

TESTIMONY IN SUPORT OF LEGISLATIVE ACTION TO FACILITATE IRMA OPERATIONS

TESTIMONY BEFORE THE INSURANCE AND REAL ESTATE COMMITTEE OF THE CONNECTICUT GENERAL ASSEMBLY

HB – 5011

My name is Karl Kilduff. I have been an active member of the MIRMA Board of Directors since 2004. Presently I serve as the Town Administrator for Darien. At the time of joining the MIRMA Board, I was the Town Manager of North Branford. In both of these communities, a clear choice was made to place workers' compensation coverage with MIRMA.

Good fiscal environment or not, municipalities are challenged with finding cost effective options that deliver the best value for their constituent taxpayers. Competition is critical to developing cost effective insurance solutions – be it the insurance market or not. Clearly, the sense of competition and delivering cost effective solutions were at the heart of the General Assembly's efforts to establish the original IRMA statute. At the time, municipalities had few realistic options for insurance coverage. The State built on its public policy commitment by providing the initial capital for the first municipal IRMA.

A similar circumstance existed in the early 2000s with few insurance alternatives in the State as carriers withdrew from the municipal market. MIRMA was created to address that need. However, MIRMA had to be incubated much like any start-up business – by its own efforts. Recently, MIRMA's efforts have taken the form of assessing its membership to address a deficit situation and to build the reserves required under the IRMA statute.

The decision to assess did not come lightly to the Board. We were all cognizant of the fact the all levels of government face a unique fiscal challenge today. Without the flexibility that would be established by HB 5011 to extend the Reserve for Contingency requirement to July 1, 2016, municipalities will face an undue burden to fund their assessment in an unrealistic short-term as well as deliver core services when State aid is likely to be reduced.

While the State cannot provide the capitalization it afforded the first municipal IRMA, it has the power to create an environment through public policy that will allow the second IRMA to establish itself, receive the capitalization it needs from its membership, and give its member municipalities the time to make its payments without hurting the taxpayers of small town Connecticut.

Karl F. Kilduff
February 9, 2010