



I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Delta Dental of North Carolina as of December 31, 2024 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 18th day of May, 2026.



Mike Causey  
Commissioner of Insurance

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Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
Financial Examination Division

**Delta Dental of North Carolina**

Raleigh, North Carolina

**Report on Examination**

As of December 31, 2024

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April 15, 2026

Honorable Mike Causey  
Commissioner of Insurance  
State of North Carolina  
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-65-105 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

### **Delta Dental of North Carolina**

(hereinafter referred to as the “Company” or “DDNC”) at its main administrative and statutory home office located at 3737 Glenwood Avenue, Suite 320, Raleigh, North Carolina 27612. The following report on examination is respectfully submitted.

### **SCOPE OF THE EXAMINATION**

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2020, to December 31, 2024, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company was as of December 31, 2019.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

This was a coordinated financial examination of seven (7) insurance company subsidiaries of Renaissance Health Service Corporation (“RHSC”) (collectively known as the “Group”). Michigan served as the Lead State, and the participating states included North Carolina, Tennessee, Indiana, New Mexico, Ohio, and New York

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process, and the following key functional activities were identified:

Capital and Surplus  
Investments  
Reinsurance  
Related Parties  
Reserves/Claims Handling  
Taxes and Expenses  
Underwriting

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This 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 from the Company's financial statements.

This examination report includes significant findings of facts 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 the Company.

The Company's Annual Statements ("AS"), work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Plante & Moran, PLLC of East Lansing, Michigan, the designated independent public accountant of the Company, issued an unmodified opinion for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2024.

## REPORT ACRONYMS

Annual Statement	“AS”
Board of Directors	“Board”
Delta Dental of Minnesota	“DDMN”
Delta Dental Plan Association	“Association”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Information Technology General Controls	“ITGCs”
Information Technology Planning Questionnaire	“ITPQ”
National Association of Insurance Commissioners	“NAIC”
North Carolina Department of Insurance	“Department”
Red Cedar Investment Management, LLC	“RCIM”
Renaissance Health Service Corporation	“RHSC”
“Group” includes the following companies:	
Delta Dental of North Carolina	“Company” or “DDNC”
Delta Dental of Tennessee	“DDTN”
Delta Dental Plan of Indiana, Inc.	“DDIN”
Delta Dental Plan of Michigan, Inc.	“DDMI”
Delta Dental Plan of New Mexico, Inc.	“DDNM”
Delta Dental Plan of Ohio, Inc.	“DDOH”
Renaissance Life & Health Insurance Company of America	“Renaissance America”
Renaissance Life & Health Insurance Company of New York	None

## SUMMARY OF SIGNIFICANT FINDINGS

### COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. The Company's Audit and Finance Committee meeting minutes did not contain the appointment of the Company's independent accountant for the years ended December 31, 2023, and 2024 pursuant to GS § 58-10-245(b). The Company is directed to comply with GS § 58-10-245(b).
- b. The Company violated GS § 58-19-30(b) by failing to provide written notice to the Department at least 30 days prior to entering into an amendment to its Investment Advisory Services Agreement with Red Cedar Investment Management, LLC ("RCIM"). GS § 58-19-30(b) requires such notice for amendments or modifications of affiliated agreements that were previously filed on a Form D and shall include the reason for the change and the financial impact on the domestic insurer. The Company is directed to comply with GS § 58-19-30(b).

## ORGANIZATIONAL STRUCTURE

DDNC is part of an insurance holding company system as defined in GS § 58-19. RHSC, a Michigan nonprofit holding corporation, is the sole corporate member of Delta Dental Plan of Michigan, Inc. ("DDMI"), Delta Dental of Tennessee ("DDTN"), Delta Dental Plan of New Mexico, Inc. ("DDNM"), Delta Dental of Kentucky, Inc., DDNC, and Delta Dental Plan of Arkansas, Inc.

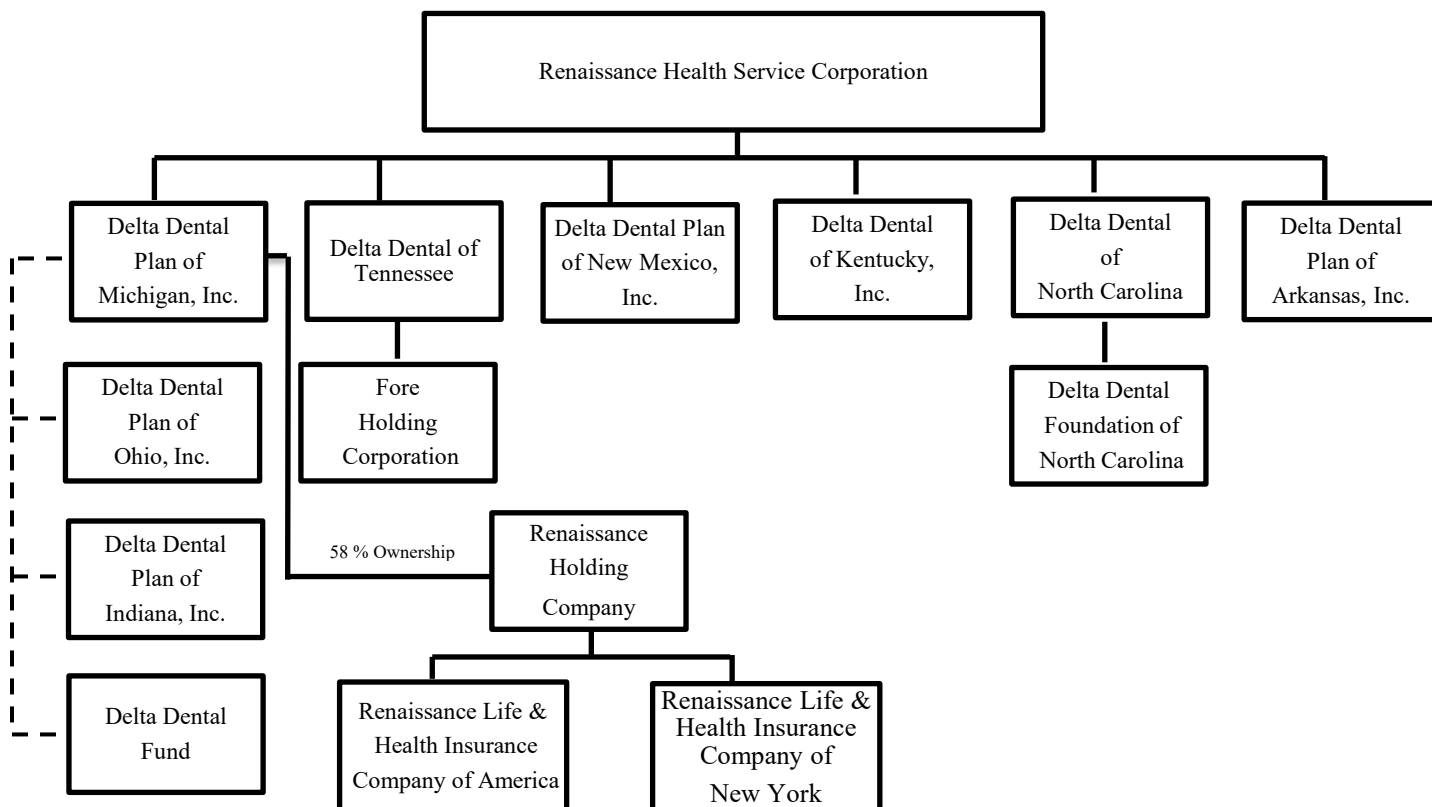
DDMI controls Delta Dental Plan of Ohio, Inc. ("DDOH"), Delta Dental Plan of Indiana, Inc. ("DDIN"), DDNC and Delta Dental Fund, Inc., a Michigan nonprofit, charitable organization established in 1982 to serve as the philanthropic arm of DDMI. DDNC is the sole member of the Delta Dental Foundation of North Carolina, a North Carolina nonprofit, charitable organization established in 2024 exclusively for charitable, educational and specific purposes in support of DDNC's philanthropic activities.

DDTN owns Fore Holding Corporation, a Tennessee holding company established for conducting various business and investment activities separately from the insurance operations. The Delta Dental affiliates are non-profit corporations and member companies of the Delta Dental Plans Association ("Association"), a nationwide system of independently operated dental health service plans offering subscribers access to dental care through a national network of providers.

DDMI owns the majority of the common stock of Renaissance Holding Company, which owns two life and health insurers authorized to offer life, accident, disability, dental, and vision insurance products in multiple states and the District of Columbia (Renaissance Life & Health Insurance Company of America ("Renaissance America")) and Renaissance Life & Health Insurance Company of New York).

## ORGANIZATIONAL CHART

The Company’s 2024 AS Schedule Y contains a complete organizational chart. The following is a summarized organizational chart of the Company within the holding company group as of December 31, 2024:



## COMPANY HISTORY

The Company is a nonstock, nonprofit dental service corporation licensed under GS § 58-65. The Company was incorporated on September 28, 1970, and commenced business on September 11, 1973.

In August 2007, the Company entered into a shared services agreement with Delta Dental of Minnesota (“DDMN”) and received a certificate of contribution from DDMN totaling \$3.0 million on December 4, 2007. Effective December 21, 2009, the Company received another certificate of contribution from DDMN totaling \$1.5 million. On December 10, 2010, the Company repaid all outstanding certificates of contribution and accrued interest.

The Company became affiliated with RHSC effective December 10, 2010, and pursuant to an affiliation agreement, RHSC became the sole corporate member of the Company. The shared services agreement between the Company and DDMN was terminated effective October 1, 2011.

On December 10, 2010, the Company received certificates of contribution totaling \$15.0 million from various RHSC affiliates with an annual interest rate of 4%, of which \$10.0 million was repaid as of December 31, 2016. In 2017 and 2018, the Company repaid outstanding certificates of contributions totaling \$2.0 million and \$2.0 million, respectively, and made accrued interest payments totaling \$546,667 and \$631,113 in 2017 and 2018, respectively. The Company’s payment of the remaining certificates of contribution totaling \$1.0 million and accrued interest totaling \$326,146 was approved by the Department on July 2, 2019. The Company had no outstanding surplus notes as of December 31, 2024.

## **MANAGEMENT AND CONTROL**

### **CORPORATE GOVERNANCE**

#### **Membership**

The bylaws provide that an annual meeting of the member, RHSC, shall be held for the election of directors and for the transaction of general business at such date and time as the Board of RHSC may designate at the principal office of the Company or other such place as designated in the notice of the meeting. A special meeting of the member, RHSC, may be called by the chairperson of the Board of RHSC or the Board of the Company.

#### **Board of Directors**

The business of the Company is conducted by its management and subject to review by the Board. The number of directors shall be no less than five (5) and no more than fifteen (15). In the absence of a resolution adopted by the Board, the number of directors elected at the annual meeting plus the number of directors continuing in office shall constitute the number of directors of the Company until the next annual meeting unless the number is changed by action of the directors. At least one (1) director of the Board shall be licensed to practice dentistry in the State of North Carolina. The terms of the directors shall be for three (3) years, unless sooner displaced, and thereafter until their successors shall be elected and qualified.

The following individuals served as directors as of December 31, 2024:

<b>Name</b>	<b>Business Location</b>	<b>Principal Occupation</b>
James Rose Jr.	Raleigh, NC	State President at United Community Bank and Chair of the Board
Sheila Ahler	Apex, NC	Retired CPA and Secretary and Treasurer of DDNC
Courtney Crowder	Raleigh, NC	Managing Director at APCO Worldwide and Vice Chair of the Board
Leah Devlin	Raleigh, NC	Retired State Health Director
Kara Henderson	Warrenton, NC	Dentist and Owner of Henderson & Henderson, LLC
Stewart Holmes	Winston-Salem, NC	Triad Market President at United Community Bank
Moira LoCascio	Charlotte, NC	Chief Executive Officer at MYgroup and Immediate Past Chair of the Board
Rajesh Manickam	Durham, NC	Owner and Pharmacist, Vedic Pharmacy LLC
Claire Niver	Raleigh, NC	Owner and President, Espy Consulting Group, LLC

The Board established an Audit and Finance Committee, a Risk Committee, an Executive Committee, and a Nominating Committee to act on behalf of the Company.

The following individuals served on the Board’s established committees as of December 31, 2024:

**Audit and Finance Committee**

Sheila Ahler, Chair  
Leah Delvin  
Stewart Holmes  
Raj Manickam  
James Rose Jr.

**Risk Committee**

Stewart Holmes, Chair  
Courtney Crowder  
James Rose Jr.  
Claire Niver  
Kara Henderson

**Executive Committee**

James Rose Jr., Chair  
Courtney Crowder  
Moria LoCascio  
Sheila Ahler

**Nominating Committee**

James Rose Jr., Chair  
Courtney Crowder  
Claire Niver  
Kara Henderson

**Officers**

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of the Chair of the Board, Vice Chair of the Board, Immediate Past Chair of the Board, a Secretary, a Treasurer, a Chief Executive Officer and one or more additional vice chairpersons, assistant secretaries, assistant treasurers or other officers as deemed necessary.

The Chief Executive Officer shall be elected in a manner consistent with the terms and conditions of any and all voting agreements, proxies and/or affiliation agreements entered into by the Company. The other officers of the Company shall be elected by the Board at the annual meeting. The Vice Chair of the Board, the Immediate Past Chair of the Board, Secretary, and Treasurer serve for a term of one (1) year and for a maximum of three such terms, unless otherwise provided for by a resolution adopted by the Board. The offices of Secretary and Treasurer may be held, but are not required to be held, by the same individual

The following individuals served as officers of the Company as of December 31, 2024:

Name	Title
Curtis Ladig	President & Chief Executive Officer
James Rose Jr.	Chair of the Board
Sheila Ahler	Secretary and Treasurer
Courtney Crowder	Vice Chair of the Board
Maira LoCascio	Immediate Past Chair of the Board
Amy Basel	Chief Financial Officer

## **CODE OF CONDUCT AND CONFLICT OF INTEREST**

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company acted in accordance with its policies and procedures for disclosure of conflicts of interest.

## **CORPORATE RECORDS**

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events and that the directors approved these transactions and events, with the exception of the appointment of the Company's independent certified public accountant for the years ended December 31, 2023, and 2024 (Refer to Summary of Significant Findings).

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. Effective April 1, 2023, the Company amended its bylaws as follows: 1) annual meetings shall be held on a date and time designated by the Board of the member instead of the Board of the Company; 2) to modify the minimum number of voting directors from at least nine (9) to no less than five (5) and no more than (15); 3) raise the minimum age a director may be elected from 72 at the time their term expires to 75; and 4) to increase the maximum number of allowable terms an officer other than the Chief Executive Officer can serve from two (2) to three (3). Based on the review, it appears that no other changes to the Company's articles of incorporation and bylaws were made during the examination period.

## **STATUTORY DEPOSITS**

No statutory deposit is maintained by the Company based on the requirements of the Department for doing business in the state of North Carolina.

## **ACCOUNTS AND RECORDS**

The Company's books and records are maintained at the main administrative office at 3737 Glenwood Avenue, Suite 320, Raleigh, North Carolina, 27612.

## **INFORMATION TECHNOLOGY CONTROLS**

A risk-based assessment and review of the Group's IT General Controls ("ITGCs") was performed in accordance with NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Group's ITGCs were derived from Exhibit C Part 1 – Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 – Information Technology Work Program (collectively, "Exhibit C"). The Group's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The objectives were to obtain reasonable assurance about whether:

- a. the Group had a process in place to effectively identify, mitigate and manage its IT risks.
- b. the Group's control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. the Group was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Group's policies and procedures, testing in key areas related to Exhibit C, interviewing the Group's IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by the Group's independent accounting firm.

Based upon the risk-based assessment and review, the Group's ITGCs were determined to be effective.

## **FIDELITY BONDS AND OTHER INSURANCE**

The Company is a named insured under a fidelity bond issued to RHSC and affiliates, which provides \$900,000 in coverage to the Company, which exceeds the minimum recommended by the Handbook. The Company also maintains a Managed Care Errors and Omissions Liability Insurance Policy with a liability limit of \$10,000,000.

In addition, RHSC maintains a Cyber Errors and Omissions Liability Policy, covering the Company and its affiliates, with a liability limit of \$60,000,000. These other insurance policies appear to be adequate to cover risks in the normal course of business.

## **EMPLOYEE BENEFITS AND DEFERRED COMPENSATION PLANS**

The Company has a 401(k) Defined Contribution Plan for employees who become eligible on the date of hire. To comply with safe harbor requirements, the Company makes a basic contribution on behalf of each participant equal to 3% of compensation. The Company may also make a discretionary profit-sharing contribution under this provision. A participant is fully vested in their contributions to this plan and any contributions made on their behalf by the Company. The Company incurred expenses totaling \$208,377 and \$175,710, in 2024 and 2023, respectively, related to this plan.

The Company sponsors 457(b) and 457(f) deferred compensation plans, which are funded fully by the Company and held in separate trust accounts. The Company reported 457(b) plan assets totaling \$390,224 and \$284,084 as of December 31, 2024, and 2023, respectively, and 457(f) plan assets totaling \$471,974 and \$415,440 as of December 31, 2024, and 2023, respectively.

## **RELATED PARTY AGREEMENTS**

The Company maintains an Investment Advisory Services Agreement with RCIM under which RCIM provides discretionary investment management services for a designated portion of DDNC's investment portfolio in accordance with approved investment guidelines. RCIM is authorized to buy and sell securities, provide cash management services, vote proxies, and, if necessary, engage sub-advisers to manage portions of the portfolio. In return, The Company pays a tiered investment advisory fee between 0.35% and 0.45% based on the daily weighted average of assets under management of the overall investment portfolio, calculated in arrears and billed quarterly. The Company paid RCIM for investment management services totaling \$90,901 and \$67,405 in 2024 and 2023, respectively. (See Summary of Significant Findings)

DDNC and Delta Dental Fund, Inc. maintain a charitable services relationship under which DDNC contributed \$175,000 and \$0 in 2024 and 2023, respectively, to Delta Dental Fund, Inc.

### Administrative Services Agreement

The Company has an Administrative Services Agreement effective February 1, 2017, with RHSC and its affiliates, including, but not limited to, DDPMI, DDTN, and Renaissance America. The agreement provides for the exchange of various administrative and operational services, including executive management oversight; accounting and financial reporting; budgeting and regulatory compliance; underwriting and policy administration; claims processing support; human resources services; and customer technology functions. Fees are charged utilizing actual volume-based invoices of subscriber count reports and the pre-determined per unit or per hour rates approved during budgeting. The agreement requires all outstanding amounts to be settled on a monthly basis. The Company paid DDPMI management fees totaling \$9,831,445 and \$8,684,084 in 2024 and 2023, respectively. Under this agreement, the Company engaged in the following service exchanges: 1) paid administrative service fees to DDTN totaling \$630,645 and \$553,309 in 2024 and 2023, respectively; 2) paid management fees to Renaissance America totaling \$1,726,550 and \$1,610,825 in 2024 and 2023, respectively; and 3) received marketing fees from Renaissance America totaling \$0 and \$2,295 in 2024 and 2023, respectively.

## **TERRITORY AND PLAN OF OPERATION**

As of December 31, 2024, the Company was licensed to write dental and vision benefit plans in the state of North Carolina. The Company fully insures dental and vision benefit plans for individual and employer groups and provides administrative services only for uninsured dental and vision benefit plans under contracts with various plan sponsors.

The Company is a member of the Association, which is comprised of a network of thirty-nine (39) independent Delta Dental companies operating in all 50 states, Puerto Rico, and other United States territories and provides the Company with access to a network of dentists throughout the country. The Company's policies are marketed through internal sales agents, independent brokers, and e-commerce methods.

## TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ending December 31, 2024:

Year	Net Admitted Assets	Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2024	\$43,661,147	\$26,983,639	\$156,468,526	\$156,468,526	\$1,803,929
2023	\$40,956,175	\$24,113,855	\$138,941,287	\$138,941,287	(\$2,541,370)
2022	\$38,498,689	\$25,503,256	\$116,903,222	\$116,903,222	\$5,695,348
2021	\$35,190,851	\$22,612,251	\$95,384,046	\$95,384,046	\$2,967,131
2020	\$31,241,572	\$19,614,139	\$81,518,757	\$81,518,757	\$8,411,774

## ACTUARIAL OPINION

Every insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary in accordance with GS § 58-65-100 and GS § 58-2-165 (c).

The statutory reserves and related items for 2024 were reviewed and certified by the Company's Appointed Actuary, Kevin R Sule, FSA, MAAA, Director & Chief Actuary associated with DDPMI. Actuarial opinions regarding the Company's reserves for claims unpaid and unpaid claim adjustment expenses were issued by an appointed actuary for all years in the examination period. The Appointed Actuary evaluated the data provided by the Company for reasonableness and consistency of the claims unpaid, unpaid claims adjustment expenses and aggregate health policy reserves. According to the actuarial opinions, the Company's reserve on the claims unpaid, unpaid claims adjustment expenses and aggregate health policy reserves met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all claims unpaid, unpaid claims adjustment expenses and aggregate health policy reserves of the Company.

## FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2024. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2023, are unexamined and are presented for comparative purposes only.

**Delta Dental of North Carolina**  
**Statutory Statement of Admitted Assets**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Bonds	\$16,899,593	\$16,099,766
Common stocks	9,369,819	7,554,431
Cash, cash equivalents and short-term investments	3,661,335	3,045,396
457B asset	390,224	284,084
457F asset	471,974	415,441
<b>Total cash and invested assets</b>	<b>30,792,945</b>	<b>27,399,118</b>
Investment income due and accrued	126,517	128,982
Uncollected premiums and agents' balances in the course of collection	2,933,205	2,803,494
Amounts receivable relating to uninsured plans	8,808,504	9,969,585
Electronic data processing equipment and software	-	20,598
Receivable from parent, subsidiaries, and affiliates	1,860	-
Miscellaneous receivable	938,116	634,398
<b>Total admitted assets</b>	<b>\$43,661,147</b>	<b>\$40,956,175</b>

**Delta Dental of North Carolina**  
**Statutory Statement of Liabilities and Surplus**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
Claims unpaid	\$4,436,870	\$5,185,100
Unpaid claims adjustment expenses	86,930	95,712
Aggregate health policy reserves	309,258	295,069
Premiums received in advance	1,740,993	1,601,435
General expenses due or accrued	3,529,039	3,247,783
Amounts withheld or retained for the account of others	944,152	719,102
Amounts due to parent, subsidiaries, and affiliates	2,155,121	2,854,115
Payable for securities	202,885	51,808
Liability for amounts held under uninsured plans	480,300	582,000
Stale-dated checks	2,636,672	2,021,236
Uninsured administrative reserve	136,325	163,960
Miscellaneous liabilities	18,963	25,000
<b>Total liabilities</b>	<b>16,677,508</b>	<b>16,842,320</b>
Statutory contingency reserve	11,286,215	9,712,761
Unassigned funds	15,697,424	14,401,094
<b>Total surplus</b>	<b>26,983,639</b>	<b>24,113,855</b>
<b>Total liabilities and surplus</b>	<b>\$43,661,147</b>	<b>\$40,956,175</b>

**Delta Dental of North Carolina**  
**Statutory Statement of Revenue and Expenses**  
**December 31, 2024**

	2024	2023 <i>(unexamined)</i>
<b>Underwriting income</b>		
Net premium income	\$156,468,526	\$138,941,287
Miscellaneous income	32,972	19,547
<b>Total revenues</b>	<b>156,501,498</b>	<b>138,960,834</b>
<b>Hospital and medical:</b>		
Other professional services	131,484,954	119,248,137
<b>Subtotal</b>	<b>131,484,954</b>	<b>119,248,137</b>
<b>Less:</b>		
Total hospital and medical	131,484,954	119,248,137
Claims adjustment expenses	4,838,088	4,104,421
General administrative expenses	19,982,463	18,261,764
Increase in reserves for life and accident and health contracts	6,000	(22,000)
<b>Total underwriting deductions</b>	<b>156,311,505</b>	<b>141,592,322</b>
<b>Net underwriting gain (loss)</b>	<b>189,993</b>	<b>(2,631,488)</b>
<b>Investment income:</b>		
Net investment income earned	1,493,318	1,248,917
Net realized capital gain (loss)	328,518	(1,102,757)
<b>Net investment gain</b>	<b>1,821,836</b>	<b>146,160</b>
Net gain (loss) from agents' or premium balances charged off	18,590	(603)
Miscellaneous expense	(604)	(12,580)
Contribution to delta dental fund	(175,000)	-
<b>Net income (loss) after capital gains tax and before all other federal income taxes</b>	<b>1,854,815</b>	<b>(2,498,511)</b>
Federal and foreign income taxes incurred	50,886	42,859
<b>Net income (loss)</b>	<b>\$1,803,929</b>	<b>(\$2,541,370)</b>

**Delta Dental of North Carolina  
Statutory Statement of Surplus  
December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
<b>Surplus, beginning of year</b>	\$24,113,855	\$25,503,256
Surplus increases (decreases):		
Net income (loss)	1,803,929	(2,541,370)
Change in net unrealized capital gains	1,024,292	1,685,647
Change in non-admitted assets	(31,233)	(612,528)
Other surplus change	72,796	78,850
<b>Net change in surplus</b>	<b>2,869,784</b>	<b>(1,389,401)</b>
<b>Surplus, end of year</b>	<b>\$26,983,639</b>	<b>\$24,113,855</b>

**Delta Dental of North Carolina**  
**Statutory Statement of Cash Flow**  
**December 31, 2024**

	<b>2024</b>	<b>2023</b> <i>(unexamined)</i>
<b>Cash from (used by) operations</b>		
Premiums collected net of reinsurance	\$156,732,456	\$138,335,878
Net investment income	1,542,417	1,106,915
Miscellaneous income	32,367	6,969
<b>Total</b>	<b>158,307,240</b>	<b>139,449,762</b>
Benefit and loss related payments	132,239,184	118,479,387
Commissions, expenses paid and aggregate write-ins	24,042,717	21,959,897
Federal income taxes paid	50,886	42,859
<b>Total</b>	<b>156,332,787</b>	<b>140,482,143</b>
<b>Net cash from (used by) operations</b>	<b>1,974,453</b>	<b>(1,032,381)</b>
<b>Cash from (used by) investments</b>		
Proceeds from investments sold, matured, or repaid	8,755,679	19,113,616
Cost of investments acquired	9,910,638	28,635,112
<b>Net cash from (used by) investments</b>	<b>(1,154,959)</b>	<b>(9,521,496)</b>
<b>Cash from (used by) financing and miscellaneous sources</b>		
Other cash applied	(203,555)	(1,068,530)
<b>Net cash from (used by) financing and miscellaneous sources</b>	<b>(203,555)</b>	<b>(1,068,530)</b>
<b>Reconciliation of cash and short-term investments</b>		
Net change in cash and short-term investments	615,939	(11,622,407)
Cash and short-term investments, beginning of year	3,045,396	14,667,803
<b>Cash and short-term investments, end of year</b>	<b>\$3,661,335</b>	<b>\$3,045,396</b>

## COMMENTS ON FINANCIAL STATEMENTS

### **Basis of Presentation and Summary of Significant Accounting Policies:**

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

**Bonds:** Carried at amortized cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the interest method. SVO-identified securities are stated at fair value.

**Common stocks:** Carried at fair value except investments in stock of subsidiaries, which are carried at a value determined under equity method.

**Loan-backed securities:** Carried at amortized cost. The retrospective adjustment method is used to value mortgage-backed securities, and the scientific interest method is used to value collateral mortgage obligations.

**Cash and short-term investments:** Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

**Premiums:** Health premiums are earned on a pro rata basis over the terms of the related insurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

**Non-admitted assets:** Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, prepaid expenses, furniture, equipment, electronic data processing equipment and software, and deferred tax assets, are “non-admitted” and are charges against surplus.

**Claims unpaid and unpaid claims adjustment expenses:** Include an amount determined from individual case estimates and loss reports and an amount, based on experience, for losses incurred but not reported. Estimated amounts of salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses.

## **Analysis of Assets:**

The following represents an analysis of the Company's net admitted assets at December 31, 2024:

	<b>Assets</b>	<b>Assets not Admitted</b>	<b>Net Admitted Assets</b>
Bonds	\$16,899,593	\$-	\$16,899,593
Common stocks	9,369,819	-	9,369,819
Cash, cash equivalents and short-term investments	3,661,335	-	3,661,335
457B asset	390,224	-	390,224
457F asset	471,974	-	471,974
<b>Total cash and invested assets</b>	<b>30,792,945</b>	<b>-</b>	<b>30,792,945</b>
Investment income due and accrued	126,517	-	126,517
Uncollected premiums and agents' balances in the course of collection	3,067,342	74,137	2,993,205
Amounts receivable relating to uninsured plans	8,809,645	1,141	8,808,504
Electronic data processing equipment and software	331,540	331,540	-
Furniture and equipment	753,570	753,570	-
Receivable from parent, subsidiaries and affiliates	1,860	-	1,860
Prepaid expense	481,455	481,455	-
Miscellaneous receivable	938,116	-	938,116
<b>Total admitted assets</b>	<b>\$45,302,990</b>	<b>\$1,641,843</b>	<b>\$43,661,147</b>

## **Administrative Services Contracts Related to Uninsured Plans:**

The Company has administrative services contracts with various plan sponsors of uninsured dental and vision benefit plans, whereby the Company provides general administrative, subscriber, claim adjudication, and marketing services in exchange for a fee based on a monthly per capita charge or on a claims-paid basis. Under these contracts, the Company pays claims upfront and seeks reimbursement from the dental plan sponsor or other risk-bearing third party.

Any upfront payments made by the Company, which have not been reimbursed, are classified as amounts receivable relating to uninsured plans, and any advance payments or deposits received by the Company from plan sponsors held by the Company are classified as a liability for amounts held under uninsured plans. The Company reported amounts receivable relating to uninsured plans totaling \$8,808,504 and \$9,969,585, as of December 31, 2024, and 2023, respectively, and amounts held under uninsured plans totaling \$480,300 and \$582,000, as of December 31, 2024, and 2023, respectively.

The following represents an analysis of the net effect on operations from administrative services contracts related to uninsured plans:

	2024	2023
Gross reimbursement for medical cost incurred	\$253,117,352	\$229,096,361
Gross administrative fees accrued	13,897,763	13,184,041
Gross expenses incurred (claim and administrative)	(270,423,304)	(243,121,589)
<b>Net effect on operations</b>	<b>(\$3,408,189)</b>	<b>(\$841,187)</b>

### **Third Party Administrator:**

The Company has an administrative services agreement with Wyssta Services, Inc., effective January 1, 2023, whereby Wyssta Services, Inc. administers the sales, enrollment, billing, premium collection and other services related to individual dental-benefits products on behalf of the Company. At December 31, 2024, and 2023, the Company reported miscellaneous receivables totaling \$692,960 and \$585,750, respectively, for the unremitted premiums collected on its behalf under this agreement. Monthly administrative fees and any pass-through costs incurred on behalf of the Company are billed by no later than the 15<sup>th</sup> day of the following month and shall be paid by the Company within 30 days of receipt. Under this agreement, the Company paid administrative fees to Wyssta Services, Inc. totaling \$1,453,817 and \$1,489,206 in 2024 and 2023, respectively.

### **Summary of Reserves:**

The following provides a reconciliation of the Company's reserves for claims unpaid and unpaid claims adjustment expenses:

	2024	2023
<b>Reserve for claims unpaid and unpaid claims adjustment expenses, beginning of year</b>	<b>\$5,280,812</b>	<b>\$4,542,215</b>
<b>Add:</b>		
Provision for claims incurred, current year	137,214,578	124,283,558
Change in provision for claims incurred, prior years	(891,536)	(931,000)
<b>Total incurred</b>	<b>136,323,042</b>	<b>123,352,558</b>
<b>Deduct:</b>		
Claims and claim adjustment expenses paid, current year	132,718,310	119,025,153
Claims and claim adjustment expenses paid, prior year	4,361,744	3,588,808
<b>Total paid</b>	<b>137,080,054</b>	<b>122,613,961</b>
<b>Reserves for claims unpaid and unpaid claims adjustment expenses, end of year</b>	<b>4,523,800</b>	<b>5,280,812</b>
<b>Increase (decrease) in reserve for claims unpaid and unpaid claims adjustment expenses</b>	<b>(\$757,012)</b>	<b>\$738,597</b>

### **Statutory Contingency Reserve:**

Dental service corporations must maintain a special contingency reserve equal to specified percentages of gross annual premium collections until the reserve reaches three times the average monthly expenditure pursuant to GS § 58-65-95(b). The Company reported a statutory contingency reserve totaling \$11,286,215 and \$9,712,761 as of December 31, 2024, and 2023, respectively.

### **Unclaimed Checks:**

The Company reported a liability for stale-dated checks totaling \$2,636,672 and \$2,021,236, as of December 31, 2024, and 2023, respectively, for unclaimed or uncashed checks issued primarily for claims related payments which had not yet met the dormancy period required for remittance to the State of North Carolina under the Unclaimed Property Act in GS § 116B.

### **Surplus:**

The following, in conjunction with the Statutory Statement of Surplus, represents the changes in the Company's surplus since the Department's last examination as of December 31, 2019:

	2022	2021	2020
<b>Surplus, beginning of year</b>	<b>\$22,612,251</b>	<b>\$19,614,139</b>	<b>\$10,977,475</b>
Surplus increases (decreases):			
Net income	5,695,348	2,967,131	8,411,774
Change in net unrealized capital gains (losses)	(1,791,118)	(35,020)	273,263
Change in non-admitted assets	(914,768)	66,001	(48,373)
Other surplus change	(98,457)		
<b>Change in surplus as regards policyholders for the year</b>	<b>2,891,005</b>	<b>2,998,112</b>	<b>8,636,664</b>
<b>Surplus, end of year</b>	<b>\$25,503,256</b>	<b>\$22,612,251</b>	<b>\$19,614,139</b>

### **Lease Commitments:**

The Company is obligated under an operating lease for office space which expires in 2038. The Company incurred rent expenses related to office space totaling \$311,000 and \$259,000, in 2024 and 2023, respectively.

The Company's future minimum annual lease payments under the non-cancelable operating lease are as follows:

<b><u>Year</u></b>	<b><u>Amount</u></b>
2025	\$328,774
2026	\$359,704
2027	\$370,496
2028	\$381,620
2029	\$393,074
Thereafter	\$3,778,512

## **Contingencies and Commitments:**

Beginning on October 11, 2019, multiple punitive class-action antitrust lawsuits were filed against the Association, DeltaUSA, and the thirty-nine (39) independent Delta Dental companies. These actions were consolidated in the United States District Court for the Northern District of Illinois. The plaintiffs, various dental providers, allege that certain Association rules and practices violate the Sherman Antitrust Act and seek damages on behalf of a putative class of providers that furnished dental goods or services to Delta Dental subscribers from 2015 to the present. Recently, the District Court denied the plaintiff's motion for class certification, and the case is now proceeding to summary judgement briefing, the outcome of which will determine which of the plaintiffs' claims, if any, will proceed to trial or any renewed mediation discussions.

## **SUBSEQUENT EVENTS**

Effective April 1, 2025, Matthew Meyer, FSA, MAAA, was appointed Chief Actuary of DDPMI, replacing Kevin R. Sule, the Company's Appointed Actuary.

Effective April 1, 2025, Courtney Crowder assumed the role of Chair of the Board, succeeding James Rose, Jr.

Effective May 16, 2025, the Company entered into an affiliated Master Subscription Agreement with DDMI. Under the agreement, DDMI will provide certain information technology products and services to the Company, including but not limited to, software, licenses, systems access, support services and maintenance.

Effective June 23, 2025, Courtney Crowder was elected as the Company's representative to the RHSC Board for a one (1) year term.

Effective October 2, 2025, Gregory Heaton was elected to the Board, replacing Moira LoCascio.

Effective October 2, 2025, Moira LoCascio was elected to the Board of Delta Dental Foundation of North Carolina.

**Delta Dental of North Carolina**  
**DISTRIBUTION OF REPORT ON EXAMINATION**  
**December 31, 2024**

Curtis Ladig, President and Chief Executive Officer  
Delta Dental of North Carolina  
3737 Glenwood Avenue, Suite 320  
Raleigh, North Carolina 27612

Glenn Simon, Director of Financial & Regulatory Reporting  
Delta Dental Plan of Michigan, Inc.  
Delta Dental Plan of Ohio, Inc.  
Delta Dental Plan of Indiana, Inc.  
Delta Dental of North Carolina  
4100 Okemos Road  
Okemos, Michigan 48864

## CONCLUSION

The examination procedures described herein revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum surplus requirements of GS § 58-65-95 for the kinds of insurance that the Company has been authorized to write, which is \$11,286,215.

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

Respectfully submitted,



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Monique D. Smith, CPA, CFE, CIA  
Deputy Commissioner  
North Carolina Department of Insurance

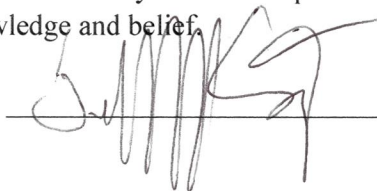
April 15, 2026

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Financial Examiner with the North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature:

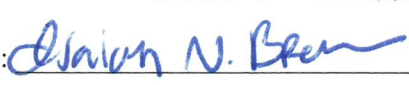


Date:

4/15/2026

Sworn and subscribed before me this 15<sup>th</sup> day of April, 2026.

Notary Public Signature:



Notary Public Seal:

