



General Assembly

**Raised Bill No. 5444**

February Session, 2016

LCO No. 1267



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:  
(INS)

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

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2 to the general statutes is repealed and the following is substituted in  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 company or issued by an insurance company  
68 authorized to transact business in this state as surety [and to be  
69 approved by the Attorney General and filed in the office of the  
70 Secretary of the State] or an insurance company, respectively. The cost  
71 of each such 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.

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

**INS**      *Joint Favorable*