

**QUARTERLY STATEMENT**

**OF THE**

**DELTA DENTAL**

---

**OF RHODE ISLAND**

---

**of PROVIDENCE**

---

**in the state of RHODE ISLAND**

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**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**STATE OF RHODE ISLAND**

**FOR THE QUARTER ENDED**

**September 30, 2019**

**HEALTH**

**2019**



55301201920100103

# QUARTERLY STATEMENT

AS OF SEPTEMBER 30, 2019  
OF THE CONDITION AND AFFAIRS OF THE

## DELTA DENTAL OF RHODE ISLAND

NAIC Group Code 1571, 1571 NAIC Company Code 55301 Employer's ID Number 05-0296998  
(Current Period) (Prior Period)

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

Country of Domicile USA

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

Incorporated/Organized October 22, 1959 Commenced Business April 1, 1966

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

Main Administrative Office 10 CHARLES STREET  
(Street and Number)

PROVIDENCE, RI US 02904 401-752-6000  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

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

Primary Location of Books and Records 10 CHARLES STREET PROVIDENCE, RI US 02904 401-752-6000  
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address www.deltadentalri.com

Statutory Statement Contact GEORGE J. BEDARD 401-752-6000  
(Name) (Area Code) (Telephone Number) (Extension)  
gbedard@deltadentalri.com 401-752-6070  
(E-Mail Address) (Fax Number)

### OFFICERS

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

### VICE-PRESIDENTS

| Name             | Title                      | Name         | Title                        |
|------------------|----------------------------|--------------|------------------------------|
| RICHARD A. FRITZ | VP & CFO                   | THOMAS CHASE | VP - CHIEF OPERATING OFFICER |
| BLAINE CARROLL   | VP - STRATEGIC INITIATIVES | WENDY DUNCAN | VP - CHIEF MARKETING OFFICER |
| JAMES KINNEY #   | VP - SALES                 |              |                              |
|                  |                            |              |                              |
|                  |                            |              |                              |
|                  |                            |              |                              |
|                  |                            |              |                              |

### DIRECTORS OR TRUSTEES

|                     |                   |                    |                  |
|---------------------|-------------------|--------------------|------------------|
| JULIE G. DUFFY      | THOMAS P. ENRIGHT | FRANCIS J. FLYNN   | JONATHAN W. HALL |
| EDWARD O. HANDY III | PETER C. HAYES    | JUNIOR JABBIE #    | COLIN P. KANE    |
| LINDA R. McGOLDRICK | MARK A. PAULHUS   | HEATHER A. PROVINO | JAMES V. ROSATI  |
| JOHN T. RUGGEIRI    | EDWIN J. SANTOS   | MARK A. SHAW       |                  |
|                     |                   |                    |                  |
|                     |                   |                    |                  |
|                     |                   |                    |                  |
|                     |                   |                    |                  |

State of RHODE ISLAND

County of PROVIDENCE ss

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

|                                  |                                |                                 |
|----------------------------------|--------------------------------|---------------------------------|
| (Signature)<br>JOSEPH R. PERRONI | (Signature)<br>MELISSA GENNARI | (Signature)<br>RICHARD A. FRITZ |
| (Printed Name)<br>1.             | (Printed Name)<br>2.           | (Printed Name)<br>3.            |
| PRESIDENT                        | ASSISTANT SECRETARY            | TREASURER                       |
| (Title)                          | (Title)                        | (Title)                         |

Subscribed and sworn to before me this  
14th day of NOVEMBER, 2019

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

KRISTEN MEIZOSO  
My commission expires 8/1/20

## ASSETS

|   | Current Statement Date |                            |  | 4<br>December 31<br>Prior Year Net<br>Admitted Assets |
|---|------------------------|----------------------------|--|---|
|   | 1<br>Assets            | 2<br>Nonadmitted<br>Assets | 3<br>Net Admitted<br>Assets<br>(Cols. 1 - 2) |   |
| 1. Bonds  | 63,058,463             |                            | 63,058,463                                   | 60,592,303  |
| 2. Stocks:  |                        |                            |  |   |
| 2.1 Preferred stocks  |                        |                            |  |   |
| 2.2 Common stocks   | 74,397,355             |                            | 74,397,355                                   | 64,861,725  |
| 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 (\$ 5,165,187), cash equivalents (\$ 1,477,756), and short-term investments (\$ 0)  | 6,642,944              |                            | 6,642,944                                    | 5,185,218   |
| 6. Contract loans (including \$ 0 premium notes)  |                        |                            |  |   |
| 7. Derivatives  |                        |                            |  |   |
| 8. Other invested assets  | 8,592,216              |                            | 8,592,216                                    | 9,773,756   |
| 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)   | 152,690,978            |                            | 152,690,978                                  | 140,413,002   |
| 13. Title plants less \$ 0 charged off (for Title insurers only)  |                        |                            |  |   |
| 14. Investment income due and accrued   | 604,002                |                            | 604,002                                      | 575,043   |
| 15. Premiums and considerations:  |                        |                            |  |   |
| 15.1 Uncollected premiums and agents' balances in the course of collection  | 893,309                | 39,740                     | 853,569                                      | 900,565   |
| 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  | 2,272,710              | 47,122                     | 2,225,588                                    | 2,884,464   |
| 18.1 Current federal and foreign income tax recoverable and interest thereon  |                        |                            |  |   |
| 18.2 Net deferred tax asset   |                        |                            |  |   |
| 19. Guaranty funds receivable or on deposit   |                        |                            |  |   |
| 20. Electronic data processing equipment and software   | 533,760                | 200,430                    | 333,330                                      | 235,197   |
| 21. Furniture and equipment, including health care delivery assets (\$ 0)   | 152,446                | 152,446                    |  |   |
| 22. Net adjustment in assets and liabilities due to foreign exchange rates  |                        |                            |  |   |
| 23. Receivables from parent, subsidiaries and affiliates  | 6,451,722              | 5,977,441                  | 474,281                                      | 92,532  |
| 24. Health care (\$ 0) and other amounts receivable   |                        |                            |  |   |
| 25. Aggregate write-ins for other than invested assets  | 766,644                | 766,181                    | 463  | 463   |
| 26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)                              | 164,365,571            | 7,183,360                  | 157,182,211                                  | 145,101,266   |
| 27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts   |                        |                            |  |   |
| 28. Total (Lines 26 and 27)   | 164,365,571            | 7,183,360                  | 157,182,211                                  | 145,101,266   |

| DETAILS OF WRITE-IN LINES   |         |         |     |     |
|---|---------|---------|-----|-----|
| 1101.   |         |         |     |     |
| 1102.   |         |         |     |     |
| 1103.   |         |         |     |     |
| 1198. Summary of remaining write-ins for Line 11 from overflow page |         |         |     |     |
| 1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)    |         |         |     |     |
| 2501. PREPAID EXPENSES AND OTHER ACCTS. REC.                        | 761,167 | 761,167 |     |     |
| 2502. RETROSPECTIVE PREMIUM ADJUSTMENTS                             | 5,014   | 5,014   |     |     |
| 2503. NET STATE AND FEDERAL TAX ADVANCES                            | 463     |         | 463 | 463 |
| 2598. Summary of remaining write-ins for Line 25 from overflow page |         |         |     |     |
| 2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)    | 766,644 | 766,181 | 463 | 463 |

NONE

## LIABILITIES, CAPITAL AND SURPLUS

|  | Current Period |                |             | Prior Year  |
|--|----------------|----------------|-------------|-------------|
|  | 1<br>Covered   | 2<br>Uncovered | 3<br>Total  | 4<br>Total  |
| 1. Claims unpaid (less \$ 0 reinsurance ceded)   | 3,432,000      |                | 3,432,000   | 4,186,000   |
| 2. Accrued medical incentive pool and bonus amounts  |                |                |             |             |
| 3. Unpaid claims adjustment expenses   | 357,361        |                | 357,361     | 396,539     |
| 4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act     |                |                |             |             |
| 5. Aggregate life policy reserves  |                |                |             |             |
| 6. Property/casualty unearned premium reserve  |                |                |             |             |
| 7. Aggregate health claim reserves   |                |                |             |             |
| 8. Premiums received in advance  | 1,798,576      |                | 1,798,576   | 1,775,584   |
| 9. General expenses due or accrued   | 9,018,253      |                | 9,018,253   | 8,664,061   |
| 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   | 1,463,982      |                | 1,463,982   | 1,242,037   |
| 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   | 501,155        |                | 501,155     | 1,482,985   |
| 23. Aggregate write-ins for other liabilities (including \$ 0 current)   | 526,646        |                | 526,646     | 469,046     |
| 24. Total liabilities (Lines 1 to 23)  | 17,097,973     |                | 17,097,973  | 18,216,252  |
| 25. Aggregate write-ins for special surplus funds  | X X X          | X X X          |             |             |
| 26. Common capital stock   | X X X          | X X X          |             |             |
| 27. Preferred capital stock  | X X X          | X X X          |             |             |
| 28. Gross paid in and contributed surplus  | X X X          | X X X          |             |             |
| 29. Surplus notes  | X X X          | X X X          |             |             |
| 30. Aggregate write-ins for other than special surplus funds   | X X X          | X X X          | 65,867,901  | 57,685,564  |
| 31. Unassigned funds (surplus)   | X X X          | X X X          | 74,216,337  | 69,199,450  |
| 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          | 140,084,238 | 126,885,014 |
| 34. Total liabilities, capital and surplus (Lines 24 and 33)   | X X X          | X X X          | 157,182,211 | 145,101,266 |

| DETAILS OF WRITE-IN LINES   |         |       |            |            |
|---|---------|-------|------------|------------|
| 2301. ADVANCE DEPOSITS  | 526,646 |       | 526,646    | 469,046    |
| 2302. ....  |         |       |            |            |
| 2303. ....  |         |       |            |            |
| 2398. Summary of remaining write-ins for Line 23 from overflow page |         |       |            |            |
| 2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)    | 526,646 |       | 526,646    | 469,046    |
| 2501. RESTRICTED RESERVES ACA ASSESSMENT                            | 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. RESERVES FROM WHOLLY OWNED SUBSIDIARIES                       | X X X   | X X X | 65,867,901 | 57,685,564 |
| 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 | 65,867,901 | 57,685,564 |

## STATEMENT OF REVENUE AND EXPENSES

|   | Current Year   |            | Prior Year | Prior Year Ended |
|---|----------------|------------|------------|------------------|
|   | To Date        |            | To Date    | December 31      |
|   | 1<br>Uncovered | 2<br>Total | 3<br>Total | 4<br>Total       |
| 1. Member Months  | X X X          | 2,859,653  | 2,894,393  | 3,854,929        |
| 2. Net premium income (including \$ 0 non-health premium income)  | X X X          | 87,280,001 | 89,036,721 | 118,505,348      |
| 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          | 87,280,001 | 89,036,721 | 118,505,348      |
| <b>Hospital and Medical:</b>  |                |            |            |                  |
| 9. Hospital/medical benefits  |                |            |            |                  |
| 10. Other professional services   |                | 70,175,696 | 75,035,143 | 97,066,750       |
| 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)  |                | 70,175,696 | 75,035,143 | 97,066,750       |
| <b>Less:</b>  |                |            |            |                  |
| 17. Net reinsurance recoveries  |                |            |            |                  |
| 18. Total hospital and medical (Lines 16 minus 17)  |                | 70,175,696 | 75,035,143 | 97,066,750       |
| 19. Non-health claims (net)   |                |            |            |                  |
| 20. Claims adjustment expenses, including \$ 911,942 cost containment expenses  |                | 7,307,127  | 6,917,662  | 6,506,254        |
| 21. General administrative expenses   |                | 7,022,434  | 7,691,665  | 11,840,892       |
| 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)   |                | 84,505,257 | 89,644,470 | 115,413,896      |
| 24. Net underwriting gain or (loss) (Lines 8 minus 23)  | X X X          | 2,774,744  | (607,749)  | 3,091,452        |
| 25. Net investment income earned  |                | 1,298,613  | 1,475,108  | 2,092,477        |
| 26. Net realized capital gains (losses) less capital gains tax of \$ 0  |                | 51,411     | 695,683    | 702,617          |
| 27. Net investment gains (losses) (Lines 25 plus 26)  |                | 1,350,024  | 2,170,791  | 2,795,094        |
| 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  |                | (17,701)   |            | 173,109          |
| 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          | 4,107,067  | 1,563,042  | 6,059,655        |
| 31. Federal and foreign income taxes incurred   | X X X          |            |            |                  |
| 32. Net income (loss) (Lines 30 minus 31)   | X X X          | 4,107,067  | 1,563,042  | 6,059,655        |

| 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 ON RHODE ISLAND TAX CREDITS                  |       |          |  | 189,609  |
| 2902. EXCISE TAX  |       | (17,701) |  | (16,500) |
| 2903. ....  |       |          |  |          |
| 2998. Summary of remaining write-ins for Line 29 from overflow page |       |          |  |          |
| 2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)    |       | (17,701) |  | 173,109  |

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

|  | 1                       | 2                     | 3                               |
|--|-------------------------|-----------------------|---------------------------------|
|  | Current Year<br>To Date | Prior Year<br>To Date | Prior Year Ended<br>December 31 |
| <b>CAPITAL &amp; SURPLUS ACCOUNT</b>   |                         |                       |                                 |
| 33. Capital and surplus prior reporting year                                       | 126,885,014             | 118,570,087           | 118,570,087                     |
| 34. Net income or (loss) from Line 32  | 4,107,067               | 1,563,042             | 6,059,655                       |
| 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 | 6,013,091               | 3,208,467             | 3,740,141                       |
| 37. Change in net unrealized foreign exchange capital gain or (loss)               |                         |                       |                                 |
| 38. Change in net deferred income tax  |                         |                       |                                 |
| 39. Change in nonadmitted assets   | 3,091,476               | (1,185,813)           | (1,456,775)                     |
| 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                           | (12,410)                | 114,164               | (28,094)                        |
| 48. Net change in capital and surplus (Lines 34 to 47)                             | 13,199,224              | 3,699,860             | 8,314,927                       |
| 49. Capital and surplus end of reporting period (Line 33 plus 48)                  | 140,084,238             | 122,269,947           | 126,885,014                     |

| <b>DETAILS OF WRITE-IN LINES</b>                                    |          |         |          |
|---|----------|---------|----------|
| 4701. INCLUSION OF BAD DEBT RESERVE IN THE NON-ADMITTED ASSETS      | (12,410) | 114,164 | (28,094) |
| 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)    | (12,410) | 114,164 | (28,094) |

## CASH FLOW

|  | 1                       | 2                     | 3                               |
|--|-------------------------|-----------------------|---------------------------------|
|  | Current Year<br>To Date | Prior Year<br>To Date | Prior Year<br>Ended December 31 |
| <b>Cash from Operations</b>  |                         |                       |                                 |
| 1. Premiums collected net of reinsurance   | 88,008,865              | 87,686,547            | 118,543,100                     |
| 2. Net investment income   | 1,321,065               | 2,106,167             | 2,795,336                       |
| 3. Miscellaneous income  |                         |                       | 189,609                         |
| 4. Total (Lines 1 to 3)  | 89,329,930              | 89,792,714            | 121,528,045                     |
| 5. Benefit and loss related payments   | 70,929,696              | 75,170,143            | 97,222,750                      |
| 6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts                             |                         |                       |                                 |
| 7. Commissions, expenses paid and aggregate write-ins for deductions   | 14,996,377              | 18,129,131            | 21,884,842                      |
| 8. Dividends paid to policyholders   |                         |                       |                                 |
| 9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)                     | 17,701                  |                       | 16,500                          |
| 10. Total (Lines 5 through 9)  | 85,943,774              | 93,299,274            | 119,124,092                     |
| 11. Net cash from operations (Line 4 minus Line 10)  | 3,386,156               | (3,506,560)           | 2,403,953                       |
| <b>Cash from Investments</b>   |                         |                       |                                 |
| 12. Proceeds from investments sold, matured or repaid:   |                         |                       |                                 |
| 12.1 Bonds   | 13,550,384              | 8,260,689             | 12,276,628                      |
| 12.2 Stocks  | 121,428                 | 416,335               | 522,541                         |
| 12.3 Mortgage loans  |                         |                       |                                 |
| 12.4 Real estate   |                         |                       |                                 |
| 12.5 Other invested assets   | 3,181,426               | 2,922,829             | 2,972,059                       |
| 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)  | 16,853,238              | 11,599,853            | 15,771,228                      |
| 13. Cost of investments acquired (long-term only):   |                         |                       |                                 |
| 13.1 Bonds   | 16,374,299              | 8,913,727             | 8,913,727                       |
| 13.2 Stocks  | 39,372                  | 308,909               | 391,502                         |
| 13.3 Mortgage loans  |                         |                       |                                 |
| 13.4 Real estate   |                         |                       |                                 |
| 13.5 Other invested assets   | 555,000                 | 515,730               | 2,969,730                       |
| 13.6 Miscellaneous applications  |                         |                       |                                 |
| 13.7 Total investments acquired (Lines 13.1 to 13.6)   | 16,968,671              | 9,738,366             | 12,274,959                      |
| 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)  | (115,433)               | 1,861,487             | 3,496,269                       |
| <b>Cash from Financing and Miscellaneous Sources</b>   |                         |                       |                                 |
| 16. Cash provided (applied):   |                         |                       |                                 |
| 16.1 Surplus notes, capital notes  |                         |                       |                                 |
| 16.2 Capital and paid in surplus, less treasury stock  |                         |                       |                                 |
| 16.3 Borrowed funds  |                         |                       |                                 |
| 16.4 Net deposits on deposit-type contracts and other insurance liabilities  |                         |                       |                                 |
| 16.5 Dividends to stockholders   |                         |                       |                                 |
| 16.6 Other cash provided (applied)   | (1,812,995)             | (668,690)             | (6,578,692)                     |
| 17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6) | (1,812,995)             | (668,690)             | (6,578,692)                     |
| <b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS</b>   |                         |                       |                                 |
| 18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)                | 1,457,728               | (2,313,763)           | (678,470)                       |
| 19. Cash, cash equivalents and short-term investments:   |                         |                       |                                 |
| 19.1 Beginning of year   | 5,185,216               | 5,863,686             | 5,863,686                       |
| 19.2 End of period (Line 18 plus Line 19.1)  | 6,642,944               | 3,549,923             | 5,185,216                       |

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   | 319,886    |                                    |       |                     |             | 319,886     |                                       |                      |                    |       |
| 2. First Quarter  | 317,736    |                                    |       |                     |             | 317,736     |                                       |                      |                    |       |
| 3. Second Quarter   | 321,497    |                                    |       |                     |             | 321,497     |                                       |                      |                    |       |
| 4. Third Quarter  | 317,311    |                                    |       |                     |             | 317,311     |                                       |                      |                    |       |
| 5. Current Year   |            |                                    |       |                     |             |             |                                       |                      |                    |       |
| 6. Current Year Member Months                             | 2,859,653  |                                    |       |                     |             | 2,859,653   |                                       |                      |                    |       |
| 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)                           | 88,008,865 |                                    |       |                     |             | 88,008,865  |                                       |                      |                    |       |
| 13. Life Premiums Direct                                  |            |                                    |       |                     |             |             |                                       |                      |                    |       |
| 14. Property/Casualty Premiums Written                    |            |                                    |       |                     |             |             |                                       |                      |                    |       |
| 15. Health Premiums Earned                                | 87,280,001 |                                    |       |                     |             | 87,280,001  |                                       |                      |                    |       |
| 16. Property/Casualty Premiums Earned                     |            |                                    |       |                     |             |             |                                       |                      |                    |       |
| 17. Amount Paid for Provision of Health Care Services     | 70,929,696 |                                    |       |                     |             | 70,929,696  |                                       |                      |                    |       |
| 18. Amount Incurred for Provision of Health Care Services | 70,175,696 |                                    |       |                     |             | 70,175,696  |                                       |                      |                    |       |

(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<br>of<br>Business                        | Claims Paid Year to Date   |   | Liability End of Current Quarter                  |   | 5<br>Claims Incurred in<br>Prior Years<br>(Columns 1 + 3) | 6<br>Estimated Claim<br>Reserve and Claim<br>Liability Dec. 31<br>of Prior Year |
|---|--|---|---|---|---|---|
|   | 1<br>On Claims Incurred<br>Prior to January 1<br>of Current Year | 2<br>On Claims Incurred<br>During the<br>Year | 3<br>On Claims Unpaid<br>Dec. 31 of<br>Prior Year | 4<br>On Claims Incurred<br>During the<br>Year |   |   |
| 1. Comprehensive (hospital and medical)       |  |   |   |   |   |   |
| 2. Medicare Supplement                        |  |   |   |   |   |   |
| 3. Dental only                                | 3,188,870  | 67,740,826                                    | 107,640   | 3,324,360                                     | 3,296,510   | 4,186,000   |
| 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)             | 3,188,870  | 67,740,826                                    | 107,640   | 3,324,360                                     | 3,296,510   | 4,186,000   |
| 10. Health care receivables (a)               |  |   |   |   |   |   |
| 11. Other non-health                          |  |   |   |   |   |   |
| 12. Medical incentive pools and bonus amounts |  |   |   |   |   |   |
| 13. Totals (Lines 9 - 10 + 11 + 12)           | 3,188,870  | 67,740,826                                    | 107,640   | 3,324,360                                     | 3,296,510   | 4,186,000   |

(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 Delta Dental of Rhode Island for the three quarters ended September 30, 2019 has been completed in accordance with 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. Management is not aware of any deviations from this NAIC guidance, as it relates to the 2019 and 2018 financial information contained in these statements.

## NOTES TO FINANCIAL STATEMENTS

### 1. Summary of Significant Accounting Policies and Going Concern

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

#### NET INCOME

|   | SSAP # | F/S Page | F/S Line # | 2019      | 2018      |
|---|--------|----------|------------|-----------|-----------|
| 01. DELTA DENTAL OF RHODE ISLAND state basis (Page 4,             | X X X  | X X X    | X X X      | 4,107,067 | 6,059,655 |
| 02. State Prescribed Practices that increase/(decrease) NAIC SAP: |        |          |            |           |           |
| e.g. Depreciation of Fixed Assets                                 |        |          |            |           |           |
| Totals (Lines 01A0200 thru 01A0200)                               |        |          |            |           |           |
| 03. State Permitted Practices that increase/(decrease) NAIC SAP:  |        |          |            |           |           |
| e.g. Depreciation of Home Office Property                         |        |          |            |           |           |
| Totals (Lines 01A0300 thru 01A0300)                               |        |          |            |           |           |
| 04. NAIC SAP (1 - 2 - 3 =   | X X X  | X X X    | X X X      | 4,107,067 | 6,059,655 |

#### SURPLUS

|   | SSAP # | F/S Page | F/S Line # | 2019        | 2018        |
|---|--------|----------|------------|-------------|-------------|
| 05. Company state basis (Page 3, Line 33, Columns 3 & 4)          | X X X  | X X X    | X X X      | 140,084,238 | 126,885,014 |
| 06. State Prescribed Practices that increase/(decrease) NAIC SAP: |        |          |            |             |             |
| e.g., Goodwill, net, Fixed Assets, net                            |        |          |            |             |             |
| Totals (Lines 01A0600 thru 01A0600)                               |        |          |            |             |             |
| 07. State Permitted Practices that increase/(decrease) NAIC SAP:  |        |          |            |             |             |
| e.g., Home Office Property  |        |          |            |             |             |
| Totals (Lines 01A0700 thru 01A0700)                               |        |          |            |             |             |
| 08. NAIC SAP (5 - 6 - 7 =   | X X X  | X X X    | X X X      | 140,084,238 | 126,885,014 |

#### (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.

#### (C) Accounting Policy

##### Investment Income and Declines in Fair Value

The Company periodically reviews its bonds and common stocks 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

## NOTES TO FINANCIAL STATEMENTS

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 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 these securities until maturity and, accordingly, has categorized these investments as "held-to-maturity" securities. As a result, unrealized gains and losses are excluded from net income.

### **Common Stocks - - Investments in Subsidiaries**

The accompanying financial statements of Delta Dental of Rhode Island include the common stock investments of its wholly owned subsidiary, The Altus Group, Inc. Another subsidiary, Altus Realty, Inc. is a non-profit real estate holding company and is reported on Schedule BA. The values of these investments are reported using the equity method.

The income and expenses of Altus Realty Company and The Altus Group, Inc. are combined such that the net change for the year is included in "Net unrealized capital gains and losses" on line 36 in the Statement of Revenues and Expenses.

The Company contracts with an independent investment advisor to separately manage a portion of the Company's investment portfolio. As a result of this arrangement, common stocks of nonaffiliated companies were added to the Company's investment portfolio beginning in 2004. These common stocks, including investments in mutual funds, are valued at market as they are categorized as "available-for-sale" securities.

### **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. 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 cost.
2. Bonds are stated at amortized value using the constant yield / scientific method.
3. Common stocks in our investment portfolio are stated at market value. In accordance with NAIC guidelines starting at December 31, 2017, money market mutual funds are now reported as Cash on Schedule E and the Balance Sheet per the NAIC guidance.
4. The company does not own preferred stocks; hence this accounting policy is not applicable.
5. The company does not have mortgage loans directly; hence this accounting policy is not applicable. One of the company's subsidiaries, Altus Realty, owns the building and had mortgage debt associated with the company office facility. This debt was paid off in 2014.
6. Loan-backed securities are stated at amortized value using the constant yield / scientific method.
7. Investments in subsidiaries, controlled and affiliated entities are reported using the equity method.
8. Investments in joint ventures, partnerships and limited liability companies are valued based on quarterly and annual reports supplied by the joint ventures.
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.

## NOTES TO FINANCIAL STATEMENTS

12. The capitalization policy and the predefined thresholds did not change from the prior period.
13. The company does not use pharmaceutical rebate receivables; hence this accounting policy is not applicable.

### D) Going Concerns

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

### NOTE 2 - - ACCOUNTING CHANGES AND CORRECTION OF ERRORS

The financial statements included in this filing do not contain any items that resulted from corrections of errors. Beginning with the December 31, 2001 annual filing the Company implemented the Codification of the NAIC Accounting Practices and Procedures Manual. This included the adoption of the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans".

SSAP 47 requires the exclusion of uninsured plan business for both premiums earned and claims incurred in the Statement of Revenues and Expenses. The Company has identified its Administrative Service Business (ASC), where the account, not Delta Dental of Rhode Island, has assumed the overall risk for the claims incurred and removed these components from both premiums earned and claims incurred in these 2019 and 2018 financial statements and the associated supporting exhibits. The administrative expenses reimbursed from ASC business is reported in the Annual Statement as "reimbursements by uninsured accident and health plans" in the Underwriting and Investment Exhibit Part 3 - Analysis of Expenses.

### NOTE 3 - - BUSINESS COMBINATIONS AND GOODWILL

During 2019, the Company had no business combinations, direct purchases or mergers with other companies. The related disclosures, specifically including 3A, are all not applicable.

### NOTE 4 - - DISCONTINUED OPERATIONS

During 2019, the Company's financial results includes no gains or losses from discontinued operations. The related disclosures, specifically including 4A(1), 4A(3) and 4A(4), are all not applicable.

### NOTE 5 - - INVESTMENTS

The Company's bond, common stock investments and Schedule BA investments described in Note 1 represent all of the Company's statutory recorded investments as of September 30, 2019 and December 31, 2018.

Additionally, in accordance with NAIC guidelines, the following accounting policies are either utilized or are not applicable to the company. The related note disclosures, specifically including 5A(3) through 5A(8), 5B(1) through 5B(3), 5D(2) through 5D(4), 5E(3)a, 5E(3)b, 5E(5)a, 5E(7), 5F, 5G, 5H, 5I, 5L(1) through 5L(4), 5M(1), 5M(2), 5N, 5O, 5P, 5Q and 5R, are, all not applicable.

- A. Mortgage Loans, including Mezzanine Real Estate Loans – This is not applicable.
- B. Debt Restructuring – This is not applicable.
- C. Reverse Mortgages – This is not applicable.
- D. Loan Backed Securities – Stated at amortized cost.

## NOTES TO FINANCIAL STATEMENTS

- E. Dollar Repurchase Agreements and/or Securities Lending Transactions – This is not applicable.
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing – This is not applicable.
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – This is not applicable.
- H. Repurchase Agreements Transactions Accounted for as a Sale – This is not applicable.
- I. Reverse Repurchase Agreements Transactions Accounted for as a Sale – This is not applicable.
- J. Real Estate – One of the company’s subsidiaries, Altus Realty, owns the building that functions as corporate headquarters for the parent and all subsidiaries. In December 2018, a new subsidiary was incorporated and capitalized, First Circle Realty, purchased an adjacent office building to the company’s office facility.
- K. Low-Income Housing Tax Credits (LIHTC) – 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.
- L. Restricted Assets - This is not applicable.
- M. Working Capital Finance Investments - This is not applicable.
- N. Offsetting and Netting of Assets and Liabilities - This is not applicable.
- O. Structured Notes - This is not applicable.
- P. 5\*GI Securities – This is not applicable.
- Q. Short Sales – This is not applicable.
- R. Prepayment Penalty and Acceleration Fees – One of the Company’s bonds (NBC Universal), was called early and included a prepayment premium in the amount of \$1,996.

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

During 2019 and 2018, there has been losses of \$25,000 and income of \$545,000 respectively from the company’s three joint ventures. The Company participates in three separate joint ventures with other Delta Dental Plans. These joint ventures started January 1, 2014, and Delta Dental of RI has taken a 3.02% risk share. One of these ventures experienced startup costs in the first year and more importantly network recruiting efforts had fallen short of what was assumed in the priced contractual premiums for the largest of these three programs. A projected loss over the full five year contract period for this venture had been recorded in the amount of approximately \$1,900,000 in 2014, which reflected the general partners most conservative assumptions. In 2019, the loss reserve was reduced by \$165,000 and in 2018, the loss reserve was reduced by \$333,000. The other two smaller joint ventures had reported the remaining losses of \$190,000 and \$212,000 of profitability in 2019 and 2018 respectively.

In 2019 and 2018, there was an increase of approximately \$853,000 and \$1,197,000 in the value of the existing venture capital funds. In 2019, there were two sales of investments within the Venture Capital Funds. This resulted in distributions of approximately \$709,000, which included realized gains of approximately \$466,000. In 2018, there was a sale of an investment within the Venture Capital Funds resulting in a distribution of approximately \$972,000, which included a realized gain of approximately \$727,000. In 2019 and 2018, the company made additional contributions which increased its investments in the existing venture funds. These investments are reported on Schedule BA.

### NOTE 7 - - INVESTMENT INCOME

Interest income is accrued as earned. At September 30, 2019 and December 31, 2018, the Company had no income due or accrued that it considered a non-admitted asset, as collection on accrued interest is reasonably assured for all Company investments.

For the three quarters ended September 30, 2019 and the year ended December 31, 2018, the Company performed GAAP analyses to determine whether declines in fair value below

## NOTES TO FINANCIAL STATEMENTS

amortized cost were other than temporary impairment (“OTTI”) for the stock portfolio. Additionally, a statutory review of creditworthiness for the bond portfolio is performed.

The Company’s common stocks are recorded at fair market values. For stocks that meet the GAAP OTTI criteria, required OTTI adjustments result in a reduction of unrealized losses and an equivalent increase in realized losses as a result of writing down the original cost amount to the current market value for these specific common stocks where market value has fallen below cost by a defined percentage and time frame that meets the Company’s OTTI criteria. GAAP OTTI adjustments were not necessary in the three quarters ended September 30, 2019 and were recorded for the stock portfolio in the amount of \$69,000 for the year ended December 31, 2018.

In addition to this GAAP OTTI analysis, a separate statutory adjustment is required for bonds that fall to an NAIC #3 rating. These statutory analyses can result in a statutory temporarily impaired adjustment, however no adjustments were required for the three quarters ended September 30, 2019 and for the year ended December 31, 2018, which would have reduced bond investments and reserves.

### NOTE 8 - - DERIVATIVE INSTRUMENTS

As disclosed in Note 1 above, all investments consist of United States government and governmental agency securities, corporate notes with fixed rates and maturities, common stocks and two investments in wholly owned subsidiaries. During the periods ended September 30, 2019 and December 31, 2018, the Company had not utilized any derivative financial instruments, therefore, the related disclosures, specifically 8H, are all not applicable.

### NOTE 9 - - FEDERAL INCOME TAXES

Delta Dental of Rhode Island is a not-for-profit corporation pursuant to Section 501(C)(4) of the Internal Revenue Code (IRC) and is exempt from federal income taxes under Section 501(a) of the IRC and, accordingly, no provision for income taxes has been made in the accompanying statutory financial statements. Altus Realty Company is also a not-for-profit real estate holding corporation under Section 501(C) (2) of the IRC, and as such has made no provision for income taxes. A \$17,700 excise tax has been expensed for the three quarters ended September 30, 2019.

The Company’s other wholly owned subsidiary, The Altus Group, Inc., and its subsidiaries are for profit corporations. The Altus Group, Inc., including its subsidiaries Altus Dental, Inc., Altus Systems, Inc., Altus Dental Insurance Company Inc., Altus Ventures, Inc., First Circle, Inc. and First Circle Realty, Inc. file consolidated federal and state tax returns. For the three quarters ended September 30, 2019 and the year ended December 31, 2018, the tax provision of the Altus Group was \$755,000 and \$1,520,000.

As the company is a nonprofit entity, the NAIC required tables or disclosures, specifically including 9A1, 9A2, 9A3, 9A4 and 9C, are all not applicable to the Company.

### NOTE 10 - - INFORMATION CONCERNING PARENT, SUBSIDIARIES AND AFFILIATES

A. In December of 2018, a new entity within the Altus Group, First Circle Realty, Inc. was formed to purchase the land and building at 10 Orms Street in Providence. The purchase was capitalized with \$6,500,000 and recorded as an intercompany transfer from the ultimate parent Company, Delta Dental of Rhode Island.

Previously, in the fourth quarter of 2016, a new entity within the Altus Group, First Circle, Inc. was also established and was capitalized with \$10,000,000 in the first quarter of 2017. In March of 2019, additional capital in the amount of \$5,000,000 was transferred to this new company. These amounts were recorded as intercompany transfers, as these capitalizations were from the ultimate parent Company, Delta Dental of Rhode Island. First Circle, Inc., a for-profit subsidiary, remains in the development stage. The Company is a services company

## NOTES TO FINANCIAL STATEMENTS

that connects consumers with dentists for services not payable by insurance, and assists dental offices in promoting and increasing the efficiency of their offerings of such services through its proprietary Chewsi technological, transactional, payment processing and marketing services platform.

B. See section A above.

C. See section A above.

D. At September 30, 2019 and December 31, 2018, the Company has intercompany 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 its subsidiaries. The remainder of these balances are related to allocated expenses.

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

See Schedule Y of the 2018 Annual Statement – Part 2 – Summary of Insurers Transactions with any Affiliates.

### DELTA DENTAL OF RHODE ISLAND INTERCOMPANY BALANCES SEPTEMBER 30, 2019

#### Assets (Page 2)

| Line # | Account #     | Description                                 | Amount                       |
|--------|---------------|---|------------------------------|
| 23     | 1214-0000-002 | A/R from Altus Dental, Inc.                 | \$4,634,727.56               |
|        | 1214-0000-005 | A/R from Altus Dental Insurance Co., Inc. * | 474,280.96                   |
|        | 1214-0000-006 | A/R from Altus Realty Company Inc.          | 1,096,847.19                 |
|        | 1214-0000-008 | A/R from Altus Ventures, Inc.               | 0.00                         |
|        | 1214-0000-009 | A/R from First Circle, Inc.                 | 245,865.94                   |
|        |               | <b>Total</b>                                | <b><u>\$6,451,721.65</u></b> |

\* Settled within 90 days

#### Liabilities (Page 3)

| Line # | Account #     | Description                      | Amount                       |
|--------|---------------|----------------------------------|------------------------------|
| 15     | 1214-0000-001 | A/P to Altus Systems, Inc.       | \$674,108.42                 |
|        | 1214-0000-010 | A/P to First Circle Realty, Inc. | 789,873.22                   |
|        |               | <b>Total</b>                     | <b><u>\$1,463,981.64</u></b> |

E. The requirements of section E specify that the company is required to disclose guarantees and undertakings in accordance with SSAP #5. Per this NAIC guidance, this information is disclosed in Note #14.



## NOTES TO FINANCIAL STATEMENTS

F. Delta Dental of RI (DDRI) and Altus Dental Insurance Company 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.

The Parent Company’s one dental insurance subsidiary, Altus Dental Insurance Company, is allocated expenses from three affiliated Companies, the ultimate 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 Delta Dental (DDRI), for costs associated with a portion of consolidated expenses incurred by DDRI that should be spread between 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, such as Underwriting and Finance.
- Altus Systems (AS) is the company that employs the operations staff necessary to administer the dental business of both DDRI and this Company, such as claims processing and customer service.
- 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.

Altus Realty Company, a wholly owned subsidiary of the Company, is a non-profit real estate holding company that holds title to and manages the building at 10 Charles Street in Providence, RI. The Company (Delta Dental of Rhode Island) presently rents approximately one half of the existing space within this building. For the three quarters ended September 30, 2019 and the year ended December 31, 2018, this entity reported total revenues of \$1,512,000 and \$1,988,000 and net income of \$330,000 and \$391,000.

The Altus Group, Inc. is a wholly owned subsidiary of the Company and was established as a for-profit entity in 1999 for the purpose of expanding the Company’s offering of prepaid dental care coverage. For the three quarters ended September 30, 2019 and the year ended December 31, 2018, after elimination of intercompany transactions, The Altus Group, Inc., generated gains of \$2,838,000 and \$3,614,000.

G. The nature of Delta Dental of Rhode Island’s relationship with all subsidiaries is disclosed in Footnote #1 under the Common Stock – Investments in Subsidiaries section.

H. The consolidated holding company maintains no upstream intermediate entities. This type of structured entity is not applicable to the corporate structure of Delta Dental of Rhode Island and all subsidiaries.

I. Section #1– name and percentage ownership of each SCA entity – like G (above), the nature of Delta Dental of Rhode Island’s relationship with all subsidiaries is disclosed in Footnote #1 under the Common Stock – Investments in Subsidiaries section.

- Section #2 – The Altus Group has filed a Sub 1 and Sub 2 filing with the SVU. This entity reported a value of \$53,149,935 using the equity method as of December 31, 2018.
- Section #3 – The information required for this section for the Altus Group is disclosed in more detail in Footnote #6 of the Audited Statutory Financial Statements of Delta Dental of Rhode Island for the year ended December 31, 2018.
- Section #4 – material effects of possible conversions, exercises or contingent issuances is not applicable.
- Section #5 – changes in valuation methods and the reason for any recorded adjustments that must be disclosed is not applicable.

## NOTES TO FINANCIAL STATEMENTS

J. SCA impairment is not applicable to the Delta Dental of Rhode Island and its subsidiaries as all are healthy and profitable. Additionally, when valuing these subsidiaries for Statutory purposes, the GAAP book values of the entities are reduced for any non-admitted assets under the statutory guidance.

K. Foreign Insurance Subsidiaries are not applicable to the operations of Delta Dental of Rhode Island and subsidiaries.

L. Investments in a downstream noninsurance holding Company are not applicable to the operations of Delta Dental of Rhode Island and subsidiaries.

## NOTES TO FINANCIAL STATEMENTS

### 10. Information Concerning Parent, Subsidiaries, Affiliates and Other

#### M. All SCA Investments

(1) Balance Sheet Value (Admitted and Nonadmitted) All SCAs (Except 8bi Entities)

| SCA Entity   | Percentage of SCA Ownership | Gross Amount | Admitted Amount | Nonadmitted Amount |
|--|-----------------------------|--------------|-----------------|--------------------|
| a. SSAP No. 97 8a Entities                                     |                             |              |                 |                    |
| Total SSAP No. 97 8A Entities                                  | X X X                       |              |                 |                    |
| b. SSAP No. 97 8b(ii) Entities                                 |                             |              |                 |                    |
| 01. The Altus Group, Inc.                                      | 100.000%                    | 60,988,166   | 60,988,166      |                    |
| Total SSAP No. 97 8b(ii) Entities                              | X X X                       | 60,988,166   | 60,988,166      |                    |
| c. SSAP No. 97 8b(iii) Entities                                |                             |              |                 |                    |
| Total SSAP No. 97 8b(iii) Entities                             | X X X                       |              |                 |                    |
| d. SSAP No. 97 8b(iv) Entities                                 |                             |              |                 |                    |
| Total SSAP No. 97 8b(iv) Entities                              | X X X                       |              |                 |                    |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b + c) | X X X                       | 60,988,166   | 60,988,166      |                    |
| f. Aggregate Total (a + e)                                     | X X X                       | 60,988,166   | 60,988,166      |                    |

(2) NAIC Filing Response Information

| SCA Entity<br>(Should be same entities as shown in M(1) above.) | Type of NAIC Filing * | Date of Filing to the NAIC | NAIC Valuation Amount | NAIC Response Received Y / N | NAIC Disallowed Entities Valuation Method, Resubmission Required Y / N | Code ** |
|---|-----------------------|----------------------------|-----------------------|------------------------------|--|---------|
| a. SSAP No. 97 8a Entities                                      |                       |                            |                       |                              |  |         |
| Total SSAP No. 97 8A Entities                                   | X X X                 | X X X                      |                       | X X X                        | X X X  | X X X   |
| b. SSAP No. 97 8b(ii) Entities                                  |                       |                            |                       |                              |  |         |
| 01. The Altus Group, Inc.                                       | S2                    | 05/13/2019                 | 53,149,935            | Y                            | N  | M       |
| Total SSAP No. 97 8b(ii) Entities                               | X X X                 | X X X                      | 53,149,935            | X X X                        | X X X  | X X X   |
| c. SSAP No. 97 8b(iii) Entities                                 |                       |                            |                       |                              |  |         |
| Total SSAP No. 97 8b(iii) Entities                              | X X X                 | X X X                      |                       | X X X                        | X X X  | X X X   |
| d. SSAP No. 97 8b(iv) Entities                                  |                       |                            |                       |                              |  |         |
| Total SSAP No. 97 8b(iv) Entities                               | X X X                 | X X X                      |                       | X X X                        | X X X  | X X X   |
| e. Total SSAP No. 97 8b Entities (except 8bi entities) (b + c)  | X X X                 | X X X                      | 53,149,935            | X X X                        | X X X  | X X X   |
| f. Aggregate Total (a + e)                                      | X X X                 | X X X                      | 53,149,935            | X X X                        | X X X  | X X X   |

\* S1 - Sub-1, S2 - Sub 2 or RDF - Resubmission of Disallowed Filing

\*\* I - Immaterial or M - Material

N. The NAIC guidance per this section relates to disclosing Insurance SCA investments where the statutory equity reflects a departure from the NAIC permitted or prescribed statutory accounting practices and procedures. This departure from NAIC entity valuation methodology is not applicable to the corporate structure of Delta Dental of Rhode Island and its subsidiaries, therefore the table disclosing an NAIC departure is not applicable.

**NOTES TO FINANCIAL STATEMENTS**

**N. Investment in Insurance SCAs**

(2) The monetary effect on net income and surplus as a result of using an accounting practice that differed from N and Procedures (NAIC SAP), the amount of the investment in the insurance SCA per audited statutory equity a insurance SCA had completed statutory financial statements in accordance with the AP&P Manual.

| SCA Entity<br>(Investments in Insurance SCA Entities) | Monetary Effect on<br>NAIC SAP       |                                   | Amount of<br>Investment            |  |
|---|--------------------------------------|-----------------------------------|------------------------------------|--|
|   | Net Income<br>Increase<br>(Decrease) | Surplus<br>Increase<br>(Decrease) | Per Audited<br>Statutory<br>Equity | If the Insurance<br>SCA Had Completed<br>Statutory<br>Financial Statements * |
|   |                                      |                                   |                                    |  |

\* Per AP&P Manual (without permitted or prescribed practices)

O. The company maintains an SCA investment disclosed above, there are no losses incurred that would exceed its investment reported value. No disclosure is needed.

**O. SCA Loss Tracking**

| 1          | 2   | 3  | 4  | 5  | 5                     |
|------------|---|--|--|--|-----------------------|
| SCA Entity | Reporting Entity<br>Share of SCA Net<br>Income (Loss) | Accumulated<br>Share of SCA Net<br>Income (Losses) | Reporting Entity's<br>Share of SCA's<br>Equity, Including<br>Negative Equity | Guarenteed<br>Obligation/<br>Commitment for<br>Financial Support<br>(Yes / No) | SCA<br>Reported Value |
|            |   |  |  |  |                       |

**NOTE 11 - - DEBT**

During the three quarters ended September 30, 2019 and the year ended December 31, 2018 the Company had no outstanding capital notes or any debt arrangements. The related note disclosures, specifically including 11B(2) through 11B(4), are all not applicable.

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

**A. Defined Contribution Retirement Plan**

The Company maintains a noncontributory, defined contribution retirement plan. The plan covers all full time employees who are 21 years of age and have completed three months of service to the Company.

Employees qualify for benefits upon normal retirement at age 65, or early retirement, which is met upon reaching age 60 and completion of five years of service. Vesting of contributions (made on behalf of each employee) begins at 20% after two years of service and increases 20% annually until full vesting occurs after six years of service. The Company's contributions to this plan, representing its full funding requirements were \$1,008,000 and \$1,022,000 for the three quarters ended September 30, 2019 and the year ended December 31, 2018.

**B. Deferred Compensation Plans**

Effective January 1, 1997, the Company established a 401(k) plan. Plan entry of employer contributions are the same as the defined contribution retirement plan described above. The Company's contribution to the plan is matching the first 1% of base compensation and 50% of additional contributions up to 6% of the base compensation that is contributed by each employee. Employer contributions vest 100% after two years of service. The Company's contributions to this plan were \$215,000 and \$275,000 for the three quarters ended September 30, 2019 and the year ended December 31, 2018.

In 2004, the Company established 457(b) Plan for providing deferred compensation for a select group of management. The Company's contributions to this plan will be \$18,500 for the year ended December 31, 2019 and was \$18,500 for the year ended December 31, 2018.

## NOTES TO FINANCIAL STATEMENTS

In 2009, the Company established 457(f) Plan for providing deferred compensation for a select group of management. The Company's expenses to this plan will be \$36,000 for the year ended December 31, 2019 and was \$36,000 for the year ended December 31, 2018.

### C. Postretirement Benefit Plans

The Company provides postretirement medical and dental benefits covering certain members of the board of directors who had served three full terms (9 years) as of April 1994. The Company accounts for postretirement benefits under the provisions of Statement of Statutory Accounting Principles (SSAP) No. 89, Accounting for Pensions, A Replacement of SSAP No. 8. Actuary valuations were used to measure plan assets and obligations as of December 31, 2018 and 2017.

|  | 2018       | 2017    |
|--|------------|---------|
| Accumulated post-retirement benefit obligation   | \$ 520,000 | 788,000 |
| Fair value of plan assets  | —          | —       |
| Funded status  | \$ 520,000 | 788,000 |
| Accrued post-retirement benefit cost recognized in accounts payable and accrued expenses | \$ 520,000 | 788,000 |
| Net periodic (benefit) cost  | (268,000)  | 54,000  |
| Net benefits paid  | 74,000     | 81,000  |

The trend assumptions used in determining the accumulated postretirement benefit obligation were 5.4% for medical benefits and 3% for dental benefits. Trend assumptions have a significant effect on the amounts reported.

No amounts are recognized in reserves which have not yet been recognized as components of net periodic benefit cost as of September 30, 2019 and December 31, 2018, respectively. Net periodic benefit cost includes the transitional liability and net actuarial loss.

### NOTE 13 - - CAPITAL AND SURPLUS

Delta Dental of Rhode Island is a not-for-profit corporation; accordingly the Company has no shares of stock outstanding. The Company has no dividend restrictions, and has not been involved in any quasi-reorganization.

Note the following disclosures related to the company's capital and surplus are addressed below or are not applicable. Other than ACA restrictions, the related note disclosures, specifically including 13(11) and 13(12), are all not applicable.

1. Shares issued – Not applicable.
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 – \$841,948 of reserves were restricted for the estimated twelve months of the 2018 ACA assessment, based on the actual 2017 premiums in the December 31, 2017 filing. This amount was expensed in the first quarter of 2018. The final actual amount from the IRS was paid in September 2018 in the amount of \$746,843. No reserves were restricted for the twelve months of the 2018 estimated premiums for a 2019 ACA assessment in the December 31, 2018 filing, due to another one year moratorium. In January 2018, the Government funding bill was passed, which included a resolution providing an additional one-year moratorium on the ACA fee for the 2019 calendar year, which would have been payable in September 2019.
7. Total amount of advances to surplus – Not applicable.
8. Amount of stock held by reporting entity for special purposes – Not applicable.

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**NOTES TO FINANCIAL STATEMENTS**

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9. Changes in the balances of special surplus funds from the prior year – Not applicable.
10. Portion of unassigned funds represented or reduced by unrealized gains and losses is not necessary for the three quarters ending September 30, 2019 and for the year ended December 31, 2018 as discussed in note 7.
11. Surplus notes – Not applicable.
12. Impact of the restatement in a quasi-reorganization – Not applicable.
13. Effective date of quasi-reorganization – Not applicable.

**NOTE 14 - - CONTINGENT LIABILITIES**

The Company has entered into employment contracts with certain key employees. These employment contracts vary in length. At December 31, 2018 the Company's total commitment under these employment contracts approximated \$1,862,000. This total includes contractual commitments for 2019 for one individual, which are exercisable at the option of this employee.

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.

On February 6, 2017, Delta Dental of Rhode Island received notice from the Massachusetts Department of Revenue alleging that it failed to file certain Preferred Provider Organization ("PPO") excise tax returns. Delta Dental of Rhode Island is one of several Delta Dental Plans Association member companies that received this notice, which alleges that excise taxes are due retroactively from the year ending December 31, 2006. Delta Dental of Rhode Island and the other Delta Dental Plans strongly disagree with this interpretation of the premium tax regulations by the Massachusetts Department of Revenue. Delta Dental of Rhode Island is aggressively contesting this assessment.

The Company has issued an unlimited parental guaranty, dated September 15, 2000, on behalf of Altus Dental Insurance Company, Inc., a subsidiary of The Altus Group Inc. The guaranty states that any and all claims and obligations of Altus Dental Insurance Company, Inc. to its subscribers and policyholders will be funded and satisfied by the Company in the event of any inability of Altus Dental Insurance Company, Inc. to satisfy such claims and obligations.

This guaranty became effective in September 2002 as Altus Dental Insurance Company, Inc. began underwriting dental insurance in Massachusetts at that time.

The following which are applicable to the company are described below.

- A. Contingent commitments – Not applicable
- B. Assessments – Not applicable
- C. Gain contingencies – Not applicable
- D. Claims related extra contractual obligation – Not applicable
- E. Joint and several liabilities – Not applicable
- F. All other contingencies – DDRI has contract commitments with certain key employees in the amount of \$ 1,862,000 at December 31, 2018.

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

**14. Contingencies**

A. 01. (1) Total Contingent Liabilities: \$ 1,862,181

02.

| 1  | 2   | 3   | 4  | 5   |
|--|---|---|--|---|
| Nature and circumstances of guarantee and key attributes, including date and duration of agreement | Liability recognition of guarantee. (Include amount recognized at inception. If no initial recognition, document exception allowed under SSAP No. 5R) | Ultimate financial statement impact if action under the guarantee is required | Maximum potential amount of future payments (undiscounted) the guarantor could be required to make under the guarantee. If unable to develop an estimate, this should be specifically noted. (a) | Current status of payment or performance risk of guarantee. Also provide additional discussion as warranted |
|  |   |   |  |   |
|  |   |   |  |   |
|  |   |   |  |   |
| Total  |   | X X X   |  | X X X   |

(a) Pursuant to the terms of the guarantee, the Company would be required to perform in the event of default by the Company, but would also be permitted to take control of the real estate.

03.

a. Aggregate Maximum Potential of Future Payments of All Guarantees (undiscounted) the guarantor could be required to make under guarantees. (Should equal total of Column 4 for 2 above.) \$

b. Current Liability Recognized in F/S:

1. Noncontingent Liabilities \$

2. Contingent Liabilities \$

c. Ultimate Financial Statement Impact if action under the guarantee is required.

1. Investments in SCA \$

2. Joint Venture \$

3. Dividends to Stockholders (capital contribution) \$

4. Expense \$

5. Other \$

6. Total (Should equal 3a.) \$

**Assessments**

02.

a. Assets recognized from paid and accrued premium tax offsets and policy surcharges prior year-end \$

b. Decreases current year:

c. Increases current year:

d. Assets recognized from paid and accrued premium tax offsets and policy surcharges current quarter-end \$

D. Claims related extra contractual obligations and bad faith losses stemming from lawsuits

Claims related ECO and bad faith losses paid during the \$

Number of claims where amounts were paid to settle claims related extra contractual obligations claims resulting from lawsuits during the reporting period: (a) 0-25 claims (b) 26-50 claims (c) 5 (d) 101-500 claims (e) More than 500 claims

Answer (A, B, C, D, or E):

Indicate whether claim count information is disclosed (f) per claim or (g) per claimant

Answer (F or G):

**NOTE 15 - - LEASES**

The Company maintains a lease obligation for all its office space through its subsidiary Altus Realty Company. The lease is maintained at market rates. In January 2018, the company completed a long term lease renewal obligation with Altus Realty Company, commencing on March 1, 2018 and extending the terms of the lease until March 31, 2021, with an option to renew for an additional three years. The new base rent amount is approximately \$888,000 annually, and the rental space occupied increased with this lease renewal.

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS

**15. Leases**

**A.**  
**02.**

- a. At January 1, 2019, the minimum aggregate rental commitments are as follows: (Dollars in thousands)

| Year Ending December 31                     | Operating Leases |
|---|------------------|
| 2020 (year ending December 31)              | \$ 888,000       |
| 2021 (year ending December 31)              | \$ 222,000       |
| 2022 (year ending December 31)              | \$               |
| 2023 (year ending December 31)              | \$               |
| 2024 (year ending December 31)              | \$               |
| Total (aggregate total of all future years) | \$ 1,110,000     |

**B.**  
**01.**

c. Lessor Leases

- Future minimum lease payment receivables under noncancelable leasing arrangements as of December 31, 2019 are as follows: Operating Leases

| Year Ending December 31                     |    |
|---|----|
| 2020 (year ending December 31)              | \$ |
| 2021 (year ending December 31)              | \$ |
| 2022 (year ending December 31)              | \$ |
| 2023 (year ending December 31)              | \$ |
| 2024 (year ending December 31)              | \$ |
| Total (aggregate total of all future years) | \$ |

**02. Leveraged Leases**

- b. The Company's investment in leveraged leases relates to equipment...

September 30, 2019 were as shown below: (In thousands) (years as seen in Notes text)

|   | 2019 | 2018 |
|---|------|------|
| 1. Income from leveraged leases before income tax including | \$   | \$   |
| 2. Less current income tax                                  | \$   | \$   |
| 3. Net income from leverage leases                          | \$   | \$   |

- c. The components of the investment in leveraged leases at September 30, 2019 and Dec. 31, 2018 were as shown below:

|  | 2019 | 2018 |
|--|------|------|
| 1. Lease contracts receivable (net principal & interest non-rec) | \$   | \$   |
| 2. Estimated residual value of leased assets                     | \$   | \$   |
| 3. Unearned and deferred income                                  | \$   | \$   |
| 4. Investment in leveraged leases                                | \$   | \$   |
| 5. Deferred income taxes related to leveraged leases             | \$   | \$   |
| 6. Net investment in leveraged leases                            | \$   | \$   |

#### 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, specifically including 16(1), are all not applicable.

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

The Company has no transactions relating to transfers of receivables reported as sales, transfer and servicing of financial assets or wash sales. The related note disclosures, specifically including 17C(2), 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.

## NOTES TO FINANCIAL STATEMENTS

As discussed in Note 1 and 2, for the December 31, 2001 annual filing the Company implemented the Statement on Statutory Accounting Principles (SSAP) # 47 "Uninsured Plans". The Company's financial operations for the three quarters ended September 30, 2019 and the year ended December 31, 2018 exclude approximately \$72,631,000 and \$92,131,000 of revenues from such plans and there are no significant gains or losses related to such transactions.

## NOTES TO FINANCIAL STATEMENTS

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

#### A. ASO Plans

| The gain from operations from Administrative Services Only (ASO) plans and the uninsured portion of partially insured plans was as follows during 2019: (years as seen in Notes text) | <u>ASO<br/>Uninsured<br/>Plans</u> | <u>Uninsured Portion<br/>of Partially Insured<br/>Plans</u> | <u>Total<br/>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 2019: (years as seen in Notes text) | <u>ASC<br/>Uninsured<br/>Plans</u> | <u>Uninsured Portion<br/>of Partially Insured<br/>Plans</u> | <u>Total<br/>ASC</u> |
|---|------------------------------------|---|----------------------|
| a. Gross reimbursement for medical cost incurred  | \$ 68,081,873                      |   | 68,081,873           |
| b. Gross administrative fees accrued  | \$ 4,549,530                       |   | 4,549,530            |
| c. Other income or expenses (including interest paid to or received)  | \$                                 |   |                      |
| d. Gross expenses incurred (claims and administrative)  | \$ 72,631,403                      |   | 72,631,403           |
| e. Total net gain or loss from operations (a + b + c - d)   | \$                                 |   |                      |

### 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 brokers' commissions of approximately \$1,712,000 and \$2,224,000 for the three quarters ended September 30, 2019 and the year ended December 31, 2018. 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



## NOTES TO FINANCIAL STATEMENTS

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 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      |
|-------------------------------|--------------|------------|-----------|------------|
| <b>September 30, 2019</b>     |              |            |           |            |
| Assets at fair value:         |              |            |           |            |
| Cash                          | \$ 5,165,187 |            |           | 5,165,187  |
| Cash Equivalents - MMMF       | 1,477,756    |            |           | 1,477,756  |
| Common Stock                  | 13,409,189   |            |           | 13,409,189 |
| Investment in Affiliates      |              | 60,988,166 |           | 60,988,166 |
| Investment in Debt Securities |              | 64,241,032 |           | 64,241,032 |
| Investment in Venture Funds   |              |            | 5,149,804 | 5,149,804  |
| Investment in Altus Realty    |              | 3,094,402  |           | 3,094,402  |
| <b>December 31, 2018</b>      |              |            |           |            |
| Assets at fair value:         |              |            |           |            |
| Cash                          | \$ 3,546,303 |            |           | 3,546,303  |
| Cash Equivalents - MMMF       | 1,638,915    |            |           | 1,638,915  |
| Common Stock                  | 11,711,790   |            |           | 11,711,790 |
| Investment in Affiliates      |              | 53,149,935 |           | 53,149,935 |
| Investment in Debt Securities |              | 59,835,451 |           | 59,835,451 |
| Investment in Venture Funds   |              |            | 4,296,733 | 4,296,733  |
| Investment in Altus Realty    |              | 2,758,906  |           | 2,758,906  |

The Company's Investments in Venture Funds are the only financial instruments that are measured at fair value that are deemed to be a Level 3 price at September 30, 2019 and December 31, 2018.

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

|                             | September 30, 2019 |                      | December 31, 2018 |                      |
|-----------------------------|--------------------|----------------------|-------------------|----------------------|
|                             | Book value         | Estimated fair value | Book value        | Estimated fair value |
| Assets:                     |                    |                      |                   |                      |
| Cash                        | \$ 5,165,187       | 5,165,187            | \$ 3,546,303      | 3,546,303            |
| Cash Equivalents - MMMF     | 1,477,756          | 1,477,756            | 1,638,915         | 1,638,915            |
| Common Stock                | 13,409,189         | 13,409,189           | 11,711,790        | 11,711,790           |
| Investment in Affiliates    | 60,988,166         | 60,988,166           | 53,149,935        | 53,149,935           |
| Investment in Debt Services | 63,058,463         | 64,241,032           | 60,592,303        | 59,835,451           |
| Investment in Venture Funds | 5,149,804          | 5,149,804            | 4,296,733         | 4,296,733            |
| Investment in Altus Realty  | 3,094,402          | 3,094,402            | 2,758,906         | 2,758,906            |

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

Investments in Debt Securities – Investments 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.

Investments in Common Stock and Affiliates – Investments in affiliates is valued on the statutory equity basis. The fair value of common stock is based on quoted market prices provided by an independent pricing service to determine fair value.

Investments in Venture Funds – The carrying value of Investments in Venture Capital Funds are presented at cost, adjusted for reported realized and unrealized gains and losses, less reported syndication and management fees, which approximates fair value.

## NOTES TO FINANCIAL STATEMENTS

### NOTES TO FINANCIAL STATEMENTS

20. Fair Value Measurements

A.

1. Fair Value Measurements at Reporting Date

| Description for each class of asset or liability | (1)<br>(Level 1)     | (2)<br>(Level 2)   | (3)<br>(Level 3) | (4)<br>(Level 3) | (6)<br>Net Asset Value | (7)<br>Total       |
|--|----------------------|--------------------|------------------|------------------|------------------------|--------------------|
| <b>a. Assets at fair Value</b>                   |                      |                    |                  |                  |                        |                    |
| 01. Cash   | \$ 5,165,187         |                    |                  |                  |                        | 5,165,187          |
| 02. Cash Equivalents - MMMF                      | \$ 1,477,756         |                    |                  |                  |                        | 1,477,756          |
| 03. Common Stocks                                | \$ 13,409,189        |                    |                  |                  |                        | 13,409,189         |
| 04. Investments in Affiliates                    |                      | 60,988,166         |                  |                  |                        | 60,988,166         |
| 05. Investments in Debt Services                 |                      | 64,241,032         |                  |                  |                        | 64,241,032         |
| 06. Investments in Venture Funds                 |                      |                    |                  | 5,149,804        |                        | 5,149,804          |
| 07. Investments in Altus Realty                  |                      | 3,094,402          |                  |                  |                        | 3,094,402          |
| <b>Total assets at fair value</b>                | <b>\$ 20,052,132</b> | <b>128,323,600</b> |                  | <b>5,149,804</b> |                        | <b>153,525,536</b> |
| <b>b. Liabilities at fair value</b>              |                      |                    |                  |                  |                        |                    |
|  |                      |                    |                  |                  |                        |                    |
| <b>Total liabilities at fair value</b>           | <b>\$</b>            |                    |                  |                  |                        |                    |

2. Fair Value Measurements in (Level 3) of the Fair Value Hierarchy

| Description                      | (1)<br>Beginning Balance at 01/01/2019 | (2)<br>Transfers in Level 3 | (3)<br>Transfers out of Level 3 | (4)<br>Total gains and (losses) included in Net Income | (5)<br>Total gains and (losses) included in Surplus | (6)<br>Purchases | (7)<br>Issuances | (8)<br>Sales     | (9)<br>Settlements | (10)<br>Ending Balance for Current Quarter End |
|----------------------------------|--|-----------------------------|---------------------------------|--|---|------------------|------------------|------------------|--------------------|--|
| <b>a. Assets</b>                 |  |                             |                                 |  |   |                  |                  |                  |                    |  |
| 01. Investments in Venture Funds | \$ 4,296,733                           |                             |                                 |  | 541,205   | 555,000          |                  | (243,134)        |                    | 5,149,804                                      |
| <b>Total</b>                     | <b>\$ 4,296,733</b>                    |                             |                                 |  | <b>541,205</b>                                      | <b>555,000</b>   |                  | <b>(243,134)</b> |                    | <b>5,149,804</b>                               |

| Description         | (1)<br>Beginning Balance at 01/01/2019 | (2)<br>Transfers in Level 3 | (3)<br>Transfers out of Level 3 | (4)<br>Total gains and (losses) included in Net Income | (5)<br>Total gains and (losses) included in Surplus | (6)<br>Purchases | (7)<br>Issuances | (8)<br>Sales | (9)<br>Settlements | (10)<br>Ending Balance for Current Quarter End |
|---------------------|--|-----------------------------|---------------------------------|--|---|------------------|------------------|--------------|--------------------|--|
| <b>b. Liability</b> |  |                             |                                 |  |   |                  |                  |              |                    |  |
|                     |  |                             |                                 |  |   |                  |                  |              |                    |  |
| <b>Total</b>        | <b>\$</b>                              |                             |                                 |  |   |                  |                  |              |                    |  |

| Type of Financial Instrument | Aggregate Fair Value | Admitted Assets | (Level 1) | (Level 2) | (Level 3) | Not Practicable (Carrying Value) |
|------------------------------|----------------------|-----------------|-----------|-----------|-----------|----------------------------------|
|                              |                      |                 |           |           |           |                                  |
| <b>Total</b>                 | <b>\$</b>            |                 |           |           |           |                                  |

| Type or Class of Financial Instrument | Carrying Value | Effective Interest Rate | Maturity Date | Explanation |
|---------------------------------------|----------------|-------------------------|---------------|-------------|
|                                       |                |                         |               |             |
| <b>Total</b>                          | <b>\$</b>      |                         |               |             |

### NOTE 21 - - OTHER ITEMS

The Company has no extraordinary items, 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 other than the disclosures made in Note 12 above.

The company has entered into an agreement to purchase state tax credits that will be utilized in 2019, and should be settled before the end of the year. The Company entered into agreements to purchase state tax credits that were utilized in 2018, and has remaining 2019 carryforwards from the previous purchases; hence the Company maintains tax credits as net assets at September 30, 2019 and December 31, 2018. These tax credits were contractually committed in 2018 and were settled in the first quarter of 2019. The Company estimates the utilization of 2019 and 2018 tax credits by projecting future premium levels taking into account policy growth and applicable rate changes. Gains will be recognized in the fourth quarter of 2019 for statutory purposes for the tax credits utilized in 2019. Consistently, gains were recognized in the fourth quarter of 2018 for the tax credits utilized for 2018.

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

**NOTES TO FINANCIAL STATEMENTS**

- A. Unusual or infrequent items – Not applicable
- B. Troubled debt restructuring debtors – Not applicable
- C. Other disclosures and unusual items – Not applicable
- D. Business interruption insurance recoveries – Not applicable
- E. State transferable and non-transferable tax credits – We have a signed agreement for 2019 tax credits in the total amount of \$400,000 (additional amounts are anticipated) at the present time, but the purchases will be made when the certificates become available. This should be before the end of the year. The purchase of the 2018 tax credit for \$2,000,000 was not completed by December 31, 2018. It was completed in the first quarter of 2019. The other invested assets total of \$8,592,216 and \$9,773,756 listed on the September 30, 2019 and the December 31, 2018 Balance Sheets are made up of state tax credits, the equity method valuation of Altus Realty and investments in joint ventures.
- F. Subprime-mortgage-related risk exposure – Not applicable
- G. Retained assets – Not applicable
- H. Insurance-Linked securities (ILS) Contracts – Not applicable

**NOTES TO FINANCIAL STATEMENTS**

**21. Other Items**

| State Transferable Tax Credits                |  | State | Carrying Value | Unused Amount |
|---|--|-------|----------------|---------------|
| Description of State Transferable Tax Credits |  |       |                |               |
| 01.   | State of Rhode Island Tax Credits Purchased - 2018 | RI    | 348,010        | 34,046        |
| Total   |  | X X X | 348,010        | 34,046        |

| 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.

**NOTES TO FINANCIAL STATEMENTS**

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

|                                | 1<br>Losses Paid<br>in the<br>Current Year | 2<br>Losses Incurred<br>in the<br>Current Year | 3<br>Case Reserves<br>at End of<br>Current Period | 4<br>BNR Reserves<br>at End of<br>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 |
| 02. a. Up to and including 12 Months |                           |         |                         |         |
| b. 13 to 24 Months                   |                           |         |                         |         |
| c. 25 to 37 Months                   |                           |         |                         |         |
| d. 37 to 48 Months                   |                           |         |                         |         |
| e. 49 to 60 Months                   |                           |         |                         |         |
| f. Over 60 Months                    |                           |         |                         |         |
| g. Total                             |                           |         |                         |         |

|   | Individual |                    | Group  |                    |
|---|------------|--------------------|--------|--------------------|
|   | Number     | Balance/<br>Amount | Number | Balance/<br>Amount |
| 03. a. Number/Balance of Retained Asset Accounts at the Beginning of the Year                             |            |                    |        |                    |
| b. Number/Balance of Retained Asset Accounts Issued/Added During the Year                                 |            |                    |        |                    |
| c. Investment Earnings Credited to Retained Asset Accounts During the Year                                | 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   |            |                    |        |                    |

**NOTE 22 - - EVENTS SUBSEQUENT**

The Company has no events subsequent to September 30, 2019 that would warrant disclosure in these statutory 2019 financial statements.

In accordance with SSAP 35R, the twelve month estimated 2018 ACA assessment in the amount of \$841,948 was expensed in the first quarter of 2018. The final revised amount of \$746,843 was paid on September 30, 2018. The company recorded \$841,948 as restricted reserves in the December 31, 2017 filing, based on actual 2017 premiums. Additionally, no amount has been recorded as restricted reserves at December 31, 2018 due to another one year moratorium. This will result in no payment for the 2018 statutory premiums, which would have been utilized in the 2019 ACA assessment and would have been due September 30, 2019.

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**NOTES TO FINANCIAL STATEMENTS**


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**NOTES TO FINANCIAL STATEMENTS**


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**22. Events Subsequent**

|   | Current Year   | Prior Year  |
|---|----------------|-------------|
| A. Did the reporting entity write accident and health insurance p<br>subject to Section 9010 of the Federal Affordable Care Act ( ) | YES            |             |
| B. ACA fee assessment payable for the upcoming year   | \$             |             |
| C. ACA fee assessment paid  | \$             | 746,843     |
| D. Premium written subject to ACA 9010 assessment   | \$ 87,280,001  | 118,505,348 |
| E. Total Adjusted Capital before surplus adjustment (Five-Year  | \$ 126,885,014 |             |
| F. Total Adjusted Capital after surplus adjustment<br>(Five-Year Historical Line 14 minus 22B above)                                | \$ 126,885,014 |             |
| G. Authorized Control Level after surplus adjustment<br>(Five-Year Historical Line 15)  | \$ 12,273,297  |             |
| H. Would reporting the ACA assessment as of Dec. 31, 2019<br>have triggered an RBC action level (YES/NO)?                           | NO             |             |

**NOTE 23 - - REINSURANCE**

The Company utilizes no reinsurance arrangements in its underwriting of dental premiums to companies headquartered in the State of Rhode Island. The related note disclosures, specifically including 23B, 23C, 23D(1)a, and 23D(2)a, are all not applicable.

**NOTE 24 - - RETROSPECTIVELY RATED CONTRACTS**

The Company estimates accrued retrospective premium adjustments for each contractual group by projecting incurred losses based on group claims paid data. This data is updated and analyzed monthly and accrued retrospective premium adjustments are recorded monthly to earned premiums. The amount of net annual premiums written by the Company that are subject to retrospective rating or are contingent premiums (based on actual claims incurred) approximates \$2,386,000 and \$2,399,000 at September 30, 2019 and December 31, 2018. The related note disclosures, specifically including 24D and 24E, are all not applicable.

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

Reserves as of December 31, 2018 were \$4,186,000. As of September 30, 2019, \$3,188,870 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$107,640 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on dental line of insurance. Therefore, there has been an \$889,490 favorable prior-year development since December 31, 2018 to September 30, 2019. 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 no 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**

## NOTES TO FINANCIAL STATEMENTS

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As documented in the NAIC Annual Statement filing instructions for 2019 and 2018, 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 does not maintain any amount of premium deficiency reserves. 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 [ ] No [X]

2.2 If yes, date of change: \_\_\_\_\_

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

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

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

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

3.4 Is the reporting entity publicly traded or a member of a publicly traded group? Yes [ ] No [X]

3.5 If the response to 3.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group \_\_\_\_\_

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

If yes, complete and file the merger history data file with the NAIC for the annual filing corresponding to this period.

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<br>Name of Entity | 2<br>NAIC Company Code | 3<br>State of Domicile |
|---------------------|------------------------|------------------------|
| .....               | .....                  | .....                  |
| .....               | .....                  | .....                  |

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

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

6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. \_\_\_\_\_ 12/31/2017

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). \_\_\_\_\_ 11/13/2018

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 [ ]

## GENERAL INTERROGATORIES

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 ]

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<br>Affiliate<br>Name | 2<br>Location<br>(City, State) | 3<br>FRB | 4<br>OCC | 5<br>FDIC | 6<br>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 [ X ] No [ ]

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



## GENERAL INTERROGATORIES

### 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 ]

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 [ X ] No [ ]

14.2 If yes, please complete the following:

|  | 1   | 2  |
|--|---|--|
|  | Prior Year-End<br>Book/Adjusted<br>Carrying Value | Current Quarter<br>Book/Adjusted<br>Carrying Value |
| 14.21 Bonds .....  | \$ _____  | \$ _____   |
| 14.22 Preferred Stock .....  | \$ _____  | \$ _____   |
| 14.23 Common Stock .....   | \$ 53,149,935                                     | \$ 60,988,166                                      |
| 14.24 Short-Term Investments .....   | \$ _____  | \$ _____   |
| 14.25 Mortgage Loans on Real Estate .....  | \$ _____  | \$ _____   |
| 14.26 All Other .....  | \$ 11,769,475                                     | \$ 9,546,124                                       |
| 14.27 Total Investment in Parent, Subsidiaries and Affiliates<br>(Subtotal Lines 14.21 to 14.26) ..... | \$ 64,919,410                                     | \$ 70,534,290                                      |
| 14.28 Total Investment in Parent included in Lines 14.21 to<br>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? Yes [ ] No [ ]  
 If no, attach a description with this statement.

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<br>Name of Custodian(s) | 2<br>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<br>Name(s) | 2<br>Location(s) | 3<br>Complete Explanation(s) |
|--------------|------------------|------------------------------|
| .....        | .....            | .....                        |
| .....        | .....            | .....                        |

## GENERAL INTERROGATORIES

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 ]

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

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

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

| 1<br>Name of Firm or Individual | 2<br>Affiliation |
|---------------------------------|------------------|
| RICHARD A. FRITZ                | I                |
| GEORGE J. BEDARD                | I                |

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

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

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

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

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

18.2 If no, list exceptions:

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

19. By self-designating 5GI securities, the reporting entity is certifying the following elements for each self-designated 5GI security:

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

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

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

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

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

## GENERAL INTERROGATORIES

### PART 2 - HEALTH

- |     |   |   |
|-----|---|---|
| 1.  | Operating Percentages:  |   |
| 1.1 | A&H loss percent .....  | <u>81.45</u> %  |
| 1.2 | A&H cost containment percent .....  | <u>1.04</u> %   |
| 1.3 | A&H expense percent excluding cost containment expenses .....   | <u>15.37</u> %  |
| 2.1 | Do you act as a custodian for health savings accounts?  | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 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 [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 2.4 | If yes, please provide the balance of the funds administered as of the reporting date.  | \$ _____  |
| 3.  | Is the reporting entity licensed or chartered, registered, qualified, eligible, or writing business in at least two states?                                 | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |
| 3.1 | If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of the reporting entity? | Yes [ <input type="checkbox"/> ] No [ <input checked="" type="checkbox"/> ] |



## SCHEDULE T - PREMIUMS AND ANNUITY CONSIDERATIONS

### Current Year To Date - Allocated by States and Territories

| States, Etc.   | 1   | Direct Business Only |                               |                         |                       |   |  |                              |                           |
|--|-----|----------------------|-------------------------------|-------------------------|-----------------------|---|--|------------------------------|---------------------------|
|  |     | 2                    | 3                             | 4                       | 5                     | 6   | 7  | 8                            | 9                         |
|  |     | Active Status<br>(a) | Accident & Health<br>Premiums | Medicare<br>Title XVIII | Medicaid<br>Title XIX | Federal Employees Health Benefits Program<br>Premiums | Life & Annuity Premiums & Other Considerations | Property / Casualty Premiums | Total Columns 2 Through 7 |
| 1. Alabama   | AL  | N                    |                               |                         |                       |   |  |                              |                           |
| 2. Alaska  | AK  | N                    |                               |                         |                       |   |  |                              |                           |
| 3. Arizona   | AZ  | N                    |                               |                         |                       |   |  |                              |                           |
| 4. Arkansas  | AR  | N                    |                               |                         |                       |   |  |                              |                           |
| 5. California  | CA  | N                    |                               |                         |                       |   |  |                              |                           |
| 6. Colorado  | CO  | N                    |                               |                         |                       |   |  |                              |                           |
| 7. Connecticut   | CT  | N                    |                               |                         |                       |   |  |                              |                           |
| 8. Delaware  | DE  | N                    |                               |                         |                       |   |  |                              |                           |
| 9. District of Columbia  | DC  | N                    |                               |                         |                       |   |  |                              |                           |
| 10. Florida  | FL  | N                    |                               |                         |                       |   |  |                              |                           |
| 11. Georgia  | GA  | N                    |                               |                         |                       |   |  |                              |                           |
| 12. Hawaii   | HI  | N                    |                               |                         |                       |   |  |                              |                           |
| 13. Idaho  | ID  | N                    |                               |                         |                       |   |  |                              |                           |
| 14. Illinois   | IL  | N                    |                               |                         |                       |   |  |                              |                           |
| 15. Indiana  | IN  | N                    |                               |                         |                       |   |  |                              |                           |
| 16. Iowa   | IA  | N                    |                               |                         |                       |   |  |                              |                           |
| 17. Kansas   | KS  | N                    |                               |                         |                       |   |  |                              |                           |
| 18. Kentucky   | KY  | N                    |                               |                         |                       |   |  |                              |                           |
| 19. Louisiana  | LA  | N                    |                               |                         |                       |   |  |                              |                           |
| 20. Maine  | ME  | N                    |                               |                         |                       |   |  |                              |                           |
| 21. Maryland   | MD  | N                    |                               |                         |                       |   |  |                              |                           |
| 22. Massachusetts  | MA  | N                    |                               |                         |                       |   |  |                              |                           |
| 23. Michigan   | MI  | N                    |                               |                         |                       |   |  |                              |                           |
| 24. Minnesota  | MN  | N                    |                               |                         |                       |   |  |                              |                           |
| 25. Mississippi  | MS  | N                    |                               |                         |                       |   |  |                              |                           |
| 26. Missouri   | MO  | N                    |                               |                         |                       |   |  |                              |                           |
| 27. Montana  | MT  | N                    |                               |                         |                       |   |  |                              |                           |
| 28. Nebraska   | NE  | N                    |                               |                         |                       |   |  |                              |                           |
| 29. Nevada   | NV  | N                    |                               |                         |                       |   |  |                              |                           |
| 30. New Hampshire  | NH  | N                    |                               |                         |                       |   |  |                              |                           |
| 31. New Jersey   | NJ  | N                    |                               |                         |                       |   |  |                              |                           |
| 32. New Mexico   | NM  | N                    |                               |                         |                       |   |  |                              |                           |
| 33. New York   | NY  | N                    |                               |                         |                       |   |  |                              |                           |
| 34. North Carolina   | NC  | N                    |                               |                         |                       |   |  |                              |                           |
| 35. North Dakota   | ND  | N                    |                               |                         |                       |   |  |                              |                           |
| 36. Ohio   | OH  | N                    |                               |                         |                       |   |  |                              |                           |
| 37. Oklahoma   | OK  | N                    |                               |                         |                       |   |  |                              |                           |
| 38. Oregon   | OR  | N                    |                               |                         |                       |   |  |                              |                           |
| 39. Pennsylvania   | PA  | N                    |                               |                         |                       |   |  |                              |                           |
| 40. Rhode Island   | RI  | L                    | 87,280,001                    |                         |                       |   |  | 87,280,001                   |                           |
| 41. South Carolina   | SC  | N                    |                               |                         |                       |   |  |                              |                           |
| 42. South Dakota   | SD  | N                    |                               |                         |                       |   |  |                              |                           |
| 43. Tennessee  | TN  | N                    |                               |                         |                       |   |  |                              |                           |
| 44. Texas  | TX  | N                    |                               |                         |                       |   |  |                              |                           |
| 45. Utah   | UT  | N                    |                               |                         |                       |   |  |                              |                           |
| 46. Vermont  | VT  | N                    |                               |                         |                       |   |  |                              |                           |
| 47. Virginia   | VA  | N                    |                               |                         |                       |   |  |                              |                           |
| 48. Washington   | WA  | N                    |                               |                         |                       |   |  |                              |                           |
| 49. West Virginia  | WV  | N                    |                               |                         |                       |   |  |                              |                           |
| 50. Wisconsin  | WI  | N                    |                               |                         |                       |   |  |                              |                           |
| 51. Wyoming  | WY  | N                    |                               |                         |                       |   |  |                              |                           |
| 52. American Samoa   | AS  | N                    |                               |                         |                       |   |  |                              |                           |
| 53. Guam   | GU  | N                    |                               |                         |                       |   |  |                              |                           |
| 54. Puerto Rico  | PR  | N                    |                               |                         |                       |   |  |                              |                           |
| 55. U.S. Virgin Islands  | VI  | N                    |                               |                         |                       |   |  |                              |                           |
| 56. Northern Mariana Islands   | MP  | N                    |                               |                         |                       |   |  |                              |                           |
| 57. Canada   | CAN | N                    |                               |                         |                       |   |  |                              |                           |
| 58. Aggregate other alien  | OT  | X X X                |                               |                         |                       |   |  |                              |                           |
| 59. Subtotal   |     | X X X                | 87,280,001                    |                         |                       |   |  | 87,280,001                   |                           |
| 60. Reporting entity contributions for Employee Benefit Plans        |     | X X X                |                               |                         |                       |   |  |                              |                           |
| 61. Totals (Direct Business)   |     | X X X                | 87,280,001                    |                         |                       |   |  | 87,280,001                   |                           |
| <b>DETAILS OF WRITE-INS</b>  |     |                      |                               |                         |                       |   |  |                              |                           |
| 58001.   |     | X X X                |                               |                         |                       |   |  |                              |                           |
| 58002.   |     | X X X                |                               |                         |                       |   |  |                              |                           |
| 58003.   |     | X X X                |                               |                         |                       |   |  |                              |                           |
| 58998. Summary of remaining write-ins for Line 58                    |     | X X X                |                               |                         |                       |   |  |                              |                           |
| 58999. Totals (Lines 58001 through 58003 plus 58998) (Line 58 above) |     | X X X                |                               |                         |                       |   |  |                              |                           |

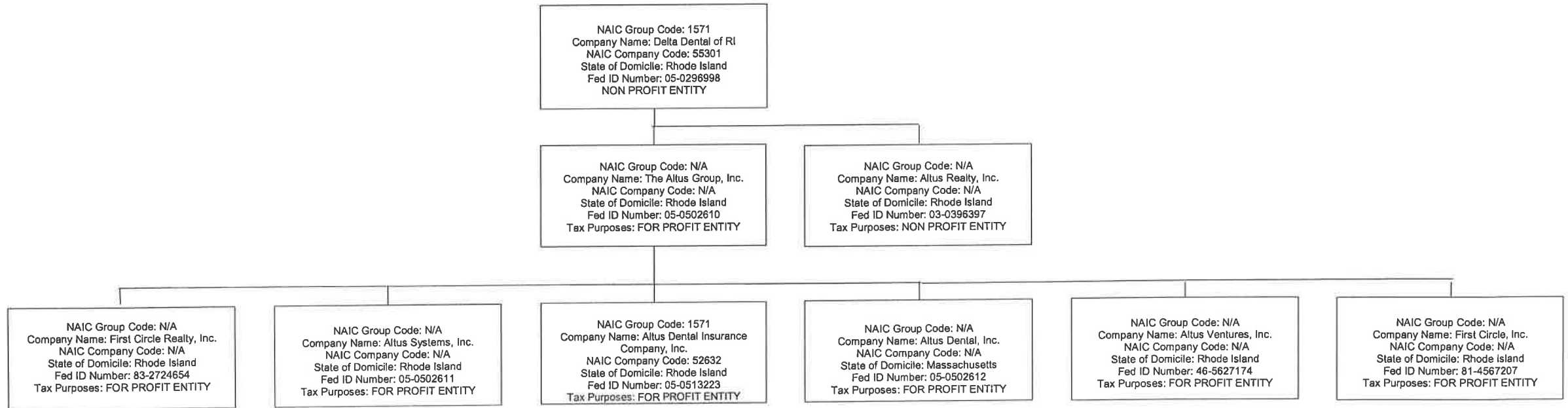
NONE

(a) Active Status Counts

|  |       |
|--|-------|
| L - Licensed or Chartered - Licensed insurance carrier or domiciled RRG                    | 1     |
| E - Eligible - Reporting entities eligible or approved to write surplus lines in the state | _____ |
| R - Registered - Non-domiciled RRGs  | _____ |
| Q - Qualified - Qualified or accredited reinsurer  | _____ |
| N - None of the above - Not allowed to write business in the state                         | 56    |

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

**PART 1 - ORGANIZATIONAL CHART**



## SCHEDULE Y

### PART 1A - DETAIL OF INSURANCE HOLDING COMPANY SYSTEM

| 1          | 2                                    | 3                 | 4          | 5            | 6   | 7  | 8   | 9                    | 10                               | 11   | 12   | 13   | 14   | 15                               | 16 |
|------------|--------------------------------------|-------------------|------------|--------------|-----|--|---|----------------------|----------------------------------|--|--|--|--|----------------------------------|----|
| Group Code | Group Name                           | NAIC Company Code | ID Number  | Federal RSSD | CIK | Name of Securities Exchange if Publicly Traded (U.S. or International) | Names of Parent, Subsidiaries Or Affiliates | Domiciliary Location | Relationship to Reporting Entity | Directly Controlled by (Name of Entity / Person) | Type of Control (Ownership, Board, Management, Attorney-in-Fact, Influence, Other) | If Control is Ownership Provide Percentage | Ultimate Controlling Entity(ies)/Person(s) | Is an SCA Filing Required? (Y/N) | *  |
|            |                                      | 00000             | 03-0396397 |              |     |  | ALTUS REALTY COMPANY, INC.                  | RI                   | DS                               | DELTA DENTAL OF RHODE ISLAND                     | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
|            |                                      | 00000             | 05-0502610 |              |     |  | THE ALTUS GROUP, INC.                       | RI                   | DS                               | DELTA DENTAL OF RHODE ISLAND                     | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | Y                                |    |
|            |                                      | 00000             | 05-0502611 |              |     |  | ALTUS SYSTEMS, INC.                         | RI                   | DS                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
|            |                                      | 00000             | 05-0502612 |              |     |  | ALTUS DENTAL, INC.                          | MA                   | DS                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
| 1571       | ALTUS DENTAL INSURANCE COMPANY, INC. | 52632             | 05-0513223 |              |     |  | ALTUS DENTAL INSURANCE COMPANY, INC.        | RI                   | IA                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
|            |                                      | 00000             | 46-5627174 |              |     |  | ALTUS VENTURES, INC                         | RI                   | DS                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
| 1571       | DELTA DENTAL OF RHODE ISLAND         | 55301             | 05-0526998 |              |     |  | DELTA DENTAL OF RHODE ISLAND                | RI                   | RE                               | DELTA DENTAL OF RHODE ISLAND                     | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
|            |                                      | 00000             | 81-4567207 |              |     |  | FIRST CIRCLE, INC.                          | RI                   | DS                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |
|            |                                      | 00000             | 83-2724654 |              |     |  | FIRST CIRCLE REALTY, INC.                   | RI                   | DS                               | THE ALTUS GROUP, INC.                            | BOARD OF DIRECTORS   | 100.000                                    | DELTA DENTAL OF RI                         | N                                |    |

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| Asterik  | Explanation |
|--|-------------|
| <div style="font-size: 48pt; font-weight: bold; margin: 0;">NONE</div> |             |

## 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:**



55301201936500103



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**OVERFLOW PAGE FOR WRITE-INS**

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**SCHEDULE A - VERIFICATION****Real Estate**

|  | 1<br>Year To Date | 2<br>Prior Year<br>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<br>Year To Date | 2<br>Prior Year<br>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<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value, December 31 of prior year   | 9,773,756         | 7,730,973                            |
| 2. Cost of acquired:   |                   |                                      |
| 2.1 Actual cost at time of acquisition   |                   |                                      |
| 2.2 Additional investment made after acquisition   | 555,000           | 2,969,730                            |
| 3. Capitalized deferred interest and other   |                   |                                      |
| 4. Accrual of discount   |                   |                                      |
| 5. Unrealized valuation increase (decrease)  | 1,444,887         | 1,242,339                            |
| 6. Total gain (loss) on disposals  |                   | 802,773                              |
| 7. Deduct amounts received on disposals  | 3,181,426         | 2,972,059                            |
| 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) | 8,592,217         | 9,773,756                            |
| 12. Deduct total nonadmitted amounts   |                   |                                      |
| 13. Statement value at end of current period (Line 11 minus Line 12)                                     | 8,592,217         | 9,773,756                            |

**SCHEDULE D - VERIFICATION****Bonds and Stocks**

|  | 1<br>Year To Date | 2<br>Prior Year<br>Ended December 31 |
|--|-------------------|--------------------------------------|
| 1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year                           | 125,454,029       | 120,678,959                          |
| 2. Cost of bonds and stocks acquired   | 16,413,670        | 9,305,229                            |
| 3. Accrual of discount   | 35,425            | 43,004                               |
| 4. Unrealized valuation increase (decrease)  | 9,568,202         | 8,928,145                            |
| 5. Total gain (loss) on disposals  | 51,412            | (31,197)                             |
| 6. Deduct consideration for bonds and stocks disposed of   | 13,671,812        | 12,799,169                           |
| 7. Deduct amortization of premium  | 397,105           | 601,985                              |
| 8. Total foreign exchange change in book/adjusted carrying value   |                   |                                      |
| 9. Deduct current year's other than temporary impairment recognized                                      |                   | 68,957                               |
| 10. Total investment income recognized as a result of prepayment penalties and/or acceleration fees      | 1,996             |                                      |
| 11. Book/adjusted carrying value at end of current period (Lines 1 + 2 + 3 + 4 + 5 - 6 - 7 + 8 - 9 + 10) | 137,455,817       | 125,454,029                          |
| 12. Deduct total nonadmitted amounts   |                   |                                      |
| 13. Statement value at end of current period (Line 11 minus Line 12)                                     | 137,455,817       | 125,454,029                          |

## 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

| NAIC Designation                  | 1<br>Book/Adjusted<br>Carrying Value<br>Beginning<br>of Current Quarter | 2<br>Acquisitions<br>During Current<br>Quarter | 3<br>Dispositions<br>During Current<br>Quarter | 4<br>Non-Trading<br>Activity During<br>Current Quarter | 5<br>Book/Adjusted<br>Carrying Value<br>End of<br>First Quarter | 6<br>Book/Adjusted<br>Carrying Value<br>End of<br>Second Quarter | 7<br>Book/Adjusted<br>Carrying Value<br>End of<br>Third Quarter | 8<br>Book/Adjusted<br>Carrying Value<br>December 31<br>Prior Year |
|-----------------------------------|---|--|--|--|---|--|---|---|
| <b>BONDS</b>                      |   |  |  |  |   |  |   |   |
| 1. NAIC 1 (a)                     | 49,219,079  | 5,739,547                                      | 1,890,528                                      | (346,003)  | 48,791,557  | 49,219,079   | 52,722,095  | 47,213,073  |
| 2. NAIC 2 (a)                     | 12,212,598  |  | 2,108,233                                      | 232,004  | 12,233,665  | 12,212,598   | 10,336,369  | 13,379,230  |
| 3. NAIC 3 (a)                     |   |  |  |  |   |  |   |   |
| 4. NAIC 4 (a)                     |   |  |  |  |   |  |   |   |
| 5. NAIC 5 (a)                     |   |  |  |  |   |  |   |   |
| 6. NAIC 6 (a)                     |   |  |  |  |   |  |   |   |
| 7. Total Bonds                    | 61,431,677  | 5,739,547                                      | 3,998,761                                      | (113,999)  | 61,025,222  | 61,431,677   | 63,058,464  | 60,592,303  |
| <b>PREFERRED STOCK</b>            |   |  |  |  |   |  |   |   |
| 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 | 61,431,677  | 5,739,547                                      | 3,998,761                                      | (113,999)  | 61,025,222  | 61,431,677   | 63,058,464  | 60,592,303  |

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(a) Book/Adjusted Carrying Value column for the end of the current reporting period includes the following amount of 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<br>Carrying Value | Par<br>Value | Actual<br>Cost | Interest<br>Collected<br>Year To Date | Paid for Accrued<br>Interest<br>Year To Date |
| 9199999 |                                 |              |                |                                       |  |

NONE

### SCHEDULE DA - VERIFICATION

#### Short-Term Investments

|   | 1            | 2                               |
|---|--------------|---------------------------------|
|   | Year To Date | Prior Year<br>Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year  |              |                                 |
| 2. Cost of short-term investments acquired  | 1,495,095    |                                 |
| 3. Accrual of discount  |              |                                 |
| 4. Unrealized valuation increase (decrease)   |              |                                 |
| 5. Total gain (loss) on disposals   |              |                                 |
| 6. Deduct consideration received on disposals   | 1,495,095    |                                 |
| 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 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   | <b>NONE</b> |  |
| 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   | <b>NONE</b> |  |
| 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<br>Designation or<br>Other<br>Description | Notional<br>Amount | Book/Adjusted<br>Carrying Value | Fair Value | Effective Date | Maturity Date | 9  | 10                              | 11         | 12                      | 13          | 14   | 15                              | 16         |
|   |             |  |                    |                                 |            |                |               | Description  | Book/Adjusted<br>Carrying Value | Fair Value | CUSIP                   | Description | NAIC<br>Designation or<br>Other<br>Description | Book/Adjusted<br>Carrying Value | Fair Value |
| <b>NONE</b>                               |             |  |                    |                                 |            |                |               |  |                                 |            |                         |             |  |                                 |            |
| 999999999                                 | Totals      |  |                    |                                 |            | X X X          | X X X         | X X X  |                                 |            | X X X                   | X X X       | X X X  |                                 |            |

505



## SCHEDULE DB VERIFICATION

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

Book/Adjusted Carrying Value Check

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

**NONE**

Fair Value Check

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

Potential Exposure Check

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



## SCHEDULE E PART 2 - VERIFICATION

(Cash Equivalents)

|   | 1            | 2                               |
|---|--------------|---------------------------------|
|   | Year To Date | Prior Year<br>Ended December 31 |
| 1. Book/adjusted carrying value, December 31 of prior year  | 1,638,915    | 167,988                         |
| 2. Cost of cash equivalents acquired  | 19,184,072   | 15,845,677                      |
| 3. Accrual of discount  |              |                                 |
| 4. Unrealized valuation increase (decrease)   |              |                                 |
| 5. Total gain (loss) on disposals   |              |                                 |
| 6. Deduct consideration received on disposals   | 19,345,229   | 14,374,750                      |
| 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) | 1,477,758    | 1,638,915                       |
| 11. Deduct total nonadmitted amounts  |              |                                 |
| 12. Statement value at end of current period (Line 10 minus Line 11)                                | 1,477,758    | 1,638,915                       |

### SCHEDULE A - PART 2

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

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

EO1

### SCHEDULE A - PART 3

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

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



### SCHEDULE BA - PART 2

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

| 1<br>CUSIP<br>Ident-<br>ification  | 2<br>Name<br>or Description     | Location   |            | 5<br>Name of<br>Vendor or<br>General<br>Partner | 6<br>NAIC<br>Designation and<br>Administrative<br>Symbol/Market<br>Indicator | 7<br>Date<br>Originally<br>Acquired | 8<br>Type<br>and<br>Strategy | 9<br>Actual Cost<br>at Time of<br>Acquisition | 10<br>Additional<br>Investment Made<br>After Acquisition | 11<br>Amount of<br>Encumbrances | 12<br>Commitment<br>for Additional<br>Investment | 13<br>Percentage<br>of<br>Ownership |
|--|---------------------------------|------------|------------|---|--|-------------------------------------|------------------------------|---|--|---------------------------------|--|-------------------------------------|
|  |                                 | 3<br>City  | 4<br>State |   |  |                                     |                              |   |  |                                 |  |                                     |
| 000000-00-0  | POINT JUDITH CAPITAL PARTNER IV | PROVIDENCE | RI         | POINT JUDITH CAPITAL PARTNER                    |  | 12/31/2015                          | 1                            |   | 300,000  |                                 | 871,124  | 4.531                               |
| 2199999 Other - Joint Venture, Partnership or Limited Liability Interests - Unaffiliated |                                 |            |            |   |  |                                     |                              |   | 300,000  |                                 | 871,124  | X X X                               |
| 4499999 Subtotal Unaffiliated  |                                 |            |            |   |  |                                     |                              |   | 300,000  |                                 | 871,124  | X X X                               |
| 4699999 Totals   |                                 |            |            |   |  |                                     |                              |   | 300,000  |                                 | 871,124  | X X X                               |

EO3

### SCHEDULE BA - PART 3

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

| 1<br>CUSIP<br>Ident-<br>ification | 2<br>Name<br>or Description | Location  |            | 5<br>Name of<br>Purchaser<br>or Nature of<br>Disposal | 6<br>Date<br>Originally<br>Acquired | 7<br>Disposal<br>Date | 8<br>Book/Adjusted<br>Carrying<br>Value Less<br>Encumbrances,<br>Prior Year | Change in Book/Adjusted Carrying Value                 |  |   |  |   |  | 15<br>Book/Adjusted<br>Carrying Value<br>Less<br>Encumbrances<br>on Disposal | 16<br>Consideration | 17<br>Foreign<br>Exchange<br>Gain (Loss)<br>on Disposal | 18<br>Realized<br>Gain<br>(Loss) on<br>Disposal | 19<br>Total<br>Gain<br>(Loss) on<br>Disposal | 20<br>Investment<br>Income |
|-----------------------------------|-----------------------------|-----------|------------|---|-------------------------------------|-----------------------|---|--|--|---|--|---|--|--|---------------------|---|---|--|----------------------------|
|                                   |                             | 3<br>City | 4<br>State |   |                                     |                       |   | 9<br>Unrealized<br>Valuation<br>Increase<br>(Decrease) | 10<br>Current Year's<br>(Depreciation)<br>or<br>(Amortization)/<br>Accretion | 11<br>Current Year's<br>Other Than<br>Temporary<br>Impairment<br>Recognized | 12<br>Capitalized<br>Deferred<br>Interest and<br>Other | 13<br>Total<br>Change in<br>B./A.C.V.<br>(9+10-11+12) | 14<br>Total<br>Foreign<br>Exchange<br>Change in<br>B./A.C.V. |  |                     |   |   |  |                            |
| <b>NONE</b>                       |                             |           |            |   |                                     |                       |   |  |  |   |  |   |  |  |                     |   |   |  |                            |
| 4699999 Totals                    |                             |           |            |   |                                     |                       |   |  |  |   |  |   |  |  |                     |   |   |  |                            |

### SCHEDULE D - PART 3

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

| 1<br>CUSIP<br>Ident-<br>ification | 2<br>Description   | 3<br>Foreign | 4<br>Date Acquired | 5<br>Name of Vendor | 6<br>Number<br>of Shares<br>of Stock | 7<br>Actual Cost | 8<br>Par Value | 9<br>Paid for<br>Accrued Interest<br>and Dividends | 10<br>NAIC<br>Designation and<br>Administrative Symbol/<br>Market Indicator (a) |
|-----------------------------------|--|--------------|--------------------|---------------------|--------------------------------------|------------------|----------------|--|---|
| 06048W-B8-2                       | BANK OF AMERICA CORP   |              | 09/25/2019         | Citizens            |                                      | 500,000          | 500,000.00     | 567  | 1FE   |
| 06051G-HF-9                       | BANK OF AMERICA CORP   |              | 08/02/2019         | Citizens            |                                      | 259,804          | 250,000.00     | 3,723  | 1FE   |
| 06367W-MQ-3                       | BANK OF MONTREAL   | C            | 09/19/2019         | Citizens            |                                      | 251,890          | 250,000.00     | 1,476  | 1FE   |
| 05531F-BB-8                       | BB&T CORP  |              | 08/16/2019         | Citizens            |                                      | 513,750          | 500,000.00     | 4,513  | 1FE   |
| 05531F-BH-5                       | BB&T CORP  |              | 09/19/2019         | Citizens            |                                      | 903,613          | 900,000.00     | 3,167  | 1FE   |
| 20034D-JA-8                       | COMERICA BANK  |              | 09/13/2019         | Citizens            |                                      | 302,115          | 300,000.00     | 1,125  | 1FE   |
| 38150A-DK-8                       | GOLDMAN SACHS GROUP INC  |              | 09/19/2019         | Citizens            |                                      | 225,000          | 225,000.00     | 109  | 1FE   |
| 46647P-AY-2                       | JPMORGAN CHASE & CO  |              | 08/02/2019         | Citizens            |                                      | 319,765          | 300,000.00     | 2,045  | 1FE   |
| 693475-AV-7                       | PNC FINANCIAL SERVICES GROUP INC                               |              | 09/25/2019         | Citizens            |                                      | 423,920          | 400,000.00     | 2,489  | 1FE   |
| 78013X-ZU-5                       | ROYAL BANK OF CANADA   | C            | 09/13/2019         | Citizens            |                                      | 708,066          | 700,000.00     | 1,966  | 1FE   |
| 89114Q-CA-4                       | TORONTO-DOMINION BANK  | C            | 09/19/2019         | Citizens            |                                      | 561,123          | 550,000.00     | 3,537  | 1FE   |
| 91159H-HK-9                       | U.S. BANCORP   |              | 08/02/2019         | Citizens            |                                      | 195,325          | 185,000.00     | 2,683  | 1FE   |
| 94974B-GA-2                       | WELLS FARGO & CO   |              | 08/21/2019         | Citizens            |                                      | 575,176          | 550,000.00     | 7,801  | 1FE   |
| 3899999                           | Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated) |              |                    |                     | X X X                                | 5,739,547        | 5,610,000.00   | 35,201   | X X X   |
| 8399997                           | Subtotal - Bonds - Part 3                                      |              |                    |                     | X X X                                | 5,739,547        | 5,610,000      | 35,201   | X X X   |
| 8399998                           | Summary Item from Part 5 for Bonds                             |              |                    |                     | X X X                                | X X X            | X X X          | X X X  | X X X   |
| 8399999                           | Total - Bonds  |              |                    |                     | X X X                                | 5,739,547        | 5,610,000.00   | 35,201   | X X X   |
| 9999999                           | Totals   |              |                    |                     | X X X                                | 5,739,547        | X X X          | 35,201   | X X X   |

E04

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

### SCHEDULE D - PART 4

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

| 1<br>CUSIP<br>Ident-<br>ification | 2<br>Description   | 3<br>F<br>o<br>r<br>e<br>i<br>g<br>n | 4<br>Disposal<br>Date | 5<br>Name of<br>Purchaser | 6<br>Number<br>of<br>Shares<br>of<br>Stock | 7<br>Consid-<br>eration | 8<br>Par<br>Value | 9<br>Actual<br>Cost | 10<br>Prior<br>Year<br>Book/<br>Adjusted<br>Carrying<br>Value | Change in Book/Adjusted Carrying Value                   |  |   |  |  | 16<br>Book/<br>Adjusted<br>Carrying<br>Value at<br>Disposal<br>Date | 17<br>Foreign<br>Exchange<br>Gain<br>(Loss) on<br>Disposal | 18<br>Realized<br>Gain<br>(Loss) on<br>Disposal | 19<br>Total<br>Gain<br>(Loss) on<br>Disposal | 20<br>Bond<br>Interest/<br>Stock<br>Dividends<br>Received<br>During<br>Year | 21<br>Stated<br>Contractua<br>Maturity<br>Date | 22<br>NAIC<br>Designation<br>and<br>Administrative<br>Symbol/Mark<br>Indicator<br>(a) |
|-----------------------------------|--|--------------------------------------|-----------------------|---------------------------|--|-------------------------|-------------------|---------------------|---|--|--|---|--|--|---|--|---|--|---|--|---|
|                                   |  |                                      |                       |                           |  |                         |                   |                     |   | 11<br>Unrealized<br>Valuation<br>Increase/<br>(Decrease) | 12<br>Current<br>Year's<br>(Amort-<br>ization)/<br>Accretion | 13<br>Current<br>Year's<br>Other<br>Than<br>Temporary<br>Impairment<br>Recognized | 14<br>Total<br>Change<br>in<br>B./A.C.V.<br>(11+12-13) | 15<br>Total<br>Foreign<br>Exchange<br>Change in<br>B./A.C.V. |   |  |   |  |   |  |   |
| 31371M-GB-7                       | FN 255894 - RMBS   |                                      | 09/01/2019            | Paydown                   |  | 1,106                   | 1,105.99          | 1,086               | 1,084   |  | 22   |   | 22   |  | 1,106   |  |   | 30   | 10/01/2025  | 1  |   |
| 31403D-EP-0                       | FN 745442 - RMBS   |                                      | 08/01/2019            | Paydown                   |  |                         | 0.40              |                     |   |  | 14   |   | 14   |  |   |  | 816   | 07/01/2019                                   | 1   |  |   |
| 31417Y-FQ-5                       | FN MA0174 - RMBS   |                                      | 09/30/2019            | Paydown                   |  | 913                     | 912.67            | 965                 | 917   |  | (38)   |   | (38)   |  | 913   |  | 298   | 09/01/2019                                   | 1   |  |   |
| 31417Y-VX-2                       | FN MA0629 - RMBS   |                                      | 09/01/2019            | Paydown                   |  | 4,126                   | 4,125.58          | 4,273               | 4,158   |  | (30)   |   | (30)   |  | 4,126   |  | 3   | 01/01/2021                                   | 1   |  |   |
| 3199999                           | Subtotal - Bonds - U.S. Special Revenue and Special Assessment Non-Guaranteed Obligati |                                      |                       |                           | X X X                                      | 6,145                   | 6,144.64          | 6,324               | 6,159   |  | (32)   |   | (32)   |  | 6,145   |  |   | 1,147  | X X X   | X X X  |   |
| 046353-AF-5                       | ASTRAZENECA PLC  | C                                    | 09/18/2019            | Maturity @ 100.00         |  | 1,000,000               | 1,000,000.00      | 987,015             | 998,269   |  | 1,731  |   | 1,731  |  | 1,000,000   |  |   | 19,500                                       | 09/18/2019  | 2FE  |   |
| 07274E-AF-0                       | BAYER US FINANCE LLC   | C                                    | 07/30/2019            | Sold                      |  | 602,100                 | 600,000.00        | 619,293             | 610,351   |  | (2,118)  |   | (2,118)  |  | 608,233   |  | (6,133)   | 14,650                                       | 10/08/2021  | 2FE  |   |
| 22546Q-AC-1                       | CREDIT SUISSE FIRST BOSTON NEW YO  | C                                    | 08/13/2019            | Maturity @ 100.00         |  | 475,000                 | 475,000.00        | 548,625             | 482,044   |  | (7,044)  |   | (7,044)  |  | 475,000   |  | (6,133)   | 25,175                                       | 08/13/2019  | 1FE  |   |
| 278642-AH-6                       | EBAY INC   | C                                    | 08/01/2019            | Maturity @ 100.00         |  | 500,000                 | 500,000.00        | 498,110             | 499,768   |  | 232  |   | 232  |  | 500,000   |  |   | 11,000                                       | 08/01/2019  | 2FE  |   |
| 24422E-SS-9                       | JOHN DEERE CAPITAL CORP  | C                                    | 09/16/2019            | Maturity @ 100.00         |  | 175,000                 | 175,000.00        | 175,196             | 175,029   |  | (29)   |   | (29)   |  | 175,000   |  |   | 4,025  | 09/16/2019  | 1FE  |   |
| 61747Y-CJ-2                       | MORGAN STANLEY   | C                                    | 09/23/2019            | Maturity @ 100.00         |  | 500,000                 | 500,000.00        | 465,410             | 495,961   |  | 4,039  |   | 4,039  |  | 500,000   |  |   | 28,125                                       | 09/23/2019  | 1FE  |   |
| 63946B-AD-2                       | NBCUNIVERSAL MEDIA LLC   | C                                    | 09/03/2019            | Called                    |  | 101,996                 | 100,000.00        | 114,396             | 103,587   |  | (1,801)  |   | (1,801)  |  | 101,786   |  | (1,786)   | 4,335  | 04/30/2020  | 1FE  |   |
| 70213B-AA-9                       | PARTNERRE FINANCE B LLC  | C                                    | 07/19/2019            | Called                    |  | 308,259                 | 300,000.00        | 343,002             | 312,299   |  | (4,697)  |   | (4,697)  |  | 307,602   |  | 657   | 10,450                                       | 06/01/2020  | 1FE  |   |
| 69353R-DZ-8                       | PNC BANK NA  | C                                    | 09/18/2019            | Called                    |  | 325,000                 | 325,000.00        | 324,763             | 324,962   |  | 35   |   | 35   |  | 324,996   |  | 4   | 7,150  | 10/18/2019  | 1FE  |   |
| 3899999                           | Subtotal - Bonds - Industrial and Miscellaneous (Unaffiliated)                         |                                      |                       |                           | X X X                                      | 3,987,355               | 3,975,000.00      | 4,075,810           | 4,002,270   |  | (9,652)  |   | (9,652)  |  | 3,992,617   |  | (7,258)   | (7,258)                                      | 124,410   | X X X  | X X X   |
| 8199999                           | Subtotal - Bonds - SVO Identified Funds  |                                      |                       |                           | X X X                                      |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   | X X X  | X X X   |
| 8299999                           | Subtotal - Bonds - Bank Loans  |                                      |                       |                           | X X X                                      |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   | X X X  | X X X   |
| 8399997                           | Subtotal - Bonds - Part 4  |                                      |                       |                           | X X X                                      | 3,993,500               | 3,981,145         | 4,082,134           | 4,008,429   |  | (9,684)  |   | (9,684)  |  | 3,998,762   |  | (7,258)   | (7,258)                                      | 125,557   | X X X  | X X X   |
| 8399998                           | Summary Item from Part 5 for Bonds   |                                      |                       |                           | X X X                                      | X X X                   | X X X             | X X X               | X X X   | X X X  | X X X  | X X X   | X X X  | X X X  | X X X   | X X X  | X X X   | X X X  | X X X   | X X X  | X X X   |
| 8399999                           | Total - Bonds  |                                      |                       |                           | X X X                                      | 3,993,500               | 3,981,144.64      | 4,082,134           | 4,008,429   |  | (9,684)  |   | (9,684)  |  | 3,998,762   |  | (7,258)   | (7,258)                                      | 125,557   | X X X  | X X X   |
| 756577-10-2                       | RED HAT ORD  |                                      | 07/09/2019            | Corporate Action          | 430.00                                     | 81,700                  |                   | 32,456              | 75,525  | (43,069)   |  |   | (43,069)   |  | 32,456  |  | 49,244  | 49,244                                       |   |  | L   |
| 9099999                           | Subtotal - Common Stock - Industrial and Miscellaneous (Unaffiliated)                  |                                      |                       |                           | X X X                                      | 81,700                  |                   | 32,456              | 75,525  | (43,069)   |  |   | (43,069)   |  | 32,456  |  | 49,244  | 49,244                                       |   | X X X  | X X X   |
| 9799997                           | Subtotal - Common Stock - Part 4   |                                      |                       |                           | X X X                                      | 81,700                  | X X X             | 32,456              | 75,525  | (43,069)   |  |   | (43,069)   |  | 32,456  |  | 49,244  | 49,244                                       |   | X X X  | X X X   |
| 9799998                           | Summary Item from Part 5 for Common Stocks   |                                      |                       |                           | X X X                                      | X X X                   | X X X             | X X X               | X X X   | X X X  | X X X  | X X X   | X X X  | X X X  | X X X   | X X X  | X X X   | X X X  | X X X   | X X X  | X X X   |

(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<br>CUSIP<br>Ident-<br>ification | 2<br>Description                    | 3<br>F<br>o<br>r<br>e<br>i<br>g<br>n | 4<br>Disposal<br>Date | 5<br>Name of<br>Purchaser | 6<br>Number<br>of<br>Shares<br>of<br>Stock | 7<br>Consid-<br>eration | 8<br>Par<br>Value | 9<br>Actual<br>Cost | 10<br>Prior<br>Year<br>Book/<br>Adjusted<br>Carrying<br>Value | Change in Book/Adjusted Carrying Value                   |  |   |  |  | 16<br>Book/<br>Adjusted<br>Carrying<br>Value at<br>Disposal<br>Date | 17<br>Foreign<br>Exchange<br>Gain<br>(Loss) on<br>Disposal | 18<br>Realized<br>Gain<br>(Loss) on<br>Disposal | 19<br>Total<br>Gain<br>(Loss) on<br>Disposal | 20<br>Bond<br>Interest/<br>Stock<br>Dividends<br>Received<br>During<br>Year | 21<br>Stated<br>Contractua<br>Maturity<br>Date | 22<br>NAIC<br>Designation<br>and<br>Administrative<br>Symbol/Mark<br>Indicator<br>(a) |
|-----------------------------------|-------------------------------------|--------------------------------------|-----------------------|---------------------------|--|-------------------------|-------------------|---------------------|---|--|--|---|--|--|---|--|---|--|---|--|---|
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   | 11<br>Unrealized<br>Valuation<br>Increase/<br>(Decrease) | 12<br>Current<br>Year's<br>(Amort-<br>ization)/<br>Accretion | 13<br>Current<br>Year's<br>Other<br>Than<br>Temporary<br>Impairment<br>Recognized | 14<br>Total<br>Change<br>in<br>B./A.C.V.<br>(11+12-13) | 15<br>Total<br>Foreign<br>Exchange<br>Change in<br>B./A.C.V. |   |  |   |  |   |  |   |
| 9799999                           | Total - Common Stocks               |                                      |                       |                           | X X X                                      | 81,700                  | X X X             | 32,456              | 75,525  | (43,069)   |  |   | (43,069)   |  | 32,456  |  | 49,244  | 49,244                                       |   | X X X  | X X X   |
| 9899999                           | Total - Preferred and Common Stocks |                                      |                       |                           | X X X                                      | 81,700                  | X X X             | 32,456              | 75,525  | (43,069)   |  |   | (43,069)   |  | 32,456  |  | 49,244  | 49,244                                       |   | X X X  | X X X   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
|                                   |                                     |                                      |                       |                           |  |                         |                   |                     |   |  |  |   |  |  |   |  |   |  |   |  |   |
| 9999999                           | Totals                              |                                      |                       |                           |  | 4,075,200               | X X X             | 4,114,590           | 4,083,954   | (43,069)   | (9,684)  |   | (52,753)   |  | 4,031,218   |  | 41,986  | 41,986                                       | 125,557   | X X X  | X X X   |

E05.1

(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 Undiscounted Premium (Received) Paid | Current Year Initial Cost of Undiscounted 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) |     |  |  |  |  |  |  |  |
| <b>NONE</b>     |   |                              |                        |   |            |                                |                     |                 |   |   |   |                     |                               |      |            |   |  |  |   |                    |                                    |   |     |  |  |  |  |  |  |  |
| 144999999 Total |   |                              |                        |   |            |                                | XXX                 | XXX             | XXX   | XXX   |   |                     |                               | XXX  |            |   |  |  |   |                    |                                    | XXX   | XXX |  |  |  |  |  |  |  |

E06

(a)

| Code        | Description of Hedged Risk(s) |
|-------------|-------------------------------|
| <b>NONE</b> |                               |

(b)

| Code        | Financial or Economic Impact of the Hedge at the End of the Reporting Period |
|-------------|--|
| <b>NONE</b> |  |



## 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 |
| 1449999999 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<br>Description of Exchange,<br>Counterparty or Central<br>Clearinghouse | 2<br>Master<br>Agreement<br>(Y or N) | 3<br>Credit<br>Support<br>Annex<br>(Y or N) | 4<br>Fair Value of<br>Acceptable<br>Collateral | Book/Adjusted Carrying Value  |   |                                    | Fair Value                              |   |                                     | 11<br>Potential<br>Exposure | 12<br>Off-Balance<br>Sheet<br>Exposure |
|---|--------------------------------------|---|--|---|---|------------------------------------|---|---|-------------------------------------|-----------------------------|--|
|   |                                      |   |  | 5<br>Contracts<br>With<br>Book/<br>Adjusted<br>Carrying<br>Value >0 | 6<br>Contracts<br>With<br>Book/<br>Adjusted<br>Carrying<br>Value <0 | 7<br>Exposure net<br>of Collateral | 8<br>Contracts<br>With Fair<br>Value >0 | 9<br>Contracts<br>With Fair<br>Value <0 | 10<br>Exposure Net<br>of Collateral |                             |  |
| <b>NONE</b>   |                                      |   |  |   |   |                                    |   |   |                                     |                             |  |
| 099999999 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<br>Exchange,<br>Counterparty or Central<br>Clearinghouse | 2<br>Type of Asset<br>Pledged | 3<br>CUSIP<br>Identification | 4<br>Description | 5<br>Fair Value | 6<br>Par Value | 7<br>Book / Adjusted<br>Carrying Value | 8<br>Maturity Date | 9<br>Type of Margin<br>(I, V or IV) |       |
|--|-------------------------------|------------------------------|------------------|-----------------|----------------|--|--------------------|-------------------------------------|-------|
|  |                               |                              | <b>NONE</b>      |                 |                |  |                    |                                     |       |
| 019999999 Total Collateral Pledged by Reporting Entity     |                               |                              |                  |                 |                |  |                    | X X X                               | X X X |

E09

Collateral Pledged to Reporting Entity

| 1<br>Exchange,<br>Counterparty or Central<br>Clearinghouse | 2<br>Type of Asset<br>Pledged | 3<br>CUSIP<br>Identification | 4<br>Description | 5<br>Fair Value | 6<br>Par Value | 7<br>Book / Adjusted<br>Carrying Value | 8<br>Maturity Date | 9<br>Type of Margin<br>(I, V or IV) |
|--|-------------------------------|------------------------------|------------------|-----------------|----------------|--|--------------------|-------------------------------------|
|  |                               |                              | <b>NONE</b>      |                 |                |  |                    |                                     |
| 029999999 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  
 (Securities lending collateral assets reported in aggregate on Line 10 of the Assets page  
 and not included on Schedules A, B, BA, D DB and E)

| 1                       | 2           | 3    | 4   | 5             | 6                                       | 7                 |
|-------------------------|-------------|------|---|---------------|---|-------------------|
| CUSIP<br>Identification | Description | Code | NAIC<br>Designation and<br>Administrative<br>Symbol/Market<br>Indicator | Fair<br>Value | Book /<br>Adjusted<br>Carrying<br>Value | Maturity<br>Dates |
| NONE                    |             |      |   |               |   |                   |
| 999999 Totals           |             |      |   |               |   | X X X             |

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;        |
| 0;   | NAIC 6 \$     | 0.        |                                 |           |

## SCHEDULE DL - PART 2

### SECURITIES LENDING COLLATERAL ASSETS

Reinvested Collateral Assets Owned Current Statement Date

(Securities lending collateral assets included on Schedule A, B, BA, D, DB and E  
and not reported in aggregate on Line 10 of the Assets page)

| 1<br><br>CUSIP<br>Identification | 2<br><br>Description | 3<br><br>Code | 4<br><br>NAIC<br>Designation and<br>Administrative Symbol/<br>Market Indicator | 5<br><br>Fair<br>Value | 6<br><br>Book /<br>Adjusted<br>Carrying<br>Value | 7<br><br>Maturity<br>Dates |
|----------------------------------|----------------------|---------------|--|------------------------|--|----------------------------|
| NONE                             |                      |               |  |                        |  |                            |
| 999999 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 |



