



House of Representatives

File No. 725

General Assembly

February Session, 2016

(Reprint of File No. 152)

House Bill No. 5444
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
April 25, 2016

**AN ACT CONCERNING THE EXECUTION OF SURETY BONDS BY
THE CONNECTICUT HEALTH INSURANCE EXCHANGE AND THE
CONNECTICUT AIRPORT AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Subsection (c) of section 38a-1081 of the 2016 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective October 1, 2016*):

4 (c) (1) All initial appointments shall be made not later than July 1,
5 2011. Following the expiration of such initial terms, subsequent board
6 member terms shall be for four years. Any vacancy shall be filled by
7 the appointing authority for the balance of the unexpired term. If an
8 appointing authority fails to make an initial appointment, or an
9 appointment to fill a vacancy within ninety days of the date of such
10 vacancy, the appointed board members may make such appointment
11 by a majority vote. Any board member previously appointed to the
12 board or appointed to fill a vacancy may be reappointed in accordance
13 with this section. Any board member may be removed for misfeasance,
14 malfeasance or wilful neglect of duty at the sole direction of the

15 appointing authority.

16 (2) As a condition of qualifying as a member of the board of
17 directors, each appointee shall, before entering upon such member's
18 duties, take and subscribe the oath or affirmation required under
19 section 1 of article eleventh of the Constitution of the state. A record of
20 each such oath shall be filed in the office of the Secretary of the State.

21 (3) Appointed board members may not designate a representative to
22 perform in their absence their respective duties under sections 38a-
23 1080 to 38a-1092, inclusive. The Governor shall select a chairperson
24 from among the board members and the board members shall
25 annually elect a vice-chairperson. Meetings of the board of directors
26 shall be held at such times as shall be specified in the bylaws adopted
27 by the board and at such other time or times as the chairperson deems
28 necessary. Any board member who fails to attend more than fifty per
29 cent of all meetings held during any calendar year shall be deemed to
30 have resigned from the board.

31 (4) Six board members shall constitute a quorum for the transaction
32 of any business or the exercise of any power of the exchange. For the
33 transaction of any business or the exercise of any power of the
34 exchange, the exchange may act by a majority of the board members
35 present at any meeting at which a quorum is in attendance. No
36 vacancy in the membership of the board of directors shall impair the
37 right of such board members to exercise all the rights and perform all
38 the duties of the board. Except as otherwise provided in sections 38a-
39 1080 to 38a-1092, inclusive, any action taken by the board under the
40 provisions of sections 38a-1080 to 38a-1092, inclusive, may be
41 authorized by resolution approved by a majority of the board
42 members present at any regular or special meeting, which resolution
43 shall take effect immediately unless otherwise provided in the
44 resolution.

45 (5) Board members shall receive no compensation for their services
46 but shall receive actual and necessary expenses incurred in the

47 performance of their official duties.

48 (6) Subject to the provisions of subdivision (2) of subsection (b) of
49 this section, board members may engage in private employment or in a
50 profession or business, subject to any applicable laws, rules and
51 regulations of the state or federal government regarding official ethics
52 or conflicts of interest.

53 (7) Notwithstanding any provision of the general statutes, it shall
54 not constitute a conflict of interest for a trustee, director, partner or
55 officer of any person, firm or corporation, or any individual having a
56 financial interest in a person, firm or corporation, to serve as a board
57 member of the exchange, provided such trustee, director, partner,
58 officer or individual shall abstain from deliberation, action or vote by
59 the exchange in specific request to such person, firm or corporation.

60 (8) Each board member shall execute a surety bond in the penal sum
61 of fifty thousand dollars, or, in lieu thereof, the chairperson of the
62 board shall execute a blanket position bond or procure an equivalent
63 insurance product covering each board member, the chief executive
64 officer and the employees of the exchange, each surety bond or
65 equivalent insurance product to be conditioned upon the faithful
66 performance of the duties of the office or offices covered, to be
67 [executed by a surety] issued by an insurance company authorized to
68 transact business in this state [as surety and to be approved by the
69 Attorney General and filed in the office of the Secretary of the State]
70 for surety or such equivalent insurance product. The cost of each such
71 bond or insurance product shall be paid by the exchange.

72 (9) No board member of the exchange shall, for one year after the
73 end of such member's service on the board, accept employment with
74 any health carrier that offers a qualified health benefit plan through
75 the exchange.

76 Sec. 2. Section 15-120dd of the 2016 supplement to the general
77 statutes is repealed and the following is substituted in lieu thereof
78 (*Effective October 1, 2016*):

79 (a) The board of directors of the authority shall adopt written
80 procedures, in accordance with the provisions of section 1-121, for: (1)
81 Adopting an annual budget and plan of operations, including a
82 requirement of board approval before the budget or plan may take
83 effect; (2) hiring, dismissing, promoting and compensating employees
84 of the authority, including an affirmative action policy and a
85 requirement of board approval before a position may be created or a
86 vacancy filled; (3) acquiring real and personal property and personal
87 services, including a requirement of board approval for any
88 nonbudgeted expenditure in excess of five thousand dollars; (4)
89 contracting for financial, legal, bond underwriting and other
90 professional services, including a requirement that the authority solicit
91 proposals at least once every three years for each such service which it
92 uses; (5) issuing and retiring bonds, bond anticipation notes and other
93 obligations of the authority; (6) awarding loans, grants and other
94 financial assistance, including eligibility criteria, the application
95 process and the role played by the authority's staff and board of
96 directors; and (7) using surplus funds to the extent authorized under
97 sections 15-120aa to 15-120oo, inclusive, or other provisions of the
98 general statutes.

99 (b) Notwithstanding the provisions of subdivision (3) of subsection
100 (a) of this section, the board of directors may authorize the executive
101 director to make nonbudgeted expenditures of up to five hundred
102 thousand dollars without prior board approval (1) to restore
103 operations at any airport owned or operated by the authority, if such
104 airport or the equipment of such airport is damaged as a result of a
105 natural disaster or incurs a substantial casualty loss that results in an
106 unsafe condition, or (2) where the failure to act would result in a
107 disruption of airport operations. Not later than twenty-four hours after
108 the executive director makes such nonbudgeted expenditure, the
109 executive director shall provide notification to the chairperson or vice
110 chairperson of the board of the amount of, and reason for, such
111 expenditure.

112 (c) Each member of the board of directors of the authority shall

113 execute a surety bond in the penal sum of fifty thousand dollars and
 114 the executive director shall execute a surety bond in the penal sum of
 115 one hundred thousand dollars, or, in lieu thereof, the chairperson of
 116 the board shall execute a blanket position bond or procure an
 117 equivalent insurance product covering each member, the executive
 118 director and the employees of the authority, each surety bond or
 119 equivalent insurance product to be conditioned upon the faithful
 120 performance of the duties of the office or offices covered, to be
 121 [executed by a surety] issued by an insurance company authorized to
 122 transact business in this state [as surety and to be approved by the
 123 Attorney General and filed in the office of the Secretary of the State]
 124 for surety or such equivalent insurance product. The cost of each such
 125 bond or insurance product shall be paid by the authority.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2016	38a-1081(c)
Sec. 2	October 1, 2016	15-120dd

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: None

Explanation

The bill does not result in a cost to the state or municipalities as the state health insurance exchange is a quasi-public state agency which is supported by assessments on Connecticut health insurance carriers. There is no impact to the state health exchange as it conforms state statute to reflect current practice.

House "A" eliminates the original bill and its associated fiscal impact and results in the fiscal impact described above.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**HB 5444 (as amended by House "A")******AN ACT CONCERNING THE EXECUTION OF SURETY BONDS BY THE CONNECTICUT HEALTH INSURANCE EXCHANGE.*****SUMMARY:**

This bill allows the Connecticut Health Insurance Exchange (Access Health CT) and the Connecticut Airport Authority (CAA) to obtain insurance covering board members, the executive officer or director, and employees, instead of executing a bond for them, as required by existing law. The insurance must be equivalent to the bond and be conditioned on the faithful performance of duties, issued by an insurer authorized to transact business in Connecticut, and paid for by the exchange or authority as appropriate.

Existing law requires (1) each Access Health CT board member to execute a \$50,000 surety bond or (2) the exchange chairperson to execute a blanket position bond covering each board member, the executive officer, and exchange employees. The law similarly requires (1) each CAA board member to execute a \$50,000 surety bond and the executive director to execute a \$100,000 surety bond or (2) the authority's chairperson or board to execute a blanket position bond covering each board member, the executive director, and authority employees.

The bill also eliminates a requirement that bonds be approved by the attorney general and filed with the secretary of the state.

*House Amendment "A" adds the Connecticut Airport Authority provisions and makes technical changes.

EFFECTIVE DATE: October 1, 2016

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/08/2016)