

**Minutes of Second Injury Fund Advisory Board**  
**Wednesday, June 2, 2010 Meeting**  
**Approved by the Advisory Board on October 6, 2010**

**Office of the Treasurer**  
**Second Injury Fund**  
**Advisory Board**  
**June 2, 2010**

Present: Bonnie Stewart, Chairperson, Representative Ryan, Cliff Leach, Ben Cozzi, Lori Pelletier, Kia Morela.

For the Fund: Maria M Greenslade, Assistant Deputy Treasurer, Deborah D'Agostino, Jim Eatherton, Hank Gaffney, Marge Supple

Meeting came to order at 11:01 AM and was held by a teleconference.

1. Ms. Stewart called the meeting to order and called the roll.
2. Ms. Stewart invited discussion of the minutes of the previous (October 21, 2009) meeting. Representative Ryan moved and Mr. Leach seconded adoption of the minutes. The motion passed unanimously.
3. Update on Operation of Fund : Ms. Greenslade asked Ms. Supple to present an update on the financial operation of the Fund. Ms. Supple stated that the audited

Financial Statements were included in the packet of information mailed to members. The Fund continues to closely track the assessment base for trends and major changes. Ms. Supple noted that in 2009 there was a reduction in payroll dollars which significantly reduced the assessment base during Fiscal Year 2010. On May 1, 2010, the Treasurer announced that effective July 1, 2010 the assessment rate for insured employers would remain at 2.75%, but the rate for self-insured employers would be reduced to 3.25% from 3.84% beginning January 1, 2011. Ms. Supple also stated that the Fund continues to utilize accumulated cash (from Audits and Assessments) for operating expenses. Ms. Stewart praised the Treasurer and the Fund for maintaining stability within the Fund. She stated that the business community prefers small changes to the assessment rates for budgeting and planning purposes. Ms. Stewart emphasized that any increases and/or decreases contemplated by the Fund should be gradual; there should not be major fluctuations.

Ms. Greenslade then asked Mr. Gaffney to provide an update on claims. Mr. Gaffney reported that through April 2010 the Fund has paid out \$32 million in indemnity and medical benefits. The projected total payout for Fiscal Year 2010 is \$38 million. Mr. Gaffney stated that for Fiscal Years 2002-2010 actual and projected payout has remained consistent at approximately \$35 million to \$40 million per year.

As of May 31, 2010, 189 files were settled at a cost of \$10.1 million. Reserves on Fund claims continue to gradually reduce. For Fiscal Year 2010 reserves will be reduced by \$10 million to a total reserve of \$427 million. Mr. Gaffney noted that 630 new claims were opened during calendar year 2009. A majority of those claims were concurrent employment claims.

4. Legislative Update: Mr. Gaffney reported on three legislative bills enacted during the 2010 Legislative Session that impact the Fund:
  - House Bill #5201 – **Public Act 10-11**. The impact to SIF is estimated at approximately \$100,000 annual revenue gain per an Office of Legislative Research (OLR) Analysis. This public act

modifies Sec 31-354 (a) regarding penalty for late payment of SIF assessments. The new language specifies that the penalty would be 15% of the late assessment **or** \$50.00 whichever is greater. The bill is effective upon passage; however, since section 31-354 also requires the Fund to give notice of penalties the Fund cannot implement this penalty until July 1 when the next notice is mailed.

- Substitute House Bill #5204 – **Public Act 10-12**. The Office of Fiscal Analysis estimates a significant potential revenue gain with enactment of this new law. This public act modifies Sec 31-69a & 31-288(g) to expand civil penalties against an employer for various violations, including failure to pay Workers Compensation and Fund assessments per Sec. 31-345 and 354 respectively, and failure to comply with Sec.31-284(b) or (c) (securing WC insurance coverage).
- Raised Bill #5282 - **PA 10-37**. The impact to the Fund is estimated at \$75,000 annually. This law identifies specific diseases (i.e. hepatitis, tuberculosis, prostate or testicular cancer, etc.) as occupational diseases if they rise out of the course of employment of certain municipal employees. (Fire and/or police, constable, volunteer ambulance service)

5. Furlough Days: Ms. Greenslade reported that state employees will have three furlough days in the 2010 calendar year. The first will be on July 2, 2010, the second on November 26, 2010 and the last furlough day will be December 27, 2010. Ms. Greenslade also alerted Board members that the state will observe the July 4 holiday on Monday July 5.
6. Fund Regulations: Ms. Greenslade reviewed the Uniform Administrative Procedure Act (UAPA) with Board members and pointed out two sets of regulations currently in effect for the Fund. Ms. Greenslade reminded Board members that the Fund Roundtable discussions of 2005 determined that any new laws proposed by the Fund should be as clear as possible so that regulations would not need to be promulgated. Ms. Greenslade reviewed the first set of regulations, 31-349g-1 through 31-349g-9. Board members were reminded that assessments continue to be collected today pursuant to the law in effect at the time these regulations were adopted. Therefore, the regulations continue to be relevant and necessary since they clarify previous laws. Board members concurred that the current statues regarding assessments are clear and concise eliminating the need for additional regulations. Ms. Greenslade next directed Board members to section 31-349g-8 entitled “Penalty for failure to pay assessments”. Passage of Public Act 10-11 supersedes this particular regulation. Therefore, this section should be repealed. Board members agreed. Ms. Greenslade then reviewed the second set of regulations – 31-354-1 through 31-354-15. The Fund continues to pay and monitor many cases still open under the laws in effect at the time these regulations were adopted. However, section 31-354-4 (a) (2) requests that all correspondence be sent to an address that is no longer applicable to the Fund. This section should be amended to read that all correspondence be sent to the Treasurer’s office. Board members concurred. There were no further questions or suggestions regarding the regulations.
7. Other Business: Ms. Stewart reminded Board members that terms, for those members appointed by the Treasurer, expire on December 31, 2010. She suggested that over the next several months, members (with the exception of Rep. Ryan and Sen. Prague) consider if they would like to continue on the board. The Treasurer is required by state law to appoint Advisory Board members. Currently, the Advisory Board has one vacancy.

Ms. Greenslade reminded Board members that the next scheduled meeting is on October 6, 2010 at 11 AM by telephone conference. Ms. Greenslade notified Board members that the annual Report to the Governor on the condition of the Fund is due July 1, 2010. Copies of the submission will be included with the agenda for the next meeting.

Meeting was adjourned at 11:30am.