



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

ORDER

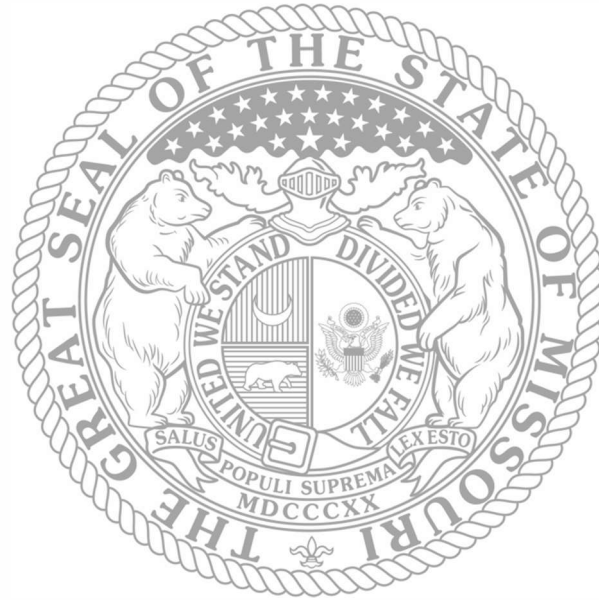
After full consideration and review of the report of the financial examination of Cigna Dental Health of Missouri, Inc. for the period ended December 31, 2018, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Chlora Lindley-Myers, Director of the Missouri Department of Commerce and Insurance pursuant to section 374.205.3(3)(a), RSMo, adopt such examination report. After my consideration and review of such report, workpapers, and written submissions or rebuttals, I hereby incorporate by reference and deem the following parts of such report to be my findings and conclusions to accompany this order pursuant to section 374.205.3(4), RSMo: summary of significant findings, company history, management and control, territory and plan of operation, growth of company and loss experience, reinsurance, accounts and records, financial statements, comments on financial statement items, financial statement changes resulting from examination, summary of recommendations and subsequent events.

Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of Cigna Dental Health of Missouri, Inc. as of December 31, 2018 be and is hereby ADOPTED as filed and for Cigna Dental Health of Missouri, Inc. to take the following action or actions, which I consider necessary to cure any violation of law, regulation or prior order of the Director revealed by such report: (1) account for its financial condition and affairs in a manner consistent with the Director's findings and conclusions.

So ordered, signed and official seal affixed this 07th day of July, 2020.




Chlora Lindley-Myers, Director
Department of Commerce and Insurance



REPORT OF THE
FINANCIAL EXAMINATION OF

CIGNA DENTAL HEALTH OF MISSOURI, INC.

AS OF
DECEMBER 31, 2018

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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St. Louis, MO
May 5, 2020

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your financial examination warrant, a full-scope financial examination has been made of the records, affairs, and financial condition of

Cigna Dental Health of Missouri, Inc. (NAIC #11160)

hereinafter referred to as such, as CDHMO, or as the Company. Its administrative office is located at 1571 Sawgrass Corporate Parkway, Suite 140, Sunrise, FL 33323, telephone number (954) 514-6600. The fieldwork for this examination began on July 15, 2019, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

The Missouri Department of Commerce and Insurance (Department) has performed a multiple-state financial examination of Cigna Dental Health of Missouri, Inc. The last examination of the Company by the Department covered the period of January 1, 2012 through December 31, 2014. The current examination covers the period of January 1, 2015 through December 31, 2018, as well as a review of any material transactions and events occurring subsequent to the examination period through the date of this report.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook (Handbook)*, except where practices, procedures, and applicable regulations of the Department or statutes of the state of Missouri prevailed. 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 the identification and evaluation of significant risks that could cause the Company's surplus to be materially misstated, both on a current and prospective basis.

This examination also included a review of significant estimates made by management and evaluation of 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. Those activities considered in the examination as key to CDHMO included Investments, Underwriting/Premium and Claims/Reserving. The examination also included a review and evaluation of information technology general controls.

This examination was conducted as part of a coordinated examination of the Cigna Health Group, which consists of 38 insurance companies domiciled in numerous states. The Connecticut Department of Insurance is the lead state regulator for the group. Along with Missouri, 17 other states participated in the coordinated examination. The examination was also conducted concurrently with the examination of the Company's Missouri-domiciled affiliate, Cigna HealthCare of St. Louis, Inc.

This examination report includes significant findings of fact, as mentioned in Section 374.205 RSMo (Examination, director may conduct, when...) and general information about the Company 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 are separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse findings, significant non-compliance issues, or material changes to the financial statements noted during the examination.

COMPANY HISTORY

General

Cigna Dental Health of Missouri, Inc. was incorporated on April 4, 2000, and began operations on January 1, 2002 under Chapter 354 RSMo (Health Services Corporations-Health Maintenance Corporations-Prepaid Dental Plans). The Company is a prepaid dental plan that provides dental membership to groups in Missouri.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions, or other major corporate events during the examination period.

Dividends and Capital Contributions

There were no capital contributions received during the examination period.

The Company declared and paid extraordinary dividends as follows. All dividends were approved by the Department.

Year	Amount
2015	\$ 620,000
2016	475,000
2017	650,000
2018	650,000
Total	\$ 2,395,000

Surplus Notes

There were no surplus notes issued or outstanding during the examination period.

MANAGEMENT AND CONTROL

Board of Directors

The management of the Company is vested in a Board of Directors that are elected by the shareholders. The Company's Bylaws specify that there shall be three or more Directors. The Board of Directors elected and serving as of December 31, 2018, were as follows:

Name and Address	Principal Occupation and Business Affiliation
Frederick Scardellette Philadelphia, PA	President Cigna Dental Health of Missouri, Inc.
Jason Meade Bloomfield, CT	Vice President Cigna Dental Health of Missouri, Inc.
Amie Benedict Bloomfield, CT	Vice President Cigna Dental Health of Missouri, Inc.

Senior Officers

The officers elected and serving, as of December 31, 2018, were as follows:

Name	Office
Frederick Scardellette	President
Scott Lambert	Treasurer
Anna Krishtul	Secretary
Gregory Malone	Actuary
Lance Thomas	Vice President
Mark Fleming	Vice President
Kathleen O'Neil	Vice President
Amie Benedict	Vice President
Joanne Hart	Vice President
Maureen Ryan	Vice President
Jason Meade	Vice President

Principal Committees

The Company does not have an Audit Committee. CDHMO relies upon the Audit Committee of an upstream parent company, Connecticut General Corporation, to fulfill the requirement of RSMo 375.1030 (Annual audit report required, report filed, when – extensions granted, when – audit committee required, when). No Board Committees have been established by CDHMO. The Company relies upon the various committees of its upstream parent to guide CDHMO's management.

Corporate Records

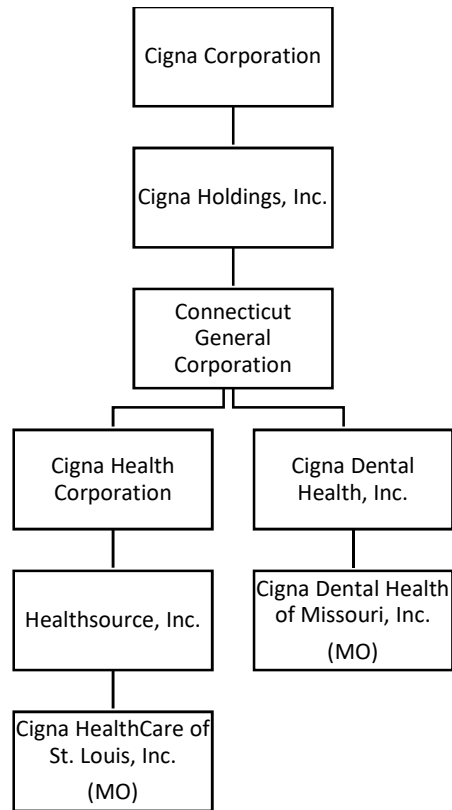
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the Board and shareholders were reviewed for proper approval of corporate transactions for the period under examination.

Holding Company, Subsidiaries, and Affiliates

CDHMO is a member of an Insurance Holding Company System, as defined by Section 382.010 RSMo (Definitions). The ultimate controlling entity is Cigna Corporation, a publicly-traded company. The Company's immediate parent is Cigna Dental Health, Inc.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2018.

**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2018. A brief description of these agreements are as follows:

Administrative Services: An agreement between Cigna Dental Health, Inc. and CDHMO effective January 1, 2002, whereby Cigna Dental Health Inc. provides administrative services relating to providers, members and clients, sales and marketing, information technology, financial matters, legal and government relations, human resources, purchasing, administrative and management services.

Investment Advisory: An agreement between CDHMO and Cigna Investments, Inc. effective August 31, 2009, whereby Cigna Investments, Inc. provides investment management and brokerage services.

Consolidated Federal Income Tax Sharing: An agreement between Cigna Corporation and its subsidiaries, including CDHMO, effective January 1, 1997, whereby a consolidated federal income tax return is filed and payments are made to Cigna Corporation based on each subsidiary's taxable income.

Fee Sharing: An agreement between Cigna Corporation and its subsidiaries, including CDHMO, effective August 12, 2014, whereby Cigna Corporation provides services related to the Health Insurance Providers Fee, which is imposed on entities engaged in providing health insurance for

any U.S. health risk.

TERRITORY AND PLAN OF OPERATION

The Company is licensed as a Prepaid Dental Plan under Chapter 354 RSMo (Health Services Corporation-Health Maintenance Organizations-Prepaid Dental Plans) to offer coverage on a prepaid basis. All business is written in Missouri. Dental services are listed in a schedule of benefits. A network of dentists and specialists is maintained with payments made on a capitation basis.

CDHMO markets to medium and large employer groups through licensed and appointed agents from the internal sales offices of Connecticut General Life Insurance Company and other Cigna HealthCare companies. The advertising efforts are primarily through direct distribution of informational materials to prospective members.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The table below summarizes the Company's growth for the period under examination:

(\$000s omitted)

Year	Total Assets	Net Premiums Earned	Underwriting Gain (Loss)	Net Income (Loss)	Capital and Surplus	Ratio of Net Premiums to Surplus
2015	\$ 1,578	\$ 5,119	\$ 1,022	\$ 633	\$ 1,325	3.9
2016	1,668	4,867	900	557	1,408	3.5
2017	1,820	5,201	1,120	735	1,492	3.5
2018	1,929	5,065	947	749	1,590	3.2

The table below summarizes the Company's total revenues, incurred hospital and medical expenses, and medical loss ratios for the period under examination:

(\$000s omitted)

Year	Total Revenues	Total Hospital and Medical Benefits	Medical Loss Ratio
2015	\$ 5,119	\$ 3,540	0.69
2016	4,867	3,455	0.71
2017	5,201	3,614	0.69
2018	5,065	3,593	0.71

REINSURANCE

The Company did not assume or cede premium during the period under examination.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, PricewaterhouseCoopers, LLP, in Hartford, CT, performed the statutory audit of the Company for the years under examination. Reliance was placed upon the CPA workpapers as deemed appropriate.

Actuarial Opinion

The Company's actuarial opinion regarding loss reserves, loss adjustment expense (LAE) reserves, and other actuarial items was issued by Gregory Malone, FSA, for all years in the examination period. Mr. Malone is employed by Cigna Healthcare in Bloomfield, CT.

Consulting Actuary

Pursuant to a contract with the Connecticut Insurance Department, Karen Elsom, FSA, MAAA, of Lewis & Ellis, Inc. reviewed the underlying actuarial assumptions and methodologies used by CDHMO to determine the adequacy of loss reserves and LAE reserves. Ms. Elsom determined that the Company made a reasonable provision for the loss and LAE reserves that were reported in the statutory financial statements, as of December 31, 2018.

Information Systems

In conjunction with this examination, Andrew Balas, CPA, CFE, Information Systems Financial Examiner with the Department, conducted a review of the Company's information systems.

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 Cigna Dental Health of Missouri, Inc. for the period ending December 31, 2018. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the financial statements and should be considered an integral part of the financial statements. The failure of any column of numbers to add to its respective total is due to rounding or truncation.

There may have been additional differences found in the course of this examination, which are not shown in the "Comments on Financial Statement Items." These differences were determined to be immaterial concerning their effect on the financial statements, and therefore were only communicated to the Company and noted in the workpapers for each individual key activity.

ASSETS

As of December 31, 2018

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 55,018	\$	\$ 55,018
Cash, Cash Equivalents, and Short- Term Investments	1,435,125		1,435,125
Investment Income Due and Accrued Uncollected Premiums and Agents' Balances in the Course of Collection	350		350
	419,468	1,242	418,226
Net Deferred Tax Asset	1,213		1,213
Receivables from Parent, Subsidiaries, and Affiliates	1,564		1,564
Aggregate Write-Ins for Other-Than- Invested Assets	17,943		17,943
TOTAL ASSETS	\$ 1,930,681	\$ 1,242	\$ 1,929,439

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2018

Claims Unpaid	\$ 222,556
Unpaid Claims Adjustment Expenses	3,150
Premiums Received in Advance	12,581
Current Federal and Foreign Income Tax Payable and Interest Thereon	91,242
Remittances and Items Not Allocated	1,283
Aggregate Write-Ins for Other Liabilities	8,273
TOTAL LIABILITIES	\$ 339,085
Common Capital Stock	50,000
Gross Paid-In and Contributed Surplus	52,000
Aggregate Write-Ins for Other-Than-Special Surplus Funds	150,000
Unassigned Funds (Surplus)	1,338,354
TOTAL CAPITAL AND SURPLUS	\$ 1,590,354
TOTAL LIABILITIES AND SURPLUS	\$ 1,929,439

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2018

Net Premium Income	\$ 5,064,965
Total Revenue	\$ 5,064,965
Other Professional Services	3,481,723
Outside Referrals	111,300
Claims Adjustment Expenses	8,191
General Administrative Expenses	517,231
Total Underwriting Deductions	\$ 4,118,445
Net Underwriting Gain (Loss)	\$ 946,520
Net Investment Income Earned	25,984
Net Realized Capital Gains	(2)
Net Investment Gain (Loss)	\$ 25,982
Net Gain (Loss) from Agents' or Premium Balances Charged Off	59
Net Income (Loss) After Capital Gains Tax and Before All Other Federal Income Taxes	\$ 972,561
Federal and Foreign Income Taxes Incurred	223,242
NET INCOME (LOSS)	\$ 749,319

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2015 to December 31, 2018

	2015	2016	2017	2018
Capital and Surplus, Beginning of Year	\$ 1,311,124	\$ 1,324,667	\$ 1,407,631	\$ 1,491,510
Net Income (Loss)	632,876	557,021	735,041	749,319
Change in Net Deferred Income Tax	(316)	(688)	(362)	(60)
Change in Nonadmitted Assets	983	1,631	(800)	(415)
Dividends to Stockholders	(620,000)	(475,000)	(650,000)	(650,000)
Net Change in Capital and Surplus	13,543	82,964	83,879	98,844
Capital and Surplus, End of Year	\$ 1,324,667	\$ 1,407,631	\$ 1,491,510	\$ 1,590,354

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

On March 11, 2020, The World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. On March 13, 2020, U.S. President Donald J. Trump declared the coronavirus pandemic a national emergency in the United States. The epidemiological threat posed by COVID-19 is having disruptive effects on the economy, including disruption of the global supply of goods, reduction in the demand for labor, and reduction in the demand for U.S. products and services, resulting in a sharp increase in unemployment. The economic disruptions caused by COVID-19 and the increased uncertainty about the magnitude of the economic slowdown has also caused extreme volatility in the financial markets.

The full effect of COVID-19 on the U.S. and global insurance and reinsurance industry is still unknown at the time of releasing this report. The Department is expecting the COVID-19 outbreak to impact a wide range of insurance products resulting in coverage disputes, reduced liquidity of insurers, and other areas of operations of insurers. The Department and all insurance regulators with the assistance of the NAIC are monitoring the situation through a coordinated effort and will continue to assess the impacts of the pandemic on U.S. insurers. The Department has been in communication with Cigna regarding the impact of COVID-19 on its business operations and the financial position, including its Pandemic Preparedness Plan and material Third Party Vendors business continuity plans. For example, Cigna has created an Emerging Virus Workgroup to make COVID-19 related benefits and coverage recommendations to the Enterprise COVID-19 Command Center that determines whether they should be implemented. No current material operational, solvency or liquidity concerns resulted from the high level assessment of Cigna's operational and solvency position as a result of COVID-19.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of Cigna Dental Health of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Rick Stamper, CFE; Ken Tang, CFE, CPCU; and Douglas Daniels, CPA, CFE, examiners for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

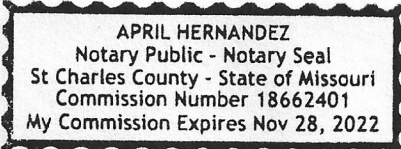
State of Missouri)
) ss
County of St. Louis)

I, Karen Milster, CPA, CFE, on my oath swear that to the best of my knowledge and belief the above examination report is true and accurate and is comprised of only facts appearing upon the books, records, or other documents of Cigna Dental Health of Missouri, Inc., its agents or other persons examined, or as ascertained from the testimony of its officers or agents or other persons examined concerning its affairs, and such conclusions and recommendations as the examiners find reasonably warranted from the facts.

Karen Milster
Karen Milster, CPA, CFE
Examiner-In-Charge
Missouri Department of Commerce and
Insurance

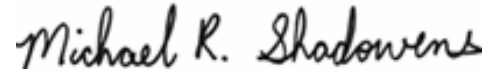
Sworn to and subscribed before me this 1st day of June, 2020.

My commission expires: 11/28/2022 April Hernandez
Notary Public



SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the *Financial Condition Examiners Handbook* has been confirmed, except where practices, procedures, and applicable regulations of the Missouri Department of Commerce and Insurance and statutes of the state of Missouri prevailed.



Michael Shadowens, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance