

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2005

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HOUSE BILL 1524  
Committee Substitute Favorable 5/23/05  
Committee Substitute #2 Favorable 6/1/05

Short Title: Competitive Selection/Supplemental Insurance. (Public)

Sponsors:

Referred to:

April 21, 2005

1 A BILL TO BE ENTITLED  
2 AN ACT TO PROVIDE FOR COMPETITIVE SELECTION OF SUPPLEMENTAL  
3 INSURANCE PRODUCTS FOR RETIREES.

4 The General Assembly of North Carolina enacts:

5 SECTION 1. Chapter 135 of the General Statutes is amended by adding a  
6 new Article to read:

7 "Article 7.

8 "Supplemental Insurance Products for Retirees.

9 **"§ 135-120. Competitive selection of supplemental insurance products paid for by  
10 retirees.**

11 (a) Duties of the Department of State Treasurer. – The Department of State  
12 Treasurer shall:

13 (1) Review insurance products currently offered through retirement  
14 benefit payment deduction to retirees from the Teachers' and State  
15 Employees' Retirement System, the Local Governmental Employees'  
16 Retirement System, the Legislative Retirement System, and the  
17 Consolidated Judicial Retirement System to determine if those  
18 products meet the needs and desires of retirees.

19 (2) Select the types of insurance products that reflect the needs and desires  
20 of retirees.

21 (3) Competitively select insurance products of the types determined by the  
22 Department of State Treasurer to reflect the needs and desires of  
23 retirees.

24 (b) Retirement Benefit Payment Deductions. – The company or companies  
25 selected by the Department of State Treasurer shall be permitted to sell through  
26 retirement benefit payment deduction only the products specifically approved by the  
27 Department of State Treasurer. The assignment by the Department of State Treasurer of  
28 a retirement benefit payment deduction shall be for a period of not less than two years

1 unless the insurance company violates the terms of the written agreement specified in  
2 this subsection. Subject to the provisions of subsection (d) of this section, the insurance  
3 company awarded a retirement benefit payment deduction shall, pursuant to a written  
4 agreement setting out the rights and duties of the insurance company, be afforded an  
5 adequate opportunity to solicit retirees. The selected insurance company shall provide  
6 information about retirement benefit payment deduction. The Department of State  
7 Treasurer shall determine the format and medium the insurance company may use to  
8 provide the information to retirees.

9 (c) Procedure for Selection of Supplemental Insurance Product Proposals. – The  
10 following procedures shall apply to the selection of all supplemental insurance products  
11 under this section:

12 (1) All supplemental insurance product proposals shall be sealed. The  
13 Department of State Treasurer shall open all proposals in public, at  
14 which time the proposals become public records open to public  
15 inspection.

16 (2) After the public opening, a committee designated by the Department of  
17 State Treasurer shall review the proposals and examine the cost,  
18 coverage, and quality of the products, the reputation and capabilities of  
19 the insurance companies submitting the proposals, and other  
20 appropriate criteria. The committee shall determine which proposal, if  
21 any, would meet the needs and desires of the retirees, and may reject  
22 any or all proposals. Upon completion of its review, the committee  
23 shall present its findings to the Board of Trustees and make  
24 recommendations as to the awarding of a service contract. Upon  
25 acceptance of the committee's findings and recommendations, the  
26 Board of Trustees shall award a contract to make retirement benefit  
27 deductions for supplemental insurance products to the company  
28 submitting the proposal that best meets the needs and desires of the  
29 retirees.

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

40 (d) Confidentiality of Names and Addresses of Retired State and Local  
41 Employees. – The Department of State Treasurer shall provide the selected insurance  
42 company with the names and addresses of retirees in order for the company to provide  
43 information to retirees about purchasing their selected insurance product. The selected  
44 company shall keep the names and addresses of the retirees confidential and shall not

1 provide the information to any third party or use the information to solicit retirees for  
2 insurance products other than those selected by the Department of State Treasurer. The  
3 insurance company shall provide retirees with each solicitation the option to elect not to  
4 receive any future solicitations by providing a preaddressed and postage prepaid card  
5 the retiree may return to the insurance company.

6 (e) Option to Continue Supplemental Insurance. – At the termination of any  
7 contract entered into under this section, or when retirement benefit payment deduction  
8 is no longer available for a product, the insurance company shall provide covered  
9 retirees the option to continue supplemental insurance on a direct billing basis. When  
10 retirement benefit payment deduction is no longer available, the insurance company  
11 may not terminate insurance products purchased under the retirement benefit payment  
12 deduction plan without the retiree's specific written consent solely because the premium  
13 is no longer deducted from retirement benefit payments."

14 **SECTION 2.** This act is effective when it becomes law.