STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

RE: Examination Report of Missouri Dental Trust for the period ended September 30, 2012

ORDER

After full consideration and review of the report of the financial examination of Missouri Dental Trust for the period ended September 30, 2012, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, John M. Huff, Director, Missouri Department of Insurance, Financial Institutions and Professional Registration 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, subsequent events, company history, corporate records, management and control, fidelity bond and other insurance, pension, stock ownership and insurance plans, territory and plan of operations, growth of the company and loss experience, reinsurance, accounts and records, statutory deposits, financial statements, financial statement changes resulting from examination, and comments on financial statement items.

Based on such findings and conclusions, I hereby ORDER, that the report of the Financial Examination of Missouri Dental Trust as of September 30, 2012, be and is hereby ADOPTED as filed and for Missouri Dental Trust 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) implement, and verify compliance with each item, if any, mentioned in the Comments on Financial Statement Items and/or Summary of Recommendations section of such report; (2) 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 6th day of December, 2013.

John M. Huff, Director
Department of Insurance, Financial Institutions
and Professional Registration

REPORT OF THE
FINANCIAL EXAMINATION OF

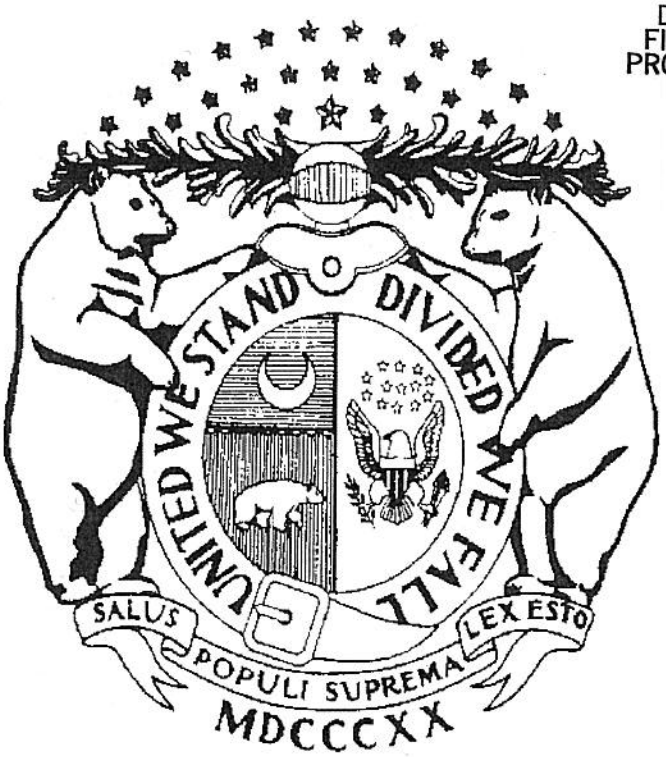
MISSOURI DENTAL TRUST

AS OF
SEPTEMBER 30, 2012

FILED

DEC 1 6 2013

DIRECTOR OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION



STATE OF MISSOURI

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION

JEFFERSON CITY, MISSOURI

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October 25, 2013
St. Louis, MO

Honorable John M. Huff
Missouri Department of Insurance
Financial Institutions & Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

Mr. Huff:

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

Missouri Dental Trust

also referred to as the "Trust". The examination was conducted remotely from the St. Louis office of the Missouri Department of Insurance, Financial Institutions and Professional Registration ("DIFP"). This examination began on September 10, 2012, and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered
The last full scope financial examination of the Trust was performed as of September 30, 2008, by an examiner from the state of Missouri.

The current full scope financial examination covers the period from October 1, 2008, through September 30, 2012, and was conducted by an examiner from the state of Missouri.

This examination also included material transactions and/or events occurring after September 30, 2012.

Procedures
This examination was conducted using the guidelines set forth in applicable regulations of the DIFP and statutes of the state of Missouri.

The workpapers of the Trust's certified public accountant were made available to the examiner. Standard examination procedures were modified as deemed appropriate under the circumstances.

COMMENTS PREVIOUS EXAMINATION

The comments and recommendations made in the prior examination report as of September 30, 2008, are listed below. The Trust's responses to these items and the current findings related to the actions taken by the Trust are also described below.

1. Comments Prior Examination / Conflict of Interest

"The Trust should obtain conflict of interest statements annually from its Trustees and should maintain these statements with other corporate records so they can be provided for future examinations."

Trust Response:

"A Conflict of Interest Statement will be signed annually by each Trustee and kept in one central location."

Current Findings:

Each Trustee signed a Conflict of Interest Statement annually, copies of which were reviewed during the examination procedures.

2. Comments Prior Examination / Corporate Records

"The Board should secure a quorum at all meetings where the business of the Trust is transacted."

Trust Response:

"There has been a quorum at all meetings where the business of the trust is transacted. There will continue to be a quorum in all meetings where the business of the trust is transacted."

Current Findings:

A review of the Board of Trustee monthly and annual meetings indicated that a quorum was present at all meetings during the examination period.

3. Management

"The Trust should comply with the requirements of its Bylaws by appointing a seventh member to the Board of Trustees."

Trust Response:

"A seventh board member will be selected at the April 2009 meeting."

Current Findings:

As of the exam date, the trust had seven trustees serving on the Board of Trustees.

4. Corporate Records

"The Board meeting minutes do not indicate that the Board reviewed and approved the financial examination report as of October 31, 2004. The Board should review and approve all examination reports and so indicate in the meeting minutes."

Trust Response:

"The board did review the October 31, 2004 financial examination. The minutes of future meetings will indicate the review and approval of any reports."

Current Findings:

The Board meeting minutes do not indicate that the Board reviewed and approved the financial examination report as of September 30, 2008. The Board should review and approve all examination reports and so indicate in the meeting minutes.

5. Corporate Records

"The Trust had difficulty providing copies of corporate records for this examination because records were being held at multiple locations. The Trust should maintain all corporate records in one central location."

Trust Response:

"The corporate records will be maintained in a central location."

Current Findings:

Similar problems occurred during the current examination, both due to items not being maintained in a central location and also due to turnover in the board and staff.

HISTORY

General

The Trust was formed in May 1988 under the provisions of Chapter 537 RSMo (Risk Management for Public Entities) for the purpose of providing dental care benefits for eligible and participating employees of members of the Trust. Membership in the Trust is restricted to public school districts located in southeast Missouri. The Trust commenced operations in July 1988, at which time 15 school districts formed the Trust. There were 17 member school districts in the Trust as of September 30, 2012.

Capital Stock

The Trust is a not-for-profit entity and has no capital stock.

As noted in the previous exam, the Trust again had difficulty providing copies of corporate records for this examination because records were being held at multiple locations. The Trust's management did not appear to have an appropriate level of understanding regarding the basic transactions of the Trust, and relied heavily on the third party administrator (Delta Dental) to provide documentation and explanations required throughout the examination process. These issues appeared to be largely attributable to turnover in management since the last examination.

AFFILIATED COMPANIES

The Trust does not have any affiliates and thus is not subject to Chapter 382 RSMo (Insurance Holding Companies).

FIDELITY BOND AND OTHER INSURANCE

The Trust's Treasurer is covered under a blanket employee dishonesty policy issued by Missouri United School Insurance Council. The limit of coverage is $2,000,000. This coverage exceeds the minimum amount of fidelity insurance recommended by the National Association of Insurance Commissioners. The Trust does not own any real or personal property and has no requirements for other coverage.

EMPLOYEE BENEFITS

The Trust does not have employees. All services are provided by an outside vendor under an administrative services contract as described in the "Service Providers" section of this report.

STATUTORY DEPOSITS

The Trust is not required to establish a statutory deposit with the state of Missouri or any other states.

INSURANCE PRODUCTS AND RELATED PRACTICES

Territory and Plan of Operation

The Trust is licensed by the Missouri Department of Insurance, Financial Institutions and Professional Registration under Chapter 537 RSMo, Risk Management for Public Entities. Membership in the Trust is restricted to school districts located in southeast Missouri. At September 30, 2008, there were 17 member school districts in the Trust.

Policy Forms & Underwriting; Advertising and Treatment of Policyholders
Members of the Trust are required to sign an "Employee Benefit Plan and Trust Participation Agreement" upon entering the Trust. The agreement outlines the duties of each party and describes the methods of withdrawal from or termination of the Trust. The agreement also allows for additional assessments if necessary to fund the Trust's obligations.

The Trust has only one plan benefit document that is issued to all member school districts. The dental benefits provided include basic dental care, orthodontic services and other various services. The deductibles and co-payments vary with the type of service provided. The plan benefit document provides an annual maximum benefit of $1,200 per participant and $2,400 per family, except for orthodontic services, which has a lifetime maximum benefit of $1,000 per participant.

The Trust is not required under Chapter 537 RSMo to submit its policy forms or premium rates to the Missouri Department of Insurance, Financial Institutions and Professional Registration, nor is it required to maintain a log of complaints submitted to the Trust by its members.

Service Providers
The Trust entered into a contract with a third party administrator, Delta Dental of Missouri (Delta Dental), on July 1, 1991. Delta Dental provides the following services for the Trust:

Premium billing
Claims adjudication
Monthly claims accounting
Preparation and issuance of employee benefit plans

The administrative fees paid to Delta Dental are based on the number of individual and family memberships. For the fiscal year ending September 30, 2012, fees were paid at $2.95 per month for each individual membership and $7.05 per month for each family membership. The total fees reported during the examination period under this contract were as follows:

Year Ending	Service Fee	Percentage of Premiums
9/30/2009	$53,400	9%
9/30/2010	$39,945	6%
9/30/2011	$55,874	9%
9/30/2012	$70,458	11%

The 2010 administrative fees reported appear to be understated by approximately $28,000. The understatement resulted from the Trust's failure to separate administrative fees from claims expenses for the months of May 2010 through August 2010. The Trust also failed to accrue for September 2010 administrative fees, which were paid in the following fiscal year.

Advertising & Sales Materials
The Trust does not advertise in newsletters or journals, nor does it actively solicit school districts to become members.

REINSURANCE

Assumed
None

Ceded
None

ACCOUNTS AND RECORDS

General
The Trust maintains its financial records on a cash basis. The Trust does not maintain a general ledger. The fiscal-year financial statements are compiled by its CPA, Van De Ven, LLC. Van De Ven records year-end accrual entries. Workpapers of the September 30, 2012, compilation were reviewed and used as deemed appropriate during the course of the examination.

FINANCIAL STATEMENTS

The following financial statements, with supporting exhibits, present the financial condition of the Trust as of September 30, 2012, and the results of operations for the fiscal period then ended. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Notes to the Financial Statements," which follow the financial statements.

There may have been additional differences found in the course of this examination, which are not shown in the "Notes to the Financial Statements." These differences were determined to be immaterial in relation to the financial statements, and therefore were only communicated to the Trust and noted in the workpapers for each individual financial statement item.

ASSETS

Cash	$ 158,158
Total Assets	$ 158,158

LIABILITIES, NET ASSETS AND OTHER FUNDS

Claim Reserves	$ 25,754
Accounts Payable	5,976
Total Liabilities	$ 31,730
Net Assets (Surplus)	$ 126,428
Total Liabilities and Net Assets	$ 158,158

STATEMENT OF INCOME

REVENUES	
Premiums earned	$ 615,324
Interest income	362
Total Revenues	$ 615,686
EXPENSES	
Claims incurred	$ 591,165
Administrative insurance services	70,458
Legal and accounting	1,576
Total Expenses	$ 606,833
Net income	$ 8,853

CHANGE IN NET ASSETS

Prior Year Net Assets	$ 117,575
Net Income	8,853
Current Year Net Assets	$ 126,428

NOTES TO FINANCIAL STATEMENTS

None

EXAMINATION CHANGES

None

GENERAL COMMENTS AND/OR RECOMMENDATIONS

1. Corporate Records — Page 4

The Board meeting minutes do not indicate that the Board reviewed and approved the financial examination report as of April 23, 2009. The Board should review and approve all examination reports and so indicate in the meeting minutes.

2. Corporate Records — Page 5

The Trust had difficulty providing copies of corporate records for this examination because records were being held at multiple locations. The Trust should maintain all corporate records in one central location so that they are accessible and can be provided for future examinations.

3. Corporate Records — Page 5

The Trust's management did not appear to have an appropriate level of understanding regarding the basic transactions of the Trust, and relied heavily on the third party administrator (Delta Dental) to provide documentation and explanations required throughout the examination process. These issues appeared to be largely attributable to turnover in management since the last examination. The Trust should develop a written policy/plan for coordinating the exam, as well as general record retention procedures.

4. Service Providers — Page 6-7

The 2010 administrative fees reported appear to be understated by approximately $28,000. The understatement resulted from the Trust's failure to separate administrative fees from claims expenses for the months of May 2010 through August 2010. The Trust also failed to accrue for September 2010 administrative fees, which were paid in the following fiscal year. The Board of Trustees and officers should develop procedures to thoroughly review the accuracy of monthly financial reports as well as the yearly financial statements compiled by the CPA.

SUBSEQUENT EVENTS

None

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers of Missouri Dental Trust during the course of this examination is hereby acknowledged and appreciated.

VERIFICATION

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

I, Jennifer R. Danz, 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 the Trust, 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 examiner found reasonably warranted from the facts.

Jennifer R. Danz

Jennifer R. Danz, CPA, CFE
Examiner-in-Charge
Department of Insurance, Financial Institutions and Professional Registration

Sworn to and subscribed before me this 15 day of Oct, 2013.

ARIADNE ASHFORD
Notary Public - Notary Seal
State of Missouri
Commissioned for St. Louis City
My Commission Expires: May 14, 2016
Commission Number: 12341768

My commission expires:

5/14/16

Ariadne Ashford

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 the National Association of Insurance Commissioners procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed.

Michael R. Shadowens

Michael R. Shadowens, CFE
Audit Manager, St. Louis
Department of Insurance, Financial Institutions and Professional Registration