

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2013

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SENATE BILL 670

Short Title: Workers' Comp Fund/Safety Workers Allocation. (Public)

Sponsors: Senators Tucker (Primary Sponsor); Jackson and Meredith.

Referred to: Commerce.

April 4, 2013

1 A BILL TO BE ENTITLED  
2 AN ACT MODIFYING THE ALLOCATION OF THE PROCEEDS FROM THE GROSS  
3 PREMIUM TAX ON INSURANCE COMPANIES TO INCLUDE DEDICATED  
4 FUNDING FOR THE WORKERS' COMPENSATION FUND FOR THE BENEFIT OF  
5 VOLUNTEER SAFETY WORKERS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 105-228.5(d)(3) reads as rewritten:

8 "(d) Tax Rates; Disposition. –

9 ...

10 (3) Additional Rate on Property Coverage Contracts. – An additional tax at the  
11 rate of seventy-four hundredths percent (0.74%) applies to gross premiums  
12 on insurance contracts for property coverage. The tax is imposed on ten  
13 percent (10%) of the gross premiums from insurance contracts for  
14 automobile physical damage coverage and on one hundred percent (100%)  
15 of the gross premiums from all other contracts for property coverage. Thirty  
16 percent (30%) of the net proceeds of this additional tax must be credited to  
17 the Volunteer Fire Department Fund established in Article 87 of Chapter 58  
18 of the General Statutes. Twenty-five percent (25%) of the net proceeds must  
19 be credited to the Department of Insurance for disbursement pursuant to  
20 G.S. 58-84-25. ~~The remaining net proceeds must be credited to the General~~  
21 ~~Fund.~~ An amount determined in accordance with G.S. 58-87-10(f) must be  
22 credited to the Workers' Compensation Fund. The remaining net proceeds  
23 must be credited to the General Fund.

24 The following definitions apply in this subdivision:

- 25 a. Automobile physical damage. – The following lines of business  
26 identified by the NAIC: private passenger automobile physical  
27 damage and commercial automobile physical damage.
- 28 b. Property coverage. – The following lines of business identified by  
29 the NAIC: fire, farm owners multiple peril, homeowners multiple  
30 peril, nonliability portion of commercial multiple peril, ocean  
31 marine, inland marine, earthquake, private passenger automobile  
32 physical damage, commercial automobile physical damage, aircraft,  
33 and boiler and machinery. The term also includes insurance contracts  
34 for wind damage.
- 35 c. NAIC. – National Association of Insurance Commissioners.

36 ...."



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1           **SECTION 2.** G.S. 58-87-10 reads as rewritten:

2   "**§ 58-87-10. Workers' Compensation Fund for the benefit of volunteer safety workers.**

3       (a)   Definition. – As used in this section, the term "eligible unit" means a volunteer fire  
4 department or volunteer rescue/EMS unit that is not part of a unit of local government and is  
5 exempt from State income tax under G.S. 105-130.11.

6       (b)   Creation. – The Workers' Compensation Fund is created in the Department of  
7 Insurance as an expendable trust fund. Accordingly, interest and other investment income  
8 earned by the Fund accrues to it, and revenue in the Fund at the end of a fiscal year remains in  
9 the Fund and does not revert.

10       (c)   Use. – Revenue in the Workers' Compensation Fund shall be used to provide  
11 workers' compensation benefits to members of eligible units. Chapter 97 of the General Statutes  
12 governs the payment of benefits from the Fund. Benefits are payable for compensable injuries  
13 or deaths that occur on or after July 1, 1996.

14       (d)   Administration. – The State Fire and Rescue Commission, established under  
15 G.S. 58-78-1, shall administer the Workers' Compensation Fund and shall perform this duty by  
16 contracting with a third-party administrator. The contracting procedure is not subject to Article  
17 3C of Chapter 143 of the General Statutes. The reasonable and necessary expenses incurred by  
18 the Commission in administering the Fund shall be paid out of the Fund by the State Treasurer.  
19 The Commission may adopt rules to implement this section.

20       (e)   Revenue Source. – Revenue is credited to the Workers' Compensation Fund from  
21 ~~appropriations made to the Department of Insurance for this purpose.~~ a portion of the proceeds  
22 of the tax levied under 105-228.5(d)(3). In addition, every eligible unit that elects to participate  
23 shall pay into the Fund an amount set annually by the State Fire and Rescue Commission to  
24 ensure that the Fund will be able to meet its payment obligations under this section. The  
25 amount shall be set as a per capita fixed dollar amount for each member of the roster of the  
26 eligible unit.

27       The payment shall be made to the State Fire and Rescue Commission on or before July 1 of  
28 each year. The Commission shall remit the payments it receives to the State Treasurer, who  
29 shall credit the payments to the Fund.

30       (f)   Funding Method. – The Department of Insurance shall conduct a periodic actuarial  
31 study to determine the needs of the Fund, and the study shall be reviewed by the Office of State  
32 Budget and Management. The study should consider that the premiums paid by members of the  
33 Fund shall not be reduced below the premiums paid in 2012-2013. On or before March 1 of  
34 each year, the Office of State Budget and Management, in consultation with the Department of  
35 Insurance, must notify the Secretary of Revenue of the amount needed to meet the needs of the  
36 Fund for the upcoming fiscal year based on the actuarial study, and that amount shall be  
37 credited to the Fund."

38           **SECTION 3.** This act becomes effective July 1, 2013.