

# ENROLLMENT(S)



COUNCIL OF THE DISTRICT OF COLUMBIA

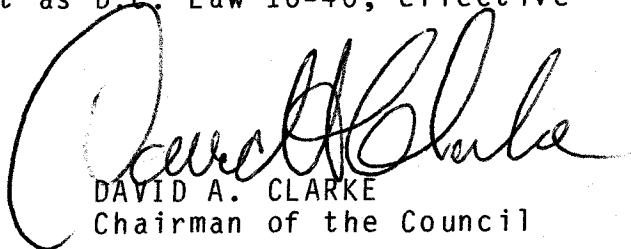
NOTICE

D.C. LAW 10-40

"Insurance Regulatory Trust Fund Act  
of 1993".

Pursuant to Section 412 of the District of Columbia Self-Government and Governmental Reorganization Act, P. L. 93-198, "the Act", the Council of the District of Columbia adopted Bill No. 10-93 on first and second readings, June 29, 1993, and July 13, 1993, respectively. Following the signature of the Mayor on August 4, 1993, this legislation was assigned Act No. 10-75, published in the August 20, 1993, edition of the D.C. Register, (Vol. 40 page 6009) and transmitted to Congress on September 1, 1993 for a 30-day review, in accordance with Section 602(c)(1) of the Act.

The Council of the District of Columbia hereby gives notice that the 30-day Congressional Review Period has expired, and therefore, cites this enactment as D.C. Law 10-40, effective October 21, 1993.

  
DAVID A. CLARKE  
Chairman of the Council

Dates Counted During the 30-day Congressional Review Period:

September 7,8,9,10,13,14,15,16,17,20,21,22,23,24,27,28,29,30

October 1,4,5,6,7,12,13,14,15,18,19,20

AN ACT

Codification

D.C. ACT 10-75

District of Columbia Code

(1994 Supplement)

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

AUGUST 4, 1993

To create in the District of Columbia Treasury a trust fund designated as the Insurance Regulatory Trust Fund; to provide funding for the Insurance Administration to discharge its duties as provided in the insurance statutes, regulations, and rules of the District of Columbia; and to amend the Compulsory/No-Fault Motor Vehicle Insurance Act of 1982 Amendments Act of 1985.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the "Insurance Regulatory Trust Fund Act of 1993".

Sec. 2. Definitions.

For the purposes of this act, the term:

New Section  
35-2701

(1) "Assessable year" means the calendar year in which the direct gross receipts are received or derived from insurance business in the District of Columbia.

(2) "Direct gross receipts" means all policy and membership fees and net premium receipts or consideration received in a calendar year on all insurance risks and annuity contracts originating in or from the District of Columbia.

(3) "Insurance Administration" means the Department of Consumer and Regulatory Affairs Insurance Administration, which is responsible for administering the insurance laws of the District of Columbia.

(4) "Insurer" means any person, firm, association, or corporation duly licensed in the District of Columbia pursuant to the applicable provisions of District insurance law as an insurer. In addition, Group Hospitalization and Medical Service, Incorporated, shall be defined as an insurer.

(5) "Net premium receipts or consideration received" means gross premiums or consideration received less the sum of premiums received for reinsurance assumed and premiums or consideration returned on policies or contracts cancelled or not taken.

(6) "Superintendent" means the Superintendent of Insurance or Insurance Administration for the District of Columbia.

Sec. 3. Establishment of the Insurance Regulatory Trust Fund.

(a) There is established within the general fund of the District of Columbia a trust fund designated as the Insurance Regulatory Trust

New Section  
35-2702

Fund, to which shall be credited all funds obtained pursuant to this act without regard to fiscal year limitation. All interest earned on monies deposited in the Insurance Regulatory Trust Fund shall be credited to the Fund and used solely for the purposes of this act.

(b) Subject to the applicable laws relating to the appropriation of District funds, monies received and deposited in the Insurance Regulatory Trust Fund shall be used to defray the expenses of the Insurance Administration in the discharge of its administrative and regulatory duties as prescribed by law. These monies shall be deemed to include all administrative costs for insurers doing business in the District of Columbia, and no other additional assessments shall be charged for such purpose after the effective date of this act. The Mayor shall be responsible for the deposit and expenditure of these monies as provided by law.

(c)(1) The Mayor shall submit to the Council, as a part of the annual budget, a requested appropriation for expenditures from the Insurance Regulatory Trust Fund. Any monies received but not expended in a given fiscal year shall be retained by the Fund and applied against the budget for the ensuing year, and the assessments for that year reduced accordingly.

(2) The Mayor's request shall be based on an estimated projection of the expenditures necessary to perform the administrative and regulatory functions of the Insurance Administration. This estimate shall include, but not be limited to, expenditures for salaries, fringe benefits, overhead charges, travel, training, supplies, technical, professional, and any and all other services necessary to discharge the duties and responsibilities of administering the insurance laws of the District of Columbia.

(d) The Council of the District of Columbia shall approve and establish the budget of the Insurance Regulatory Trust Fund in the same manner and at the same level of detail as approved and established for departments and agencies under the administrative control of the Mayor as provided in section 404(f) of the District of Columbia Self-Government and Governmental Reorganization Act of 1973, approved December 24, 1973 (87 Stat. 787; D.C. Code § 1-227(f)). This review shall be conducted as part of the review of the budget of the Department of Consumer and Regulatory Affairs.

#### Sec. 4. Assessments.

(a) The Mayor shall assess each insurer doing business in the District annually an amount based on a percentage of its direct gross receipts for the preceding year, provided that each insurer shall be subject to a minimum annual assessment of \$1,000. The Mayor shall establish in each assessable year the assessment rate, not to exceed 3/10 of 1% of the direct gross receipts. In no event shall the amount assessed exceed the amount budgeted by the Council.

(b) The Mayor shall compute the assessment for each insurer and send the insurer this information in a "Notice of Assessment." Each insurer shall pay to the Mayor the amount stated in the Notice of Assessment within 30 days of the mailing date of the Notice of Assessment.

(c) The annual billing cycle for the assessment established by this section shall be the fiscal year of the District of Columbia.

New Section  
35-2703

Sec. 5. Failure to pay share of assessment.

New Section  
35-2704

(a) Any insurer that fails to pay an assessment on or before the date set forth in section 4 shall be subject to a penalty imposed by the Mayor, which shall be 10% of the assessment plus interest at one-half of 1% per month for the period between the due date and the date of full payment. If a payment is made in an amount later found to be in error, the Mayor shall do one of the following: (1) If an additional amount is due, notify the insurer of the additional amount which shall be due within 15 days of the date of mailing of the notice; or (2) if over payment is made, order a refund.

(b) If an insurer fails to pay the amount of the assessment in a timely manner, the Mayor shall send the insurer a notice of deficiency and 10 days after serving the deficiency notice may take whatever action, in the Mayor's discretion, the Mayor deems appropriate, including suspending or revoking the insurer's certificate of authority or license to transact business, or any other appropriate action or sanction authorized under the insurance laws for failure to comply with District laws, including referring the matter to the Corporation Counsel for legal action to collect the assessment.

(c) In the event that any insurer fails, by reason of insolvency, impairment of capital and surplus, or other reason approved by the Mayor, to pay its assessment in full, the unpaid amounts shall be assessed against the remaining insurers on a proportionate basis in comparison to their direct gross receipts. Any insurer paying this additional assessment shall have a claim against the defaulting insurer for the amount paid.

Sec. 6. Appeal from assessment.

New Section  
35-2705

Any insurer aggrieved by an assessment may appeal under procedures established in section 101 of Title 26 of the District of Columbia Municipal Regulations (26 DCMR 101), or as otherwise may be provided by the Mayor. If an appellant fails to pay the assessment when due, the appellant shall be liable for any amounts correctly assessed and any penalties and interest due thereon. The appellant shall pay any amounts owed within 10 days of a final decision and the Mayor may take whatever action is appropriate under this act, including action under section 5, or any other laws regulating the insurance industry to effect collection. In addition, the Insurance Regulatory Trust Fund Bureau may appeal to the Mayor the entire annual assessment or a specific expenditure or category of expenditure, in accordance with the procedures established in 26 DCMR 101, if it believes the assessment is not in accordance with this act or applicable laws.

Sec. 7. Insurers continuing obligations.

New Section  
35-2706

Any insurer whose license has been revoked, cancelled, terminated, or surrendered shall continue to be bound by the obligations of this act, including payment of all assessments, regardless of whether the insurer continues to do business in the District of Columbia.

Sec. 8. Records.

New Section  
35-2707

The Mayor shall, at all reasonable times, make books, records, and files available to insurance company representatives for the purpose of

examining any matter coming within the scope of the act and the insurance laws of the District of Columbia.

Sec. 9. Establishment of Insurance Regulatory Trust Fund Bureau.

New Section  
35-2708

All insurers subject to assessments in accordance with this act shall be members of an Insurance Regulatory Trust Bureau, organized and maintained by such insurers at their own expense, for the purpose of advising the Superintendent of Insurance annually as to the need for the proposed assessments, the fairness of the proposed assessments, and any other matters with respect to the administration of the Insurance Regulatory Trust Fund. The Superintendent shall submit to the Insurance Regulatory Trust Fund Bureau annually, in advance of the Mayor's budget submission to the Council, a detailed budget showing how the proposed assessments are to be expended.

Sec. 10. Annual audit of Insurance Regulatory Trust Fund.

New Section  
35-2709

Upon a vote of the Insurance Regulatory Trust Fund Bureau taken in accordance with its bylaws, the Insurance Regulatory Trust Fund Bureau, at its own expense, may annually arrange for an independent audit of the expenditures made in any fiscal year by the Insurance Regulatory Trust Fund. The Superintendent, the Department of Consumer and Regulatory Affairs, and all other elements of the Government of the District of Columbia shall cooperate with such an audit and shall make available all documents and records reasonably necessary to the conduct of the audit.

Sec. 11. Applicability.

New Section  
35-2710

(a) All life, health, property, marine, title, casualty, fidelity, surety, insurance companies and fraternal benefit associations now or hereafter incorporated or formed in the District of Columbia or authorized to do business in the District of Columbia, shall be subject to this act. This act shall also apply to Group Hospitalization and Medical Service, Incorporated, and any other company or organization whether for profit or nonprofit subject to regulation by the Insurance Administration.

(b) The provisions of this act shall not apply until October 1, 1993.

Sec. 12. Rules.

Note,  
New Section  
35-2701

The Mayor may, pursuant to title 1 of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Code § 1-1501 *et seq.*), issue rules to implement the provisions of this act.

Sec. 13. Repealers.

Section  
35-2108

(a) Section 9 of the Compulsory/No-Fault Motor Vehicle Insurance Act of 1982, effective September 18, 1982 (D.C. Law 4-155; D.C. Code § 35-2108), is hereby repealed.

(b) An Act To Provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved June 1, 1944 (58 Stat. 267; D.C. Code §§ 35-1601 through 35-1609), providing for the regulation of fire insurance rates is repealed.

Sections  
35-1601  
through  
35-1609

Sec. 14. Conforming amendment.

Section 2 of An Act To provide for regulation of certain insurance rates in the District of Columbia, and for other purposes, approved May 20, 1948 (62 Stat. 242; D.C. Code § 35-1702), is amended by adding the phrase "fire," after the phrase, "all forms of" and striking the phrase ", except those forms of insurance not enumerated herein which are within the scope of Chapter 16 of this title".

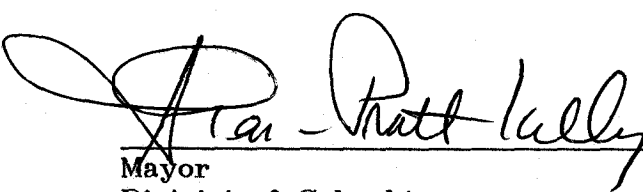
Sec. 15. Effective date.

This act shall take effect after a 30-day period of Congressional review following approval by the Mayor (or in the event of veto by the Mayor, action by the Council of the District of Columbia to override the veto) as provided in section 602(c)(1) of the District of Columbia Self-Government and Governmental Reorganization Act, approved December 24, 1973 (87 Stat. 813; D.C. Code § 1-233(c)(1)), and publication in either the District of Columbia Register, the District of Columbia Statutes-at-Large, or the District of Columbia Municipal Regulations.



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Acting Chairman  
Council of the District of Columbia



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Mayor  
District of Columbia

August 4, 1993



COUNCIL OF THE DISTRICT OF COLUMBIA

COUNCIL PERIOD TEN

RECORD OF OFFICIAL COUNCIL VOTE

DOCKET NO: Bill 10-93

Item on Consent Calendar

ACTION & DATE: Adopted First Reading, 6-29-93

VOICE VOTE: Approved

Recorded vote on request

Absent: Barry and Chavous

ROLL CALL VOTE: - RESULT

Table with 15 columns: COUNCIL MEMBER, AYE, NAY, N.V., A.B. (repeated 3 times). Rows include CHMN. RAY, BARRY, BRAZIL, CHAVOUS, CROPP, EVANS, JARVIS, LIGHTFOOT, MASON, NATHANSON, SMITH, JR., THOMAS, SR.

X - Indicates Vote A.B. - Absent N.V. - Present, not voting

CERTIFICATION RECORD

Secretary to the Council (Signature)

Date: July 19, 1993

Item on Consent Calendar

ACTION & DATE: Adopted Final Reading, 7-13-93

VOICE VOTE: Approved

Recorded vote on request

Absent: Barry and Chavous

ROLL CALL VOTE: - RESULT

Table with 15 columns: COUNCIL MEMBER, AYE, NAY, N.V., A.B. (repeated 3 times). Rows include CHMN. RAY, BARRY, BRAZIL, CHAVOUS, CROPP, EVANS, JARVIS, LIGHTFOOT, MASON, NATHANSON, SMITH, JR., THOMAS, SR.

X - Indicates Vote A.B. - Absent N.V. - Present, not voting

CERTIFICATION RECORD

Secretary to the Council (Signature)

Date: July 19, 1993

Item on Consent Calendar

ACTION & DATE:

VOICE VOTE:

Recorded vote on request

Absent:

ROLL CALL VOTE: - RESULT

Table with 15 columns: COUNCIL MEMBER, AYE, NAY, N.V., A.B. (repeated 3 times). Rows include CHMN. RAY, BARRY, BRAZIL, CHAVOUS, CROPP, EVANS, JARVIS, LIGHTFOOT, MASON, NATHANSON, SMITH, JR., THOMAS, SR.

X - Indicates Vote A.B. - Absent N.V. - Present, not voting

CERTIFICATION RECORD

Secretary to the Council

Date