

Article - Insurance

Section 14-404 and 14-409

Annotated Code of Maryland

(1997 Volume and 1999 Supplement)

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

**Article - Insurance**

14-401.

- (a) In this subtitle the following words have the meanings indicated.
- (b) "Dental plan" means a contractual arrangement for dental services.
- (c) "Dental plan organization" means a person that provides directly, arranges for, or administers a dental plan on a prepaid or postpaid individual or group capitation basis.
- (d) "Dental service" means a service included in practicing dentistry as defined in § 4-101 of the Health Occupations Article.
- (e) "Enrollee" means an individual or dependent of the individual who is enrolled in a dental plan.
- (f) "Evidence of coverage" means a contract or certificate that is issued to an enrollee and that specifies the dental services to which the enrollee is entitled.

14-404.

(a) In accordance with this section, a dental plan organization shall [obtain a bond or possess surplus for the protection of enrollees] HAVE AND MAINTAIN AT ALL TIMES A SURPLUS EQUAL TO THE GREATER OF:

(1) \$50,000; OR

(2) 2% OF THE ORGANIZATIONS' ANNUAL GROSS PREMIUM INCOME, UP TO A MAXIMUM OF THE REQUIRED CAPITAL AND SURPLUS OF A STOCK INSURER UNDER § 4-103 OF THIS ARTICLE.

[(b) (1) The amount of the surplus or bond shall equal the lesser of:

(i) 7% of the gross contract and certificate income of the dental plan organization for 1 year; or

(ii) \$150,000.

(2) The amount of the surplus or bond shall be adjusted:

(i) within 20 days after a change in the gross contract and certificate income; or

(ii) if necessary, annually on July 1.