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By: **Senator Teitelbaum**  
Introduced and read first time: February 22, 2001  
Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Dental Plan Organizations - Surplus Requirements**

3 FOR the purpose of exempting certain dental plan organizations from the  
4 requirement to have and maintain a certain surplus in a certain manner; and  
5 generally relating to surplus requirements for dental plan organizations.

6 BY repealing and reenacting, with amendments,  
7 Article - Insurance  
8 Section 14-404  
9 Annotated Code of Maryland  
10 (1997 Volume and 2000 Supplement)

11 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
12 MARYLAND, That the Laws of Maryland read as follows:

13 **Article - Insurance**

14 14-404.

15 (a) [In] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, IN  
16 accordance with this section, a dental plan organization shall have and maintain at  
17 all times a surplus equal to the greater of:

18 (1) \$50,000; or

19 (2) 2% of the organizations' annual gross premium income, up to a  
20 maximum of the required capital and surplus of a stock insurer under § 4-103 of this  
21 article.

22 (b) (1) Except as provided in subsection (d) of this section, a dental plan  
23 organization shall deposit with the Commissioner or with any organization or trustee  
24 acceptable to the Commissioner through which a custodial or controlled account is  
25 used, cash, securities, or any combination of these or other measures that is  
26 acceptable to the Commissioner in an amount equal to \$25,000 plus 25% of the  
27 surplus required in subsection (a) of this section, provided that the deposit shall not  
28 be required to exceed \$100,000.

- 1           (2)     The deposit shall be:
- 2                   (i)     an admitted asset of the dental plan organization in the  
3 determination of surplus;
- 4                   (ii)    used to protect the interests of the dental plan organization's  
5 enrollees;
- 6                   (iii)   used to assure continuation of limited health care services to  
7 enrollees of a dental plan organization that is in rehabilitation or conservation; and
- 8                   (iv)    if a dental plan organization is placed in receivership or  
9 liquidation, an asset subject to provisions of the Uniform Insurers Liquidation Act.

10           (3)     All income from deposits shall be an asset of the dental plan  
11 organization.

12           (4)     A dental plan organization may withdraw a deposit or any part  
13 thereof after making a substitute deposit of equal amount and value.

14           (5)     A substitute deposit of any securities is subject to the approval of the  
15 Commissioner.

16   (c)     Except as provided in subsection (d) of this section, the Commissioner may  
17 reduce or eliminate the deposit requirement if the dental plan organization has made  
18 an acceptable deposit with the State or jurisdiction of domicile for the protection of all  
19 enrollees, wherever located, and delivers to the Commissioner a certificate to such  
20 effect, duly authenticated by the appropriate State official holding the deposit.

21   (d)     Subsections [(b)] (A), (B), and (c) of this section do not apply to a dental  
22 plan organization that does not have any enrollees, as determined by the  
23 Commissioner, so long as the dental plan organization:

24           (1)     held a certificate of authority as of January 1, 2000;

25           (2)     maintains a current certificate of authority; and

26           (3)     complies with all applicable laws and regulations, as determined by  
27 the Commissioner.

28   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 2001.