

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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HOUSE BILL 1023

Short Title: PEO Amendments. (Public)

Sponsors: Representative Goforth.

Referred to: Insurance, if favorable, Finance.

April 2, 2009

1 A BILL TO BE ENTITLED
2 AN ACT TO AMEND THE NORTH CAROLINA PROFESSIONAL EMPLOYER
3 ORGANIZATION ACT CONCERNING BONDING PROVISIONS AND
4 MAINTENANCE OF EMPLOYEE BENEFITS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 58-89A-50(a) reads as rewritten:

7 "(a) An applicant for licensure shall file with the Commissioner a surety bond for the
8 benefit of the Commissioner as follows:

9 (1) If the applicant was initially licensed prior to October 1, 2008, the bond or as
10 provided for in subsection (f) of this section shall be in the amount of one
11 hundred thousand dollars (\$100,000).

12 (2) If the applicant was not initially licensed prior to October 1, 2008, the bond
13 or as provided for in subsection (f) of this section shall be in an amount
14 equal to five percent (5%) of the applicant's prior year's total North Carolina
15 wages, benefits, workers compensation premiums, and unemployment
16 compensation contributions, but not greater than five hundred thousand
17 dollars (\$500,000), or such greater amount as the Commissioner may
18 require."

19 **SECTION 2.** G.S. 58-89A-105 reads as rewritten:

20 "**§ 58-89A-105. Employee benefit plans; required disclosure; other reports.**

21 (a) A licensee may sponsor and maintain employee benefit plans for the benefit of
22 assigned employees. Any health insurance plan sponsored and maintained by a licensee
23 licensed on or after October 1, 2009, shall only be fully insured by one of the following:

24 (1) A licensed insurance company that is authorized to write accident and health
25 insurance, as defined in G.S. 58-7-15(3).

26 (2) A service corporation organized and licensed under Article 65 of this
27 Chapter.

28 (3) A health maintenance organization organized and licensed under Article 67
29 of this Chapter.

30 (a1) A client company may sponsor and maintain employee benefit plans for the benefit
31 of assigned employees.

32 (b), (c) Repealed by Session Laws 2008-124, s. 7.4, effective October 1, 2008.

33 (d) For the purposes of this section, a health insurance plan is fully insured only if all of
34 the benefits provided under the plan are covered by an approved policy issued by one or more
35 of the entities specified in subsection (a) of this section. A health insurance plan is not fully
36 insured if the plan is any form of stop-loss insurance or any other form of reinsurance.



1 (e) ~~Existing licensees shall comply with subsection (a) of this section by October 1,~~
2 ~~2009. Before October 1, 2009, if an~~An existing licensee ~~sponsors and maintains that sponsored~~
3 ~~and maintained~~ any health insurance plan that is not fully insured by one or more of the entities
4 specified in subsection (a) of this section, ~~the licensee~~ section before October 1, 2009, shall do
5 all of the following:

- 6 (1) Use a third-party administrator licensed or registered under Article 56 of this
7 Chapter.
8 (2) Hold all plan assets, including participant contributions, in a trust account.
9 (3) Provide sound reserves for the plan as determined by generally accepted
10 actuarial standards."

11 **SECTION 3.** This act is effective when it becomes law.