

Report on Examination

of

**DELTA DENTAL OF RHODE ISLAND**

Providence, Rhode Island

as of

December 31, 2022



State of Rhode Island  
Department of Business Regulation  
Insurance Division



State of Rhode Island  
OFFICE OF THE HEALTH INSURANCE COMMISSIONER  
1511 Pontiac Avenue, Bldg. 69-1  
Cranston, Rhode Island 02920

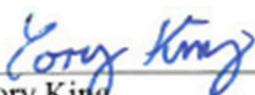
**FINAL ORDER (OHIC)**

The attached Report of Examination as of December 31, 2022, of the condition and affairs of **DELTA DENTAL OF RHODE ISLAND**, was recently completed by duly qualified examiners, pursuant to the provisions of the Rhode Island General Laws.

Due consideration has been given to the comments of the examiners regarding the operation of the Company and its financial condition, as reflected in the report.

It is therefore ORDERED that said Report be, and it is hereby, adopted and filed and made an official record of this Department as of this date.

DEPARTMENT OF BUSINESS REGULATION

  
\_\_\_\_\_  
Cory King  
Acting Health Insurance Commissioner

DATED: 3/26/2024

## TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>SALUTATION .....</b>   | <b>1</b>  |
| <b>SCOPE OF EXAMINATION .....</b>                               | <b>2</b>  |
| <b>SUMMARY OF SIGNIFICANT FINDINGS .....</b>                    | <b>3</b>  |
| <b>COMPANY HISTORY.....</b>                                     | <b>3</b>  |
| <b>MANAGEMENT AND CONTROL.....</b>                              | <b>4</b>  |
| MEMBERS .....   | 4         |
| BOARD OF DIRECTORS .....  | 5         |
| COMMITTEES .....  | 8         |
| OFFICERS .....  | 9         |
| ORGANIZATIONAL STRUCTURE .....                                  | 9         |
| INTERCOMPANY AGREEMENTS.....                                    | 11        |
| <b>TERRITORY AND PLAN OF OPERATION .....</b>                    | <b>14</b> |
| <b>REINSURANCE.....</b>   | <b>15</b> |
| <b>FINANCIAL STATEMENTS.....</b>                                | <b>16</b> |
| COMPARATIVE STATEMENT OF ASSETS .....                           | 17        |
| COMPARATIVE STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS ..... | 18        |
| STATEMENT OF REVENUE AND EXPENSES.....                          | 19        |
| RECONCILIATION OF CAPITAL AND SURPLUS.....                      | 20        |
| <b>COMMENTS ON FINANCIAL STATEMENTS.....</b>                    | <b>22</b> |
| CLAIMS UNPAID AND UNPAID CLAIMS ADJUSTMENT EXPENSES .....       | 22        |
| <b>SUBSEQUENT EVENTS.....</b>                                   | <b>23</b> |
| <b>CONCLUSION.....</b>  | <b>24</b> |

February 16, 2024

Honorable Cory King  
Acting Health Insurance Commissioner  
State of Rhode Island  
Office of the Health Insurance Commissioner  
1511 Pontiac Ave, Bldg. 69-1  
Cranston, Rhode Island 02920

Dear Acting Commissioner King:

In accordance with your instructions and pursuant to the provisions of Chapter 27-20.1-5 of the General Laws of the State of Rhode Island, an examination has been made as of December 31, 2022, of the financial condition and affairs of

**DELTA DENTAL OF RHODE ISLAND**

located at 10 Charles Street, Providence, Rhode Island. The report of such examination is herewith submitted.

Delta Dental of Rhode Island (also referred to as “Delta Dental,” or “the Company”) was previously examined as of December 31, 2017, and both the current and prior examinations were conducted by the Insurance Division of the State of Rhode Island (“Insurance Division”).

## SCOPE OF EXAMINATION

The last examination of the Company covered the five-year period from January 1, 2013 through December 31, 2017. The current examination covered the five-year period from January 1, 2018 through December 31, 2022 and was performed in compliance with the above-mentioned sections of the General Laws of the State of Rhode Island, as amended. The current examination was conducted as a full scope risk-focused examination in accordance with the NAIC *Financial Condition Examiners Handbook* (“Handbook”) risk-focused examination process.

At December 31, 2022, the Company is the ultimate parent of Altus Dental Insurance Company, Inc. (“Altus Dental”). Altus Dental is a Rhode Island domestic insurer and is licensed to transact insurance in the State of Massachusetts. An examination of Altus Dental was conducted concurrently with this examination, with a report thereon submitted under separate cover.

The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the

course of the examination, an adjustment was identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact and general information about the Company and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but were separately communicated to other regulators and/or the Company.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse or significant non-compliance findings noted during the examination conducted as of December 31, 2022.

### **COMPANY HISTORY**

The Company was organized as a nonprofit dental service corporation on October 22, 1959, under the provisions of an Enabling Act as amended in 1978 by the General Assembly of the State of Rhode Island.

The Company commenced business on April 1, 1966 as the Rhode Island State Dental Service Corporation under non-business Articles of Association, for the purpose of increasing the extent to which voluntary insurance against and indemnity for the cost of dental care is made available to the people of the State of Rhode Island. On April 27, 1978, the Company's name was changed to Delta Dental of Rhode Island under an amendment to the Articles of Association. On January

14, 1993, upon termination of an Administrative Agreement with Blue Cross and Blue Shield of Rhode Island, the Company assumed responsibility for directing all of its own corporate activities.

## **MANAGEMENT AND CONTROL**

### **Members**

The Company's Bylaws, as amended, stipulate that the members of the Company shall be comprised of those persons serving on the Board of Directors and such other persons comprised of both dentists and public members who are not dentists or dental auxiliary personnel. The membership shall be fixed at not less than sixty (60) or more than ninety (90). Members shall be elected so as to provide as nearly as possible for equal groups of members whose terms expire in one, two and three years provided, however, that public Members, including directors, who are not dentists or persons otherwise associated with the practice of dentistry, shall at all times comprise the majority of the membership. Dentists, who are directors, shall at all times comprise a minority of the membership. The membership shall be structured such that at least two-thirds (2/3) of the Members reside in or are employed in the State of Rhode Island.

The Bylaws also provide that the annual meeting of its Members shall be held each year on a day fixed by the Board of Directors and at such place as the Board of Directors shall designate. Special meetings of the Members may be called by the Chair and shall be called by the Chair on written request of a majority of the voting directors or one-third of the voting Members of the Company. At every meeting of the Members, there shall be represented in person at least twenty-five percent (25%) of the Members to constitute a quorum.

## **Board of Directors**

The Bylaws provide that the Board of Directors shall have supervision and control of the business, property, affairs and management of the Company. The Board of Directors shall be constituted such that a majority comprised of no less than two-thirds (2/3) of the voting directors are public members who are not otherwise associated with the profession of dentistry.

At each annual meeting, the Members of the Company shall elect one-third (1/3) of the directors from each group of directors (public members who are not otherwise associated with the profession of dentistry and dentists) to hold office for a term of three (3) years, staggered so that one-third (1/3) expire each year. Individuals who are directors, corporate members, consultants, officers or employees of direct competitors of Delta Dental are excluded from eligibility for service on the Board of Directors. In all cases, directors shall serve until their successors are elected and qualified.

Vacancies in the Board of Directors occurring from any cause may be filled for the unexpired term by the Board of Director's provided that the requirement of each group's participation is adhered to. No director shall be elected to more than three consecutive three-year terms; and no director shall serve a new term if such service would result in more than twelve consecutive years of service as a director.

The officers of the Board of Directors shall include a Chair of the Board of Directors and a Vice-Chair of the Board of Directors. At least one of these officers of the Board shall be a public member not otherwise associated with the profession of dentistry.

The Board of Directors shall hold an annual meeting following the annual meeting of the Members of the Company, or any special meeting of the Members held in lieu thereof. Regular meetings shall be held at such times and places as the Board shall determine. Special meetings may be called at any time by the Chair and shall be called by the Chair upon written request of at least one-third (1/3) of the voting directors, or on written request of the President and Chief Executive Officer.

A majority of the members of the Board of Directors shall constitute a quorum for a meeting of the Board of Directors. If at any meeting less than a quorum shall be present, a majority of those present may adjourn the meeting.

The members of the Board of Directors together with the principal business or professional affiliation of each director was as follows at December 31, 2022:

| Name                         | Business Affiliation   | Term Expires |
|------------------------------|--|--------------|
| John T. Ruggieri (Chair)     | Gilbane<br>(Retired) Senior Vice President and CFO   | 2024         |
| James V. Rosati (Vice Chair) | Beacon Mutual Insurance Company<br>(Retired) President and CEO   | 2025         |
| Elizabeth L. Catucci         | Northern RI Chamber of Commerce<br>President and CEO   | 2024         |
| Colin P. Kane                | Peregrine Group<br>Founding Partner  | 2024         |
| Thomas P. Enright            | East Bay Dental Associates<br>Dentist  | 2023         |
| Peter C. Hayes               | Hayes & Sherry Real Estate Services<br>Founder and Partner   | 2023         |
| Marc A Paulhus               | Citizens Bank; Citizens Asset Finance, Inc.<br>(Retired) Executive Vice President; (Retired) President | 2025         |
| Edwin J. Santos              | CharterCARE Health Partners<br>(Retired) Chairmen  | 2023         |
| Francis J. Flynn             | Rhode Island Federation of Teachers<br>President   | 2023         |
| Steven J. Issa               | Customers Bank<br>(Retired) Executive Vice President and Chief Lending Officer                         | 2024         |
| Heather A. Provino           | The Scanlon Group<br>Principal   | 2024         |
| Mark A. Shaw                 | AAA Northeast<br>(Retired) Chairman  | 2023         |
| Christine L. Gadbois         | CareLink<br>President and CEO  | 2025         |
| Alimamy (Junior) D. Jabbie   | Banneker Supply Chain Solutions, Inc.<br>President and CEO   | 2025         |
| Jonathan W. Hall             | FM Global<br>Retired COO   | 2025         |

## **Committees**

Pursuant to the Bylaws, the Board of Directors shall appoint annually four standing committees including a Governance Committee, Finance and Audit Committee, Appeals Committee, Compensation Committee, and such other committees as it may deem appropriate. The Board of Directors shall determine the size of each standing committee annually; however, no standing committee shall have fewer than five (5) members. With the exception of the Appeals Committee, a majority comprised of no less than two-thirds (2/3) of the members of each standing committee shall be public members who are not otherwise associated with the profession of dentistry. A majority of the Appeals Committee shall be public members who are not otherwise associated with the profession of dentistry.

As of December 31, 2022, the committees of the Board of Directors were composed of the following individuals:

### **Governance Committee**

Peter C. Hayes, Chairman  
Elizabeth L. Catucci  
Jonathan W. Hall  
Colin P. Kane  
James V. Rosati  
John T. Ruggieri  
Mark A. Shaw

### **Finance and Audit Committee**

Marc A Paulhus, Chairman  
Jonathan W. Hall  
Alimamy (Junior) D. Jabbie  
Colin P. Kane  
Steven J. Issa  
Heather A. Provino  
Edwin J. Santos

### **Appeals Committee**

Francis J. Flynn, Chairman  
Elizabeth L. Catucci  
Thomas P. Enright  
Christine L. Gadbois  
Alimamy (Junior) D. Jabbie

### **Compensation Committee**

John T. Ruggieri, Chairman  
Steven J. Issa  
Marc A Paulhus  
James V. Rosati  
Edwin J. Santos

## **Officers**

The Bylaws provide that the officers of the Company shall be elected annually by the Board of Directors and shall consist of a President, a Secretary and a Treasurer. The Board may appoint such other officers and agents as it may deem necessary, including but not limited to Executive or other Vice Presidents, Assistant Treasurers and Assistant Secretaries.

The officers serving, and their respective titles for Delta Dental of Rhode Island and subsidiaries at December 31, 2022 are as follows:

| <b>Name</b>       | <b>Title</b>  |
|-------------------|---|
| Joseph R. Perroni | President and Chief Executive Officer                     |
| William R. Landry | Secretary   |
| Melissa Gennari   | Assistant Secretary                                       |
| Richard A. Fritz  | Treasurer and Chief Financial Officer                     |
| George Bedard     | Assistant Treasurer                                       |
| Thomas Chase      | Chief Operating Officer                                   |
| Wendy Duncan      | Chief Marketing Officer                                   |
| Blaine Carroll    | Vice President - Strategic Initiatives                    |
| James Kinney      | Vice President - Sales                                    |
| Ellen Hendrix     | Vice President - Underwriting and Insurance Risk Services |

## **Organizational Structure**

At December 31, 2022, Delta Dental, is the ultimate parent of the insurance holding company system. Delta Dental owns 100% of the issued and outstanding common capital stock of The Altus Group, Inc. (“Altus Group”) and Altus Realty Inc.

The Altus Group, Inc.

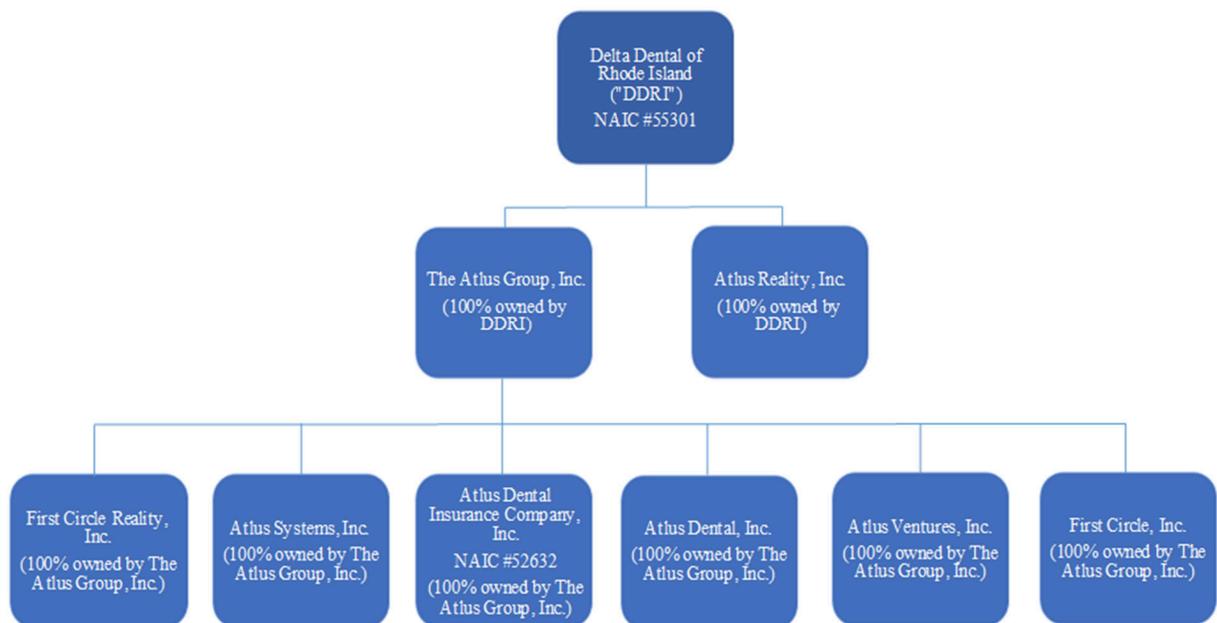
The Altus Group was established in 1999 by Delta Dental as a for-profit entity for the purpose of expanding the Company's offering of prepaid dental care coverage and other third-party administrative services to organizations based outside of Rhode Island, particularly in the Commonwealth of Massachusetts. The Altus Group includes the operations of its six wholly-owned subsidiaries; including First Circle Realty, Inc., Altus Systems, Inc., Altus Dental Insurance Company, Inc., Altus Dental, Inc., Altus Ventures, Inc., and First Circle, Inc.

Altus Realty Company, Inc.

In 2002, the ultimate parent company formed Altus Realty Company, Inc., a non-profit real estate holding company, pursuant to Section 501(c)(2) of the internal revenue code, for the sole purpose of acquiring, holding title to, and managing the home office building located at 10 Charles Street, Providence, Rhode Island. This building, which the Company has leased space in since 1997, is the principal office facility of the Company.

All members of Delta Dental's Board of Directors represent the Board of Directors of all subsidiary entities.

The following represents an organizational chart as of December 31, 2022, which illustrates the identities and interrelationships between the Company and the entities in the holding company system:



**Intercompany Agreements**

The following represents a summary of the intercompany agreements in-force between the Company and its affiliates as of December 31, 2022:

**Unlimited Parental Guarantee – Altus Dental Insurance Company, Inc.**

On September 15, 2000, Delta Dental issued an unlimited parental guaranty on behalf of Altus Dental, whereby all claims and obligations of Altus Dental to its subscribers and policyholders will be fully funded and satisfied by Delta Dental in the event of any inability of Altus Dental to satisfy such claims and obligations. The unlimited parental guaranty became effective in September 2001 when Altus Dental began underwriting dental insurance in Massachusetts.

Cost Sharing Agreement – Altus Dental Insurance Company, Inc.

Effective July 23, 2004, Delta Dental entered into a Cost Sharing Agreement with Altus Dental Insurance Company, Inc. (“Altus Dental”) whereby Delta Dental will provide Altus Dental with certain executive and managerial services and will provide access to contractual arrangements, vendors, facilities and equipment. Under the terms of the Cost Sharing Agreement, Altus Dental shall be responsible for all costs reasonably identified as being directly and solely attributable to Altus Dental. Altus Dental shall also be responsible for all indirect costs which are fairly allocable for the services, facilities and equipment provided, by application of generally accepted cost accounting principles and consultation with the Group’s accountants and legal counsel. The fees charged to Altus Dental by Delta Dental shall be payable on a quarterly basis. The Cost Sharing Agreement also stipulates that either party may have its excess cash invested in the investment portfolio of the other party in order to maximize investment returns. Interest earned with respect to such funds shall be credited to the party advancing such funds.

Cost Sharing Agreement – Altus Systems, Inc.

Effective July 23, 2004, Delta Dental entered into a Cost Sharing Agreement with Altus Systems, Inc. (“Altus Systems”) whereby Altus Systems will provide Delta Dental with certain operational and administrative services. Under the terms of the Cost Sharing Agreement, Delta Dental shall be responsible for all costs reasonably identified as being directly and solely attributable to Delta Dental. Delta Dental shall also be responsible for all indirect costs which are fairly allocable for the services provided, by application of generally accepted cost accounting principles and consultation with the Groups’ accountants and legal counsel. The fees charged to Delta Dental by Altus Systems shall be payable on a quarterly basis. The Cost Sharing Agreement also stipulates

that either party may have its excess cash invested in the investment portfolio of the other party in order to maximize investment returns. Interest earned with respect to such funds shall be credited to the party advancing such funds.

Cost Sharing Agreement – First Circle Inc.

Effective January 1, 2017, Delta Dental entered into a Cost Sharing Agreement with First Circle, Inc., (“First Circle”), whereby Delta Dental provides executive and managerial services and provides access to such contractual arrangements with vendors and to Delta Dental’s facilities and equipment as the parties shall by agreement deem necessary. First Circle shall reimburse Delta Dental for such services.

Funding Agreements – Altus Realty Inc., The Altus Group, Inc., Altus Dental, Inc., and First Circle Realty, Inc.

Effective June 15, 2018, Delta Dental entered into three separate Funding Agreements with Altus Realty, Inc., The Altus Group, Inc. and Altus Dental, Inc., which superseded and replaced comparable agreements between the parties that were effective July 23, 2004. Effective January 20, 2020, Delta Dental entered into the same funding agreement with First Circle Realty, Inc. Under the terms of the Funding Agreements, Delta Dental shall advance funds to the subsidiaries to assist in the funding of their operations. With respect to funds advanced, interest shall accrue in favor of Delta Dental at a rate of interest reasonably deemed by Delta Dental to be a commercially reasonable rate corresponding to what an unrelated entity would be charged. Funds advanced shall be repaid by the subsidiaries to Delta Dental, together with accrued interest, at such time the subsidiaries are reasonably capable of making such repayment, but in no event more than

one-hundred-twenty (120) months after the funds are advanced. From time to time, Delta Dental shall collect excess cash held by the subsidiaries for purposes of investing the cash as part of Delta Dental's investment portfolio in order to maximize investment returns. Interest income earned with respect of such funds shall be credited to the subsidiaries.

### **TERRITORY AND PLAN OF OPERATION**

The Company offers prepaid dental care coverage to individuals and organizations wishing to provide such services to their employees and members on either a contributory or non-contributory basis. The Company provides a broad array of dental benefit programs, with varying degrees of coverage for preventive, diagnostic and restorative services. Flexible dental plan options are available which offer customized dental benefits that meet the needs of employers and their employees.

Payments to participating dentists are based on an allowance established by the Company. Benefits are subject to a per calendar year maximum benefit ranging from \$500 to \$2,500 per covered person with a variety of deductibles.

Additional benefit levels are available only to groups providing the first level of coverage. The additional benefit riders are intended to supplement the first level contract and include more extensive dental services.

Delta Dental operates only within the State of Rhode Island. The Company's subsidiary, Altus Dental Insurance Company, Inc. is a Rhode Island domestic insurer and is licensed to transact

insurance in the Commonwealth of Massachusetts.

In 2021, the Company's subsidiary, Altus Dental, began selling vision insurance products to diversify away from being a single line dental insurer. For 2022, vision insurance premiums totaled less than 1% of Altus Dental's total premiums.

### **REINSURANCE**

As of December 31, 2022, the Company does not cede or assume reinsurance.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the Rhode Island Insurance Division and present the financial condition of the Company for the period ending December 31, 2022. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements:

Comparative Statement of Assets  
December 31, 2022 and December 31, 2017

Comparative Statement of Liabilities, Capital and Surplus  
December 31, 2022 and December 31, 2017

Statement of Revenue and Expenses  
Year Ended December 31, 2022

Reconciliation of Capital and Surplus  
December 31, 2017 to December 31, 2022

Analysis of Examination Adjustments  
December 31, 2022

**DELTA DENTAL OF RHODE ISLAND**  
**Comparative Statement of Assets**  
**December 31, 2022 and December 31, 2017**

|  | December 31,<br>2022        | December 31,<br>2017        | Increase<br>(Decrease)     |
|--|-----------------------------|-----------------------------|----------------------------|
| Bonds  | \$52,890,081                | \$64,509,335                | (\$11,619,254)             |
| Preferred stocks   | 680                         | -                           | 680                        |
| Common stocks  | 93,114,737                  | 56,169,624                  | 36,945,113                 |
| Cash, cash equivalents, and short-term<br>investments                    | 8,332,313                   | 5,863,688                   | 2,468,625                  |
| Other invested assets  | 11,683,430                  | 7,730,973                   | 3,952,457                  |
| Investment income due and accrued  | 402,883                     | 575,285                     | (172,402)                  |
| Uncollected premiums and agents' balances<br>in the course of collection | 371,489                     | 715,823                     | (344,334)                  |
| Amounts receivable relating to uninsured<br>plans                        | 3,407,673                   | 3,357,451                   | 50,222                     |
| Electronic data processing equipment<br>and software                     | 114,657                     | 394,451                     | (279,794)                  |
| Receivable from parent, subsidiaries<br>and affiliates                   | -                           | 262,771                     | (262,771)                  |
| Aggregate write-ins for other than<br>invested assets                    | 4,119,853                   | 1,363                       | 4,118,490                  |
| <b>Total Assets</b>  | <b><u>\$174,437,796</u></b> | <b><u>\$139,580,764</u></b> | <b><u>\$34,857,032</u></b> |

**DELTA DENTAL OF RHODE ISLAND**  
**Comparative Statement of Liabilities, Capital and Surplus**  
**December 31, 2022 and December 31, 2017**

|  | December 31,<br>2022 | December 31,<br>2017 | Increase<br>(Decrease) |
|--|----------------------|----------------------|------------------------|
| Claims unpaid  | \$1,533,250          | \$4,342,000          | (\$2,808,750)          |
| Unpaid claims adjustment expenses                        | 267,957              | 403,303              | (135,346)              |
| Premiums received in advance                             | 1,517,066            | 2,026,077            | (509,011)              |
| General expenses due or accrued                          | 8,427,848            | 11,915,662           | (3,487,814)            |
| Amounts due to parent, subsidiaries and affiliates       | 3,241,969            | 197,373              | 3,044,596              |
| Liability for amounts held under uninsured plans         | 630,826              | 1,762,316            | (1,131,490)            |
| Aggregate write-ins for other liabilities                | 451,846              | 363,946              | 87,900                 |
| <b>Total Liabilities</b>                                 | <b>16,070,762</b>    | <b>21,010,677</b>    | <b>(4,939,915)</b>     |
| Restricted reserves for ACA assessment                   | -                    | 841,948              | (841,948)              |
| Aggregate write-ins for other than special surplus funds | 79,913,826           | 46,643,574           | 33,270,252             |
| Unassigned funds (surplus)                               | 78,453,208           | 71,084,565           | 7,368,643              |
| <b>Total Capital and Surplus</b>                         | <b>158,367,034</b>   | <b>118,570,087</b>   | <b>39,796,947</b>      |
| <b>Total Liabilities, Capital and Surplus</b>            | <b>\$174,437,796</b> | <b>\$139,580,764</b> | <b>\$34,857,032</b>    |

**DELTA DENTAL OF RHODE ISLAND**  
**Statement of Revenue and Expenses**  
**Year Ended December 31, 2022**

Revenue

|                    |                     |              |
|--------------------|---------------------|--------------|
| Net premium Income | <u>\$57,926,310</u> |              |
| Total revenues     |                     | \$57,926,310 |

Hospital and Medical

|                             |                   |            |
|-----------------------------|-------------------|------------|
| Other professional services | <u>40,904,954</u> |            |
| Total hospital and medical  |                   | 40,904,954 |

Less:

|                                 |                  |  |
|---------------------------------|------------------|--|
| Claims adjustment expenses      | 6,704,929        |  |
| General administrative expenses | <u>9,972,930</u> |  |

|                               |  |                   |
|-------------------------------|--|-------------------|
| Total underwriting deductions |  | <u>57,582,813</u> |
|-------------------------------|--|-------------------|

|                       |  |         |
|-----------------------|--|---------|
| Net underwriting gain |  | 343,497 |
|-----------------------|--|---------|

Investment Income

|                              |                  |  |
|------------------------------|------------------|--|
| Net investment income earned | 7,602,958        |  |
| Net realized capital gains   | <u>(218,279)</u> |  |

|                     |  |           |
|---------------------|--|-----------|
| Net investment gain |  | 7,384,680 |
|---------------------|--|-----------|

Other Income

|  |  |                |
|--|--|----------------|
| Aggregate write-ins for other income or expenses |  | <u>208,537</u> |
|--|--|----------------|

|  |  |           |
|--|--|-----------|
| Net income before federal income taxes |  | 7,936,714 |
|--|--|-----------|

|                               |  |          |
|-------------------------------|--|----------|
| Federal income taxes incurred |  | <u>-</u> |
|-------------------------------|--|----------|

|            |  |                           |
|------------|--|---------------------------|
| Net Income |  | <u><u>\$7,936,714</u></u> |
|------------|--|---------------------------|

**DELTA DENTAL OF RHODE ISLAND**  
**Reconciliation of Capital and Surplus**  
**December 31, 2017 to December 31, 2022**

|   |                   |               |                             |
|---|-------------------|---------------|-----------------------------|
| Capital and Surplus, December 31, 2017              |                   |               | \$118,570,087               |
|   | <u>Gains</u>      | <u>Losses</u> |                             |
| Net Income  | \$16,870,364      |               |                             |
| Change in net unrealized capital gains              | 20,081,323        |               |                             |
| Change in nonadmitted assets                        | 2,214,813         |               |                             |
| Aggregate write-in for surplus gains or (losses)    | 630,447           |               |                             |
|   | <u>39,796,947</u> |               |                             |
| Total Gains and Losses                              |                   |               |                             |
| Net change in Capital and Surplus for<br>the period |                   |               | <u>39,796,947</u>           |
| Capital and Surplus, December 31, 2022              |                   |               | <u><u>\$158,367,034</u></u> |

**DELTA DENTAL OF RHODE ISLAND**  
**Analysis of Examination Adjustments**  
**December 31, 2022**

The examination of Delta Dental of Rhode Island, performed as of December 31, 2022, did not disclose any material misstatements to the financial statements contained in its 2022 Annual Statement filing. Accordingly, the amounts reported by the Company have been accepted for purposes of this report.

## COMMENTS ON FINANCIAL STATEMENTS

|   |                    |                           |
|---|--------------------|---------------------------|
| <b><u>Claims Unpaid and Unpaid Claims Adjustment Expenses</u></b> |                    | <b><u>\$1,801,207</u></b> |
| Claims unpaid   | \$1,533,250        |                           |
| Unpaid claims adjustment expenses                                 | <u>\$267,957</u>   |                           |
| Total   | <u>\$1,801,207</u> |                           |

The reserves for claims unpaid and unpaid claims adjustment expenses reflected above are the same as those reported by the Company in its 2022 Annual Statement. The reserve calculation prepared by the Company was reviewed by INS Consultants, Inc. (“INS”), consulting actuaries for the Rhode Island Insurance Division. INS relied upon the underlying data reported by the Company, and their analyses included a review of the actuarial assumptions and methods used by the Company in determining the reserves, and such tests of actuarial calculations as deemed necessary.

In assisting INS with the reserve analysis, the examiners either independently performed or relied upon the procedures performed by the Company’s independent accounting firm and internal audit department to verify the integrity of the underlying claims data, including completeness and accuracy testing. A combination of subjective and statistical sampling techniques was utilized in testing the claims data, as deemed appropriate.

## **SUBSEQUENT EVENTS**

A review of financial information, the Company's records, and the minutes to the Board of Directors' meetings and its various committees for the period subsequent to the examination period was performed to ascertain whether any subsequent events have occurred which would have a material impact on the Company's operations or financial statements. In addition, an inquiry was made of the Company's management regarding subsequent events. Based upon our review, there were no significant events occurring subsequent to December 31, 2022.

## CONCLUSION

We have applied verification procedures to the data and information contained in this report using sampling techniques and other examination procedures as deemed appropriate. While sampling and other examination procedures do not give complete assurance that all errors and irregularities will be detected, had any been detected during the course of this examination, such errors and/or irregularities would have been disclosed in this report. Other than what has been noted in the body of this report, we were not informed of, and did not become aware of, any errors or irregularities that could have a material effect on the financial condition of the Company as presented in this report.

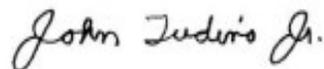
Participating in the examination with the undersigned were various staff insurance examiners from INS Regulatory Insurance Services, Inc. In addition, acknowledgment is made of INS Consultants, Inc., and INS Services, Inc., for the services rendered to assist with the examination by providing actuaries and information technology specialists.

Respectfully submitted,



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Kelly M. Willison, CPA, CFE, CFE (Fraud)  
Examiner-In-Charge  
Rhode Island Insurance Division



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John Tudino Jr., CFE, CIE, CFSA  
Chief Insurance Examiner  
Rhode Island Insurance Division