

Captive insurance company begins work on concrete foundation at Willington condo complex

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The captive insurance company fixing homes with crumbling foundations has reached another milestone, breaking ground today on the first condominiums in need of repairs, company Superintendent Michael Maglaras announced.

The Connecticut Foundation Solutions Indemnity Co. began fixing foundations today at Willington Ridge condominium complex in Willington after a lengthy application process that is complicated by the requirement that condo associations coordinate with their residents the logistics of applying for remediation.

“It’s an important moment in the program,” Maglaras said Sunday. “It’s a success on all fronts. ... In the crumbling foundation world, it’s a real cause for celebration.”

Willington Ridge condominiums became the first in the state to receive funding from the Connecticut Foundation Solutions Indemnity Co. and broke ground today to begin repairs to its crumbling foundations.

With the final round of \$20 million in state bonding scheduled to be approved this year, more than 50 other condominiums are expected to be able to access funding for repairs.

CFSIC is pushing for its expiration date to be extended as there is a funding stream through 2030 without anywhere to go if the company dissolves as currently scheduled on June 30.

Maglaras said “there was a lot of heat that we were taking in CFSIC over the fact that condo’s weren’t being done,” but noted that unlike with individual homeowners, condominiums are much more complicated as residents do not own their foundations, but only the buildings they live in.

Unlike individual homeowners, condominiums have to come together with their board of directors, the condominium association, and residents to devise a logistical plan for contractors and excess costs not covered by the captive insurance company.

Funding for crumbling foundation fixes for condominiums is capped at \$70,000 per unit, an increase from the initial cap of \$40,000, Maglaras said. The new cap will cover about 93% of remediation costs for the Willington condo residents.

Following the lengthy and complicated process for condominiums, Willington Ridge will have 34 families back in their homes safely once repairs are complete, he said.

“This is, in many respects, the worst example of profound concrete damage in any condominium that exists,” Maglaras said. “It’s a textbook example of a board coming together with all of its families and that association and making it work.”

“I want to thank the entire CFSIC team for their help,” Heidi Zelonka, president of Willington Ridge, said in a written statement, adding that she was in daily communication with Maglaras toward the end of the approval process. “All of us at Willington Ridge will now have a new lease on life.”

In a written statement, Steve Werbner, president of CFSIC’s board of directors, noted that condos have been hit hard by the crumbling foundation crisis, “and none more so on a per capita basis than Willington Ridge.”

“We’re breaking ground today with the first building in this association,” he said. “It’s a real cause for celebration.”

Maglaras added that while the approval process for condominiums is lengthier and more complicated, “the folks at Willington Ridge had their act together and moved with real speed to get this done.”

The captive insurance company is scheduled to receive its last round of \$20 million in state bonding this year, which Maglaras said would help get 51 more condominiums in various associations funding.

“We will put them immediately in line” once funding is allocated, he said.

As of Friday, the captive insurance company had fixed 291 homes since it launched a little more than two years ago.

However, Maglaras said that more funding and legislative action is needed to continue the progress that has been made.

Perhaps most pressing is extending the expiration date of CFSIC, which is scheduled to terminate on June 30, 2022.

Considering there is a surcharge on certain homeowner insurance policies that runs until 2030, the revenue of which is being used to fix foundations, CFSIC must be extended or else there is no telling where that revenue would go, Maglaras said.

He said he would like to see the captive extended to 2030 at “a minimum,” adding that there are thousands of homes still to be fixed.

“This problem isn’t going away,” Maglaras said.

One idea he is floating is to prefund the surcharge funds through state bonding that would be backed up by surcharge revenue.

That would enable CFSIC to continue operations, instead of receiving the roughly \$11 million in surcharge funding, using it to fix homes, and then halting applications until the next year’s funding is allocated, Maglaras said.

While Maglaras initially announced in 2019 he would step down from his leadership position, he said the board of directors felt it would be detrimental, and Maglaras said Sunday that he would remain in his position through 2022.

“I didn’t want to walk away and leave work undone,” he said.

This story has been edited to correct the expiration date for the captive insurance company.