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Written Testimony of
State Representative Tim Larson, 11th District
HB 6611 "An Act Concerning State Employees' Pensions Solvency"

March 12, 2013

Senator Crisco, Rep. Megna and members of the Insurance Real Estate Committee, thank you for allowing me to testify in support of HB 6611 "An Act Concerning State Employees Pensions Solvency".

If I had a dollar for every time the expression "All you guys do is move the deck chair around on the Titanic"... I would be a wealthy man. This proposal, is used in the Private sector, is routine. It uses Millions of dollars in life insurance to cover the insurable interests of KEY men and woman in both private and nonprofit sectors. This strategy tied to the OPEB liability with an irrevocable trust will allow the state an opportunity to backstop its Health insurance Open liability and reduce the exposure that the state currently carries on a cash basis. Today, unlike the defined benefit plan, the state currently has a funding source through the state treasurer.

This concept would provide several benefits depending on how it is to be structured.

To the employee: (1) assurance that future obligations can be met, (2) a benefit to that employees estate, (3) potential reduction to the premium share currently being paid by employees in certain tiers.

To the state: (1) revenue stream to offset current liability, (2) support the future cost scenarios and effect on GASB, (3) Possible self investment if designed appropriately.

To the market: (1) a substantial premium injection depending on how the benefit is rolled out. (We have two professionals who we have been working with to develop this concept.)