

**UNITED CONCORDIA DENTAL CORPORATION
OF ALABAMA, INC.**

**REPORT OF INDEPENDENT ACCOUNTANTS
ON STATUTORY FINANCIAL STATEMENTS**
For the Years Ended December 31, 2009 and 2008

Report of Independent Auditors

To the Board of Directors
United Concordia Dental Corporation of Alabama, Inc.

We have audited the accompanying statutory statements of admitted assets, liabilities, capital and surplus of United Concordia Dental Corporation of Alabama, Inc. (the "Company") as of December 31, 2009 and 2008, and the related statutory statements of revenues and expenses, changes in capital and surplus and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 2 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the State of Alabama Department of Insurance, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, capital and surplus of the Company as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

This report is intended solely for the information and use of the board of directors, management of the Company, and state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be, used by anyone other than these specified parties.

PRICEWATERHOUSE COOPERS LLP

February 23, 2010

United Concordia Dental Corporation of Alabama, Inc.
Statutory Statements of Admitted Assets, Liabilities, Capital and Surplus
As of December 31, 2009 and 2008

	2009	2008
Admitted Assets		
Cash and cash equivalents	\$ 1,244,467	\$ 1,205,556
Premiums receivable	414,606	799,800
Interest receivable	115	115
Total admitted assets	\$ 1,659,188	\$ 2,005,471
Liabilities, Capital and Surplus		
Claims unpaid	\$ 489,347	\$ 596,439
Premiums received in advance	91,309	105,841
Other payables and accrued expenses	148,007	99,082
Premium taxes payable	137,532	196,039
Due to affiliates, net	168,710	165,805
Total liabilities	1,034,905	1,163,206
Common stock, \$1 par value, 1,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Additional paid-in capital	762,492	762,492
Restricted capital note	500,000	500,000
Unassigned deficit	(639,209)	(421,227)
Total capital and surplus	624,283	842,265
Total liabilities, capital and surplus	\$ 1,659,188	\$ 2,005,471

The accompanying notes are an integral part of these statutory financial statements.

United Concordia Dental Corporation of Alabama, Inc.
Statutory Statements of Revenues and Expenses
For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenues		
Premium revenue	\$ 8,595,755	\$ 8,787,585
Investment and other revenue	2,015	22,468
Total revenues	8,597,770	8,810,053
Expenses		
Claims expense	7,364,168	7,367,236
Capitation expense	4,903	5,260
Premium taxes	82,663	140,945
Administrative expense	1,487,728	1,535,587
Interest expense	30,000	30,000
Total expenses	8,969,462	9,079,028
Loss before benefit for federal income taxes	(371,692)	(268,975)
Benefit for federal income taxes	(133,749)	(102,709)
Net loss	\$ (237,943)	\$ (166,266)

The accompanying notes are an integral part of these statutory financial statements.

United Concordia Dental Corporation of Alabama, Inc.
Statutory Statements of Changes in Capital and Surplus
For the Years Ended December 31, 2009 and 2008

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Additional</u> <u>Paid-in</u> <u>Capital</u>	<u>Restricted</u> <u>Capital</u> <u>Note</u>	<u>Unassigned</u> <u>Deficit</u>	<u>Total</u>
Balance as of December 31, 2007	1,000	\$ 1,000	\$ 762,492	\$ 500,000	\$ (227,686)	\$ 1,035,806
Change in non-admitted assets					(22,491)	(22,491)
Change in net deferred tax asset					(4,784)	(4,784)
Net loss					(166,266)	(166,266)
Balance as of December 31, 2008	<u>1,000</u>	<u>1,000</u>	<u>762,492</u>	<u>500,000</u>	<u>(421,227)</u>	<u>842,265</u>
Change in non-admitted assets					47,312	47,312
Change in net deferred tax asset					(27,351)	(27,351)
Net loss					(237,943)	(237,943)
Balance as of December 31, 2009	<u>1,000</u>	<u>\$ 1,000</u>	<u>\$ 762,492</u>	<u>\$ 500,000</u>	<u>\$ (639,209)</u>	<u>\$ 624,283</u>

The accompanying notes are an integral part of these statutory financial statements.

United Concordia Dental Corporation of Alabama, Inc.
Statutory Statements of Cash Flows
For the Years Ended December 31, 2009 and 2009

	<u>2009</u>	<u>2008</u>
Cash from operations:		
Premiums and revenues collected	\$ 8,986,226	\$ 8,506,654
Claims, capitation and claims adjustment expenses paid	(7,476,163)	(7,414,592)
General and administrative expenses paid	(1,609,821)	(1,699,893)
Investment and other revenue	2,015	27,035
Federal income taxes recovered	85,343	137,717
	<u>(12,400)</u>	<u>(443,079)</u>
Net cash used in operations		
Cash from financing and miscellaneous sources:		
Transfers from affiliates, net	<u>51,311</u>	<u>38,298</u>
Net cash provided by financing and miscellaneous sources	<u>51,311</u>	<u>38,298</u>
Net change in cash and cash equivalents	38,911	(404,781)
Cash and cash equivalents at beginning of year	<u>1,205,556</u>	<u>1,610,337</u>
Cash and cash equivalents at end of year	<u>\$ 1,244,467</u>	<u>\$ 1,205,556</u>

The accompanying notes are an integral part of these statutory financial statements.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

1. Description of the Business and Organization

United Concordia Dental Corporation of Alabama, Inc. (the “Company”), a wholly owned subsidiary of United Concordia Companies, Inc. (“UCCI”), is a for-profit dental service corporation domiciled in the State of Alabama. The Company provides principally fee-for-service and prepaid dental programs to subscribers under various contractual agreements, with most contracts renewing on an annual basis. UCCI is a wholly owned subsidiary of Highmark Inc. (“Highmark”).

The Company has a major customer, which accounts for approximately 40% of the Company's total premium at December 31, 2009. This contract includes rate guarantees through March 31, 2010. This contract renews annually and includes a 30-day cancellation clause. The loss of this contract could negatively impact the Company's future operations.

2. Summary of Significant Accounting Policies

Basis of Accounting:

The Company prepares its statutory financial statements in conformity with accounting practices prescribed or permitted by the State of Alabama Department of Insurance (the “Insurance Department”). The State of Alabama requires that insurance companies domiciled in the State of Alabama prepare their statutory basis financial statements in accordance with the National Association of Insurance Commissioners’ (“NAIC”) *Accounting Practices and Procedures Manual* (“NAIC SAP”), subject to any deviations prescribed or permitted by the State of Alabama insurance commissioner.

The accompanying statutory financial statements prepared on the NAIC SAP basis of accounting differ in certain respects from accounting principles generally accepted in the United States of America (otherwise known as GAAP) followed in determining financial position and results from operations. Significant differences between NAIC SAP and GAAP include the following:

Non-admitted Assets - Certain assets, such as accounts receivable greater than 90 days old and prepaid expenses are non-admitted and charged directly to the unassigned deficit.

Deferred Taxes - Deferred taxes result from temporary differences between the tax basis of assets and liabilities and their reported amounts in the financial statements. Under NAIC SAP, deferred tax assets are admissible subject to an admissibility test. In addition, changes in deferred taxes are recorded as a direct adjustment to surplus under NAIC SAP; under GAAP, the change in deferred taxes is recorded in current operations.

Restricted Capital Note - The restricted capital note is included in capital and surplus; under GAAP, the note would be recorded as a liability.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, continued

New Accounting Pronouncements

In December 2009, the NAIC issued new guidance for current and deferred federal and foreign income taxes and current state income taxes. The new guidance indicates that if the reporting entity is subject to risk-based capital (“RBC”) requirements and the RBC level is above certain thresholds, the reporting entity may elect to admit a higher amount of adjusted gross deferred income tax assets (“DTAs”). The Company did not elect to adopt the modified guidance as it relates to admitted DTAs.

In December 2009, the NAIC adopted SSAP No. 100 *Fair Value Measurements* which substantially incorporates the Financial Accounting Standards Board (“FASB”) fair value measurements guidance. SSAP No. 100 defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The adoption of SSAP No. 100 effective December 31, 2009 did not impact the Company’s financial position or results of operations.

In December 2009, the NAIC adopted revisions to SSAP No. 9 *Subsequent Events* to expand statutory guidance related to the disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued, or subsequent events. Subsequent events were evaluated for recognition or disclosure through February 23, 2010, the date these statutory financial statements were issued.

SSAP No. 10R is a revised income tax accounting standard adopted by the NAIC, effective for the first time for the 2009 year. The application of SSAP No. 10R requires a company to evaluate the recoverability of deferred tax assets and to establish a valuation allowance if necessary to reduce the deferred tax asset to an amount which is more likely than not to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. In evaluating the need for a valuation allowance the company considers many factors, including: (1) the nature of the deferred tax assets and liabilities; (2) whether they are ordinary or capital; (3) the timing of their reversal; (4) taxable income in prior carry back years as well as projected taxable earnings exclusive of reversing temporary differences and carry forwards; (5) the length of time that carryovers can be utilized; (6) unique tax rules that would impact the utilization of the deferred tax assets; and (7) any tax planning strategies that the Company would employ to avoid a tax benefit from expiring unused. In addition, to the extent the Company is eligible, SSAP No. 10R paragraph 10e provides for increased admissibility standards for deferred tax assets. SSAP No. 10R is effective for the 2009 and 2010 years and as currently drafted, guidance will revert to SAP No. 10 for 2011 and future years.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, continued

Fair Value of Financial Instruments

In accordance with SSAP No. 100 *Fair Value Measurements*, financial assets and liabilities recorded at fair value in the statutory statements of admitted assets, liabilities, capital and surplus are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Input levels, as defined by NAIC SAP, are as follows:

Level 1 – Pricing inputs are based on unadjusted quoted market prices for identical financial assets in active markets. Active markets are those in which transactions occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Equity securities and actively traded United States Treasury securities are generally considered Level 1 assets.

Level 2 – Pricing inputs are based on other than quoted prices in active markets included in Level 1 that are observable unadjusted quoted market prices for similar financial assets or liabilities in active markets or quoted market prices for identical assets in inactive markets. Publicly traded corporate debt securities, United States government agencies' securities, mortgage-backed securities and interest rate swaps are generally classified as Level 2.

Level 3 – Pricing inputs include unobservable inputs that are supported by little or no market activity that reflect management's best estimate of what market participants would use in pricing the asset at the measurement date. Privately held equity securities, distressed debt and other debt securities priced solely on other proprietary pricing methodology are generally classified as Level 3.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Premium Revenue:

Premium revenue is recorded as revenue in the month in which coverage is provided. Premiums received in advance represent amounts received in advance of the month of coverage and are reflected as such in the statutory statements of admitted assets, liabilities, capital and surplus.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, continued

Capitation and Claims Expense:

Capitation payments are made to provider dentists based on the number of members that have selected the provider at that time. Members obtain dental care at a co-payment charge at the time services are rendered by their network provider dentist. Capitation and provider guarantees are recorded as expenses in the period that the corresponding premiums are recorded as revenue. Specialist claims are paid upon member referral by the network provider dentist based upon pre-established contractual rates. Specialist claims are estimated and accrued as a liability for claims unpaid in the period the services are rendered and recorded as expenses in the accompanying statutory financial statements.

Claims Unpaid:

The liability for claims unpaid reflects management's estimate. The estimate is based on known amounts of reported claims and an estimate of incurred but not reported claims using past experience, adjusted for current trends. The methods and assumptions used to determine this estimate are continually reviewed and any resulting adjustments are included in current operations. Corresponding administrative costs to process unreported claims are estimated and accrued in other payables and accrued expenses in the accompanying statutory financial statements.

Taxes:

The Company is included in a consolidated federal income tax return with its ultimate parent company, Highmark, and various other Highmark subsidiaries.

The Company has a written agreement, approved by the Company's Board of Directors, which sets forth the manner in which the total combined federal income tax is allocated to each subsidiary which is a party to the consolidation. The consolidated current federal income tax liability is settled among Highmark and its subsidiaries as if each had filed a separate company return. Taxes are settled at least twice annually. Taxes are computed by applying the maximum federal income tax rate to the separate taxable income or loss. Subsidiaries incurring losses and credits are allocated federal current tax benefits to the extent used to reduce the current consolidated federal income taxes payable. If the consolidated tax liability is adjusted for any taxable period whether by means of an amended return, claim for refund, or subsequent to a tax audit by the Internal Revenue Service, the liability of each subsidiary is recomputed to give effect to such adjustments. Resulting refunds are paid to each subsidiary within 30 days after the refund is received by Highmark and, in the case of an increase in the tax liability, each subsidiary is required to pay Highmark its allocable share of such increased tax liability within 30 days after receiving notice of such liability from Highmark.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

2. Summary of Significant Accounting Policies, continued

Taxes, continued:

Deferred tax assets are recognized for the difference between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis for these amounts that are expected to reverse within one year of the balance sheet date, subject to an admissibility test.

In general, the Company is subject to state premium tax but is not subject to a state income tax. Various local premium taxes are also imposed on the Company within the state of Alabama.

Use of Estimates:

The preparation of the Company's statutory financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates included in the statutory financial statements are claims unpaid and deferred taxes. Actual results could differ from these estimates.

3. Regulatory Compliance

The Company must meet certain requirements under the Alabama Insurance Code to ensure that the Company can provide the dental benefits for which it has contracted. The Company is required to maintain a deposit held in trust by the Commissioner of Insurance of the State of Alabama. Pursuant to these requirements, a time deposit with a carrying value of \$50,000 was on deposit as of December 31, 2009 and 2008. The certificate of deposit earned interest at an annual rate of 3.1% 2009 and 2008. In addition, the Company is required to maintain minimum statutory capital and surplus of \$100,000. The Insurance Department accepts restricted capital notes for the purpose of meeting this requirement (Note 4). As of December 31, 2009 and 2008, the Company met the minimum statutory capital and surplus requirement.

4. Transactions with Affiliates

The Company has a management services agreement with UCCI, whereby the Company is allocated costs related to marketing, sales activities, data processing, accounting services, claims processing, and services related to utilization review and quality assurance, based on UCCI allocated expenses. Charges under this management agreement totaled \$763,397 and \$850,159 for the years ended December 31, 2009 and 2008, respectively, and are included in administrative expenses in the accompanying statutory statements of revenues and expenses. Included in amounts due to affiliates, net at December 31, 2009 and 2008, are \$56,471 and \$85,991, respectively, of management fees payable to UCCI.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

4. Transactions with Affiliates, continued

The Company has available a line of credit of \$400,000 with UCCI. Borrowings bear interest at the Citicorp Bank prime rate plus 1% and the line of credit renews each year at the discretion of UCCI. There was no outstanding balance on the line of credit as of December 31, 2009 and 2008.

The Company entered into a restricted capital note of \$500,000 with UCCI on December 31, 1997. Repayment of the note is subject to prior approval by the Insurance Department. The restricted capital note is reflected in capital and surplus in the accompanying statutory statements of admitted assets, liabilities, capital and surplus. The note bears interest at a rate of 6% annually. For the years ended December 31, 2009 and 2008, the Company incurred and paid interest in the amount of \$30,000 related to this note. Payment of the interest on the surplus note is not subject to prior written approval by the Insurance Department.

5. Claims Unpaid

Activity for the liability for claims unpaid is summarized as follows:

	<u>2009</u>	<u>2008</u>
Balance at January 1	\$ 596,439	\$ 638,535
Incurred related to:		
Current Year	7,532,790	7,558,865
Prior Year	<u>(168,622)</u>	<u>(191,629)</u>
Total Incurred	7,364,168	7,367,236
Paid related to:		
Current Year	7,045,674	6,963,791
Prior Year	<u>425,586</u>	<u>445,541</u>
Total Paid	7,471,260	7,409,332
Balance at December 31	<u>\$ 489,347</u>	<u>\$ 596,439</u>

Negative amounts reported for claims incurred related to prior years result from claims being settled for amounts less than originally estimated. This experience is primarily attributable to actual claim cost experience being more favorable than that assumed at the time the liability was established.

Management believes that its estimates for claims unpaid are adequate to satisfy its ultimate claim liability. However, these estimates are inherently subject to a number of highly variable circumstances. Consequently, the actual results could differ materially from the amount recorded in the accompanying statutory financial statements.

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

6. Income Taxes

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	2009			2008		
	Ordinary	Capital	Total	Ordinary	Capital	Total
Deferred tax assets:						
Discounting unpaid losses	\$ 3,627	\$ -	\$ 3,627	\$ 4,421	\$ -	\$ 4,421
Unearned premiums	6,392	-	6,392	6,522	-	6,522
Allowance for doubtful accounts	5,850	-	5,850	12,834	-	12,834
Amortization	716	-	716	3,574	-	3,574
Other	-	-	-	-	-	-
Gross deferred tax assets	16,585	-	16,585	27,351	-	27,351
Statutory valuation allowance	(16,585)	-	(16,585)	-	-	-
Adjusted gross deferred tax asset	-	-	-	27,351	-	27,351
Nonadmitted deferred tax assets	-	-	-	(27,351)	-	(27,351)
Admitted deferred tax assets	-	-	-	-	-	-
Deferred tax liabilities:						
Surplus note interest	-	-	-	-	-	-
Total deferred tax liabilities	-	-	-	-	-	-
Net admitted deferred tax asset	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Decrease in nonadmitted asset			\$ (27,351)			

The change in net deferred income taxes is comprised of the following, exclusive of non-admitted assets:

	2009	2008	Change
Total deferred tax assets	\$ -	\$ 27,351	\$ (27,351)
Total deferred tax liabilities	-	-	-
Net deferred tax assets	\$ -	\$ 27,351	\$ (27,351)

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

6. Income Taxes, continued

The benefit for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

	2009	2008
Benefit computed at statutory rate	\$ (130,092)	\$ (94,141)
Change in temporary differences recorded to surplus	6,987	(3,833)
Non-deductible expenses	123	47
Change in valuation allowance	16,585	-
Other	(1)	2
Total statutory income taxes	\$ (106,398)	\$ (97,925)
Federal income taxes incurred	\$ (133,749)	\$ (102,709)
Change in net deferred tax	27,351	4,784
Total statutory income taxes	\$ (106,398)	\$ (97,925)

The outstanding balances for federal income taxes due from Highmark as of December 31, 2009 and 2008 were \$51,551 and \$3,145, respectively, and are included in due to affiliates, net, in the accompanying statutory statements of admitted assets, liabilities, capital and surplus.

7. Fair Value of Financial Instruments

The following table summarizes fair value measurements at December 31, 2009 for assets measured at fair value on a recurring basis:

	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	\$ 1,244,467	\$ 1,244,467	\$ -	\$ -
Total assets	\$ 1,244,467	\$ 1,244,467	\$ -	\$ -

United Concordia Dental Corporation of Alabama, Inc.
Notes to Statutory Financial Statements
December 31, 2009 and 2008

7. Fair Value of Financial Instruments, continued

The following table summarizes fair value measurements at December 31, 2008 for assets measured at fair value on a recurring basis:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Cash and cash equivalents	\$ 1,205,556	\$ 1,205,556	\$ -	\$ -
Total assets	<u>\$ 1,205,556</u>	<u>\$ 1,205,556</u>	<u>\$ -</u>	<u>\$ -</u>

8. Contingencies

The Company is subject to various contingencies, including legal proceedings and claims that arise in the ordinary course of business. Although there can be no assurance as to the ultimate disposition of these matters, it is the opinion of the Company's management, based upon the information available at the time, that the expected outcome of these matters, individually or in the aggregate, will not have a material adverse effect on the results of operations or financial condition of the Company.

**Report of Independent Auditors
on Accompanying Information**

To the Board of Directors
United Concordia Dental Corporation of Alabama, Inc.

The report on our audit of the basic statutory basis financial statements (the “financial statements”) of United Concordia Dental Corporation of Alabama, Inc. (the “Company”) as of December 31, 2009 and for the year then ended is presented on page 1 of this document. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Supplemental Summary Investment Schedule and Investment Risk Interrogatories of the Company as of December 31, 2009 and for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of the Company and state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be, used by anyone other than these specified parties.

PRICEWATERHOUSECOOPERS LLP

February 23, 2010

United Concordia Dental Corporation of Alabama, Inc.
Supplemental Summary Investment Schedule
As of December 31, 2009

<u>Investment Categories</u>	<u>Gross Investment</u>		<u>Admitted Assets</u>	
	<u>Holdings</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
1. Bonds				
1.1 US Treasury Securities	\$	-	\$	-
1.2 US Government Agency and Corporate Obligations (excluding Mortgage-Backed Securities)		-		-
1.21 Issued by US Government Agencies		-		-
1.22 Issued by US Government-Sponsored Agencies		-		-
1.3 Foreign Government (including Canada, excluding Mortgage-Backed Securities)		-		-
1.4 Securities issued by States, Territories and Possessions and Political Subdivisions in the US:				
1.41 State, Territory and Possession General Obligations		-		-
1.42 Political Subdivisions of States, Territories and Possessions, Political Subdivisions, and General Obligations		-		-
1.43 Revenue and Assessment Obligations		-		-
1.44 Industrial Development and Similar Obligations		-		-
1.5 Mortgage-Backed Securities (includes Residential and Commercial MBS):				
1.51 Pass-Through Securities:				
1.511 Guaranteed by GNMA		-		-
1.512 Issued by FNMA and FHLMC		-		-
1.513 Privately Issued		-		-
1.52 CMOs and REMICs:				
1.521 Issued by FNMA, FHLMC, GNMA or VA		-		-
1.522 Issued by non-US government issuers and collateralized by mortgage backed securities issued or guaranteed by agencies shown in line 1.521		-		-
1.523 All other		-		-
2. Other Debt and Other Fixed Income Securities (excluding Short-Term)				
2.1 Unaffiliated Domestic Securities (includes Credit Tenant Loans Rated by the SVO)		-		-
2.2 Unaffiliated Foreign Securities		-		-
2.3 Affiliated Foreign Securities		-		-
3. Equity Interests:				
3.1 Investments in Mutual Funds		-		-
3.2 Preferred Stocks:				
3.21 Affiliated		-		-
3.22 Unaffiliated		-		-
3.3 Publicly Traded Equity Securities (excluding Preferred Stocks):				
3.31 Affiliated		-		-
3.32 Unaffiliated		-		-
3.4 Other Equity Securities:				
3.41 Affiliated		-		-
3.42 Unaffiliated		-		-
3.5 Other Equity Interests including Tangible Personal Property Lease				
3.51 Affiliated		-		-
3.52 Unaffiliated		-		-
4. Mortgage Loans:				
4.1 Construction and Land Development		-		-
4.2 Agricultural		-		-
4.3 Single Family Residential Properties		-		-
4.4 Multi-Family Residential Properties		-		-
4.5 Commercial Loans		-		-
5. Real Estate Investments:				
5.1 Property Occupied By Company		-		-
5.2 Property Held for Production of Income		-		-
5.3 Property Held for Sale		-		-
6. Policy Loans		-		-
7. Receivable Recognition		-		-
8. Receivables for Securities		-		-
9. Cash and Short-Term Investments		1,244,467		100.00%
10. Write-in for Invested Assets		-		-
Total Invested Assets	\$	1,244,467	\$	1,244,467
		100.00%		100.00%

United Concordia Dental Corporation of Alabama, Inc.
Supplemental Investment Risk Interrogatories
For the Year Ended December 31, 2009

1. Admitted Assets

The Corporation's total admitted assets as reported on Page 2 of these statutory financial statements were \$1,659,188.

2. Investment Categories

The Company has no investments exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities and those U.S. Government money market funds listed in the Appendix to the *SVO Purposes and Procedures Manual* as exempt, (ii) property occupied by the company and (iii) policy loans; therefore, detail is not required.

3. NAIC Rating

The Corporation has no investments in bonds and preferred stocks; therefore, detail is not required.

4. Foreign Investments

The Corporation held no assets in foreign investments; therefore, detail is not required.

5. Foreign Investment Exposure by NAIC Sovereign Rating

The Corporation has no foreign investment exposures; therefore, detail is not required.

6. Foreign Investment Exposure by Country and NAIC Sovereign Rating

The Corporation has no foreign investments; therefore, detail is not required.

7. Aggregate Unhedged Foreign Currency Exposure

The Corporation has no aggregate unhedged foreign currency exposure; therefore, detail is not required.

8. Aggregate Unhedged Foreign Investment Exposure by the Country's NAIC Rating

The Corporation has no aggregate unhedged foreign investment exposure; therefore, detail is not required.

9. Unhedged Foreign Currency Exposure by country and NAIC Sovereign Rating

The Corporation has no unhedged foreign currency exposures; therefore, detail is not required.

United Concordia Dental Corporation of Alabama, Inc.
Supplemental Investment Risk Interrogatories
For the Year Ended December 31, 2009

10. Non-Sovereign Foreign Issues

The Corporation has no non-sovereign (i.e., non-governmental) foreign issues; therefore, detail is not required.

11. Investments

The Corporation has no Canadian investments and unhedged Canadian currency exposure; therefore, detail is not required.

12. Contractual Sales Restrictions

The Corporation has no assets held in investments with contractual sales restrictions (defined as investments having restrictions that prevent investments from being sold within 90 days); therefore, detail is not required.

13. Equity Interests

The corporation had no investments in equities (including investments in the shares of mutual funds, preferred stocks, publicly traded equity securities and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1); therefore, detail is not required.

14. Nonaffiliated, Privately Placed Equities

The Corporation has no admitted assets held in nonaffiliated, privately placed; therefore, detail is not required.

15. General Partnership Interests

The Corporation has no investments in partnership interests; therefore, detail is not required.

16. Mortgage Loans

The Corporation has no mortgage loans; therefore, detail is not required.

17. Mortgage Loans – Loan-to-Value

The Corporation has no mortgage loans; therefore, detail is not required.

18. Real Estate

The Corporation has no assets held in real estate; therefore, detail is not required.

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19. Mezzanine Real Estate Loans

The Corporation has no amounts held in mezzanine real estate loans; therefore, detail is not required.

20. Securities Lending and Reverse Repurchase Agreements

The Corporation has no amounts of the Corporation's total admitted assets subject to securities lending; therefore, detail is not required.

21. Warrants

The Corporation had no warrants (owned or written) not attached to other financial instruments, options, caps or floors for hedging, income generation or other.

22. Collars, Swaps and Forwards

The Corporation has no potential exposure (defined as the amount determined in accordance with the NAIC Annual Statement Instructions) for collars, swaps and forwards; therefore, detail is not required.

23. Futures Contracts

The Corporation has no futures contracts and no futures potential exposure (defined as the amount determined in accordance with NAIC Annual Statement Instructions) for hedging, income generation, replications or other.