

Bill Summary

COMMITTEE: Banking and Insurance

DATE: 5/2/13

PRIME SPONSOR: White

BILL NO: SB914

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A. Synopsis:

SB914 will move the Pennsylvania Insurance Department (PID) to a dedicated funding structure with the establishment of the Insurance Regulation and Oversight Fund (IROF).

B. Summary:

SB914 will create a new, special fund for the administration of PID in order to provide for its regulation, management, development, and oversight of PA's insurance industry. Operating expenses will be paid from the IROF, which will be created in the State Treasury.

The IROF will be a special revenue fund composed of:

- 50% of all fees, reimbursements, funds, money, and other revenues collected, received, or derived by PID;
- All penalties, fines, assessments, augmentations, or settlements received by PID from persons and entities under the regulatory authority of the PID, and;
- All augmentations and reimbursements made to PID by regulated entities as a result of financial and market regulation activities for which regulated entities are responsible for payment.

Moneys collected relating to motor vehicle surcharges currently deposited into the General Fund shall not be deposited into the IROF.

The General Assembly must annually appropriate money from the IROF to PID, and PID may expend the appropriated monies only for the purposes authorized in this act. PID is required to annually submit a budget proposal for its expenditure.

SB914 provides a "safety net" for fiscal year 2013-14 to provide for insufficient funds with the startup of the IROF, however, this is not anticipated.

At the end of the fiscal year, the IROF must retain an amount equal to not more than 100% of the total expenditures and commitments by PID from the IROF in the immediately preceding fiscal year. If the balance exceeds this, then that amount must be lapsed and deposited into the General Fund.

Effective immediately.