

# State of Connecticut

DENISE L. NAPIER  
TREASURER



Hartford

July 1, 2016

The Honorable Dannel P. Malloy  
Governor, State of Connecticut  
State Capitol Building  
Hartford, Connecticut 06106

Dear Governor Malloy,

Enclosed you will find the *Annual Report of the Financial Condition of the Second Injury Fund* as required by Section 31-349f of the Connecticut General Statutes.

The Second Injury Fund (hereinafter referred to as the "Fund") continues to be financially stable and has achieved noteworthy accomplishments during Fiscal Year 2016. Among them:

- On May 1, 2016, I announced that assessment rates will remain unchanged at 2.75% for insured employers and 3.25% for self-insured employers, effective July 1. This announcement marked the eighteenth consecutive year that the Fund has either reduced or maintained assessment rates on businesses – representing the longest period of time without a rate increase in the history of the Fund.
- The Fund's long-term unfunded liability declined by 57% -- from \$838 million in 1999 to \$363 million.
- We achieved an estimated savings of \$1.5 million in medical costs, thereby reducing the long term financial burden on Connecticut businesses.

These accomplishments reflect our commitment to prudent management of the Fund, and the savings passed along to Connecticut businesses were achieved without compromising any benefits due to injured workers.

If you have any questions concerning the financial condition of the Fund, please feel free to call on me or Assistant Deputy Treasurer Maria M. Greenslade at (860) 702-3125.

Sincerely,

A handwritten signature in cursive script that reads "Denise L. Napier".

Denise L. Napier  
State Treasurer

Enclosure

Honorable Dannel P. Malloy  
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cc: Hon. Nancy Wyman, Lieutenant Governor  
Hon. Martin M. Looney, Senate President *Pro Tempore*  
Hon. J. Brendan Sharkey, Speaker of the House  
Hon. Bob Duff, Senate Majority Leader  
Hon. Leonard A. Fasano, Senate Minority Leader  
Hon. Joe Aresimowicz, House Majority Leader  
Hon. Themis Klarides, House Minority Leader  
Hon. Edwin A. Gomes, Senate Chair, Labor & Public Employees Committee\*  
Hon. Peter A. Tercyak, House Chair, Labor & Public Employees Committee\*  
Hon. Tony Hwang, Senate Ranking Member, Labor & Public Employees Committee  
Hon. David Rutigliano, House Ranking Member, Labor & Public Employees Committee  
Hon. Joseph J. Crisco, Jr., Senate Chair, Insurance and Real Estate Committee  
Hon. Robert W. Megna, House Chair, Insurance and Real Estate Committee  
Hon. Kevin C. Kelly, Senate Ranking Member, Insurance and Real Estate Committee  
Hon. Robert C. Sampson, House Ranking Member, Insurance and Real Estate Committee  
Martin J. Dunleavy, Clerk, House of Representatives  
Garey E. Coleman, Clerk, Senate

Members of the Second Injury Fund Advisory Board:

\*Senator Edwin A. Gomes  
\*Representative Peter A. Tercyak  
Lori Pelletier, Chair  
Dorothy Siniscalchi  
Clifford G. Leach  
Joseph McFetridge  
Kathleen Cooper  
Eric Gjede

**ANNUAL REPORT OF THE CONDITION  
OF THE  
SECOND INJURY FUND**

As of 06/27/16

**1. Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2015):**

- A. The unfunded liability of the Second Injury Fund as of **July 1, 2015** had been estimated at **\$386,200,000**.
- B. The unfunded liability of the Second Injury Fund is expected to be an estimated **\$363,200,000** as of **July 1, 2016**.

**NOTE:** The unfunded liability of the Second Injury Fund (SIF) is anticipated to be reduced from \$838,000,000 in 1999 to \$363,200,000 as of July 1, 2016.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/16	2,847	\$360,700,000
* Estimated Future Claims (FY2017)	400	<u>\$ 2,500,000</u>
 Total Estimated Liability as of 6/27/16		 \$363,200,000

\* Anticipated uninsured employer and concurrent employment claims incurred but not reported as of 6/27/16

**2. The effect of settlements and stipulations on the unfunded liability:**

During FY2016 SIF paid 183 settlements at a cost of \$4,957,682.

**3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2016):**

<b>Category</b>	<b># of Assessments</b>	<b>Amounts</b>
Insured Employers	4	\$33,721,931 (est)
Self-Insured Employers	4	<u>\$ 6,134,784 (est)</u>
<b>Total</b>		<b>\$39,856,715</b>

**4. The number and estimated amount of assessments for the coming year (FY2017):**

<b>Category</b>	<b># of Assessments</b>	<b>Amounts</b>
Insured Employers	4	\$30,963,000
Self-Insured Employers	4	<u>\$ 5,996,000</u>
<b>Total</b>		<b>\$36,959,000</b>

**5. Any recommendation for legislative change to improve the operation of the Fund:**

No recommendations for legislative change at this time.