

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

June 30, 2016

HEALTH

2016

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	23,336,712		23,336,712	23,423,675
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				118,949
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 (\$ 1,903,898), cash equivalents (\$ 0), and short-term investments (\$ 0)	1,903,898		1,903,898	858,373
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets	58,024		58,024	1,215,365
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)	25,298,634		25,298,634	25,616,362
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued	274,433		274,433	278,034
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	352,277	105,932	246,345	458,417
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	758,344	23,886	734,458	762,778
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset	182,587		182,587	182,587
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				
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	26,866,275	129,818	26,736,457	27,298,178
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	26,866,275	129,818	26,736,457	27,298,178

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.				
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)				

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	1,536,470		1,536,470	1,507,790
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	87,290		87,290	87,312
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	826,467		826,467	828,432
9. General expenses due or accrued	1,314,479		1,314,479	2,655,246
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	978,117		978,117	1,363,113
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)	1,117,614		1,117,614	456,000
24. Total liabilities (Lines 1 to 23)	5,860,437		5,860,437	6,897,893
25. Aggregate write-ins for special surplus funds	X X X	X X X		
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		787,479
31. Unassigned funds (surplus)	X X X	X X X	14,556,159	13,292,945
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	20,876,020	20,400,285
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	26,736,457	27,298,178

DETAILS OF WRITE-IN LINES			
2301. 2016 ACA TAX ASSESSMENT LIABILITY	652,414		652,414
2302. ADVANCE DEPOSITS	465,200		465,200
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page			
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	1,117,614		1,117,614
2501.	X X X	X X X	
2502.	X X X	X X X	
2503.	X X X	X X X	
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X	
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	
3001. RESTRICTED RESERVES ACA ASSESSMENT	X X X	X X X	787,479
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	787,479

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	859,720	811,479	1,649,333
2. Net premium income (including \$ 0 non-health premium income)	X X X	27,247,674	24,798,621	50,760,595
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	27,247,674	24,798,621	50,760,595
Hospital and Medical:				
9. Hospital/medical benefits				
10. Other professional services		21,256,563	19,145,340	38,138,160
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)		21,256,563	19,145,340	38,138,160
Less:				
17. Net reinsurance recoveries				
18. Total hospital and medical (Lines 16 minus 17)		21,256,563	19,145,340	38,138,160
19. Non-health claims (net)				
20. Claims adjustment expenses, including \$ 241,526 cost containment expenses		1,207,629	1,127,335	2,493,636
21. General administrative expenses		3,996,967	3,665,338	6,659,557
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)		26,461,159	23,938,013	47,291,353
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	786,515	860,608	3,469,242
25. Net investment income earned		291,265	222,681	460,262
26. Net realized capital gains (losses) less capital gains tax of \$ 0			2,728	7,292
27. Net investment gains (losses) (Lines 25 plus 26)		291,265	225,409	467,554
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				88,109
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	1,077,780	1,086,017	4,024,905
31. Federal and foreign income taxes incurred	X X X	602,045	493,561	1,816,458
32. Net income (loss) (Lines 30 minus 31)	X X X	475,735	592,456	2,208,447

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				88,109
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)				88,109

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	20,400,285	18,146,993	18,146,993
34. Net income or (loss) from Line 32	475,735	592,456	2,208,447
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			
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			44,845
39. Change in nonadmitted assets	(22,110)	(505,184)	(56,449)
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	22,110	53,912	56,449
48. Net change in capital and surplus (Lines 34 to 47)	475,735	141,184	2,253,292
49. Capital and surplus end of reporting period (Line 33 plus 48)	20,876,020	18,288,177	20,400,285

DETAILS OF WRITE-IN LINES			
4701. INCLUSION OF BAD DEBT RESERVE IN THE NON ADMITTED ASSET	22,110	53,912	56,449
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)	22,110	53,912	56,449

CASH FLOW

	1	2	3
Cash from Operations	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
1. Premiums collected net of reinsurance	27,486,101	24,997,339	50,863,552
2. Net investment income	294,866	232,958	435,305
3. Miscellaneous income			
4. Total (Lines 1 to 3)	27,780,967	25,230,297	51,298,857
5. Benefit and loss related payments	21,227,883	19,033,170	37,915,700
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			
7. Commissions, expenses paid and aggregate write-ins for deductions	6,545,385	4,761,863	8,142,568
8. Dividends paid to policyholders			
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)	602,045	493,561	1,816,458
10. Total (Lines 5 through 9)	28,375,313	24,288,594	47,874,726
11. Net cash from operations (Line 4 minus Line 10)	(594,346)	941,703	3,424,131
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,050,000	557,573	6,467,716
12.2 Stocks	118,950	1,520,877	
12.3 Mortgage loans			
12.4 Real estate			
12.5 Other invested assets	1,157,341	1,114,478	1,114,477
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)	2,326,291	3,192,928	7,582,193
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,233,645	784,462	11,230,376
13.2 Stocks		2,004,072	79,033
13.3 Mortgage loans			
13.4 Real estate			
13.5 Other invested assets			870,406
13.6 Miscellaneous applications		1,208	
13.7 Total investments acquired (Lines 13.1 to 13.6)	1,233,645	2,789,742	12,179,815
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)	1,092,646	403,186	(4,597,622)
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)	547,225	(832,506)	406,079
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	547,225	(832,506)	406,079
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)	1,045,525	512,383	(767,412)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	858,373	1,625,785	1,625,785
19.2 End of period (Line 18 plus Line 19.1)	1,903,898	2,138,168	858,373

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	141,116					141,116				
2. First Quarter	142,192					142,192				
3. Second Quarter	145,463					145,463				
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	859,720					859,720				
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)	27,486,101					27,486,101				
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned	27,247,674					27,247,674				
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services	21,227,883					21,227,883				
18. Amount Incurred for Provision of Health Care Services	21,256,563					21,256,563				

(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	1,365,587	19,862,297	86,454	1,450,016	1,452,041	1,507,790
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)	1,365,587	19,862,297	86,454	1,450,016	1,452,041	1,507,790
10. Health care receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals (Lines 9 - 10 + 11 + 12)	1,365,587	19,862,297	86,454	1,450,016	1,452,041	1,507,790

(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 quarter ended June 30, 2016 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

- 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

	2016	2015	State of Domicile
01. ALTUS DENTAL INSURANCE CO., INC. state basis (Page 4, \$)	475,735	2,208,447	RI

02. State Prescribed Practices that increase/(decrease) NAIC SAP:

Details of Depreciation of Fixed Assets	<u>Net Income</u> 2016	<u>Net Income</u> 2015	State of Domicile
Totals (Lines 01A0201 through 01A0225)	\$		

03. State Permitted Practices that increase/(decrease) NAIC SAP:

Details of Depreciation of Home Office Property	<u>Net Income</u> 2016	<u>Net Income</u> 2015	State of Domicile
Totals (Lines 01A0301 through 01A0325)	\$		

04. NAIC SAP.....(1 - \$	475,735	2,208,447	RI
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SURPLUS

	2016	2015	State of Domicile
05. ALTUS DENTAL INSURANCE CO., INC. state basis (Page 3, \$)	20,876,020	20,400,285	RI

06. State Prescribed Practices that increase/(decrease) NAIC SAP:

Goodwill, net; Fixed Assets, Net	<u>Surplus</u> 2016	<u>Surplus</u> 2015	State of Domicile
Totals (Lines 01A0601 through 01A0625)	\$		

07. State Permitted Practices that increase/(decrease) NAIC SAP:

Home Office Property	<u>Surplus</u> 2016	<u>Surplus</u> 2015	State of Domicile
Totals (Lines 01A0701 through 01A0725)	\$		

08. NAIC SAP.....(5 - \$	20,876,020	20,400,285	RI
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(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

NOTES TO FINANCIAL STATEMENTS

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 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 going concerns for this company.

NOTES TO FINANCIAL STATEMENTS

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. 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 2016 and 2015 accounting practices or resulting statutory income and surplus as reported by the Company.

NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During 2016, 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 2016, 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 June 30, 2016 and December 31, 2015.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company. The related note disclosures 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 2016 and 2015, 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 June 30, 2016 and December 31, 2015, 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - - DERIVATIVE INSTRUMENTS

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 June 30, 2016 and December 31, 2015, 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 June 30, 2016 and December 31, 2015 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 June 30 are as follows:

	06/30/2016			12/31/2015		
	(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
a. Gross Deferred Tax Assets	\$ 182,587		182,587	182,587		182,587
b. Statutory Valuation Allowance Adjustment	\$					
c. Adjusted Gross Deferred Tax Assets (1a - 1b)	\$ 182,587		182,587	182,587		182,587
d. Deferred Tax Assets Nonadmitted	\$					
e. Subtotal Net Admitted Deferred Tax Asset (1c - 1d)	\$ 182,587		182,587	182,587		182,587
f. Deferred Tax Liabilities	\$					
g. Net Admitted Deferred Tax Asset / (Net Admitted Deferred Tax Liability) (1e - 1f)	\$ 182,587		182,587	182,587		182,587

	Change		
	(7) (Col 1 - 4) Ordinary	(8) (Col 2 - 5) Capital	(9) (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)	\$		

	06/30/2016			12/31/2015		
	(1) Ordinary	(2) Capital	(3) (Col 1 + 2) Total	(4) Ordinary	(5) Capital	(6) (Col 4 + 5) Total
a. Admission Calculation Components SSAP No. 101 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)	\$ 182,587		182,587	182,587		182,587

NOTES TO FINANCIAL STATEMENTS

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))	\$	182,587	182,587	182,587	182,587

2.	Change		
	(7)	(8)	(9)
	(Col 1 - 4)	(Col 2 - 5)	(Col 7 + 8)
	Ordinary	Capital	Total
a. Admission Calculation Components SSAP No. 101			
b. Federal Income Taxes Paid In Prior Years Recoverable Through Loss Carrybacks.			
c. 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
d. 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.			
e. Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))			

3.	2016	2015
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.	06/30/2016		12/31/2015		Change	
	(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)	182,587		182,587			
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	182,587		182,587			
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)
	06/30/2016	12/31/2015	(Col 1 - 2) Change
1. Current Income Tax			
a. Federal	\$ 602,045	1,816,458	(1,214,413)
b. Foreign			
c. Subtotal	\$ 602,045	1,816,458	(1,214,413)
d. Federal Income Tax on net capital gains			
e. Utilization of capital loss carry-forwards			
f. Other			
g. Federal and foreign income taxes incurred	\$ 602,045	1,816,458	(1,214,413)

2. Deferred Tax Assets:			
a. Ordinary			
(1) Discounting of unpaid losses	\$ 10,695	10,695	
(2) Unearned premium reserve	\$ 87,341	87,341	
(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	\$ 36,621	36,621	
## Net operating loss carry-forward			
## Tax credit carry-forward			
## Other (including items <5% of total ordinary tax assets)	\$ 47,940	47,940	
## Subtotal	\$ 182,587	182,587	
b. Statutory valuation allowance adjustment			
c. Nonadmitted			
d. Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	\$ 182,587	182,587	
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)	\$ 182,587	182,587	

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)	\$	182,587	182,587
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NOTES TO FINANCIAL STATEMENTS

The Company is not utilizing tax planning strategies.

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

There was no valuation allowance adjustment to gross deferred tax assets as of June 30, 2016 and no net change in the total valuation allowance adjustments for the periods ended June 30, 2016 and December 31, 2015, respectively.

The realization of the deferred tax asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for future current operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization of the remaining deferred tax assets.

As of June 30, 2016 and December 31, 2015, there are no operating losses or tax credit carryforwards available for federal tax purposes.

The following are income taxes incurred in the current and prior years that will be available for recoupment in the event of future losses:

		Ordinary	Capital	Total
Year:				
2016	\$	602,045	—	602,045
2015	\$	1,816,458	—	1,816,458
2014	\$	1,607,452	—	1,607,452
2013	\$	1,355,018	—	1,355,018
2012	\$	1,191,982	—	1,191,982
2011	\$	856,015	—	856,015

There are no deposits held under Section 6603 of the Internal Revenue Code.

Altus Dental Insurance Company, Inc. is incorporated in the State of Rhode Island as a for-profit company. The Company pays premium taxes to the State of Massachusetts as opposed to state income tax.

Additionally, for federal tax purposes the Company's taxable operations are included within the consolidated group tax filings of its parent, The Altus Group, Inc. The other subsidiaries of The Altus Group, Inc. are Altus Systems, Inc., Altus Dental, Inc., and Altus Ventures, Inc., which are included in the consolidated returns for both federal and state tax reporting.

The Company's income tax returns that remain open to examination are for the years 2012 and subsequent.

NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

Altus Dental Insurance Company, Inc. is a wholly owned subsidiary of The Altus Group, Inc. which itself is a wholly owned subsidiary of Delta Dental of Rhode Island. This group of affiliated for-profit entities was established in 1999 for the purpose of expanding the ultimate parent company's offering of prepaid dental care products to organizations based outside the State of Rhode Island.

Altus Dental Insurance Company and Delta Dental of RI (DDRI) are allocated expenses from Altus Systems, Inc., a subsidiary within the Altus Group. Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both DDRI and Altus Dental Insurance Company. As a for-profit company, AS "sells" its dental related services to its sister and ultimate parent company at a 2% markup over its costs (to satisfy IRS requirements); therefore AS generates net income on its dental operations. The allocations from Altus Systems are based on the Company's member enrollment levels as a percentage of total consolidated dental member enrollment.

NOTES TO FINANCIAL STATEMENTS

The Parent Company's one dental insurance subsidiary, Altus Dental Insurance Company, is allocated expenses from three affiliated Companies. The Parent, Delta Dental of RI and two sister companies (Altus Systems, Inc. and Altus Dental, Inc.) within the Altus Group. The allocations from Delta and Altus Systems are based on the Company's member enrollment levels 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 June 30, 2016 and December 31, 2015, after elimination of intercompany transactions, The Altus Group, Inc. generated income of \$916,000 and \$2,229,000, 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 2015 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 June 30, 2016 and December 31, 2015 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 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 June 30, 2016 and December 31, 2015 the Company had no outstanding capital notes or any debt arrangements. The related note disclosures 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 are all not applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - - CAPITAL AND SURPLUS

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 – \$0 of reserves are restricted for the estimated twelve months of the 2017 ACA assessment in the June 30, 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 Annual ACA Assessment for calendar year 2017. \$652,414 of reserves are restricted for the estimated twelve months of the 2016 ACA assessment in the December 31, 2015 filing, which will be 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 – Not applicable
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 committed no reserves 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

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

NOTES TO FINANCIAL STATEMENTS

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 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 2, for the 2016 quarterly and 2015 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 June 30, 2016 and December 31, 2015 financial operations respectively exclude approximately \$3,752,000 and \$6,827,000 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 Plans

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 2016: (years as seen in Notes text)

	<u>ASO Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total 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 2016: (years as seen in Notes text)

	<u>ASC Uninsured Plans</u>	<u>Uninsured Portion of Partially Insured Plans</u>	<u>Total ASC</u>
a. Gross reimbursement for medical cost incurred	\$ 3,448,306		3,448,306
b. Gross administrative fees accrued	\$ 303,942		303,942
c. Other income or expenses (including interest paid to or received)	\$		
d. Gross expenses incurred (claims and administrative)	\$ 3,752,248		3,752,248
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 \$1,162,000 and \$2,205,000 for the periods ended June 30, 2016 and December 31, 2015. 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
June 30, 2016					
Assets at fair value:					
	Common Stock - Money Market	\$ —			—
	Investments - Bonds		23,917,369		23,917,369
December 31, 2015					
Assets at fair value:					
	Common Stock - Money Market	\$ 118,949			118,949
	Investments - Bonds		23,409,816		23,409,816

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

	2016		2015		
	Book value	Estimated fair value	Book value	Estimated fair value	
Assets:					
	Cash and Cash Equivalents	\$ 1,903,898	1,903,898	\$ 858,373	858,373
	Common Stock - Money Marke	—	—	118,949	118,949
	Investments - Bonds	23,336,712	23,917,369	23,423,675	23,409,816

NOTES TO FINANCIAL STATEMENTS

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	\$ 1,903,898			1,903,898
02. Common Stock - Money Market				
03. Investments - Bonds		23,917,369		23,917,369
Total assets at fair value	\$ 1,903,898	23,917,369		25,821,267
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 not yet entered into signed agreements to purchase state tax credits that will be utilized in 2016, but had in 2015 and has remaining 2016 carryforwards from these 2015 purchases; hence the Company maintains tax credits as net assets at June 30, 2016 and December 31, 2015. Before purchasing the tax credits the Company estimates the utilization of 2016 and 2015 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
5. State transferable and non-transferable tax credits – State tax credits will be purchased in 2016 to be utilized in 2016, but have not been purchased at the present time. The carrying value for credits purchased and utilized for 2015 is listed below and on the Balance Sheet. There were five separate purchases of MA tax credits to be utilized in 2015. The carrying value in the amount of \$1,215,365 is listed on the December 31, 2015 Balance Sheet.
6. Subprime-mortgage-related risk exposure – Not applicable
7. Retained assets – Not applicable

NOTES TO FINANCIAL STATEMENTS

NOTES TO FINANCIAL STATEMENTS

21. Other Items

E. State Transferable Tax Credits

Description of State Transferable Tax Credits	State	Carrying Value	Unused Amount
	01. 2015 Massachusetts Tax Credits	MA	58,024
Total	X X X	58,024	1,184

E.4 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				

G. Retained Assets

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

NOTES TO FINANCIAL STATEMENTS

03.

	Individual		Group	
	Number	Balance/ Amount	Number	Balance/ Amount
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	X X X		X X X	
d. Fees and Other Charges Assessed to Retained Asset Accounts During the Year	X X X		X X X	
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				

NOTE 22 - - EVENTS SUBSEQUENT

The Company has no events subsequent to June 30, 2016 that would warrant disclosure in these statutory 2016 financial statements.

In accordance with SSAP 35R, the company in 2016 has a liability for the 2016 ACA assessment in the amount of \$652,414 and recorded \$0 as restricted reserves in this June 30, 2016 filing, due to the one year moratorium. The company had expensed its full 2015 ACA assessment within the three quarters ending September 30, 2015. This payment of \$682,516 was made in September 2015. The estimated twelve month 2016 ACA assessment in the amount of \$652,414 had been expensed in the first quarter, which is payable on September 30, 2016. Additionally \$0 has been recorded as restricted reserves at June 30, 2016 due to the one year moratorium, which will result in no payment for the 2016 statutory premiums written projected 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 (Y/N)?	YES	
B. ACA fee assessment payable for the upcoming year	\$	652,414
C. ACA fee assessment paid	\$	682,516
D. Premium written subject to ACA 9010 assessment	\$	50,760,595
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 20,400,285	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$ 20,400,285	
G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)	\$ 1,626,157	
H. Would reporting the ACA assessment as of Dec. 31, 2016 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.

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 June 30, 2016 and December 31, 2015. The related note disclosures are all not applicable.

NOTES TO FINANCIAL STATEMENTS

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

Reserves as of June 30, 2016 were \$1,536,470. As of June 30, 2016 \$1,369,277 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$86,454 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on dental line of insurance. Therefore, there has been a \$52,059 favorable prior-year development since December 31, 2015 to June 30, 2016. 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 2016 and 2015, 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 June 30, 2016 and December 31, 2015. This resulted in no additional liability for the current 2016 year as well as 2015. The related note disclosures are all not applicable.

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 [X] No []

2.2 If yes, date of change: 06/07/2016

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. 12/31/2012

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 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
.....

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 | 78.90 % |
| 1.2 A&H cost containment percent | 0.89 % |
| 1.3 A&H expense percent excluding cost containment expenses | 18.21 % |
- 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. \$ _____

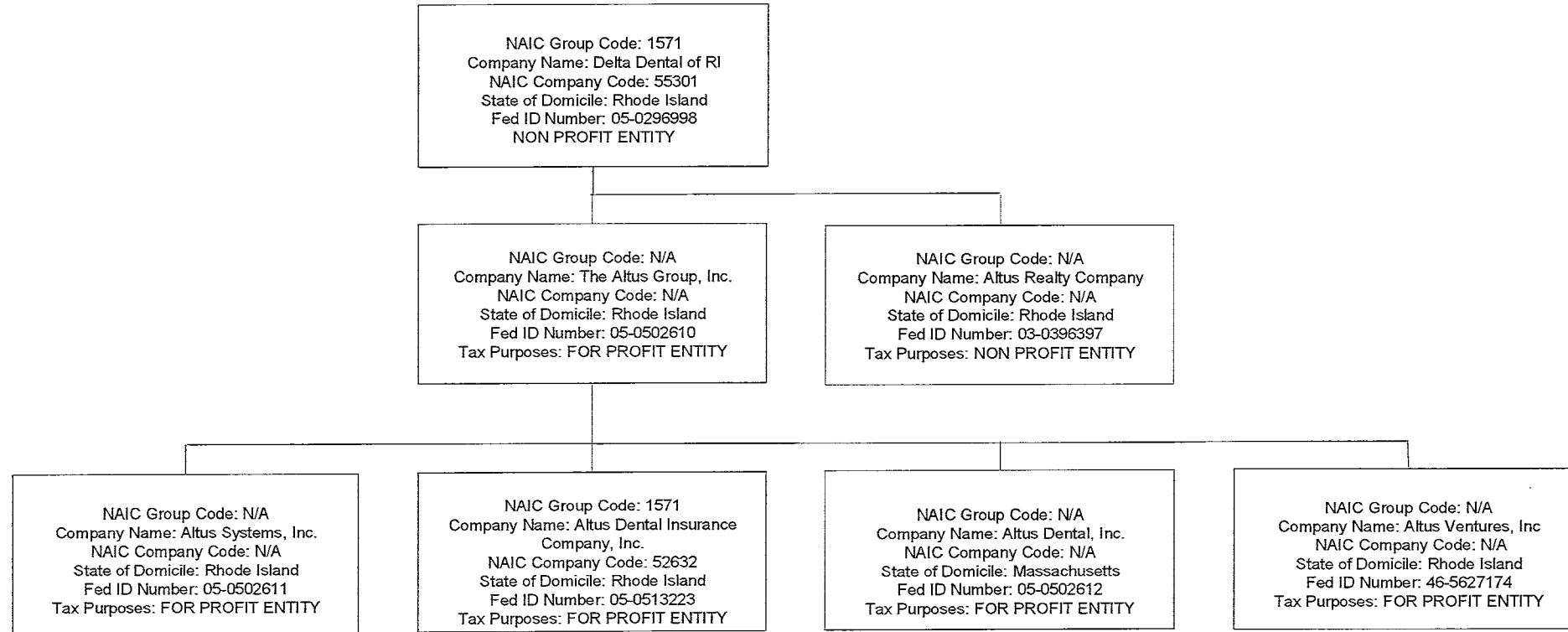
SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1	2	3	4	5	6	7	8	9
NAIC Company Code	ID Number	Effective Date	Name of Reinsurer	Domiciliary Jurisdiction	Type of Reinsurance Ceded	Type of Reinsurer	Certified Reinsurer Rating (1 through 6)	Effective Date of Certified Reinsurer Rating
NONE								

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:



52632201636500102

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	1,215,365	1,371,327
2. Cost of acquired:		
2.1 Actual cost at time of acquisition		870,406
2.2 Additional investment made after acquisition		
3. Capitalized deferred interest and other		
4. Accrual of discount		
5. Unrealized valuation increase (decrease)		88,109
6. Total gain (loss) on disposals		
7. Deduct amounts received on disposals	1,157,341	1,114,477
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)	58,024	1,215,365
12. Deduct total nonadmitted amounts		
13. Statement value at end of current period (Line 11 minus Line 12)	58,024	1,215,365

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	23,542,624	19,246,968
2. Cost of bonds and stocks acquired	2,849,256	11,230,376
3. Accrual of discount	4,533	6,366
4. Unrealized valuation increase (decrease)		
5. Total gain (loss) on disposals		(7,285)
6. Deduct consideration for bonds and stocks disposed of	2,784,560	6,453,139
7. Deduct amortization of premium	275,140	480,662
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)	23,336,713	23,542,624
11. Deduct total nonadmitted amounts		
12. Statement value at end of current period (Line 10 minus Line 11)	23,336,713	23,542,624

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

2012

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)	19,873,710			(836,623)	19,873,710	19,037,087		20,951,993
2. NAIC 2 (a)	3,599,823			699,803	3,599,823	4,299,626		2,471,682
3. NAIC 3 (a)								
4. NAIC 4 (a)								
5. NAIC 5 (a)								
6. NAIC 6 (a)								
7. Total Bonds	23,473,533			(136,820)	23,473,533	23,336,713		23,423,675
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	23,473,533			(136,820)	23,473,533	23,336,713		23,423,675

(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					XXX	XXX	XXX			XXX	XXX	XXX			

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 B - PART 2

Showing All Mortgage Loans ACQUIRED AND ADDITIONS MADE During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Rate of Interest	7 Actual Cost at Time of Acquisition	8 Additional Investment Made After Acquisitions	9 Value of Land and Buildings
	2 City	3 State						
NONE								
3399999 Totals				XXX	XXX			

EO2

SCHEDULE B - PART 3

Showing All Mortgage Loans DISPOSED, Transferred or Repaid During the Current Quarter

1 Loan Number	Location		4 Loan Type	5 Date Acquired	6 Disposal Date	7 Book Value/Recorded Investment Excluding Accrued Interest Prior Year	Change in Book Value/Recorded Investment						14 Book Value/Recorded Investment Excluding Accrued Interest on Disposal	15 Consideration	16 Foreign Exchange Gain (Loss) on Disposal	17 Realized Gain (Loss) on Disposal	18 Total Gain (Loss) on Disposal
	2 City	3 State					8 Unrealized Valuation Increase (Decrease)	9 Current Year's (Amortization) / Accretion	10 Current Year's Other than Temporary Impairment Recognized	11 Capitalized Deferred Interest and Other	12 Total Change in Book Value (8+9-10+11)	13 Total Foreign Exchange Change in Book Value					
NONE																	
0599999 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)
990220-47-7	RBS CITIZENS NA CASH SWEEP		06/17/2016	CITIZENS BANK	398,511.420	398,511			V
9399999	Total Common Stock Money Market Mutual Funds				XXX	398,511	XXX		XXX
9799997	Total Common Stock Part 3				XXX	398,511	XXX		XXX
9799998	Summary Item from Part 5 for Common Stocks				XXX	XXX	XXX	XXX	XXX
9799999	Total Common Stock				XXX	398,511	XXX		XXX
9899999	Total Preferred and Common Stock				XXX	398,511	XXX		XXX
9999999	Totals				XXX	398,511	XXX		XXX

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

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 Indicator (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.							
990220-47-7	RBS CITIZENS NA CASH SWEEP		06/29/2016	CITIZENS BANK	404,761.42	404,761		404,761						404,761				50		V	
9399999	Total - Common Stock - Money Market Mutual Funds				XXX	404,761	XXX	404,761						404,761				50	XXX	XXX	
9799997	Total - Common Stock - Part 4				XXX	404,761	XXX	404,761						404,761				50	XXX	XXX	
9799998	Summary Item from Part 5 for Common Stocks				XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
9799999	Total Common Stocks				XXX	404,761	XXX	404,761						404,761				50	XXX	XXX	
9899999	Total Preferred and Common Stocks				XXX	404,761	XXX	404,761						404,761				50	XXX	XXX	
9999999	Totals					404,761	XXX	404,761						404,761				50	XXX	XXX	

EOS

(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						X X X	X X X	X X X	X X X					X X X							X X X	X X X

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
			NONE				
<div style="display: flex; justify-content: space-between;"> E13 8699999 Total Cash Equivalents </div>							