OLR Bill Analysis
SB 815

AN ACT ALLOWING INSURANCE POLICIES IN LIEU OF SURETY BONDS.

SUMMARY

This bill allows the Connecticut Health and Educational Facilities Authority (CHEFA) and the Connecticut Higher Education Supplemental Loan Authority (CHESLA), a CHEFA subsidiary, to each obtain an insurance policy or policies in lieu of a surety bond to cover the authority if certain individuals fail to faithfully perform their duties.

Under the bill, if CHEFA or CHESLA chooses to obtain an insurance policy instead of a surety bond, the policy must be in the penal sum of at least $100,000 per each occurrence. The policy must cover the applicable authority if the executive director or other authority officer, employee, or board member performing specific directorial acts fails to faithfully perform his or her duties. The authority must determine any applicable deductible or self-insured retention and pay the cost of policy coverage.

Under current law, (1) each CHEFA board member must execute a $50,000 surety bond, and the executive director and other authorized officers must execute a $100,000 surety bond, and (2) CHESLA cannot issue bonds or notes unless its chairperson, vice-chairperson, executive director, other board members authorized to handle funds or sign checks, and any other authorized officer execute a $50,000 surety bond. Alternatively, current law allows the CHEFA and CHESLA board chairpersons to each obtain a blanket position bond covering the executive director, board members, and other authority employees. CHEFA and CHESLA must pay the cost of each such bond.

EFFECTIVE DATE: July 1, 2019
COMMITTEE ACTION
Higher Education and Employment Advancement Committee

Joint Favorable
Yea 21 Nay 0 (02/28/2019)