BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

In the Matter of:

DELTA DENTAL PLAN OF WEST VIRGINIA, INC. (NAIC #12329)

ADMINISTRATIVE PROCEEDING NO. 25-IC-182095

ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION

NOW COMES, Allan L. McVey, Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner"), who, after consideration of the Report of Financial Examination (hereinafter, the "Examination Report") of Delta Dental Plan of West Virginia, Inc. (hereinafter referred to as "Company"), as of December 31, 2023, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. The Company was incorporated and commenced business on June 15, 1962, under the laws of the State of West Virginia. The Company is authorized to operate as a domestic tax-exempt non-profit dental service corporation under the provisions of Article 24 of Chapter 33 of the West Virginia Code.

2. A single-state examination of the financial condition and operational affairs of the Company for period beginning January 1, 2020 and ending December 31, 2023, was conducted in as a component of a coordinated financial examination of the Dentegra Group, Inc. insurance group (the "Group") with the state of Delaware serving as the lead state.

3. On May 22, 2025, the examiner filed a Report of Financial Examination with the Insurance Commissioner pursuant to *West Virginia Code* §33-2-9(j)(2). A copy of the Report of Financial Examination is attached hereto as Exhibit A and incorporated herein as if set forth in full.

4. On or about June 11, 2025, a true and accurate copy of the Report of Financial Examination was mailed to and received by Katrina Young, Director Accounting and Financial Reporting. A copy of the letter dated June 11, 2025, is attached hereto as Exhibit B.

5. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated June 11, 2025, Exhibit B, was notified and afforded a period of ten (10) days, after receipt of the Report of Financial Examination, to make a submission, rebuttal, or objection concerning any matter contained in the Report.

6. By letter dated June 23, 2025, Matthew Dobson, Manager, Regulatory Compliance, acknowledged that he had reviewed the Report of Financial Examination and did not materially dispute the findings of the examination. A copy of the Company's letter of June 23, 2025, is attached hereto as Exhibit C.

CONCLUSIONS OF LAW

1. The Insurance Commissioner is charged with the duty of administering and enforcing the provisions of Chapter 33, of the West Virginia Code of 1931, as amended.

2. The Company is organized pursuant to provisions of Article 24, Chapter 33 of the *West Virginia Code*.

3. *West Virginia Code* § 33-2-9(j)(2) provides that no later than sixty (60) days following completion of the examination, the examiner in charge shall file with the Insurance Commissioner a verified, written Report of Financial Examination under oath, and, upon receipt of the verified report, the Insurance Commissioner shall transmit the Report of Financial Examination to the Company with a notice that shall afford the Company a reasonable opportunity, of not more than thirty (30) days, to make a written submission or rebuttal.

4. *West Virginia Code* § 33-2-9(j)(3) provides that within thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals the Insurance Commissioner shall fully consider and review the Report of Financial Examination, together with any written submissions or rebuttals, and shall enter an ORDER adopting the Report of Financial Examination as filed, or with modifications or corrections, enter an ORDER rejecting the Report of Financial Examination with directions to the examiners to reopen the examination or call for an investigatory hearing.

ORDER

It is therefore **ORDERED** as follows:

1. The Report of Financial Examination of the Company, attached hereto as Exhibit A, is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner.

2. A copy of this *Order Adopting Report of Financial Examination* and the Report of Financial Examination shall be mailed to the Company via certified mail, return receipt requested, upon entry by the Insurance Commissioner.

3. The Company shall file with the Insurance Commissioner, within thirty (30) days of the issuance of this Order, affidavits executed by each of its directors stating under oath that they have received a copy of the Report of Financial Examination and a copy of this *Order Adopting Report of Financial Examination* in accordance with *West Virginia Code* § 33-2-9(j)(4).

4. The Company shall take whatever actions are required to comply with the recommendations set forth in the Report of Financial Examination, if any, and shall demonstrate compliance to the satisfaction of the Insurance Commissioner, if necessary.

5. Inasmuch as orders entered by the Commissioner are subject to judicial review in the Intermediate Court of Appeals as set forth in W.Va. Code §51-11-4(b)(4), any person aggrieved

by this Order may, within 30 days after the entry of the judgment being appealed, file an appeal as set forth in W.Va. Code §33-2-14 and W.Va. R.A.P., Rule 5(b).

Entered this 27th day of June, 2025.

Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner

REPORT OF EXAMINATION

OF

DELTA DENTAL PLAN OF WEST VIRGINIA, INC.

CHARLESTON, WV

NAIC #12329

AS OF DECEMBER 31, 2023

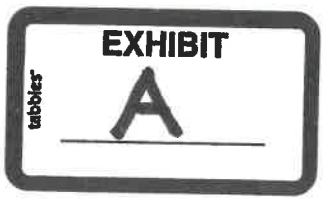


TABLE OF CONTENTS

SALUTATION 3
SCOPE OF EXAMINATION 4
SUMMARY OF SIGNIFICANT FINDINGS 5
HISTORY 5
MANAGEMENT AND CONTROL 7
  BOARD OF DIRECTORS 7
  OFFICERS 8
  COMMITTEES 8
  ORGANIZATIONAL CHART 9
  AGREEMENTS 10
TERRITORY AND PLAN OF OPERATION 11
REINSURANCE 11
FINANCIAL STATEMENTS 11
  STATEMENT OF ASSETS 12
  STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS 13
  STATEMENT OF REVENUE AND EXPENSES 14
  RECONCILIATION OF SURPLUS 15
SUMMARY OF EXAMINATION CHANGES 16
SUBSEQUENT EVENTS 16
SUMMARY OF EXAMINATION RECOMMENDATIONS 16
ACKNOWLEDGEMENT AND SIGNATURE 17

SALUTATION

May 22, 2025
Charleston, West Virginia

The Honorable Allan L. McVey
West Virginia Insurance Commissioner
900 Pennsylvania Ave.
Charleston, West Virginia 25302

Pursuant to the authority vested in the West Virginia Offices of the Insurance Commissioner ("WVOIC"), as well as rules, regulations and procedures promulgated by the National Association of Insurance Commissioners ("NAIC"), an examination has been made of the administrative affairs, books, records, and financial condition of:

Delta Dental Plan of West Virginia, Inc.

209 West Washington Street
Charleston, West Virginia 25302

hereinafter referred to as the "Company" or "DDWV". The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a financial examination of the Company. The last examination covered the four-year period from January 1, 2016, through December 31, 2019. This examination commenced on August 7, 2024, pursuant to W.Va. Code §33-2-9, as amended, and covers the four-year period from January 1, 2020 through December 31, 2023. This examination was conducted as a component of a coordinated financial examination of the Dentegra Group (the "Group") with the state of Delaware serving as the lead state. This coordinated examination included participation by representatives from the states of Arizona, Delaware, Massachusetts, New York, Pennsylvania, Texas, Utah and West Virginia.

As part of the coordinated examination, the lead state contracted INS Consultants, Inc. ("INS") to conduct an independent review of the Company's claims unpaid reserve and unpaid claims adjustment expenses reserve amounts reported by the Company as of December 31, 2023. The INS actuary's analysis was performed using a risk-focused approach according to the guidelines contained in the NAIC Financial Condition Examiners Handbook ("Handbook"). The INS Actuary concluded that the Company's balance sheet items within the scope of the review appeared to be fairly stated as of December 31, 2023.

In addition, the Examiners relied on the work of the IT Specialists representing the Delaware Department of Insurance ("DDI") for the review of IT general controls. Reliance was also placed on the testing completed by the DDI and other participating states over key functional activities of the Group that were relevant to the Company.

The purpose of this examination is to assess the financial condition 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.

The general procedures of the examination followed rules and standards as set forth in the Handbook and West Virginia Laws, Regulations, and Directives of the WVOIC. The examination was conducted to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and

assessing inherent risk within the Company and evaluating system controls and procedures used to mitigate those risks. In addition, the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statements of Statutory Accounting Principles (SSAP) and annual statement instructions were assessed.

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 report is presented on an exception basis. It is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were discussed with responsible Company officials during the course of the examination.

SUMMARY OF SIGNIFICANT FINDINGS

There are no significant findings as a result of this examination

HISTORY

The Company was incorporated on June 15, 1962 under the laws of the State of West Virginia to operate as a domestic tax-exempt non-profit dental service corporation. On December 2, 1987, the Company filed the trade name "Delta Dental of West Virginia" with the West Virginia Secretary of State and currently uses this name to market its products.

DDWV is a member of the Delta Dental Plans Association which is a national association of dental service corporations. Association members are provided various types of services and support including interplan administrative agreements, participation in national account contracts, national advertising, etc. In exchange for administrative fees, DDWV may process claims of subscribers located in West Virginia covered by dental services contracts issued by association members in other states.

Since November 1, 1987, DDWV has been contractually affiliated with Delta Dental of Pennsylvania ("DDP") and DDP affiliated companies by execution, termination and replacement of multiple management services agreements between the parties. Pursuant to the various management services agreements, DDWV has had no employees and all DDWV business operations have been administered by DDP since November 1, 1987.

The Company lost its status as a dental service corporation due to the inability to maintain the required statutory surplus, and effective October 1, 1997, the Company ceased writing risk-based business. Effective January 1, 2006, the Company was approved to transfer its Administrative Services Contracts (on renewal dates) to affiliate Delta Dental Insurance Company ("DDIC"), and insured contracts which had been written by DDIC were transferred back to DDWV. In April 2005, the WVOIC approved a $1.0 million surplus note between the Company and DDP which increased the Company's surplus to an amount exceeding the West Virginia statutory minimum surplus requirement of $2.0 million. The Company regained authorization to provide prepaid dental services in West Virginia upon meeting the statutory minimum surplus requirement in compliance with W. Va. Code §33-3-5b. This surplus note was repaid during 2013.

Since 1999, DDP has extended a guarantee to maintain DDWV's unencumbered surplus at or above the amount needed to exceed 125% of the company action level under the NAIC risk-based capital calculation for insurers writing a single line of health insurance.

During the examination period, there were no amendments to the Company's Articles of Incorporation. The Company's Bylaws were amended to change: Article Eight, Sections 1 was amended to define the term "Business Owner" as a Dentist or person who is authorized and has

executed a Business Owner Agreement; and Article Eight, Sections 2, 4 through 9, and 11 through 13 were amended to reference the term "Business Owner".

Dividends to Policyholders

The Company is a nonprofit and cannot pay dividends to policyholders per W.Va. Code §31E-1-150(17).

Mergers and Acquisitions

There were no mergers or acquisitions during the examination period.

Significant changes in key trends

Net underwriting gain has increased in each of the last four years as shown below:

NET UNDERWRITING GAIN			
2023	**2022**	**2021**	**2020**
$3,001,615	$1,008,525	$531,986	$207,817

MANAGEMENT AND CONTROL

BOARD OF DIRECTORS

The corporate powers of the Company are vested in the Board of Directors consisting of not less than three (3) nor more than six (6) members in compliance with Article Three of the Company's Bylaws. The individuals serving as members of the Board of Directors on December 31, 2023, were as follows:

Name	Title
Ann E. Gandy	Director
Nancy L. Keatley	Director
Michael D. Smith	Director
Ronald N. Walters	Director

OFFICERS

There shall be an election of officers annually by the Board of Directors at the same meeting of the Board of Directors at which directors are endorsed. At this meeting, the Board is required to elect a Chair of the Board, a Vice Chair, a Secretary, a Treasurer, and others designated by the Board. In addition, the President is an appointed officer and the CEO of the corporation.

Officers elected at the April 27, 2023 Board of Directors Meeting and serving as of December 31, 2023, were as follows:

Name	Title
Michael G. Hankinson, Esq.	Chair and Chief Legal Officer
Ronald N. Walters	Vice Chair
Alicia F. Weber	Treasurer and Chief Financial Officer
Andrea M. Fegley, Esq.	Secretary
Michael J. Castro	Chief Executive Officer
Sarah M. Chavarria	President

COMMITTEES

The Bylaws identify the Executive Committee as a standing committee of DDWV and allow for other committees designated by the Board of Directors. The Chair of the Board of Directors is an ex officio member of all standing committees without a vote. As of December 31, 2023, the Board has established and Executive Committee and has elected to use the Audit and Finance Committees of affiliate DDP in accordance with the service agreement between the two companies.

As of December 31, 2023, members serving on the Committees of the DDWV Board were as follows:

Executive Committee

Michael G. Hankinson, Esq., Chair (ex-officio)

Ronald N. Walters

Ann E. Gandy

Audit Committee (DDP)

Glen F. Bergett, Chair

Joseph P. Beck, Jr.

Eugene F. Carter, Jr.

Finance Committee (DDP)

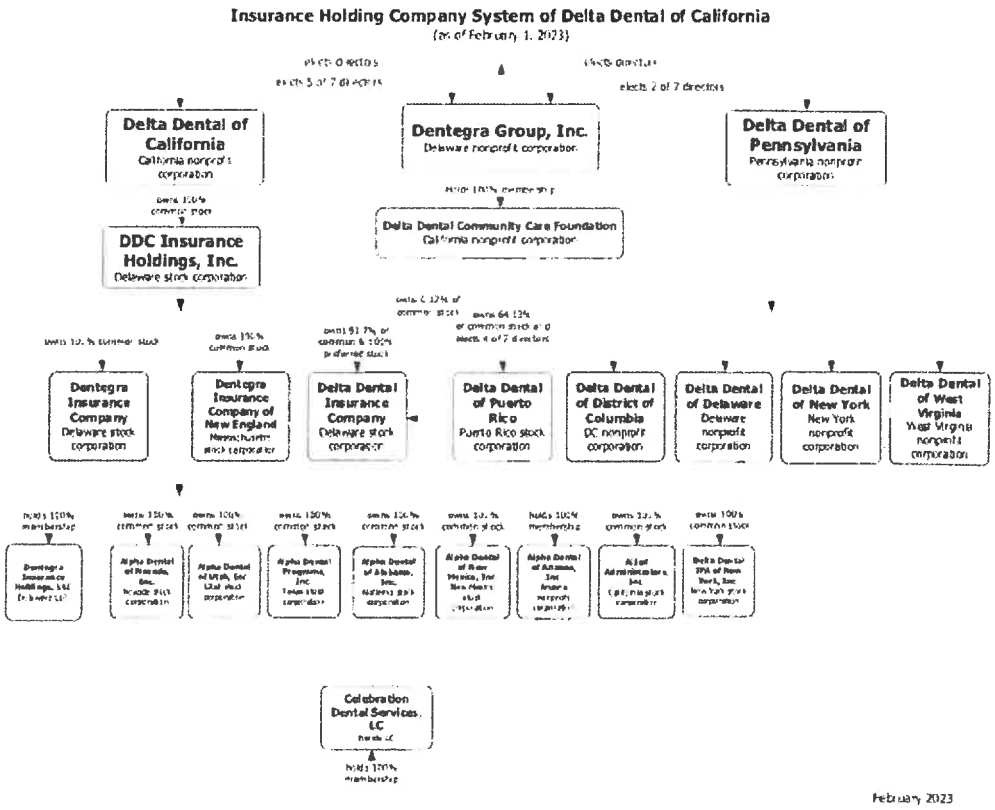
Joseph P. Beck, Jr., Chair

Glen F. Bergett

Eugene F. Carter, Jr.

ORGANIZATIONAL CHART

The Company is a member of an insurance holding company system. The following is an abbreviated organizational chart as of December 31, 2023:



AGREEMENTS

As of December 31, 2023, the Company had the following agreements in force:

Dental Administration Agreement

Effective January 1, 2006, and as amended, the Company entered into a Dental Administration Agreement with DDIC and DDP, whereby DDWV provides management services to DDIC in West Virginia and DDP provides management services to DDWV and DDIC in order to assist the growth of prepaid dental programs in West Virginia. This agreement stipulates an administrative fee to be paid by the Company to DDP based on a percentage of premium which varies by group size. During 2023, the Company transferred approximately $3.4 million to DDP for administrative fees.

Quota Share Reinsurance Agreement

Effective December 1, 2023, the Company became a party to a quota share reinsurance agreement with affiliate DDIC and AMFirst Insurance Company (AMFirst), which is more fully described below in the reinsurance section.

TERRITORY AND PLAN OF OPERATION

On December 31, 2023, the Company provides dental services to residents and groups only in the State of West Virginia.

REINSURANCE

Assumed

As of December 31, 2023, the Company had no assumed reinsurance.

Ceded

DDIC has a ceded reinsurance agreement with AMFirst effective January 1, 2007. Under this agreement, DDIC cedes 50% of premiums earned and claims incurred to AMFirst. Amendment 2 added the Company to this agreement effective December 1, 2023. During 2023, the Company ceded $1,927,770 of premiums, and $0 of claims.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the WVOIC and present the financial condition of the Company for the period ending December 31, 2023. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

STATEMENT OF ASSETS
DECEMBER 31, 2023

	Assets	Non-Admitted	Admitted Assets
Bonds	$ 15,252,498	$ -	$ 15,252,498
Common Stocks	1,577,628	-	1,577,628
Cash and Cash Equivalents	3,121,057	-	3,121,057
Subtotals	$ 19,951,183	$ -	$ 19,951,183
Investment Income Due and Accrued	$ 133,295	$ -	$ 133,295
Uncollected Premiums and Agents' Balances	221,653	10,176	211,477
Amounts Recoverable from Reinsurers	201	-	201
Receiveables from Parent, Subsidiaries and Affiliates	57,026	-	57,026
Aggregate Write-Ins	381,568	2,233	379,335
Total Assets	$ 20,744,926	$ 12,409	$ 20,732,517

STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS
DECEMBER 31, 2023

Claims Unpaid	$	280,000
Unpaid Claims Adjustment Expenses		6,000
Premiums Received in Advance		234,169
General Expenses Due or Accrued		507,942
Ceded Reinsurance Premiums Payable		1,928
Amounts Due to Parent, Subsidiaries and Affiliates		181,551
Aggregate Write-ins for Other Liabilities		2,772,147
Total Liabilities	**$**	**3,983,737**
Unassigned Funds (Suurplus)	$	16,748,780
Total Capital and Surplus	**$**	**16,748,780**
TOTAL	**$**	**20,732,517**

STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31, 2023

Member Months		818,406
Net Premium Income	$	20,876,470
Change in Unearned Premium Reserves and Reserve for Rate Credits		(71,475)
Total Revenues		**20,804,995**
Hospital and Medical:		
Hospital/medical benefits		12,939,773
Subtotal		**12,939,773**
Less:		
Net reinsurance recoveries		201
Total Hospital and Medical		**12,939,572**
Claims Adjustment Expenses		1,892,459
General Administrative Expenses		2,971,349
Total Underwriting Deductions		**17,803,380**
Net Underwriting Gain (Loss)		3,001,615
Net Investment Income Earned		598,342
Net Investment Gains (Losses)	$	598,342
Net Gain or (Loss) from Agents' or Premium Balances Charged Off		(11,947)
Aggregate Write-ins for Other Income or Expenses		(24,747)
Net Income	**$**	**3,563,263**

RECONCILIATION OF SURPLUS
DECEMBER 31, 2023

Surplus as of Prior Examination - 12/31/2019	$	$ 9,928,675
Net Income		$ 422,951
Change in net unrealized capital gains (losses)		$ 410,886
Change in nonadmitted assets		$ (9,372)
Net change in capital and surpls		$ 824,465
Surplus at December 31, 2020	$	$ 10,753,140
Net Income		$ 1,791,950
Change in net unrealized capital gains (losses)		$ (694,264)
Change in nonadmitted assets		$ (184,686)
Net change in capital and surpls		$ 913,000
Surplus at December 31, 2021	$	$ 11,666,140
Net Income		$ 1,346,293
Change in net unrealized capital gains (losses)		$ (323,843)
Change in nonadmitted assets		$ 9,487
Net change in capital and surpls		$ 1,031,937
Surplus at December 31, 2022	$	12,698,077
Net Income		3,563,263
Change in net unrealized capital gains (losses)		284,090
Change in nonadmitted assets		203,350
Net change in capital and surpls		4,050,703
Surplus at December 31, 2023	$	16,748,780

SUMMARY OF EXAMINATION CHANGES

There were no adjustments to the financial statements as a result of this examination:

SUBSEQUENT EVENTS

There were no other material subsequent events noted during the completion of the financial examination:

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no significant findings or recommendations as a result of the examination.

ACKNOWLEDGEMENT AND SIGNATURE

This is to certify that the undersigned is a duly qualified Examiner appointed by the WVOIC. In addition to the undersigned, Rachelle Gowins, CFE, MCM, consulting supervising examiner of Examination Resources, LLC, participated in the examination, as well as examiners representing the states of Arizona, Delaware, Massachusetts, New York, Pennsylvania, Texas, and Utah.

The examination was performed in accordance with those procedures authorized by the NAIC Financial Condition Examiner's Handbook and other procedures appropriate for this examination. The attached report of examination is a true and complete report of financial condition of Delta Dental Plan of West Virginia, Inc. as of December 31, 2023, as determined by this examination.

Respectfully Submitted,

Scott R. Kalna, CFE, AMCM
Examiner-in-Charge
Examination Resources, LLC
Representing the WV Offices of the Insurance Commissioner

Mary Jo Lewis, CPA
Chief Financial Examiner
Financial Conditions Division
WV Offices of the Insurance Commissioner

STATE OF WEST VIRGINIA
Offices *of the* Insurance Commissioner

Allan L. McVey
Insurance Commissioner

June 11, 2025

Ms. Katrina Young, Director, Accounting and Financial Reporting
Delta Dental Plan of West Virginia, Inc.
One Delta Drive
Mechanicsburg, PA 17055

RE: Report of Financial Examination as of December 31, 2023
Delta Dental Plan of West Virginia, Inc. NAIC: #12329

Dear Ms. Young:

Please find enclosed a copy of the Report of Examination of Delta Dental Plan of West Virginia, Inc. ("DDWV"). This examination was performed in accordance with the provisions of Chapter 33, Article 2, Section 9 of the West Virginia Code, as amended. The Report of Examination reflects the financial affairs and condition of DDWV, as of December 31, 2023.

You are hereby notified that you have ten (10) working days from receipt of this letter to make written submission or rebuttals with respect to any matter contained in the Report of Examination. If no exception is taken, please respond accordingly by the end of the ten (10) day comment period.

Sincerely,

Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner

ALM/mjl

Enclosure: Copy of Report of Examination

EXHIBIT
tabbies
B

DELTA DENTAL

300 Corporate Center Drive, Suite 600
Camp Hill, PA 17011

June 23, 2025

The Honorable Allan L. McVey
West Virginia Insurance Commissioner
900 Pennsylvania Ave.
Charleston, West Virginia 25302

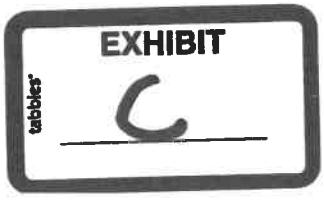
RE: Acknowledgment of Acceptance – Report of Financial Examination as of December 31, 2023 Delta Dental Plan of West Virginia, Inc. NAIC: #12329

Dear Mr. McVey:

We formally accept the Report of Examination of Delta Dental Plan of West Virgina dated May 22, 2025. We note that the examination did not identify any recommendations.

Thank you for your attention to this matter.

Sincerely,

Matthew Dobson

Matthew Dobson
Manager. Regulatory Compliance