

INSURANCE REGULATION AND OVERSIGHT FUND ACT - ENACTMENT

Act of Jul. 2, 2013, P.L. 255, No. 46

Cl. 39

An Act

Creating the Insurance Regulation and Oversight Fund; and providing for its use.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Short title.

This act shall be known and may be cited as the Insurance Regulation and Oversight Fund Act.

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Commissioner." The Insurance Commissioner of the Commonwealth or his duly authorized representative.

"Department." The Insurance Department of the Commonwealth.

"Fund." The Insurance Regulation and Oversight Fund created under this act.

Section 3. Purpose and use of fund.

(a) Creation and purpose of fund.--To provide for the department's regulation, management, development and oversight of the Commonwealth's insurance industry, beginning July 1, 2013, and every fiscal year thereafter, the department's operating costs and expenses shall be paid from a special fund called the Insurance Regulation and Oversight Fund, which is hereby created in the State Treasury.

(b) Limitations on use.--Moneys in the fund shall not be used to pay the department's operating costs or expenditures when those costs and expenditures arise from actions, duties or functions that are payable from other dedicated sources of funding, including, but not limited to, the following:

(1) The rehabilitation and liquidation of insurance companies pursuant to Article V of the act of May 17, 1921 (P.L.789, No.285), known as The Insurance Department Act of 1921.

(2) The Catastrophic Loss Benefits Continuation Fund under 75 Pa.C.S. § 1798.4 (relating to Catastrophic Loss Benefits Continuation Fund).

(3) The Underground Storage Tank Indemnification Fund under the act of July 6, 1989 (P.L.169, No.32), known as the Storage Tank and Spill Prevention Act.

(4) The Workers' Compensation Security Fund pursuant to the act of July 1, 1937 (P.L.2532, No.470), known as the Workers' Compensation Security Fund Act.

(5) The Medical Care Availability and Reduction of Error Fund under the act of March 20, 2002 (P.L.154, No.13), known as the Medical Care Availability and Reduction of Error (Mcare) Act.

(6) The Children's Health Insurance Program under the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921.

Section 4. Deposit of moneys to the fund and appropriation and expenditure of the fund.

(a) Deposits.--The following amounts shall be deposited into the fund:

(1) fifty percent of all licenses and fees collected, received or derived by the department each month;

(2) all funds and moneys collected, received or derived from all penalties, fines or settlements received by the department in fiscal year 2013-2014; and

(3) all augmentations and reimbursements made to the department by regulated entities as a result of financial and market regulation activities for which regulated entities are responsible for payment.

(b) Exclusion from deposit.--Moneys collected pursuant to 75 Pa.C.S. § 6506 (relating to surcharge) and deposited into the General Fund pursuant to section 1798-E of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, shall not be deposited into the fund.

(c) Annual appropriation.--The General Assembly shall annually appropriate moneys from the fund to the department, and the department may expend the appropriated moneys only for the purposes authorized under this act. The department shall annually submit a proposal for its expenditure of fund moneys for the succeeding fiscal year to the Secretary of the Budget at the time or times required by and in accordance with the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.

(d) Fiscal year 2013-2014.--If during the Commonwealth's fiscal year 2013-2014 the commissioner and the Secretary of the Budget determine that the cash balance and the current estimated receipts of the fund are insufficient at any time during that fiscal year to promptly meet the department's expenses payable from the fund, then the State Treasurer is hereby authorized and directed to transfer from the General Fund, Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund to the fund such moneys as the Governor shall from time to time direct. Moneys transferred from the General Fund, Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund to the fund shall be available during fiscal year 2013-2014 to be used for the purposes of the fund under this act upon their receipt in the fund. The fund shall reimburse the General Fund, Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund for any moneys transferred to the fund pursuant to this subsection by transferring to the General Fund, Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund an amount equal to that transferred from the General Fund, Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund during fiscal year 2013-2014 at such times as the Governor shall direct, but full reimbursement shall be made from the fund to the General Fund or Workers' Compensation Security Fund or Underground Storage Tank Indemnification Fund before June 15, 2014. The Secretary of the Budget shall notify the chairman and minority chairman of the Appropriations Committee of the Senate and the chairman and minority chairman of the Appropriations Committee of the House of Representatives of any transfers and reimbursements made pursuant to this subsection in writing within 15 days of the date on which they are made.

Section 5. Retention.

At the end of the fiscal year, the fund shall retain an amount equal to not more than 100% of the total expenditures and commitments by the department from the fund in the immediately preceding fiscal year. If the balance in the fund at the end of the fiscal year exceeds this retention amount, then that amount of the fund which exceeds the retention amount shall be lapsed and deposited in the General Fund within 30 days of the end of the fiscal year.

Section 6. Effective date.

This act shall take effect immediately.