

**Minutes of Second Injury Fund Advisory Board
Wednesday, October 6, 2010 Meeting
Approved by the Advisory Board on June 15, 2011**

**Office of the Treasurer
Second Injury Fund
Advisory Board
October 6, 2010**

Present: Bonnie Stewart, Chairperson, Representative Ryan, Steven Palmer, proxy for Senator Prague, Cliff Leach, Ben Cozzi, Joseph McFetridge
For the Fund: Maria Greenslade, Assistant Deputy Treasurer, Deborah D'Agostino, Hank Gaffney

Meeting came to order at 11:02am and was held by teleconference.

1. Ms. Stewart called the meeting to order and called the roll.
2. Ms. Stewart invited discussion of the minutes of the previous (June 2, 2010) meeting. Mr. Cozzi moved and Mr. McFetridge seconded adoption of the minutes. The motion passed unanimously.
3. Update on Operation of the Fund: Ms. Stewart asked Mr. Gaffney to present an update on the financial operation of the Fund in Ms. Supple's absence. Mr. Gaffney stated that the total operating revenues for Fiscal Year 2011 thus far are \$6.9 million; the net assets as of August 31, 2010 are \$36.7 million; operating expenses for Fiscal Year 2011 are \$8.2 million and carry over resources total \$44.3 million. The Fund continues to utilize carry over resources and projections show approximately \$25.1 million will remain in carry over resources by the end of Fiscal Year 2011. Ms. Greenslade reminded Board members that the assessment rate for insured employers will remain at 2.75% for Fiscal Year 2011 and that the rate for self-insured employers will be reduced from 3.84% to 3.25% beginning January 1, 2011.

Mr. Gaffney then provided an update on the claims unit of the Fund. Mr. Gaffney reported that through June 30, 2010 the Fund paid out \$38.1 million in indemnity and medical benefits. This was .5% above the \$38 million projected total payout for Fiscal Year 2010. Reserves on the Fund claims continue to gradually decrease. For Fiscal Year 2010 reserves were reduced by \$10.7 million to a total reserve of \$426.9 million. Mr. Gaffney noted that 460 new claims were opened during Fiscal Year 2011. A majority of those claims were concurrent employment claims.

Ms. Stewart next asked Ms. Greenslade to report on updates to the Fund's website. Ms. Greenslade informed Board members that the Fund's website has been updated with new information and charts. She asked the Board to visit the website, view the information posted and forward any suggestions they may have regarding the website.

4. Status on Implementation of P-A 10-11: Ms. Stewart asked Ms. Greenslade to give the Board an update on the implementation of Public Act 10-11. Ms. Greenslade summarized that P.A. 10-11 imposed a 15% penalty on the filing of late assessments or \$50 whichever is greater. The bill became effective upon passage; however, another section of the bill requires notice of the penalty on the assessment statement. The first mailing of the assessment statements was on July 1, 2010. Ms. Greenslade stated that approximately 28 self insured employers, which included businesses and municipalities, were late with the July assessment. The total penalties were a little over \$30,000. During this same period there were 7 insured employers filing the assessment late with a total of approximately \$387 of penalties. The self insured employers complained that the flat 15% penalty presented a hardship during this economic climate. They agreed that a penalty was necessary but recommended per day penalty rather than a flat penalty regardless of the number of days the filing was late. Representative Ryan inquired if this issue was discussed prior to the introduction of legislation during the 2010 session. Ms. Greenslade stated that participants at the Roundtable discussions that occurred in 2005 recommended the flat 15% penalty. The Treasurer's Office had introduced legislation beginning in 2006; however, with the numerous pressing issues facing the legislature the bill was not passed until 2010. Ms. Greenslade reported that adding the words "per annum" would change the statute to accommodate the raised concerns. Ms. Greenslade asked if Board members saw any issues with this change should the Treasurer approve such a change. Ms. Stewart indicated that the Connecticut Business and Industry Association would not object to such a change. Mr. Cozzi inquired if employers misclassifying employees would receive a benefit from the proposed change. Ms. Stewart explained that this penalty was on any employer who was late filing an assessment with the Fund and not on the penalties recently passed by the legislature dealing with misclassification of employees. Representative Ryan asked if anyone anticipated this issue during the last legislative session. Ms. Greenslade explained that this concern was not previously raised. Ms. Stewart indicated that CBIA did not anticipate this concern prior to passage of the bill. Ms. Stewart and other Board members did not believe there would be opposition to the proposed language change.

5. Staffing Update: Ms. Stewart reminded Board members that the Fund would be closed for two additional furlough days during the remainder of this calendar year. The first will be on November 26, 2010 and the second would be on December 27, 2010. Ms. Greenslade also reminded Board members that the furlough days follow state holidays observed on November 25 and December 24.

6. Update on Fund Regulations: Ms. Stewart asked Ms. Greenslade to report on the status of updating the Fund Regulations. Ms. Greenslade reported that changes recommended by Board members during the June 2010 meeting have been incorporated. The Director of Compliance requested that the Fund consider changing the description utilized within the regulations by eliminating the names of specific units within the Fund. For example, the Fund lists an accounting unit, a collection unit, etc. The Fund should consider listing its statutory duties and responsibilities rather than naming departments. The Board members agreed with the recommendation.

7. Other Business: Ms. Stewart reminded Board members that everyone's terms, except for the Chairs of the Labor and Public Employees Committee of the General Assembly, expire on December 31, 2010. She asked Board members to consider if they would like to remain members of the Fund's Advisory Board. Mr. Cozzi announced that although he has enjoyed being a member of the Board he will be retiring from the International Union of Operating Engineers at the end of this calendar year. He stated that due to his pending retirement he is not making long term commitments at this time. Ms. Stewart, Ms. Greenslade and Board members congratulated Mr. Cozzi on his retirement and wished him the best in the future.

Ms. Stewart announced two dates for Advisory Board meetings during the 2011 calendar year. The first meeting will be held on June 15, 2011 and the second meeting will be held on November 16, 2011. Both meetings will be at 11:00am by teleconference. Board members agreed with the meeting dates and times.

Meeting was adjourned at 11:20.