

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 1344

Short Title: Supplemental Insurance Benefits.

(Public)

Sponsors: Senators Soles, Conder; and Edwards.

Referred to: Pensions and Retirement/Insurance/State Personnel.

May 27, 1996

A BILL TO BE ENTITLED

AN ACT TO AMEND THE LAWS GOVERNING EMPLOYEE INSURANCE
COMMITTEES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-31-60 reads as rewritten:

**"§ 58-31-60. 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.

- 1 (3) To competitively select the best insurance products of the types
2 determined by the Employee Insurance Committee to reflect the needs
3 and desires of the employees of that payroll unit.

4 As used in this section, 'insurance product' includes a prepaid legal services plan
5 registered under G.S. 84-23.1.

6 (b) Appointment of Employee Insurance Committee Members. – The members of
7 the Employee Insurance Committee shall be appointed by the head of the payroll unit.
8 ~~The Except for a payroll unit with 25 or fewer employees, the~~ Committee shall consist of
9 not less than five or more than nine individuals a majority of whom have been employed
10 in the payroll unit for at least one year. The committee members shall, except where
11 necessary initially to establish the rotation herein prescribed, serve three-year terms with
12 approximately one-third of the terms expiring annually. Committee membership make-up
13 shall fairly represent the work force in the payroll unit and be selected without regard to
14 any political or other affiliations. Employees designated in G.S. 126-5(c)(2), (3), and (4)
15 and G.S. 126-5(c1)(1) and (5) are ineligible for membership on the Committee.

16 It shall be the duty of the payroll unit head to assure that the Employee Insurance
17 Committee is completely autonomous in its selection of insurance products and insurance
18 companies and that no member of the Employee Insurance Committee has any conflict of
19 interest in serving on the Committee. A committee on employee benefits elected or
20 appointed by the faculty representative body of a constituent institution of The University
21 of North Carolina shall be deemed constituted and functioning as an employee insurance
22 committee in accordance with this section. Any decision rendered by the Employee
23 Insurance Committee where the autonomy of the Committee or a conflict of interest is
24 questioned shall be subject to appeal pursuant to the Administrative Procedure Act, or in
25 the case of departments, boards and commissions which are specifically exempt from the
26 Administrative Procedure Act, pursuant to the appeals procedure prescribed for such
27 department, board or commission.

28 ~~All payroll units in existence on May 21, 1985, shall continue to be deemed payroll~~
29 ~~units, regardless of any subsequent consolidation of such payroll units, for purposes of~~
30 ~~the appointment of the members of the Employee Insurance Committee in order to assure~~
31 ~~such units the continuing ability to meet the needs and desires of the employees of such~~
32 ~~units by having the right to select insurance carriers and insurance products. No~~
33 ~~Employee Insurance Committee shall be created for employees represented by a~~
34 ~~previously existing committee. Any such duplicative Employee Insurance Committees~~
35 ~~are hereby disbanded. Notwithstanding any other provision of this section, there shall be~~
36 ~~one Employee Insurance Committee for all employees of the Department of Human~~
37 ~~Resources. In the event of the consolidation of a payroll unit, the head of the former~~
38 ~~payroll unit shall appoint the members of the Committee in accordance with the~~
39 ~~provisions of this section.~~

40 (c) Payroll Deduction Slots. – Each payroll unit shall be entitled to not less than
41 four payroll deduction slots to be used for payment of insurance premiums for products
42 selected by the Employee Insurance Committee and offered to the employees of the
43 payroll unit. The Employee Insurance Committee shall select only one company per

1 payroll deduction slot. The Company selected by the Employee Insurance Committee
2 shall be permitted to sell through payroll deduction only the products specifically
3 approved by the Employee Insurance Committee. The assignment by the Employee
4 Insurance Committee of a payroll deduction slot shall be for a period of not less than two
5 years unless the insurance company shall be in violation of the terms of the written
6 agreement specified in this subsection. The insurance company awarded a payroll
7 deduction slot shall, pursuant to a written agreement setting out the rights and duties of
8 the insurance company, be afforded an adequate opportunity to solicit employees of the
9 payroll unit by making such employees aware that a representative of the company will
10 be available at a specified time and at a location convenient to the employees.

11 Notwithstanding any other provision of the General Statutes, once an employee has
12 selected an insurance product for payroll deduction, that product may not be removed
13 from payroll deduction for that employee without his or her specific written consent.

14 When an employee retires from State employment and payroll deduction under this
15 section is no longer available, the insurance company may not terminate life insurance
16 products purchased under the payroll deduction plan without the retiree's specific written
17 consent solely because the premium is no longer deducted from payroll.

18 (c1) Procedure for Selection of Insurance Product Proposals. – When soliciting
19 insurance product proposals, the Committee shall ensure that adequate notice of the
20 solicitation has been given and that all vendors listed in the Department of
21 Administration's central vendor registry for that insurance product have been notified.
22 All insurance product proposals shall be sealed. The Committee shall open all proposals
23 in public and record them in the minutes of the Committee, at which time the proposals
24 become public records open to public inspection.

25 After the public opening, the Committee shall review the proposals, examining the
26 cost and quality of the products, the reputation and capabilities of the insurance
27 companies submitting the proposals, and other appropriate criteria. The Committee shall
28 determine which proposal, if any, would meet the needs and desires of the employees of
29 that Committee's payroll unit and shall award a payroll deduction slot to the company
30 submitting the proposal that meets those needs and desires. The Committee may reject
31 any or all proposals.

32 A company may seek to modify or withdraw a proposal only after the public opening
33 and only on the basis that the proposal contains an unintentional clerical error as opposed
34 to an error in judgment. A company seeking to modify or withdraw a proposal shall
35 submit to the Committee a written request, with facts and evidence in support of its
36 position, prior to the award of the payroll deduction slot, but not later than two days after
37 the public opening of the proposals. The Committee shall promptly review the request,
38 examine the nature of the error, and determine whether to permit or deny the request.

39 (d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee,
40 who has supervisory authority over any member of the Employee Insurance Committee,
41 to attempt to influence the autonomy of any Employee Insurance Committee either in the
42 appointment of members to such Committee or in the operation of such Committee; or
43 for anyone to open a sealed insurance product proposal or disclose or exhibit the contents

1 of a sealed insurance product proposal, prior to the public opening of the proposal. The
2 Commissioner of Insurance shall have the authority to investigate complaints alleging
3 acts subject to the criminal penalty and shall report his findings to the Attorney General
4 of North Carolina.

5 (e) Resolicitation. – Each Committee must solicit new proposals for products it offers
6 under this section at least once every three years.

7 (f) Central Registry. – The Department of Administration shall maintain a central
8 registry of the following:

9 (1) Vendors: A vendor may request the Department to list it on the central
10 registry. Registration shall include the name of the vendor, basic
11 nonproprietary business information about the vendor, its
12 representatives or agents, and a description of its available products. A
13 vendor that is not licensed to transact the business of insurance in this
14 State may not be listed on the registry.

15 (2) Employee insurance committees: Each employee insurance committee
16 shall report to the Department, as directed by the Department, the names
17 and terms of its members, the insurance products it offers its employees,
18 the vendors providing those products, the date when those products
19 were last bid, a summary of the review findings under subsection (e) of
20 this section, and the premiums charged through payroll deduction for
21 those products.

22 (g) Technical Assistance. – The Department of Insurance shall provide technical
23 advice, within available funds, to the employee insurance committees to assist them in
24 understanding and evaluating insurance products and their features."

25 Sec. 2. Effective January 1, 1997, the employee insurance committees of the
26 Department of Human Resources are abolished and shall be replaced with a single
27 employee insurance committee, appointed by the Secretary of Human Resources, to
28 represent all employees of that Department.

29 Sec. 3. This act is effective upon ratification. Notwithstanding the provisions
30 of G.S. 58-31-60(b), as amended by this act, and except as provided in Section 2 of this
31 act, employee insurance committee members serving on the effective date of this act may
32 continue to serve until the expiration of their current terms.