

CDA Foundation

*Steven D. Chan, DDS
Chairman of the Board*



The California Dental Association's mission is to improve the health of all Californians, particularly the underserved, including children, their care-

givers, and the elderly. As the philanthropic partner of the California Dental Association, the CDA Foundation serves to link the dental profession with community needs by promoting oral health's vital role in a person's total well-being. The Foundation accomplishes this mission through strategic partnerships with the dental profession, public health, academic institutions, and government. These partnerships develop and implement programs and services in several key areas, including:

- Promoting total health, disease prevention, and treatment of oral health-related diseases.
- Increasing access to dental care services for all Californians.
- Supporting and strengthening the academic achievement of students enrolled in California dental education programs.
- Delivering valuable information, research, and findings to dental professionals.
- Engaging in research to access oral health needs, epidemiology, service delivery, and outcomes.
- Assisting people in our professional community who, because of misfortune, are in need of assistance.

The CDA Foundation depends on oral health professionals, individuals, private foundations, corporate partners, and the general public to invest in its mission. It is this unique partnership between donors and the Foundation that fosters the seeds of philanthropy that grow into fruitful programs serving our communities.

Board of Directors

- Lowell G. Daun, DDS
- R. Kent Farnsworth, DDS
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- Brian E. Scott, DDS
- Harold Slavkin, DDS, PhD
- David R. Springett, PhD
- Robert L. Witt
Executive Director
- Jon R. Roth, CAE

CDA Holding Company, Inc.

*Peter A. DuBois
Chairman of the Board*



The California Dental Association formed the CDA Holding Company, Inc. in 1995 in order to provide management support services and oversight

to its operating subsidiaries while still maintaining its non-profit status as an association. Besides providing oversight for the association in reviewing the operations of the operating subsidiaries, the Holding Company also provides administrative services to CDA and its operating subsidiaries. These business services include finance, human resources, information technology, legal affairs and mail-room/print shop services.

Board of Directors

- Charles R. Bocks, DDS
- Wayne D. Del Carlo, DDS
- Peter A. DuBois
- Debra S. Finney, DDS
- Jeffrey R. Hazarian
- Bettina Hooper
- Dennis M. Kalebjian, DDS
- Dennis L. Roginson, DDS
- Russell I. Webb, DDS
- Donald M. Schinnerer, DDS
- Operating Subsidiary Chairman
(*ex officio/non-voting*)
(To be determined)

1201 Financial & Insurance Services, Inc.

*Thomas H. Stewart, DDS
Chairman of the Board*



1201 Financial & Insurance Services, Inc., (1201) offers innovative insurance, financing and practice management solutions that specifically benefit CDA mem-

ber dentists, their families, staff and practices. The keys to 1201's success are its strength, stability and service. Our strength lies with rigorous product research, evaluation and review followed by the approval of the 1201 Board of Directors, CDA Council on Insurance, and/or the CDA Holding Company Board of Directors and/or the CDA Board of Trustees. 1201's stability is reflected in our commitment to select highly rated, nationally recognized insurance carriers and endorsed vendors with a proven stability in the market place. 1201 is dedicated to provide excellent, consistent and knowledgeable customer service to CDA members, their families and staff. The Board of Directors and 1201 staff continue to explore ways to enrich the personal and professional lives of CDA members by maintaining high quality programs and services, and researching and providing new ones.

Insurance Plans

The following CDA-sponsored insurance plans are available to all qualified CDA members (family members and dental office employees of CDA-member dentists may apply for certain plans, too) through 1201:

- **Professional & Business Liability**, underwritten by The Dentists Insurance Company;
- **Building & Business Personal Property**, underwritten by The Dentists Insurance Company;
- **Workers' Compensation**, underwritten by The Zenith Insurance

Company;

■ **Business Overhead Expense**, underwritten by UNUMProvident Corporation;

■ **Group Disability Income**, underwritten by the United States Life Insurance Company in the City of New York;

■ **Individual, Non-Cancelable Disability Income**, underwritten by the Guardian Insurance Company of America;

■ **Health Plans**, underwritten by Blue Cross of California;

■ **Hospital Income**, underwritten by National Casualty Company;

■ **Long-Term Care**, underwritten by John Hancock Life Insurance Company, Lincoln Benefit Life, General Electric Capital Assurance Company (GE), or UnumProvident Corporation

■ **Individual Life Plans**, underwritten by Transamerica Occidental Life Company;

■ **Group Term Life**, underwritten by the United States Life Insurance Company in the City of New York; and

■ **Accidental Death & Dismemberment**, underwritten by the United States Life Insurance Company in the City of New York, Member American General Financial Group.

Endorsed Programs

The following update on 1201 endorsed programs is based on the past 12 months' activities as of late November 2003:

CareCredit/Dental Patient Financing: This program was implemented to give CDA members an additional payment option to offer their patients — one with no recourse to the dentist. The program continues to do very well. As of September 2003, 2,624 CDA members actively promote this program to their patients.

OSHA Review, Inc./Spore Check System: As CDA members are aware, weekly biological monitoring of their sterilizers is a requirement of the Dental Board of California. OSHA

Review, Inc., offers CDA members a quality spore check system.

The Keller Group/Investment Management & Advisory Services: 1201 has endorsed The Keller Group's Investment Management & Advisory Services program since January 1995. As of June 2003, Keller manages \$57 million in CDA members' assets. Its investment management presentations at CDA's two annual sessions are well attended.

Sky Financial Solutions, Inc./Practice Acquisition and Equipment Financing: Sky Financial is the exclusive vendor for the 1201/CDA-endorsed practice acquisition and equipment financing, new office financing, and commercial real estate financing programs. In addition, other value-added programs offered through Sky Financial is its demographic site analysis, which provides valuable information to doctors to determine the best area in which to reside, open a practice and how to effectively market their practice; debt consolidation; and Sky's Market Resource Guide for Dentists.

MBNA America Bank/Credit Card and Financial Programs: In addition to the CDA *WorldPoints* Platinum Plus credit cards with travel miles, for both personal and business usage, through MBNA, CDA members; are offered special rates on consumer loans; money market and certificates of deposit accounts. CDA shares the revenue it receives on the credit card and travel miles programs with CDA's components. As of mid-2003, CDA has provided \$1,262,010 in revenue to the components from this program.

WebMD/Envoy / Electronic Claims Processing: CDA members pay only a \$35 registration fee compared to \$75 for nonmembers. New CDA members receive two months of free claims processing. WebMD/Envoy is the leading electronic clearinghouse for dental insurance claims in the United States.

Safety-Kleen/Medical & Hazardous Waste Disposal: From waste dental amalgam to sharps disposal and more, Safety-Kleen's waste disposal services

have been endorsed by 1201 since 1999. Safety-Kleen provides both scheduled and as-needed pickups. Additionally, Safety-Kleen's WE CARE Program, offers a cost-effective solution, structured to keep dental practices in compliance with city, state and federal environmental regulations.

Merchant Credit Card Processing/NOVA Information Systems, Inc.: NOVA offers a broad range of payment processing solutions tailored to meet the daily requirements of the dental industry. CDA members pay only 1.92 percent plus 15-cent per item for qualified transactions. NOVA provides payment processing for all major credit cards as well as ATM/debit cards; check verification, Internet solutions, and wireless processing solutions. CDA shares the revenue it receives on this program with participating CDA components. To date, more than \$302,718 has been shared with participating components. Additionally, NOVA has waived for CDA members most of its usual processing fees.

Pension Plan Advisory Services/Benetech, Inc.: In 2003 1201 added an endorsed Qualified Retirement Plans program through Benetech, Inc. to its portfolio of endorsed membership programs. Benetech designs and administers retirement and profit sharing plans for small businesses and provides small business clients and their financial advisors with the most up-to-date, objective information on IRS-approved Qualified Retirement Plans.

1201's commitment is to provide dental professionals with the best possible products and services. CDA member dentists and their employees have come to count on 1201 for help with their insurance and professional services. With 1201's extended hours of service and a web site that gives policyholders access to personal account information 24-hours a day at www.1201services.com, members receive the comprehensive personal service they expect. In addition, 1201 has six full-time sales representatives located throughout the state and three home of-

office sales coordinators ready to speak with members at their convenience. Additionally, 1201 is your personal liaison for CDA-endorsed programs. For more than 20 years, dentists have turned to 1201 for help with their professional and insurance needs. Whether it's today or tomorrow, dentists can rely on 1201's strength, stability and service to help with their professional goals.

1201 Board of Directors

Peter DuBois, vice chairman
James A. Abbott, DDS
Naomi L. Bement, DDS
Jean E. Campbell, DDS
D. Douglas Cassat, DDS
Walter Clemens
Dennis W. Hobby, DDS
Steven J. Kend, DDS
Ronald B. Mead, DDS
Joseph P. Sciarra, DDS (ex officio/non-voting)
Donald M. Schinnerer, DDS
Andrew P. Soderstrom, DDS
George J. Stratigopoulos, DDS
Janice M. Sugiyama, DDS
Samuel R. Tarica, DDS

President and CEO:

Frederick E. Knauss,
ex officio, non-voting

The Dentists Insurance Company

Thomas H. Stewart, DDS
Chairman



In 2003, TDIC continued to hear reports about the hard dental professional liability market and learned of competitors withdrawing from this segment. Once again, TDIC persevered, growing and succeeding in these tumultuous times.

TDIC's enrollment grew by 6 percent from the previous year to 14,366 active policies. Premiums earned were

\$25 million for the calendar year 2002, compared to \$23 million for 2001. TDIC continues to manage its financial position carefully and methodically. As of Dec. 31, 2002, TDIC's surplus was \$101 million. TDIC's net income after policyholder dividends and federal income tax was \$5 million. To ensure TDIC remains fully diversified, part of its portfolio includes real estate investments, which have a higher rate of return than common stocks and bonds. These investments continue to yield positive returns for TDIC.

This year, TDIC added two associations to its family. In March, the Alaska Dental Society officially endorsed TDIC as its professional liability insurance carrier. The Pennsylvania Dental Association endorsed TDIC as its professional liability and office property insurance carrier in December 2003. Additionally, TDIC began actively marketing its products with state association leadership approval but without endorsement in Arizona, Georgia, Nevada, New Mexico and North Dakota. TDIC is now endorsed in six states and licensed to offer coverage in 35 states.

In addition to gaining the endorsements of new states, emphasis is being given to increase penetration in our existing endorsed states through a mix of direct mail, print advertising, exhibit booths, and sponsorship of component events and activities. In January 2003, TDIC was a sponsor for CDA's Leadership Conference. In April, TDIC sponsored CDA's "Tips from the Pros" dental board exam program at the spring Scientific Session. In May, the TDIC Board of Directors voted to donate \$250,000 to the CDA Foundation, bringing TDIC's total donation to more than \$1.6 million. TDIC was also the major sponsor for the 1201 Executive Directors' Retreat in September 2003. In addition, TDIC is sponsoring and participating in CDA's Senior Transition programs at the five California dental schools. TDIC, along with CDA, continues to offer coverage at no charge to

dental students for the clinical portion of the dental board examinations.

TDIC also supports the components in their recruitment and retention efforts. Components can apply for sponsorships of events that yield maximum exposure to prospective members.

TDIC is assisting CDA and the components in their efforts to recruit foreign-trained dentists. Sources in the insurance industry have revealed that at least one large carrier is non-renewing the policies of foreign-trained dentists. That is not the case with TDIC. In fact, TDIC has examined its claims data and found that there is no apparent difference in the loss experience of insured foreign-trained dentists compared with those trained in the United States. Along with CDA and 1201, TDIC, supports the multicultural dental societies through sponsorship fees, advertising dollars, and participation in their events.

TDIC looks for innovative ways to serve policyholders and the dental community. After three years of planning, The Dentists Mobile Center, a completely equipped mobile dental unit, is available to policyholders who have experienced severe property damage to their offices. TDIC acquired the unit to offer policyholders an alternative to closing their practices or renting temporary space while repairs are being made following property losses. When not in use at a TDIC claim site, The Dentists Mobile Center is available for use by components for their community outreach programs. Members toured The Dentists Mobile Center during the CDA House of Delegates' meeting in November. Already in use at a TDIC claim site, TDIC has received many requests for future use by components.

At its October 2003 meeting, the TDIC Board of Directors declared an 8 percent dividend equaling \$1.8 million for California policyholders. Each policyholder who maintained an active professional liability policy during the 2002/2003 policy year will receive a check from TDIC averaging \$151. By

law, no insurer can guarantee dividends; however, since 1989, TDIC has declared \$44.4 million to policyholders.

TDIC holds to its mission of offering quality products at an actuarially sound premium. Following a thorough actuarial analysis, the TDIC Board also voted to increase professional liability and office property policy rates for the 2004/2005 policy year. Pending California Department of Insurance approval, professional liability rates will increase by 5 percent, and office property rates will increase by 9 percent, beginning July 1, 2004. TDIC rates each state independently considering the state's loss experience. The last time TDIC changed professional liability rates was in 1995, and that was a 14.5 percent decrease.

The board also declared a shareholder dividend to the CDA Holding

Company, Inc. (CDAHCI). The dividend totaled \$2.7 million and will be paid to CDAHCI after Jan. 15, 2004. This brings the amount TDIC has declared to its parent company since 1993 to approximately \$14 million.

TDIC is the best choice for members because it remains strong, solid and true to the profession of dentistry. When associations partner with TDIC, they are choosing the operating philosophy of a dentist-run company and the company's commitment to their membership. TDIC has the experience, relationships, financial resources and service expertise to meet associations' needs. With the reorganization of the 1201 and TDIC Boards of Directors, 2004 promises to be an exciting year as the boards and staff work toward a more cohesive operating strategy in support of CDA and CDA members.

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