

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2013

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SENATE DRS75271-SVa-16 (03/15)

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

Sponsors: Senator Tucker (Primary Sponsor).

Referred to:

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.

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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.