



## Welcome to the online source for the District of Columbia Official Code

DC ST § 31-3506  
Formerly cited as DC ST 1981 § 35-4706

◀ Term ▶ ▶ Best Section ▶

← **BEST** DC ST § **31-3506** →

**BEST** →

**This document has been updated. Use KEYCITE.**

Formerly cited as DC ST 1981 § 35-4706

District of Columbia Official Code 2001 Edition [Currentness](#)  
Division V. Local Business Affairs

Title 31. Insurance and Securities. (Refs & Annos)

Subtitle IV. Health and Related Insurance.

Chapter 35. Hospital and Medical Services Corporations Regulation.

→ § **31-3506**. → **Surplus requirements.**

(a) At the time of issuance of a certificate of authority under this chapter and at all times thereafter until risk-based capital regulations for hospital and medical services corporations are promulgated, a corporation must possess surplus in an amount which is the greater of \$5,000,000 or 8.0% of the total amount of premiums for insured risk received by the corporation in the preceding calendar year. The total amount of premiums for insured risk shall not include premiums collected for federal health benefit programs that have a separate reserve fund held by the federal government.

(b) The surplus requirement of 8.0% shall be phased-in following April 9, 1997 as follows:

- (1) Year one -- 40% of the surplus requirement in subsection (a) of this section;
- (2) Year two -- 60% of the surplus requirement in subsection (a) of this section;
- (3) Year three -- 80% of the surplus requirement in subsection (a) of this section; and
- (4) Year four -- 100% of the surplus requirement in subsection (a) of this section.

(c) The Mayor shall have the authority to require the differentiation of the corporation's activities into risk and nonrisk business for the purpose of determining the corporation's income that is derived from premiums for insured risk and from other sources.

(d) Notwithstanding the provisions of subsection (a) of this section, at the time of issuance of a certificate of authority under this chapter and at all times thereafter, a corporation shall be subject to the provisions of any risk-based capital regulations for hospital and medical services corporations promulgated by the Mayor, and must maintain at all times such surplus as is determined to be necessary under those regulations.

(e) Within 120 days after March 25, 2009, and annually thereafter, the Commissioner shall review the portion of the surplus of the corporation that is attributable to the District and shall issue a determination as to whether the surplus is excessive. The surplus may be considered excessive only if:

(1) The surplus is greater than the appropriate risk-based capital requirements as determined by the Commissioner for the immediately preceding calendar year; and

(2) After a hearing, the Commissioner determines that the surplus is unreasonably large and inconsistent with the corporation's obligation under § 31-3505(a).

(f) In determining whether the surplus of the corporation that is attributable to the District is excessive, the Commissioner shall take into account all of the corporation's financial obligations arising in connection with the conduct of the corporation's insurance business, including premium tax paid and the corporation's contribution to the open enrollment program required by § 31-3514.

(g)(1) If the Commissioner determines that the surplus of the corporation is excessive, the Commissioner shall order the corporation to submit a plan for dedication of the excess to community health reinvestment in a fair and equitable manner.

(2) A plan submitted pursuant to paragraph (1) of this subsection may consist entirely of expenditures for the benefit of current subscribers of the corporation.

(h) When determining what surplus is attributable to the District and whether the surplus is excessive, the Commissioner may retain attorneys, appraisers, independent actuaries, independent certified public accountants, or other professionals, the cost of which shall be borne by the corporation.

(i) If the Commissioner determines that the corporation failed to submit a plan as ordered under subsection (g) of this section within a reasonable period or failed to execute within a reasonable period a plan already submitted under subsection (g) of this section, the Commissioner shall deny for 12 months all premium rate increases for subscriber policies written in the District sought by the corporation pursuant to § 31-3508 and may issue such orders as are necessary to enforce the purposes of this chapter.

CREDIT(S)

(Apr. 9, 1997, D.C. Law 11-245, § 7, 44 DCR 1158; Mar. 25, 2009, D.C. Law 17-369, § 2(d), 56 DCR 1346.)

HISTORICAL AND STATUTORY NOTES

Prior Codifications

1981 Ed., § 35-4706.

Effect of Amendments

D.C. Law 17-369 added subsecs. (e), (f), (g), (h), and (i).

Legislative History of Laws

For legislative history of D.C. Law 11-245, see Historical and Statutory Notes following § 31-3501.

For Law 17-369, see notes following § 31-3501.

DC CODE § **←31-3506→**

Current through June 17, 2009

Copyright © 2009 By The District of Columbia. All Rights Reserved.  
END OF DOCUMENT.

◀ Term ▶ ▶ Best Section ▶▶

© 2009 Thomson Reuters/West. No Claim to Orig. U.S. Govt. Works.  
Adobe Reader is required to view PDF images.



◀ Doc 2 of 6 ▶▶

[Cite List](#) [Docs In Sequence](#)

---

Westlaw, part of Thomson Reuters  
[© 2009 West](#) | [Privacy](#) | [Accessibility](#)

