

Retention / Participating Contract

DDAZ's retention or participating contract includes a provision for experience refunds and credits to the Employer Group. The Employer Group, therefore, participates in the risk. The retention is a guaranteed amount usually expressed as a percentage of premiums and covers administrative expense and risk charges.

A final accounting will be completed one hundred and twenty (120) days after the end of the contract period. The refund or excess is determined by subtracting the paid and incurred claims and the retention from the premium DDAZ received for that Contract Year. Conversely, if a deficit occurs it will be carried forward to future Contract Years and applied against future excesses that may result. The Employer Group may elect to have the excess funds returned to them by DDAZ, or may elect to apply an excess to the next contract period to offset a rate adjustment or may elect to establish a Premium Stabilization Reserve.

Unless the Employer Group has elected to apply the excess to the next contract period or establish a Premium Stabilization Reserve, DDAZ will return to the Employer Group any surplus indicated by the final accounting calculation within thirty days (30) after the final accounting has been completed and request has been received by the Employer Group.

If, at the end of any Contract Year, the Dental Plan develops a negative retention balance, DDAZ will have the authority to recover such losses from any positive retention balance developed at the end of subsequent Contract Years.

Should the Contract terminate or change to a non-retention or ASO Contract, all deficits become due and payable immediately. The termination date of the Employer Group Dental Contract will be considered to be the end of a Contract Year.

Premium Stabilization Reserve Agreement

The Employer Group has agreed to allow DDAZ to retain any surplus amount at the end of a Contract Year as indicated by the final accounting in a Premium Stabilization Reserve (PSR).

The monies in the PSR may be used to offset future rate increases. In the event that this surplus money or any portion of the surplus is not used during the course of This Contract, upon termination of the Contract DDAZ will complete a final accounting after one hundred and twenty (120) days from the date of termination.

Any deficit amounts will be subtracted from any surplus remaining in the Premium Stabilization Reserve. Any surplus from the final Contract Year and/or any funds remaining in the Premium Stabilization Reserve will be returned to the Employer Group within thirty (30) days of the completion of the final accounting. The Employer Group may elect to terminate the Premium Stabilization Reserve Agreement at any contract renewal.

A final accounting will be completed after one hundred and twenty (120) days from end of that Contract Year. Any deficit amounts will be subtracted from any surplus remaining in the Premium Stabilization Reserve. Any surplus generated from the Contract Year prior to the termination of the Premium Stabilization Reserve Agreement and/or any funds remaining in the PSR will be returned to the Employer Group within thirty (30) days of the completion of the final accounting.