



COMMITMENT to SMILES

DELTA DENTAL of TENNESSEE | 2015 ANNUAL REPORT



LETTER FROM THE CEO

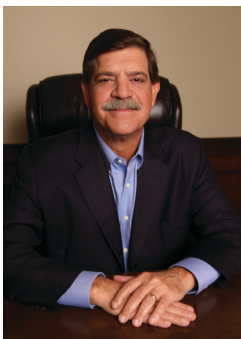
For 50 years, we have provided commercial dental benefits in the state of Tennessee. Historically known in 1965 as Tennessee Dental Services Corporation, and now as Delta Dental of Tennessee, we serve industry leaders, local municipalities and the government of the State of Tennessee. Our mission has consistently guided us over the years in product development, dental health advocacy, and philanthropy.

Giving back is a long-standing tradition at Delta Dental. Our Smile180 Foundation uniquely positions Delta Dental at the crossroads of oral health in Tennessee. Charitable dental clinics can now expand their community services because of our foundation's consistent support. Future dentists are receiving the best training available because of our scholarships to University of Tennessee Health Science Center and Meharry Medical College. New dental operatory suites in children's hospitals throughout the state are protecting the smiles of our littlest patients.

Our efforts were particularly honored this year by our professional peers with the Outstanding Corporation Crystal Award from the Memphis Chapter of the Association of Fundraising Professionals. Knowing the positive impact we are achieving in Tennessee makes receiving this specific commendation distinctly rewarding.

Accomplishments like these are due to our outstanding caliber of employees. I would like to formally recognize the leadership contribution made by one of our retiring leaders, Tom Perry. For more than 26 years, Tom diligently served as CFO and was instrumental in our becoming the largest dental benefit provider in the state. We are not the only ones who knew of his accomplishments — he was recently awarded the Lifetime Achievement Award by Nashville Business Journal. His impact cannot be measured. Thank you, Tom.

We are poised to move into the next fifty years of protecting the smiles of fellow Tennesseans. In the pages of this annual report, we invite you to see our commitment to healthy smiles is more than just lip service.



Philip A. Wenk
President and CEO, Delta Dental of TN

THEN AND NOW



Over the last half century, Delta Dental of Tennessee has remained committed to the advancement of the overall health of Tennesseans through providing dental benefits, educational programs, and philanthropic efforts.

Delta Dental of Tennessee was first formed as Tennessee Dental Services Corporation in 1965 as the result of enabling legislation passed by the Tennessee General Assembly. The name was officially changed to Delta Dental of Tennessee in 1970.

Since then, Delta Dental of Tennessee has grown to become the largest independent dental insurance provider in the state, with more than 2,000 employer groups protecting over 1.2 million members.

Since 2003, Delta Dental has given more than \$18.5 million to our community through more than 100 dental clinics, dental schools, charities, hospitals, and other organizations across Tennessee.



CFO Tom Perry Retires

Celebrating 26 Years of Service

For more than 26 years, Tom Perry directed the finances for Delta Dental of Tennessee. Because of his fiscal stewardship, Delta Dental has been enabled to fully meet its mission as a non-profit corporation and reinvest proceeds into our community.

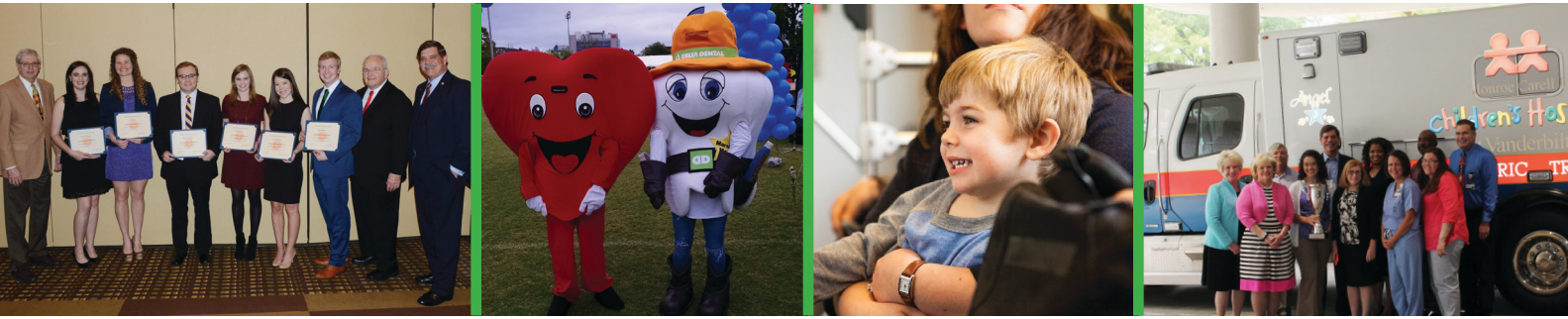
Hired as our company's 10th employee, Tom played an integral role in Delta Dental of Tennessee's growth and success. He was instrumental in the company's greatest strategic moves.

As the company grew, Tom created a more sophisticated investment strategy, managing a portfolio of over \$45 million. In the past 25 years, Delta Dental has never posted a loss, much to the credit of our financial leader.

It was fitting that shortly before his retirement in 2015, Tom was honored by the Nashville Business Journal with the CFO Lifetime Achievement Award.

We join in praising his many accomplishments, and wish him as many in retirement.



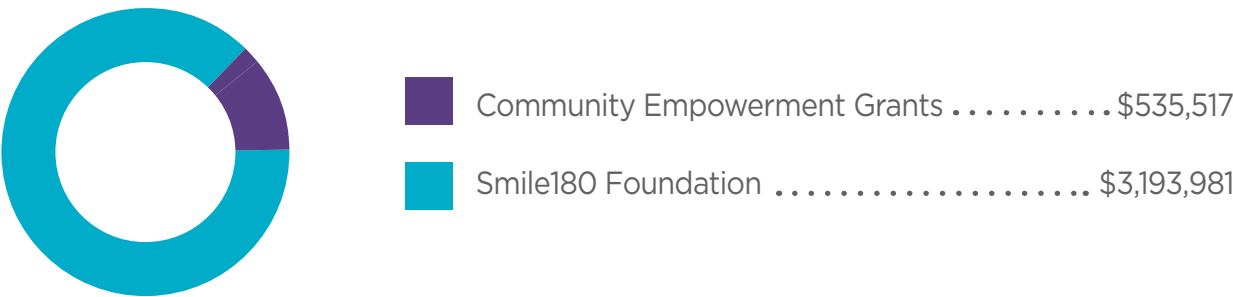


COMMUNITY COMMITMENT

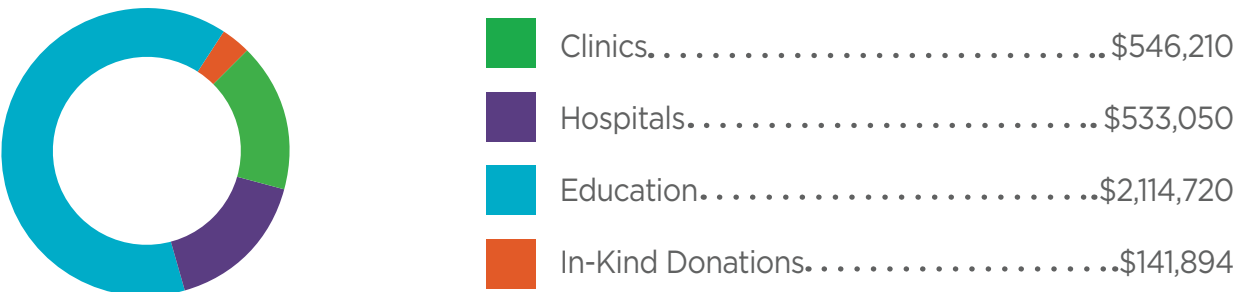
“ We understand and appreciate the importance in giving back to the areas we serve. Our employees are committed to serving our community and we believe it is our mission to improve the lives of people across the state. I am very proud of our employees for their outstanding efforts to serve others. ”

— Philip A. Wenk, President & CEO, Delta Dental of Tennessee

2015 Corporate Contributions



2015 Smile180 Contributions



To see the full report for Smile180, visit Smile180.com/AnnualReport



OUR SERVICE KEEPS THEM SMILING

For 50 years, customer service has been a key differentiator for Delta Dental of Tennessee.

In 2015, we experienced significant increases in claims up 14% from 2014, and customer calls up 16%, all while continuing to “wow” our clients and our members with exceptional service.

“Delta Dental definitely simplifies things compared to other insurance companies.

Your customer service reps really understand customer service!

Fastest and easiest claims EVER. My dentist gives me a printout of coverages & has never had any surprises.

I love this Dental plan. My dentist's office loves working with it too and told me that it is the best!

This is the best dental plan that our family has had thus far. Customer service is great.

Excellent service and prompt solution to any issues I have ever had. Extremely pleased with this insurance.

”

74.44%



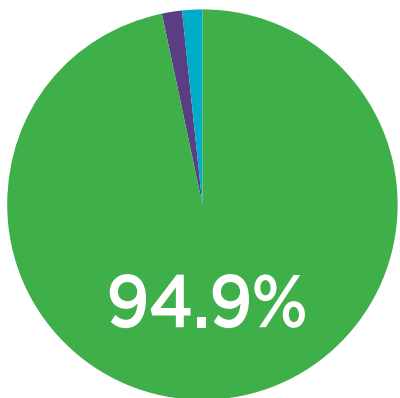
Claims Received
Electronically

2,217,102

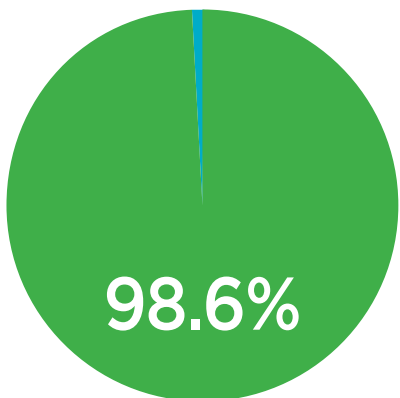


Claims Processed

MEMBER SATISFACTION



GROUP SATISFACTION



- Very Satisfied or Satisfied
- Dissatisfied
- Very Dissatisfied



723,770

Calls Received



7.43 sec

Average Speed
of Answer

2:55 min

Average Call
Time

99.2%



Inquiries Resolved
on First Contact

SMILES BY THE NUMBERS

As of December 31,
2014 2015

Total Assets	\$78,532,881	\$ 76,740,569
Capital & General Reserves	\$50,124,760	\$ 53,827,762
Total Revenues	\$306,770,635	\$ 352,987,177
Total Benefits & Expenses	\$314,842,964	\$ 348,406,253
Contribution to General Reserves	(* \$8,257,579)	\$ 4,833,748

Cost Management Results

Submitted Charges	\$650 Million	\$741 Million
Paid Charges	\$266 Million	\$303 Million
Total Cost Management Savings	\$384 Million	\$464 Million
The Delta Dental Difference	\$126 Million	\$189 Million
Other Savings	\$258 Million	\$275 Million

Key Business Accomplishments

New Business	\$8,275,600	\$29,519,537
Covered People	1,101,651	1,259,471
Business Renewal Rate	98.4%	98.27%



A.M. Best ratings reaffirmed

A- (Excellent)

Delta Dental of Tennessee has received an A- (Excellent) rating for 12 consecutive years.

** In 2014, \$12 million in excess reserves was transferred to fund the corpus of the Smile180 Foundation.*

We are an equal opportunity employer and all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, disability status, protected veterans status, or any other characteristic protected by the law.



EXECUTIVE STAFF

PRESIDENT & CEO
Philip A. Wenk, D.D.S.

**SENIOR VICE PRESIDENT
& CFO**
Tom Perry

**SENIOR VICE PRESIDENT
EMPLOYEE RELATIONS**
Pam Dishman

**SENIOR VICE PRESIDENT
OPERATIONS**
Kaye Martin

**VICE PRESIDENT &
CONTROLLER**
Frank Turbeville

**VICE PRESIDENT
INFORMATION SERVICES**
Donald Beaty

**VICE PRESIDENT
MARKETING &
GOVERNMENT RELATIONS**
Missy Acosta

**VICE PRESIDENT
OPERATIONS**
Melissa Huschke

**VICE PRESIDENT
QUALITY MONITORING &
IMPROVEMENT**
Shanda Brown

**VICE PRESIDENT
SALES & UNDERWRITING**
Jay Reavis

**REGULATORY
COMPLIANCE
CONTROLLER**
Kathy Fussell

BOARD OF DIRECTORS

CHAIR
Leslie Sellers
Clinton, Tennessee

IMMEDIATE PAST CHAIR
Campbell Sowell, Jr., D.D.S.
Columbia, Tennessee

VICE CHAIR
Victor Beck, Jr., D.D.S.
Columbia, Tennessee

SECOND VICE CHAIR
Drew Robinson
Cleveland, Tennessee

Paul Bacon, D.D.S.
Cleveland, Tennessee

Andy Beasley
Brentwood, Tennessee

Terrance R. Comar, D.D.S., M.S.
Kalamazoo, Michigan

John R. Collier, Jr.
Hernando, Mississippi

Carmen Reagan, D.B.A.
Clarksville, Tennessee

EX-OFFICIO BOARD MEMBERS

Laura Czelada
Okemos, Michigan

Philip A. Wenk, D.D.S.
Nashville, Tennessee



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