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Title 28@ Managed Health Care

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Division 1@ The Department of Managed Health Care

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Chapter 2@ Health Care Service Plans

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Article 9@ Financial Responsibility

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Section 1300.76.3@ Fidelity Bond

1300.76.3 Fidelity Bond

(a)

Each plan shall at all times maintain a fidelity bond covering each officer, director, trustee, partner and employee of the plan, whether or not they are compensated.

The fidelity bond may be either a primary commercial blanket bond or a blanket position bond written by an insurer licensed by the California Insurance Director, and it shall provide for 30 days' notice to the Director prior to cancellation. The fidelity bond shall provide at least the minimum coverage for the plan determined

by the following schedule: Annual Minimum Gross Income Coverage Up to

\$100,000.....	\$10,000
100,000to\$300,000.....	20,000
300,000to500,000.....	30,000
500,000to750,000.....	50,000
750,000to1,000,000.....	75,000
1,000,000to2,000,000.....	100,000
2,000,000to4,000,000.....	200,000
4,000,000to6,000,000.....	400,000
6,000,000to10,000,000.....	600,000
10,000,000to20,000,000.....	1,000,000
20,000,000and over.....	2,000,000

(b)

The fidelity bond required pursuant to subsection (a) may contain a provision for a deductible amount from any loss which, except for such deductible provision, would be recoverable from the insurer. A deductible provision shall not be in excess of 10 percent of the required minimum bond coverage, but in no event shall the deductible amount be in excess of \$100,000.