

2017

Annual Report





Delta Dental of Michigan, Ohio, and Indiana had a productive and successful year in 2017, working within our mission of improving oral health through benefit plans, advocacy and community support.

Our dedicated employees focus on providing high-quality service to our customers, growing our business, building our networks of participating dentists, and improving the oral health and well-being of residents in the communities we serve.

In sales, we added more than \$146 million in new business in Michigan, Ohio and Indiana, representing more than 300,000 new subscribers. This put our total number of subscribers at nearly 4.7 million, covering more than 8.2 million lives. We had a 96 percent customer retention rate, which speaks highly of the quality of our company and the service we provide.

Red Cedar Investment Management, our financial services subsidiary, gained additional assets in 2017 and began developing innovative technology to help grow and attract new clients in the coming year. Red Cedar also worked to create strategic partnerships, such as its acquisition of Chesme Capital Management LLC in June 2017, to expand its services and capabilities.

Dewpoint, our information technology solutions company, continued its record of strong growth in 2017, and continued to identify marketing opportunities for our data center. And our information technology staff made great progress in 2017 on developing our advanced new technology platform, Roosevelt.

In 2017, we affirmed our commitment to the communities we serve through Delta Dental of Michigan, Ohio, and Indiana, and the philanthropic arm of the company, the Delta Dental Foundation. Together, we invested nearly \$4 million to improve the oral and overall health and well-being of children and adults in our three states.

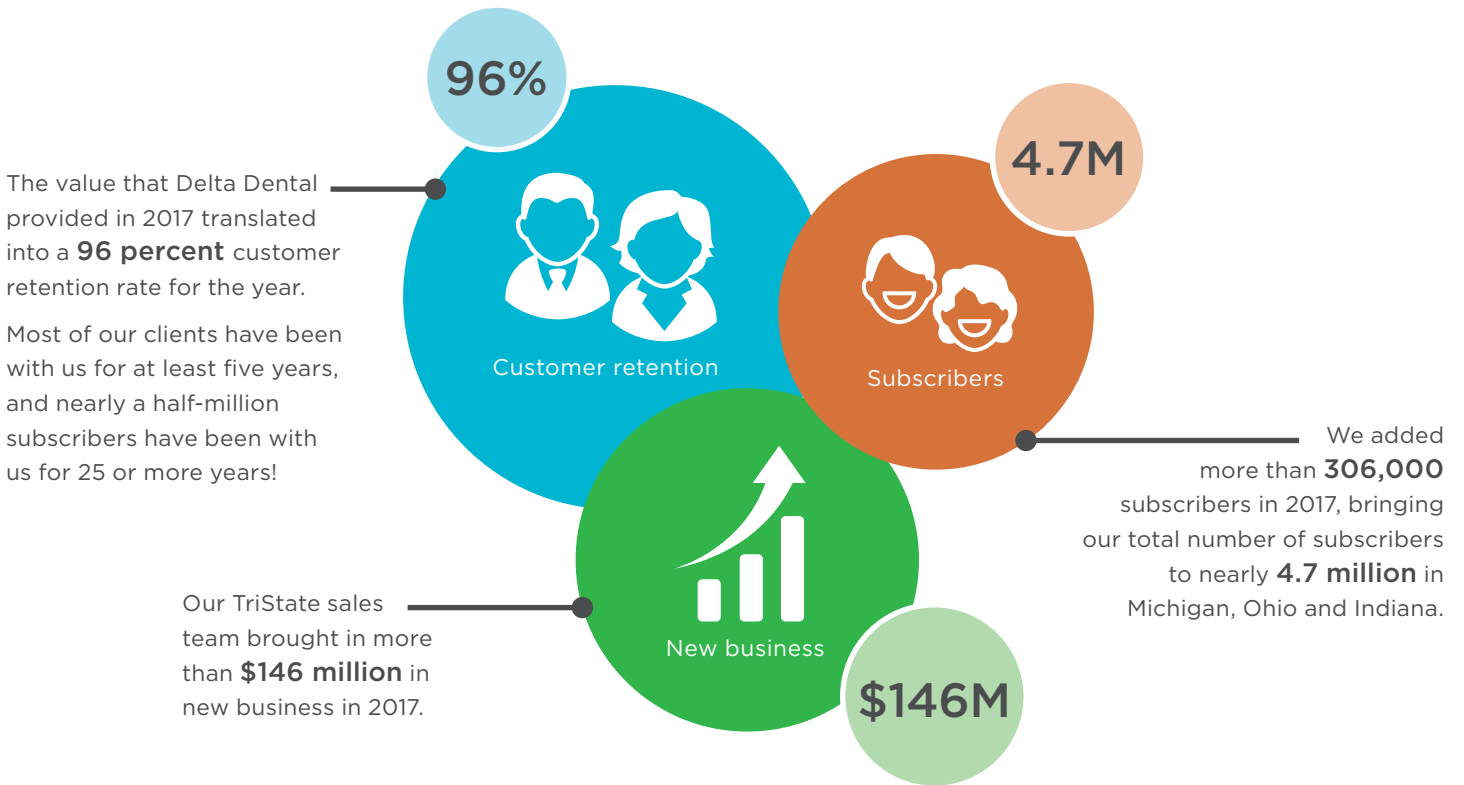
We deeply appreciate the support of our customers, business partners, participating dentists and board members. We also thank our employees for their dedication and commitment to making Delta Dental number one in the marketplace.

2017 was an excellent year for the company, and we look forward to even brighter years ahead.

Laura L. Czelada, CPA
President and Chief Executive Officer

Joseph C. Harris, DDS
Chairperson of the Board of Directors

Sales and Retention



Our ongoing, positive relationships and the respect we've earned over the years allow us to demonstrate Delta Dental's overall value to customers in a competitive market. Savings to groups and their employees, excellent customer service, accurate claims processing, benefit consulting, and research and development all help to keep our customers coming back year after year.

Leadership Change

Laura Czelada, president and CEO of Delta Dental of Michigan, Ohio, and Indiana, will retire in December 2018 after successfully leading the company for six years.

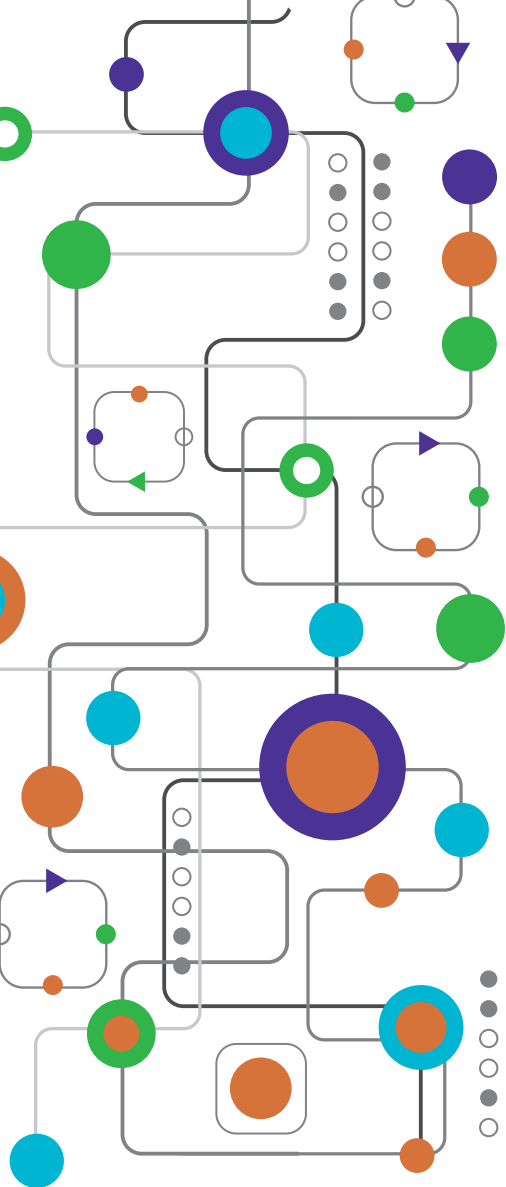
Chief Operating Officer Goran Jurkovic was selected by the board of directors as Czelada's successor, effective January 1, 2019. Jurkovic has been COO since 2016 and is responsible for business operations, administration and marketing.

During Czelada's tenure as president and CEO, the organization grew by 2.2 million subscribers—an 83 percent increase. Czelada also strengthened the Delta Dental Foundation, which will spend nearly \$4 million in 2018 to improve oral health and enhance corporate

citizenship and employee volunteer efforts. She served as executive vice president, chief financial officer and chief information officer over her 25-year career at Delta Dental.

Jurkovic also has a strong record in leadership positions at Delta Dental. In addition to his duties as COO, he served for several years as chief financial officer and was responsible for the financial operations of Delta Dental of Indiana, Michigan, New Mexico, North Carolina and Ohio. He held the position of chief risk officer and was instrumental in the development of a comprehensive enterprise risk management program.





Technology

As Delta Dental's business grows, technology continues to be an essential component in ensuring delivery of first-class service to both internal and external customers. Utilization of best-in-class hardware and software, along with staff skilled in the deployment of quality systems, is our focus.

Several initiatives in 2017 focused on keeping our technology infrastructure and software updated to ensure our eight affiliated Delta Dental plans—in Arkansas, Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio and Tennessee—continue to operate on a secure and stable platform. And we successfully transitioned Delta Dental of Nebraska's business to Delta Dental of Michigan's technology platform.

Using the expertise of Dewpoint, our information technology solutions company, we continue to identify opportunities to market

our data center capabilities to other Delta Dental companies and outside organizations.

Our industry-leading technology platform, Enterprise Technology Solution (ETS), has been internationally recognized as providing the best in fast, flexible service, including online, real-time claims processing. As the claims-processing platform has aged, an initiative has begun to replace, extend and enhance the current ETS platform.

Our new system, Roosevelt, will enhance our dental claims processing and ancillary insurance platform so we can continue to provide our customers with the best in service for years to come. Additionally, Roosevelt will enable payers to administer many different products (dental, vision, hearing, etc.) across multiple business segments (group, individual, etc.).

Quality and Excellence

In 2017, we proudly maintained our ISO 9001 Quality Certification for the 15th consecutive year. This certification demonstrates our commitment to serving the needs of our customers and strengthens our dedication to quality and innovation.

Survey results show that members are happy with their Delta Dental experience. In 2017, 97 percent of members said they are satisfied with Delta Dental, and 96 percent would recommend us to others.

In 2017, we were proud to maintain our A.M. Best rating of "A" for financial strength. Also in finance, Red Cedar Investment Management LLC and Chesme Capital Management LLC, both SEC-registered investment advisers, experienced strong growth in 2017 and enhanced processes throughout the year through the combined efforts of the investment professionals in both entities.

Delta Dental understands the importance of excellence in all areas. In our award-winning customer service department, our average speed of answer was 18 seconds, and a near-perfect 99.9 percent of inquiries were resolved on first contact. In addition, our online Toolkits for members, dental office staff, producers and customers provide easy ways to obtain information 24/7.



Advocacy

In 2017, we continued our role as strong advocates for sound oral health policy at the state and federal levels.

Following a rigorous bidding process, the state of Michigan chose Delta Dental of Michigan as one of two dental benefits carriers to administer the Healthy Kids Dental program, which serves nearly 1 million low-income Michigan children. This new contract period begins in the fall of 2018.

In 2017, Delta Dental advocated for Michigan House Bill 5241, legislation that would require Michigan children to have a dental assessment before entering kindergarten. At the end of the year, the bill was being considered by the Health Policy Committee in the Michigan House of Representatives.

In Ohio and Indiana, Delta Dental fought back against legislation that would have

eliminated an important cost protection measure for members. For several years, legislators have considered various bills that would prohibit a dental carrier from establishing a maximum allowable fee on services that are not covered under a member's dental plan. Again in 2017, similar bills were introduced, but failed to advance through the legislative process, in part due to the strong advocacy of Delta Dental, major health care purchasers and organizations representing the benefits industry.

Also in 2017, we partnered with Michigan legislators to promote literacy and children's oral health during National Reading Month in March. Lawmakers delivered tote bags filled with reading and oral health resources to more than 1,700 classrooms throughout the state when they visited to serve as guest readers.



Research and Development

Delta Dental's Research and Data Institute continued to work toward improving oral health by promoting high-quality dental research and helping to decrease health care costs in 2017.

The institute, through its Research and Development Committee, evaluates products, services and technology in the marketplace and mines data from Delta Dental's massive claims database for product development, cost reduction through fraud and abuse detection, and improvement of oral and systemic health. The company also funds and supports research focused on oral and systemic health and cutting-edge treatment of diseases.

Nationally, support for oral health research lags behind research for other health issues. Through our Research and Data Institute, we are able to apply our data and scientific findings to ensure our customers and members exceptional coverage to improve their oral and overall health and maximize benefit dollars.

Brighter Futures



Brighter Futures is Delta Dental's initiative to improve the oral and overall health and well-being of children and adults through education, advocacy and philanthropy.

A major focus is our dedication to improving children's oral health and literacy. Also central to Brighter Futures is the work we are doing to advance our seven public policy priorities.

Brighter Futures Public Policy Priorities:

1. Secure adequate continued funding for, and increase utilization of, the Healthy Kids Dental program in Michigan.
2. Make a dental assessment part of the requirements for starting kindergarten.
3. Ensure that pregnant women understand the importance of and have access to dental care.
4. Provide high-quality oral health education for children pre-K through elementary school.
5. Make oral health care more accessible, especially for at-risk populations.
6. Raise awareness regarding the advantages of reducing consumption of sugar-sweetened beverages and drinking water instead.
7. Support science-based programs, such as sealant programs and community water fluoridation efforts, to prevent oral diseases.

Combined Financial Results¹

(as of December 31)

	2017 (000s omitted)	2016 (000s omitted)
Total assets.....	\$1,597,648	\$1,455,298 ²
Capital and general reserves.....	\$1,176,833	\$1,036,926
Total revenues.....	\$4,292,109	\$4,095,506
Total benefits and expenses.....	\$4,181,196	\$4,001,525
Consolidated net income.....	\$110,913	\$93,981

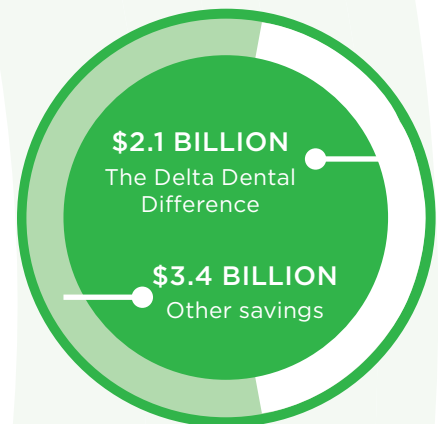
2017 operational results

Claims processed.....24.2 million
 Claims processed within
 10 working days.....99.4 percent

2017 cost management results

Submitted charges.....\$9.1 billion
 Paid charges.....\$3.7 billion
 Total cost management savings.....\$5.5 billion
 The Delta Dental Difference[®].....\$2.1 billion
 Other savings.....\$3.4 billion

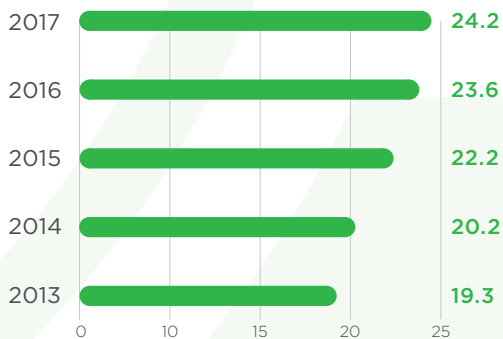
Total cost management savings



2017 coverage results

Total new business.....\$265.2 million
 Total covered people.....13.3 million

Claims processed
(in millions)



Dollars paid out in dental benefits (in billions)³



Service Accomplishments⁴

Call center results

Average speed of answer 18 seconds
 Inquiries resolved on first contact 99.9 percent

Customer satisfaction results

Business renewal rate 96.3 percent
 Implementation grade point average. 4.0 on a 4.0 scale

Member satisfaction results

Overall satisfaction with
 Delta Dental's service 97.0 percent
 Would recommend Delta Dental to others . . . 96.0 percent

1. Combined financial, operational, cost management and coverage results are for Renaissance Health Service Corporation and affiliates, which include Renaissance Health Service Corporation; Renaissance Life and Health Insurance Company of America; Renaissance Health Insurance Company of New York; Renaissance Holding Company and subsidiaries; Delta Dental Plan of Michigan, Inc. and subsidiaries; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental Plan of Tennessee, Inc.; Delta Dental Plan of Kentucky; Delta Dental Plan of New Mexico, Delta Dental Plan of North Carolina; Delta Dental Plan of Arkansas, Inc.; and Delta Dental Fund. Delta Dental is a registered trademark of the Delta Dental Plans Association. The numbers exclude risk share business. The Renaissance trade name and marks are owned by Delta Dental Plan of Michigan, Inc. and are not sponsored or endorsed by the Delta Dental Plans Association.
2. Adjusted to conform to accounting reclassifications.
3. Certain numbers have been adjusted to conform to the 2017 accounting classifications.
4. Service accomplishments are for Delta Dental of Michigan, Ohio, and Indiana as of December 31, 2017.



2017-18 TriState Executive Team

Laura L. Czelada, CPA
 President and Chief Executive Officer

Amy L. Basel, CPA, CGMA
 Senior Vice President, Chief Financial Officer and Chief Risk Officer

Jeffrey A. Botkin
 Senior Vice President, Business Services

Michael S. Gilmore
 President, Red Cedar Investment Management LLC

Karen M. Green
 Vice President, Informatics and Quality Assurance

Toby L. Hall, FSA, MAAA
 Senior Vice President, Chief Actuary and Chief Data Officer

Nancy E. Hostetler
 Senior Vice President and Chief of Staff

Sue E. Jenkins
 Vice President and General Counsel

Jeffery W. Johnston, DDS, MS
 Vice President and Chief Science Officer

Goran M. Jurkovic, CPA, CGMA
 Chief Operating Officer

Joadi A. Keck
 Vice President, Human Resources and Administration

Richard J. Lantz
 Vice President, Chief Lobbyist

Toni Roberts
 Vice President, Customer Service and Operations

Anthony D. Robinson
 Senior Vice President and Chief Marketing Officer

Kenneth D. Theis
 Senior Vice President and Chief Information Officer

2017 Executive Committees and Boards of Directors

Delta Dental of Michigan

Joseph C. Harris, DDS
Chairperson
Detroit, Michigan

Kelly J. Scheiderer, RHIA, MHA
Vice Chairperson
The Ohio State University
Medical Center
Columbus, Ohio

Joshua S. Howie
Secretary/Treasurer
Freeport Financial LLC
Chicago, Illinois

Stephen A. Eklund, DDS, MHSA, DrPH
Director-at-Large
Ann Arbor, Michigan

Kurt D. Gallinger, Esq.
Director-at-Large
Amerisure Mutual Insurance Company
Farmington Hills, Michigan

Bruce R. Smith
Immediate Past Chairperson
Benefit Resource Solutions LLC
Newport, Kentucky

Douglas R. Anderson, DDS, MS, JD
Columbus, Ohio

Sara M. Dolan, CPA, MBA
Michigan State University Federal
Credit Union
East Lansing, Michigan

Christopher T. Fisher
Keyser Insurance Group
Kalamazoo, Michigan

Ann M. Flermoen, DDS
St. Johns, Michigan

Thomas J. Fleszar, DDS, MS
East Lansing, Michigan

Charles E. Hall
UAW Region 1
Warren, Michigan

Jed J. Jacobson, DDS, MS, MPH
Ann Arbor, Michigan

Jeffrey A. Keller
Hilliard, Ohio

Delta Dental of Ohio

Bruce R. Smith
Chairperson
Benefit Resource Solutions LLC
Newport, Kentucky

Ann M. Flermoen, DDS
Vice Chairperson
St. Johns, Michigan

Frank Buzaki Jr.
Secretary
Akron, Ohio

James R. Stahl, DDS
Treasurer
Toledo, Ohio

Michael Stull, MBA
Director-at-Large
Employers Health
North Canton, Ohio

Douglas R. Anderson, DDS, MS, JD
Immediate Past Chairperson
Columbus, Ohio

Judge Patrick T. Cahill
Milford, Michigan

Timothy E. Moffit, DBA
Kalamazoo College
Kalamazoo, Michigan

Carole Watkins
Powell, Ohio

Delta Dental of Indiana

Laura L. Czelada, CPA
President and Director
Okemos, Michigan

Goran M. Jurkovic, CPA, CGMA
Treasurer and Director
Okemos, Michigan

Nancy E. Hostetler
Secretary and Director
Okemos, Michigan

Robert P. Mulligan
Director
Indianapolis, Indiana



Delta Dental of Michigan, Ohio, and Indiana

4100 Okemos Road, Okemos, Michigan 48864 • 517-349-6000
www.deltadentalmi.com • www.deltadentaloh.com • www.deltadentalin.com