



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

ORDER ADOPTING REPORT OF EXAMINATION

I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut, having fully considered and reviewed the Examination Report (the "Report") of **Connecticut Dental Practice Organization, Inc.** (the "Company") as of December 31, 2022, do hereby adopt the findings and recommendations contained therein based on the following findings and conclusions.

TO WIT:

1. I, Andrew N. Mais, Insurance Commissioner of the State of Connecticut and as such is charged with the duty of administering and enforcing the provisions of Title 38a of the Connecticut General Statutes ("C.G.S").
2. The Company is a domestic insurer authorized to transact the business of insurance in the State of Connecticut.
3. On March 20, 2024, the verified Report of the Company was filed with the Connecticut Insurance Department (the "Department").
4. In accordance with C.G.S. §38a-14(e)(3), the Company was afforded a period of thirty (30) days within which to submit to the Department a written submission or rebuttal with respect to any matters contained in the Report.
5. On May 10, 2024, the Company filed a written submission indicating that they were in agreement with all of the recommendations contained in the Report. A copy of the Report is attached hereto and incorporated herein as Exhibit A.

NOW, THEREFORE, it is ordered as follows:

1. That the Report of the Company is hereby adopted as filed with the Department.
2. That the Company shall comply with the recommendations set forth in the Report, and that failure by the Company to so comply shall result in sanctions or administrative action as provided by Title 38a of the C.G.S.
3. Section 38a-14(e)(4)(A) of the C.G.S. requires that:

"The secretary of the Board of Directors or similar governing body of the entity shall provide a copy of the report or summary to each director and shall certify to the Commissioner, in writing, that a copy of the report or summary has been provided to each director."

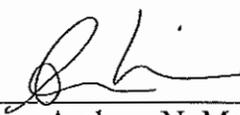
Please address the certification to the Commissioner but send said certification to the care/attention of William Arfanis, Assistant Deputy Commissioner of the Financial Regulation Division.

4. Section 38a-14(e)(4)(B) of the C.G.S. requires that:

"Not later than one hundred twenty days after receiving the report or summary the chief executive officer or the chief financial officer of the entity examined shall present the report of summary to the entity's Board of Directors or similar governing body at a regular or special meeting."

This will be verified by the Insurance Department either through analysis or examination follow-up.

Dated at Hartford, Connecticut, this 13th day of May, 2024.



Andrew N. Mais
Insurance Commissioner



EXHIBIT A

EXAMINATION REPORT

OF THE

**CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.
(NAIC # 16338)**

AS OF

DECEMBER 31, 2022

BY THE CONNECTICUT INSURANCE DEPARTMENT



TABLE OF CONTENTS

	<u>Page</u>
Salutation	1
Scope of Examination	1
History	2
Organizational Chart	3
Management and Control	3
Related Party Agreement	4
Territory and Plan of Operation	5
Reinsurance	5
Information Technology Controls	5
Accounts and Records	5
Financial Statements	
Assets	6
Liabilities, Capital and Surplus	6
Statement of Revenue and Expenses	7
Common Capital Stock	7
Gross Paid In and Contributed Surplus	7
Unassigned Funds (Surplus)	8
Summary of Recommendations	8
Subsequent Events	8
Conclusion	8
Signature	9

March 20, 2024

The Honorable Andrew N. Mais
Insurance Commissioner
State of Connecticut Insurance Department
153 Market Street, 6th Floor
Hartford, Connecticut 06103

Dear Commissioner Mais:

In compliance with your instructions and pursuant to the requirements of Section 38a-14 of the Connecticut General Statutes (CGS), the undersigned has made an examination of the conditions and affairs of

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

(hereinafter referred to as the Company or CDPO), a corporation with capital stock, incorporated under the laws of the State of Connecticut and having main administrative office located at 615 Chestnut Street, Suite 1001, Philadelphia, Pennsylvania. The report of such examination is submitted herewith.

SCOPE OF THE EXAMINATION

The current examination, which covers the period from inception of the Company through December 31, 2022, was conducted virtually.

The examination was part of the coordinated examination of the BeneCare Group, led by the New Jersey Department of Banking and Insurance (NJDOBI). The NJDOBI performed a concurrent examination of Atlantic Southern Dental Foundations, LLC (ASDF)

Noble Consulting Services, Inc. was engaged by the NJDOBI to perform all aspects of the coordinated examination, with the exception of actuarial services.

Taylor-Walker Consulting, LLC was engaged by the NJDOBI to perform the actuarial review services for the coordinated exam.

As part of the examination planning procedures, the Department reviewed the following materials from 2018 through 2022:

- Statutory basis audit reports prepared by the Company's independent certified public accountant, Mayer Hoffman McCann P.C.
- Board of Director (Board) and other committee minutes (through the latest 2023 minutes);
- Management's Discussion and Analysis;

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

- Statements of Actuarial Opinion;
- Annual Statements filed with the Department.

A comprehensive review was made of the financial analysis files and documents submitted to the Financial Analysis Unit of the Department and reports from the National Association of Insurance Commissioners (NAIC) database, all of which indicated no material concerns with respect to financial condition or regulatory compliance.

Work papers prepared by the Mayer Hoffman McCann P.C. were reviewed and relied upon to the extent deemed appropriate.

The examination was conducted on a full scope, comprehensive basis in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). 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 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 process. This may include assessing significant estimates made by management and evaluating management's compliance with Statements of Statutory Accounting Principles (SSAP) of the NAIC Accounting Practices and Procedures Manual (Manual). 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.

This 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 (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

Failure of items in this report to add to totals or for totals to agree with captioned amounts is due to rounding.

HISTORY

The Company was formed subject to the provisions of Chapter 601 of the CGS to be known as CDPO for the purpose of conducting the business of an insurance company. The Company was incorporated on September 14, 2017, and commenced business as a Connecticut dental-only health care center on March 29, 2018.

The Company is a wholly owned subsidiary of BCDP Holdings, Inc. (BCDP). BCDP and its affiliates, including CDPO, operate under the BeneCare Dental Plans (BeneCare) trade name,

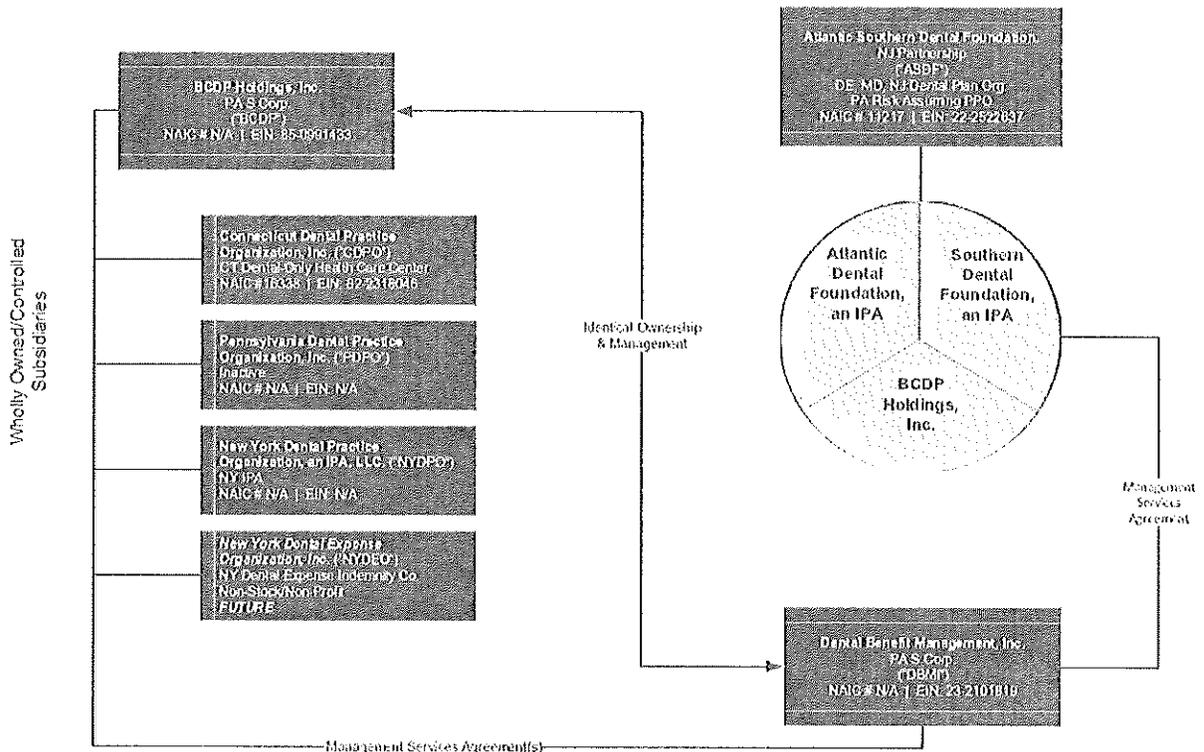
CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

which is a registered trademark of Dental Benefit Management, Inc. (DBMI), a Pennsylvania corporation registered as a Connecticut Third Party Administrator.

DBMI provided the initial capital contribution of \$1,500,000 when it formed CDPO in 2018. DBMI's investment in CDPO was assumed by BCDP effective January 1, 2021.

ORGANIZATIONAL CHART

The following is an organizational chart of the Company as of December 31, 2022:



MANAGEMENT AND CONTROL

The Certificate of Incorporation states “the purpose of the Corporation is to operate as a dental health plan throughout Connecticut.”

Annual Shareholders Meeting

The bylaws state that the annual meeting of shareholders, for the purpose of electing the Board and for the transaction of any other business relating to the affairs of the Corporation, shall be held, annually on such date and at such time as shall be designated by the Board or, in the absence of action by the Board, by the President of the Corporation. Special meetings of the stockholders

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

may be held at any time by the Board or the President or, in the absence or disability of the President, by a Vice President of the Corporation.

Board of Directors

The bylaws state that the business, property and affairs of the Corporation shall be managed by the Board, which may exercise all the powers of the Corporation except such as are by the Act, the Certificate of Incorporation, or the bylaws expressly conferred on or reserved to the shareholders.

The directors shall be elected at the annual meeting or at any special meeting of the shareholders, and each director elected shall hold office until his or her successor is elected and qualified, unless sooner displaced.

A majority of the fixed number of directors shall constitute a quorum for the transaction of business.

Members of the Board serving the Company at December 31, 2022, were as follows:

<u>Name</u>	<u>Title and Principal Business Affiliation</u>
Lee Serota	President, BeneCare
Phyllis Serota	Controller, BeneCare
Dr. Linda Erlanger, DDS	General Dentistry

Officers

According to the bylaws, the officers of the Corporation shall be a President and Secretary, both of whom shall be elected by the Board. The Board may also elect or may authorize the appointment of such additional officers, including but not limited to a Chief Executive Officer, a Chairman of the Board, a Treasurer, one or more Vice Presidents, Assistant Secretaries and Assistant Treasurers as in its judgment may be necessary or advisable.

The officers of the Corporation shall have such powers and duties as provided by the bylaws and as the shareholders or the Board may from time to time confer and designate.

The following individuals were serving the Company as officers, as of December 31, 2022:

<u>Name</u>	<u>Title</u>
Lee Serota	President
Phyllis Serota	Secretary

RELATED PARTY AGREEMENT

Management Services Agreement (“Agreement”)

The Agreement between CPDO and DBMI involves DBMI performing the following administrative service and managerial responsibilities on behalf of CDPO; 1) Sales and marketing staffing, creative, collateral and campaign management; 2) Sponsor contract configuration and installation; 3) Member enrollment and eligibility maintenance; 4) Claims administration; 5)

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

Participating Dental Practitioner network management, maintenance and development; 6) Claims administration; 7) Member sponsor, dentist, and broker reporting and fulfillment; and 8) Member sponsor, dentist and broker center service and support.

The Agreement sets a maximum administrative fee due to DBMI of 10% of premium. For 2022, the Company reported expenses of \$21,807, pursuant to the Agreement. SSAP No. 70 of the Manual notes that “shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity”. It is recommended that the Company work with the Department to determine if the provisions within the Agreement are sufficient to ensure compliance with SSAP No. 70 of the Manual.

TERRITORY AND PLAN OF OPERATION

The Company is licensed as a dental-only health care center. The Company maintains networks of participating dentists across Connecticut and in surrounding states that include over 1,300 individual practitioners at over 950 practice locations. CDPO intends to market dental benefit programs operated on an exclusive provider basis, active preferred provider basis or passive basis for employers, multiple-employer trusts, associations, and other group purchasers for which it is authorized to underwrite dental plans.

REINSURANCE

The Company did not have reinsurance.

INFORMATION TECHNOLOGY CONTROLS

Due to the small size of the Company’s IT department and the corresponding lack of segregation of duties and formalized controls no reliance was placed on IT controls.

ACCOUNTS AND RECORDS

DBMI maintains CDPO’s accounts and records and provides all processing of revenue and expenses. CDPO’s books of account are maintained on the Innovation Software Solutions, Inc. (ISSI) accounting System. Security controls within ISSI limit access to general ledger data based on user function. Manual and automated journal entries are prepared, and uploaded to the general ledger and trial balances are produced from the general ledger. CDPO uses SOVOS Statutory Reporting to produce its statutory blanks.

Detailed analyses were performed on individual general ledger accounts throughout the examination.

The 2022 year-end trial balance was reconciled to the annual statement without exception.

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

FINANCIAL STATEMENTS

The following statements represent the Company's financial position, as filed by the Company as of December 31, 2022. No adjustments were made to surplus as a result of the examination.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	\$502,000		\$502,000
Cash and cash equivalents	1,236,186		1,236,186
Uncollected premiums and agents' balances in the course of collection	12,655	\$1,235	11,420
Total	<u>\$1,750,841</u>	<u>\$1,235</u>	<u>\$1,749,606</u>

LIABILITIES, CAPITAL AND SURPLUS

LIABILITIES	Covered	Uncovered	Total
Claims unpaid	\$27,764		\$27,764
Unpaid claims adjustment expenses	1,000		1,000
Total liabilities	<u>\$28,764</u>		<u>\$28,764</u>
CAPITAL AND SURPLUS	Covered	Uncovered	Total
Common capital stock	XXX		\$1
Gross paid in and contributed surplus	XXX		1,500,999
Unassigned funds (surplus)	XXX		219,842
Total capital and surplus	XXX		1,720,842
Total liabilities, capital and surplus	XXX		<u>\$1,749,606</u>

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

STATEMENT OF REVENUE AND EXPENSES

STATEMENT OF REVENUE AND EXPENSES	Uncovered	Total
Member months	XXX	8,561
Net premium income	XXX	\$319,689
Total revenues	XXX	319,689
Hospital and Medical:		
Other professional services		192,545
Subtotal		192,545
Less:		
Total hospital and medical		192,545
Claims adjustment expenses		5,776
General administrative expenses		112,180
Total underwriting deductions		310,501
Net underwriting gain or (loss)	XXX	9,188
Net investment income earned		506
Net investment gains or (losses)		506
Net income or (loss), after capital gains tax and before all other federal income taxes		9,694
Net income (loss)	XXX	<u>\$9,964</u>
CAPITAL AND SURPLUS ACCOUNT		
Capital and surplus, December 31, prior year		\$1,708,076
Net income		9,694
Change in non-admitted assets		3,072
Net change in capital and surplus for the year		12,766
Capital and surplus, December 31, current year		<u>\$1,720,842</u>

COMMON CAPITAL STOCK

\$1

As of December 31, 2022, the Company had 1,000 shares issued, authorized and outstanding with a par value of \$0.001 per share. All shares are owned by BDCP.

GROSS PAID IN AND CONTRIBUTED SURPLUS

\$1,500,999

There were no changes to this account balance during the period under examination, other than 2018 where the Company reported \$1,501,100 for the captioned account.

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

UNASSIGNED FUNDS (SURPLUS)

\$219,842

The following exhibit reflects the balance of this account during the period under review:

2022	\$219,842
2021	\$207,076
2020	\$194,295
2019	\$106,715
2018	\$ 11,877

During the examination period changes to unassigned funds (surplus) were primarily related to net income.

SUMMARY OF RECOMMENDATIONS

Pg.

RELATED PARTY AGREEMENT

- 4 It is recommended that the Company work with the Department to determine if the provisions within the Agreement are sufficient to ensure compliance with SSAP No. 70 of the Manual.

SUBSEQUENT EVENTS

There were no events subsequent to our examination date, December 31, 2022, that required adjustments to the financials or disclosure.

CONCLUSION

The results of this examination disclosed that as of December 31, 2022, the Company had admitted assets of \$1,749,606, liabilities of \$28,764, and capital and surplus of \$1,720,842.

CONNECTICUT DENTAL PRACTICE ORGANIZATION, INC.

SIGNATURE

In addition to the undersigned, the following members of the Department participated in the examination: William Arfanis, CFE; Brian Llinares, Sarah Mu, FSA, MAAA, and Manuel V. Hidalgo, FSA, MAAA, CFA.

I, Michael Daniels, CFE, solemnly swear that the foregoing report on examination is hereby represented to be a full and true statement of the condition and affairs of the subject insurer as of December 31, 2022, to the best of my information, knowledge and belief.

Respectfully submitted,



Michael Daniels, CFE
Examiner-In-Charge
State of Connecticut
Insurance Department

State of Connecticut

ss. Hartford

County of Hartford

Subscribed and sworn to before me, 
Notary Public on this 11 day of April, 2024.



Notary Public

My Commission Expires June 30, 2026

