

House-passed concrete aid bill extends life of captive insurance company

By Eric Bedner / Journal Inquirer Jun 2, 2021



HARTFORD — Crumbling foundation legislation that overwhelmingly cleared the House last week extends indefinitely the expiration date of the captive insurance company fixing homes and provides funding that captive Superintendent Michael Maglaras said could help convince the federal government to contribute funding for more repairs, including to nonresidential structures.

The bill, which passed the House on a 144-2 vote would eliminate the June, 30, 2022, expiration date of the Crumbling Foundations Solutions Indemnity Co., or CFSIC, allowing the General Assembly to decide when to terminate the company.

The measure also includes a one-time cost of up to \$175,000 in fiscal year 2022 to allow CFSIC to use existing funds to research and report the extent of crumbling foundations in nonresidential buildings, including schools, libraries, bridges, and commercial structures.

Operators of quarries that produce aggregate for use in concrete would have to report to the state geologist and the Department of Energy and Environmental Protection their mining processes, storage, quality control methods, characteristics of aggregate, and analysis of core samples, among other requirements.

The proposal also would prevent municipalities from reassessing a home that had been previously reassessed until a home's foundation has been fixed. Currently, there is a five-year cap on reduced assessments.

The bill awaits action in the Senate before the session adjourns June 9.

"The major, overarching thing that we are rejoicing about here is the removal of the sunset date because that was holding over our heads," Maglaras said, adding that if the company was forced to terminate next summer, he would have to begin winding down CFSIC this October. "That's not going to happen. The first major obstacle has been removed."

While an initial bill called for extending a \$12 annual surcharge on certain homeowner insurance policies to 2041, lawmakers compromised and left the current expiration date at the end of 2029.

CFSIC is expecting roughly \$10.6 million in funding from the surcharge next fiscal year, according to Maglaras.

Along with the roughly \$95 million CFSIC is expecting to receive in surcharge funds over coming years, Maglaras is working with lawmakers to secure another \$100 million in \$20 million installments in bonding over five years.

"If I get another \$100 million, this problem is off the plate of state government," he said. "It's done. We'll fix it."

Maglaras said there is \$175,000 included in the bill that would enable CFSIC's engineers to quantify the nonresidential structures that are affected, and he hopes it would lead to a definitive scope of the crisis that could then be brought to the federal government.

He noted that with President Joe Biden's focus on infrastructure, a clear representation of the facts could motivate action on the federal level.

"It will get us to the point where we stop talking about rumor," Maglaras said. "With hard facts, we can start to approach the federal government. ... That's our ticket."

If federal funding were to come, he said he is hopeful that CFSIC would be the entity to administer assistance and fix all affected structures.

"We'll deliver everything we delivered on the residential side," Maglaras said.

"This is really important for us to understand the state of the nonresidential buildings that might be suffering from the same problem that our homes in our districts and areas are suffering from," Rep. Jamie Foster, D-Ellington, said.

She added that requiring quarry operators to report their aggregate to the state should help prevent the issue from re-emerging.

“This is a tragedy that has really struck our communities, and we do not want to be in a similar situation where we have quarries distributing and using contaminated concrete,” Foster said.

Rep. Tammy Nuccio, R-Tolland, whose district includes Birch Grove Primary School’s \$46 million foundation replacement in Tolland, said that about 22% of all CFSIC claimants are residents of her district.

“This is something that has rocked my community,” she said, adding that “several businesses” in the district are also affected, and that about \$31 million is expected to be needed to fix structures in the district over the next two years.

“Taking the CFSIC deadline and extending it out is vital to making sure that we recognize this natural disaster,” Nuccio said. “We’re going to be able to look beyond just residents with this.”

Rep. Thomas Delnicki, R-South Windsor, said that CFSIC has proven to be a valuable partner and the results speak for themselves.

“We should mark this as a success story when you think about it — the fact that we’re able to put people’s lives back together, their homes back together, return it to the tax rolls, and take the stigma off of the eastern part of Connecticut,” he said.

The Crumbling Foundation Caucus, a bipartisan group of area legislators working on the crisis, has continued to collaborate with other members of the General Assembly to garner support from lawmakers in districts that are not affected by crumbling foundation woes.

“Those impacted by this issue have vigorous advocates on both sides of the aisle,” Rep. Joseph Zullo, R-East Haven, said. “For those who continue to suffer with this issue, please know that you have people here who are looking out for you and doing the very best that they can do to address this issue.”

“If your hometown is not impacted by it, the fact that you are taking all of us under your wings and helping us solve this problem is not something that I will forget,” Nuccio said to fellow legislators.