

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

August 12, 2009

ACTION REQUIRED

AGENDA ITEM NO. XII.

 Information Only
 X Motion
 Resolution
 Executive Session
 Other

TOPIC

Board Policy XXX – “Provision of Health Insurance to Employees Who Are Family Members of Board Directors”

DISCUSSION

The Association’s Standard Operating Procedure 63 calls for periodic review of Board policies to determine if any revisions are necessary. Board counsel and staff have undertaken the review, and they recommend the addition of a new policy regarding provision of health insurance to employees who are family members of Association Board directors.

The need for such a policy was originally discussed when the Bylaws Committee (“BC”) last considered bylaw revisions. The bylaws currently provide that the Association may not provide health insurance to Board directors or their families. *See* Article IV, Section 9. However, the Association’s health care plan documents state that the Association will provide health insurance to all employees, regardless of whether the employee is related to a Board member, and the Employee Retirement Income Security Act (“ERISA”) requires that the Association comply with the written terms of its plan documents and not exclude employees from health care coverage who are not excluded under the written terms of the plan. Any changes to health insurance coverage for union employees would require bargaining with their union representatives. Thus, the BC concluded that the issue should be addressed in a Board policy that would interpret Article IV, Section 9 consistently with ERISA. The Association’s current practice is to provide health insurance to any employee related to a Board member in conformance with the written terms of the health insurance policy and ERISA.

MOTION

Move that the Operations Committee recommend the Board of Directors approve the attached BP XXX – “Provision of Health Insurance to Employees Who Are Family Members of Board Directors.”

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: XXX

DATE: _____

PROVISION OF HEALTH INSURANCE TO EMPLOYEES WHO ARE FAMILY MEMBERS OF BOARD DIRECTORS

I. OBJECTIVE

To comply with federal law and the Association's health insurance plans.

II. CONTENT

The federal Employee Retirement Income Security Act ("ERISA") requires the Association to comply with the written terms of its health insurance plan documents and not exclude employees from health care coverage who are not excluded under the written terms of the plans. All employees are eligible to participate in the Association's health insurance plans. Therefore, notwithstanding the provision in Article IV, Section 9 of the Association bylaws prohibiting the Association from providing health insurance to Association employees who are family members of Board Directors, the Association shall comply with ERISA and provide health insurance to such employees in accordance with its plans.

III. RESPONSIBILITY

The Chief Executive Officer shall be responsible for the administration of this policy.

Date Approved: _____

Attested: _____

Alex Gimarc
Secretary of the Board

BP: XXX