Crumbling Foundations Assistance Fund Should Be Operational By October

By Kathleen McWilliams

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The agency responsible for rolling out funding to homeowners with failing foundations should be operational by October, officials said.

The Crumbling Foundation Assistance Fund, established by the legislature last year, has been incorporated as the Connecticut Foundation Solutions Indemnity Company. A nine-person board will distribute the money to affected homeowners.

Michael Maglaras, whose company, Michael Maglaras and Company, is acting as the agency’s superintendent, said in a statement that the fund should be up and running in the autumn.

“We’re on target and on schedule,” he said.

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The so-called “captive insurance” agency is a non-profit and is not a state agency, but receives state funding.

The state passed legislation that promises $100 million in bonding to help people with the cost of repairing crumbling foundations. The insurance agency will receive $20 million a year over the next five years.

Also included in the fund is about $9 million raised from a $12 surcharge on all Connecticut insurance policies.

Since the problem was detected in north-central Connecticut, Gov. Dannel P. Malloy has estimated that as many as 34,000 homes in 36 towns might have failing foundations.

According to a state report, a mineral known as pyrrhotite — used in the concrete aggregate for the foundations that are now crumbling — is partly to blame.

Insurance companies have denied homeowners' claims, saying the problem does not qualify for coverage under their definition of “collapse.” Homeowners have been left to bear the burden of a repair, which can cost as much as $200,000.

Once the captive insurance agency is up and running, homeowners who have proof that their foundations tested positive for pyrrhotite can apply for remediation funds.

Maglaras and eight volunteers comprise the Connecticut Foundation Solutions Indemnity Company board. The other board members are: Lyle Wray, executive director of the Capitol Regional Council of Governments; Mark McDonnell, an investment manager; John Filchak, executive director of the Northeast Connecticut Council of Governments; John Rachek, an insurance executive; Kevin Smith, a banking industry representative; Dan Keune, a real estate industry representative; and Steven Werbner, the town manager of Tolland. Also sitting on the board are two homeowners — Donald Poulin of Manchester and Bruce Kellogg of Vernon.

Four non-voting members are state Reps. Jeffrey Currey, D-East Hartford, and Kurt Vail, R-Stafford, and state Sen. Catherine Osten, D-Columbia, and Tony Guglielmo, R-Stafford.

“I’m delighted that the incorporators chose this group of citizens to lead CFSIC,” Maglaras said. “Each person on this board brings knowledge, perspective and fiduciary ability to the crumbling foundations natural disaster. … With the naming of this board, great progress will now be made in serving affected Connecticut homeowners.”