



Senate

General Assembly

File No. 100

January Session, 2021

Senate Bill No. 876

Senate, March 22, 2021

The Committee on Housing reported through SEN. LOPES of the 6th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING BONDS OF BOARD MEMBERS AND OTHER EMPLOYEES OF THE CONNECTICUT HOUSING FINANCE AUTHORITY.

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

1 Section 1. Section 8-247 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2021*):

3 Each member of the board of directors of the authority shall execute
4 a surety bond in the penal sum of fifty thousand dollars and the
5 executive director shall execute a surety bond in the penal sum of one
6 hundred thousand dollars, or, in lieu thereof, the [chairman]
7 chairperson of the board shall execute a blanket position bond or
8 procure an equivalent insurance product covering each board member,
9 the executive director and the employees of the authority. [, each] Each
10 surety bond [to be] or equivalent insurance product shall be conditioned
11 upon the faithful performance of the duties of the office or offices
12 covered, to be executed by a surety company or issued by an insurance
13 company authorized to transact business in this state as surety or for an

14 equivalent insurance product and [to be approved by the Attorney
15 General and] shall be filed in the office of the Secretary of the State. The
16 cost of each such bond or insurance product shall be paid by the
17 authority.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2021</i>	8-247

HSG *Joint Favorable*

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:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
CHFA	Other Fund - Savings	approx. 3,000	approx. 3,000

Municipal Impact: None

Explanation

The bill is anticipated to result in savings to the Connecticut Housing Finance Authority (CHFA) of approximately \$3,000 per year. Currently, CHFA purchases both the minimum surety bond required under current law and a more comprehensive liability insurance policy. Under the bill CHFA could eliminate most, if not all, of the \$3,650 annual cost for the surety bond by exclusively relying on more cost-effective insurance.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Connecticut Housing Finance Authority

OLR Bill Analysis**SB 876*****AN ACT CONCERNING BONDS OF BOARD MEMBERS AND OTHER EMPLOYEES OF THE CONNECTICUT HOUSING FINANCE AUTHORITY.*****SUMMARY**

Under current law, each Connecticut Housing Finance Authority (CHFA) board member must execute an individual surety bond for at least \$50,000, and the executive director must execute one for \$100,000, unless the board's chair executes a blanket bond covering all the authority's employees, board members, and the executive director. This bill allows the chair to procure an equivalent insurance product in lieu of a blanket bond.

Similar to the surety bonds, the insurance product must be (1) conditioned upon the faithful performance of the duties of the offices covered, (2) issued by a company (in this case, an insurer) authorized to do business in Connecticut, (3) paid for by CHFA, and (4) filed with the office of the Secretary of the State.

The bill also (1) eliminates a requirement that the attorney general approve the bonds and (2) makes a technical change.

EFFECTIVE DATE: July 1, 2021

COMMITTEE ACTION

Housing Committee

Joint Favorable

Yea 15 Nay 0 (03/09/2021)