

**PEO-Related Parts of:**

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

**SESSION LAW 2008-124  
HOUSE BILL 738**

AN ACT TO REQUIRE UNINSURED AND UNDERINSURED MOTORIST COVERAGE; MAKE TECHNICAL CHANGES TO INSURANCE FINANCIAL PROVISIONS; AMEND THE UNAUTHORIZED INSURER LAWS; MAKE TECHNICAL CHANGES TO THE RATE EVASION LAW TO CLARIFY THAT IT APPLIES ONLY TO PRIVATE PASSENGER VEHICLES AND TO ADD A TERMINATION RESTRICTION CONSISTENT WITH G.S. 58-37-50 TO CLARIFY THAT THE RATE EVASION LAW APPLIES TO CEDED AND UNCEDED POLICIES; REVISE MANAGED CARE AND HMO RECORD RETENTION LAWS; MAKE CHANGES TO THE HEALTH INSURANCE RISK POOL LAWS; STRENGTHEN PROFESSIONAL EMPLOYER ORGANIZATION PROTECTIONS; MAKE CHANGES TO THE LAW GOVERNING THE CODE OFFICIALS QUALIFICATION BOARD; PROHIBIT FREE INSURANCE; AND TO MAKE OTHER MISCELLANEOUS CHANGES.

The General Assembly of North Carolina enacts:

[...]

**PART VII. PEO AMENDMENTS.**

**SECTION 7.1.** The catch line of G.S. 58-89A-50 reads as rewritten:

"§ 58-89A-50. Surety bond; letter of ~~credit, credit; other deposits.~~"

**SECTION 7.2.** G.S. 58-89A-50(a) reads as rewritten:

"(a) An applicant for licensure shall file with the Commissioner a surety bond for the benefit of the Commissioner in ~~the-an~~ amount ~~of one hundred thousand dollars (\$100,000) in favor of the State of North Carolina equal to five percent (5%) of the applicant's prior year's total North Carolina wages, benefits, workers compensation premiums, and unemployment compensation contributions, but not greater than five hundred thousand dollars (\$500,000), or such greater amount as the Commissioner may require.~~"

**SECTION 7.3.** G.S. 58-89A-10 is repealed.

**SECTION 7.4.** G.S. 58-89A-105 reads as rewritten:

"§ 58-89A-105. Employee benefit plans; required disclosure; other reports.

(a) A licensee may sponsor and maintain employee benefit plans for the benefit of assigned employees. Any health insurance plan sponsored and maintained by a licensee shall only be fully insured by one of the following:

- (1) A licensed insurance company that is authorized to write accident and health insurance, as defined in G.S. 58-7-15(3).
- (2) A service corporation organized and licensed under Article 65 of this Chapter.
- (3) A health maintenance organization organized and licensed under Article 67 of this Chapter.

~~(b) A client company may sponsor and maintain employee benefit plans for the benefit of assigned employees.~~

~~(c) If a licensee offers to its assigned employees any health benefit plan that is not fully insured by an authorized insurer, the plan shall:~~

- ~~(1) Utilize a third party administrator licensed or registered to do business in this State;~~
- ~~(2) Hold all plan assets, including participant contributions, in a trust account; and~~
- ~~(3) Provide sound reserves for the plan as determined using generally accepted actuarial standards.~~

~~(d) For purposes of this section, a "health benefit plan that is not fully insured by an authorized insurer" includes any arrangement except an arrangement under which an insurance company licensed to write insurance in this State has issued an insurance policy that covers all of the obligations of the health benefit plan. For the purposes of this section, a health insurance plan is fully insured only if all of the benefits provided under the plan are covered by an approved policy issued by one or more of the entities specified in subsection (a) of this section. A health insurance plan is not fully insured if the plan is any form of stop-loss insurance or any other form of reinsurance.~~

(e) Existing licensees shall comply with subsection (a) of this section by October 1, 2009. Before October 1, 2009, if an existing licensee sponsors and maintains any health insurance plan that is not fully insured by one or more of the entities specified in subsection (a) of this section, the licensee shall do all of the following:

- (1) Use a third-party administrator licensed or registered under Article 56 of this Chapter.
- (2) Hold all plan assets, including participant contributions, in a trust account.
- (3) Provide sound reserves for the plan as determined by generally accepted actuarial standards."

[...]

## **PART XII. EFFECTIVE DATES.**

**SECTION 12.1.** Part I of this act becomes effective January 1, 2009, and applies to policies issued or renewed on or after that date. Part III of this act is effective when it becomes law and applies to violations that occur on or after that date. Parts VI

and VII of this act become effective October 1, 2008. Part IX of this act becomes effective October 1, 2008, and applies to violations that occur on or after that date. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 8<sup>th</sup> day of July, 2008.

s/ Beverly E. Perdue  
President of the Senate

s/ Joe Hackney  
Speaker of the House of Representatives

s/ Michael F. Easley  
Governor

Approved 5:50 p.m. this 28<sup>th</sup> day of July, 2008