

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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HOUSE BILL 1116

Short Title: Employee Insurance Committees.

(Public)

Sponsors: Representative Jones.

Referred to: Commerce.

April 7, 1989

A BILL TO BE ENTITLED

AN ACT TO PROVIDE THAT SUCCESSFUL PROPOSALS FOR PAYROLL DEDUCTION INSURANCE PRODUCTS ARE PUBLIC RECORDS; TO IMPOSE PENALTIES ON MEMBERS OF EMPLOYEE INSURANCE COMMITTEES WHO DISCLOSE, PRIOR TO SELECTION, INFORMATION CONTAINED IN PROPOSALS FOR PAYROLL DEDUCTION INSURANCE PRODUCTS; AND TO INCREASE THE PENALTIES IMPOSED ON SUPERVISORS WHO INFLUENCE THE AUTONOMY OF EMPLOYEE INSURANCE COMMITTEES.

The General Assembly of North Carolina enacts:

Section 1. G.S. 58-194.3 reads as rewritten:

§ 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.

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 (b) Appointment of Employee Insurance Committee Members. – The members
5 of the Employee Insurance Committee shall be appointed by the head of the payroll
6 unit. The Committee shall consist of not less than five or more than nine individuals a
7 majority of whom have been employed in the payroll unit for at least one year. The
8 Committee members shall, except where necessary initially to establish the rotation
9 herein prescribed, serve three-year terms with approximately one-third of the terms
10 expiring annually. Committee membership make-up shall fairly represent the work
11 force in the payroll unit and be selected without regard to any political or other
12 affiliations. It shall be the duty of the payroll unit head to assure that the Employee
13 Insurance Committee is completely autonomous in its selection of insurance products
14 and insurance companies and that no member of the Employee Insurance Committee
15 has any conflict of interest in serving on the Committee. A committee on employee
16 benefits elected or appointed by the faculty representative body of a constituent
17 institution of The University of North Carolina shall be deemed constituted and
18 functioning as an employee insurance committee in accordance with this section. Any
19 decision rendered by the Employee Insurance Committee where the autonomy of the
20 Committee or a conflict of interest is questioned shall be subject to appeal pursuant to
21 the Administrative Procedure Act, or in the case of departments, boards and
22 commissions which are specifically exempt from the Administrative Procedure Act,
23 pursuant to the appeals procedure prescribed for such department, board or commission.

24 All payroll units in existence on May 21, 1985, shall continue to be deemed payroll
25 units, regardless of any subsequent consolidation of such payroll units, for purposes of
26 the appointment of the members of the Employee Insurance Committee in order to
27 assure such units the continuing ability to meet the needs and desires of the employees
28 of such units by having the right to select insurance carriers and insurance products. In
29 the event of the consolidation of a payroll unit, the head of the former payroll unit shall
30 appoint the members of the Committee in accordance with the provisions of this section.

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

1 The insurance product proposal selected by the Employee Insurance Committee for
2 a payroll deduction slot shall be deemed a public record available for public inspection.

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

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

10 (d) Criminal Penalty. – It shall be a misdemeanor punishable by a fine not to exceed
11 ~~five hundred dollars (\$500.00), imprisonment for not more than 30 days, or both~~ five thousand
12 dollars (\$5,000), imprisonment for not more than two years, or both for any State
13 employee, who has supervisory authority over any member of the Employee Insurance
14 Committee, to attempt to influence the autonomy of any Employee Insurance
15 Committee either in the appointment of members to such Committee or in the operation
16 of such Committee; or for any member of an Employee Insurance Committee to
17 disclose to any person other than a member of the Committee, prior to the time that the
18 Committee awards a payroll deduction slot, the contents of an insurance product
19 proposal received by the Committee from a company seeking to sell an insurance
20 product through a payroll deduction slot. The Commissioner of Insurance shall have the
21 authority to investigate complaints alleging acts subject to the criminal penalty and shall
22 report his findings to the Attorney General of North Carolina."

23 Sec. 2. This act is effective upon ratification and applies to violations that
24 occur on or after that date.