

STATE OF INDIANA)
) SS: BEFORE THE INDIANA
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Delta Dental Plan of Indiana, Inc.)
5875 Castle Creek Parkway Drive North, Suite 191)
Indianapolis, Indiana 46250)

Examination of **Delta Dental Plan of Indiana, Inc.**

NOTICE OF ENTRY OF ORDER

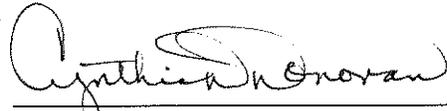
Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of **Delta Dental Plan of Indiana, Inc.**, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 11, 2012, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of **Delta Dental Plan of Indiana, Inc.** shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

June 20, 2012

Date



Cynthia D. Donovan
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 9214 8901 0661 5400 0000 4141 79

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Delta Dental Plan of Indiana, Inc.)
5875 Castle Creek Parkway Drive North, Suite 191)
Indianapolis, Indiana 46250)

Examination of **Delta Dental Plan of Indiana, Inc.**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the **Delta Dental Plan of Indiana, Inc.** (hereinafter "Company") for the time period January 1, 2008 through December 31, 2010.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on May 3, 2012.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on May 11, 2012 and was received by the Company on May 14, 2012.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the **Delta Dental Plan of Indiana, Inc.** as of December 31, 2010.
2. That the Examiner's Recommendations are reasonable and necessary in order for the **Delta Dental Plan of Indiana, Inc.** to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed and Sealed this 20th day of
June, 2012.


Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

DELTA DENTAL PLAN OF INDIANA, INC.

NAIC Co. CODE 52634
NAIC GROUP CODE 0477

As of
December 31, 2010

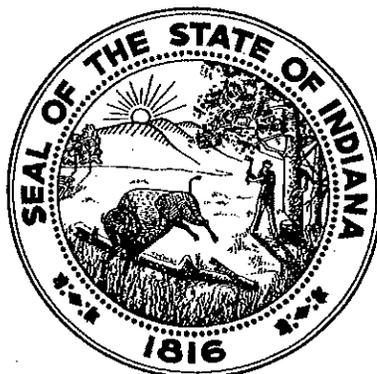


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

Stephen W. Robertson, Commissioner

May 4, 2012

Honorable Stephen W. Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 3666, an examination has been made of the affairs and financial condition of:

Delta Dental Plan of Indiana, Inc.
5875 Castle Creek Parkway Drive North, Suite 191
Indianapolis, Indiana 46250

hereinafter referred to as the "Company," an Indiana domestic limited service health maintenance organization. The examination was conducted at the corporate offices of the Company in Okemos, Michigan.

The Report of Examination, reflecting the status of the Company as of December 31, 2010, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Insurance Department (INDOI) as of the period ending December 31, 2007. The present risk-focused examination was conducted by Noble Consulting Services, Inc., (Noble) and covered the period from January 1, 2008, through December 31, 2010.

The examination was performed on a coordinated basis with Michigan Licensing and Regulatory Affairs and the Ohio Department of Insurance. Michigan served as the lead state. The Company operates as part of the Delta Dental Group and utilizes shared services provided by an affiliate, Delta Dental Plan of Michigan, Inc. (DDPMI). As part of the coordinated examination effort, the INDOI relied upon the coordinated examination work for DDPMI.

Joseph C. Higgins, FSA, MAAA, of INS Consultants, Inc. was appointed by Michigan Licensing and Regulatory Affairs and conducted a review of the Company's statutory reserves as of December 31, 2010. There were no actuarial adjustments or recommendations resulting from the review performed by INS Consultants, Inc.

Noble conducted the risk-focused examination pursuant to and in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the Company, and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, and management's compliance with Statutory Accounting Principles, and annual statement instructions, when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

HISTORY

The Company was incorporated on October 22, 1982, as Indiana Dental Plan, Inc. by DDPMI. The Company changed to its current name effective September 24, 1985. The Company is a not-for-profit limited service health maintenance organization domiciled in Indiana. The Company is controlled by DDPMI. Renaissance Health Services Corporation is the ultimate controlling party of DDPMI and the Company. Since the previous examination, the Company sold its only subsidiary, Renaissance Life & Health Insurance Company (RLHIC), effective September 9, 2009.

CAPITAL AND SURPLUS

As a not-for-profit corporation, the Company has no shareholders or other owners. The Company is governed by its Board of Directors, which is appointed by DDPMI. DDPMI is a Michigan not-for-profit tax-exempt dental corporation. As of December 31, 2010, the Company had gross paid-in and contributed surplus totaling \$14,546,833.

TERRITORY AND PLAN OF OPERATION

The Company is operated by DDPMI. All operational services of the Company are provided through administrative services agreements with DDPMI and affiliated companies. The Company has no direct employees. Both DDPMI and the Company are members of the Delta Dental Plans Association, a

national organization, which owns and licenses the right to use the name Delta Dental for marketing, branding, and solicitation of dental benefit services. Delta Dental is a well-recognized and respected trade name by employers and providers nationwide. The Company offers administrative services to self funded employee groups. The Company is licensed to transact business only in the state of Indiana. There are no current plans to add new lines of business.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

<u>Year</u>	<u>Admitted</u> <u>Assets</u>	<u>Liabilities</u>	<u>Capital</u> <u>and Surplus</u>	<u>Total</u> <u>Revenues</u>	<u>Net</u> <u>Income (Loss)</u>
2010	\$ 20,320,065	\$ 3,332,581	\$ 16,987,484	\$ 84,610	\$ 430,991
2009	22,580,231	3,257,064	19,323,167	115,854	(2,508,573)
2008	19,894,249	2,313,636	17,580,613	148,468	906,114

Admitted assets decreased from 2009 to 2010, mainly due to decreased net cash from financing as a result of the Company’s purchase of a Certificate of Contribution (surplus note) in Delta Dental of North Carolina, an affiliate. Admitted assets increased from 2008 to 2009, primarily due to increased net cash from investments as a direct effect of the sale of RLHIC.

Capital and surplus decreased from 2009 to 2010, as a result of the Company non-admitting the surplus note issued to Delta Dental of North Carolina in accordance with Statements of Statutory Accounting Principles No. 41, *Surplus Notes*. Capital and surplus increased from 2008 to 2009, primarily due to an increase in the net change in unrealized capital gains as a result of the sale of RLHIC.

Total revenues decreased during the examination period as a direct result of a decrease in membership. Net income increased from 2009 to 2010, as reflected by an increase in net realized capital gains (losses). The change in net income from 2008 to 2009, was primarily due to the realized loss from the sale of RLHIC.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the affairs of the Company be managed, controlled, and conducted by, and under the supervision of, a Board of Directors that shall have no fewer than three (3) members. Directors are to serve terms of three (3) years and shall hold office until the annual meeting for the year in which their term expires and until their successors shall be elected and qualify.

The following is a listing of persons serving as directors for the Company and their principal occupations as of December 31, 2010:

Name and Address

Principal Occupation

Laura L. Czelada, CPA Okemos, Michigan	Chief Operating Officer Renaissance Health Service Corporation
Thomas J. Fleszar, DDS, MS Okemos, Michigan	President and Chief Executive Officer Renaissance Health Service Corporation
Edward J. Zobeck Okemos, Michigan	Chief Administrative Officer Renaissance Health Service Corporation

Officers

The Bylaws state the officers of the Company, who shall be elected by the Board of Directors, shall consist of a President, a Secretary, a Treasurer, and such other officers as the Board of Directors may otherwise elect by resolution or as the President may otherwise appoint. Each officer shall be elected by the Board of Directors at a regular or special meeting and shall serve for one (1) year, or such other period as is prescribed by the Board of Directors at the time of such election. The following is a list of key officers and their respective titles as of December 31, 2010:

<u>Name</u>	<u>Office</u>
Thomas J. Fleszar, DDS, MS	President
Edward J. Zobeck	Secretary
Laura L. Czelada, CPA	Treasurer
Michael B. Clark	Senior Vice President and Chief Marketing Officer
Jonathan S. Groat	Vice President and General Counsel
Goran M. Jurkovic, CPA	Vice President and Chief Financial Officer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that not all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2010. See the Other Significant Issues section of this Report of Examination for further commentary.

CORPORATE RECORDS

Articles of Incorporation

There were no amendments made to the Articles of Incorporation during the examination period.

Bylaws

The Bylaws were amended, effective July 7, 2010, to reflect that the Board of Directors or the President may appoint other officers and the officers of the Company may enter into any contract or execute any instrument on behalf of the Company.

Minutes

The Board of Directors and Consumer Advisory Committee meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted. Annual meetings and other regular Board meetings were held in accordance with the Bylaws.

AFFILIATED COMPANIES

Organizational Structure

The following is an organizational chart as of December 31, 2010:

	<u>NAIC Co.</u>	<u>Domiciliary</u>
	<u>Code</u>	<u>State</u>
Renaissance Health Service Corporation (RHSC)		MI
Delta Dental Plan of Michigan, Inc. (DDPMI)	54305	MI
Renaissance Systems and Services, LLC		MI
Delta Dental Plan of Ohio, Inc. (DDPOH)**	54402	OH
Delta Dental Plan of Indiana, Inc. (DDPIN)**	52634	IN
Delta Dental Fund dba Delta Dental Foundation**		MI
Delta Dental of Kentucky, Inc. (DDKY)	54674	KY
Dental Choice, Inc.	48127	KY
Dental Choice Agency, Inc.		KY
Dental Choice Properties, LLC		KY
Delta Dental Plan of New Mexico, Inc. (DDPNM)	47287	NM
Delta Dental of Tennessee	54526	TN
Fore Holding Corporation (FHC)		TN
Premier Insurance Services, LLC		TN
Liquid Corn, LLC		TN
Delta Dental of North Carolina	54658	NC
Renaissance Holding Company*		MI
Renaissance Health Insurance Company of New York	15638	NY
TML, LLC		MI
Renaissance Health Networks, LLC		MI
Renaissance Dental Network, LLC		MI
Dental Wellness Network, LLC		MI
Renaissance Life and Health Insurance Company of America	61700	IN

* Owned by DDPMI (41.7%), RHSC (27.1%), FHC (8.6%), DDPIN (6.9%), DDKY (6.2%), DDPOH (5.2%), and DDPNM (4.3%)

** Controlled by DDPMI

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI as required, in accordance with Indiana Code 27-1-23-4.

Administrative Services Agreement - RLHICA

Effective April 1, 2010, the Company entered into an Administrative Services Agreement with Renaissance Life & Health Insurance Company of America (RLHICA). Under this agreement, the Company and RLHICA may provide certain administrative services to each other including, but not limited to, claims processing, customer service, and managerial services. Services to be provided under this agreement by the Company have been assigned to DDPMI. This agreement supersedes and replaces in its entirety the Amended and Restated Administration and General Agency Agreement between Great Lakes Delta Insurance Company, which was merged with and into RLHICA on March 31, 2007, and the Company dated May 11, 2004. Amounts owing between the parties shall be paid within fifteen (15) days of receipt of a notice from the party administering the services. During 2010, the Company received \$804,595 for services provided under this agreement and the prior Amended and Restated Administration and General Agency Agreement.

Administrative Services Agreement - DDPMI

Effective December 31, 2007, the Company entered into an Administrative Services Agreement, as amended, with DDPMI. Under this agreement, DDPMI provides management and claims processing services to the Company. Administrative fees charged are based on actual costs incurred in connection with the services provided; and reasonable and customary allocable costs associated with services provided. The Company shall pay DDPMI within fifteen (15) days of receipt of a notice from DDPMI. During 2010, the Company paid \$5,547,932 for services provided under this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from fraudulent or dishonest acts by its employees through a fidelity bond issued by Great American Insurance Company. The bond has blanket coverage of \$10,000,000 with a \$200,000 deductible. The amount meets the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2010, including, but not limited to, automobile liability, cyber liability, directors and officers liability, fiduciary liability, general liability, managed care organization errors and omissions liability, and umbrella excess liability.

PENSION, STOCK OWNERSHIP AND INSURANCE PLANS

The Company had no employees; therefore, there were no employee pension or insurance plans. All personnel necessary to conduct business operations of the Company are provided to the Company by DDPMI under the aforementioned Administrative Services Agreement.

STATUTORY DEPOSITS

The Company reported a statutory deposit held with Indiana for the benefit of all policyholders comprised of two (2) certificates of deposit at December 31, 2010, totaling \$193,256.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2009, and 2010, were reconciled to the respective Annual Statements with no material exceptions noted. The Annual Statements for the years ended December 31, 2008, through 2010, were reconciled to each year's independent audit report with no material exceptions noted.

DELTA DENTAL PLAN OF INDIANA, INC.

FINANCIAL STATEMENTS

Assets

	As of December 31, 2010			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 602,414	\$ -	\$ 602,414	\$ 602,414
Stocks:				
Common stocks	10,604,815	-	10,604,815	9,720,351
Cash, cash equivalents and short-term investments	5,211,033	-	5,211,033	9,410,515
Subtotals, cash and invested assets	16,418,262	-	16,418,262	19,733,280
Premiums and considerations:				
Uncollected premiums and agents' balances in the course of collection	-	-	-	31,148
Amounts receivable relating to uninsured plans	3,901,803	-	3,901,803	2,815,158
Aggregate write-ins for other than invested assets	-	-	-	645
Total assets	\$ 20,320,065	\$ -	\$ 20,320,065	\$ 22,580,231

DELTA DENTAL PLAN OF INDIANA, INC.

FINANCIAL STATEMENTS

Liabilities, Capital and Surplus

	As of December 31, 2010			
	Per Annual Statement	Examination Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Claims unpaid	\$ 8,600	\$ -	\$ 8,600	\$ 8,600
Aggregate health policy reserves	4,386	-	4,386	370
General expenses due or accrued	129,056	-	129,056	117,198
Amounts withheld or retained for the account of others	345,875	-	345,875	251,363
Amounts due to parent, subsidiaries and affiliates	320,552	-	320,552	237,572
Liability for amounts held under uninsured plans	2,403,954	-	2,403,954	2,512,341
Aggregate write-ins for other liabilities	120,158	-	120,158	129,620
Total liabilities	3,332,581	-	3,332,581	3,257,064
Gross paid in and contributed surplus	14,546,833	-	14,546,833	14,546,833
Unassigned funds (surplus)	2,440,651	-	2,440,651	4,776,334
Total capital and surplus	16,987,484	-	16,987,484	19,323,167
Total liabilities, capital and surplus	\$ 20,320,065	\$ -	\$ 20,320,065	\$ 22,580,231

DELTA DENTAL PLAN OF INDIANA, INC.

FINANCIAL STATEMENTS

Statement of Revenue and Expenses

	As of December 31, 2010			
	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Member Months	5,434	-	5,434	6,592
Net premium income	\$ 84,610	\$ -	\$ 84,610	\$ 115,854
Total revenues	84,610	-	84,610	115,854
Hospital and Medical:				
Other professional services	51,769	-	51,769	62,377
Total hospital and medical	51,769	-	51,769	62,377
Claims adjustment expenses	192,781	-	192,781	602,999
General administrative expenses	(217,222)	-	(217,222)	(203,042)
Total underwriting deductions	27,328	-	27,328	462,334
Net underwriting gain or (loss)	57,282	-	57,282	(346,480)
Net investment income earned	393,536	-	393,536	333,113
Net realized capital gains (losses) less capital gains tax	(17,264)	-	(17,264)	(2,496,641)
Net investment gains (losses)	376,272	-	376,272	(2,163,528)
Net gain or (loss) from agents' or premium balances charged off	(2,503)	-	(2,503)	1,897
Aggregate write-ins for other income or expenses	1,218	-	1,218	3,528
Net income or (loss) after capital gains tax and before all other federal income taxes	432,269	-	432,269	(2,504,583)
Federal and foreign income taxes incurred	1,278	-	1,278	3,990
Net income (loss)	\$ 430,991	\$ -	\$ 430,991	\$ (2,508,573)

DELTA DENTAL PLAN OF INDIANA, INC.

FINANCIAL STATEMENTS

Reconciliation of Capital and Surplus

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Capital and Surplus Account:			
Capital and surplus prior reporting year	\$ 19,323,167	\$ 17,580,613	\$ 19,016,455
Net income or (loss)	430,991	(2,508,573)	906,114
Change in net unrealized capital gains (losses) less capital gains tax	704,425	4,264,229	(2,242,535)
Change in nonadmitted assets	<u>(3,471,099)</u>	<u>(13,102)</u>	<u>(99,421)</u>
Net change in capital and surplus	<u>(2,335,683)</u>	<u>1,742,554</u>	<u>(1,435,842)</u>
Capital and surplus end of reporting year	<u>\$ 16,987,484</u>	<u>\$ 19,323,167</u>	<u>\$ 17,580,613</u>

COMMENTS TO THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2010, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

As of December 31, 2010, not all directors and officers listed in the Management and Control section of this Report of Examination had reviewed and signed Conflict of Interest statements for 2010. For future reporting periods, all directors and officers should review and sign Conflict of Interest statements on an annual basis in accordance with Company policy.

SUBSEQUENT EVENTS

Effective January 1, 2011, the Company entered into an assumption reinsurance agreement with RLHICA.

AFFIDAVIT

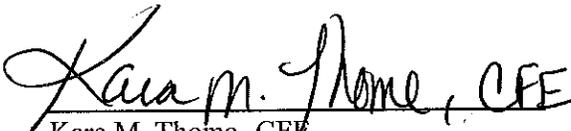
AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that she, in coordination with staff assistance from Noble Consulting Services, Inc. and actuarial assistance from INS Consultants, Inc., performed an examination **Delta Dental Plan of Indiana, Inc.** as of December 31, 2010.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiner's Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

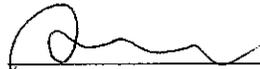
The attached report of examination is a true and complete report of condition of **Delta Dental Plan of Indiana, Inc.** as of December 31, 2010, as determined by the undersigned.


Kara M. Thome, CFE
Noble Consulting Services, Inc.

State of:
County of:

On this 4 day of MAY, 2012, before me personally appeared, Kara M. Thome, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 4, 2019 
Notary Public

