

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

IN THE MATTER OF:)
)
Delta Dental Plan of Indiana, Inc.)
225 S. East Street, Suite 358)
Indianapolis, IN 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 sent to you on June 18, 2024 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 24, 2024
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7018 1130 0001 7982 6956

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

IN THE MATTER OF:)
)
Delta Dental Plan of Indiana, Inc.)
225 S. East Street, Suite 358)
Indianapolis, IN 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, 2020 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 23, 2024.

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 18, 2024 and was received by the Company on June 18, 2024.

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, 2022.
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 this 24 day of
June, 2024.



Amy L. Beard
Insurance Commissioner
Indiana Department of Insurance

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, 2022

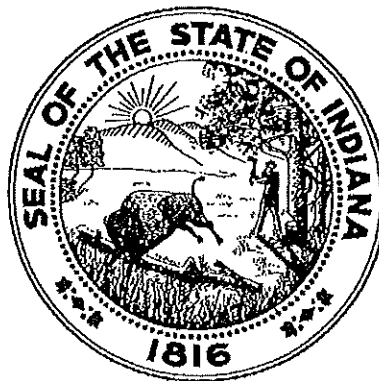


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	2
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	3
MANAGEMENT AND CONTROL.....	3
Directors.....	3
Officers.....	4
CONFLICT OF INTEREST.....	4
CORPORATE RECORDS.....	5
Articles of Incorporation.....	5
Bylaws.....	5
Minutes.....	5
AFFILIATED COMPANIES.....	5
Organizational Structure.....	5
Affiliated Agreements.....	6
FIDELITY BOND AND OTHER INSURANCE.....	6
SPECIAL AND STATUTORY DEPOSITS.....	6
ACCOUNTS AND RECORDS.....	6
FINANCIAL STATEMENTS.....	7
Assets.....	7
Liabilities, Capital, and Surplus.....	8
Statement of Revenues and Expenses.....	9
Capital and Surplus Account Reconciliation.....	10
COMMENTS ON THE FINANCIAL STATEMENTS.....	11
OTHER SIGNIFICANT ISSUES.....	11
SUBSEQUENT EVENTS.....	11
AFFIDAVIT.....	12



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: 317-234-2103
Website: in.gov/doi

May 23, 2024

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 4155, an examination has been made of the affairs and financial condition of:

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

hereinafter referred to as the "Company," or "DDIN," an Indiana domestic nonprofit limited service 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, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4451	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-5253	COMPANY RECORDS 317-232-2383	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, 2017 through December 31, 2019. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2020 through December 31, 2022, 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 DDIN was called by the INDOI in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI coordinated the examination, serving as the facilitating state, with the New Mexico Office of Superintendent of Insurance serving as the participating state.

Merlinos & Associates, a Davies Company, provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

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 Delta Dental Plan of Michigan, Inc. (DDMI). The Company changed to its current name effective September 24, 1985. The Company is a nonprofit limited services HMO licensed only in Indiana. As a non-profit, DDIN does not have owners or shareholders. DDIN is governed by its Board of Directors. DDMI is the sole member of DDIN with the rights prescribed to members by law under IC 23-17, including the right to elect DDIN's directors. Consequently, DDMI is deemed to directly control DDIN under Indiana law. While Renaissance Health Service Corporation (RHSC) serves as the lead entity in the insurance holding company system of which DDIN is part, DDMI appoints the majority of the RHSC Board of Directors.

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). DDIN's Board is elected by its sole member, DDMI, and consists of DDMI executive staff and thus DDMI controls DDIN. DDMI is a not-for-profit tax-exempt dental care corporation. As of December 31, 2022, the Company had total surplus of \$109,012,331.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business only in the state of Indiana. The Company issues dental benefit coverage on an HMO type basis and markets only through Indiana employees of DDMI. Beginning in 2022, the Company also began offering vision plans. The employees identify brokers and others with relationships to employer groups, and marketing is done by submitting bids for dental benefit coverage and vision plans 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.

GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus</u>	<u>Total Revenue</u>	<u>Net Income</u>
2022	\$ 120,856,318	\$ 11,843,987	\$ 109,012,331	\$ 123,985,145	\$ 6,134,967
2021	127,784,679	10,357,444	117,427,235	103,724,490	17,185,238
2020	111,007,294	9,933,587	101,073,707	91,890,087	5,849,800

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 will be managed, controlled, and conducted by, and under the supervision of the Board, subject to the provisions of the Company's Amended and Restated Articles of Incorporation. The Board will have the number of directors, 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 one (1) year.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Amy Lyn Basel * East Lansing, Michigan	Senior Vice President, Chief Financial Officer, Chief Risk Officer, and Treasurer Delta Dental Plan of Michigan, Inc.
Sue Ellen Jenkins * Haslett, Michigan	Senior Vice President, Chief Administrative Officer, Chief Legal Officer, and Secretary Delta Dental Plan of Michigan, Inc.
Goran Mike Jurkovic Lansing, Michigan	President, Chief Executive Officer, and Chairperson Delta Dental Plan of Michigan, Inc.
Jeremy John Nelson Fishers, Indiana	Vice President, Sales, and Account Management Delta Dental Plan of Michigan, Inc.

* Promoted to Executive Vice President during 2023.

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, 2022:

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

* Promoted to Executive Vice President during 2023

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, 2022.

CORPORATE RECORDS

Articles of Incorporation

The Articles of Incorporation were amended on December 9, 2019, to convert to a membership governance model. The Articles of Incorporation were filed and approved by the Indiana Secretary of State on February 5, 2020.

Bylaws

The Bylaws were amended during the examination period to convert to a membership governance model. The Bylaws were also amended to change the term of office served by the Board, upon election.

Minutes

The Board and member 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, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
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
Delta Dental Plan of New Mexico, Inc. (DDNM)	47287	NM
Osso Insurance Options, Inc.		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
Delta Dental Plan of Arkansas Political Action Committee		AR
Renaissance Holding Company (RHC)*		
Renaissance Life & Health Insurance Company of America (RLHICA)	61700	IN
Renaissance Life & Health Insurance Company of New York (RHNY)	15638	NY

*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. For 2022, the Company paid \$17.3 million to DDMI and \$578 thousand to RLHICA for services provided under this agreement.

Investment Advisory Agreements

Effective July 16, 2018, the Company entered into an Investment Advisory Agreement with RCIM for the purposes of managing a portion of its assets on a fully discretionary basis. For 2022, the Company paid \$184 thousand to RCIM for services provided under this agreement.

Consolidated Tax Allocation Agreement

The Company is party to a consolidated tax allocation agreement. It is exempt from federal income taxes under provisions of Section 501 (c)(4) of the Internal Revenue Code and is also exempt from state taxes. However, it is required to pay taxes on certain pollical organizations and unrelated business income. For 2022, the tax expense was \$2,184.

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 million, with a \$200 thousand 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, 2022, including but not limited to commercial property liability, cybersecurity, 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 a statutory deposit for the benefit of all policyholders of Indiana as of December 31, 2022, with a book value and fair value of \$79,750 and \$74,741, respectively.

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 balance prepared from the Company’s general ledger for the year ended December 31, 2022, was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022, was agreed to the 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, 2022

	<u>Per Examination*</u>
Bonds	\$ 34,466,860
Stocks:	
Common stocks	70,961,904
Cash, cash equivalents and short-term investments	<u>9,338,049</u>
Subtotals, cash and invested assets	114,766,813
Investment income due and accrued	218,865
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	1,072,355
Amounts receivable relating to uninsured plans	4,797,469
Receivables from parent, subsidiaries, and affiliates	<u>816</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>120,856,318</u>
Totals	<u>\$ 120,856,318</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, 2022

	<u>Per Examination*</u>
Claims unpaid	\$ 3,722,000
Unpaid claims adjustment expenses	84,251
Aggregate health policy reserves	75,252
Premiums received in advance	1,264,080
General expenses due or accrued	1,055,812
Amounts withheld or retained for the account of others	1,381,458
Amounts due to parent, subsidiaries and affiliates	1,541,037
Payables for securities	694,528
Liability for amounts held under uninsured plans	1,907,991
Uninsured claim administration expense reserve	117,392
Miscellaneous liability	186
Total liabilities	11,843,987
Gross paid in and contributed surplus	14,546,833
Unassigned funds (surplus)	94,465,498
Total capital and surplus	109,012,331
Total liabilities, capital, and surplus	\$ 120,856,318

* 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, 2022

	<u>Per Examination*</u>
Member months	4,963,421
Net premium income	<u>\$ 123,985,145</u>
Total Revenues	123,985,145
Hospital and Medical:	
Other professional services	<u>105,478,146</u>
Subtotal	105,478,146
Less:	
Total Hospital and Medical	105,478,146
Claims adjustment expenses including \$1,518,758 cost containment expenses	3,413,433
General administrative expenses	<u>10,906,123</u>
Total underwriting deductions	119,797,702
Net underwriting gain or (loss)	4,187,443
Net investment income earned	2,332,841
Net realized capital gains	<u>114,557</u>
Net investment gains	2,447,398
Net gain or (loss) from agents' or premium balances charged off	2,308
Aggregate write-ins for other income or expenses	<u>(500,000)</u>
Net income, or (loss) after capital gains tax and before all other federal income taxes	6,137,149
Federal and foreign income taxes incurred	<u>2,182</u>
Net income	<u><u>\$ 6,134,967</u></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

	2022	2021	2020
Capital and surplus prior reporting year	\$117,427,235	\$ 101,073,707	\$ 87,676,910
Net income or (loss)	6,134,967	17,185,238	5,849,800
Change in net unrealized capital gains (losses)	(14,550,990)	(835,030)	7,540,033
Change in nonadmitted assets	1,119	3,320	6,964
Change in surplus as regards policyholders for the year	(8,414,904)	16,353,528	13,396,797
Surplus as regards policyholders, December 31 current year	<u>\$ 109,012,331</u>	<u>\$ 117,427,235</u>	<u>\$101,073,707</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022 based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no significant issues noted during the course of the examination.

SUBSEQUENT EVENTS

There were no significant subsequent events noted through the date of this report of examination.

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 Merlinos & Associates, a Davies Company, performed an examination of Delta Dental Plan of Indiana, Inc., as of December 31, 2022.

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.

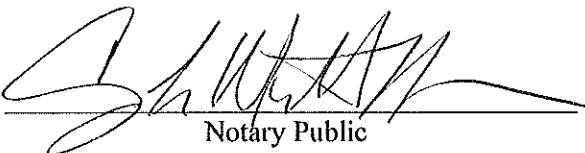
The attached Report of Examination is a true and complete report of the condition of Delta Dental Plan of Indiana, Inc. as of December 31, 2022, as determined by the undersigned.


Eric Dercher, CFE
Noble Consulting Services, Inc.

State of: Kansas
County of: Johnson

On this 6 day of June, 2024, 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: 2/22/25 
Notary Public

