CFSIC Update and Briefing:

State of Connecticut
General Obligation Bonding Subcommittee
March 18, 2019

Steven Werbner, President
CFSIC

Michael Maglaras, Principal
Michael Maglaras & Company
Superintendent, CFSIC

www.crumblingfoundations.org
Why a Captive?

- Statute facilitates rapid implementation and deployment of non-commercial insurance company
- Permits outsourcing of all needed services to qualified vendors without associated personnel and related expense
- Supports tax-exempt mission and goals
- Ideal structure when the transaction is non-commercial in nature
Organizational Structure of CFSIC

The Crumbling Foundations Assistance Fund (CFAF) is the transfer mechanism for capital from the State of CT.

CFAT is a tax-exempt trust formed under the authority of the Treasurer of Connecticut and serves as the “Sponsor” of CFSIC.

The Cell is an unincorporated entity warehousing assets and liabilities.

CFSIC is a sponsored captive with $225,000 of capital and surplus; sponsor of Cell.

CFSIC Cell is unincorporated, fully-consolidated with CFSIC, and is the claims-payer.

Single trustee, duties: approve CFSIC audit; approve Board; transfer funds.

CFSIC has applied for tax-exempt status; is a sponsored captive under CT Insurance Department regulation.
CFSIC’s Directors & Officers

**Board of Directors:**
- Steven Werbner (President, Member of the Executive Committee)
- John Filchak
- Lyle Wray (Vice President)
- Mark McDonnell
- John Rachek
- Daniel Keune (Secretary)
- Donald Poulin
- Bruce Kellogg (Vice President, Member of the Executive Committee)
- (one vacancy)

**Ex-Officio (non-voting) Directors:**
- State Representative Jeff Currey
- State Representative Kurt Vail
- State Senator Cathy Osten
- (one vacancy)

**Additional Staff:**
- Additional Officer: Marcy Waterfall (Assistant Secretary)
- Superintendent: Michael Maglaras & Company
CFSIC Outsourced Service Provider List

CFSIC Board of Directors

Actuary 1

Superintendent 2

Auditor 3

Captive Manager 4

Claim Manager 5

Public Outreach 6

Legal Services 7

Notes:
1) Milliman; 2) Michael Maglaras & Company; 3) Crowe LLP; 4) Marsh; 5) ESIS ProClaim; 6) MRW Connected; 7) Paul Frank + Collins and Rogin Nassau
Where Are We?

- CFSIC is incorporated on June 27, 2018; Board of Directors appointed
- CFSIC’s license is granted by the Connecticut Insurance Department on August 8, 2018
- First part of initial fiscal year ending 2018 grant provided to CFSIC in August...$850,000 ($225,000 immediately sequestered to secure insurance license); second part $19.150M paid in November 2018
- November through December 2018: built claims management infrastructure
- CFSIC launched on January 10, 2019
CFSIC Total Application Activity
(valued as of 3/15/19)

- Total Apps: 516
- Type 1s: 442
- Type 2s: 74
CFSIC Cash on Hand to Claim Reserves
(valued as of 3/15/19)

-$18,100,000

-$58,200,000

Cash on Hand

Claim Reserves
CFSIC Cash on Hand to Claim Reserves
(actual, including projected)

- **3/15/19 Actual:** $18.1M
- **4/30/19 Projected:** $14.9M
- **6/30/19 Projected:** $8.5M