value | 7 Book / Adjusted Carrying Value | 8 Maturity Date | 9 Type of Margin (I, V or IV) | |
|--|-------------------------------|------------------------------|------------------|-----------------|----------------|--|--------------------|-------------------------------------|-------|
| | | | NONE | | | | | | |
| 0199999 Total Collateral Pledged by Reporting Entity | | | | | | | | X X X | X X X |

E09

Collateral Pledged to Reporting Entity

| 1 Exchange, Counterparty or Central Clearinghouse | 2 Type of Asset Pledged | 3 CUSIP Identification | 4 Description | 5 Fair Value | 6 Par Value | 7 Book / Adjusted Carrying Value | 8 Maturity Date | 9 Type of Margin (I, V or IV) | |
|--|-------------------------------|------------------------------|------------------|-----------------|----------------|--|--------------------|-------------------------------------|-------|
| | | | NONE | | | | | | |
| 0299999 Total Collateral Pledged to Reporting Entity | | | | | | | X X X | X X X | X X X |

SCHEDULE DL - PART 1

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-------------------------|-------------|------|--|---------------|---|-------------------|
| CUSIP Identification | Description | Code | NAIC Desig- nation/ Market Indicator | Fair Value | Book / Adjusted Carrying Value | Maturity Dates |
| NONE | | | | | | |
| 999999 Totals | | | | | | XXX |

General Interrogatories:

1. Total activity for the year to date Fair Value \$ 0 Book/Adjusted Carrying Value \$ 0

2. Average balance for the year to date Fair Value \$ 0 Book/Adjusted Carrying Value \$ 0

3. Reinvested securities lending collateral assets book/adjusted carrying value included in this schedule by NAIC designation:

NAIC 1 \$ 0; NAIC 2 \$ 0; NAIC 3 \$ 0; NAIC 4 \$ 0; NAIC 5 \$ 0; NAIC 6 \$ 0.

SCHEDULE DL - PART 2

SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

| 1 CUSIP Identification | 2 Description | 3 Code | 4 NAIC Desig- nation/ Market Indicator | 5 Fair Value | 6 Book / Adjusted Carrying Value | 7 Maturity Dates |
|------------------------------|------------------|-----------|---|--------------------|--|------------------------|
| NONE | | | | | | |
| 9999999 Totals | | | | | | XXX |

General Interrogatories:

| | | | | |
|---------------------------------|---------------|---|---------------------------------|---|
| 1. Total activity for the year | Fair Value \$ | 0 | Book/Adjusted Carrying Value \$ | 0 |
| 2. Average balance for the year | Fair Value \$ | 0 | Book/Adjusted Carrying Value \$ | 0 |

SCHEDULE E - PART 2 - CASH EQUIVALENTS

Show Investments Owned End of Current Quarter

| 1 Description | 2 Code | 3 Date Acquired | 4 Rate of Interest | 5 Maturity Date | 6 Book/Adjusted Carrying Value | 7 Amount of Interest Due & Accrued | 8 Amount Received During Year |
|--------------------------------|-----------|--------------------|-----------------------|--------------------|-----------------------------------|---------------------------------------|----------------------------------|
| 8699999 Total Cash Equivalents | | | | | | | |
| NONE | | | | | | | |

E13