

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 914 Session of  
2013

---

INTRODUCED BY WHITE, STACK, RAFFERTY, VULAKOVICH, HUGHES, COSTA,  
BAKER, WOZNIAK, MENSCH AND BROWNE, MAY 3, 2013

---

SENATOR CORMAN, APPROPRIATIONS, RE-REPORTED AS AMENDED,  
JUNE 25, 2013

---

AN ACT

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

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

5 Section 1. Short title.

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

8 Section 2. Definitions.

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

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

14 "Department." The Insurance Department of the Commonwealth.

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

17 Section 3. Purpose and use of fund.

1 (a) Creation and purpose of fund.--To provide for the  
2 department's regulation, management, development and oversight  
3 of the Commonwealth's insurance industry, beginning July 1,  
4 2013, and every fiscal year thereafter, the department's  
5 operating costs and expenses shall be paid from a special fund  
6 called the Insurance Regulation and Oversight Fund, which is  
7 hereby created in the State Treasury.

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

13 (1) The rehabilitation and liquidation of insurance  
14 companies pursuant to Article V of the act of May 17, 1921  
15 (P.L.789, No.285), known as The Insurance Department Act of  
16 1921.

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

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

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

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

30 (6) The Children's Health Insurance Program under the

1 act of May 17, 1921 (P.L.682, No.284), known as The Insurance  
2 Company Law of 1921.

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

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

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

9 (2) all funds and moneys collected, received or derived  
10 from all penalties, fines or settlements received by the  
11 department IN FISCAL YEAR 2013-2014; and <--

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

16 (b) Exclusion from deposit.--Moneys collected pursuant to 75  
17 Pa.C.S. § 6506 (relating to surcharge) and deposited into the  
18 General Fund pursuant to section 1798-E of the act of April 9,  
19 1929 (P.L.343, No.176), known as The Fiscal Code, shall not be  
20 deposited into the fund.

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

30 (d) Fiscal year 2013-2014.--If during the Commonwealth's

1 fiscal year 2013-2014 the commissioner and the Secretary of the  
2 Budget determine that the cash balance and the current estimated  
3 receipts of the fund are insufficient at any time during that  
4 fiscal year to promptly meet the department's expenses payable  
5 from the fund, then the State Treasurer is hereby authorized and  
6 directed to transfer from the General Fund, Workers'  
7 Compensation Security Fund or Underground Storage Tank  
8 Indemnification Fund to the fund such moneys as the Governor  
9 shall from time to time direct. Moneys transferred from the  
10 General Fund, Workers' Compensation Security Fund or Underground  
11 Storage Tank Indemnification Fund to the fund shall be available  
12 during fiscal year 2013-2014 to be used for the purposes of the  
13 fund under this act upon their receipt in the fund. The fund  
14 shall reimburse the General Fund, Workers' Compensation Security  
15 Fund or Underground Storage Tank Indemnification Fund for any  
16 moneys transferred to the fund pursuant to this subsection by  
17 transferring to the General Fund, Workers' Compensation Security  
18 Fund or Underground Storage Tank Indemnification Fund an amount  
19 equal to that transferred from the General Fund, Workers'  
20 Compensation Security Fund or Underground Storage Tank  
21 Indemnification Fund during fiscal year 2013-2014 at such times  
22 as the Governor shall direct, but full reimbursement shall be  
23 made from the fund to the General Fund or Workers' Compensation  
24 Security Fund or Underground Storage Tank Indemnification Fund  
25 before June 15, 2014. The Secretary of the Budget shall notify  
26 the chairman and minority chairman of the Appropriations  
27 Committee of the Senate and the chairman and minority chairman  
28 of the Appropriations Committee of the House of Representatives  
29 of any transfers and reimbursements made pursuant to this  
30 subsection in writing within 15 days of the date on which they

1 are made.

2 Section 5. Retention.

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

11 Section 6. Effective date.

12 This act shall take effect immediately.