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EXAMINATION & AUDITING

STATE OF MARYLAND
MARYLAND INSURANCE ADMINISTRATION
525 St. Paul Place, Baltimore, Maryland 21202-2272
Writer's Direct Dial: 410-468-2119
Facsimile Number: 410-468-2101
e-mail : lschott@mdinsurance.state.md.us

BULLETIN 02-19

Date: September 19, 2002

To: President, Managed Care Organizations

Re: Risk Based Capital Applicability for 2002

CC: Chief Financial Officers, Managed Care Organizations

On July 5, 2001, the Insurance Commissioner adopted new Regulation .02-1 under COMAR 31.12.06 Managed Care Organizations-Financial Compliance Requirements, effective August 20, 2001. This regulation required that effective with the Annual Statement filed for the year ending December 31, 2001, an MCO shall comply with the risk-based capital requirements of the Insurance Article, Title 4, Subtitle 3 of the Annotated Code of Maryland, unless exempted by the Insurance Commissioner. MCOs are required to submit a risk-based capital report in conjunction with the Annual Statement filing for the year ending December 31, 2002. This filing is due March 1, 2003. At the request of the Department of Health and Mental Hygiene, the Insurance Commissioner is granting MCOs an exemption from meeting the risk-based capital requirements for the year ending December 31, 2002. In this regard, the Insurance Commissioner will not take action against an MCO based solely on the information contained in the risk-based capital report.

If you have any questions regarding these matters, please contact Lester C. Schott, Associate Commissioner, at (410) 468-2119.

Steven B. Larsen
Insurance Commissioner