

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

S

1

SENATE BILL 637

Short Title: After Tax Benefit Plan Efficiency. (Public)

Sponsors: Senators Tarte and Stein (Primary Sponsors).

Referred to: Rules and Operations of the Senate.

March 30, 2015

1 A BILL TO BE ENTITLED
2 AN ACT TO INCREASE EFFICIENCY IN THE ADMINISTRATION OF AFTER TAX
3 BENEFIT PLANS BY THE UNIVERSITY OF NORTH CAROLINA BY EXEMPTING
4 THE UNIVERSITY FROM CERTAIN OBSOLETE REQUIREMENTS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** G.S. 58-31-60(a) reads as rewritten:

7 "(a) Employee Insurance Committee. – The head of each State government employee
8 payroll unit offering payroll deduction insurance products to ~~employees-employees, other than~~
9 payroll units associated with The University of North Carolina System, shall appoint an
10 Employee Insurance Committee for the following purposes:

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

20 As used in this section, "insurance product" includes a prepaid legal services plan registered
21 under G.S. 84-23.1."

22 **SECTION 2.** Article 31 of Chapter 58 of the General Statutes is amended by
23 adding a new section to read:

24 "**§ 58-31-62. Selection of payroll deduction insurance products for employees of The**
25 **University of North Carolina.**

26 (a) Applicability. – This section, rather than G.S. 58-31-60, applies to State government
27 payroll units associated with The University of North Carolina.

28 (b) Definition. – The following definitions apply in this section.

- 29 (1) Employee. – An employee of any State government employee payroll unit
30 associated with The University of North Carolina.
31 (2) President. – The President of The University of North Carolina, or the
32 President's designee.

33 (c) Employee-Paid Insurance Options. – The President has the authority to do all of the
34 following:



1 (1) Review insurance products currently offered through payroll deduction to
2 employees to determine if those products meet the needs and desires of
3 employees. The President shall seek input from individual employees,
4 committees, or other employee groups on payroll deduction insurance
5 products.

6 (2) Select the types of insurance products that reflect the needs and desires of
7 employees.

8 (3) Competitively select the best insurance products to reflect the needs and
9 desires of employees.

10 (d) Payroll Deduction Slots. – Each payroll unit overseen by the President shall be
11 entitled to not less than four payroll deduction slots to be used for payment of insurance
12 premiums for products selected and offered to the employees of the payroll unit. Only one
13 company per payroll deduction slot shall be selected and the company selected shall be
14 permitted to sell through payroll deduction only the specific products selected. The selection of
15 a payroll deduction slot shall be for a period of not less than two years unless the insurance
16 company shall be in violation of the terms of the written agreement specified in this subsection.
17 The insurance company awarded a payroll deduction slot shall, pursuant to a written agreement
18 setting out the rights and duties of the insurance company, be afforded an adequate opportunity
19 to solicit employees of the relevant payroll unit by making such employees aware that a
20 representative of the company will be available at a specified time and at a location convenient
21 to the employees.

22 (e) Procedure for Selection of Insurance Product Proposals. – All insurance product
23 proposals shall be sealed. The proposals shall be opened in public and shall become public
24 records open to public inspection.

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

31 A company may seek to modify or withdraw a proposal only after the public opening and
32 only on the basis that the proposal contains an unintentional clerical error as opposed to an
33 error in judgment. A company seeking to modify or withdraw a proposal shall submit a written
34 request to the appropriate individual listed in subsection (a) of this section or his/her designee,
35 with facts and evidence in support of its position, prior to the award of the payroll deduction
36 slot, but not later than two days after the public opening of the proposals. The President shall
37 promptly review the request, including an examination of the nature of the error, and determine
38 whether to permit or deny the request.

39 (f) Criminal Penalty. – It shall be a Class 3 misdemeanor for anyone to open a sealed
40 insurance product proposal or disclose or exhibit the contents of a sealed insurance product
41 proposal, prior to the public opening of the proposal. The Commissioner of Insurance shall
42 have the authority to investigate complaints alleging acts subject to the criminal penalty and
43 shall report his findings to the Attorney General of North Carolina."

44 **SECTION 3.** This act is effective when it becomes law, and applies to the selection
45 of payroll deduction insurance products occurring on or after that date.