

STATE OF OREGON

DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

INSURANCE DIVISION

REPORT OF FINANCIAL AND LIMITED MARKET CONDUCT EXAMINATION

OF

**MIDA DENTAL PLANS, INC.
PORTLAND, OREGON**

NAIC COMPANY CODE 47244

AS OF

DECEMBER 31, 1996

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May 14, 1997

Honorable Kerry Barnett, Director
Department of Consumer and Business Services
State of Oregon
350 Winter Street NE, Room 440-4
Salem, Oregon 97310

Dear Director:

In accordance with your instructions and pursuant to ORS 731.300, we have examined
the business affairs and financial condition of

**MIDA DENTAL PLANS, INC.
10011 S E Division, Suite 203
Portland, Oregon 97266**

NAIC Company Code 47244

hereinafter referred to as "the Plan." The following report is respectfully submitted.

SCOPE OF EXAMINATION

This target/triennial examination of the Plan was conducted as of December 31, 1996, and included subsequent events that are considered material to the financial condition and compliance with the Oregon Insurance Code. The examination was called as a result of \$43,681 reserves and unassigned funds reported in the December 31, 1996, annual statement. This amount is below the minimum reserves and unassigned funds requirement of \$50,000 pursuant to the provisions of ORS 750.045(3). This examination documents the events that led to the Plan's state of impairment and the corrective actions taken to increase the Plan's reserves and unassigned funds to a level that complies with the requirements of ORS Chapter 750.

The examination was conducted pursuant to the provisions of ORS 731.300 and in accordance with procedures and guidelines prescribed by the National Association of Insurance Commissioners (NAIC) for the purpose of determining the Plan's financial condition, ability to fulfill and the manner of fulfillment of its obligations, the nature of its operations, and compliance with the Insurance Code. Accounting methods, records, and other supporting evidences were examined or tested by appropriate methods to the extent deemed necessary and appropriate for the type, volume, and complexity of the accounting system and operations utilized by the Plan. The record testing included, but was not limited to, assets, liabilities, income and expense related items. A review was also made of the corrective actions taken by the Plan with respect to comments and or recommendations made in the previous financial reports of examination.

A management affirmation attesting to the Plan's compliance with Oregon laws relating to location of accounts and records, conduct of the Plan's affairs in a nonhazardous manner, and exercise of managerial control by a duly qualified and

constituted Board of Directors was signed by and received from the Chairman of the Board of Directors.

PLAN HISTORY

On February 4, 1987, the Plan was incorporated as Alternative Dental Care of Oregon, Inc. A Certificate of Authority was issued November 18, 1987, by the Oregon Insurance Division, to transact prepaid dental insurance in Oregon.

August 5, 1992, TakeCare, Inc., purchased the stock of the Plan from Lincoln National Corporation. Effective October 12, 1993, the Oregon Insurance Director approved the acquisition of the Plan by M.I.D.A., Inc. (the Parent), a Michigan corporation. Under the terms of the acquisition, the Parent purchased 100% of the Plan's issued and outstanding shares of common stock. October 10, 1994, the Plan's name was changed to MIDA Dental Plans, Inc.

June 11, 1996, the Parent company was acquired by United Concordia Companies, Inc. (UCCI). Under the terms of the acquisition, UCCI purchased all of the issued and outstanding stock of the Parent company. Effective February 12, 1997, the name was changed to United Concordia Dental Plans of Oregon, Inc.

AFFILIATED COMPANIES

The Plan is a wholly owned subsidiary of MIDA, Inc. (the Parent), a Michigan corporation with its home office located in Southfield, Michigan. MIDA, Inc., is a wholly owned subsidiary of United Concordia Companies, Inc., which is ultimately owned by Highmark Inc., a Blue Cross Blue Shield plan in Pennsylvania. The organizational chart at the end of this report depicts the Plan's relationship to the group.

CAPITALIZATION

The Articles of Incorporation provide for authorized capital of 10,000 shares of common stock at \$10.00 par value. As of the date of this examination, 7,000 shares of common stock were issued and outstanding. During the examination it was noted that the common stock register for the issued stocks was incorrect. This is contrary to the provisions of ORS 733.170, which, in part, states that an insurer shall keep its books, records, accounts and transactions, and source data in such a manner that the Director may readily verify its statements of financial condition. I recommend the Plan properly account for and safeguard its stock certificates by voiding this certificate and issue a new stock certificate representing the correct number of shares issued with the correct par value and hereafter comply with the provisions of ORS 733.170.

On March 1, 1997, the Plan filed its 1996 annual statement with the Insurance Division which reflected total reserves and unassigned funds in the amount of \$43,681. This amount is below the minimum reserves and unassigned funds requirement of \$50,000 pursuant to the provisions of ORS 750.045(3). Therefore, as of December 31, 1996, the Plan was impaired in the amount of \$6,319 as defined by ORS 734.014(4). The impairment was mainly caused by unusually high expense to premiums ratio of 868.32%. The loss ratio (including loss adjustment expenses) for 1996 was 54.60%. However, the total incurred administrative expenses for 1996 were \$79,934 against earned premiums of \$9,811, which resulted in an underwriting loss of (\$75,380). The net loss for the year was (\$61,880).

The above analysis shows that the Plan needs an increased volume of business to keep its operating expenses per unit within the levels supportable by current products. The Plan must decide whether it wants to focus on a mode in which expenses are minimized

or move to a plan to substantially increase its business. Because of the risks and costs of any such expansion program, a carefully analyzed business plan should be completed before it is undertaken. The examiner is aware that the Plan is in the course of developing such a business plan. I recommend the Plan submit a business plan to the Insurance Division for review and comment as soon as it is available to avoid being in violation with the provisions of ORS 731.385. Subsequent to the year end 1996, the Plan submitted a business plan, which is currently being reviewed by the Insurance Division.

On February 27, 1997, the Parent company made a capital infusion in the amount of \$30,000 in the form of cash. At March 31, 1997, the Plan had reserves and unassigned funds in the amount of \$55,105 and as of the date of this report, the Plan was no longer impaired. To avoid such an occurrence in the future, the Plan has signed a funding agreement with the Parent. Under the terms of the agreement, the Parent agrees to pay all operating expenses until such time as the Plan generates sufficient revenues to support its operating expenses without drawing on the reserves and unassigned funds. This agreement was reviewed by the Oregon Department of Justice, as part of the Oregon Insurance Division's routine review of agreements for approval, and no objections were voiced as a result of the Oregon Department of Justice review.

MANAGEMENT AND CONTROL

Board of Directors

The Bylaws vest management and control of the Plan in a Board of Directors composed of 3 to 6 members. It was noted during the examination that all members of the Board of Directors of the Plan were employees of an affiliated entity. As a result, the Plan is not in compliance with the provisions of ORS 750.015 which requires that at least one-third of the members of the Board of Directors shall be representatives of the public

who are not participating doctors or employees or a trustee of a participating hospital. I recommend the Plan immediately comply with the provision of ORS 750.015 and hereafter maintain such compliance at all times.

Members of the Board of Directors, duly elected and serving as of December 31, 1996 were:

<u>Name and Address</u>	<u>Affiliation</u>	<u>Expiration Date of Term</u>
John Stewart Brouse 1800 Center Street Camp Hill, PA 17011	President Highmark, Inc.	June 30, 1997
Thomas Anthony Dzuryachko 100 Senate Avenue Camp Hill, PA 17011	Chief Operating Officer United Concordia Companies, Inc.	June 30, 1997
Walter Fedrick Froh, Esq. 100 Senate Avenue Camp Hill, PA 17011	Senior Vice President Highmark, Inc.	June 30, 1997
James Edgar Harold Ward 1800 Center Street Camp Hill, PA 17011	President United Concordia Companies, Inc.	June 30, 1997
Charles Ross Long 1800 Center Street Camp Hill, PA 17011	CFO Highmark Inc.	June 30, 1997

Officers

Operating management of the Plan as of December 31, 1996, was under the direction of the following principal officers:

<u>Name</u>	<u>Title</u>
John S. Brouse	Chairman of the Board
Thomas A. Dzuryachko	President
Daniel J. Wright	Treasurer & Assistant Secretary
Richard J. Enterline	Secretary

MANAGEMENT AFFIRMATION

MANAGEMENT AFFIRMATION

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CONFLICT OF INTEREST

The Plan requires key employees, officers and directors to disclose any conflict of interest on a signed conflict of interest questionnaire. From a review of the conflict of interest questionnaires, it appeared that the affected personnel performed due diligence in disclosing all and any potential conflicts of interest. No exceptions were noted.

CORPORATE RECORDS

Board Minutes

Minutes of the Board of Director meetings were reviewed for the period under examination. A quorum was present at each meeting. The minutes supported the transactions of the Plan and the action taken by its officers. The minutes reflected the approval of investments as required by ORS 733.730 and ORS 733.740.

Articles of Incorporation

Articles of Incorporation appeared to be in conformance with Oregon statutes and were amended once during the course of this examination to change the name of the corporation to MIDA Dental Plans, Inc.

Bylaws

The Bylaws appeared to be in conformance with Oregon Statutes. No amendments were made to the Bylaws since the last examination.

FIDELITY BONDS AND OTHER INSURANCE COVERAGES

The Plan, through its ultimate parent, is insured up to \$15,000,000 per occurrence, with \$250,000 deductible, against losses from acts of dishonesty and fraud by its employees. This fidelity bond coverage was found to meet the minimum coverage recommended by the NAIC. In addition, the Company is covered against directors and

officers liability for \$15,000,000 with \$5,000 deductible for each director and \$50,000 aggregate per claim.

Other insurance coverage in force under commercial policies provide for indemnification to the Plan for losses against liability arising from general business operations and automobile operation.

Since most deductibles exceed reserves and unassigned funds of \$43,681, it was determined that the Plan did not have adequate insurance coverages in all exposed areas of risk. This is contrary to the provisions of ORS 731.302 and NAIC Examiners Handbook. I recommend the Plan immediately make the necessary arrangements to reduce the insurance deductibles and hereafter comply with the provisions of ORS 731.302 and NAIC Examiners Handbook at all times.

PENSION PLANS AND OTHER POST-RETIREMENT BENEFITS

The Plan does not have any employees and, therefore, no liability for employee benefits. The parent company did not charge the Plan for any post retirement benefits for the period covered by this examination.

TERRITORY AND PLAN OF OPERATION

During 1996, the Plan's business consisted of 5 group policyholders with a total of 63 participants which accounted for 100% of the 1996 premium. The Plan, under its new management, intends to increase its market share in Oregon's insured dental market. The Plan arranges services for its members through a network of participating dentists and dental specialists throughout Oregon.

MANAGEMENT AGREEMENT

The Plan has no employees. All services, including administrative, management, and marketing services, are performed by M.I.D.A., Inc., employees. The Plan reimburses M.I.D.A., Inc., for these services on a cost basis. In addition to the direct expenses, the Plan is charged a management fee based on a percentage of the Plan's premium revenue. As of the date of this examination the Plan had a written management agreement with M.I.D.A., Inc., however, it was determined during the examination that the terms of such agreement caused an impairment in the amount of \$6,319 as defined by ORS 734.014(4). As noted earlier, the Plan has signed a funding agreement (see page 7 for more detail) and therefore, no management fee will be charged until such time as the Plan generates sufficient revenues to support its operating expenses without drawing on the reserves and unassigned funds.

GROWTH OF THE PLAN

The following exhibit reflects the annual growth of the Plan since 1990. Stated amounts were compiled from the Plan's filed annual statements and, where indicated, from current and previous examination reports.

<u>Year</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Reserves Unassigned Funds</u>	<u>Net Gain</u>
1990*	\$304,632	\$103,819	\$200,813	\$(13,752)
1991	440,462	230,511	209,951	(11,411)
1992	356,532	119,975	236,557	51,795
1993*	300,317	131,687	168,630	24,262
1994	89,175	3,901	85,274	(3,747)
1995	106,583	25,440	81,143	(4,131)
1996*	57,457	13,776	43,681	(61,880)

*Per examination

The impairment was mainly caused by high expense ratios resulting in net losses during the past 6 years and \$150,000 dividends paid during 1994 (see page 15 for more details).

LOSS EXPERIENCE

The following exhibit reflects the annual underwriting results of the Plan since 1990. The stated amounts were compiled from copies of the Plan's filed annual statements and, where indicated, from the current and previous examination reports.

<u>Year</u>	<u>Premiums Earned</u>	<u>Claims Incurred</u>	<u>Claims Ratio</u>
1990*	\$233,068	\$165,550	71.03%
1991	369,243	258,750	70.08
1992	344,834	204,324	59.25
1993*	7,032	7,385	105.02
1994	3,161	2,522	79.78
1995	10,461	5,377	51.40
1996*	9,811	4,997	50.93

*Per examination

Loss ratios appear reasonable for the period covered under this examination.

HOLDING COMPANY REGISTRATION

The Plan is a member of a holding Company system and filed a registration statement with the Insurance Division pursuant to the provisions of ORS 732.551 and OAR 836-27-010. No exceptions were noted in the registration statement.

STATUTORY DEPOSITS

As of the date of the examination, the Plan maintained a surety bond with the Oregon Insurance Department, Department of Consumer and Business Services, in the sum of \$50,000 pursuant to the provisions of ORS 750.045(2). The bond was verified from the records of the Insurance Division.

DIVIDENDS

The Board of Directors declared and paid a dividend in the amount of \$150,000 in 1994.

REINSURANCE

The Plan has no reinsurance agreements as all risks are covered by capitation arrangements with the providers. The maximum risk under such arrangement is below 10% of the Plan's reserves and unassigned funds. As a result, the Plan is in compliance with the requirements of ORS 731.504.

LIMITED MARKET CONDUCT

A very limited market conduct review was performed. Advertising, forms and provider contracts were reviewed at the Portland, Oregon office. The Plan sells a group prepaid dental plan. This plan may be purchased with specialty dental care. Most benefits are covered under the monthly capitation paid to the participating dentist for each enrollee. Some claims are generated for specialty care. Claims processing is performed in Michigan and a review of individual claims was not performed; however, the examiner conducted an interview with the claims supervisor and the results are presented below.

Advertising

Three advertisements were reviewed. All the advertisements were brochures. Two brochures were specifically designed for brokers. The remaining brochure is designed for employers to deliver during open enrollment periods. It appears they were not used in the 1996 calendar year. No exceptions were noted.

Forms

The following forms were reviewed and have been approved by the Oregon Insurance

Division:

Form #GROUPAGRMT	Plan 6 C	Plan 6 F
Form #96COC	Plan 6 CW	Plan 6 FW
Plan 6 A	Plan 6 D	Plan 6 G
Plan 6 V11/95	Plan 6 DW	Plan 6 GW
Plan 6 BW		

Provider Agreements

The examiner reviewed the dental health maintenance organization dental provider agreement and the specialist dental provider agreement. Both agreements contain language requiring the provider to accept payment, together with the amount of any patient charges as set forth in the dental care certificate, that shall fully compensate the dental office for all dental (specialty) services provided to program members.

Claims

The Plan pays participating general dentists a fixed monthly amount for basic services such as:

Diagnostic	Simple Endodontics
Preventative	Nonsurgical Periodontics
Simple Restorative	Simple Oral Surgery

Specialty services are reimbursed on a fee schedule.

As indicated earlier, remarks concerning claims are based on an interview with the claims supervisor in Michigan.

Claims are batched and paid once a week. The average turnaround from receipt of a claim to payment is 14 days. The Plan is currently experiencing a 30 day backlog.

Explanation of benefits forms are not sent out for specialty claims. This practice conforms to Oregon state law.

When claims are delayed for a period of more than 20 working days, the Plan is required to send the member a letter of acknowledgment and a notification of the delay of the claim. Per the interview conducted with the claims supervisor, the Plan is currently sending a letter if more information is required.

In accordance with OAR 836-80-235(1) an insurer shall, within 20 working days after its receipt of properly executed proofs of loss from a first party claimant, advise the claimant of the acceptance or denial of the claim and (3) if an insurer needs more time to determine whether the claim of a first party claimant should be accepted or denied, it shall so notify the claimant within 20 working days after receipt of the proofs of loss, giving the reason more time is needed. Forty-five days from the date of such initial notification and every 45 days thereafter while the investigation remains incomplete, the insurer shall notify the claimant in writing of the reason additional time is needed for investigation.

I recommend the Plan adopt a procedure to send members notifications of acknowledgment and delay in accordance with OAR 836-80-235(1) & (3).

ACCOUNTS AND RECORDS

The Plan's books are maintained on the basis of customary and general practice in insurance accounting. Disbursements were evidenced by bills, invoices, or statements pursuant to the provisions of ORS 732.320. As of December 31, 1995, the Plan did not have a management contract or exclusive agency contract in effect which are prohibited pursuant to the provisions of ORS 732.215 and ORS 732.220.

In general, the Plan's records and source documentation supported the amounts presented in the Plan's December 31, 1996 annual statement. The following exceptions were noted:

Recordkeeping Practices

It was noted during the start of this examination that most records were maintained in Southfield, Michigan. This is contrary to the provision of ORS 732.245 and 733.170. The provisions of ORS 732.245, in essence require that every domestic insurer shall keep in the State of Oregon, accurate and complete accounts and records of its assets, transactions, and affairs. Furthermore, the provisions of ORS 733.170 require, in part, that an insurer shall keep its books, records, accounts and transactions source data in such a manner that the director may readily verify its statement of financial condition. I recommend the Plan comply with the provisions of ORS 732.245 and 733.170 by keeping all records in Oregon and hereafter maintain such compliance at all times. Subsequent to the year end and before the last day of the examination, all records were transferred to Oregon and as of the date of this report the Plan was in compliance with the above code section.

Unclaimed Funds

It was noted during the previous examination that the Plan does not remit unclaimed funds from outstanding checks of more than one year to the Oregon Division of State Lands (the Division). As a result, a recommendation was made that the Plan establish a liability for checks outstanding for more than one year, and remit unclaimed funds to the Division in accordance with ORS 98.352. Personnel of the Plan stated that during the period covered by this examination, the Plan's unclaimed checks were not yet subject to the custody of the state and therefore, did not file unclaimed property reports

with the Division. Pursuant to the provisions of OAR 141-45-041(5), all organizations doing business in Oregon have to submit Form 1A to the Division, on or before October 1 of each year, even if they have nothing to report or nothing is due. I recommend the Plan comply with the provisions of OAR 141-45-041(5) by properly submitting form 1A with the Oregon Division of State Lands.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The Plan complied with all recommendations made in the previous examination except as follows:

1. "I recommend the Plan make immediate arrangements to maintain all books and records in the State of Oregon as required by the provisions ORS 732.245."

As noted earlier, during the start of this examination, most records were maintained in Southfield, Michigan. However, as of the date of this report, the Plan was in compliance with this recommendation.

2. "I recommend the Plan establish procedures to remit and report unclaimed property to the Oregon Division of State Lands as required by ORS 98.352."

The Plan has properly submitted Form 1A to the Oregon Division of State Lands in accordance with the provisions of OAR 141-45-041(5), and as of the date of this report, is in compliance with this recommendation.

MIDA DENTAL PLANS, INC.
STATEMENT OF ASSETS, LIABILITIES, RESERVES AND OTHER FUNDS
As of December 31,1996

ASSETS	Ledger Assets	Non-ledger (Nonadmitted) Assets	Net Admitted Assets
Cash (Note 1)	\$57,128	\$ 0	\$57,128
Uncollected premiums	329		329
Furniture and equipment	3,181	3,181	0
Prepays	<u>2,401</u>	<u>2,401</u>	<u>0</u>
Total Assets	<u>\$63,039</u>	<u>\$5,582</u>	<u>\$57,457</u>

LIABILITIES, RESERVES AND OTHER FUNDS

Taxes, licenses and fees due or accrued	\$ 50
Other expenses due or accrued	550
Affiliate payable	<u>13,176</u>
Total Liabilities	<u>\$ 13,776</u>
Statutory reserves	50,000
Aggregate write-ins for reserves	380,000
Unassigned funds	<u>(386,319)</u>
Total Reserves and Unassigned Funds	<u>43,681</u>
Total Liabilities and Unassigned Funds	<u>\$ 57,457</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
FINANCIAL STATEMENTS**

No Adjustments Were Made As A Result Of This Examination

MIDA DENTAL PLANS, INC.
UNDERWRITING AND INVESTMENT EXHIBIT
For the Year Ended December 31, 1996

UNDERWRITING INCOME

Premiums	<u>\$ 9,811</u>
Claims incurred	4,997
Expenses incurred:	
a. Claim adjustment	360
b. Administrative	27,009
c. Soliciting	<u>52,825</u>
Total Underwriting Deductions	85,191
Net Underwriting Gain or (Loss)	<u>(75,380)</u>

INVESTMENT INCOME

Net investment income earned	<u>2,415</u>
Net investment gain	<u>2,415</u>

OTHER INCOME

Aggregate write-ins for other income	<u>350</u>
Net gain before federal income tax	<u>(72,615)</u>
Federal income taxes incurred	<u>(10,735)</u>
Net Gain or (Loss)	<u><u>\$ (61,880)</u></u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THE
FINANCIAL STATEMENTS**

No Adjustments Were Made As A Result Of This Examination

MIDA DENTAL PLANS, INC.
RECONCILIATION OF EXAMINATION CHANGES
Examination as of December 31, 1996

After evaluation of the assets and providing for all known liabilities, no changes were made to the reserves and unassigned funds reported by the Plan as of December 31, 1996.

Reserves and unassigned funds reported at December 31, 1996 \$43,681

<u>Examination Changes</u>	<u>Increase</u>	<u>Decrease</u>
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Assets	\$0	\$0
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Liabilities	0	0
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Reserves and unassigned funds per examination December 31, 1996 \$43,681

NOTES TO FINANCIAL STATEMENTS

Note 1 - Physical Address of Invested Assets

Cash comprises 99.9% of the total assets which is held at the following locations:

Cash

Cash in hand	\$ 100
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Key Bank of Oregon	<u>57,028</u>
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Lloyd Center Tower Office

825 NE Multnomah

Portland, OR 97232

Total Cash	<u>\$57,128</u>
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SUMMARY OF COMMENTS AND RECOMMENDATIONS

The following are issues and concerns the examiner believes should be brought to management's attention as a result of this examination.

Page

- 6 I recommend the Plan properly account for and safeguard its stock certificates by voiding this certificate and issue a new stock certificate representing the correct number of shares issued with the correct par value and hereafter comply with the provisions of ORS 733.170.
- 7 I recommend the Plan submit a business plan to the Insurance Division for review and comment as soon as it is available to avoid being in violation with the provisions of ORS 731.385.
- 8 I recommend the Plan immediately comply with the provision of ORS 750.015 as it relates to the structure of the Board of Directors and hereafter maintain such compliance at all times.
- 12 I recommend the Plan immediately make the necessary arrangements to reduce the insurance deductibles and hereafter comply with the provisions of ORS 731.302 and NAIC Examiners Hand Book at all times.
- 17 I recommend the Plan adopt a procedure to send members notifications of acknowledgment and delay in accordance with OAR 836-80-235(1) & (3).
- 18 I recommend the Plan comply with the provisions of ORS 732.245 and 733.170 by keeping all records in Oregon and hereafter maintain such compliance at all times.
- 19 I recommend the Plan comply with the provisions of OAR 141-45-041(5) by properly submitting form 1A with Oregon Division of State Lands.

SUBSEQUENT EVENTS

The following major events occurred subsequent to the year end 1996:

1. Effective February 12, 1997, the name was changed to United Concordia Dental Plans of Oregon, Inc. (see page 5 for more details).
2. On February 27, 1997 the Parent company made a capital infusion in the amount of \$30,000 in the form of cash. At March 31, 1997, the Plan had

reserves and unassigned funds in the amount of \$55,105 and as of the date of this report, the Plan was no longer impaired (see page 7 for more details).

CONCLUSION

During the 3 year period covered by this examination, the reserves and unassigned funds of the Plan have decreased from \$168,630, as presented in the December 31, 1993, report of examination, to \$43,681, as shown in this report of examination.

The comparative assets, liabilities, reserves and unassigned funds are shown below:

	<u>1996</u>	December 31, <u>1993</u>	<u>Change</u>
Assets	\$57,457	\$300,317	(\$242,860)
Liabilities	<u>13,776</u>	<u>131,687</u>	<u>117,911</u>
Reserves & other funds	<u>\$43,681</u>	<u>\$168,630</u>	<u>(\$124,949)</u>

ACKNOWLEDGMENT

The cooperation and assistance extended by the officers and employees of the Plan during the examination process are gratefully acknowledged.

In addition to the undersigned, Patricia G. Neesham, CPA, AFE, insurance examiner, and Jann Goodpaster, CPCU, CIE, supervising insurance examiner, for the State of Oregon, Department of Consumer and Business Services, Insurance Division, participated in the examination.

Respectfully submitted,

Neeraj Gupta, CFE
Supervising Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

AFFIDAVIT

STATE OF OREGON)
) ss
County of Marion)

Neeraj Gupta, CFE, being duly sworn, deposes and says that the foregoing report of examination as of December 31, 1996, of MIDA Dental Plans, Inc., Portland, Oregon, subscribed by him is true to the best of his knowledge and belief.

Neeraj Gupta, CFE
Supervising Insurance Examiner
Insurance Division
Department of Consumer and Business Services
State of Oregon

Subscribed and sworn before me this ____ day of _____ 1997.

Notary Public in and for the State of Oregon