



THE POWER OF A SMILE

Since 1965, Delta Dental of Tennessee has led efforts that enhance the health and wellbeing of Tennesseans by advocating for and improving the oral health of communities across the state. Good oral health is essential to a healthy life, and Delta Dental makes taking care of smiles easy with access to care, comprehensive benefits, exceptional service, and superior value. Our efforts are rooted in our company's core values of diversity, community commitment, innovation, collaboration and integrity. These practices guide our every step and every decision.

Delta Dental has always focused on what the customer needs first and foremost which makes us different because of our faster response time and our patient-centric standards. We offer an intensive approach to service and believe it's important to take care of people. Today, we proudly insure more smiles in Tennessee than anyone else.

Serving our community has remained an honored commitment at Delta Dental. Last year, our team facilitated "Smile Power Week," a strategic week-long celebration campaign that included securing Governor Bill Haslam's Proclamation, officially naming June 13-17, "Smile Power Week in Tennessee." Throughout the state, we celebrated Smile Power through visits to children's hospitals, dental clinics and community centers, as well as through a company-wide afternoon of service to a local charity in Nashville. The week-long event gained statewide media attention and helped to educate more Tennesseans about the importance of oral health and the power of smiling.

Delta Dental also believes in the power of investing in the future of Tennessee. Working with the University of Tennessee and Meharry Medical College, we have provided state-of-the-art classroom and lab facilities that offer the same equipment found in a dental office. Students are able to receive practical hands-on training, ensuring their bright future in dentistry.

Delta Dental believes in the power of young smiles and is committed to the state's children's hospitals. Because of our philanthropic foundation, Smile180 Foundation, every children's hospital in Tennessee has an ambulatory dental clinic.

We are proud to give back and believe in the power of helping others. All of our employees are invested in this spirit of giving. Delta Dental has been honored over the past few years as a leader for corporate giving by the Nashville Business Journal.

It is our pleasure to present this annual report to you. I hope it illustrates our commitment to all Tennesseans and demonstrates the transformative power of a smile.



A handwritten signature in black ink, reading "Philip A. Wenk".

Philip A. Wenk, DDS
President and CEO, Delta Dental of Tennessee

A handwritten signature in black ink, reading "Victor Beck".

Victor Beck, DDS
Board Chair, Delta Dental of Tennessee

new smile, new life

David King was ready to give up on life. Homeless and feeling helpless, one day he laid down on railroad tracks outside of Nashville. He was ready to end it all. That's when a stranger walked up to him and told him that the train wasn't going to be rolling down those tracks on that day.

David was directed to the Nashville Rescue Mission, where Delta Dental had recently helped equip a dental clinic operated by Neighborhood Health.

When he first visited the clinic, his teeth were, in his words, "bashed, broken and looked unpresentable." "I couldn't smile," he recalled. "I hated putting my hand over my mouth. I couldn't talk to people and it was embarrassing."

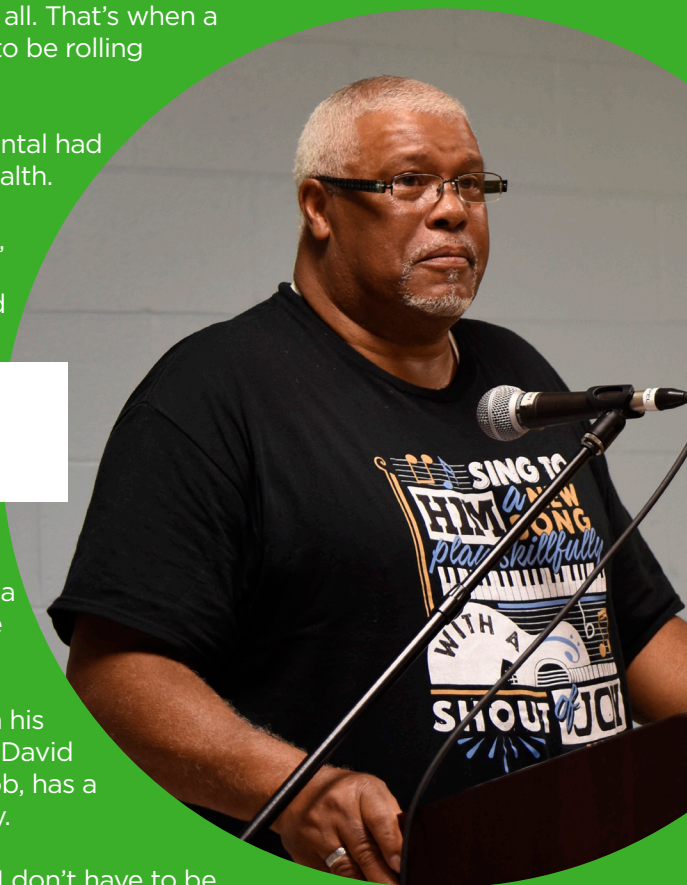
"A SMILE SHOWS A LOT OF LOVE"

"I heard about down here and I came down here to talk with them," David noted about that first visit. "They told me what they could do and they told me about how much time it would take to do it. Over a period of a couple of months, they worked with me here. They were really kind."

The dentists and volunteers at Neighborhood Health helped explain his care plan and walked with him through every step of his treatment. David was never on the path alone. Today, he is working hard at his new job, has a new love of life and has begun restoring relationships with his family.

"I feel like when I smile, the world smiles back at me, and it's great. I don't have to be ashamed anymore. You can look people straight in the face and just smile. A smile shows a lot of love."

See How a SMILE—— ——Saved David's Life



SMILE POWER WEEK

2016

Delta Dental of Tennessee capitalized on a unique opportunity with June being National Smile Month. June 13-17, 2016 was proclaimed Tennessee "Smile Power" Oral Health Week by Governor Bill Haslam and the Tennessee Charitable Care Network. The week-long celebration kicked off June 13 in Bristol, at a Summer Smiles mini-camp for local children. A very successful state-wide campaign raised awareness for optimal oral health and connected communities to local charitable clinics. With celebrations and media exposure planned every day of the week, expectations for a first-ever event were exceeded by stellar community participation and was made possible by many engaged partners.

Working with Second Harvest Food Bank, Meharry School of Dentistry, Governor's Books from Birth, Tennessee Charitable Care Network, and five children's hospitals, Delta Dental of Tennessee spent months planning and dreaming what a week focused on highlighting the oral health needs of Tennesseans would look like. Unfortunately, Tennesseans experience two times the national median of tooth loss due to decay, infection or gum disease.



from Bristol to Memphis

Restoring and celebrating the importance of healthy smiles is one way to raise positive awareness of the importance of regular dental care. “We are excited to launch Smile Power week in Tennessee,” said Philip Wenk, DDS, President and CEO, Delta Dental of Tennessee. “Tennessee’s charitable and reduced cost dental clinics provided more than 22,500 procedures in 2015 to Tennesseans who would have otherwise not received care. These clinics are doing an amazing job caring for those most in need. They are creating and restoring so many smiles. We know that the power of smiling can change lives, and we are proud to partner with dental clinics to help their communities smile.”

The grand finale to Smile Power Week was an event designed to engage all Delta Dental of Tennessee employees in a food distribution partnership with Second Harvest. Unloading and preparing 10,000 pounds of fresh food choices, employees—our Smile Ambassadors—served over 100 families in their community. Toothbrushes, *Grin for Kids* magazine, crayons and balloons all added to the festive air of the weekly mobile pantry and were fun and functional additions to the grocery bag takeaway for families in need. A dental clinic, manned by Meharry Dental School professors and students, and an engaging visit with Marshall Molar, emphasized the importance of good dental care and hygiene.



SMILES BY THE NUMBERS

As of December 31,

	2016	2015
Total Assets	\$77,856,401	\$76,740,569
Capital & General Reserves	56,554,310	53,827,762
Total Operating Revenue	343,032,456	349,905,759
Total Benefits & Expense	340,901,638	345,324,835
Contribution to General Reserves	2,088,566	4,833,748
Community Reinvestment	6,390,966	4,546,126

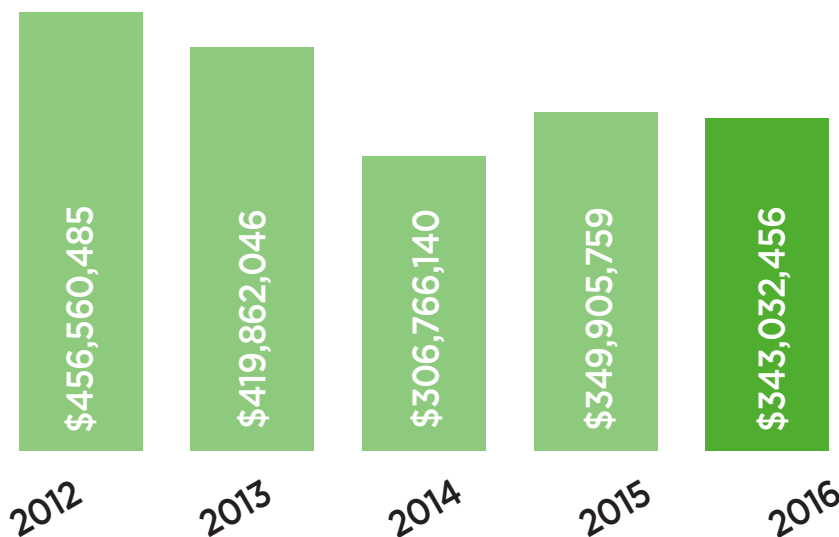
Cost Management Results

Submitted Charges	\$736 Million	\$741 Million
Paid Charges	\$295 Million	\$303 Million
Total Cost Management Savings	\$484 Million	\$464 Million
The Delta Dental Difference	\$165 Million	\$189 Million
Other Savings	\$100 Million	\$275 Million

Key Business Accomplishments

New Business	\$14,733,629	\$29,519,537
Covered People	1,827,404	1,259,471
Business Renewal Rate	87.28%	98.27%

5-Year Total Operating Revenue



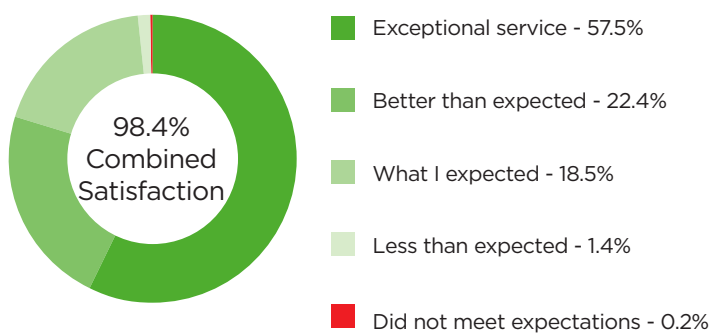
Service Accomplishments

As of December 31,

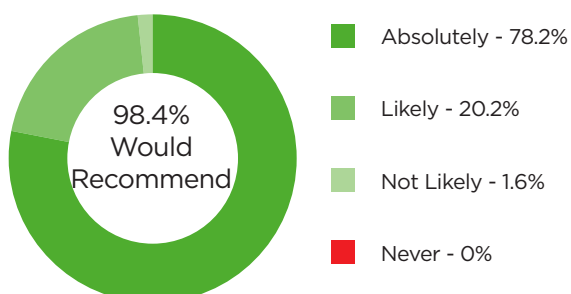
	2016	2015
Claims Processed	2,217,102	2,176,826
Claims Received Electronically	74.44%	74.60%
Calls Received	723,770	736,407
Average Speed of Answer	7.43 sec	8.47 sec
Average Call Time	2:55 min	3:11 min
Inquiries Resolved on First Contact	99%	99%

Group Survey

Overall Experience with Delta Dental of Tennessee — All Groups Combined

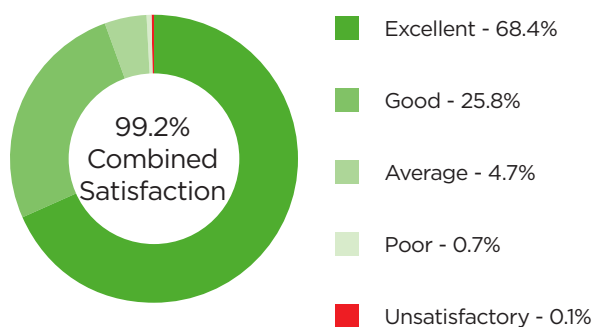


Group: Would you recommend Delta Dental of Tennessee?

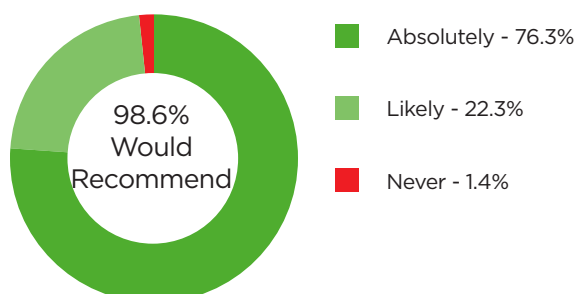


Member Survey

Member Overall Experience with Delta Dental of Tennessee



Member: Would you recommend Delta Dental of Tennessee?



VISION AND MISSION

Ensuring healthy smiles for all Tennesseans

Delta Dental of Tennessee recognizes the importance of a healthy smile. Our mission is to improve the oral health of the people of Tennessee through our products, advocacy, education and philanthropy.



L to R: Beth Harwell, Speaker of the House, TN General Assembly; Phil Wenk, President & CEO, Delta Dental of Tennessee; Marshall Molar

SMILE AMBASSADORS



The Delta Dental Smile Ambassador program was created to build awareness around the “Power of the Smile” by partnering with dental clinic patients across the state. These patients share their before and after dental stories with local civic groups, partners, organizations and the news media to demonstrate the importance of good oral health.

Internally, our employees also act as Smile Ambassadors by bringing our mission, vision and values to life in their everyday work. From volunteer work in the community to suggesting business improvements, our employees are unleashing smile power.

VALUES



DIVERSITY

We are committed to providing an environment in which all people, their ideas, and their backgrounds are respected, supported and valued in a team environment.



COMMUNITY COMMITMENT

We support efforts to enhance the health and well-being of those in our communities.



INNOVATION

We encourage a culture of creativity and innovation to exceed our customer expectations and keep our competitive edge in a fast-changing market.



COLLABORATION

We work constructively with others, both inside and outside the organization, and believe teamwork is essential to our success.



INTEGRITY

We treat others fairly and honestly and have the courage to do what is right.

EXECUTIVE STAFF



PRESIDENT & CEO
Philip A. Wenk, DDS



CHIEF FINANCIAL OFFICER
Jeff Ballard



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EMPLOYEE RELATIONS**
Pam Dishman



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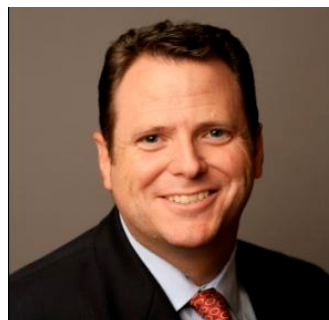
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Okemos, MI



Philip A. Wenk, DDS
Nashville, TN



“WE SHALL NEVER KNOW ALL THE GOOD
THAT A SIMPLE SMILE CAN DO.”

- MOTHER THERESA



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