

House of Representatives, March 26, 1998. The Committee on Insurance and Real Estate reported through REP. AMANN, 118th DIST., Chairman of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING THE STATE INSURANCE PURCHASING BOARD.

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

1 Section 1. Section 4a-19 of the general
2 statutes is repealed and the following is
3 substituted in lieu thereof:

4 There shall be a State Insurance [Purchasing]
5 AND RISK MANAGEMENT Board consisting of eleven
6 persons whom the Governor shall appoint subject to
7 the provisions of section 4-9a. Four of such
8 appointees shall be public members and seven shall
9 be qualified by training and experience to carry
10 out their duties under the provisions of sections
11 4a-20, AS AMENDED BY THIS ACT, and 4a-21. The
12 Comptroller shall be an ex-officio voting member
13 of said board and may designate another person to
14 act in his place. Not more than six appointed
15 members of said board shall, at any time, be
16 members of the same political party. Said
17 appointed members shall receive no compensation
18 for the performance of their duties as such but
19 shall be reimbursed for their necessary expenses.
20 The Governor may fill any vacancy on said board
21 for the unexpired portion of the term. The board
22 shall meet at least once during each calendar

23 quarter and at such other times as the chairperson
24 deems necessary. Special meetings shall be held on
25 the request of a majority of the board after
26 notice in accordance with the provisions of
27 section 1-21. A majority of the members of the
28 board shall constitute a quorum. Any member who
29 fails to attend three consecutive meetings or who
30 fails to attend fifty per cent of all meetings
31 held during any calendar year shall be deemed to
32 have resigned from office. No member shall serve
33 more than two full consecutive terms which
34 commence on or after July 1, 1983. Said board
35 shall be within the [Department of Administrative
36 Services] OFFICE OF THE STATE COMPTROLLER for
37 administrative purposes only.

38 Sec. 2. Section 4a-20 of the general statutes
39 is repealed and the following is substituted in
40 lieu thereof:

41 [Said] THE STATE INSURANCE AND RISK
42 MANAGEMENT board shall determine the method by
43 which the state shall insure itself against losses
44 by the purchase of insurance governed by the
45 provisions of title 38a to obtain the broadest
46 coverage at the most reasonable cost. It shall
47 direct the negotiations for purchase of such
48 insurance and determine whether deductible OR
49 OTHER RISK RETENTION provisions should be included
50 in the insurance contract. Wherever appropriate it
51 shall determine that the state shall act as a
52 self-insurer and may request funds from the
53 contingency fund to establish reserves and carry
54 out such practices as are necessary to safeguard
55 the self-insurance activity. SAID BOARD MAY
56 DEVELOP AND IMPLEMENT RISK MANAGEMENT AND LOSS
57 PREVENTION PROGRAMS RELATED TO INSURANCE PLANS
58 ESTABLISHED PURSUANT TO THE PROVISIONS OF SECTIONS
59 4a-19 TO 4a-21, INCLUSIVE, AS AMENDED BY THIS ACT.
60 It shall designate the agent or agents of record
61 and shall select the companies from whom insurance
62 coverage and surety bonds shall be purchased.
63 Notwithstanding any other provision of the
64 [Connecticut] general statutes, including without
65 limitation sections 38a-707 and 38a-825, it shall
66 have full authority to negotiate either a
67 commission or fee structure to compensate the
68 agent or agents of record for services performed.
69 It shall also have full authority to retain
70 consulting firms and to negotiate their fee

71 compensation for services performed. Any refund,
72 dividend or other payment from any insurance
73 company in connection with insurance for the state
74 shall be returned to the Comptroller for deposit
75 in the General Fund. The board shall establish
76 specifications for each contract of insurance and
77 shall request bids for each such contract through
78 the agent of record. Each such contract shall be
79 for a specified period of time.

80 Sec. 3. Section 4a-20a of the general
81 statutes is repealed and the following is
82 substituted in lieu thereof:

83 Notwithstanding the provisions of section
84 4a-20, AS AMENDED BY THIS ACT, the State Insurance
85 [Purchasing] AND RISK MANAGEMENT Board may
86 negotiate directly with an insurance company to
87 avoid any commission or fee associated with the
88 compensation of an agent or agents of record for
89 any services performed.

90 Sec. 4. This act shall take effect July 1,
91 1998.

92 INS COMMITTEE VOTE: YEA 18 NAY 0 JF

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"THE FOLLOWING FISCAL IMPACT STATEMENT AND BILL ANALYSIS ARE PREPARED FOR THE BENEFIT OF 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 HOUSE THEREOF FOR ANY PURPOSE."

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FISCAL IMPACT STATEMENT - BILL NUMBER HB 5622

STATE IMPACT	Potential Future Savings, see explanation below
MUNICIPAL IMPACT	None
STATE AGENCY(S)	State Insurance Purchasing Board, Office of the State Comptroller

EXPLANATION OF ESTIMATES:

To the extent that the Risk Management and Loss Prevention programs developed by the State Insurance Board reduces the state's exposure to certain liabilities, a savings could potentially result in the future. The exact extent of the savings is not known, as it is contingent upon the specific programs developed by the Board and the degree to which various state agencies participate in the programs.

The bill also moves the Board from the Department of Administrative Services to the State Comptroller for administrative purposes only. This workload adjustment between agencies is not anticipated to have any budgetary impact.

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OLR BILL ANALYSIS

HB 5622

AN ACT CONCERNING THE STATE INSURANCE PURCHASING BOARD

SUMMARY: This bill changes the name of the State Insurance Purchasing Board to the State Insurance and Risk Management Board; expands its authority so it may develop and implement risk management and loss prevention programs related to insurance it negotiates on behalf of the state; and for administrative purposes only, moves the board from the Department of Administrative Services to the Office of the State Comptroller.

EFFECTIVE DATE: July 1, 1998

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report
Yea 18 Nay 0