2018 Annual Report

DELTA DENTAL®

Delta Dental of Michigan, Ohio, and Indiana

*"I'm honored to lead the board at this exciting time as we embrace our corporate purpose and help our team move our companies to the **next level**."*

Kelly Scheiderer, RHIA, MHA
Chair of the Board of Directors

*"Building relationships and building communities are what **building business** is all about."*

Goran Jurkovic, CPA, CGMA,
President and CEO

Delta Dental of Michigan, Ohio, and Indiana works every day to build healthy, smart, vibrant communities. This focus drives our daily work, and it's evidenced in our corporate strategic plan.

Sincere thanks to our employees, board members, customers, participating dentists and business partners for building brighter futures in 2018.

Business

In 2018, our TriState sales and account management team added more than $136 million in new business in Michigan, Ohio and Indiana. This represents growth of more than 220,000 new subscribers in our three states.

The value that Delta Dental provided in 2018 translated to a near-perfect business renewal rate of 98.9 percent, up from 96.3 percent in 2017.

At the end of 2018, our total number of TriState subscribers was more than 4.8 million, covering more than 8.5 million lives.

Technology

Dewpoint, our information technology solutions company, continued its record growth in 2018 with a 90 percent win rate of all business pursued. We ended 2018 with 11 customers in our data center, up from five in 2017.

Our information technology staff continues to make great strides in diversifying its portfolio in the insurance, government and commercial sectors.

Also in 2018, the Roosevelt transformation initiative saw significant growth across strategic projects in the portfolio. Our external shopping websites have gone live, and individual enrollments continue to increase.

We're setting the foundation to expand into new markets and moving to a technology that will enable successful growth, stability and data security for all of our constituents. In addition, our internal modules are being developed with an enhanced user interface to make Roosevelt one of the best looking and most functional dental and ancillary claims systems on the market.

Investments

Red Cedar Investment Management LLC completed the transition of the Delta Dental of Michigan, Ohio, and Indiana investment department into Red Cedar and assumed full investment management responsibilities for all remaining assets in 2018.

The SEC-registered investment adviser continues to grow, adding a team of seven new investment professionals and expanding the firm's footprint into Grand Rapids, Michigan, and Cincinnati, Ohio, and allowing a substantial portion of assets to be managed in-house, lowering management fees and further increasing the value Red Cedar provides.

As of December 31, 2018, Red Cedar had discretionary assets under management of just over $1 billion and anticipates modest growth in the coming year as it builds its institutional asset management capabilities and external distribution channels.

Combined Financial Results[1]

(as of December 31)

	2018	2017
Total assets	$1.59 billion	$1.60 billion
Net assets	$1.19 billion	$1.18 billion
Total revenue	$4.58 billion	$4.29 billion
Total benefits and expenses	$4.48 billion	$4.18 billion
Operating income	$98.63 million	$114.39 million

Combined Business Summary[1]

Claims processed	25.3 million
Claims processed within 10 working days	99.2 percent
Submitted charges	$9.8 billion
Paid charges	$4 billion
Total cost management savings	$6 billion
Total new business	$361 million
Total covered people	14 million

TriState Service Accomplishments[2]

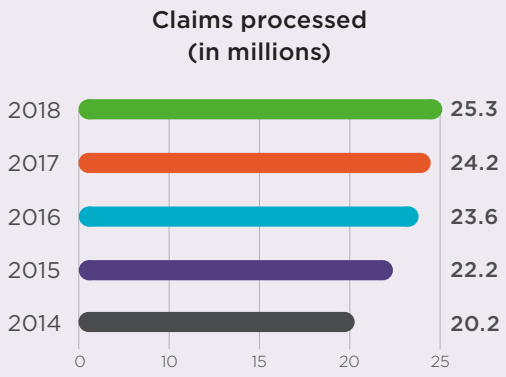
Average speed of answer . . . . . 19 seconds

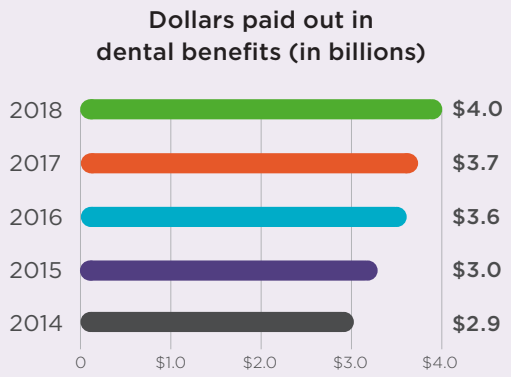
Inquiries resolved on first contact. . . . . 99.9 percent

Business renewal rate. . . . . 98.9 percent

Implementation grade point average. . . . . 4.0 on a 4.0 scale

Member overall satisfaction with Delta Dental's service. . . . . 98.2 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.; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental Plan of Tennessee, Inc. and subsidiaries; Delta Dental Plan of Kentucky and subsidiaries; Delta Dental Plan of New Mexico, Delta Dental Plan of North Carolina; Delta Dental Plan of Arkansas, Inc. and subsidiaries; GLM Holding Company and subsidiaries; 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. Certain numbers have been adjusted to conform to the 2018 accounting classifications.
2. Service accomplishments are for Delta Dental of Michigan, Ohio, and Indiana as of December 31, 2018.

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Senior Vice President, Chief Financial Officer, Chief Risk Officer

Sue E. Jenkins
Secretary
Vice President and General Counsel

Anthony D. Robinson
Senior Vice President and
Chief Marketing Officer

TriState Executive Team

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President and Chief Executive Officer

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Senior Vice President, Chief Financial Officer and Chief Risk Officer

Mark Baughman
Operating Chief Information Officer

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Vice President, Sales and
Account Management

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Senior Vice President,
Business Services

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Vice President and
Chief Technology Officer

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President, Red Cedar Investment Management LLC

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Chief Actuary and Chief Data Officer

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Vice President and General Counsel

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Senior Vice President and
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Lori Wheelright
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Account Management

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Newport, Kentucky

Carole Watkins
Grandview Heights, Ohio

An affiliate of Delta Dental of Michigan, Ohio, Indiana, and North Carolina
DELTA DENTAL FOUNDATION

Financial Results

Total assets:

2018 . . . . . $78.7 million
2017 . . . . . $81.6 million

Net assets:

2018 . . . . . $77.1 million
2017 . . . . . $80.5 million

Investment income:

2018 . . . . . $4.1 million
2017 . . . . . $5.2 million

Program expenditures:

2018 . . . . . $3.8 million
2017 . . . . . $2.9 million

(Programs expenditures are on a cash basis.)

Community Support

Delta Dental Foundation funding affected more than **1.2 million** lives in 2018 through direct dental care, community water fluoridation, school-based sealants, dental workforce education and oral health education.

Holli Seabury, Ed.D., leads the Delta Dental Foundation as executive director.

Large projects included: $1 million to CWRU for a new dental clinic, $300,000 to Great Lakes Bay Health Centers for the expansion of their dental clinic and $300,000 to Detroit Public Schools for water hydration stations.

2018

Delta Dental of Michigan, Ohio, and Indiana

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www.deltadentalmi.com • www.deltadentaloh.com • www.deltadentalin.com