CHAPTER 425
FORMERLY
SENATE BILL NO. 202
AS AMENDED BY
SENATE AMENDMENT NO. 2

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO RISK-BASED CAPITAL (RBC) FOR HEALTH ORGANIZATIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Chapter 58, Title 18, of the Delaware Code by renaming Chapter 58 as "Risk-Based Capital (RBC)."

Section 2. Amend Chapter 58, Title 18, of the Delaware Code by designating §§ 5801-5813 as Sub-Chapter I, which shall be known and may be cited as "Risk-Based Capital (RBC) For Insurers."

Section 3. Amend Chapter 58, Title 18, of the Delaware Code by creating a Sub-Chapter II, which shall be known and may be cited as "Risk-Based Capital (RBC) For Health Organizations," and making insertions as shown by underlining as follows:

§ 5820. Definitions.

As used in this Chapter, the following terms shall have the respective meanings hereinafter set forth, unless the context shall otherwise require:

(1) "Adjusted RBC report." The term "Adjusted RBC report" means an RBC report which has been adjusted by the Commissioner in accordance with § 5821(d).

(2) "Corrective order." The term "corrective order" means an order issued by the Commissioner specifying corrective actions which the Commissioner has determined are required.

(3) "Domestic health organization." The term "domestic health organization" means a health organization domiciled in this state.

(4) "Foreign health organization." The term "foreign health organization" means a health organization that is licensed to do business in this state under Title 18 of the Delaware Code but is not domiciled in this state.

(5) "NAIC." The term "NAIC" means the National Association of Insurance Commissioners.

(6) "Health organization." The term "health organization" means a health maintenance organization, limited health service organization, health service corporation, dental or vision plan, hospital, medical and dental indemnity or service corporation or other managed care organization licensed under Title 18 of the Delaware Code. This definition does not include an organization that is licensed as either a life and/or health insurer or a property and casualty insurer under § 516 of this Title and that is otherwise subject to either the life and/or health or property and casualty RBC requirements.

(7) "RBC instructions." The term "RBC instructions" means the RBC report including risk-based capital instructions adopted by the NAIC, as these RBC instructions may be amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.

(8) "RBC level." The term "RBC level" means a health organization's Company Action Level RBC, Regulatory Action Level RBC, Authorized Control Level RBC, or Mandatory Control Level RBC where:

a."Company Action Level RBC" means, with respect to any health organization, the product of 2.0 and its Authorized Control Level RBC;

b. "Regulatory Action Level RBC" means the product of 1.5 and its Authorized Control Level RBC;

c."Authorized Control Level RBC" means the number determined under the risk based capital formula in accordance with the RBC Instructions;

d."Mandatory Control Level RBC" means the product of .70 and the Authorized Control Level RBC.

(9) "RBC plan." The term "RBC plan" means a comprehensive financial plan containing the elements specified in § 5822(b). If the Commissioner rejects the RBC plan, and it is revised by the health organization, with or without the Commissioner's recommendation, the plan shall be called the "revised RBC plan."

(10) "RBC report." The term "RBC report" means the report required in § 5821.

(11) "Total adjusted capital." The term "total adjusted capital" means the sum of:

(a) A health organization's statutory capital and surplus (i.e. net worth) as determined in accordance with the statutory accounting applicable to the annual financial statements required to be filed under Title 18 of the Delaware Code; and

(b) Such other items, if any, as the RBC instructions may provide.

§ 5821. RBC Reports.

(a) A domestic health organization shall, on or prior to each March 1 or the required annual statement filing date if later (the "filing date"), prepare and submit to the Commissioner a report of its RBC levels as of the end of the calendar year just ended, in a form and containing such information as is required by the RBC instructions. In addition, a domestic health organization shall file its RBC report:

(1) With the NAIC in accordance with the RBC instructions; and

(2) With the Insurance Commissioner in any state in which the health organization is authorized to do business, if the Insurance Commissioner has notified the health organization of its request in writing, in which case the health organization shall file its RBC report not later than the later of:

a. Fifteen (15) days from the receipt of notice to file its RBC report with that state; or

b. The filing date.

(b) A health organization's RBC shall be determined in accordance with the formula set forth in the RBC instructions. The formula shall take the following into account (and may adjust for the covariance between) determined in each case by applying the factors in the manner set forth in the RBC instructions.

(1) Asset risk;

(2) Credit risk;

(3) Underwriting risk; and

(4) All other business risks and such other relevant risks as are set forth in the RBC instructions.

(c) An excess of capital (i.e. net worth) over the amount produced by the risk-based capital requirements contained in this Sub-Chapter II and the formulas, schedules and instructions referenced in this Sub-Chapter II is desirable in the business of health insurance. Accordingly, health organizations should seek to maintain capital above the RBC levels required by this this Sub-Chapter II. Additional capital is used and useful in the insurance business and helps to secure a health organization against various risks inherent in, or affecting, the business of insurance and not accounted for or only partially measured by the risk-based capital requirements contained in this Sub-Chapter II.

(d) If a domestic health organization files an RBC report that in the judgment of the Commissioner is inaccurate, then the Commissioner shall adjust the RBC report to correct the inaccuracy and shall notify the health organization of the adjustment. The notice shall contain a statement of the reason for the adjustment. An RBC report as so adjusted is referred to as an "adjusted RBC report."

§ 5822. Company Action Level Event.

(a) "Company Action Level Event" means any of the following events:

(1) The filing of an RBC report by a health organization that indicates that the health organization's total adjusted capital is greater than or equal to its Regulatory Action Level RBC but less than its Company Action Level RBC;

a. If a health organization has total adjusted capital which is greater than or equal to its Company Action Level RBC but less than the product of its Authorized Control Level RBC and 3.0 and triggers the trend test determined in accordance with the trend test calculation included in the Health RBC instructions;

(2) Notification by the Commissioner to the health organization of an adjusted RBC report that indicates an event in Paragraph (1) of this subsection, provided the health organization does not challenge the adjusted RBC report under § 5826; or

(3) If, pursuant to § 5826, a health organization challenges an adjusted RBC report that indicates the event in Paragraph (1) of this subsection, the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(b) In the event of a Company Action Level Event, the health organization shall prepare and submit to the Commissioner an RBC plan that shall:

(1) Identify the conditions that contribute to the Company Action Level Event;

(2) Contain proposals of corrective actions that the health organization intends to take and that would be expected to result in the elimination of the Company Action Level Event;

(3) Provide projections of the health organization's financial results in the current year and at least the two (2) succeeding years, both in the absence of proposed corrective actions and giving effect to the proposed corrective actions, including projections of statutory balance sheets, operating income, net income, capital and surplus, and RBC levels. The projections for both new and renewal business might include separate projections for each major line of business and separately identify each significant income, expense and benefit component;

(4) Identify the key assumptions impacting the health organization's projections and the sensitivity of the projections to the assumptions; and

(5) Identify the quality of, and problems associated with, the health organization's business, including but not limited to its assets, anticipated business growth and associated surplus strain, extraordinary exposure to risk, mix of business and use of reinsurance, if any, in each case.

(c) The RBC plan shall be submitted

(1) Within forty-five (45) days of the Company Action Level Event; or

(2) If the health organization challenges an adjusted RBC report pursuant to § 5826, within forty-five (45) days after notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(d) Within sixty (60) days after the submission by a health organization of an RBC plan to the Commissioner, the Commissioner shall notify the health organization whether the RBC plan shall be implemented or is, in the judgment of the Commissioner, unsatisfactory. If the Commissioner determines the RBC plan is unsatisfactory, the notification to the health organization shall set forth the reasons for the determination, and may set forth proposed revisions which will render the RBC plan satisfactory, in the judgment of the Commissioner. Upon notification from the Commissioner, the health organization shall prepare a revised RBC plan, which may incorporate by reference any revisions proposed by the Commissioner, and shall submit the revised RBC plan to the Commissioner:

(1) Within forty-five (45) days after the notification from the Commissioner; or

(2) If the health organization challenges the notification from the Commissioner under § 5826, within forty-five (45) days after a notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(e) In the event of a notification by the Commissioner to a health organization that the health organization's RBC plan or revised RBC plan is unsatisfactory, the Commissioner may at the Commissioner's discretion, subject to the health organization's right to a hearing under § 5826, specify in the notification that the notification constitutes a Regulatory Action Level Event.

(f) Every domestic health organization that files an RBC plan or revised RBC plan with the Commissioner shall file a copy of the RBC plan or revised RBC plan with the Insurance Commissioner in any state in which the health organization is authorized to do business if:

(1) The state has an RBC provision substantially similar to § 5827(a); and

(2) The Insurance Commissioner of that state has notified the health organization of its request for the filing in writing, in which case the health organization shall file a copy of the RBC plan or revised RBC plan in that state no later than the later of:

a. Fifteen (15) days after the receipt of notice to file a copy of its RBC plan or revised RBC plan with the state; or

b. The date on which the RBC plan or revised RBC plan is filed under Subsections (c) and (d) of this section.

§ 5823. Regulatory Action Level Event.

(a) “Regulatory Action Level Event” means, with respect to a health organization, any of the following events:

(1) The filing of an RBC report by the health organization that indicates that the health organization’s total adjusted capital is greater than or equal to its Authorized Control Level RBC but less than its Regulatory Action Level RBC;

(2) Notification by the Commissioner to a health organization of an adjusted RBC report that indicates the event in Paragraph (1), provided the health organization does not challenge the adjusted RBC report under § 5826;

(3) If, pursuant to § 5826, the health organization challenges an adjusted RBC report that indicates the event in Paragraph (1), the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization’s challenge;

(4) The failure of the health organization to file an RBC report by the filing date, unless the health organization has provided an explanation for the failure that is satisfactory to the Commissioner and has cured the failure within ten (10) days after the filing date;

(5) The failure of the health organization to submit an RBC plan to the Commissioner within the time period set forth in § 5822(c);

(6) Notification by the Commissioner to the health organization that:

a. The RBC plan or revised RBC plan submitted by the health organization is, in the judgment of the Commissioner, unsatisfactory; and

b. Notification constitutes a Regulatory Action Level Event with respect to the health organization, provided the health organization has not challenged the determination under § 5826;

(7) If, pursuant to § 5826, the health organization challenges a determination by the Commissioner under Paragraph (6), the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the challenge;

(8) Notification by the Commissioner to the health organization that the health organization has failed to adhere to its RBC plan or revised RBC plan, but only if the failure has a substantial adverse effect on the ability of the health organization to eliminate the Company Action Level Event in accordance with its RBC plan or revised RBC plan and the Commissioner has so stated in the notification, provided the health organization has not challenged the determination under § 5826; or

(9) If, pursuant to § 5826, the health organization challenges a determination by the Commissioner under Paragraph (8), the notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the challenge.

(b) In the event of a Regulatory Action Level Event the Commissioner shall:

(1) Require the health organization to prepare and submit an RBC plan or, if applicable, a revised RBC plan;

(2) Perform such examination or analysis as the Commissioner deems necessary of the assets, liabilities and operations of the health organization including a review of its RBC plan or revised RBC plan; and

(3) Subsequent to the examination or analysis, issue an order specifying such corrective actions as the Commissioner shall determine are required (a “corrective order”).

(c) In determining corrective actions, the Commissioner may take into account factors the Commissioner deems relevant with respect to the health organization based upon the Commissioner’s examination or analysis of the assets, liabilities and operations of the health organization, including, but not limited to, the results of any sensitivity tests undertaken pursuant to the RBC instructions. The RBC plan or revised RBC plan shall be submitted:

(1) Within forty-five (45) days after the occurrence of the Regulatory Action Level Event;

(2) If the health organization challenges an adjusted RBC report pursuant to § 5826 and the challenge is not frivolous in the judgment of the Commissioner, within forty-five (45) days after the notification to the health organization that the Commissioner has, after a hearing, rejected the health organization’s challenge; or

(3) If the health organization challenges a revised RBC plan pursuant to § 5826 and the challenge is not frivolous in the judgment of the Commissioner, within forty-five (45) days after the notification to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(d) The Commissioner may retain actuaries and investment experts and other consultants as may be necessary in the judgment of the Commissioner to review the health organization's RBC plan or revised RBC plan, examine or analyze the assets, liabilities and operations (including contractual relationships) of the health organization and formulate the corrective order with respect to the health organization. The fees, costs and expenses relating to consultants shall be borne by the affected health organization or such other party as directed by the Commissioner.

§ 5824. Authorized Control Level Event.

(a) "Authorized Control Level Event" means any of the following events:

(1) The filing of an RBC report by the health organization that indicates that the health organization's total adjusted capital is greater than or equal to its Mandatory Control Level RBC but less than its Authorized Control Level RBC;

(2) The notification by the Commissioner to the health organization of an adjusted RBC report that indicates the event in Paragraph (1), provided the health organization does not challenge the adjusted RBC report under § 5826;

(3) If, pursuant to § 5826, the health organization challenges an adjusted RBC report that indicates the event in Paragraph (1), notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge;

(4) The failure of the health organization to respond, in a manner satisfactory to the Commissioner, to a corrective order (provided the health organization has not challenged the corrective order under § 5826); or

(5) If the health organization has challenged a corrective order under § 5826 and the Commissioner has, after a hearing, rejected the challenge or modified the corrective order, the failure of the health organization to respond, in a manner satisfactory to the Commissioner, to the corrective order subsequent to rejection or modification by the Commissioner.

(b) In the event of an Authorized Control Level Event with respect to a health organization, the Commissioner shall:

(1) Take such actions as are required under § 5823 regarding a health organization with respect to which a Regulatory Action Level Event has occurred; or

(2) If the Commissioner deems it to be in the best interests of the policyholders and creditors of the health organization and of the public, take such actions as are necessary to cause the health organization to be placed under regulatory control under Chapter 59 of this Title. In the event the Commissioner takes such actions, the Authorized Control Level Event shall be deemed sufficient grounds for the Commissioner to take action under Chapter 59 of this Title, and the Commissioner shall have the rights, powers and duties with respect to the health organization as are set forth Chapter 59 of this Title. In the event the Commissioner takes actions under this paragraph pursuant to an adjusted RBC report, the health organization shall be entitled to such protections as are afforded to health organizations under the provisions of Chapter 59 of this Title pertaining to summary proceedings.

§ 5825. Mandatory Control Level Event.

(a) "Mandatory Control Level Event" means any of the following events:

(1) The filing of an RBC report which indicates that the health organization's total adjusted capital is less than its Mandatory Control Level RBC;

(2) Notification by the Commissioner to the health organization of an adjusted RBC report that indicates the event in Paragraph (1), provided the health organization does not challenge the adjusted RBC report under § 5826; or

(3) If, pursuant to § 5826, the health organization challenges an adjusted RBC report that indicates the event in Paragraph (1), notification by the Commissioner to the health organization that the Commissioner has, after a hearing, rejected the health organization's challenge.

(b) In the event of a Mandatory Control Level Event, the Commissioner shall take such actions as are necessary to place the health organization under regulatory control under Chapter 59 of this Title. In that event, the Mandatory Control Level Event shall be deemed sufficient grounds for the Commissioner to take action Chapter 59 of this Title, and the Commissioner shall have the rights, powers and duties with respect to the health organization as are set forth in Chapter 59 of this Title. If the Commissioner takes actions pursuant to an adjusted RBC report, the health organization shall be entitled to the protections of Chapter 59 of this Title pertaining to summary proceedings. Notwithstanding any of the foregoing, the Commissioner may forego action for up to ninety (90) days after the Mandatory Control Level Event if the Commissioner finds there is a reasonable expectation that the Mandatory Control Level Event may be eliminated within the ninety-day period.

§ 5826. Hearings.

Upon the occurrence of any of the following events, the health organization shall have the right to a confidential departmental hearing, on a record, at which the health organization may challenge any determination or action by the Commissioner. The health organization shall notify the Commissioner of its request for a hearing within five (5) days after the notification by the Commissioner under Subsection (a), (b), (c) or (d). Upon receipt of the health organization's request for a hearing, the Commissioner shall set a date for the hearing, which shall be no less than ten (10) nor more than thirty (30) days after the date of the health organization's request. The events include:

(a) Notification to a health organization by the Commissioner of an adjusted RBC report;

(b) Notification to a health organization by the Commissioner that:

(1) The health organization's RBC plan or revised RBC plan is unsatisfactory; and

(2) Notification constitutes a Regulatory Action Level Event with respect to the health organization;

(c) Notification to a health organization by the Commissioner that the health organization has failed to adhere to its RBC plan or revised RBC plan and that the failure has a substantial adverse effect on the ability of the health organization to eliminate the Company Action Level Event with respect to the health organization in accordance with its RBC plan or revised RBC plan; or

(d) Notification to a health organization by the Commissioner of a corrective order with respect to the health organization.

§ 5827. Confidentiality; Prohibition on Announcements, Prohibition on Use in Ratemaking.

(a) All RBC reports (to the extent the information is not required to be set forth in a publicly available annual statement schedule) and RBC plans (including the results or report of any examination or analysis of a health organization performed pursuant to this statute and any corrective order issued by the Commissioner pursuant to examination or analysis) with respect to a domestic health organization or foreign health organization that are in the possession or control of the Department of Insurance shall be confidential by law and privileged, shall not be subject to this State's Freedom of Information Act, 29 Del. C. §§ 10001, et. seq., shall not be subject to subpoena, and shall not be subject to discovery or admissible in evidence in any private civil action. However, the Commissioner is authorized to use the documents, materials or other information in the furtherance of any regulatory or legal action brought as a part of the Commissioner's official duties.

(b) Neither the Commissioner nor any person who received documents, materials or other information while acting under the authority of the Commissioner shall be permitted or required to testify in any private civil action concerning any confidential documents, materials or information subject to Subsection (a).

(c) In order to assist in the performance of the Commissioner's duties, the Commissioner:

(1) May share documents, materials or other information, including the confidential and privileged documents, materials or information subject to Subsection (a), with other state, federal and international regulatory agencies, with the NAIC and its affiliates and subsidiaries, and with state, federal and international law enforcement authorities, provided that the recipient agrees to maintain the confidentiality and privileged status of the document, material or other information;

(2) May receive documents, materials or information, including otherwise confidential and privileged documents, materials or information, from the NAIC and its affiliates and subsidiaries, and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any

document, material or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material or information; and

(3) May enter into agreements governing sharing and use of information consistent with this subsection.

(d) No waiver of any applicable privilege or claim of confidentiality in the documents, materials or information shall occur as a result of disclosure to the Commissioner under this section or as a result of sharing as authorized in Paragraph (3).

(e) It is the judgment of the legislature that the comparison of a health organization's total adjusted capital to any of its RBC levels is a regulatory tool which may indicate the need for corrective action with respect to the health organization, and is not intended as a means to rank health organizations generally. Therefore, except as otherwise required under the provisions of this Sub-Chapter II, the making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over a radio or television station, or in any other way, an advertisement, announcement or statement containing an assertion, representation or statement with regard to the RBC levels of any health organization, or of any component derived in the calculation, by any health organization, agent, broker or other person engaged in any manner in the insurance business would be misleading and is therefore prohibited; provided, however, that if any materially false statement with respect to the comparison regarding a health organization's total adjusted capital to its RBC levels (or any of them) or an inappropriate comparison of any other amount to the health organizations' RBC levels is published in any written publication and the health organization is able to demonstrate to the Commissioner with substantial proof the falsity of the statement, or the inappropriateness, as the case may be, then the health organization may publish an announcement in a written publication if the sole purpose of the announcement is to rebut the materially false statement.

(f) It is the further judgment of the legislature that the RBC instructions, RBC reports, adjusted RBC reports, RBC plans and revised RBC plans are intended solely for use by the Commissioner in monitoring the solvency of health organizations and the need for possible corrective action with respect to health organizations and shall not be used by the Commissioner for ratemaking nor considered or introduced as evidence in any rate proceeding nor used by the Commissioner to calculate or derive any elements of an appropriate premium level or rate of return for any line of insurance that a health organization or any affiliate is authorized to write.

§ 5828. Supplemental Provisions; Rules; Exemption.

(a) The provisions of this Sub-Chapter II are supplemental to any other provisions of the laws of this state, and shall not preclude or limit any other powers or duties of the Commissioner under such laws, including, but not limited to, Chapter 59 of this Title and 18 Del. Admin. Code 304.

(b) The Commissioner may adopt reasonable rules necessary for the implementation of this Sub-Chapter II.

(c) The Commissioner may exempt from the application of this Sub-Chapter II a domestic health organization that:

(1) Writes direct business only in this state;

(2) Assumes no reinsurance in excess of five percent (5%) of direct premium written; and

(3) Writes direct annual premiums for comprehensive medical business of $2,000,000 or less; or

(4) Is a limited health service organization that covers less than 2,000 lives.

§ 5829. Foreign Health Organizations.

(a) (1) A foreign health organization shall, upon the written request of the Commissioner, submit to the Commissioner an RBC report as of the end of the calendar year just ended the later of:

a. The date an RBC report would be required to be filed by a domestic health organization under this Sub-Chapter II; or

b. Fifteen (15) days after the request is received by the foreign health organization.

(2) A foreign health organization shall, at the written request of the Commissioner, promptly submit to the Commissioner a copy of any RBC plan that is filed with the Insurance Commissioner of any other state.

(b) In the event of a Company Action Level Event, Regulatory Action Level Event or Authorized Control Level Event with respect to a foreign health organization as determined under the RBC statute applicable in the state of domicile of the health organization (or, if no RBC statute is in force in that state, under the provisions of this Sub-Chapter II), if the Insurance Commissioner of the state of domicile of the foreign health organization fails to require the foreign health organization to file an RBC plan in the manner specified under that state's RBC statute (or, if no RBC statute is in force in that state, under § 5822 of this Sub-Chapter II), the Commissioner may require the foreign health organization to file an RBC plan with the Commissioner. In such event, the failure of the foreign health organization to file an RBC plan with the Commissioner shall be grounds to order the health organization to cease and desist from writing new insurance business in this state.

(c) In the event of a Mandatory Control Level Event with respect to a foreign health organization, if no domiciliary receiver has been appointed with respect to the foreign health organization under the rehabilitation and liquidation statute applicable in the state of domicile of the foreign health organization, the Commissioner may make application to the Court of Chancery permitted under Chapter 59 of this Title with respect to the liquidation of property of foreign health organizations found in this state, and the occurrence of the Mandatory Control Level Event shall be considered adequate grounds for the application.

§ 5830. Immunity.

There shall be no liability on the part of, and no cause of action shall arise against, the Commissioner or the Insurance Department or its employees or agents for any action taken by them in the performance of their powers and duties under this Sub-Chapter II.

§ 5831. Severability Clause.

If any provision of this Sub-Chapter II, or its application to any person or circumstance, is held invalid, that determination shall not affect the provisions or applications of this Sub-Chapter II that can be given effect without the invalid provision or application, and to that end the provisions of this Sub-Chapter II are severable.

§ 5832. Notices.

All notices by the Commissioner to a health organization that may result in regulatory action under this Sub-Chapter II shall be effective upon dispatch if transmitted by registered or certified mail, or in the case of any other transmission shall be effective upon the health organization's receipt of notice.

Section 4. Amend Section 6309 of Title 18 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike-through as follows:

§ 6309. Other provisions applicable.

Such corporations shall be subject to this chapter and to the following chapters of this title, to the extent applicable and not in conflict with the express provisions of this chapter:

(1) Chapter 1 (General Definitions and Provisions).

(2) Chapter 3 (The Insurance Commissioner).

(3) Chapter 23 (Unfair Practices in the Insurance Business).

(4) Chapter 25 (Rates and Rating Organizations).

(5) Chapter 58, Subchapter II (Risk-Based Capital (RBC) for Health Organizations).

~~(5)~~ (6) Chapter 59 (Rehabilitation and Liquidation).

~~(6)~~ (7) Chapter 34 (Medicare Supplement Insurance Minimum Standards).

~~(7)~~ (8) Chapter 36 (Individual Health Insurance Minimum Standards).

Such corporations shall also be subject to §§ 3365 and 3571G of this title.

Section 5. Amend Section 6411(a) of Title 18 of the Delaware Code by making insertions as shown by underlining and deletions as shown by strike-through as follows:

(a) Managed care organizations shall be subject to this chapter and to the following chapters of this title, as amended from time to time, to the extent applicable and not in conflict with the express provisions of this chapter. For purposes of the following chapters only, a managed care organization shall be treated as a health insurer, and its coverages shall be deemed to be "medical and hospital expense-incurred insurance policies" for purposes of Chapter 25 of this title:

(1) Chapter 1 of this title (General Definitions and Provisions).

(2) Chapter 3 of this title (The Insurance Commissioner).

(3) Chapter 5 of this title (Authorization of Insurers and General Requirements).

(4) Chapter 9 of this title (Kinds of Insurance; Limits of Risk; Reinsurance).

(5) Chapter 11 of this title (Assets and Liabilities).

(6) Chapter 13 of this title (Investments).

(7) Chapter 15 of this title (Administration of Deposits).

(8) Chapter 17 of this title (Licensing of Professional Insurance Personnel).

(9) Chapter 21 of this title (Unauthorized Insurers — Prohibitions, Process and Advertising).

(10) Chapter 23 of this title (Unfair Practices in the Insurance Business).

(11) Chapter 25 of this title (Rates and Rating Organizations).

(12) Chapter 27 of this title (The Insurance Contract).

(13) Chapter 33 of this title (Health Insurance Contracts).

(14) Chapter 34 of this title (Medicare Supplement Insurance Minimum Standards).

(15) Chapter 35 of this title (Group and Blanket Health Insurance).

(16) Chapter 36 of this title (Individual Health Insurance Minimum Standards).

(17) Chapter 50 of this title (Insurance Holding Company System Registration).

(18) Chapter 58, Subchapter II (Risk-Based Capital (RBC) for Health Organizations).

~~(18)~~ (19) ~~Subchapter I of~~ Chapter 59 of this title (~~General Provisions of~~ Rehabilitation and Liquidation).

Section 6. Effective Date. This legislation shall become effective immediately upon its enactment.

Approved September 02, 2014