



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 United Dental Care of Missouri, Inc. for the period ended December 31, 2023, together with any written submissions or rebuttals and any relevant portions of the examiner's workpapers, I, Angela L. Nelson, 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 finding, 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, and summary of recommendations.

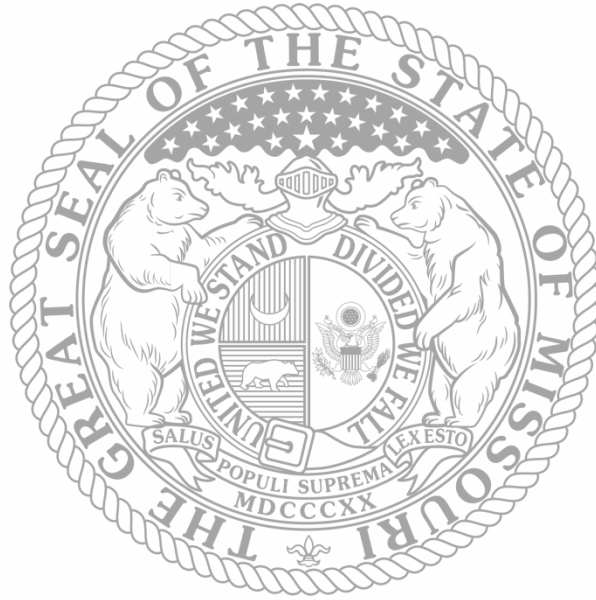
Based on such findings and conclusions, I hereby ORDER that the report of the financial examination of United Dental Care of Missouri, Inc. as of December 31, 2023, be and is hereby ADOPTED as filed and for United Dental Care of Missouri, Inc. to take the following action or actions, which I consider 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 23rd day of June, 2025.



A handwritten signature in blue ink, reading "Angela L. Nelson", is written over a horizontal line.

Angela L. Nelson, Director
Department of Commerce and Insurance



REPORT OF
FINANCIAL EXAMINATION OF

UNITED DENTAL CARE OF MISSOURI, INC.

AS OF
DECEMBER 31, 2023

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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Jefferson City, MO
April 15, 2025

Honorable Angela L. Nelson, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Nelson:

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

United Dental Care of Missouri, Inc. (NAIC #47044)

hereinafter referred to as such, as UDC MO, or as the Company. Its administrative office is located at 96 Worcester Street, Wellesley Hills, Massachusetts 02481, telephone number 781-446-1514. The fieldwork for this examination began on June 24, 2024, 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 UDC MO. The last examination of the Company by the Department covered the period of January 1, 2015, through December 31, 2018. The current examination covers the period of January 1, 2019, through December 31, 2023, 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 (SAPs). 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 UDC MO included Capital and Surplus, Investments, Reinsurance, Related Party, Reserves/Claims Handling, and Premiums/Underwriting. The examination also included a review and evaluation of information technology general controls.

This examination was a coordinated examination of companies within the Sun Life Financial Group insurance company holding system (SLF-US or Group). Regulators from Arizona, Delaware, Michigan, Missouri, New Jersey, New Mexico, Ohio, and Texas participated in the coordinated examination, with the Michigan Department of Insurance and Financial Services (MI DIFS) acting as the lead state and examination facilitator.

This examination report includes significant findings of fact, as mentioned in section 374.205 of the Revised Statutes of Missouri (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

UDC MO was incorporated on January 26, 1993, as a stock company under the general business laws of the state of Missouri. On August 3, 1993, the Company was licensed as a prepaid dental plan under Chapter 354 RSMo. (Health Services Corporations – Health Maintenance Organizations – Prepaid Dental Plans).

On September 9, 2015, UDC MO's then ultimate parent, Assurant, Inc. (Assurant), entered into an agreement to sell its employee benefits business to Sun Life Assurance Company of Canada (SLOC). Under the terms of the agreement, Assurant required Union Security Insurance Company, a wholly owned subsidiary of Assurant and then direct parent of UDC MO, to sell all issued and outstanding shares of capital stock of the Company to SLOC. This transaction closed on March 1, 2016. As a result of this transaction, UDC MO became a wholly owned subsidiary of SLOC.

Mergers, Acquisitions, and Major Corporate Events

There were no mergers, acquisitions, or corporate events during the examination period that were material to UDC MO.

Dividends and Capital Contributions

UDC MO did not pay any dividends to stockholders or receive any capital contributions during the examination period.

Surplus Notes

No surplus notes were 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 (Board) that is appointed by the Company's sole shareholder, SLOC. The Company's Bylaws specify that if the Company has fewer than three shareholders, the Board may consist of one or two directors, as determined by a resolution of the Board. The sole director of the UDC MO Board is David L. Riley, who also serves as President of the Company.

Senior Officers

The officers elected and serving as of December 31, 2023, were as follows:

<u>Name</u>	<u>Office</u>
David L. Riley	President
Jay M. Ronck	Treasurer
Colleen L. Kallas	Secretary
Mei Li	Actuary

Principal Committees

The Company's Bylaws allow the Board to establish an executive committee and/or other committees as needed. As of the date of this report, the UDC MO Board has not established any committees. The full Board performs all functions requiring Board engagement.

Corporate Records

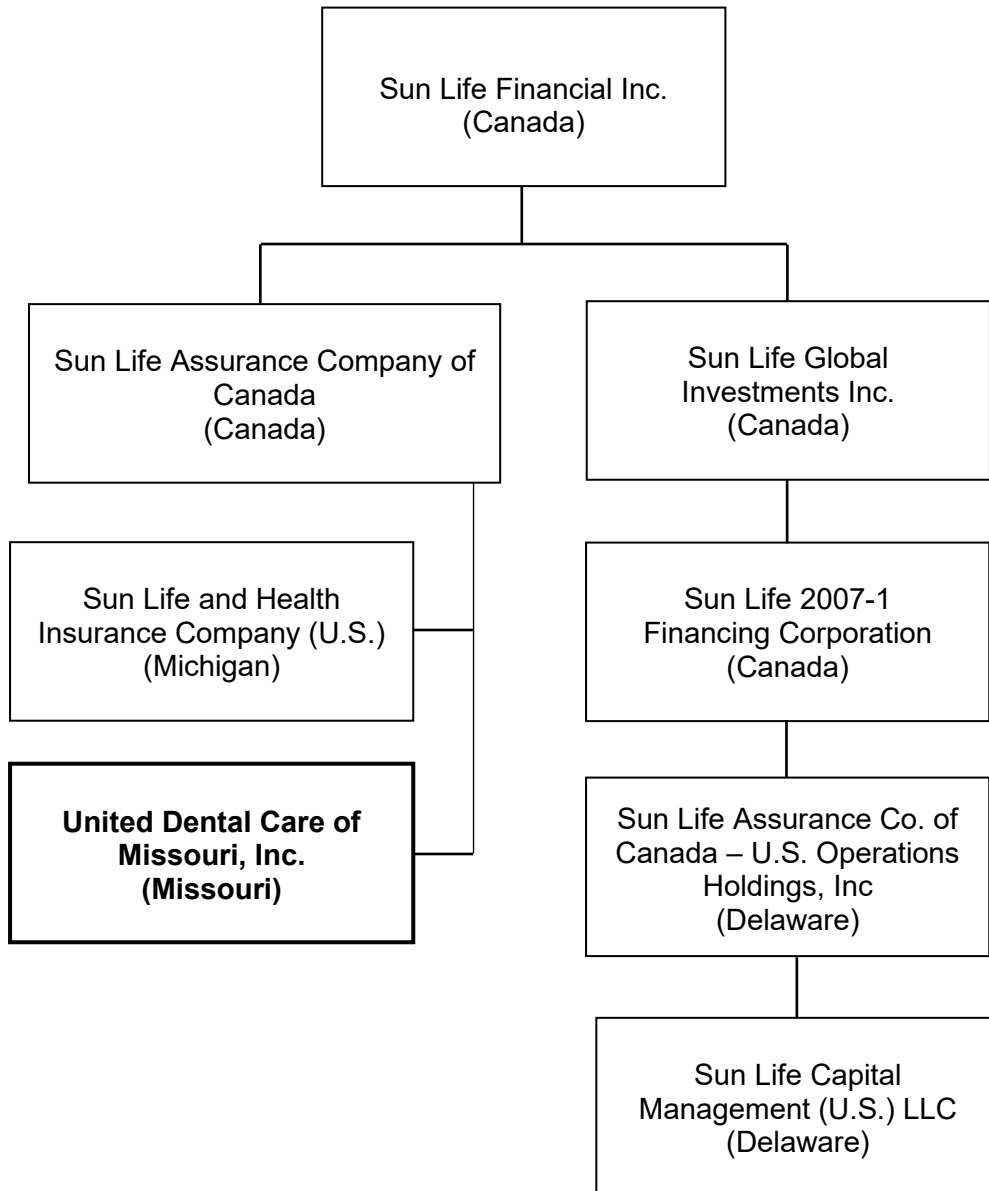
The Company's Articles of Incorporation and Bylaws were reviewed. There were no revisions to either document during the examination period. The minutes of the UDC MO Board of Directors and shareholder meetings were reviewed for the period under examination.

Holding Company, Subsidiaries, and Affiliates

UDC MO is a member of an Insurance Holding Company System, as defined by section 382.010, RSMo (Definitions). As noted previously in the Company History section of this report, effective March 1, 2016, all issued and outstanding shares of UDC MO stock were sold to SLOC, a wholly owned subsidiary of SLF, a publicly traded entity in Canada. Following this transaction, SLOC became UDC MO's direct parent, while SLF was deemed the ultimate controlling entity.

Organizational Chart

The following organizational chart depicts the applicable portion of the holding company group as of December 31, 2023. The ultimate controlling entity, SLF, owns various insurance and non-insurance subsidiaries that are too numerous to include in the report. Therefore, only entities with direct and indirect ownership of UDC MO and entities with agreements with UDC MO have been included. All subsidiaries shown are wholly owned unless otherwise noted.

**Intercompany Transactions**

The following agreements represent significant contracts executed with affiliated entities that were in effect as of December 31, 2023. A brief description of these agreements are as follows:

Administrative Service Agreement: This agreement, effective March 1, 2016, is between UDC MO and its parent, SLOC. Per the agreement, SLOC provides general administrative support

services to UDC MO.

Investment Management Agreement: This agreement, effective March 1, 2016, is between UDC MO and its affiliate Sun Life Capital Management (U.S.) LLC (SLCMUS). Per the agreement, SLCMUS acts as UDC MO's investment manager for certain portfolios.

Administrative Service Agreement: This agreement, effective May 1, 2021, is between UDC MO and Sun Life and Health Insurance Company (U.S.) (SLHIC). Per the agreement, SLHIC provides billing, collection, and broker services to UDC MO.

TERRITORY AND PLAN OF OPERATION

The Company is licensed by the Missouri Department of Commerce and Insurance under Chapter 354 RSMo. (Health Services Corporations – Health Maintenance Organizations – Prepaid Dental Plans). UDC MO contracts with independent practitioners (providers) to provide predetermined dental services to eligible members. Providers are compensated through capitation fees (per assigned member per month) paid by the Company. The Company is not obligated to reimburse providers for services that exceed the predetermined benefit coverage. The prepaid dental plans are marketed to employers primarily through agents, brokers, and benefit consultants.

GROWTH OF COMPANY AND LOSS EXPERIENCE

The Company is licensed to conduct business in two states, Missouri and Kansas. The majority of premiums (93.3% in 2023) are produced in Missouri. The table below summarizes the Company's growth for the period under examination:

(\$000s omitted)

Year	Total Net Assets	Net Premium Income	Underwriting Gain (Loss)	Net Income (Loss)	Capital and Surplus	Ratio of Net Premiums to Surplus
2019	\$ 2,580	\$ 712	\$ 128	\$ 133	\$ 2,378	29.9%
2020	2,581	662	63	56	2,440	27.1%
2021	2,635	582	47	39	2,487	23.4%
2022	2,656	501	55	49	2,538	19.7%
2023	2,734	425	(3)	71	2,607	16.3%

UDC MO's medical loss ratio improved from 54.90% in 2019 to 46.62% in 2023. Total revenues have steadily decreased during the examination period.

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
2019	\$ 716	\$ 393	54.9%
2020	666	362	54.4%
2021	588	288	48.9%
2022	507	233	45.9%
2023	431	201	46.6%

REINSURANCE

The Company did not participate in any assumed or ceded reinsurance transactions during the examination period.

ACCOUNTS AND RECORDS

Independent Auditor

The certified public accounting (CPA) firm, Deloitte & Touche LLP, in Boston, MA, performed the statutory audit of the Company for the years 2019 through 2023. Reliance was placed upon the CPA workpapers as deemed appropriate.

Actuarial Opinion

The Company's actuarial opinion regarding reserves and other actuarial items was issued by Gregory Johnson, FSA, MAAA, for 2023; Mei Li, FSA, MAAA, for 2022; Matthew Silverstein, FSA, MAAA, for 2021; and Eric Vandenberg, FSA, MAAA for 2019 and 2020. The Company's actuaries have all been employed by Sun Life Group in Wellesley Hills, MA.

Consulting Actuary

Pursuant to a contract with the MI DIFS, Jason Dunavin, FSA, MAAA, of Lewis & Ellis, LLC, reviewed the underlying actuarial assumptions and methodologies used by UDC MO to determine the adequacy of reserves and other actuarial items. Mr. Dunavin determined that the Company made a reasonable provision for the reserves and other actuarial items that were reported in the statutory financial statements, as of December 31, 2023.

Information Systems

Pursuant to a contract with MI DIFS, Lori Shores, CISA, and James Gowins, CISA, AES, AFE, MCM, of Examination Resources, LLC, 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 United Dental Care of Missouri, Inc. for the period ending December 31, 2023. 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, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 473,906	\$ -	\$ 473,906
Cash, Cash Equivalents, and Short-Term Investments	2,257,363	-	2,257,363
Investment Income Due and Accrued	2,364	-	2,364
Premiums and Considerations:			
Uncollected Premiums and Agents' Balances in the Course of Collection	524	49	475
Health Care and Other Amounts Receivable	16,410	16,410	-
TOTAL ASSETS	\$ 2,750,567	\$ 16,459	\$ 2,734,108

LIABILITIES, CAPITAL AND SURPLUS

As of December 31, 2023

Claims Unpaid	\$ 4,880
Unpaid Claims Adjustment Expenses	12
Aggregate Health Policy Reserves	14,514
Premiums Received in Advance	10,013
General Expenses Due or Accrued	72,541
Current Federal and Foreign Income Tax Payable and Interest Thereon	5,004
Net Deferred Tax Liability	196
Remittances and Items Not Allocated	475
Amounts Due to Parent, Subsidiaries, and Affiliates	19,399
Aggregate Write-Ins for Other Liabilities	425
TOTAL LIABILITIES	\$ 127,459
Common Capital Stock	50,000
Gross Paid-In and Contributed Surplus	4,659,918
Aggregate Write-Ins for Other-Than-Special Surplus Funds	150,000
Unassigned Funds (Surplus)	(2,253,269)
TOTAL CAPITAL AND SURPLUS	\$ 2,606,649
TOTAL LIABILITIES AND SURPLUS	\$ 2,734,108

STATEMENT OF REVENUE AND EXPENSES

For the Year Ended December 31, 2023

Net Premium Income	\$	424,941
Change in Unearned Premium Reserves and Reserve for Rate Credits		5,483
Fee-for-Service		455
Total Revenue	\$	430,879
Other Professional Services		200,855
Claims Adjustment Expenses		2,246
General Administrative Expenses		230,746
Total Underwriting Deductions	\$	433,847
Net Underwriting Gain (Loss)	\$	(2,968)
Net Investment Income Earned		88,879
Net Investment Gain (Loss)	\$	88,879
Net Income (Loss) After Capital Gains Tax and Before All Other		
Federal Income Taxes	\$	85,911
Federal and Foreign Income Taxes Incurred		14,980
NET INCOME (LOSS)	\$	70,931

RECONCILIATION OF CAPITAL AND SURPLUS

Changes from January 1, 2019, to December 31, 2023

(\$000's omitted)

	2019	2020	2021	2022	2023
Capital and Surplus, Beginning of Year	\$ 2,240	\$ 2,378	\$ 2,440	\$ 2,487	\$ 2,538
Net Income (Loss)	133	56	39	49	71
Change in Net Deferred Income Tax	-	2	3	(1)	(4)
Change in Nonadmitted Assets	5	4	5	3	2
Net Change in Capital and Surplus	\$ 138	\$ 62	\$ 47	\$ 51	\$ 69
Capital and Surplus, End of Year	\$ 2,378	\$ 2,440	\$ 2,487	\$ 2,538	\$ 2,607

COMMENTS ON FINANCIAL STATEMENT ITEMS

None.

FINANCIAL STATEMENT CHANGES RESULTING FROM EXAMINATION

None.

SUMMARY OF RECOMMENDATIONS

None.

SUBSEQUENT EVENTS

During the fourth quarter of 2024, the Company halted all new sales of its individual dental insurance products offered in Kansas and Missouri.

ACKNOWLEDGMENT

The assistance and cooperation extended by the officers and the employees of United Dental Care of Missouri, Inc. during the course of this examination is hereby acknowledged and appreciated. In addition to the undersigned, Adrienne Lewis, CFE, examiner for the Missouri Department of Commerce and Insurance, also participated in this examination.

VERIFICATION

State of Missouri)
)
 County of Platte) ss

I, Laura Church, 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 United Dental Care 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.

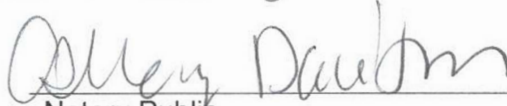


 Laura Church, CPA, CFE
 Examiner-In-Charge
 Missouri Department of Commerce and
 Insurance

Sworn to and subscribed before me this 6th day of May, 2025.

My commission expires:

2/14/28

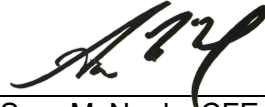


 Notary Public



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.



Sara McNeely, CFE
Assistant Chief Financial Examiner
Missouri Department of Commerce and
Insurance