

EXAMINATION REPORT OF
DELTA DENTAL OF IOWA
JOHNSTON, IOWA
AS OF DECEMBER 31, 2022

Johnston, Iowa
June 5, 2024

HONORABLE DOUG OMMEN
Commissioner of Insurance
State of Iowa
Des Moines, Iowa

Commissioner,

In accordance with your authorization and pursuant to Iowa statutory provisions, an examination has been made of the records, business affairs, and financial condition of

DELTA DENTAL OF IOWA

JOHNSTON, IOWA

AS OF DECEMBER 31, 2022

with its headquarters at 9000 Northpark Drive, Johnston, Iowa.

INTRODUCTION

Delta Dental of Iowa, hereinafter referred to as the “Company”, was last examined as of December 31, 2021 by the Iowa Insurance Division.

The Company’s wholly owned subsidiary, Veratrus Benefit Solutions, Inc. (“VBS”), was examined concurrently with this examination with a separate report prepared for each entity.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2022, to the close of business on December 31, 2022, including any material transactions and events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that the Division plan and perform the examination to evaluate the financial condition, 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 is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

The examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was incorporated on October 22, 1970, as a nonprofit corporation under Chapter 504A of the Code of Iowa. Its purpose of incorporation was for establishing, maintaining, and operating a voluntary nonprofit dental care company by which professional dental services are provided to persons or groups of persons who shall become subscribers to such a company.

Effective January 1, 2005, the Company changed its name from Delta Dental Plan of Iowa to Delta Dental of Iowa.

On January 1, 2010, the Company created a wholly owned subsidiary, Veratrus Benefit Solutions, Inc. (VBS) to distribute the DeltaVision product.

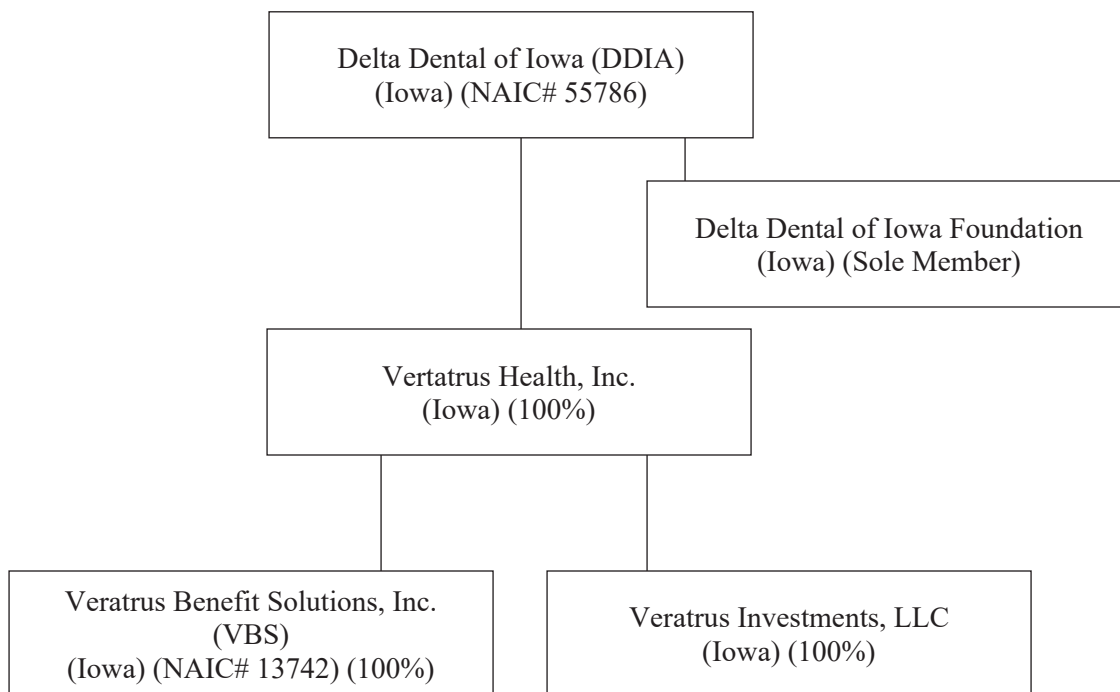
On February 27, 2017, DDIA set up a for-profit holding company, Veratrus Health, Inc. (“VHI”), and purchased 10,000 shares of common stock of VHI for consideration of \$1,050,000 and all common stock of VBS. VHI is incorporated in the State of Iowa as a for-profit corporation and is the holding company of various organizations offering services in the State of Iowa.

On February 27, 2017, DDIA created Veratrus Investments, LLC (“VILLC”), an Iowa limited liability company, as a subsidiary of VHI. VHI is the sole member of VILLC.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A of the Code of Iowa. The Company is the ultimate controlling person for the group. An Insurance Holding Company System Registration Statement was filed with the Iowa Insurance Division for each year of the examination period.

An organizational chart identifying the Companies within the Holding Company System as of December 31, 2022 is as follows:



MANAGEMENT AND CONTROL

MEMBERSHIP

The Restated Bylaws provide that the membership of the corporation shall consist of providers, who are participating dentists, who hold a current license to practice dentistry under Chapter 153, Code of Iowa, with an office located in the State of Iowa, and who have contracted with the Company to provide dental services to subscribers of the Company.

Subscribers are individuals who have a current contract with the Company for dental services and includes individuals eligible for medical assistance or additional medical assistance as defined under Chapter 249A, Code of Iowa, with respect to whom the Iowa Department of Human Services has entered into a contract with the Company. Subscribers of the Company who are elected to the Board of Directors are also members.

The annual meeting of the Company's members is to be held at such place, date and time as the Board of Directors shall fix each year, which date shall be the earlier of the first six months after the end of the Company's fiscal year or 15 months after the members' last annual meeting. Special meetings of the members may be called at any time by the Board of Directors, the Chair of the Board, or the President, or upon written request of five percent (5%) of the members.

Notice stating the place, date, and time of each meeting of the members, annual or special, is to be communicated to each member who is entitled to vote at the meeting not less than ten days or more than 60 days before the date of the meeting.

Ten members present in person shall constitute a quorum for the transaction of business. A quorum for the approval of any amendment to the Company's Articles of Incorporation and for the removal of more than one director requires 25 percent of the members to be present in person.

Each member of the Company is entitled to one vote on the election of directors and each matter properly submitted to a vote at a meeting of the members. Voting on proposals to amend the Articles of Incorporation, elect directors, and on other matters which are required by law to be submitted to a vote of the members, shall be cast by written ballot. Voting by proxy is not permitted under any circumstances.

BOARD OF DIRECTORS

The Restated Bylaws provide that all corporate powers are to be exercised by or under the authority of, and the business affairs of the Company are to be managed under the direction of, the Board of Directors.

The number of directors of the Company shall be either nine (9) or twelve (12), as determined from time to time by the Board of Directors. In all events, exactly two-thirds of the directors shall be subscribers and exactly one-third shall be providers.

Subscribers and providers, to be eligible for election as directors, must meet the qualifications set forth in Section 514.4, Code of Iowa, and the administrative regulations issued thereunder, as well as the other eligibility requirements set forth in the Bylaws.

Directors are initially elected for a three-year term and may be re-elected for additional successive terms of one to three years based upon the resource needs of the Company. No director may be elected to serve for more than the equivalent of four consecutive three-year terms (totaling twelve years) except for the Chief Executive Officer. Directors shall hold office for the term to which they were elected or appointed and until their successors have been elected and qualified. All directors with more than four consecutive three-year terms of service at the time that the Restated Bylaws were adopted were eligible to be nominated for one additional three-year term of service.

The Board of Directors is to hold an annual meeting immediately following the annual meeting of the members for the election of officers of the Company, the designation of committees of the Board and the transaction of other business as may properly come before the meeting. Notice of such meeting need not be given. The annual meeting of the Board of Directors shall be held at the same location as the annual meeting of members.

A majority of the number of directors fixed by the Restated Bylaws constitutes a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors.

The members of the Board of Directors, duly elected and qualified, as of December 31, 2022, were as follows:

<u>Name and Address</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Ed Brown (Chair) West Des Moines, Iowa	Clinic Strategist The Iowa Clinic	2023
Donna Grant Paulson Norwalk, Iowa	Doctor of Dental Surgery Norwalk Family Dentistry	2023
Scott Yegge Ankeny, Iowa	Owner/Vice-President Advanced Family Dentistry	2023
Maria Fuller Corning, Iowa	Doctor of Dental Surgery Fuller Family Dental, PLC	2024
Tom Mahoney West Des Moines, Iowa	Retired Chairman/CEO ITA Group Holdings, Inc	2024
Jeff Russell* Des Moines, Iowa	President and CEO Delta Dental of Iowa	2024
Rowena Crosbie Earlham, Iowa	President Tero International, Inc.	2025
Gregory Dunn Cedar Rapids, Iowa	Vice President/Retired North Risk Partners	2025

*Effective June 22, 2023, the Board accepted the resignation of Jeff Russell as President and CEO and appointed April Schmaltz, SVP Marketing and Sales, and Todd Herren, SVP Technology and Operations, as interim Co-CEOs. April Schmaltz was elected to the Delta Dental of Iowa Board on September 15, 2023. On January 8, 2024, April Schmaltz was named the new President & CEO.

BOARD COMMITTEES

The Restated Bylaws provide that the Board of Directors shall have the following standing committees: (i) Governance Committee, (ii) Executive and Compensation Committee, (iii) Finance and Audit Committee, and (iv) Subscriber Director Nominating Committee, and, by resolution, may create further committees. The Board of Directors has created the Investment Committee and the Retirement Plan Committee.

Members of a committee and the chair of each committee shall be appointed annually by the Chair of the Board, subject to the approval of the Board of Directors at its annual meeting. Committees may exercise such power and carry out such functions as designated in the Restated Bylaws, in any resolution of the Board of Directors, or as otherwise delegated by the Board of Directors. A majority of the members of a committee constitute a quorum for the transaction of business. The act of a majority of the members present at a meeting at which a quorum is present is the act of a committee.

The Governance Committee is a Board Committee whose primary responsibilities are to make recommendations to the Board, on Board organization and procedures, evaluate the performance of the Board, and nominate directors. All Committee members must be independent directors.

The membership of the Governance Committee as of December 31, 2022, was as follows:

<u>Member</u>	<u>Position</u>
Donna Grant	Provider Director, Chair
Maria Fuller	Provider Director
Greg Dunn	Subscriber Director
Ed Brown	Subscriber Director

The Executive and Compensation Committee is a Board Committee whose primary responsibilities are to provide guidance and oversee all employee and director compensation and benefit programs, the Company's Total Compensation Policy, and to oversee the evaluation, selection and retention of the Company's Chief Executive Officer.

The membership of the Executive and Compensation Committee as of December 31, 2022, was as follows:

<u>Member</u>	<u>Position</u>
C. Edward Brown	Subscriber Director, Chair
Rowena Crosbie	Subscriber Director, Vice-Chair
Donna Grant	Provider Director

The Finance and Audit Committee is a Board Committee whose primary responsibilities are to monitor the Company's financial reporting process and internal control systems.

The membership of the Finance and Audit Committee as of December 31, 2022 was as follows:

<u>Member</u>	<u>Position</u>
Thomas Mahoney, Jr.	Subscriber Director, Chair
Rowena Crosbie	Subscriber Director
Scott Yegge	Provider Director

The Investment Committee is a Board Committee whose primary responsibilities are to develop the Company's investment strategy and monitor its implementation.

The membership of the Investment Committee as of December 31, 2022, was as follows:

<u>Member</u>	<u>Position</u>
Jeffrey Russell*	Officer and Subscriber Director
Sherry Perkins	Officer
Adam Voigts	External Representative
Brian Thompson	External Representative
Donn Hutchins	External Representative

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PROVIDER APPEALS COMMITTEE

The Provider Appeals Committee of the Company is a committee whose primary responsibilities are to hear appeals from participating dentists whose contracts with the Company have been served with a Notice of Termination with cause and to hear appeals from providers who are denied participation in any Delta Dental of Iowa network as a result of the initial credentialing process.

The Committee may consist of up to twelve (12) members who are participating dentists or representatives of Delta Dental of Iowa contract holders, none of which are current members of the Board of Directors. Appointment of Committee members shall be made by the Chair of the Board of Directors with the approval of the Board of Directors as referenced in the Uniform Regulations.

The Committee shall act as three-person panels to hear and decide appeals of providers who, after being notified that their Participation Agreements with the Company are being terminated, timely notify the Company that he or she is appealing the Company's decision. The membership of the Provider Appeals Committee as of December 31, 2022, was as follows:

<u>Member</u>	<u>Position</u>
Andrew Tice	Subscriber Member, Chair
Cliff Cavalier	Subscriber Member
Cheri Klyn	Subscriber Member
Penny Schmidt	Subscriber Member
Dr. Brian Howe	Provider Member
Dr. Hayley Harvey	Provider Member
Dr. John Campbell	Provider Member

OFFICERS

As stated in the Revised Bylaws, the officers of the Company shall consist of a Chair of the Board, a Vice Chair of the Board, a Chief Executive Officer, a President, a Secretary and a Treasurer, and such other officers as may be elected or appointed by the Board of Directors from time to time at the discretion of the Board of Directors, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. Any two or more offices may be held by the same person.

The officers of the Company shall be elected annually by the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected and qualified or until his or her death, resignation or

removal. Any officer may be removed by the Board of Directors with or without cause, and for any reason or no reason, at any time, but such removal shall be without prejudice to the contract rights if any, of the person so removed.

The officers duly elected and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
Jeffrey S. Russell*	President and Chief Executive Officer
Sherry M. Perkins	Vice President, Finance and Controller, Secretary and Treasurer
Michael L. Elam	Vice President, Underwriting & Actuarial
Suzanne B. Heckenlaible	Vice President, Public Affairs
Todd D. Herren	Senior Vice President, Technology and Operations
Elizabeth A. Myers	Vice President, Operations
Jeffrey G. Chaffin, DDS	Chief Dental Officer
April E. Schmaltz	Senior Vice President, Marketing and Sales
Gretchen N. Hageman	Vice President, Government Programs

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The compensation for the above officers is shown in Exhibit A to be found immediately following the signature page of this report.

CONFLICT OF INTEREST

The Company has an established procedure for the annual disclosure to its Board of Directors of any material interest or affiliation on the part of its officers, directors or key employees which is in conflict with, or is likely to be in conflict with, the official duties of such persons. A review of these statements indicated there were no conflicts found that would appear to interfere with that person's official duties.

CORPORATE RECORDS

The minutes of the meetings of the policyholders, Board of Directors, and Board committees were read and noted. They were complete and properly attested.

The minutes of the Board of Directors meeting held December 8, 2023, acknowledged the review and receipt of the Iowa Insurance Division 2021 Financial Examination Report.

The Articles of Incorporation were not amended or restated during the examination period.

The Bylaws were amended on December 10, 2021, with changes to the wording of Articles III, IV, and V, regarding the Meeting Place of Members, Director Eligibility, and Duties of the Executive and Compensation committee. The Company removed the maximum age restriction for the Board of Directors and made the Executive and Compensation committee responsible for the Chief Executive Officer succession planning.

FIDELITY BONDS AND OTHER INSURANCE

Under its Insurance Company Bond coverage, the Company is protected against loss from Employee Dishonesty up to \$5,000,000 for single loss and \$5,000,000 aggregate limit of insurance for bond coverage.

The other interests of the Company appear to be adequately protected through coverages afforded by policies in force.

INTERCOMPANY AGREEMENTS

The Company has a management agreement with VHI whereby the Company makes its employees available to VBS to perform services necessary to conduct its business operations. VHI reimburses the Company for all direct costs incurred on behalf of VBS. Direct costs are based upon allocation percentages agreed upon in writing by the two parties.

The Company has a management agreement with Veratrus Health, Inc. whereby the Company makes its employees available to VHI to perform services necessary to conduct its business operations. VHI reimburses the Company for all direct costs incurred on behalf of VHI. Direct costs are based upon allocation percentages agreed upon in writing by the two parties.

On July 24, 2007, the Company established the Delta Dental of Iowa Foundation (“DDIAF”), a 501(c)3 corporation approved by the Internal Revenue Service, to administer funds set aside for community impact programs which exist to support and improve the oral health of Iowans. The Company is the sole member of DDIAF and annually funds its Community Impact Program in correlation to its financial performance.

The Company has a management services agreement with DDIAF under which the Company provides accounting and other services to DDIAF for which DDIAF pays the Company a management fee.

EMPLOYEE WELFARE

The Company provides group life insurance, disability insurance, medical insurance, vision insurance, and dental insurance to all eligible employees. The Company also provides a qualified contributory 401(k) Plan covering substantially all employees. The Company makes contributions to the 401(k) plan matching a portion of employee contributions.

The Company established the Delta Dental of Iowa Supplemental Retirement Plan (“SERP Plan”), a nonqualified deferred compensation plan, on January 1, 2010, to provide for supplemental retirement benefits for selected management and highly compensated employees. The Company makes discretionary contributions to the SERP Plan, and unvested benefits are held by the Company.

The Company established the Delta Dental Plan of Iowa 457(b) Retirement Plan (“457 Plan”) on July 1, 2003, to provide deferred compensation benefits for a select group of management and directors in accordance with Part 1 of Title 1 of ERISA. The select group of management and directors enters into a salary deferral agreement with the Company to elect to contribute a portion of their compensation to the 457 Plan.

The Company established the Delta Dental of Iowa Executives 457(f) Retirement Plan (“457(f) Plan”) on January 1, 2016, to provide for incentive and retention benefits for selected executive employees. The Company makes discretionary contributions to the 457(f) Plan, and unvested benefits are held by the Company.

Effective January 1, 2020, the Company established the Delta Dental of Iowa 2020 Executive Long-Term Incentive Plan (the “LTIP Plan”). The primary purpose of the LTIP Plan is to focus the executive team on long-term strategic initiatives that help meet the Company’s mission and enhance the long-term sustainability and growth of the Company.

REINSURANCE

The reinsurance contracts of the Company were reviewed, and no contract provisions were found to be outside the custom of the industry. All contracts had acceptable insolvency clauses and transfer of risk. The Company has no reinsurance contracts with unauthorized reinsurers.

The Company has an agreement with Delta Dental Insurance Company, an unaffiliated dental provider domiciled in California and assumes certain dental insurance under a 2.53 percent risk sharing contract that covers three separate programs.

TERRITORY AND PLAN OF OPERATION

The Company is a nonprofit corporation licensed to write business in the state of Iowa. The Company maintains and operates a dental care plan by which dental services are provided under contract to subscribers by dentists licensed and registered in the state of Iowa. Both local and national contracts are administered, which have the key feature of giving subscribers access to the local provider networks maintained by the Company, as well as the national provider networks of the Delta Dental system under the DeltaUSA program.

The Company is a member of the Delta Dental Plans Association, whose purpose is to promote an increase in the availability of dental care to the public by encouraging the expansion of dental benefit programs administered through independent Delta Dental member companies operating in all 50 states, the District of Columbia and Puerto Rico.

The Company primarily offers traditional fee-for-service products through a discount arrangement with contracted providers. It offers two commercial products, Delta Dental Premier and Delta Dental Preferred Provider Organization (PPO).

The Company also participates in the federally facilitated health exchange (“ACA”) and contracts with the State of Iowa Department of Human Services to administer dental benefits under the Children’s Health Insurance Program (“CHIP”) which is known as the Hawki program and under the state’s Medicaid Expansion Program, known as the Dental Wellness Plan.

GROWTH OF COMPANY

The growth of the Company is reflected by the following data taken from the filed annual statements for the years indicated.

(thousands omitted)

<u>Year</u>	<u>Total Admitted Assets</u>	<u>Capital and Surplus</u>	<u>Total Revenues</u>	<u>Total Claims</u>	<u>Net Investment Income</u>
2022	\$ 166,169,121	\$ 103,849,700	\$ 206,764,906	\$ 166,180,340	\$ 2,815,281
2021	163,747,152	100,193,837	187,833,722	149,161,033	3,255,263
2020	143,134,984	87,501,656	152,285,751	114,448,596	3,030,410
2019	112,519,723	78,951,533	158,086,086	128,676,058	2,750,159
2018	94,943,399	71,101,639	168,291,436	139,592,374	2,645,380

ACCOUNTS AND RECORDS

Trial balances of the Company's general ledgers were taken for each year under examination and were found to be in agreement with the office copies of the filed annual statements for those years. Cash receipts and disbursements were tested to the extent deemed necessary.

During the course of the examination, no material aggregate surplus difference was identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2022.

SUBSEQUENT EVENTS

Effective June 22, 2023, the Board accepted the resignation of Jeff Russell as President and CEO and appointed April Schmaltz, SVP Marketing and Sales, and Todd Herren, SVP Technology and Operations, as interim Co-CEOs. April Schmaltz was elected to the Delta Dental of Iowa Board on September 15, 2023. On January 8, 2024, April Schmaltz was named the new President & CEO.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

Note: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2022.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Assets</u>	<u>Non-Admitted</u>	<u>Admitted</u>
Bonds	\$ 51,419,612	\$	\$ 51,419,612
Common stocks	28,722,402	6,719,860	22,002,542
Real estate properties occupied by the company	11,845,511		11,845,511
Cash, cash equivalents and short-term investments	66,205,502		66,205,502
Other invested assets	3,843,091		3,843,091
Receivables for securities	2,416		2,416
Investment income due and accrued	308,383		308,383
Uncollected premiums and agents' balances in the course of collection	2,991,074	101,741	2,889,333
Amounts receivable relating to uninsured plans	5,044,599		5,044,599
Electronic data processing equipment and software	1,745,855		1,745,855
Furniture and equipment	419,946	419,946	
Receivables from parent, subsidiaries and affiliates	132,024	2,229	129,795
Healthcare and other amounts receivable	732,530	46	732,484
Prepaid Expenses and Deposits	3,735,567	3,735,567	
Inventory	92,266	92,266	
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 177,240,777	\$ 11,071,656	\$ 166,169,121

LIABILITIES, SURPLUS AND OTHER FUNDS

Claims Unpaid		\$ 6,597,178
Unpaid claims adjustment		446,991
Aggregate health policy reserves		33,159,653
Premiums received in advance		2,847,561
General expenses due or accrued		11,648,027
Amounts withheld or retained for the account of others		617,144
Amounts due to parent, subsidiaries, and affiliates		655,335
Liability for amounts held under uninsured plans		167,200
Other Liabilities		80,332
Community Impact Fund		6,100,000
		<hr/>
Total Liabilities		\$ 62,319,422
		<hr/>
Unassigned funds (surplus)		\$ 103,849,700
		<hr/>
Total liabilities, capital and surplus		\$ 166,169,121

STATEMENT OF REVENUE AND EXPENSES

Member Months	9,867,319
Net premium income	<u>\$ 206,764,906</u>
Total revenues	<u>\$ 206,764,906</u>
<u>Hospital and Medical:</u>	
Hospital/medical benefits	<u>\$ 154,351,279</u>
Subtotal	<u>\$ 154,351,279</u>
<u>Less:</u>	
Net reinsurance recoveries	\$ (11,829,061)
Total hospital and medical	166,180,340
Claims adjustment expenses	5,070,783
General administrative expenses	27,143,320
Increase in reserves for life and accident and health contracts	<u>150,757</u>
Total underwriting deductions	<u>\$ 198,545,200</u>
Net underwriting gain or (loss)	<u>\$ 8,219,706</u>
Net investment income earned	\$ 2,684,580
Net realized capital gains or (losses)	<u>130,701</u>
Net investment gains or (losses)	\$ 2,815,281
DeltaUSA Income (expense)	(82,419)
Other Income (expense)	209,148
Other Income Related to Retrospective Contracts	<u>200,009</u>
Net income after capital gains tax and before all federal income taxes	<u>\$ 11,361,725</u>
Net income	<u>\$ 11,361,725</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and surplus prior reporting year	<u>\$ 100,193,836</u>
Net income	\$ 11,361,725
Change in net unrealized capital gains (losses) less capital gains tax	(4,718,047)
Change in non-admitted assets	<u>(2,987,815)</u>
Net change in capital and surplus for the year	<u>\$ 3,655,863</u>
Capital and surplus end of reporting period	<u>\$ 103,849,700</u>

CASH FLOW

Cash from Operations

Premiums collected net of reinsurance	\$ 204,549,572	
Net investment income	3,087,764	
Miscellaneous income	326,738	
Total		\$ 207,964,075
Benefit and loss related payments	\$ 172,095,435	
Commissions, expenses paid and aggregate write-ins for deductions	25,827,496	
Total		<u>197,922,931</u>
Net cash from operations		<u>\$ 10,041,143</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	\$ 7,978,725	
Stocks	379,392	
Other invested assets	130,919	
Miscellaneous proceeds	1,803,051	
Total investment proceeds		\$ 10,292,086
Cost of investments acquired:		
Bonds	\$ 12,140,725	
Stocks	1,103,704	
Other invested assets	1,830,211	
Total investments acquired		<u>15,074,641</u>
Net cash from investments		<u>\$ (4,782,554)</u>

Cash from Financing and Miscellaneous Sources

Other cash provided (applied)	<u>\$ (2,584,121)</u>	
Net cash from financing and miscellaneous sources		<u>\$ (2,584,121)</u>

Reconciliation of Cash, Cash Equivalents, and Short-Term Investments

Net change in cash, cash equivalents and short-term investments		\$ 2,674,468
Cash, cash equivalents and short-term investments:		
Beginning of year		<u>63,531,034</u>
End of year		<u>\$ 66,205,502</u>

CONCLUSION

The cooperation and assistance extended by the officers and employees of the Company during the course of this examination is hereby acknowledged.

In addition to the undersigned, examiners from the Iowa Insurance Division participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Bob Wong

Bob Wong, CFE
Examiner-in-Charge
Iowa Insurance Division
State of Iowa