
By: **Senator Teitelbaum**
Introduced and read first time: February 22, 2001
Assigned to: Rules
Re-referred to: Finance, March 5, 2001

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 26, 2001

CHAPTER _____

1 AN ACT concerning

2 **Dental Plan Organizations - ~~Surplus~~ Solvency 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 under
5 certain circumstances; altering the circumstances under which certain dental
6 plan organizations are exempt from certain solvency requirements; providing
7 certain circumstances under which an exemption for certain dental plan
8 organizations from certain solvency requirements does not apply; and generally
9 relating to ~~surplus~~ solvency requirements for dental plan organizations.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 14-404
13 Annotated Code of Maryland
14 (1997 Volume and 2000 Supplement)

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

17 **Article - Insurance**

18 14-404.

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

1 (1) \$50,000; or

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

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

12 (2) The deposit shall be:

13 (i) an admitted asset of the dental plan organization in the
14 determination of surplus;

15 (ii) used to protect the interests of the dental plan organization's
16 enrollees;

17 (iii) used to assure continuation of limited health care services to
18 enrollees of a dental plan organization that is in rehabilitation or conservation; and

19 (iv) if a dental plan organization is placed in receivership or
20 liquidation, an asset subject to provisions of the Uniform Insurers Liquidation Act.

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

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

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

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

32 (d) ~~Subsections~~ SUBJECT TO SUBSECTION (E) OF THIS SECTION, SUBSECTIONS
33 [(b)] (A), (B), and (c) of this section do not apply to a dental plan organization that does
34 not have any enrollees, as determined by the Commissioner, so long as the dental
35 plan organization:

36 (1) DID NOT HAVE ANY ENROLLEES AS OF JANUARY 1, 2000;

1 ~~(2)~~ held a certificate of authority as of January 1, 2000;
2 ~~(2)~~ ~~(3)~~ maintains a current certificate of authority; and
3 ~~(3)~~ ~~(4)~~ complies with all applicable laws and regulations, as
4 determined by the Commissioner.

5 ~~(E)~~ SUBSECTION (D) OF THIS SECTION DOES NOT APPLY TO A DENTAL PLAN
6 ORGANIZATION THAT HAS ONE OR MORE ENROLLEES ON OR AFTER JANUARY 1, 2000.

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