



This Bill Analysis reflects the contents of the bill as it was presented in committee.

SENATE BILL 326: Firefighter Cancer Ins. & WC Program Funding.

2023-2024 General Assembly

Committee:	Senate Judiciary. If favorable, re-refer to Rules and Operations of the Senate	Date:	April 18, 2023
Introduced by:	Sens. Johnson, Perry, Barnes	Prepared by:	Kristen L. Harris*
Analysis of:	Second Edition		Committee Co-Counsel

OVERVIEW: Senate Bill 326 would make permanent the Firefighters' Health Benefits Pilot Program, which is administered by the Department of Insurance, rename it the Firefighters' Cancer Insurance Program, and fund it from a portion of the gross premiums tax on property coverage contracts. It would also cap at \$45 million the maximum amount of funds credited to the Workers' Compensation Fund, which is also derived from a portion of the gross premiums tax.

CURRENT LAW:

Firefighters' Health Benefits Pilot Program. – Section 30.4A of the 2021 Appropriations Act established a pilot program administered by the Department of Insurance to provide supplemental insurance for firefighters diagnosed with cancer and was funded through a \$7.5 million dollar appropriation. This program is scheduled to expire on June 30, 2023. The proposed House budget¹ would extend the program for two years with an additional \$7.5 million dollars from funds appropriated to the Department of Insurance.

To be eligible for benefits under the program, a person must have served in a North Carolina fire department for at least 5 years and received a new diagnosis of cancer on or after January 1, 2022. The benefits include medical costs reimbursement up to \$12,000, a lump sum benefit of \$25,000 for each diagnosis of cancer, and a monthly disability benefit for up to three years. To date, at least 140 firefighters have received benefits under this program.

Gross Premiums Tax. – There is a tax at the rate of 0.74% that applies to the gross premiums on insurance contracts for property coverage. The tax is imposed on 10% of the gross premiums from insurance contracts for automobile physical damage coverage and on 100% of the gross premiums from all other contracts for property coverage.

The proceeds of the tax are distributed as follows:

Volunteer Fire Department Fund	20%
Local Firefighters' Relief Funds	20%
Workers' Compensation Fund	Up to 20% (based on an annual actuarial study)
General Fund	Remainder

BILL ANALYSIS: Senate Bill 326 would make permanent the Firefighters' Health Benefits Pilot Program, renaming it the Firefighters' Cancer Insurance Program, with the same eligibility requirements, benefits, and limitations as under the pilot program. It would fund this program through an allocation of a portion of the net proceeds of the gross premiums tax that is currently allocated to the Workers'

¹ Sec. 30.4 of House Bill 259, 2nd Ed.

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Compensation Fund. To the extent the Workers' Compensation Fund receives "up to 20%" of the proceeds of the tax, the Firefighters' Cancer Insurance Program would receive the difference between the amount that is credited to the Workers' Compensation Fund, as determined by an annual actuarial study, and the 20% maximum. The bill would also provide a cap of \$45 million that may be in reserves for the Workers' Compensation Fund.

Under the bill, the proceeds of the gross premiums tax on property coverage contracts would be distributed as follows:

Volunteer Fire Department Fund	20%
Local Firefighters' Relief Funds	20%
Workers' Compensation Fund	Up to 20% ²
Firefighters' Cancer Insurance Program	Balance of the 20% not credited to WC Fund
General Fund	Remainder

EFFECTIVE DATE: This bill would become effective July 1, 2023, and apply to the distribution of net proceeds of the gross premiums tax collected on or after that date.

**Trina Griffin, Legislative Analysis Division, substantially contributed to this summary.*

² Based on annual actuarial study and a maximum of \$45 million dollars.