



**TESTIMONY OF DANIEL T. DREW
MAYOR OF MIDDLETOWN, CONNECTICUT**

**SUBMITTED TO THE LEGISLATIVE REVIEW AND
INVESTIGATIONS COMMITTEE**

SEPTEMBER 25, 2012

Good morning Senator Fonfara, Representative Rowe, and members of the Program Review and Investigations Committee. My name is Dan Drew; I am Mayor of the City of Middletown.

It is my pleasure to appear before you this morning to speak in reference to the matter identified on your agenda today as an Investigation into the Assessment Methodology and Process to Fund the Insurance Department. This matter is of significant interest and concern to MiddleOak Insurance, which is headquartered in Middletown.

MiddleOak Insurance is an important business to Middletown.

With nearly 200 people employed in our city, MiddleOak is a model corporate citizen in our community. Its employees live, work and raise their families in and around Middletown. Indeed, having operated in Middletown since 1836 Middlesex Mutual Insurance Company, which is wholly owned by MiddleOak, is among the oldest insurance companies not just in Middletown but the entire State of Connecticut.

MiddleOak works to give back to Middletown and the State of Connecticut in countless ways, both large and small. Just this past spring MiddleOak was recognized for its support of its employees deployed to Afghanistan, as well as their families who awaited their safe return, with the Above and Beyond Award from the U.S. Department of Defense.

I could go on.

I have spoken with MiddleOak CEO Gary Vallo about the heavy financial burden the Department of Insurance Assessment places on his business, a

burden which has nearly doubled in just the last four years and now exceeds three-quarters of a million dollars. While I recognize that this is not an uncomplicated issue, I am also keenly aware of a few simple facts.

- Only a handful of the companies regulated by the DOI pay all of the freight to fund the agency, and most pay nothing
- The majority of states assess all the insurance companies that do business in their jurisdiction, not just those domiciled in their state
- Under the current arrangement, insurance companies whose headquarters are based in Connecticut are at a competitive disadvantage compared to those who are not

The bottom line is that the current arrangement is unsustainable for this important Middletown corporate citizen.

I urge this committee and the legislature to work with Mr. Vallo to fashion a solution that will help MiddleOak operate successfully in Middletown well into the future. Thank you for your consideration.