

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1524

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

Sponsors: Representatives Wilson, Bell, Coleman (Primary Sponsors); B. Allen, Jones, and Wainwright.

Referred to: Insurance.

April 21, 2005

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

The General Assembly of North Carolina enacts:

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

"Article 7.

"Supplemental Insurance Products for Retirees.

"§ 135-115. Competitive selection of supplemental insurance products paid for by retirees.

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

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

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

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

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

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

9 When retirement benefit payment deduction is no longer available, the insurance
10 company may not terminate insurance products purchased under the retirement benefit
11 payment deduction plan without the retiree's specific written consent solely because the
12 premium is no longer deducted from retirement benefit payments. Further, when
13 retirement benefit payment deduction is no longer available, the insurance company
14 shall give the retirees the option to continue the insurance product or products they have
15 selected by paying the insurance company directly.

16 (c) Procedure for Selection of Supplemental Insurance Product Proposals. – All
17 supplemental insurance product proposals shall be sealed. The Department of State
18 Treasurer shall open all proposals in public, at which time the proposals become public
19 records open to public inspection.

20 After the public opening, the Department of State Treasurer shall review the
21 proposals and examine the cost, coverage, and quality of the products, the reputation
22 and capabilities of the insurance companies submitting the proposals, and other
23 appropriate criteria. The Department of State Treasurer shall determine which proposal,
24 if any, would meet the needs and desires of the retirees and shall award a retirement
25 benefit payment deduction slot to the company submitting the proposal that best meets
26 those needs and desires. The Department of State Treasurer may reject any or all
27 proposals.

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

36 (d) Confidentiality of Names and Addresses of Retired State and Local
37 Employees. – The Department of State Treasurer shall provide the selected insurance
38 company or companies with the names and addresses of retirees in order for the
39 company or companies to provide information to retirees about purchasing their
40 selected insurance product or products. However, the selected company or companies
41 shall keep the names and addresses so provided strictly confidential and shall not
42 provide them to any third party or use them to solicit retirees for insurance products
43 other than those selected by the Department of State Treasurer. With each solicitation
44 the insurance company shall provide the retirees with the option to elect not to receive

1 any future solicitations by providing a preaddressed and postage prepaid card with
2 which to make that election and return it to the insurance company.

3 (e) Clerical and Professional Staff; Administrative Costs. – The Department of
4 State Treasurer may employ clerical and professional staff and such other assistance as
5 may be necessary to assist the Department of State Treasurer in carrying out its duties
6 and responsibilities under this section. The administrative costs to the Department of
7 State Treasurer of carrying out its duties and responsibilities under this section may be
8 charged to participants or deducted from participants' accounts in accordance with
9 nondiscriminatory procedures established by the Department of State Treasurer.

10 (f) Option to Continue Supplemental Insurance. – At the termination of any
11 contract entered into pursuant to this section, the insurance company or insurance
12 companies shall provide covered retirees the option to continue supplemental insurance
13 on a direct billing basis."

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