

CIRMA

CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY

ANNUAL REPORT 2016-17

Helping members build



better, safer
communities

to live, learn, & work in





David Demchak,
President & CEO, CIRMA

President's Message

Continued Successful Collaboration

A look at our organization's performance for 2016-17

As a member-owned and member-governed organization, CIRMA represents one of the most successful collaborations between Connecticut municipalities, school districts and local public agencies. It makes CIRMA unique and stand apart from other municipal insurance programs. CIRMA's model and mission continue to produce proven results in providing strong financial performance and innovative risk management and insurance solutions for the benefit of its members.

A Year of Success

CIRMA's partnership with our members is at the core of our success, which we continue to build together. Each year brings its own set of successes and challenges, and I am truly proud of all we accomplished.

In my report last year, I highlighted what was then record breaking financial and operational achievements. I am very pleased to report that for the 2016-17 fiscal year, we again out performed the prior year's results.

Throughout this report there are many notable achievements; however, here are the highlights of CIRMA's financial and operational performance in 2016-17.

Financial

- Members' equity grew 13% (\$15 million) from the prior year to \$130.7 million, a new high, further strengthening our capital position.
- We distributed \$5 million of members' equity, the largest equity distribution in CIRMA's history, for a total of nearly \$20 million over the past seven years.
- Our total assets grew 5% to \$365 million, another new high.
- Membership and premiums grew to new highs of 396 and \$97 million, respectively.
- While membership and risk increased, our rates remained flat, continuing a multi-year trend of rate stability.

Operational

- Our renewal rate for 2016-17 was 100% and we added 15 new members; the average retention over the past five years is 99.5%.
- A total of 164 members, representing nearly \$50 million in premium, participated in CIRMA's Rate Stabilization Programs, the highest level of participation since the programs' inception.
- Over 10,000 municipal employees participated in CIRMA's risk management training and education program. This record-setting participation is

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Operational (continued)

largely attributable to the successful roll-out of CIRMA's innovative E-Learning Center.

- Realized a \$4.2 million reduction in losses and claim adjustment expenses, positively impacting our bottom line in the income statement. These savings are the result of significant operational enhancements, such as restructuring the claim organization, renegotiating vendor fees and predictive analytics.
- Provided members with over 20,000 customized risk management reports, making data more consumable to improve decision making, drive behavioral change, and reduce losses.

Collectively, our financial and operational achievements met the foundational tenets of CIRMA's mission: to ensure the availability of coverage at reasonable prices, create stability in the marketplace, prevent accidents and manage injuries through tailored risk and claims management, and empower members to manage risk.

Innovation for Tomorrow

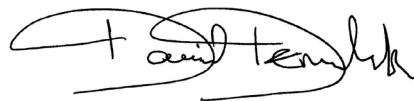
Being innovative, agile, and member-focused is essential to our continued financial strength and long-term viability.

To do that, we will focus on these five strategic points:

- Fully execute all aspects of CIRMA's mission with expertise and member focus.
- Deliver expertise through the recruitment, development, and retention of skilled insurance and risk management professionals.
- Continue to invest in technology that maintains a competitive advantage, provides efficiency and improves decision making and the customer experience.
- Drive holistic member solutions through cross-functional collaboration across all our core operations.
- Build a capital management model that deleverages organizational risk and provides the framework to efficiently manage and utilize CIRMA's members' equity.

This was a great year of working together and we appreciate being part of the important work that you do.

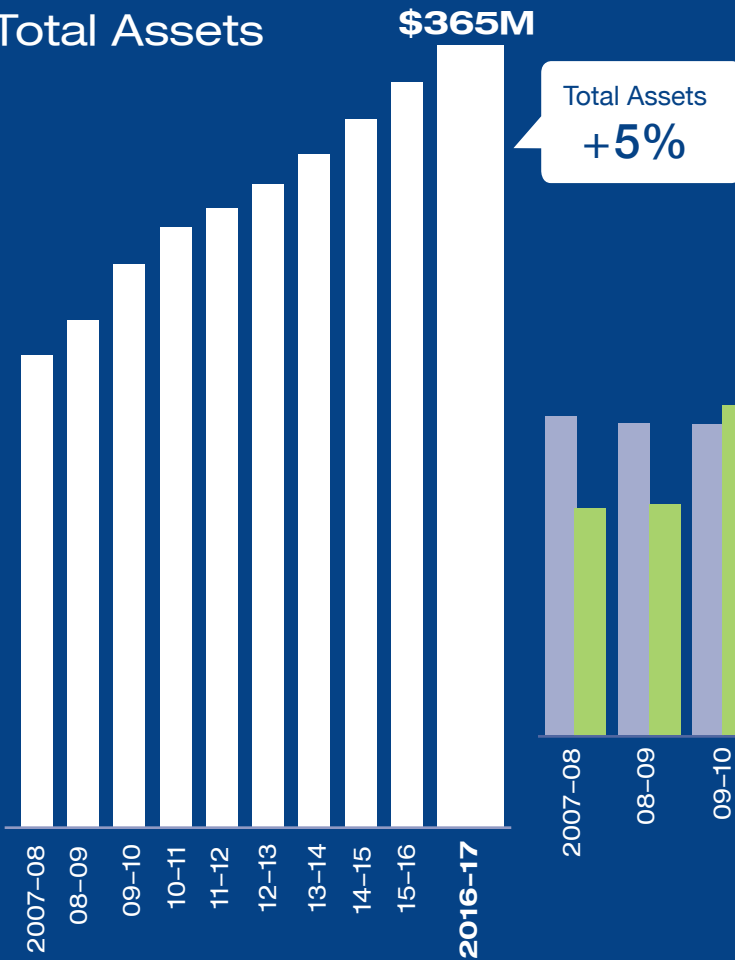
We believe executing our mission and fulfilling our core values of being member focused, innovative, and collaborative will position all of us to build safer and better communities in which to live, learn and work.



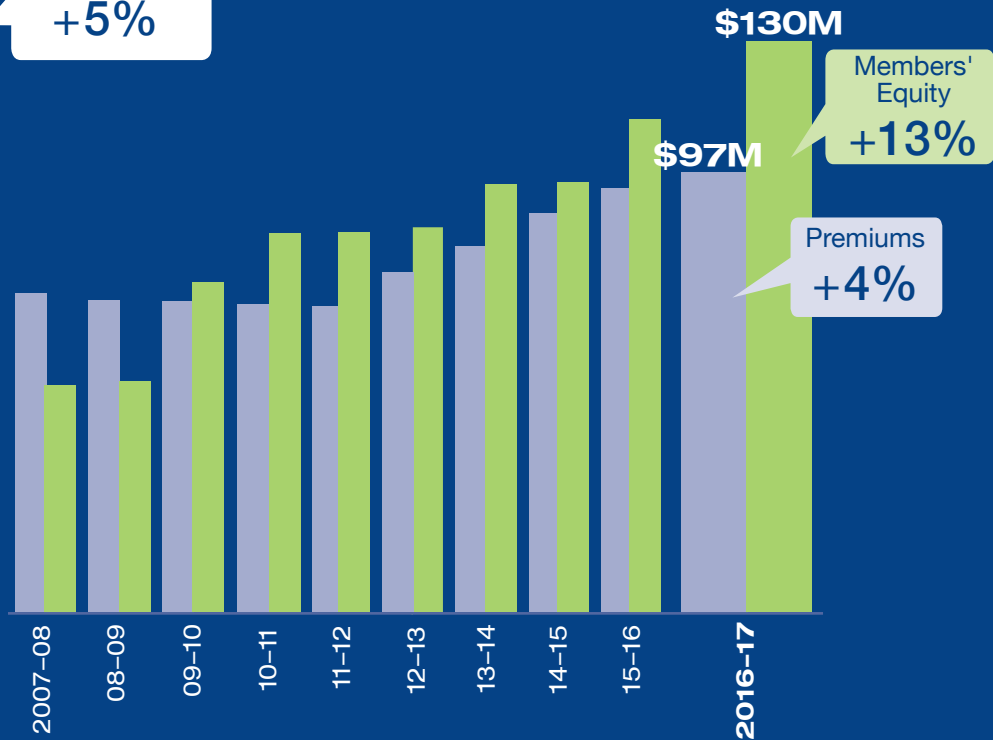
President & CEO, CIRMA

Financial Strength

Total Assets



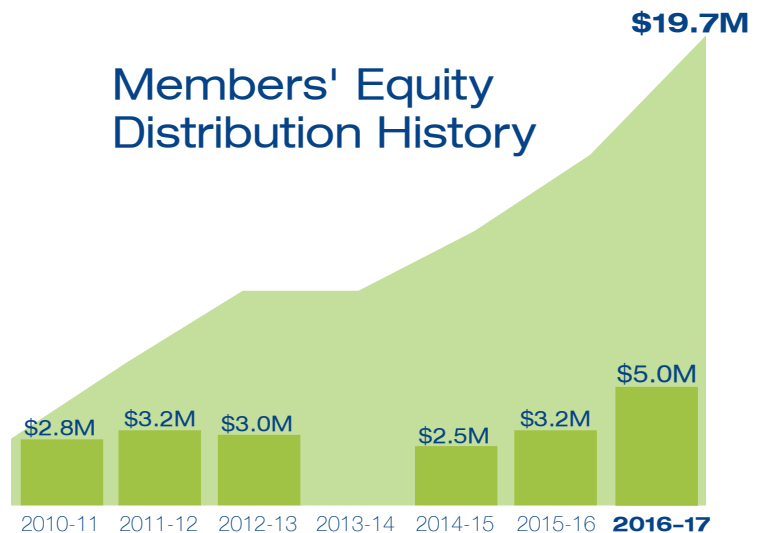
Premiums & Members' Equity



Members' Equity Distribution to CIRMA Members

\$5M
for 2016-17
Total over 7 years
\$19.7M

Members' Equity Distribution History



Financial Statements 2016-17

ASSETS	2016-17	2015-16
Invested Assets	\$341,821,490	\$325,894,813
Cash & Receivables	23,131,134	18,587,884
TOTAL ASSETS	\$364,952,624	\$344,482,697
LIABILITIES		
Reserves	\$227,897,000	\$224,425,364
Current Liabilities	6,339,609	4,561,262
TOTAL LIABILITIES	\$234,236,609	\$228,986,626
MEMBERS' EQUITY		
Members' Equity, Beginning of Year	\$115,496,071	\$98,651,315
Excess of Revenues over Expenses	20,175,370	20,044,752
Distribution of Members' Equity	(4,955,426)	(3,199,996)
MEMBERS' EQUITY, END OF YEAR	\$130,716,015	\$115,496,071
TOTAL LIABILITIES & MEMBERS' EQUITY	\$364,952,624	\$344,482,697
REVENUES		
Premiums & Commissions	\$97,746,393	\$93,794,988
Reinsurance Premiums	(14,801,445)	(14,509,161)
Investment Income	6,144,425	13,389,985
TOTAL REVENUES	\$89,089,373	\$92,675,812
EXPENSES		
Provision for Loss & LAE	\$59,629,008	\$63,790,399
Second Injury Fund	1,615,334	1,546,222
General & Administrative	7,669,661	7,294,439
TOTAL EXPENSES	\$68,914,003	\$72,631,060
EXCESS OF REVENUES OVER EXPENSES	\$20,175,370	\$20,044,752

Auditors, Grant Thornton LLP

The year 2016-17 saw reductions in losses, and excellent growth in total assets and members' equity — benefiting all CIRMA members!

Membership 2016-17

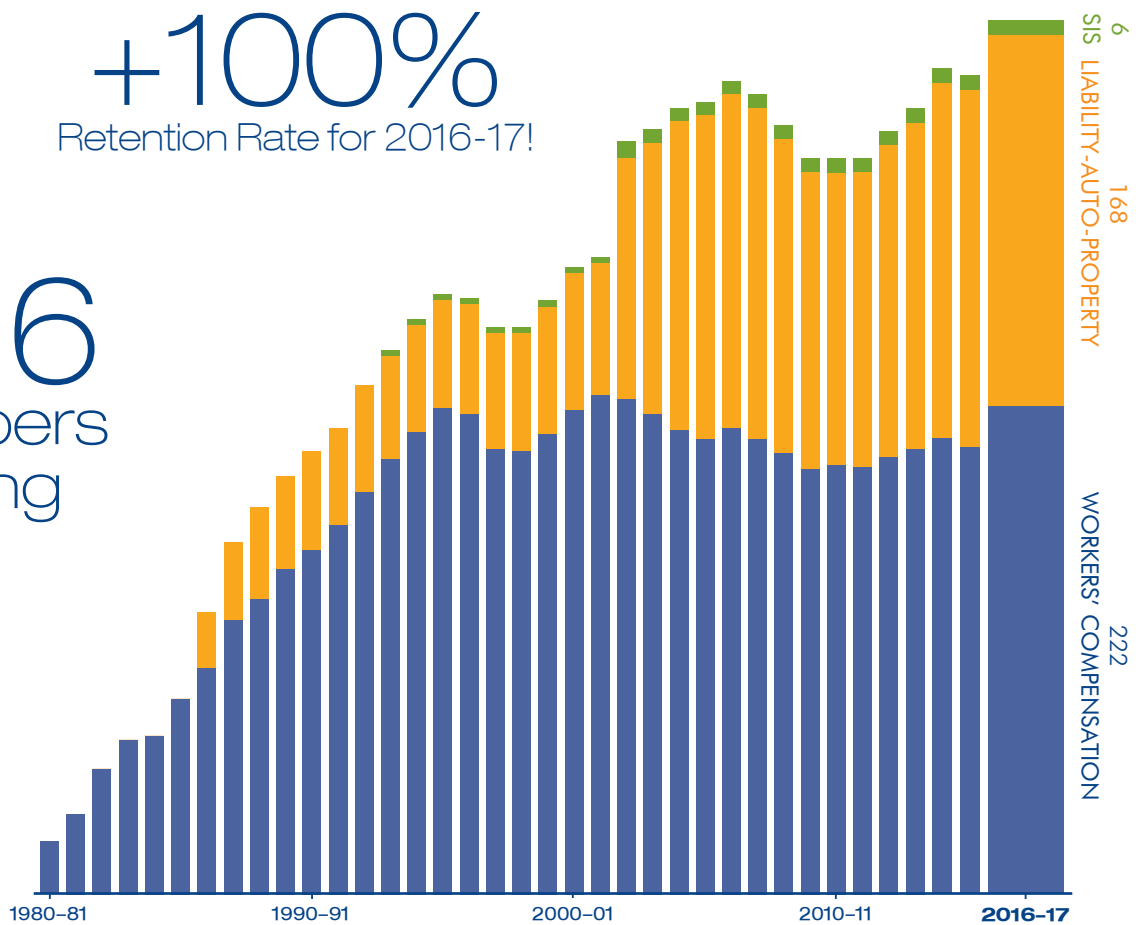
“ Our growth in membership and high retention demonstrate our value to members! ”



15 New members in 2016-17!

+100%
Retention Rate for 2016-17!

396
Members
Strong



Workers' Compensation

Total Payroll \$3,314,694,587



Liability-Auto-Property

Total Operating Expenses	
Cities & Towns	\$2,894,259,051
Public Schools	\$4,089,679,606
Total Operating Expenses	\$6,983,938,657

Total Insured Property Value
\$16,120,484,648

Insured Exposures:

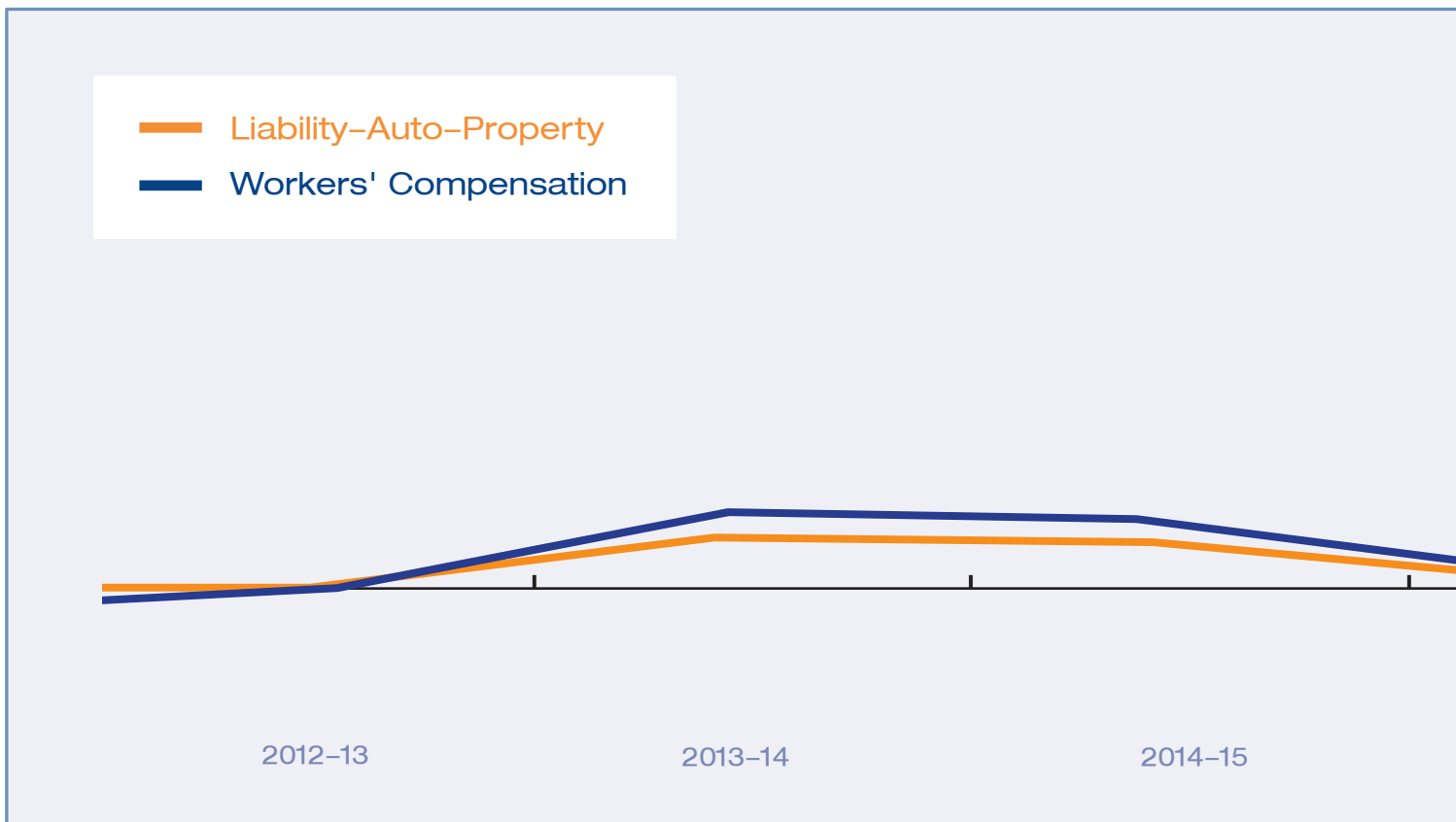
Fire Stations	263
Libraries	122
School Buildings	743
School Buses	435
Sewage Treatment Plants	50
Town Halls	127
Ambulances	104
Buses (other)	146
Fire Trucks	649
Light Trucks	1,515
Motorcycles	57
Police Trucks	103
Police Vehicles	2,130
Private Passenger Vehicles	1,073
Refuse Trucks	68
Trailers	1,202
Trucks (other)	2,763
Vans	712
Police Officers	2,860
Students	251,075



Long-Term Rate Stability

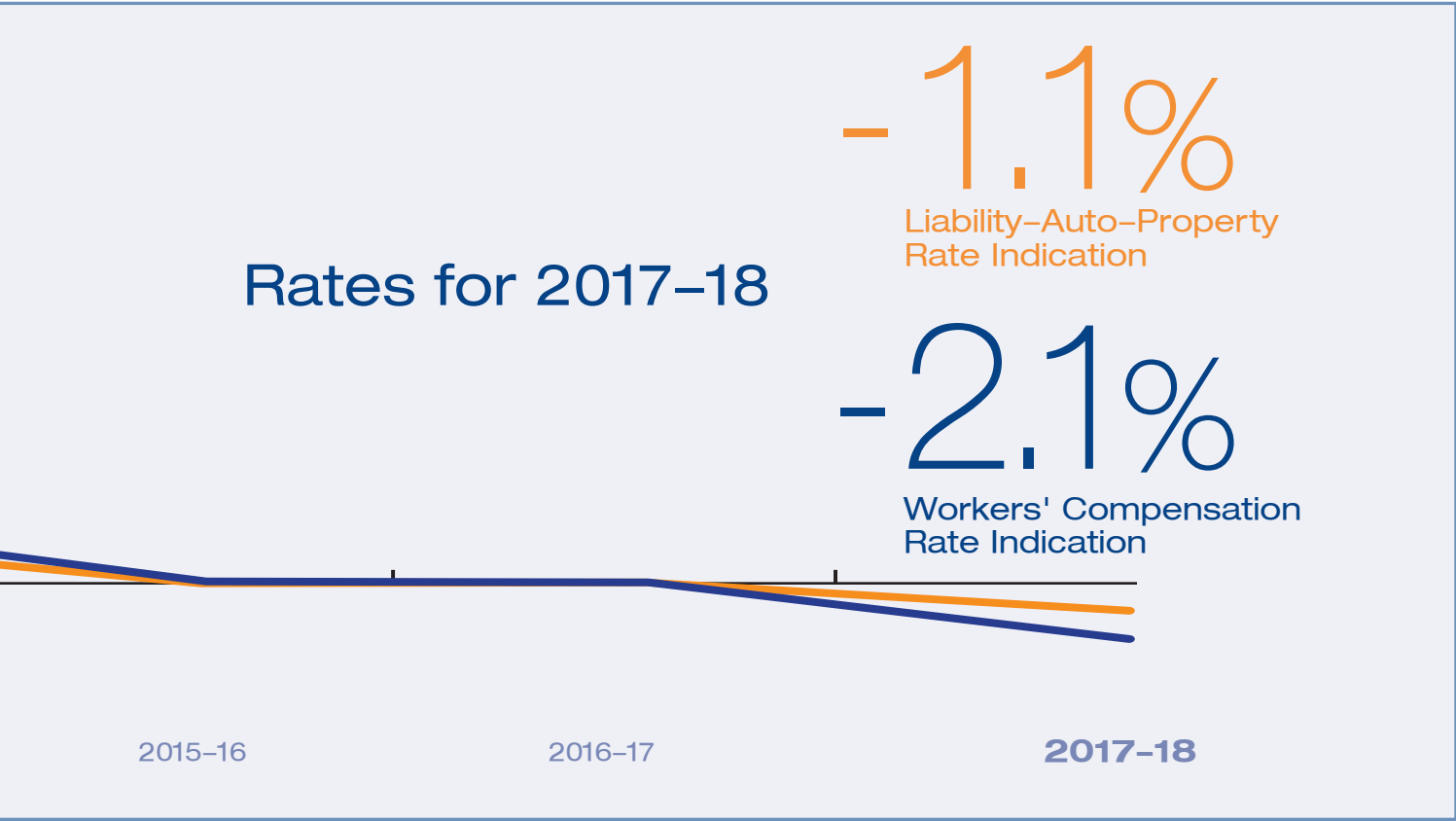
“ Stable rates help members better forecast costs and plan budgets. ”

164 Members in Workers' Compensation Rate Stabilization and Liability-Auto-Property Guarantee programs



“ CIRMA's rate stability is the result of our financial strength, ”

Creating Stability in the Marketplace



expert underwriting, and risk management programs.



Claim Programs 2016-17

Workers' Compensation

Liability-Auto-Property

Workers' Compensation
Claims Managed
6,443

Liability-Auto-Property
Claims Managed
2,276

Total Bill Review Savings
\$20,850,322

Contract Reviews Performed
279



CIRMA's Contract
Review Program

**Value-added
programs & services
help members
avoid liability!**

Pharmacy Program Savings
\$655,331

Employment Practices
Liability Helpline Calls
48



Employment Practices
Liability Helpline
Program

Subrogation + Recovery
\$9,437,284

Subrogation + Recovery
\$4,350,766

Direct Incurred
\$26,684,802

Direct Incurred
\$17,259,267

\$4.2M Reduction in losses
and claim expenses

WC Claim Settlements
266

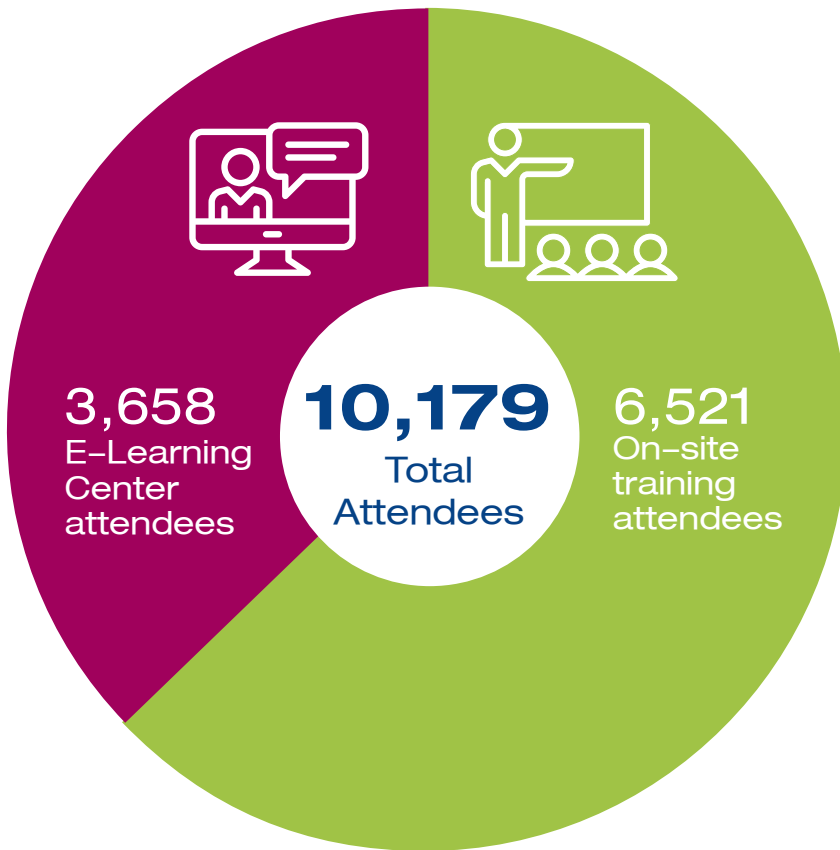


Savings on future exposure
\$32,853,323

*CIRMA's operational enhancements drive savings
and positively impact our bottom line.*

Risk Management 2016-17

Record-setting Attendance!



Training & Education Programs

235 Onsite Sessions
A New High!

9 New Onsite Topics

4 New Webinar Topics!

6 New White Papers!

5 New Roll Call Series Topics

2 New Best Practice Guides

Training attendance increased
60% over the prior year!

8 New Alliances in 2016-17



38 Total Alliances

Strategic alliances expand CIRMA's ability to deliver value-added programs and services!

CIRMA's Risk Management team delivered:

7,631 Consultative Hours



109 Stewardship Reports



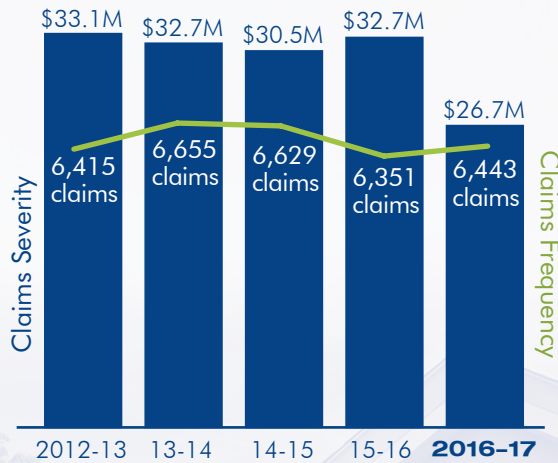
135 Assessments



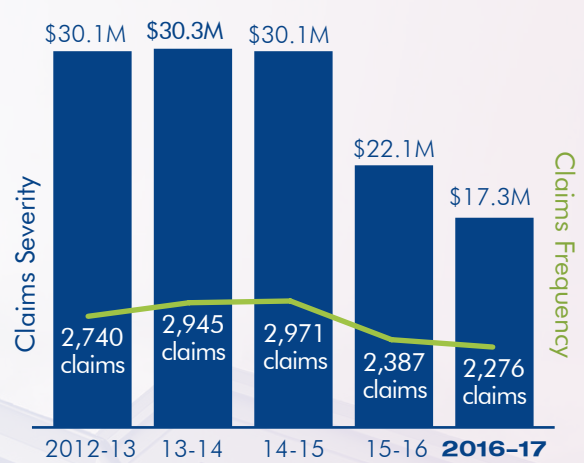
Risk Management Results 2016-17

“ CIRMA members continued to reduce both the frequency and severity of losses in the Workers' Compensation and Liability-Auto-Property pools. ”

Workers' Compensation Pool



Liability-Auto-Property Pool



Town of East Lyme
2018 Excellence in Risk Management Award Recipient

Excellence in Risk Management Awards 2018

Town of East Lyme

Substantial Impact on Total Cost of Risk

In 2013-14, the Town of East Lyme's executive team expanded their risk management goals and initiatives with a concerted focus on reducing workplace injuries and improving the general health and wellness of their employees. Their efforts included an Annual Health and Wellness Fair — one of the largest in CIRMA's membership, as well as strategic town-wide safety assessments. The results:

- 93% reduction in the Total Cost of Risk,
- 98% reduction in Lost Work Days,
- 47% reduction in Medical-only claims frequency, and
- 81% reduction in Medical-only claims frequency over four years.

Simsbury Department of Public Works

New & Innovative Risk Management Initiatives

Simsbury's Department of Public Works has placed a high value on safety in the workplace, continually striving to maintain a culture of safety and risk management throughout their department. Their efforts include ongoing training for all employees, management of daily workflows that support the safety of staff and residents, as well as the development and implementation of innovative equipment, policies, and procedures that go well beyond industry standards. Their efforts have resulted in total claims severity under \$19,000 since 2011-12 — a record low for CIRMA's Workers' Compensation pool.

City of New London

Establishing Risk Management as an Organizational Priority

In 2014 the City of New London began establishing risk management as an organizational priority. A new Executive Steering Committee was established that year, with participation from all departments, to begin the process of creating a culture of risk management throughout the City. Under the direction of new executive leadership, including a new City Risk Manager and Chief Resource Officer, the City departments were tasked with analyzing, identifying, and addressing exposures and claim trends. Through this commitment and resource allocation, New London developed a new culture of risk management. And through these efforts, the City of New London reduced their Total Cost of Risk by \$3.3 Million.

Town of Glastonbury

Sustained Risk Management Programs

The Town of Glastonbury, a repeat award winner, established risk management as a priority in 2008-09. At monthly executive meetings, department leaders review exposures and losses along with corrective measures. The Town worked with CIRMA to monitor risk management efforts and trends. The executive team's efforts, along with the Town's Safety Committee, and the employee's culture of safety, have enabled the Town to achieve:

- A Workers' Compensation claim rate that is lower than their peer group average over the past 10 years,
- 88% decline in lost work days over the past five years, and
- Total Cost of Loss in 2016-17 of \$515,000 — a 10-year low.

City of New London
2018 Excellence in Risk Management Award Recipient

Governance 2016-17

CIRMA's Board of Directors and Committees set CIRMA's direction and guide the development of programs and services.

Board of Directors

Barbara Henry, Roxbury *Chairman*
Steven Werbner, Tolland,
Vice Chairman
Mark Boughton, Danbury
Robert Congdon, Preston
John Elsesser, Coventry

Matthew Galligan, South Windsor
Toni Harp, New Haven
Catherine Iino, Killingworth
Marcia Leclerc, East Hartford
Curt Leng, Hamden
Leo Paul, Litchfield

Lisa Pellegrini, Somers
Herbert Rosenthal, Newtown
Scott Shanley, Manchester
Jayme Stevenson, Darien
Mark Walter, Columbia

Budget & Audit Committee

Herbert Rosenthal, Newtown, *Chairman*
Susan Bransfield, Portland
Robert Congdon, Preston
John Elsesser, Coventry
Matthew Galligan, South Windsor
Barbara Henry, Roxbury
Leo Paul, Litchfield

Claims Committee

Jonathan Berchem, Milford, *Chairman*
Kori Wisneski, Middletown, *Vice Chairman*
Gary Conrad, Westport
Edward DeMarco, East Windsor
Nicholas DiCorleto, Ellington
Arthur Giulietti, Hamden
Paul Gills, New London
Mark Langton, Middletown Public Schools
Kimberly Lord, East Windsor/Manchester
Dana McGee, Rocky Hill
Timothy O'Neil, Manchester
Mark Palmer, Coventry
Lisa Pellegrini, Somers
Daniel Roche, New Haven
Joseph Samolis, Middletown
Lori Spielman, Ellington
Trent Sullivan, East Hartford
Chris Toree, Norwalk
Susan Zecca, Norwalk Police Department

Investment Committee

Leo Paul, Litchfield, *Chairman*
Gary Conrad, Westport
Frank Chiaramonte, Consultant
Judy Doneiko, Consultant
Adam Dunsby, Easton
Sean Hendricks, Killingly
Barbara Henry, Roxbury
James Reynolds, Consultant
Daniel Roche, New Haven
Robert Swick, Milford Transit District

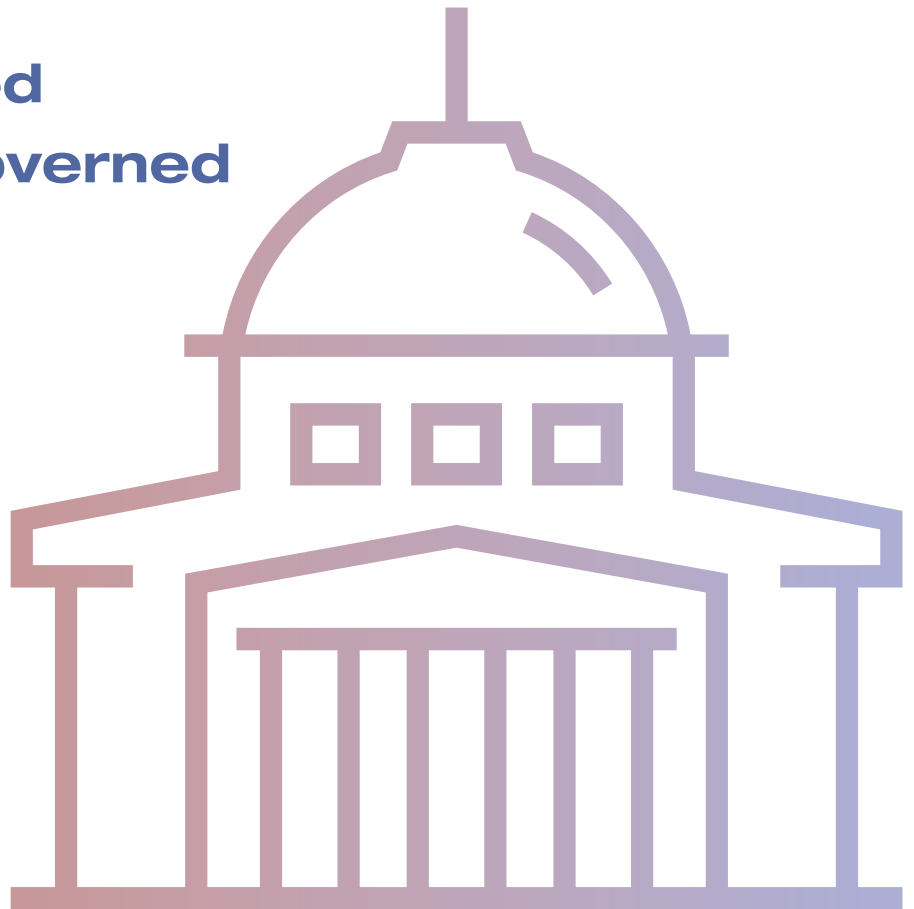
Law Enforcement Advisory Committee

J. Darren Stewart, Stonington,
Chairman
Christopher Arciero, Canton
Nicholas Boulter, Simsbury
Shawn Corey, CTIC
Robert Gagne, Orange
Jeremiah Johnson, Darien
Brian Klett, Rocky Hill
Michael Kowal, CTIC
Thomas Kulhawik, Norwalk
Denise Lamontagne, Cromwell
Brett Mahoney, Waterford
Michael Maniago, Torrington
Keith Mello, Milford
Marc Montminy, Manchester
Marc O'Mara, CTIC
Mark Palmer, Coventry
Brett Paradis, CTIC
Tim Silva, Waterford
Elliot Spector, Hasset & George PC
Michael Spera, Old Saybrook
Edward Stephens, Wolcott
William Tanner, POST
Beau Thurnauer, East Hartford
Michael Timbro, Middletown

Member-owned Member-governed

Operations & Underwriting Committee

Thomas Cooke, Simsbury, *Chairman*
Robert Buden, Plainville
Maria Capriola, Mansfield
Carl Fortuna, Old Saybrook
Lucian Jachimowicz, Newington Public Schools
Thomas Landry, Weston
Kimberly Lord, East Windsor/Manchester
Lisa Pellegrini, Somers
Bonnie Reemsnyder, Old Lyme
Theodore Shafer, Burlington
William Smith, Granby
William Strachan, Consultant
Michael Wilkinson, Tolland
James Wren, Bloomfield



Risk Management Advisory Committee

Laura Francis, Durham, *Chairman*
Brenda Bergeron, DEMHS
Janette Devendorf, Manchester
Gil Freid, University of New Haven
Mitch Goldblatt, Guilford
Emmet Hibson, Fairfield
Mark Langton, Middletown
Public Schools
Dawn Maselek, Vernon
Mary McCarthy, CT Technology Center
Denise McNair, Berlin
Joshua Medeiros, Canton
Debra Milardo, Madison
Tim Nolan, Danbury
Lee Palmer, New Milford
Vanessa Perry, South Windsor
Raymond Purtell, Glastonbury
Kirk Severance, Granby
Elliot Spector, Hasset & George PC
Michael Spera, Old Saybrook
J. Darren Stewart, Stonington
William Tanner, POST
Kenneth Tucker, CT Dept.
of Labor, OSHA Division
Michael Turner, Wethersfield
Mark Walter, Columbia
Steven Waznia, Berlin
Tim Webb, Ellington
Michael Wilkinson, Tolland
Louis Zullo, Cheshire

School District Advisory Committee

Julie Pendleton, Old Saybrook Public Schools,
Chairman
Steven Busel, Plainville Public Schools
Dr. Patricia Ciccone, Westbrook Public Schools
Michele DiMauro, Middletown Public Schools
Dr. Jo Ann Freiberg, CT State Dept. of Education
Peter Gerardi, Killingly Public Schools
Jordan Grossman, Canton Public Schools
Donald Harwood, East Hampton Public Schools
Jason Lehmann, East Hampton Public Schools
John Maloney, Cromwell Public Schools
Steven Michaud, Plainville Public Schools
Steven Mills, Windsor Locks Public Schools
Nancy Pugliese, CT State Dept. of Education
Michael Purcaro, Vernon Public Schools
Kenneth Roy, Glastonbury Public Schools
Paula Talty, Cromwell Public Schools
Steven Wapen, EASTCONN

CIRMA's Mission

The purpose of the Connecticut Interlocal Risk Management Agency (CIRMA) is to meet the risk management and risk financing needs of Connecticut municipalities and local public agencies.



CIRMA achieves this purpose by:

- Anticipating and responding to the risk management and financing needs of its members in a changing environment.
- Providing quality services tailored to municipal operations and requirements.
- Ensuring the availability of insurance coverage at reasonable prices, and thereby creating stability in the marketplace.
- Preventing accidents and managing injuries through effective loss control and claims management programs, resulting in savings over the long term.
- Empowering municipalities to manage risk.

Essential to fulfilling CIRMA's mission is the cooperative effort of its team of professional staff and service providers. This team is totally committed to serving the interests of CIRMA's membership while striving to always provide quality service with excitement and a sense of urgency.

CIRMA was established in 1980 as a service program of the Connecticut Conference of Municipalities. Governance is provided by CIRMA's Board of Directors, elected from the membership. CIRMA operates two risk-sharing pools, the Workers' Compensation Pool and the Liability-Automobile-Property Pool and provides risk management services to self-insured municipalities and local public agencies.



CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY
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Town of Glastonbury
2018 Excellence in Risk Management Award Recipient