

**Draft Version - Minutes of Second Injury Fund Advisory Board
Wednesday, November 28, 2012 Meeting
Final Version of these minutes will be posted after approval by
The Advisory Board at the next meeting to be held in June 2013**

**Office of the Treasurer
Second Injury Fund
Advisory Board
November 28, 2012**

Present: Kathleen Santiago, Greater Hartford Chapter of the Coalition of Black Trade Unionists;
Lori Pelletier, Connecticut AFL-CIO;
State Senator Prague, Asst. Pres. Pro Tempore/Chair Labor and Public Employees Committee;
Laura Cummings, Connecticut Business and Industry Association;
Dan Krause, International Union of Operating Engineers
Local 478 Benefits Funds.

For the Fund: Maria M. Greenslade, Assistant Deputy Treasurer
Deborah D'Agostino, Collections
Hank Gaffney, Claims Manager
Gloria G. Williams, Controller
Amber Bassett, Executive Secretary

Meeting was called to order at 11:07AM and was held by teleconference.

1. Welcome / Roll Call: Ms. Pelletier called the meeting to order and welcomed the members to the Advisory Board meeting. Ms. Greenslade announced all members who joined the conference call and the staff from Second Injury Fund.
2. Adoption of Minutes: Ms. Pelletier invited discussion of the minutes of the June 21, 2012 meeting. There were no changes to the minutes. Ms. Pelletier asked for a motion to adopt the minutes. Senator Prague moved to adopt the minutes. Ms. Santiago seconded the motion. The motion passed unanimously.
3. Update on Operation of the Fund: Ms. Greenslade asked Gloria Williams, Controller of the Fund, to present an update on the Financial Operation of the Fund. Ms. Williams stated the Fund's financial statements were included with the agenda packet. In summary, the Statement of Revenues, Expenses and Changes in Net Assets for the fiscal year ended June 30, 2012 included Total Operating Revenues of \$32.9 million which is \$1.2 million (4%) higher than Fiscal Year 2011 revenues of \$31.7 million. This increase was due to a slight increase in assessment Revenues collected in Fiscal Year 2012.

Senator Prague asked if this was based on the business community and Ms. Williams answered that it was, which resulted in the Net Assets being \$25.2 million. Ms. Greenslade added that the assessment rate is currently set at 2.75%. Many changes were

made to the Assessment statute in 2005 resulting in the Fund receiving higher than anticipated revenues. To reverse this trend the Fund began to gradually reduce the assessment rate. The FY2014 assessment rate will be announced on May 1, 2013.

Ms. Greenslade stated that when Treasurer Nappier took office the assessment rate was 10% in Fiscal Year 1999, and in Fiscal Year 2012 the rate was 2.75%. Senator Prague added that because Connecticut businesses are struggling, the longer the Fund can maintain low assessment rates the better. Ms. Greenslade agreed and noted the Fund will begin its review of the assessment rate after January 1, 2013. In the past, the Fund has been mindful of the Boards strong recommendation to not significantly fluctuate the rate. The Board has recommended gradual rate changes. Over the past 14 years the rate has either decreased or remained the same. Ms. Greenslade added that prior to 1998 the assessment rate fluctuations were like a "Yo-Yo." The rate dramatically increased and then it decreased significantly. The Fund is very aware that Connecticut businesses do not appreciate these types of assessment changes. Ms. Pelletier added that the Fund has done a good job in protecting injured workers while maintaining rates low for Connecticut businesses.

Ms. Williams continued reporting that the Total Operating Expenses for Fiscal Year 2012 were \$38.5 million which are \$330,000 less than the prior year. The 1% decrease relates to lower Administrative Expenses for Fiscal Year 2012.

The Change in Net Assets (Operating Revenues less Operating Expenses) for Fiscal Year 2012 was a negative \$5.6 million since Operating Expenses exceeded Operating Revenues for the year resulting in Net Assets as of June 30, 2012 at \$25.2 million compared to \$30.8 million at the end of Fiscal Year 2011. Mr. Krause asked if the 5 million shortfall is a good thing. Ms. Greenslade responded in the affirmative. Ms. Pelletier asked if there were any additional questions regarding this update.

Ms. Greenslade asked Mr. Gaffney to update the Board on the Claims Unit. Mr. Gaffney reported claim unit payout of \$31.9 million for fiscal year ending June 30, 2012, similar to the FY 2011 payout total of \$31.8 million. He noted that it now appears payouts may again be lower than in previous years; therefore, a payout projection of \$32 million annually will be utilized going forward. This is in contrast to the previous nine years where payouts were between \$35 - \$40 million annually. This reduction is attributable to fewer high value cases ripe for settlement. He reported that claim payout for the first four months of FY 2013 is considerably lower than the prior fiscal year, and that projected claim payments for the current fiscal year may be in the vicinity of \$30 million.

Mr. Gaffney reported an inventory of approximately 2,700 open claims and a combined reserve (unfunded liability) for open claims at \$414.6 million as of October 31, 2012. This represents a decrease of more than 50% from the \$841 million reserve on June 30, 1999. Ms. Pelletier asked if there were any questions regarding this update.

Ms. Greenslade again reminded Board members that in January 2013 the Fund will begin to gather information for setting the Assessment rate. She will communicate with Ms. Pelletier in the event there are significant changes to the rate. At that time the chair will determine if the Advisory Board needs to convene prior to the May 1 announcement.

4. Legislative Update: Ms. Greenslade presented the Legislative update for the Board. Public Act 12-77 was the only legislation impacting the Fund. This new law contains language introduced by the Fund and the Office of the Attorney General. There are 2 sections to the bill: the first section allows the Second Injury Fund to request a writ of attachment against any employer in an effort to collect funds; section two clarifies the Fund's authority to settle. Ms. Pelletier asked if there were any questions.

Senator Prague mentioned there are going to be two new Chairs for the Legislative committee who sit on the Board. Senator Prague reminded Board members that she is retiring from the Legislature and from this Board. Ms. Greenslade took this time to thank the Senator for her many years of public service to the citizens of the State of Connecticut. She also thanked Senator Prague for her dedication to the Fund, but more importantly to the employers and injured workers of Connecticut. Ms. Greenslade extended wishes to Senator Prague from the Fund for good health, relaxation and happiness during her retirement. Ms. Pelletier also took a moment to thank Senator Prague for her dedication and hard work over many years of public service. Other members of the Board also wished Senator Prague the best during her retirement.

5. Other Business: Ms. Greenslade stated the Advisory Board must discuss possible dates for the two meetings to be held in 2013. Ms. Greenslade recommended the Board move the November meeting to October to alleviate scheduling conflicts around the holiday season. The board decided to meet on June 19, 2013 and October 15, 2013. Ms. Pelletier asked if there were any objections to holding meetings on these dates, and she asked the Board members to mark their calendars.

Ms. Pelletier asked members if there was any further business. Hearing none, Ms. Pelletier asked for a motion to adjourn. Senator Prague moved to adjourn the meeting and Ms. Santiago seconded the motion.

Meeting was adjourned at 11:25AM.