

CIRMA

CONNECTICUT INTERLOCAL RISK MANAGEMENT AGENCY

Annual Report

2018
2019





David Demchak,
President & CEO, CIRMA

President's Message



Charting the Course Meaningful Progress for Sustained Success

For almost four decades, CIRMA has delivered on its mission to meet, if not exceed, the risk management and insurance needs of our members. We have charted the course for thoughtful and meaningful progress to establish market leadership and create one of the most successful collaborations between municipalities, schools and local public agencies in the U.S. This unique model continues to produce proven results that fuel our long-term success and play a vital role in helping our municipal members manage risk to sustain vibrant and thriving communities.

Over the past five years, CIRMA has achieved deliberate milestones in financial and operational performances. And the 2018-2019 policy year was no different, delivering exceptional financial results which are prominently featured throughout this report. However, we need to remember that this progress has been an ongoing journey—CIRMA's consistent financial and operational performance guarantees our ability to achieve our mission and continue to deliver meaningful and sustainable competitive advantages, over time.

Delivering Value, Over Time

Over the past five years, we have made thoughtful progress in ensuring the long-term value of CIRMA which is embodied in our strong financial and operational performance:

- Total Assets have grown by \$84.2M
- Members' Equity has grown by \$88.4M

- Nearly \$18M Members' Equity was distributed over the last five years, with \$30M distributed over the last nine years
- \$110,591,610 in medical cost savings have been achieved through CIRMA managed care programs
- Over 40% of our members benefit from CIRMA's industry-only three-year rate guarantees
- Almost 52,000 employees participated in CIRMA training

Progress for Tomorrow

The property casualty insurance market is evolving at a rapid pace. As we chart the course for continued success, our strategic business imperatives will remain focused on CIRMA's competitive vitality. While progress introduces change, we will continue to maintain the clarity of our mission and purpose.

Dedicated Partnership

CIRMA's mission was built to endure the challenges of the future while allowing us to be completely committed to serving the interests of our members. Our members are our passion—they are our neighbors, our children's teachers, our elected officials, our community.

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Our consistent and successful long-term financial strategy continues to deliver unmatched value and stability for our members.

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Developing Best-in-Class Talent

While I am proud of our strong financial results, our greatest asset we have is our employees. That's why we are committed to building the next generation of leaders and continually strive to provide our teams with leading tools, technology, and training to advance their professional skills and expand the depth of our talent. When our members need us, our dedicated teams and world-class business partners are ready to respond with deep expertise and a strong sense of compassion.

Investing in Innovation

Technology is advancing at lightning speed. Our nimble enterprise allows us to make thoughtful investments in innovations that will advance how we do business. Whether through investing in industry-leading platforms or harnessing the power of the sensor technology and the Internet of Things, we are transforming our competitive advantages to ensure we're positioned with capabilities, products and services that deliver leading results and enhanced member experiences for today and tomorrow.

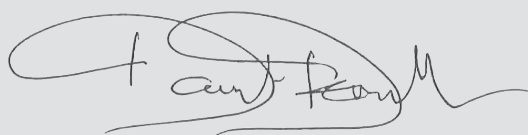
New Products and Services

Building for the future requires we leverage our knowledge of a changing environment—one that our members are faced with, day in and day out. Our new products and services help to enhance member experience and provide

protections from new and emerging risks. Examples include doing away with workers' compensation payroll audits, offering our new Surgery Concierge program, enhancing our cyber products and expanding our risk management tools and resources.

CIRMA is better positioned and stronger today than we were five years ago. The 2018-19 policy year was an exceptional one for CIRMA and its stakeholders. I'm excited for the future and looking forward to building our partnerships while sharing our continued progress together. *CIRMA + our members are better together* is more than just a slogan—it's our North Star that charts everything we do.

Sincerely,



David Demchak, President & CEO,
Connecticut Interlocal Risk Management Agency

“

**Delivering
meaningful and
sustainable
value for
our members.**

”



Financial Statements

ASSETS

Invested Assets	\$364,490,370	\$343,228,214
Cash	\$27,307,534	\$35,181,705
Other Assests	\$10,943,485	\$9,355,936
TOTAL ASSETS	\$402,741,389	\$387,765,855

LIABILITIES

Reserves	\$218,751,000	\$230,926,000
Current Liabilities	\$6,514,427	\$6,293,259
TOTAL LIABILITIES	\$225,265,427	\$237,219,259

MEMBERS' EQUITY

Members' Equity, Beginning of Year	\$150,546,596	\$125,817,781
Excess of Revenues over Expenses	\$35,866,930	\$27,572,714
<i>Distribution of Members' Equity</i>	(\$4,819,367)	(\$4,860,183)
Statutory Adjustment to Equity	(\$4,118,197)	\$2,016,284
MEMBERS' EQUITY, END OF YEAR	\$177,475,962	\$150,546,596
TOTAL LIABILITIES & MEMBERS' EQUITY	\$402,741,389	\$387,765,855

REVENUES

Premiums & Commissions	\$94,488,138	\$98,277,276
Reinsurance Premiums	(\$15,381,543)	(\$14,207,141)
Investment Income & Other	\$10,791,278	\$10,019,673
TOTAL REVENUES	\$89,897,873	\$94,089,808

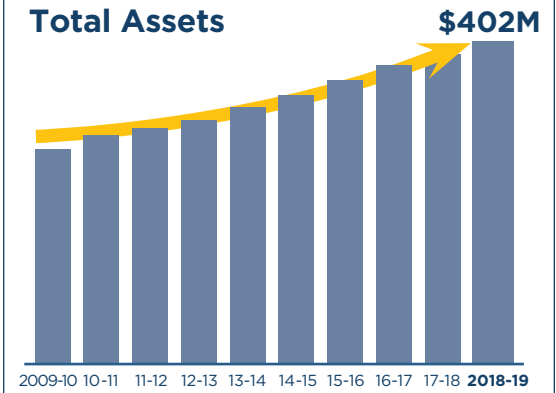
EXPENSES

Provision for Loss & LAE	\$44,605,942	\$57,107,192
Second Injury Fund	\$1,253,635	\$1,612,210
General & Administrative	\$8,171,366	\$7,797,692
TOTAL EXPENSES	\$54,030,943	\$66,517,094

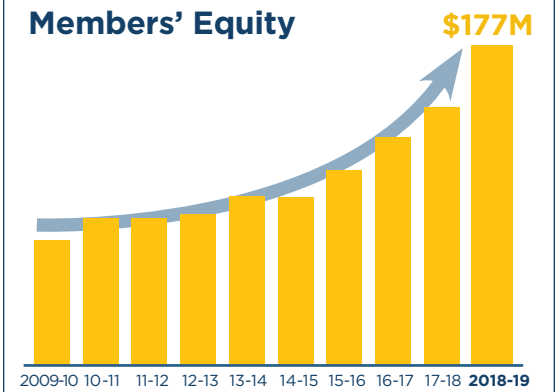
EXCESS OF REVENUES OVER EXPENSES

\$35,866,930	\$27,572,714
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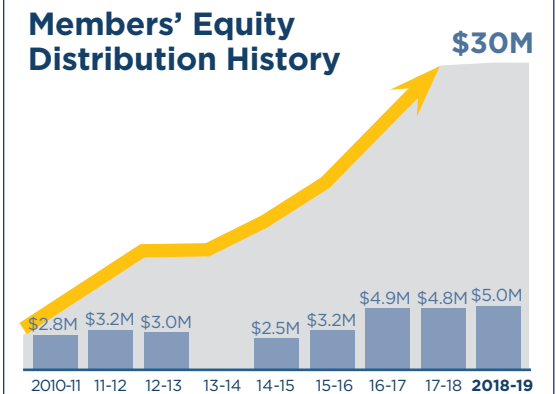
Total Assets



Members' Equity



Members' Equity Distribution History



Auditors, Grant Thornton LLP | STAT

Sustained Success + Record Highs

2018-19 was another year of outstanding financial achievements.

+\$84.2M

Increase in Assets
Over Last 5 Years

+\$88.4M

Increase in Members'
Equity Over Last
5 Years

\$30M

Total Members' Equity
Distribution Over
Last 9 Years

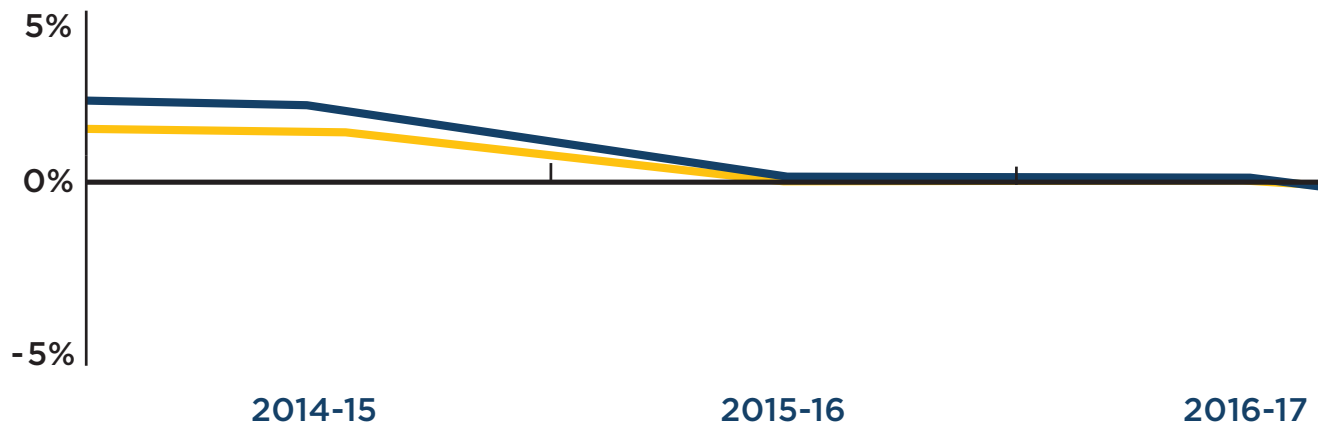
Long-Term Rate Stability

Members in Rate Stabilization Programs

Workers' Compensation Agreements	38
Liability-Auto-Property Agreements	119
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Total	157

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Delivering meaningful and sustainable



\$43,176,967

Total Premium for
Rate Stabilization Programs

value, over time.

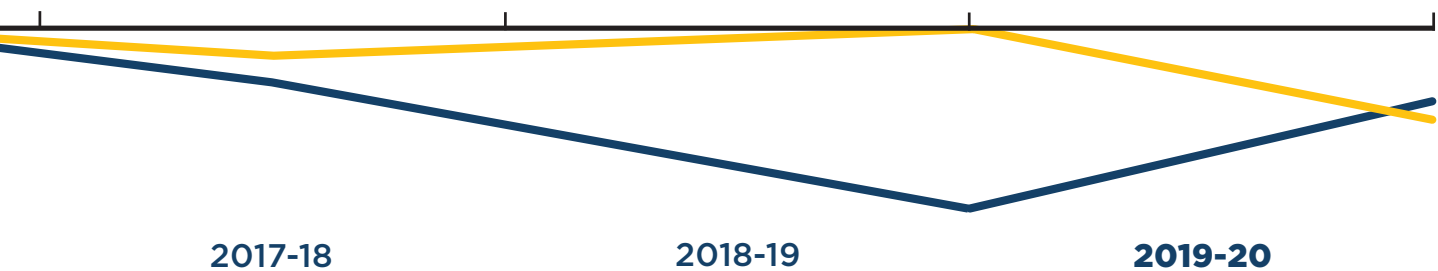
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-2.5%

Workers' Compensation Pool

-3.0%

Liability-Auto-Property Pool





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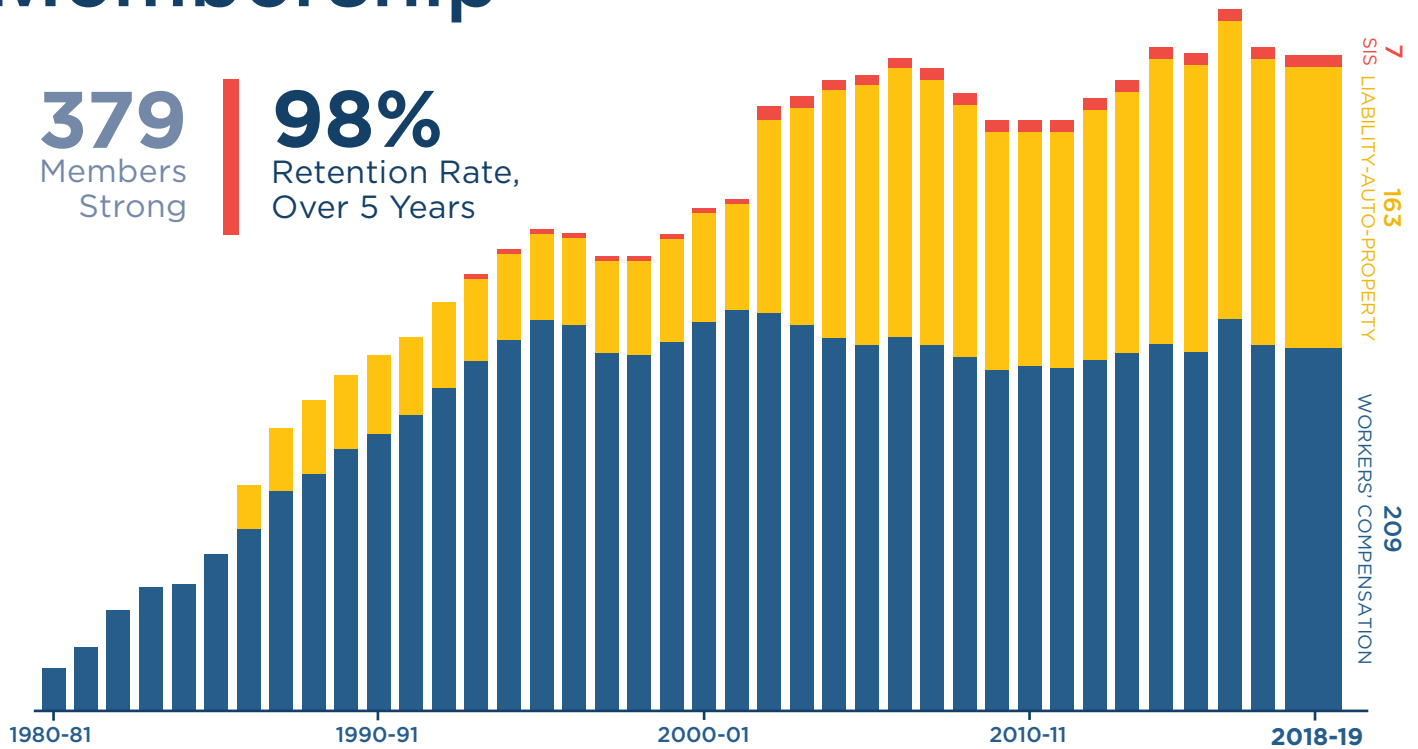
**We protect
Connecticut.**

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Membership

379
Members
Strong

98%
Retention Rate,
Over 5 Years



Risk Profile

Workers' Compensation Pool

Workers'
Compensation
Total Payroll **\$3,345,399,519**

Total Number of
Employees and
Volunteers Protected **71,700**



Liability-Auto-Property Pool

Police Officers	3,090
Students	249,918
Ambulances	117
Buses (other)	162
Fire Stations	263
Fire Trucks	685
Libraries	121
Motorcycles	57
Passenger Vehicles	1,189
Police Vehicles	2,405
Refuse Trucks	78
School Buildings	746
School Buses	403
Sewage Treatment Plants	49
Trailers	1,326
Town Halls	125
Trucks	4,563
Vans	7,772

Total Insured Property Value **\$17,220,642,286**
Total Operating Expenses **\$7,199,263,502**

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**We care.
We do it right.**

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Claim Highlights

Workers' Compensation Pool

DIRECT INCURRED
\$24,703,546

\$2,391,046	\$23,310,579	6,552 / 218
PPN Savings	Total Bill Review Savings	Claims Managed and Settlements
10,974	\$714,062	5.6% vs. 11%*
Prescriptions Filled	Prescription Savings	Pharmacy Spend <small>*industry average</small>

Total Managed Care Savings over the last 5 years **\$110,591,610**

Liability-Auto-Property Pool

DIRECT INCURRED
\$18,380,284

2,284	241	\$14,187,732
Claims Managed	Contracts Reviewed	Favorable Litigation Outcomes

Recovery/Subrogation

\$2,858,370	\$1,816,538
Total Recovery Returned to Our Members	Subrogation

Total Recovery/Subrogation over the last 5 years **\$18,613,865**

Risk Management Achievements

Training and Education

15,029 Total Training Attendees - All-time High!



7,401 Workshop Attendees
271 Instructor-led Sessions

7,628 E-Learning Participants
118 NEW Webinar Topics

NEW Publications

- 3** White Papers
- 6** Lessons Learned
- 7** Roll Call Series Topics
- 3** Financial Risk Management Tools
- 2** Best Practices Guides

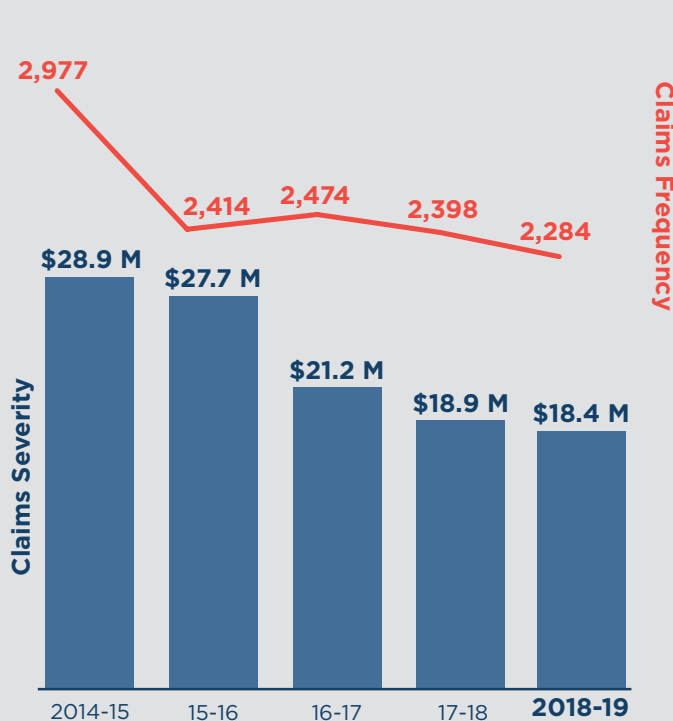


Consulting

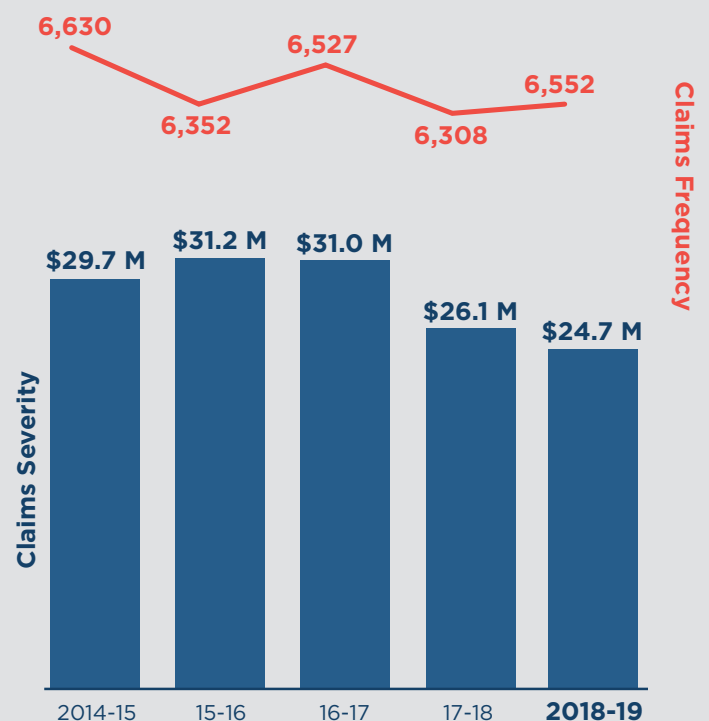


7,521 Consulting Hours
161 Stewardship Reports
239 Assessments Performed

Liability-Auto-Property Pool Results



Workers' Compensation Pool Results



Excellence in Risk Management Awards

2020



Town of Clinton Police Department

Substantial Impact on Total Cost of Risk

We know that the most effective and robust risk management program is only as strong as those who adopt and live it. The Town of Clinton's Chief of Police has extracted proven value from his risk management program to achieve outstanding results. Whether it be through effective accident review or the implementation of leading return-to-work programs, his leadership has fostered a culture of safety and has influenced significant changes in behaviors throughout his organization. The results speak for themselves—the Town of Clinton's Police Department's accomplishments have led to the following outcomes since their Chief of Police has taken command:

- 89% decrease in lost work time claims severity
- 45% reduction in the number of lost work days



Town of Vernon

New and Innovative Risk Management Initiative

If you're seeking the latest innovations in risk management, you'll uncover some cutting-edge capabilities right here in the State of Connecticut. The Town of Vernon took to the skies and implemented a public safety drone program that revolutionized the Town's search and rescue efforts. The program has reduced workers' compensation exposures and is renowned as an effective and innovative approach to managing risk. In addition, the Town's innovative risk management drone program contributed to the following outcomes:

- Reduced Public Safety Workers' Compensation severity by almost 50% since the inception of the drone program
- Recognition from peers across the State of Connecticut as a leader in innovation



Town of Madison

Establishing Risk Management as an Organizational Priority

This town makes risk management a top priority. The Town of Madison's team continuously demonstrated its commitment to the shared responsibility of safety by establishing risk management as an organizational priority. Their leadership is deeply engaged and the management team works in concert with the CIRMA team, bringing to bear all the expertise, tools and solutions to deliver superior outcomes. As a result, the Town has achieved the following notable outcomes:

- Claim frequency decreased over the past year, achieving an impressive 41% loss ratio
- Almost 100 E-Learning courses were completed and over 250 employees were trained



Town of Columbia

Sustained Risk Management Program

The Town of Columbia is truly committed to the safety of its employees and community. The town's leadership decided to proactively take action and created a long-term risk management plan to address a need within their community. This plan required comprehensive planning, dedicated capital expenditure budgeting and unwavering commitment to achieving demonstrable results. The Town of Columbia's sustained commitment to risk management led to the following outcomes:

- General Liability claim severity, as a result of outdoor slips and falls, was reduced by 73%
- The Town of Columbia achieved a 0% loss ratio over the past year

Goverance 2018-19

BOARD OF DIRECTORS

Jayne Stevenson, Darien, *Chairman*
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Susan Bransfield, Portland
Robert Congdon, Preston
John Elsesser, Coventry
Matthew Galligan, South Windsor
Toni Harp, New Haven

Barbara Henry, Roxbury
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
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Leo Paul, Litchfield

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Mark Palmer, Coventry

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Shannon Walker, Windsor Locks
John Ward, Granby
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Barbara Henry, Roxbury

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John Salomone, Norwich
Robert Swick, Milford Transit District



CIRMA + Our Members.

LAW ENFORCEMENT ADVISORY COMMITTEE

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Nicholas Boulter, Simsbury
Scott Custer, South Windsor
Vincent DeMaio, Clinton
Jeremiah Johnson, Darien
Brian Klett, Rocky Hill
Michael Kowal, CTIC

Thomas Kulhawik, Norwalk
Denise Lamontagne, Cromwell
John Lozefski, Cromwell
Brett Mahoney, Waterford
Michael Maniago, Torrington
Marc Montminy, Manchester
Marc O'Mara, CTIC
Mark Palmer, Coventry

Peter Reichard, New London
Tim Silva, Waterford
Elliot Spector, Hasset & George, PC
Michael Spera, Old Saybrook
Edward Stephens, Wolcott
William Tanner, POST
Michael Timbro, Middletown

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John Ward, Granby, *Vice Chairman*
Mary Calorio, Killingly
Michael Criss, Harwinton
Carl Fortuna, Old Saybrook
Nancy Haynes, Bloomfield

Lucian Jachimowicz, Newington
Public Schools
Vanessa Perry, South Windsor
Michael Purcaro, Vernon
Bonnie Reemsnyder, Old Lyme
Christine Sasen, East Hartford

Theodore Shafer, Burlington
William Strachan, Consultant
Shannon Walker, Windsor Locks
Michael Wilkinson, Tolland

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Thomas Banisch, Madison
Brenda Bergeron, DEMHS
Janette Devendorf, Manchester
Marc Fasano, POST
Mitch Goldblatt, Guilford
Emmet Hibson, Fairfield
Mark Langton, Middletown Public Schools
Melissa Maltese, East Windsor

Dawn Maselek, Vernon
Mary McCarthy, CT Technology
Transfer Center
Joshua Medeiros, Cheshire
Debra Milardo, Madison
Tim Nolan, Danbury
Vanessa Perry, South Windsor
Lauren Rhines, Madison
Kirk Severance, Granby
Elliot Spector, Hasset & George PC

Michael Spera, Old Saybrook
J. Darren Stewart, Stonington
William Tanner, POST
Kenneth Tucker, CT Department
of Labor, OSHA
Mark Walter, East Haddam
Steven Waznia, Berlin
Tim Webb, Ellington
Michael Wilkinson, Tolland
Louis Zullo, Cheshire

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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 Department
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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 Department
of Education
Kenneth Roy, Glastonbury Public Schools



Better Together.

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, Boards of Education 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.

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.

Contact Us



**545 Long Wharf Drive, 8th Floor
New Haven, CT 06511-5950**



203.946.3700



CIRMA.org

