

April 1, 2009

H 1023. PEO AMENDMENTS. Filed 4/1/09. *TO AMEND THE NORTH CAROLINA PROFESSIONAL EMPLOYER ORGANIZATION ACT CONCERNING BONDING PROVISIONS AND MAINTENANCE OF EMPLOYEE BENEFITS.*

Amends GS 58-89A-50 to provide that professional employer organizations (PEOs) regulated by Article 89A of GS Chapter 58 applying for licensure must post a surety bond for the benefit of the Commissioner of Insurance (Commissioner) of \$100,000 if they were initially licensed before October 1, 2008. Applicants not licensed before October 1, 2008, must post a bond of 5% of the applicant's wages and specified benefits, up to a \$500,000 maximum or a greater amount if the Commissioner so requires.

Amends GS 58-89A-105 to allow a client company to sponsor and maintain employee benefit plans for the benefit of assigned employees. Clarifies that any health insurance plan sponsored and maintained by a licensee *licensed on or after October 1, 2009*, is required to be fully insured by one of the following: (1) a licensed insurance company that is authorized to write accident and health insurance, (2) a service corporation organized and licensed under Article 65 of GS Chapter 58, or (3) a health maintenance organization organized and licensed under Article 67 of GS Chapter 58. Current law requires that *existing* licensees also comply with those requirements by October 1, 2009. However, amends subsection (e) so that if an existing licensee sponsored and maintained a health insurance plan not fully insured by one of the required entities before October 1, 2009, the licensee may continue to do so by meeting all of the following conditions: (1) use a third party administrator licensed or registered under Article 56 of GS Chapter 58; (2) hold all plan assets, including participant contributions, in a trust account; and (3) provide sound reserves for the plan as determined by generally accepted actuarial standards.

Intro. by Goforth.

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