

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 609

Short Title: Insurance Dept. Audit Recommendations.

(Public)

Sponsors: Senator Miller.

Referred to: Pensions & Retirement and Insurance.

April 1, 1997

A BILL TO BE ENTITLED

AN ACT TO ALLOW MONEY CREDITED TO THE CONSUMER PROTECTION
FUND TO BE USED TO RETAIN EXPERTS FOR HEARINGS AND TO
REQUIRE THAT MONEY RECOVERED FROM DELINQUENCY
PROCEEDINGS OR CIVIL ACTIONS AGAINST THE COMMISSIONER BE
CREDITED TO THE FUND.

The General Assembly of North Carolina enacts:

Section 1. G. S. 58-2-215 reads as rewritten:

"§ 58-2-215. Consumer Protection Fund.

(a) A special fund is created in the Office of the State Treasurer, to be known as the Department of Insurance Consumer Protection Fund. The Fund shall be placed in an interest bearing account and any interest or other income derived from the Fund shall be credited to the Fund. Moneys in the Fund shall only be spent pursuant to warrants drawn by the Commissioner on the Fund through the State Treasurer. The Fund shall be subject to the provisions of the Executive Budget Act; except that the provisions of Article 3C of Chapter 143 of the General Statutes do not apply to subdivision (b)(1) of this section.

(b) All moneys credited to the Fund shall be used only to pay the following expenses incurred by the Department:

(1) For the purpose of retaining outside actuarial and economic consultants, legal counsel, and court reporting services in the review and analysis of

1 rate filings, in conducting all hearings, and through any final
2 adjudication.

3 (1a) For the purpose of retaining meteorologists, statisticians, and other
4 kinds of professionals and experts needed to analyze or respond to
5 averments, testimony, allegations, or other statements made by other
6 experts or professionals in a rate-making matter or to analyze evidence
7 or exhibits filed or offered by an opposing party in a rate-making matter.

8 (2) In connection with any delinquency proceeding under Article 30 of this
9 Chapter, for the purpose of locating and recovering the assets of or any
10 other obligations or liabilities owed to or due an insurer that has been
11 placed under such proceeding.

12 (3) In connection with any civil litigation, other than under Chapter 150B of
13 the General Statutes or any appeal from an order of the Commissioner
14 or his deputies, that is commenced against the Commissioner or his
15 deputies and that arises out of the performance of their official duties,
16 for the purpose of retaining outside consultants, legal counsel, and court
17 reporting services to defend such litigation.

18 (c) Moneys appropriated by the General Assembly shall be deposited in the Fund
19 and shall become a part of the continuation budget of the Department of Insurance. Such
20 continuation budget amount shall equal the actual expenditures drawn from the Fund
21 during the prior fiscal year plus the official inflation rate designated by the Director of the
22 Budget in the preparation of the State Budget for each ensuing fiscal year; provided that
23 if interest income on the Fund exceeds the amount yielded by the application of the
24 official inflation rate, such continuation budget amount shall be the actual expenditures
25 drawn from the Fund, except that the appropriation for the 1995-96 fiscal year shall not
26 exceed the sum of seven hundred fifty thousand dollars (\$750,000) and for the 1996-97
27 fiscal year shall not exceed the sum of two hundred fifty thousand dollars (\$250,000). In
28 the event the amount in the Fund exceeds two hundred fifty thousand dollars (\$250,000)
29 at the end of any fiscal year, beginning with the 1995-96 fiscal year, such excess shall
30 revert to the General Fund.

31 (d) Repealed by Session Laws 1995, c. 507, s. 11A(b).

32 (e) From any moneys received as recoveries by the estate of an insurer that is the
33 subject of a delinquency proceeding as to which expenses have been incurred under
34 subdivision (b)(2) of this section, there shall be credited to the Fund from the estate any
35 amounts drawn from the Fund to pay the expenses incurred under subdivision (b)(2) of
36 this section in connection with that estate. From any moneys received as recoveries of
37 counterclaims, cross-claims, or any other action in connection with litigation under
38 subdivision (b)(3) of this section, there shall be credited to the Fund any amounts drawn
39 from the Fund to pay the expenses incurred under subdivision (b)(3) of this section."

40 Section 2. This act becomes effective October 1, 1997.