



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

RE: Examination Report of Liberty Dental Company of Missouri, Inc. for the period ended
December 31, 2014


ORDER

After full consideration and review of the report of the financial examination of Liberty Dental Company of Missouri, Inc. for the period ended December 31, 2014, 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 Liberty Dental Company of Missouri, Inc. as of December 31, 2014 be and is hereby ADOPTED as filed and for Liberty Dental Company 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) 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 2nd day of March, 2016.




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

REPORT OF THE
FINANCIAL EXAMINATION OF
Liberty Dental Plan of Missouri

AS OF
DECEMBER 31, 2014

FILED
MAR 14 2016
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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December 30, 2015

Honorable John M. Huff, Director
Missouri Department of Insurance, Financial
Institutions and Professional Registration
301 West High Street, Room 530
Jefferson City, Missouri 65102

Director Huff:

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

Liberty Dental Plan of Missouri

hereinafter referred to as LDP MO, or as the Company. Its administrative office is located at 340 Commerce Suite 100, Irvine, California, 92602. This examination began on April 14, 2015 and concluded on the above date.

SCOPE OF EXAMINATION

Period Covered

This is the first examination for the Company and covers the period from September 23, 2010 through December 31, 2014. This examination also included the material transactions or events occurring subsequent to December 31, 2014.

Procedures

We conducted our examination in accordance with the National Association of Insurance Commissioners' (NAIC) Financial Condition Examiners' Handbook except where practices, procedures and applicable regulations of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP) and the statutes of the State of Missouri prevailed. The Handbook requires the planning and performance of the examination to evaluate the Company's 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 identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination approach. 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 examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not communicated within the examination report but separately communicated to other regulators and/or the Company.

The examination was a coordinated examination with the State of Nevada serving in the capacity of the lead state and Missouri (MO DIFP) as the participating state.

Reliance Upon Others

Although each of the affiliated companies within the holding company group write in a specific jurisdiction, the affiliated companies share the same operating systems, employees and management. Various workpapers, documents, and other information provided by the lead state were relied upon during our examination of LDP MO. This information included, but was not limited to, actuarial review, IT review, and control and substantive testing for key activities.

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.

SUBSEQUENT EVENTS

There were no significant subsequent events noted from December 31, 2014 through the date of this report.

COMPANY HISTORY

General

Liberty Dental Plan of Missouri was incorporated on September 23, 2010 under the laws of Missouri and was issued a certificate of authority on April 29, 2011. The Company operates under provisions of Chapter 354 (Health Services Corporations – Health Maintenance Organizations – Prepaid Dental Plans). LDP MO offers administration and management of a complete array of dental management and benefit services in Missouri.

The Company is a wholly-owned subsidiary of Liberty Dental Plan Corporation (Liberty Corporation). LDP MO is authorized to issue 100,000 shares of common stock. As of December 31, 2014 there were 50,000 shares outstanding and all shares are entitled to vote.

Capital Contributions

The Company received a \$20,000 cash contribution from its parent, Liberty Corporation on January 31, 2012.

Dividends

LDP MO paid no dividends during the examination period.

Mergers and Acquisitions

No mergers or acquisitions occurred during the examination period.

CORPORATE RECORDS

The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The Company appears to be in compliance with the provisions of its Articles of Incorporation and Bylaws.

The minutes of the Board of Directors' meetings, committee meetings, and policyholder meetings were reviewed for proper approval of corporate transactions. In general, the minutes appear to properly reflect and approve the Company's major transactions and events for the period under examination.

MANAGEMENT AND CONTROL

Board of Directors

The property and business of the Company is controlled and managed by a Board of Directors. Pursuant to the Company's Articles of Incorporation and Bylaws, the Board shall consist of a sole director and shall meet on an annual basis.

The Company's sole director is the CEO and President, Amir Neshat, of Newport Coast, California.

Principal Committees

The Company's Bylaws allow for the establishment of committees of the Board of Directors. However, as of the examination date, the Company has not established any such committees.

Senior Officers

Pursuant to the Company's Bylaws, the officers shall consist of a President, a Secretary, and such other officers as deemed necessary, including one or more Vice Presidents, Treasurer, and

one or more Assistant Treasurers or Assistant Secretaries. These officers shall be chosen annually and will hold office until their successors are elected and qualify. The officers elected and serving as of December 31, 2014 are as follows:

Amir Neshat	President/Chief Executive Officer
John Carvelli	Secretary/Vice President
Maja Kapic	Chief Financial Officer
Donald Regan	Assistant Secretary

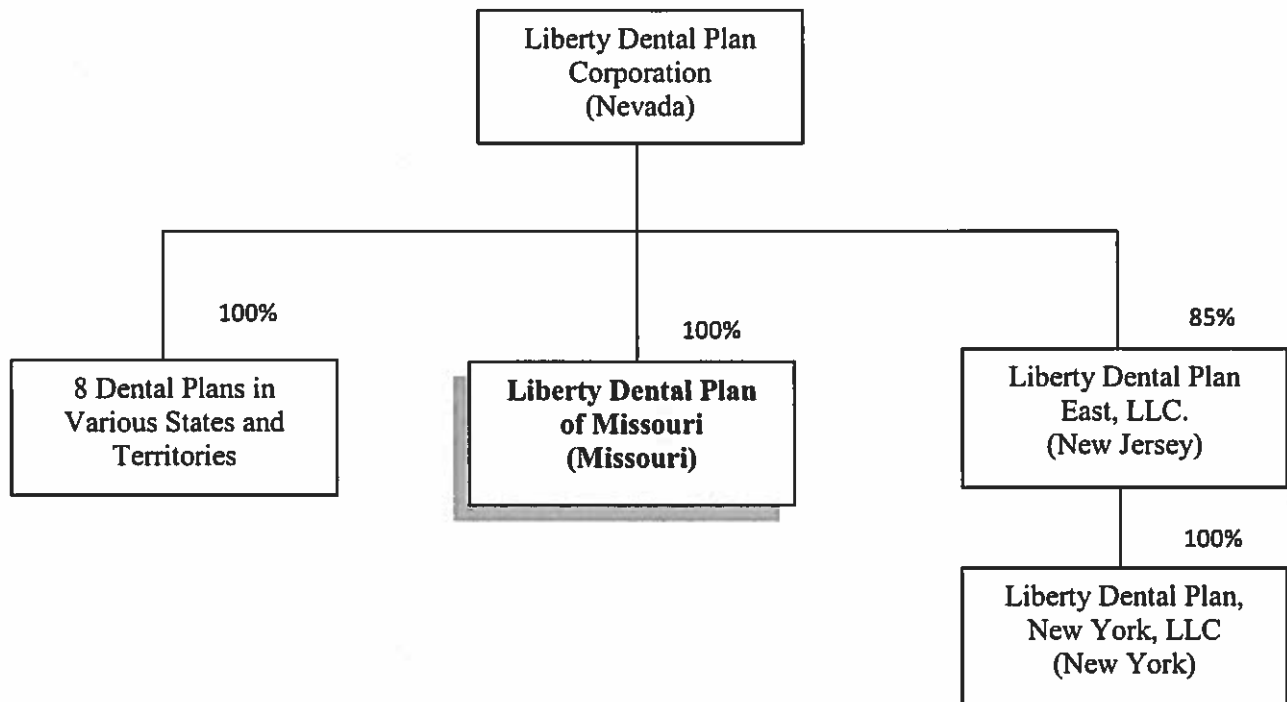
AFFILIATED COMPANIES

Holding Company, Affiliates, and Subsidiaries

LDP MO is a wholly owned subsidiary of Liberty Dental Plan Corporation. Liberty Corporation is licensed as a for-profit corporation domesticated in the State of Nevada. Liberty Corporation exercises control over 10 different dental service plans which are affiliated through common ownership and control. The only business of the Liberty Companies is the administration and management of a complete array of dental management and benefit services.

Organizational Chart

The following organizational chart depicts the ownership and holding company structure of Liberty Dental Plan Corporation, as of December 31, 2014:



Intercompany Transactions

The Company has the following agreements with its affiliated companies:

1. Type: Intercompany Services Agreement

Parties: LDP MO and Liberty Corporation

Effective: April 27, 2011

Terms: Liberty Corporation will provide administrative services to LDP MO including eligibility related services, marketing, administration, information technology, member services, provider relations, credentialing, financial reporting, regulatory compliance management, fraud and abuse investigation/prevention, data analysis and reporting, retrospective reviews, clinical determination of services, benefit administration, member and provider history tracking case management, and ID card and fulfillment processing. Liberty Corporation will collect on behalf of and distribute to, LDP MO administrative fees due LDP MO for services provided by LDP MO.

2. Type: Tax Allocation Agreement

Parties: LDP MO and Liberty Corporation

Effective: May 12, 2011

Terms: For all tax reporting periods from and after June 1, 2011, LDP MO will be filing consolidated Federal income tax returns and LDP MO will file a combined, consolidated or unitary group tax return under applicable Missouri law. During all periods in which consolidated returns are filed, LDP MO will a) join in the filing of each consolidated return, b) file such consents, elections and other documents as necessary, c) appoint Liberty Corporation, as applicable, as its exclusive agent and attorney-in-fact, to a) file such Consolidated returns, b) pay such taxes and c) take any action reasonably necessary or appropriate in connection with the determination of ultimate liability of each subsidiary for such taxes.

TERRITORY AND PLAN OF OPERATIONS

Liberty Dental Plan of Missouri is licensed as a for-profit pre-paid dental provider in Missouri under Chapter 354 RSMo . The Company is not currently licensed in any jurisdictions other than Missouri.

LDP MO offers administration of a complete array of dental management and benefit services, including group dental and Medicare plans. Its target customers include employers, trusts, associations, unions and municipalities. LDP MO focuses primarily on relationship building

and partnering with medical managed care companies to provide dental benefits. LDP MO markets its dental plans through the utilization of internal Missouri-licensed personnel.

REINSURANCE

LDP MO does not participate in reinsurance in its normal course of business. During the period under examination, the Company did not assume or cede any reinsurance.

STATUTORY DEPOSITS

Deposits with the State of Missouri

The funds on deposit with the DIFP as of December 31, 2014, as reflected below, were sufficient to meet the capital deposit requirements for the State of Missouri in accordance with RSMo Section 379.098 (Securities to be deposited by all companies). The Company's required deposit was \$50,000. The funds on deposit were as follows:

<u>Description</u>	<u>Par Value</u>	<u>Fair Value</u>	<u>Book/Adjusted Carrying Value</u>
U.S. Treasury Notes	\$ 51,000	\$ 51,354	\$ 51,874

Deposits with Other States

The Company is only licensed in the State of Missouri and therefore does not have any funds on deposit with other states.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the MO DIFP and present the financial condition of the Company for the period ending December 31, 2014. Any examination adjustments to the amounts reported in the financial statements and/or comments regarding such are made in the "Comments on Financial Statement Items". 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 activity.

	<u>Assets</u>		
	<u>Assets</u>	<u>Non Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$ 51,874	\$ -	\$ 51,874
Cash, Cash Equivalents and Short-term Investments	424,979	-	424,979
Uncollected Premiums and Agents' Balances in Course of Collection	17,107	-	17,107
Net Deferred Tax Asset	2,309	-	2,309
Health Care and Other Amounts Receivable	58	-	58
Aggregate Write-ins for Other Than Invested Assets - Prepays	2,121	2,121	-
Total Assets	\$ 498,448	\$ 2,121	\$ 496,327

Liabilities, Surplus and Other Funds

Claims Unpaid	\$ 38,616
General Expenses Due or Accrued	26,568
Current Federal and Foreign Income Tax Payable and Interest Thereon	32,713
Amounts Due to Parent, Subsidiaries and Affiliates	5,801
Total Liabilities	\$ 103,698
Aggregate Write-ins for Special Funds	
Restricted Surplus	50,000
ACA Assessment Fee	3,026
Common Capital Stock	50,000
Gross Paid In and Contributed Surplus	120,000
Unassigned Funds (Surplus)	169,603
Total Capital and Surplus	\$ 392,629
Total Liabilities, Capital and Surplus	\$ 496,327

Statement of Income

Net Premium Income	\$ 490,104
Risk Revenue	446,313
Total Revenues	\$ 936,417
Less:	
Hospital and Medical	
Other Professional Services	\$ 482,183
Emergency Room and Out of Area	4,754
Claims Adjustment Expenses	8,290
General Administrative Expenses	229,503
Total Underwriting Deductions	\$ 724,730
Net Underwriting Gain	\$ 211,687
Investment Income:	
Net Investment Income Earned	\$ 733
Net Investment Gains or (Losses)	\$ 733
Net Income or (Loss) after Capital Gains Taxes and before All Other Federal Income Taxes	\$ 212,420
Federal and Foreign Income Taxes Incurred	74,000
Net Income	\$ 138,420

Capital and Surplus Account

Capital and Surplus, December 31, 2013	\$ 239,385
Net Income	138,420
Change in Net Deferred Income Taxes	2,309
Change in Non-Admitted Assets	12,515
Net Change in Capital and Surplus	\$ 153,244
Capital and Surplus at December 31, 2014	\$ 392,629

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None

COMMENTS ON FINANCIAL STATEMENT ITEMS

None

SUMMARY OF RECOMMENDATIONS

None

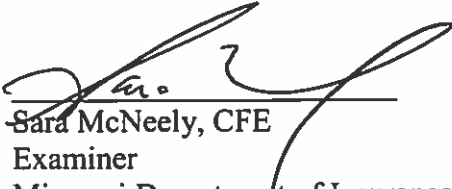
ACKNOWLEDGMENT

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

VERIFICATION


State of Missouri)
County of)

I, Sara McNeely, 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 Liberty Dental Plan of Missouri, 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.


Sara McNeely, CFE
Examiner
Missouri Department of Insurance, Financial
Institutions and Professional Registration

Sworn to and subscribed before me this 5th day of January, 2016.

My commission expires: 04-14-2016



Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2016
Clay County
Commission #12464070

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 MO DIFP and statutes of the State of Missouri prevailed.


Mark A. Nance, CFE, CPA
Audit Manager
Missouri Department of Insurance, Financial
Institutions and Professional Registration