



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

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

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

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

1 (c1) Procedure for Selection of Insurance Product Proposals. – All insurance  
2 product proposals shall be sealed. The Committee shall open all proposals in public and  
3 record them in the minutes of the Committee, at which time the proposals become  
4 public records open to public inspection.

5 After the public opening, the Committee shall review the proposals, examining the  
6 cost and quality of the products, the reputation and capabilities of the insurance  
7 companies submitting the proposals, and other appropriate criteria. ~~The Committee shall~~  
8 ~~determine which proposal, if any, would meet the needs and desires of the employees of~~  
9 ~~that Committee's payroll unit and shall award a payroll deduction slot to the company~~  
10 ~~submitting the proposal that meets those needs and desires.~~ The Committee may reject  
11 any or all proposals.

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

20 (d) Criminal Penalty. – It shall be a Class 3 misdemeanor for any State employee,  
21 who has supervisory authority over any member of the ~~Employee Insurance Committee~~,  
22 to attempt to influence the autonomy of any ~~Employee Insurance Committee~~ either in  
23 the appointment of members to such Committee or in the operation of such Committee;  
24 or for anyone to open a sealed insurance product proposal or disclose or exhibit the  
25 contents of a sealed insurance product proposal, prior to the public opening of the  
26 proposal. The Commissioner of Insurance shall have the authority to investigate  
27 complaints alleging acts subject to the criminal penalty and shall report his findings to  
28 the Attorney General of North Carolina."

29 **SECTION 2.** This act becomes effective July 1, 2004, and applies to the  
30 insurance coverage deductible year for State employees beginning with July 1, 2005.