

14-115.

(a) (1) In this section the following words have the meanings indicated.

(2) "Board" means the board of directors of a nonprofit health service plan.

(3) "Immediate family member" means a spouse, child, child's spouse, parent, spouse's parent, sibling, or sibling's spouse.

(b) [Subsections (c) through (f) of this section apply] THIS SECTION APPLIES to a nonprofit health service plan that is [incorporated under the laws of the State and operates under a certificate of authority issued by the Commissioner under this subtitle] ISSUED A CERTIFICATE OF AUTHORITY IN THE STATE, WHETHER OR NOT ORGANIZED UNDER THE LAWS OF THIS STATE.

(c) (1) The business and affairs of a nonprofit health service plan shall be managed under the direction of a board of directors.

(2) The board and its individual members are fiduciaries and shall act:

(i) in good faith;

(ii) in a manner that is reasonably believed to be in the best interests of the corporation AND ITS CONTROLLED AFFILIATES OR SUBSIDIARIES THAT OFFER HEALTH BENEFIT PLANS; [and]

(iii) IN A MANNER THAT IS REASONABLY BELIEVED TO BE IN FURTHERANCE OF THE CORPORATION'S NONPROFIT MISSION; AND

(iii) (iv) with the care that an ordinarily prudent person in a like position would use under similar circumstances.

(3) THE PRINCIPAL FUNCTIONS OF THE BOARD SHALL INCLUDE:

(i) ENSURING THAT THE CORPORATION EFFECTIVELY CARRIES OUT THE NONPROFIT MISSION ESTABLISHED UNDER § 14-102(C) OF THIS SUBTITLE;

(ii) SELECTING CORPORATE MANAGEMENT AND EVALUATING ITS PERFORMANCE;

(iii) ENSURING TO THE EXTENT PRACTICABLE THAT HUMAN RESOURCES AND OTHER RESOURCES ARE SUFFICIENT TO MEET CORPORATE OBJECTIVES;

(iv) SUBJECT TO THE PROVISIONS OF SUBSECTION (D) OF THIS SECTION, NOMINATING AND SELECTING SUITABLE CANDIDATES FOR THE BOARD; AND

(v) ESTABLISHING A SYSTEM OF GOVERNANCE AT THE BOARD LEVEL, INCLUDING AN ANNUAL EVALUATION OF BOARD PERFORMANCE.

(4) EACH MEMBER OF THE BOARD SHALL DEMONSTRATE A COMMITMENT TO THE MISSION OF THE NONPROFIT HEALTH SERVICE PLAN.