

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1524
Committee Substitute Favorable 5/23/05

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 Government 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 Deduction Slots. – 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 slot shall be for a period of not less than two
29 years unless the insurance company violates the terms of the written agreement

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

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

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

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

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

34 (d) Confidentiality of Names and Addresses of Retired State and Local
35 Employees. – The Department of State Treasurer shall provide the selected insurance
36 company with the names and addresses of retirees in order for the company to provide
37 information to retirees about purchasing their selected insurance product. The selected
38 company shall keep the names and addresses of the retirees confidential and shall not
39 provide the information to any third party or use the information to solicit retirees for
40 insurance products other than those selected by the Department of State Treasurer. The
41 insurance company shall provide retirees with each solicitation the option to elect not to
42 receive any future solicitations by providing a preaddressed and postage prepaid card
43 the retiree may return to the insurance company.

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

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

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