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March 7, 2025

Letter of Commitment for Budget Stabilization Program between the  
Connecticut Interlocal Risk Management Agency (CIRMA)  
and the  
Town of Canton and Canton Board of Education  
Effective 7/01/25-26 – 7/01/27-28

CIRMA certifies that the Town is eligible for the Budget Stabilization Program for Liability-Automobile-Property (LAP), which includes enhanced risk management services, and a multiple-year coverage period with stabilized rates applicable to annual contributions.

This program provides the following benefits to help the Town address their LAP losses:

- The Town receives a customized risk management program to reduce loss costs and insurance premiums.
- The Town secures a stable multi-year risk management budget to facilitate municipal financial planning.
- The Town re-allocates savings from loss costs and insurance premiums to risk management programs and other municipal operational expenses.
- The Town enhances its community goodwill and public image through improved risk management practices, reduced losses, and premium savings.

**CIRMA's Commitment**

- This is a multi-year commitment by CIRMA to assist the Town in implementing and monitoring the risk management program and return to the Town the risk management results.
- CIRMA agrees, in partnership with the Town, to establish a risk management plan to create a safe municipal environment and reduce losses.
- CIRMA agrees to cap rate increases to the LAP policy as follows:
  - 2025-2026: +1.5% over 2024-2025, plus exposure
  - 2026-2027: +5.0% over 2025-2026, plus exposure
  - 2027-2028: +5.0% over 2026-2027, plus exposure
- Rate increases are exclusive of any variations in the equipment breakdown premium provided through Hartford Steam Boiler, excess liability premium for limits above \$11M and any separately placed policies.
- These are maximum increases possible; actual increases may be less.

- This agreement is subject to modification based on material changes in the State of Connecticut General Statutes and/or material changes in CIRMA's reinsurance terms, conditions, and/or premiums.

**Town Commitment**

- The Town agrees not to bid the LAP insurance program referenced herein for the time period noted above in accordance with CIRMA's Budget Stabilization Program.
- The Town agrees that the only way to reduce losses is through effective implementation of a risk management program.
- The Town agrees to commit sufficient resources to support and implement the risk management initiatives agreed upon with CIRMA.
- The Town acknowledges that this is a multi-year approach to reducing losses and to creating a safe municipal environment.

In the event the Town bids this contract during this program period, this mutual commitment ceases. Additionally, CIRMA reserves the right to terminate or modify the program for the following reasons:

- If the Town does not implement the agreed upon risk management initiatives.
- If the Town fails to make timely payment of premiums.
- If the Town possesses an unmanaged high risk/non-standard exposure.

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David Demchak  
President and CEO  
CIRMA

  
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Mr. Mark Penney  
Chief Administrative Officer  
Town of Canton

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Date

  
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Date