

CIRMA

CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY

Helping members

Annual Report 2017-18

build better, safer communities

to live, learn, and work in.





David Demchak,
President & CEO, CIRMA

President's Message

Meeting Our Mission

A look at our performance for 2017-18

CIRMA's mission is based on the belief that Connecticut's municipalities and local public agencies could, by working together, create an organization that serves them far better than the commercial insurance market. Our mission sets a high bar for expertise, financial strength, and value.

In 2017-18, amidst economic change and uncertainty, CIRMA continues to play a vital role in our members' communities by providing high quality risk management and risk financing products. Our expertise in managing risk and losses ensures stable and affordable prices, resulting in savings over the long term. All with a focus on you, our members.

The 2017-18 year was one of very strong financial and operational performance for CIRMA, and as a result, we met each of our mission tenets. This year again brings new performance milestones and accomplishments where we out performed our prior year results. CIRMA's partnership with its members and strategic partners continues to be at the core of our continued success.

Here are the highlights of CIRMA's financial and operational performance for 2017-18:

Financial Performance

- Members' equity grew 12% (\$15 million) from the prior year to \$146.2 million, a new high that further strengthens our capital position and ensures our mission of creating a stable market.
- Our total assets grew by 5% to \$383.4 million, a new financial milestone.
- We distributed \$5 million of members' equity for the second consecutive year, for an eight-year total of nearly \$25 million.

- Premiums for 2017-18 grew to \$98 million.
- During this same time we reduced the premium need for the Workers' Compensation pool by -2.2% and -1.1% for our Liability-Auto-Property pool.

Operational Performance

- Our total membership for 2017-18 was 386 and our average retention rate for members remains very high at 99% for the last six years.
- A total of 151 members with a combined premium of \$46.4 million participate in CIRMA's three-year rate stability program.
- A record 14,476 employees attended CIRMA's training and education programs. This represents a 42% increase from the prior year, largely attributable to the continued growth of participation in CIRMA's E-Learning Center.
- Our risk management consultants delivered the highest level of consulting services to our members through direct consultative services (7,500 hours), stewardship reports (189), and new publications (17), all with a focus to help our members manage risk.
- CIRMA's claims operations continued to deliver high quality care to injured employees while ensuring efficient and cost effective approaches to managing the cost of claims. The CIRMAcareTM managed care program produced savings for members of \$24.3 million. The expertise of the Liability-Auto-Property claims team was demonstrated by the trend of favorable resolution of complex high exposure claims. A total of nearly \$3 million in subrogation recoveries were made by CIRMA's Special Services Unit.

Contents

Financial Statements	3
Financial Highlights	3
Long-Term Rate Stability	4
Membership	7
Risk Profile	7
Claims Highlights	9
Risk Management Achievements	10
Excellence in Risk Management Awards	11
Governance	12

Operational Performance - continued

- The combined efforts of CIRMA's claims operations, risk management, underwriting and business analytics have reduced losses in the Workers' Compensation and Liability-Auto-Property pools. For the year, CIRMA's carried ultimate loss reserves developed favorably by almost \$18 million, resulting in long-term saving for members.

Looking ahead with confidence and innovation

For 38 years, CIRMA has delivered on our mission to meet the risk management and risk financing needs of members through financial strength, value-added product and services, and innovative solutions that help municipalities, schools, and local public agencies manage risk. As municipalities around the state grapple with new financial, social, and economic realities, we recognize that we have an even more vital role to play in helping our members create vibrant communities.

CIRMA's mission and business model is built to take on the challenges that we face in the future. All of us at CIRMA are committed to keeping the promise of our mission and our members as our priority. To do that, we will continue our focus and investment in the following strategic points:

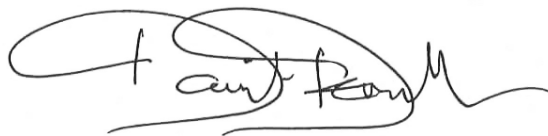
- Delivery of expertise through new talent, professional development, and retention of skilled insurance and risk management professionals.
- Continued investment in technology that improves our competitive position, our members' experience, improves decision making, and drives innovation.

- Build and maintain a capital model that supports CIRMA's enterprise risk management initiatives and optimizes CIRMA's financial strength and equity position.
- Drive the development of new products and expanded consultative services that anticipate and respond to member needs.
- Fully execute the CIRMA mission with a focus on improving our members' experience.

As a member-owned, member-governed organization, CIRMA represents one of the most successful collaborations of municipalities, schools, and local public agencies. This unique collaboration continues to produce proven results that meet the vision and mission of the municipal leaders that founded CIRMA.

Thank you for the privilege of your partnership. This was a great year of working together and we appreciate being a part of the important work you do.

Sincerely,



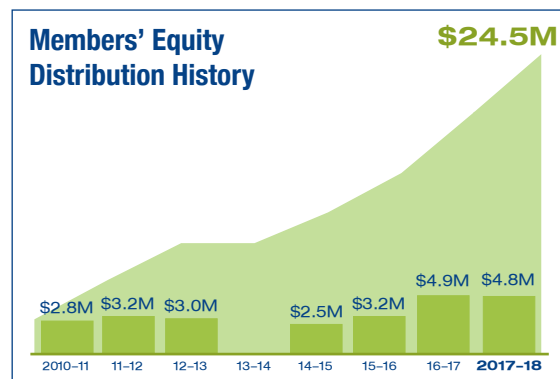
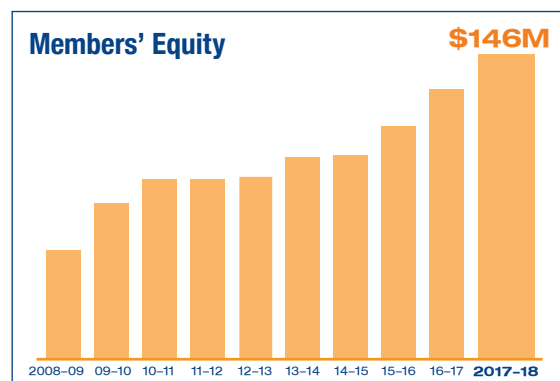
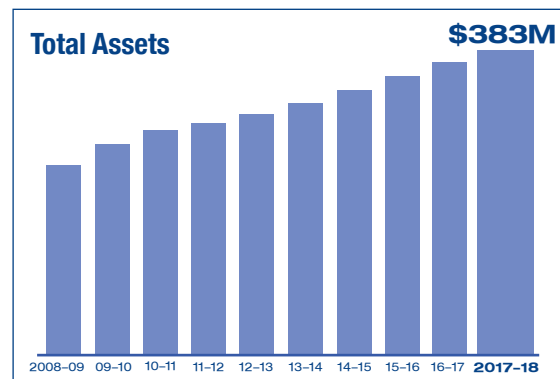
David Demchak,
President & CEO, CIRMA

Financial
Strength.

Financial Statements

ASSETS	2017-18	2016-17
Invested Assets	\$345,453,596	341,821,490
Cash & Receivable	\$37,763,853	23,131,134
TOTAL ASSETS	\$383,217,449	\$364,952,624
LIABILITIES		
Reserves	\$230,926,000	\$227,879,000
Current Liabilities	\$6,044,430	6,357,609
TOTAL LIABILITIES	\$236,970,430	\$234,236,609
MEMBERS' EQUITY		
Members' Equity, Beginning of Year	\$130,716,014	\$115,496,071
Excess of Revenues over Expenses	\$20,391,188	20,175,370
Distribution of Members' Equity	(4,860,183)	(4,955,426)
MEMBERS' EQUITY, END OF YEAR	\$146,247,019	\$130,716,015
TOTAL LIABILITIES & MEMBERS' EQUITY	\$383,217,449	\$364,952,624
REVENUES		
Premiums & Commissions	\$98,277,276	\$97,746,393
Reinsurance Premiums	(14,207,141)	(14,801,445)
Investment Income	2,838,597	6,144,425
TOTAL REVENUES	\$86,908,732	\$89,089,373
EXPENSES		
Provision for Loss & LAE	\$57,107,190	\$59,629,008
Second Injury Fund	1,612,210	1,615,334
General & Administrative	7,798,145	7,669,661
TOTAL EXPENSES	\$66,517,545	\$68,914,003
EXCESS OF REVENUES OVER EXPENSES	\$20,391,188	\$20,175,370

Auditors, Grant Thornton LLP
GAAP



Financial Highlights

The year 2017-18 was another year of outstanding financial achievements and new highs. CIRMA's financial strength positions us to reduce the cost of risk of its members through our Members' Equity Distribution, stable affordable rates, and comprehensive services.

Increase in Assets

+5%

Increase in Members' Equity

+12%

Total Members' Equity Distribution Over 8 Years

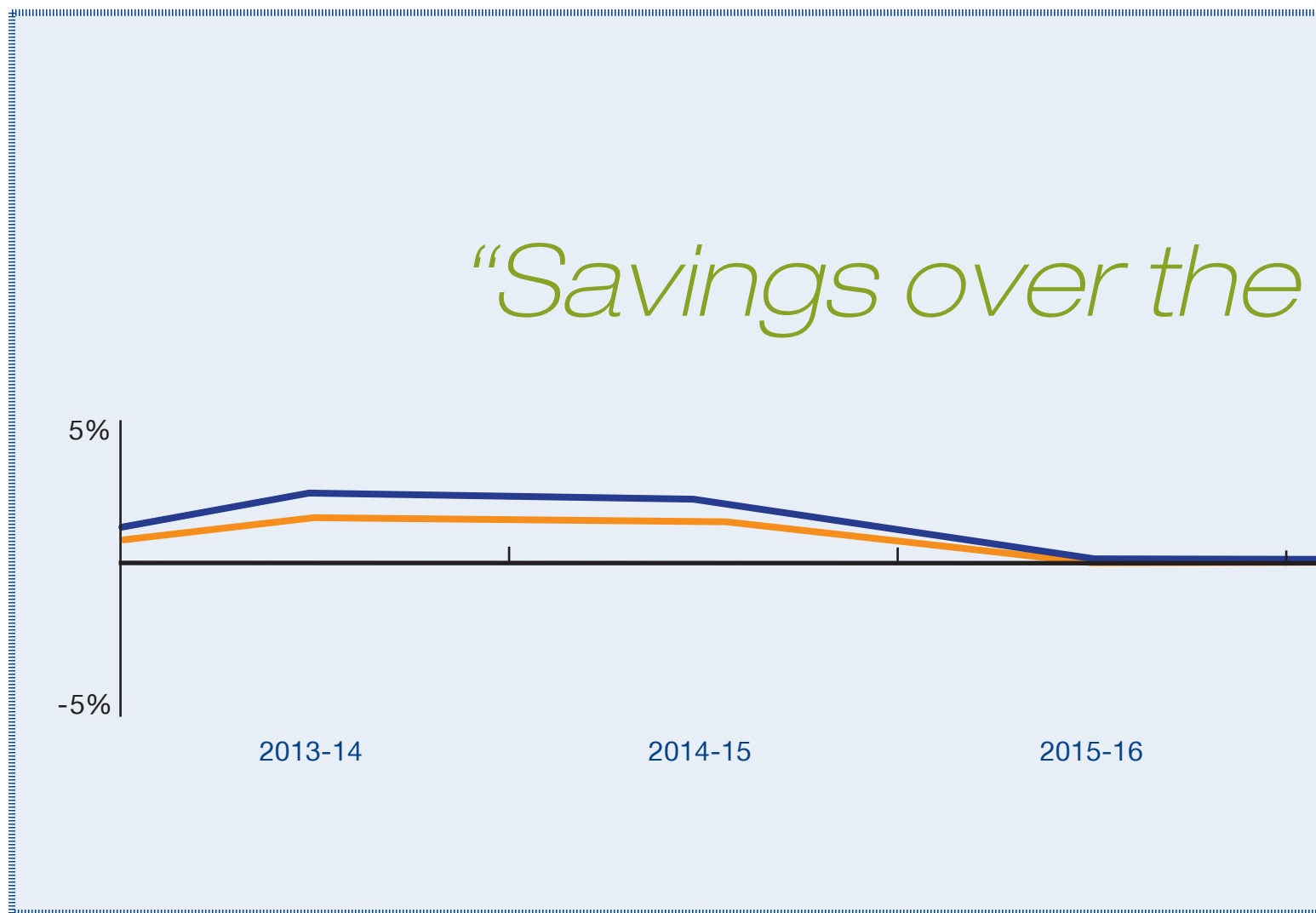
\$24.5M

Long-Term Rate Stability

Members in Rate Stabilization Programs

Workers' Compensation Agreements	35
Liability-Auto-Property Agreements	116
Total	151

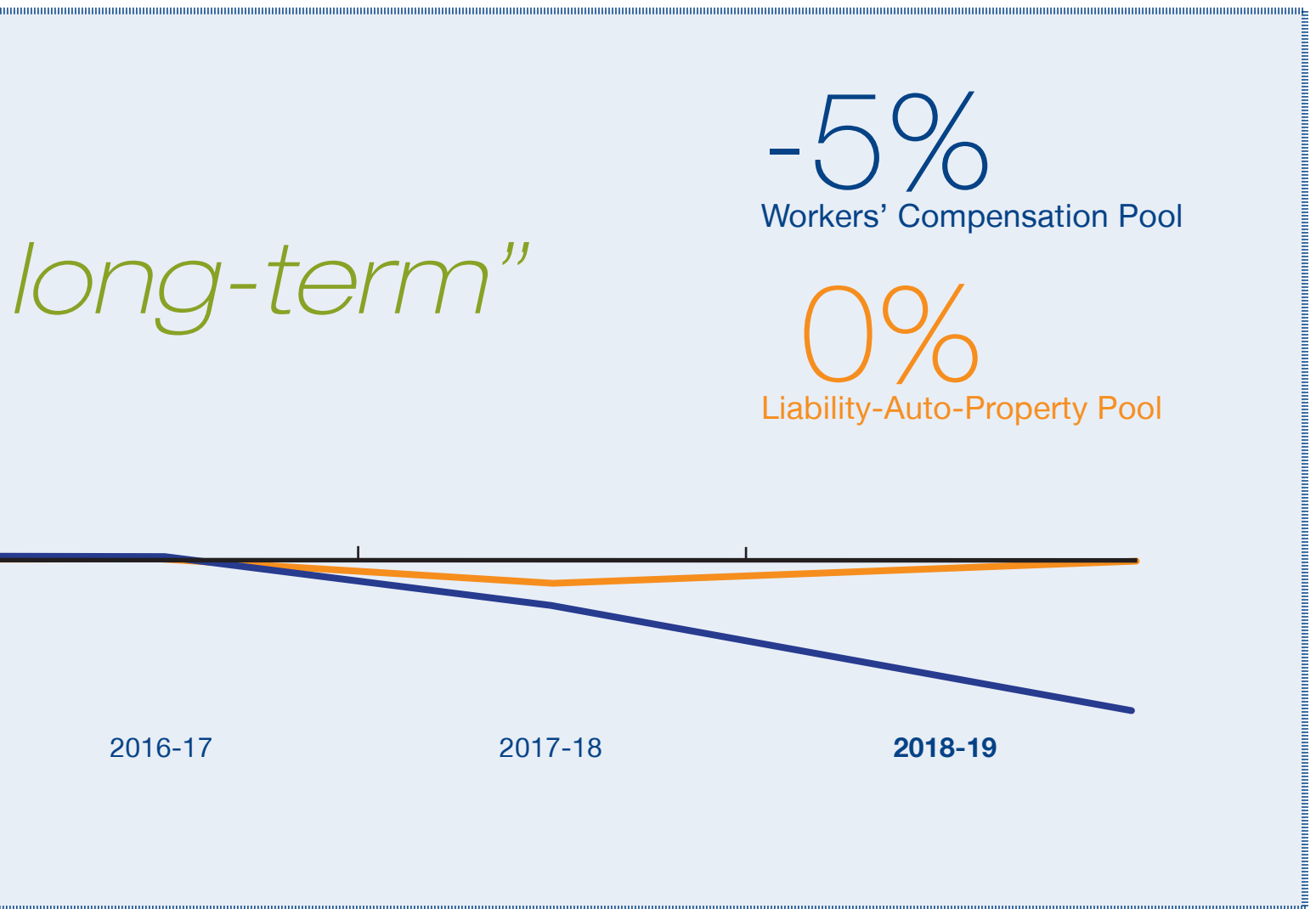
"Savings over the



“Stable rates helps build long-term membership and savings”

\$46,362,551

Total Premium in
Rate Stabilization Programs

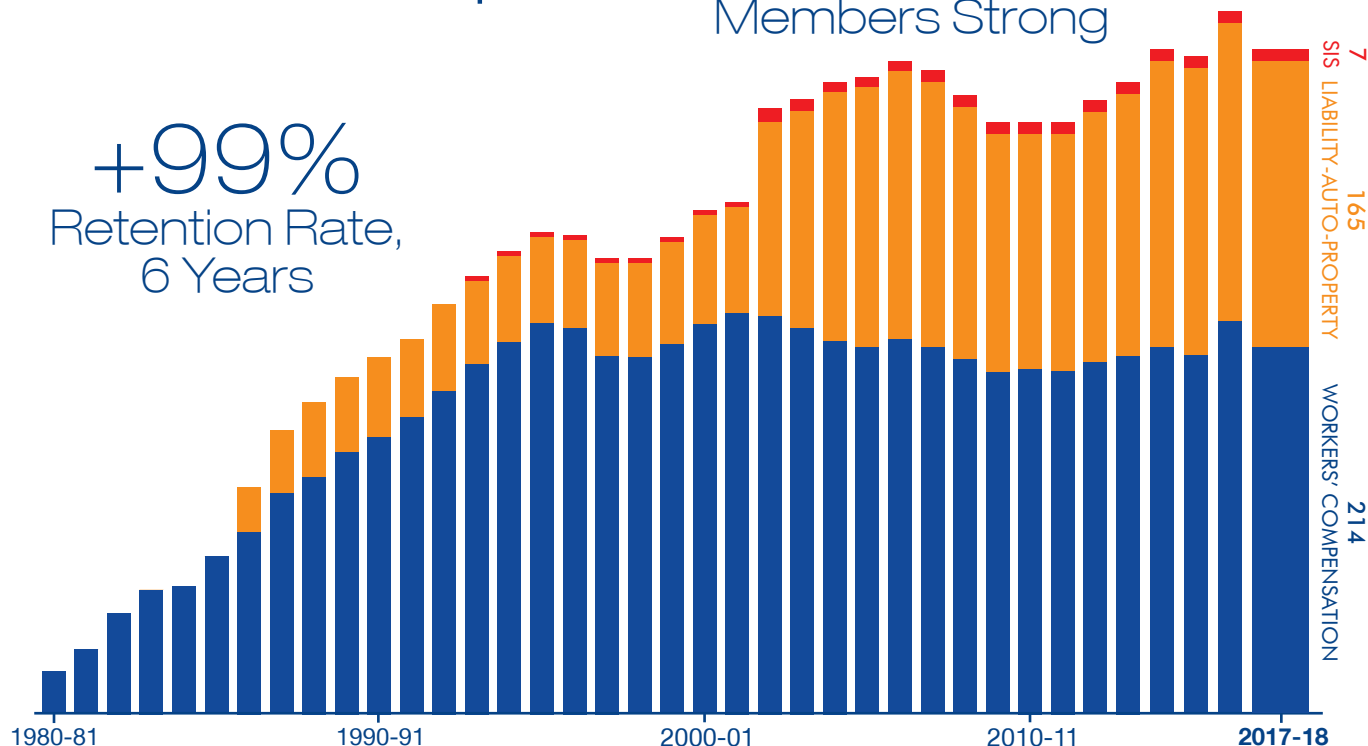


Value.

Membership

386
Members Strong

+99%
Retention Rate,
6 Years



Risk Profile

Liability-Auto-Property Pool

Police Officers	2,930
Students	246,626
Ambulances	110
Buses (other)	149
Fire Stations	263
Fire Trucks	658
Libraries	121
Motorcycles	53
Passenger Vehicles	1,067
Police Vehicles	2,211
Refuse Trucks	69
School Buildings	738
School Buses	418
Sewage Treatment Plants	49
Trailers	1,242
Town Halls	125
Trucks	4,374
Vans	723

Workers' Compensation Pool

Workers' Compensation
Total Payroll **\$3,328,385,658**

Total Number of
Insured Lives **73,700**



"CIRMA is a great asset. They're there to assist, help, and point us in the right direction in reducing losses."

Marco Gaylord, Director of Operations,
Middletown Public Schools

Total Insured Property Value **\$17,552,795,160**
Total Operating Expenses **\$6,505,692,711**

Expertise.

Claims Highlights

2017-18

*"Providing high quality claims services
tailored to municipal operations..."*

Workers' Compensation Pool

\$26,116,828
Direct Incurred

PPN Savings

\$2,155,685

Claims Managed/Settlements

6,308 / 227

PPN Members

100

Prescriptions Filled

11,523

Prescription Savings

\$732,715

Total Bill Review Savings

\$24,318,965

Liability-Auto-Property Pool

\$18,898,675
Direct Incurred

Claims Managed

2,398

Contracts Reviewed

225

Employment Practices
Helpline Calls

121

Recovery

Total Recovery

\$5,911,215

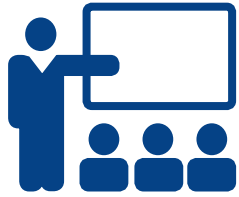
Subrogation

\$2,977,004

"CIRMA provides excellent guidance in the administration and settlement of claims..."
Jim Haselkamp, Director of Labor Relations, Trumbull

Risk Management Achievements 2017-18

Training



Total Attendance: 14,476

A 42% increase!

284 Instructor-led Sessions
7,144 Workshop Attendees



94% increase
in E-Learning!

7,332 E-Learning Participants
2 NEW Webinar Topics

Publications



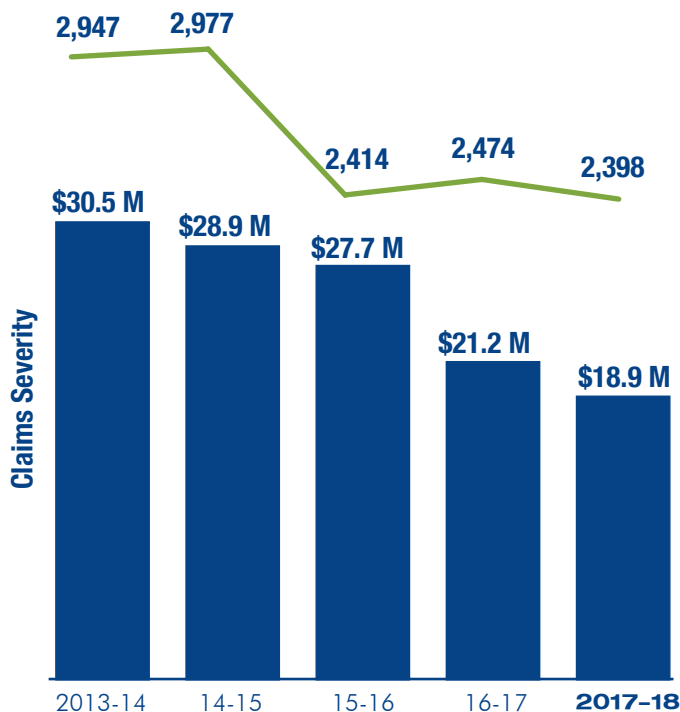
5 NEW White Papers
3 NEW Lessons Learned
4 NEW Roll Call Series Topics
3 NEW Hot Zone Series Topics
2 NEW Best Practice Guides

Consulting

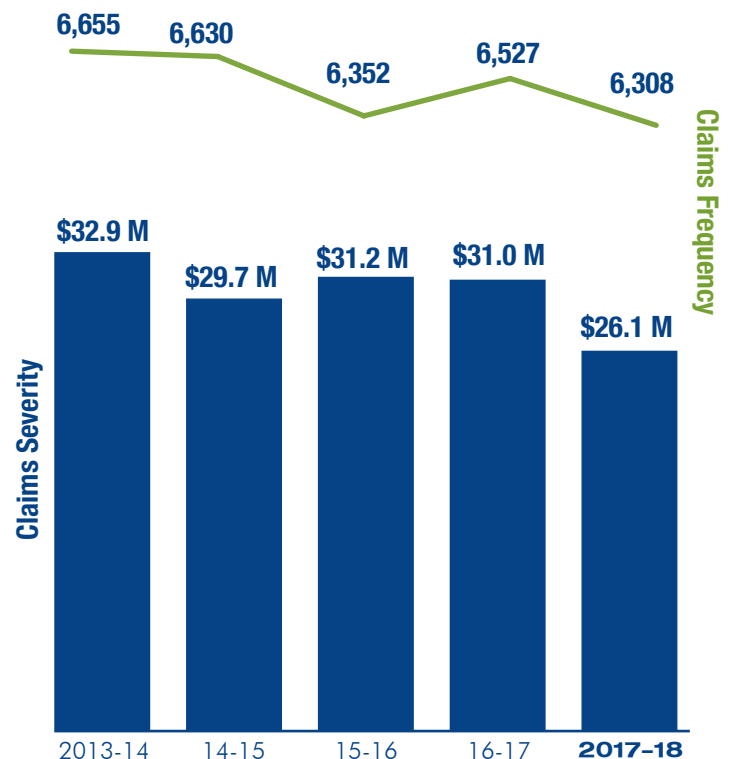


7,548 Consulting Hours
189 Stewardship Reports
180 Assessments Performed
25 Loss Analysis & Drill Down Reports

Liability-Auto-Property Pool results



Workers' Compensation Pool results



Excellence in Risk Management Awards 2019

Milford Public Schools

Substantial Impact on Total Cost of Risk

By promoting risk management efforts, adding safety and security staff, and increasing accountability for injuries, the Milford Public Schools made substantial reductions in Workers' Compensation injuries. Since 2013-14, the public schools have achieved:

- \$1.4 million in savings in indirect costs.
- 90% reduction in lost time.

Town of Rocky Hill

New and Innovative Risk Management Initiative

The Town of Rocky Hill reduced losses through the development of an online portal for employees. The portal provides easy access to training materials, OSHA compliance information, and Workers' Compensation claim reporting. The Town's results:

- Three-year reduction in lag-time reporting.
- Over 650 attendees at CIRMA regional training and E-Learning Center programs.

Middletown Public Schools

Establishing Risk Management as an Organizational Priority

The Middletown Public Schools are honored for their strides in improving their school security program. District leaders updated their Emergency Response Plan to include current and emerging threats, and made it easily accessible via smart phone during emergencies. Middletown Public Schools addressed aggressive behavior by incorporating a team of Board Certified Behavioral Analysts into their schools' behavioral management plans, in addition to assisting with classroom management.

Town of Coventry

Sustained Risk Management Program

In 2007, The Town of Coventry Parks and Recreation Department began addressing risks in their youth sports program. Coventry has consistently allocated time and resources to youth athletic safety, assuring that proper protocols are in place to protect their children and reduce liability. Over the past ten years, the Parks & Recreation department has:

- Less than \$5,000 total loss severity.
- Less than one claim on average per year.

"Empowering municipalities to manage risk."

Board of Directors

Barbara Henry, Roxbury, *Chairman*
Jayme Stevenson, Darien, *Vice Chairman*
Thomas Banisch, Madison
Mark Boughton, Danbury
Susan Bransfield, Portland
Robert Congdon, Preston
John Elsesser, Coventry
Matthew Galligan, South Windsor
Toni Harp, New Haven
Catherine Iino, Killingworth
Matthew Knickerbocker, Bethel
Marcia LeClerc, East Hartford
Curt Leng, Hamden
Leo Paul, Litchfield
Herbert Rosenthal, Newtown
John Salomone, Norwich
Scott Shanley, Manchester
Daniel Syme, Scotland
Michael Tetreau, Fairfield
Mark Walter, Columbia
Steven Werbner, Tolland

Budget and 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 Advisory Committee

Jonathan Berchem, Milford, *Chairman*
Kori Wisneski, Middletown, *Vice Chairman*
Matthew Bacon, Middletown
Gary Conrad, Westport
Evonne Duzant, New Haven
Rick Galarza, Hamden
Arthur Giulietti, Hamden
Paul Gills, New London
Mark Langton, Middletown
Kim Lord, East Windsor
Dana McGee, Rocky Hill

Claims Advisory Committee, continued

Mark Palmer, Coventry
Marie Sauve, Ellington
Lori Spielman, Ellington
Chris Toree, Norwalk
Shannon Walker, Windsor Locks
John Ward, Granby
Susan Zecca, Norwalk Police Department
Kathi Zygmunt, Meriden

Investment Committee

Leo Paul, Litchfield, *Chairman*
Thomas Banisch, Madison
Gary Conrad, Westport
Frank Chiramonte, Consultant
Judy Doneiko, Consultant
Adam Dunsby, Easton
Michael Gormany, New Haven
Sean Hendricks, Killingly
Barbara Henry, Roxbury
Paul Hopkins, Killingly
John Salomone, Norwich
Robert Swick, Milford Transit District

Law Enforcement Advisory Committee

J. Darren Stewart, Stonington, *Chairman*
Christopher Arciero, Canton
Nicholas Boulter, Simsbury
Shawn Corey, CTIC
Vincent DeMaio, Clinton
Robert Gagne, Orange
Jeremiah Johnson, Darien
Brian Klett, Rocky Hill
Michael Kowal, CTIC
Thomas Kulhawik, Norwalk
Denise Lamontagne, Cromwell
John Lozefski, Middletown
Brett Mahoney, Waterford
Michael Maniago, Torrington
Marc Montminy, Manchester
Marc O'Mara, CTIC
Mark Palmer, Coventry

Law Enforcement Advisory Committee, continued

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

Operations & Underwriting Committee

Mary Calorio, Putnam, *Co-Chairman*
Maria Capriola, Simsbury, *Co-Chairman*
Robert Buden, Plainville
Thomas Cooke, Simsbury
Michael Criss, Harwinton
Carl Fortuna, Old Saybrook
Lucian Jachimowicz, Newington Public Schools
Bonnie Reemsnyder, Old Lyme
Christine Sasen, East Hartford
Theodore Shafer, Burlington
William Strachan, Consultant
Shannon Walker, Windsor Locks
John Ward, Granby
Michael Wilkinson, Tolland
James Wren, Bloomfield

Risk Management Advisory Committee

Laura Francis, Durham, *Chairman*
Brenda Bergeron, DEMHS
Janette Devendorf, Manchester
Mitch Goldblatt, Guilford
Emmet Hibson, Fairfield
Mark Langton, Middletown Public Schools
Dawn Maselek, Vernon
Mary McCarthy, CT Technology Transfer Center
Joshua Medeiros, Cheshire
Debra Milardo, Madison
Tim Nolan, Danbury
Lee Palmer, New Milford
Vanessa Perry, South Windsor

Risk Management Advisory Committee, continued

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
Mark Walter, East Haddam
Steven Waznia, Berlin
Tim Webb, Ellington
Michael Wilkinson, Tolland
Louis Zullo, Cheshire

School District Advisory Committee

Julie Pendleton, Old Saybrook Public Schools, *Chairman*
David Bascetta, Torrington Public Schools
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
Matthew Geary, Manchester Public Schools
Peter Gerardi, Killingly Public Schools
Jordan Grossman, Canton Public Schools
Joann Keating, New Canaan Public Schools
John Maloney, Cromwell Public Schools
Jeffrey Nielsen, Milford Public Schools
Nancy Pugliese, CT State Dept. of Education
Kenneth Roy, Glastonbury Public Schools

OUR 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.

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

545 Long Wharf Drive, 8th Floor
New Haven, CT 06511-5950
203-946-3700 | www.CIRMA.org