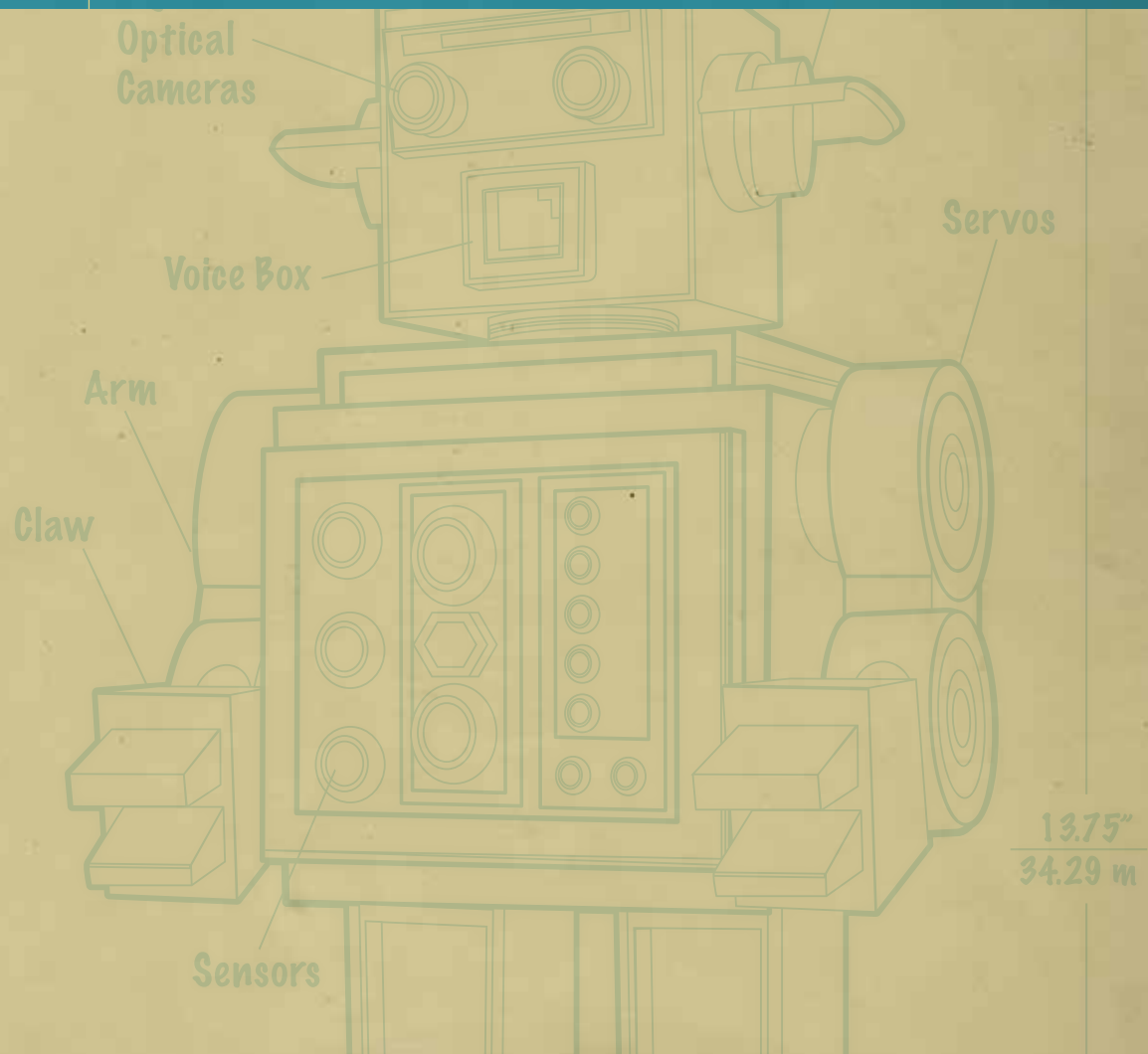


# THE FUTURE OF DENTISTRY

A VIEW OF THE MARVELS THAT AWAIT US IN THE DISTANT YEAR OF 2011



# BACK TO THE FUTURE

2010 was a year of great change for Delta Dental of North Carolina. We're all smiling as we embark on a new chapter in the company's future.

In 2010 Delta Dental of North Carolina was pleased to announce an affiliation with Delta Dental plans in Indiana, Kentucky, Michigan, New Mexico, Ohio, and Tennessee. This affiliation made us smile as it will allow us to benefit from the collective strength and enhanced scale of the larger organization, while maintaining our independence and local customer, producer and provider focus. Specifically, this enterprise will help us enhance product options, increase operational and technological capabilities, and better control administrative costs benefiting our stakeholders in many ways that you will read about in these pages.

Collectively, this enterprise is one of the largest and oldest group dental benefits providers in the nation, covering nearly 8 million people as of the end of 2010. In addition, in 2010, more than \$2 billion was paid for dental treatment received by those we cover, a statistic underscoring the tremendous role we play in improving oral health.

Strength, stability and a sense of humor have helped us bring together business, science and strong leadership on the part of all the affiliated boards while allowing each of us to remain independent, as well as true to our core stakeholders. As a group of companies, we will work towards a similar view of the future and develop together, the mix of skills, products and "must haves" necessary to be successful in a post health care reformed world.

Even with the changes that the federal government is making to our industry, we have a lot to smile about. We are bigger, stronger, more stable, more protective of our policy holders, and continue to enjoy an unparalleled reputation with the profession of dentistry.

There is no doubt that our solid foundation puts us in a position to thrive despite a changing business environment. The achievements in 2010 speak for themselves, and we also invite you to learn more about how we are continuing to build for the future in the pages that follow.

Speaking of the future, it is also the theme for this year's report – but with a slight twist. The photos and captions within take us back for a whimsical look at how people of the 1950s possibly imagined the future of dentistry...a look that we believe will make you smile.



Paul Carruth



Curt Ladig

## THROW AWAY YOUR TOOTHBRUSH & FLOSS...

because in 2011, they'll use LASERS to keep your teeth clean. That's right, in the future, scientists will use the power of concentrated light beams to make sure you're always flashing the brightest smile possible.



Paul Carruth  
Chairman of the Board

Curt Ladig  
President and Chief Executive Officer



### OVER THE TEETH AND THROUGH THE GUMS.

Look out future, here we come. Grab a glass of water, and pop a Plaque Prevention Pill containing special enzymes that instantly remove any traces of plaque build-up from your teeth...and anywhere else in your body. This little wonder is just one of the many dental hygiene innovations the future will bring, thanks to the miracle of modern science.

## OUR FUTURE VISION

### OUR MISSION

To be the dental benefits company of choice in the markets we serve

### OUR QUALITY POLICY

Bringing Quality to All We Do

### OUR CORE VALUES

DiverSity  
Community CoMmitment  
Innovation  
BalAnce  
IntEgrity

The Delta Dental companies in Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio, and Tennessee are part of a family of companies organized under a non-profit parent organization. In coming together, we found many areas in which we were the same and many in which we were different. In 2010, leaders of all the affiliated companies joined together to develop a common mission, quality policy and core values. This common mission helps drive us into the future while our core values define how we operate.

Moving forward, our enterprise is focused strategically on being the dental benefits company of choice in the markets we serve. While we are the market leader today, to stay that way, we must continue to create dynamic product lines that provide effective benefits to improve oral health—and overall health—while reducing costs. At the same time, we will continue to make it a priority to provide the best in service to our customers, subscribers, our thousands of participating dentists, and others with whom we do business.

## AN EYE TO THE FUTURE

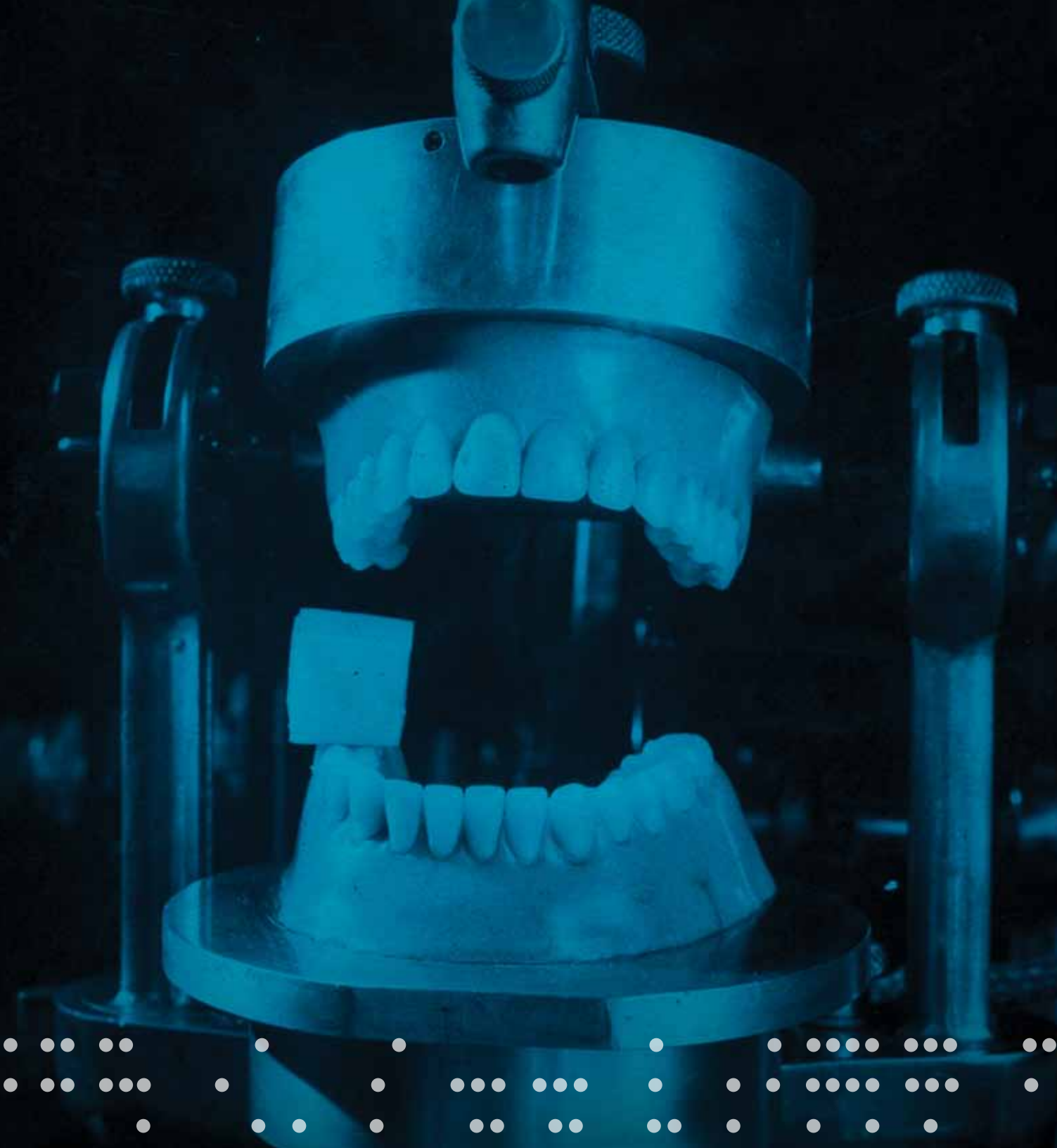
Our Research and Data Institute brings together the groundbreaking work being done by our Informatics department, Research Committee, and world-renowned consultants to use data to drive innovation, improve service, and improve health. Through the Institute, our experts analyze and interpret our collection of dental claims data, which is the most extensive in the world, to find valuable insights into oral health and identify ways to improve our offerings in ways that will reduce costs while still covering the treatment our subscribers need to stay healthy.

We also support projects in conjunction with major universities and other leading research organizations that are designed to advance scientific knowledge and improve health. Among the projects recently supported are: a study on the potential for dentists to play a greater role in the detection of health conditions such as diabetes; the cost impact of oral cancer; the application of salivary diagnostics to dentistry; and the development of biotechnology to advance health. Our dedication to research reflects our commitment to advancing the science of dentistry to benefit the health of future generations.

## THE FUTURE IS NOW

We understand the importance of great customer service. Our online tools for subscribers, dental office staff members, and customers are easy-to-use ways to obtain information at any time. In addition, we maintain an expert customer service staff as well as an automated phone line for inquiries.

We feel the future of our company will always be closely tied to our excellent service. Our 2010 statistics are proof of our continued excellence: Customer Service answered calls within 12 seconds on average, with an abandonment rate of 0.85%. We processed 99.63% of our claims within 14 days with 99.7% financial accuracy.



**CHEW ON THIS.** Imagine a world where every type of food you eat is genetically engineered to resemble a cube of cheese that perfectly matches the formation of your teeth, reducing any unnecessary wear and tear on your molars. A few gentle chewing motions will provide all the delicious taste of the toughest skirt steak or the stickiest peanut brittle without any risk of dislocating your jaw or chipping a tooth. It's just one more luxury we can all look forward to in the year 2011.



### **DANGER!! DANGER!!**

What's that? You forgot to laser your teeth clean this morning? No problem... DENTAL-BOT is here to help. Equipped with arms that wield lasers, floss, water-picks and fluoride rinse, these automatons will serve as our future sentinels of hygiene, on call to assist citizens with all dental-health related needs.

## **INVESTING IN OUR FUTURE**

We are committed to doing all we can to improve the quality of life in our communities, with a priority on oral health. In 2010, we became a part of the Delta Dental Foundation, which will help fund dental and community relations initiatives in the Tar Heel State. We look forward to being able to initiate disbursement of some of those funds in 2011.

We also continue to support the University of North Carolina College of Dentistry by providing a scholarship to a dental student each year, ensuring that North Carolinians will receive quality dental care for years to come.

## A BRIGHTER FUTURE

Our family of companies posted record growth in 2010, adding \$384.7 million in new business—up from \$176.5 million in 2009. In addition, the number of people we cover grew from 6.6 million in 2009 to 7.9 million in 2010.

While there are many reasons for this tremendous growth, the products we sell are the core of our success. We market a full range of products nationwide, including group and individual dental plans that utilize both our Premier and our PPO networks.

Here's a brief overview.

**Delta Dental Premier®:**

This plan provides access to the largest network of participating dentists in the nation, including approximately three out of four dentists in the United States practicing in more than 236,500 locations. Individuals who go to participating dentists realize cost savings by doing so.

**Delta Dental PPO™:**

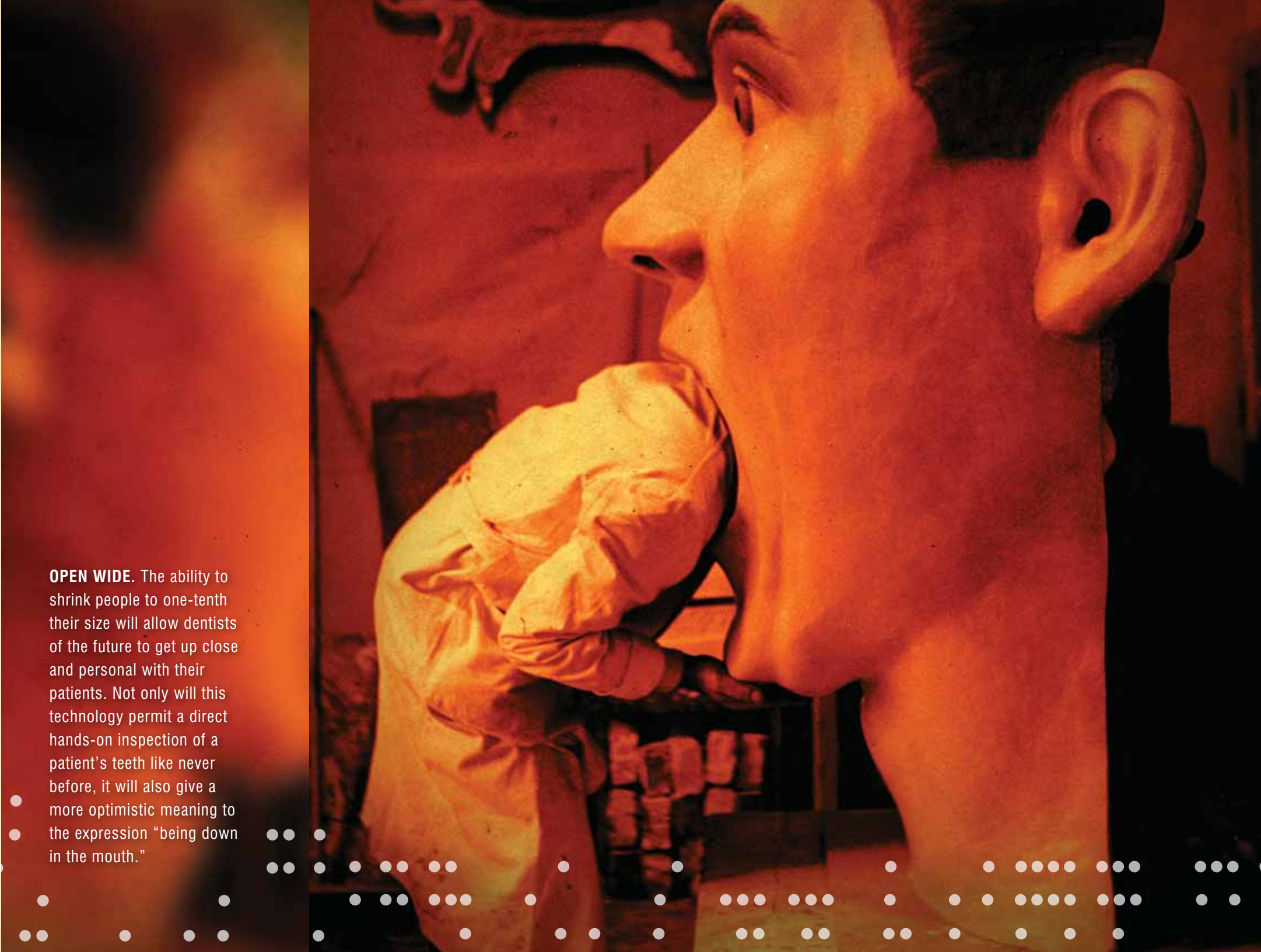
This plan provides covered individuals with deeper cost savings through its nationwide network of participating PPO dentists. This plan has approximately 155,500 dentist locations nationwide.

**Delta Dental PPO plus Premier:**

This plan is one of a kind nationally because it offers our two extensive provider networks simultaneously—unmatched provider access and claims savings for members.

**Individual Dental Plan**

While dental coverage traditionally has been purchased through groups, to build effectively for the future, we realized the importance of offering individual plans as well. We were pleased to launch our individual product in June 2009 as we strive to promote oral health to everyone in North Carolina. This product offers a range of benefits designed to fit needs of all individuals.



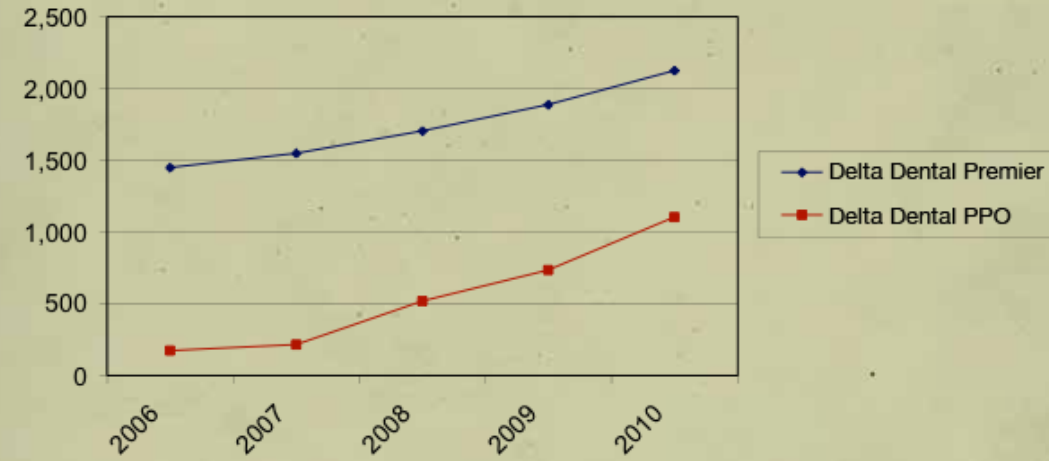
**OPEN WIDE.** The ability to shrink people to one-tenth their size will allow dentists of the future to get up close and personal with their patients. Not only will this technology permit a direct hands-on inspection of a patient's teeth like never before, it will also give a more optimistic meaning to the expression "being down in the mouth."

# GROWTH & DEVELOPMENT

As an enterprise, we are a leader in offering individual plans. The potential for these plans became clear in 2009 as an alternative for retirees and those who lost group coverage in cutbacks prompted by the recession. Today, nearly 100,000 people are covered, and the enterprise is well positioned for the health insurance exchanges being created by 2014 for individuals and small businesses.

To support growth in Delta Dental of North Carolina's groups and enrollees, we also focused on growing the number of providers in our network. Our total number of in-network providers for Delta Dental Premier has increased to more than 2,000, and Delta Dental PPO now has over 1,000 providers.

**DELTA DENTAL OF NORTH CAROLINA NETWORK GROWTH**



# FINANCIALS

## 2010 Financial Results as of December 31

	Combined (000s omitted) <sup>1</sup>	North Carolina (000s omitted)
Total assets	\$ 740,463	\$15,853
Capital and general reserves	513,422	(2,585)
Total revenues	2,341,239	30,393
Total benefits and expenses	2,287,157	31,217
Contribution (reduction) to general reserves	54,082	(824)

## Cost Management Results<sup>2</sup>

	Combined (000s omitted) <sup>1</sup>	North Carolina (000s omitted)
Submitted charges	\$3.1 billion	\$56.2 million
Paid charges	\$1.5 billion	\$26.6 million
Total cost management savings	\$1.6 billion	\$18.8 million
The Delta Dental Difference <sup>®</sup>	\$435 million	\$4.8 million
Other savings	\$1.1 billion	\$14.4 million

## Key Business Accomplishments<sup>1</sup> as of December 31, 2010

	Combined (000s omitted) <sup>1</sup>	North Carolina (000s omitted)
New business (total)	\$384.7 million	\$5.5 million
Covered people (total)	7.9 million	110,953
Business Renewal		89%

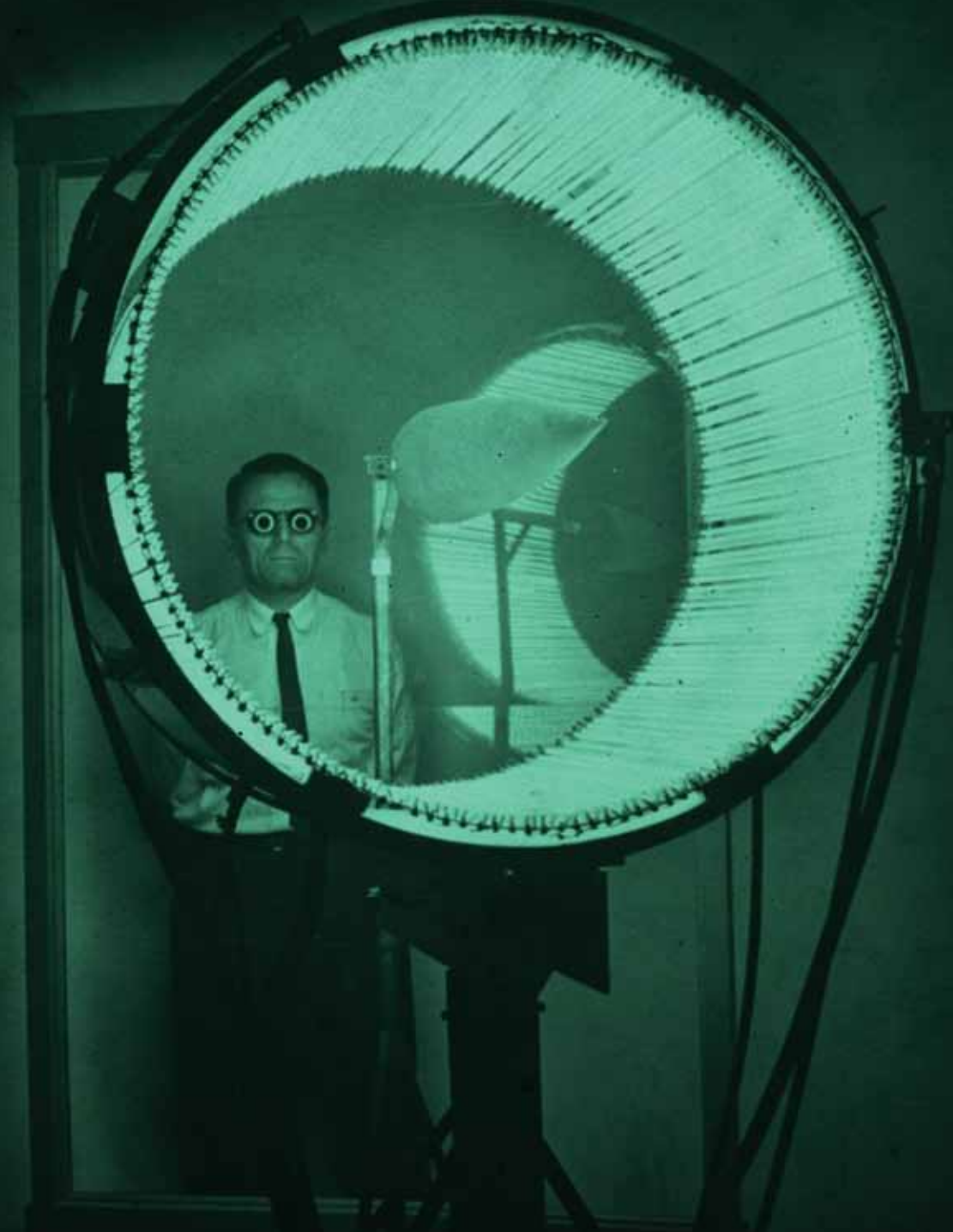
## Service Accomplishments<sup>3</sup>

Call Center Results		
Average speed of answer		12 seconds
Claims processed in <14 days		99.63%
Percent of calls abandoned		<1%

1. Combined financial and coverage results are for Renaissance Health Service Corporation and Affiliates, which include Renaissance Health Service Corporation and Subsidiaries; Delta Dental Plan of Michigan, Inc., and Subsidiaries; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental of Tennessee, Inc., and Subsidiaries; Delta Dental of Kentucky, Inc., and Subsidiaries; Delta Dental of New Mexico, Inc.; Delta Dental of North Carolina; and Delta Dental Fund. Delta Dental is a registered trademark of the Delta Dental Plans Association. The Renaissance trade name and marks are owned by Renaissance Health Service Corporation and are not sponsored or endorsed by the Delta Dental Plans Association.

2. Cost management data is for Delta Dental of North Carolina.

3. Service Accomplishments are for Delta Dental of North Carolina.



**CAVITIES WILL BE A THING OF THE PAST,** and we mean that literally, thanks to the CAVITRON 2000. This mechanized wonder will isolate your cavity and then blast it with a powerful stream of fluorescent electrons creating a warp-vortex that will send your cavity back in time, or to another dimension—to be honest, we're not quite sure where the cavity goes, but we're sure they'll have it all figured out by the year 2011.

## 2010 BOARD OF DIRECTORS AND OFFICERS

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Boddie-Noell  
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### **CORPORATE OFFICER**

Curtis Ladig,  
President and CEO



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