

GENERAL ASSEMBLY OF NORTH CAROLINA
1985 SESSION

CHAPTER 213
SENATE BILL 385

AN ACT TO INSURE THE COMPETITIVE SELECTION OF PAYROLL
DEDUCTION INSURANCE PRODUCTS PAID FOR BY STATE EMPLOYEES.

The General Assembly of North Carolina enacts:

Section 1. Article 21 of General Statutes Chapter 58 is amended by adding a new section to read:

"§ 58-194.3. Competitive selection of payroll deduction insurance products paid for by State employees. – (a) Employee Insurance Committee. The head of each State government employee payroll unit offering payroll deduction insurance products to employees shall appoint an Employee Insurance Committee for the following purposes:

- (1) To review insurance products currently offered through payroll deduction to the State employees in the Employee Insurance Committee's payroll unit to determine if those products meet the needs and desires of employees in the Employee Insurance Committee's payroll unit.
- (2) To select the types of insurance products that reflect the needs and desires of employees in the Employee Insurance Committee's payroll unit.
- (3) To competitively select the best insurance products of the types determined by the Employee Insurance Committee to reflect the needs and desires of the employees of that payroll unit.

(b) Appointment of Employee Insurance Committee Members. The members of the Employee Insurance Committee shall be appointed by the head of the payroll unit. The Committee shall consist of not less than five or more than nine individuals a majority of whom have been employed in the payroll unit for at least one year. The Committee members shall, except where necessary initially to establish the rotation herein prescribed, serve three-year terms with approximately one-third of the terms expiring annually. Committee membership make-up shall fairly represent the work force in the payroll unit and be selected without regard to any political or other affiliations. It shall be the duty of the payroll unit head to assure that the Employee Insurance Committee is completely autonomous in its selection of insurance products and insurance companies and that no member of the Employee Insurance Committee has any conflict of interest in serving on the Committee. A committee on employee benefits elected or appointed by the faculty representative body of a constituent institution of The University of North Carolina shall be deemed constituted and functioning as an employee insurance committee in accordance with this section. Any

decision rendered by the Employee Insurance Committee where the autonomy of the Committee or a conflict of interest is questioned shall be subject to appeal pursuant to the Administrative Procedure Act, or in the case of Departments, Boards and Commissions which are specifically exempt from the Administrative Procedure Act, pursuant to the appeals procedure prescribed for such Department, Board or Commission.

(c) Payroll Deduction Slots. Each payroll unit shall be entitled to not less than four payroll deduction slots to be used for payment of insurance premiums for products selected by the Employee Insurance Committee and offered to the employees of the payroll unit. The Employee Insurance Committee shall select only one company per payroll deduction slot. The company selected by the Employee Insurance Committee shall be permitted to sell through payroll deduction only the products specifically approved by the Employee Insurance Committee. The assignment by the Employee Insurance Committee of a payroll deduction slot shall be for a period of not less than two years unless the insurance company shall be in violation of the terms of the written agreement specified in this subsection. The insurance company awarded a payroll deduction slot shall, pursuant to a written agreement setting out the rights and duties of the insurance company, be afforded an adequate opportunity to solicit employees of the payroll unit by making such employees aware that a representative of the company will be available at a specified time and at a location convenient to the employees.

(d) Criminal Penalty. It shall be a misdemeanor punishable by a fine not to exceed five hundred dollars (\$500.00), imprisonment for not more than 30 days, or both for any State employee, who has supervisory authority over any member of the Employee Insurance Committee, to attempt to influence the autonomy of any Employee Insurance Committee either in the appointment of members to such Committee or in the operation of such Committee. The Commissioner of Insurance shall have the authority to investigate complaints alleging acts subject to the criminal penalty and shall report his findings to the Attorney General of North Carolina."

Sec. 2. This act is effective upon ratification.

In the General Assembly read three times and ratified, this the 21st day of May, 1985.