

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

IN THE MATTER OF:)
)
Delta Dental Plan of Indiana, Inc.)
225 South East Street, Suite 358)
Indianapolis, Indiana 46202)

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

NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, 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 amended by the Final Order, 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.

Date July 8, 2021

Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6130

STATE OF INDIANA)
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COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Delta Dental Plan of Indiana, Inc.)
225 South East Street, Suite 358)
Indianapolis, Indiana 46202)

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, 2017 through December 31, 2019.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 28, 2021.

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 June 22, 2021 and was received by the Company on June 24, 2021.

On June 24, 2021, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2019.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 this 8 day of
July, 2021.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

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, 2019

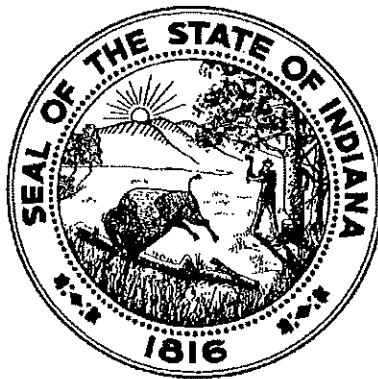


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STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

May 28, 2021

Honorable Amy L. Beard, 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 4051, an examination has been made of the affairs and financial condition of:

Delta Dental Plan of Indiana, Inc.
225 South East Street, Suite 358
Indianapolis, IN 46202

hereinafter referred to as the "Company", or "DDIN", an Indiana domestic health maintenance organization. The examination was conducted remotely with support from the corporate offices of the Company in Okemos, Michigan.

The Report of Examination, reflecting the status of the Company as of December 31, 2019, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2014 through December 31, 2016. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2017 through December 31, 2019, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted 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, 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.

The examination of the Michigan domestic insurance companies of Delta Dental of Michigan (DDMI) was called by the Michigan Department of Insurance and Financial Services (DFIS) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The DFIS served as the lead state on the examination, and the INDOI, Arkansas Insurance Department, Ohio Department of Insurance, North Carolina Department of Insurance, New York State Department of Financial Services, and the New Mexico Office of the Superintendent of Insurance served as participants.

Hause Monnin Consulting provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2019.

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 is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as in the Indiana Code (IC) 27-1-3.1-10 and general information about the insurer 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 separately communicated to other regulators and/or the Company.

HISTORY

The Company was incorporated on October 22, 1982 under the laws of the state of Indiana, as Indiana Delta Plan, Inc. by DDMI. The Company changed to its current name effective September 24, 1985. The Company is a nonprofit limited services HMO licensed only in Indiana. The Company is controlled by DDMI. Renaissance Health Services Corporation (RHSC) is the ultimate controlling party of DDMI and the Company.

CAPITAL AND SURPLUS

As a not-for-profit, the Company has no shareholders or other owners. The Company is organized as a Directorship governed by its Board of Directors (Board). The composition of DDIN's Board is a mix of DDMI executive staff and thus DDMI controls DDIN. DDMI is a not-for-profit tax-exempt dental care corporation. As of December 31, 2019 the Company had total Surplus of \$87,676,910.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business only in the state of Indiana. The Company only issues dental benefit coverage on an HMO type basis and markets only through Indiana employees of DDMI. The employees identify brokers and others with relationships to employer groups, and marketing is done by submitting bids for dental benefit coverage on a group basis for employers.

The Company benefits from the operational support of DDMI, which provides claims processing, underwriting, and other services to the Company. The Company is operated in coordination with DDMI, Delta Dental of Ohio, Inc., and several other Delta Dental plans, which are the owners of a holding company, Renaissance Holding Company (RHC), that offers a different brand of dental, as well as, vision, life and disability coverage through its insurance subsidiaries. RHSC is the ultimate controlling party of each of the owners of RHC stock.

Revenues increased by \$4 million, to \$88.7 million in 2019 compared to 2018. Revenues increased by \$13.7 million during the examination period.

GROWTH OF THE COMPANY

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

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Total Revenue	Net Income
2019	\$ 97,220,221	\$ 9,543,311	\$ 87,676,910	\$ 88,714,175	\$ 6,350,164
2018	82,108,847	7,549,031	74,559,816	84,667,265	7,991,069
2017	79,103,416	8,542,748	70,560,668	75,028,907	5,409,354

Strong growth in revenue over the examination period resulted in increases in both total assets and liabilities.

MANAGEMENT AND CONTROL

Directors

The Bylaws provide that the affairs of the Company are to be managed, controlled and conducted by, and under supervision of the Board, subject to provisions of the Company's Articles of Incorporation and Bylaws. The Board shall have the number of members, no fewer than three (3), as designated by resolution of the Board from time to time. The term of office of a director shall be three (3) years.

The following is a listing of persons serving as directors as of December 31, 2019, and their principal occupations as of that date:

Name and Address	Principal Occupation
Amy Lyn Basel East Lansing, Michigan	Senior Vice President, Chief Financial Officer, Chief Risk Officer, and Treasurer Delta Dental Plan of Michigan
Sue Ellen Jenkins Haslett, Michigan	Senior Vice President, Chief Legal Officer and Secretary Delta Dental Plan of Michigan
Goran Mike Jurkovic Lansing, Michigan	President, Chief Executive Officer and Chairperson Delta Dental Plan of Michigan

Jeremy John Nelson
Fishers, Indiana

Director, Sales and Account Management
Delta Dental Plan of Indiana

Officers

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

The following is a list of key officers and their respective titles as of December 31, 2019:

<u>Name</u>	<u>Office</u>
Goran Mike Jurkovic	Chairman, President, and Chief Executive Officer
Amy Lyn Basel	Senior Vice President, Chief Financial Officer, Chief Risk Officer, and Treasurer
Sue Ellen Jenkins	Senior Vice President, Chief Legal Officer, and Secretary
Jeffrey Walter Johnston	Senior Vice President and Chief Science Officer
Anthony Darrell Robinson	Senior Vice President and Chief Marketing Officer

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that 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, 2019.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2019:

	NAIC Co. Code	Domiciliary State/Country
Renaissance Health Service Corporation (RHSC)		MI
Delta Dental Plan of Michigan, Inc. (DDMI)	54305	MI
Delta Dental Plan of Ohio, Inc. (DDOH)**	54402	OH
Delta Dental Plan of Indiana, Inc. (DDIN)**	52634	IN
Delta Dental Fund dba Dental Foundation**		MI
Delta Dental of Tennessee (DDTN)	54526	TN
Fore Holding Corporation (FHC)		TN
Premier Insurance Services, LLC		TN
Liquid Corn, LLC		TN
Delta Dental Plan of New Mexico, Inc. (DDNM)	47287	NM
Delta Dental of Kentucky, Inc. (DDKY)	54674	KY
Delta Choice, Inc.	48127	KY
Dental Choice, Agency, Inc.		KY
Dental Choice Holdings, LLC		KY
Delta Dental of North Carolina (DDNC)	54658	NC
Delta Dental Plan of Arkansas, Inc. (DDAR)	47155	AR
Omega Administrators, Inc.		AR
Delta Dental of Arkansas Foundation, Inc.		AR
PAC of Delta Dental Plan of Arkansas, Inc.		AR
Renaissance Holding Company (RHC)*		MI
Renaissance Life & Health Insurance Company of America (RLHICA)	61700	IN
Renaissance Life & Health Insurance Company of New York (RHNY)	15638	NY
Renaissance Electronic Services, LLC		MI
TESIA Clearinghouse, LLC (TESIA)		MI
Renaissance Family Foundation, Inc.		IN

*owned by DDMI (58.0%), DDAR (13.2%), FHC (8.9%), DDKY (5.9%), DDIN (5.8%), DDOH (4.2%), and DDNM (4%)

**Controlled by DDMI.

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 IC 27-1-23-4.

Administrative Services Agreements

Beginning in 2017, a “global” Services Agreement replaced all previous agreements whereby services are provided for claims, customer services, and managerial services. Expenses for 2019 were \$13,884,699.

Investment Advisory Agreements

Effective July 16, 2018, the Company entered into an Investment Advisory Agreement with Red Cedar Investment Management, LLC for the purposes of managing a portion of its assets on a fully discretionary basis. Expenses for 2019 were \$99,251 for services under this agreement.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Great American Insurance Company. The bond has a single loss coverage limit of \$10,000,000, with a \$200,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2019, including but not limited to commercial property liability, employment practices liability, ERISA liability, management indemnity/directors and officers' liability, professional indemnity liability, and workers' compensation liability.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, as of December 31, 2019:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 78,023	\$ 80,414
Total Deposits	<u>\$ 78,023</u>	<u>\$ 80,414</u>

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, 2018 and December 31, 2019, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2017 through December 31, 2019, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

DELTA DENTAL PLAN OF INDIANA, INC.

Assets

As of December 31, 2019

	<u>Per Examination*</u>
Bonds	\$ 33,894,577
Stocks:	
Common stocks	55,643,737
Cash, cash equivalents and short-term investments	<u>3,583,122</u>
Subtotals, cash and invested assets	93,121,436
Investment income due and accrued	164,713
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	1,188,007
Accrued retrospective premiums	6,050
Amounts receivable relating to uninsured plans	2,732,957
Receivables from parent, subsidiaries and affiliates	<u>7,058</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>97,220,221</u>
Totals	<u>\$ 97,220,221</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.
Liabilities, Capital and Surplus
As of December 31, 2019

	Per Examination*
Claims unpaid	\$ 2,962,500
Unpaid claims adjustment expenses	116,632
Aggregate health policy reserves	26,420
Premiums received in advance	893,292
General expenses due or accrued	682,685
Amounts withheld or retained for the account of others	730,131
Amounts due to parent, subsidiaries and affiliates	1,906,622
Payables for securities lending	363,446
Liability for amounts held under uninsured plans	1,674,391
Uninsured claim administration expense reserve	187,192
Total liabilities	9,543,311
Aggregate write-ins for special surplus funds	821,129
Gross paid in and contributed surplus	14,546,833
Unassigned funds (surplus)	72,308,948
Total capital and surplus	87,676,910
Total liabilities, capital and surplus	\$ 97,220,221

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.
Statement of Revenues and Expenses
For the Year Ended December 31, 2019

	<u>Per Examination*</u>
UNDERWRITING INCOME	
Member months	3,509,918
Net premium income	\$ 88,714,175
Total Revenues	<u>88,714,175</u>
Hospital and Medical:	
Other professional services	<u>73,977,150</u>
Subtotal	73,977,150
Less:	
Total Hospital and Medical	73,977,150
Claims adjustment expenses including \$512,387 cost containment expenses	428,641
General administrative expenses	<u>9,849,363</u>
Total underwriting deductions	<u>84,255,154</u>
Net underwriting gain or (loss)	4,459,021
Net investment income earned	<u>2,336,265</u>
Net realized capital gains	<u>514,798</u>
Net investment gains	2,851,063
Net gain or (loss) from agents' or premium balances charged off	(457,949)
Aggregate write-ins for other income or expenses	<u>(499,849)</u>
Net income or (loss) after capital gains tax and before all other federal income taxes	6,352,286
Federal and foreign income taxes incurred	<u>2,122</u>
Net income	<u>\$ 6,350,164</u>

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

DELTA DENTAL PLAN OF INDIANA, INC.
Capital and Surplus Account Reconciliation

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Capital and surplus prior reporting year	\$ 74,559,816	\$ 70,560,668	\$ 61,453,958
Net income or (loss)	6,350,164	7,991,069	5,409,354
Change in net unrealized capital gains (losses)	6,773,063	(4,093,086)	3,064,524
Change in nonadmitted assets	<u>(6,133)</u>	<u>101,165</u>	<u>632,832</u>
Change in surplus as regards policyholders for the year	<u>13,117,094</u>	<u>3,999,148</u>	<u>9,106,710</u>
Surplus as regards policyholders, December 31 current year	<u>\$ 87,676,910</u>	<u>\$ 74,559,816</u>	<u>\$ 70,560,668</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2019 based on the results of this examination.

OTHER SIGNIFICANT ISSUES

No other significant issues were noted.

SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. Due to the timing of the examination and field work, the effects of the pandemic on this entity are not fully addressed within this examination report.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Hause Monnin Consulting, performed an examination of Delta Dental Plan of Indiana, as of December 31, 2019.

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 Examiners 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 the condition of Delta Dental Plan of Indiana as of December 31, 2019, as determined by the undersigned.

Eric Dercher
Eric Dercher, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

Jerry Ehlers
Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 14th day of June, 2021, before me personally appeared, Eric Dercher and Jerry Ehlers, 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: October 4, 2025 Darcy L. Shawver
DARCY L. SHAWVER
NOTARY PUBLIC
Notary Public

SEAL
MARION COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES OCTOBER 4, 2025
COMMISSION NO 708053
Indiana Department of Insurance
NAIC Accredited

Darcy L. Shawver
Notary Public

