

Report of Examination of

Dental Care Plus, Inc
Cincinnati, Ohio

As of December 31, 2009

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Columbus, Ohio
March 18, 2011

Honorable Mary Taylor
Lt. Governor/Director
State of Ohio
Department of Insurance
50 West Town Street, Suite 300
Columbus, Ohio 43215

Dear Madam:

In accordance with Section 3901.07 of the Ohio Revised Code ("ORC"), an examination was made of

Dental Care Plus, Inc

an Ohio domiciled, stock, life insurance company, hereinafter referred to as the "Company." The examination was conducted at the Company's home offices, located at 100 Crowne Point Place, Cincinnati, Ohio, 45241.

A report of this examination is hereby respectfully submitted.

The Department last examined the Company as of December 31, 2004. Representatives of the Department conducted the current examination covering the intervening period to and including December 31, 2009.

Management and Control

Board of Directors

Management of the Company is vested in its Board of Directors, which was comprised of the following members as of the examination date.

Name	Principal Occupation
Fred J. Bronson, D.D.S	Dentist
Michael J. Carl, D.D.S	Dentist
Anthony A. Cook, M.B.A, M.S	President and Chief Executive Officer, The Company
Jack Cook, M.H.A	Dentist

Ross Geiger	Vice President of Business Development, Key Bank
Roger M. Higley, D.D.S	Dentist
David A. Kreyling, D.M.D	Dentist
James E. Kroeger, M.B.A, C.P.A	Director of Internal Audit, The Midland Company
Donald J. Peak, C.P.A	President, PDmB, Inc.
Fred H. Peck, D.D.S	Dentist
Molly M. Rogers, C.P.A	Director of Reimbursement, St. Elizabeth Medical Center
Stephen T. Schuler, D.M.D	Dentist
Mark Zigoris, D.D.S	Dentist

Officers

As of the examination date, the following officers were elected and serving in accordance with the Company's Bylaws:

Name	Title
Anthony A. Cook, M.B.A, M.S	President and Chief Executive Officer
Fred J. Bronson, D.D.S	Secretary
Fred H. Peck, D.D.S	Treasurer
Robert C. Hodgkins, Jr.	Vice President and Chief Financial Officer

Insurance Holding Company System

The Company is a member of a holding company system as defined in Section 3901.32 of the ORC. The following displays the chain of ownership of the holding company system as of December 31, 2009.

DCP Holding Company
Adenta Inc.
Dental Care Plus, Inc.
Insurance Associates Plus, Inc.

Reinsurance

The Company did not assume or cede any risks under a reinsurance contract.

Territory and Plan of Operations

The Company is licensed and authorized to transact business in the states of Indiana, Kentucky, and Ohio and writes prepaid dental insurance.

Scope of Examination

One of the purposes of the examination was to make an assessment of the financial condition of the Company as of December 31, 2009. To substantiate the various items, tests were made either by complete audits of accounts or by sampling methods prescribed by the NAIC Examiner's Handbook. In selecting the examination procedures used, due consideration was given to the importance of each account to overall solvency. Transactions occurring subsequent to the date of the examination were reviewed to the extent deemed necessary.

For each year during the period under examination, the Certified Public Accounting ("CPA") firm of Deloitte & Touche LLP has provided an unqualified opinion based on statutory accounting principles. Relevant work performed by the CPA firm, during its annual audit of the Company, was reviewed during the examination and incorporated into the examination workpapers.

The Department's actuary reviewed the relevant work performed by the opining actuary, to report on the adequacy of the carried reserves, and to comment on any other statutory matters relating to reserves.

In addition, the following items were reviewed during the course of this examination:

1. Company history;
2. fidelity bonds and other insurance;
3. officers', employees', and agents' welfare and pension plans;
4. growth of Company;
5. loss experience;
6. pending litigation;
7. Articles of Incorporation and Bylaws.

Financial Statements

The financial condition and the results of its operations for the five year period under examination as reported and filed by the Company with the Department and audited by the Company's external auditors, are reflected in the following:

Statement of Assets, Liabilities, Surplus and Other Funds
Statement of Revenue and Expenses
Statement of Changes in the Capital and Surplus Account

Statement of Assets, Liabilities, Surplus and Other Funds

December 31, 2009

Admitted assets

Cash and invested assets:	
Bonds	\$2,031,426
Real estate	479,696
Cash and short-term investments	<u>6,147,775</u>
Total cash and invested assets	8,658,897
Investment due and accrued	4,980
Uncollected premiums and agents' balances in course of collection	385,040
Current federal and foreign income tax recoverable and interest	
Thereon	133,287
Net deferred tax asset	200,276
Electronic data processing equipment and software	143,571
Healthcare and other amounts receivable	<u>4,250</u>
Total admitted assets	<u>\$9,530,301</u>

Liabilities, capital and surplus

Liabilities:	
Claims unpaid	\$2,271,420
Unpaid claims adjustment expenses	45,095
Premiums received in advance	973,847
General expenses due and accrued	1,050,490
Amounts withheld or retained for the account of others	5,134
Amounts due to parent, subsidiaries and affiliates	27,741
Liability for amounts held under uninsured plans	212,423
Aggregate write-ins for other liabilities	<u>23,633</u>
Total liabilities	4,609,783
Capital and surplus:	
Common capital stock	1,365,663
Gross paid in and contributed surplus	1,023,089
Unassigned funds	<u>2,531,766</u>
Total capital and surplus	<u>4,920,518</u>
Total liabilities, capital and surplus	<u>\$9,530,301</u>

Statement of Revenue and Expenses

**For the Year Ended
December 31, 2009**

Net premium income	\$45,421,695
Aggregate write-ins for other non-health revenues	<u>2,162,507</u>
Total revenues	<u>47,584,202</u>
Hospital and Medical:	
Hospital/medical benefits	<u>37,028,104</u>
Total hospital and medical	<u>37,028,104</u>
Claims adjustment expenses	1,007,524
General administrative expenses	<u>10,031,382</u>
Total underwriting deductions	<u>48,067,010</u>
Net underwriting loss	<u>(482,808)</u>
Net investment income earned	<u>183,154</u>
Net investment gains	<u>183,154</u>
Net loss from agents' or premium balances charged off	(4,724)
Aggregate write-ins for other income or expenses	<u>2,309</u>
Net loss after capital gains tax and before all other federal income taxes	<u>(302,069)</u>
Federal and foreign income taxes incurred	<u>72,531</u>
Net loss	<u><u>\$(374,600)</u></u>

Statement of Changes in the Capital and Surplus Account

(In thousands)

	2005	2006	2007	2008	2009
Capital and surplus December 31, previous year	\$3,626	\$3,894	\$4,171	\$4,670	\$5,174
Net income	311	175	494	641	(375)
Net change in unrealized capital gains (losses)	10	(3)	(25)	(15)	(18)
Change in net deferred income tax	(87)	(4)	76	(91)	136
Change in nonadmitted assets	186	107	(40)	(31)	3
Cumulative effect of changes in accounting principles	-	-	(6)	-	-
Capital paid in	1,366	-	-	-	-
Transfer from surplus	-	901	-	-	-
Surplus paid in	(1,268)	2	-	-	-
Transfer to capital	-	(901)	-	-	-
Dividends to stockholders	(250)	-	-	-	-
Net change in capital and surplus	268	277	499	504	(254)
Capital and surplus end of period	<u>\$3,894</u>	<u>\$4,171</u>	<u>\$4,670</u>	<u>\$5,174</u>	<u>\$4,920</u>

Notes to Financial Statements

Investments

At December 31, 2009, the Company's investments were primarily comprised of the following:

<u>Invested Assets</u>	<u>Ratio to Total</u>	
	<u>Investments</u>	<u>Assets</u>
Bonds	23.5%	21.3%
Real estate	5.5%	5.0%
Cash	71.0%	64.5%
Totals	<u>100.0%</u>	<u>90.8%</u>

The Company's investments were in compliance with Section 3907.14 of the ORC.

Unpaid Claims and Unpaid Claims Loss Adjustment Reserves

The Company retained Timothy P. Berghoff, F.S.A, M.A.A, a Consulting Actuary, to certify the unpaid claims and unpaid claims adjustment expenses reserves for the years

covered by the examination. The Department's Actuary, Mary Miller, F.C.A.S, M.A.A.A, reviewed the detailed calculations for the reserves as of December 31, 2009.

Based on the above-mentioned analysis, it was determined that unpaid claims and unpaid claims loss adjustment reserves were reasonable as of December 31, 2009.

Subsequent Events

There were no material subsequent events.

Conclusion

The balance sheet contained in this Report of Examination reflects the financial condition of the Company as of December 31, 2009, and is summarized as follows:

Total Assets	<u>\$9,530,301</u>
Liabilities	\$4,609,783
Surplus as Regards Policyholders	<u>4,920,518</u>
Total Liabilities and Surplus as Regards Policyholders	<u>\$9,530,301</u>

Acknowledgement

Appreciation is expressed for the assistance extended by the officers and employees of the Company during the course of this examination.

In addition to the undersigned, the following representative of the Department participated in this examination: Methuselah E Nyangoro, CFE, CPA.

Respectfully,



David A. Cook, CFE
Assistant Chief Examiner
Ohio Department of Insurance

Verification

As required by Section 3901.07 of the Ohio Revised Code, the undersigned hereby attest to the best of their knowledge and belief that the attached is a true Report of Examination as of December 31, 2009.

Dea Com 4/22/11
Assistant Chief Examiner Date

State of Ohio
County of Franklin

Personally appeared before me the above named David A. Cook, personally known to me, who executed the above instrument and that the statements and answers contained therein are true and correct to the best of his/her knowledge and belief.

Subscribed and sworn to before me this 11 day of April, 2011.

Elizabeth Chase
(Notary Public)
ELIZABETH CHASE
NOTARY PUBLIC, STATE OF OHIO
~~MY COMMISSION EXPIRES MAY 22, 2012~~
My Commission Expires