



SHAWN T. WOODEN  
TREASURER

State of Connecticut  
Office of the Treasurer

DARRELL V. HILL  
DEPUTY TREASURER

July 1, 2020

The Honorable Ned Lamont  
Governor, State of Connecticut  
State Capitol Building  
Hartford, Connecticut 06106

Dear Governor Lamont,

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.

During this uncertain time in history, the Second Injury Fund ("Fund") continues to be financially stable and achieved several milestones during Fiscal Year 2020.

- The effect of maintaining the historically low assessment rates since FY2019 has resulted in cumulative savings totaling \$16.5 million for Connecticut businesses.
- The Fund continues to reduce its long-term unfunded liabilities, which fell from \$286 million in FY2019 to \$257 million, or 10 percent.
- During FY2020, the Fund achieved an estimated savings of \$2.6 million in medical costs which lessened the long-term financial burden on Connecticut's businesses and taxpayers.
- On May 1, 2020, I announced that assessment rates for insured and self-insured employers will remain unchanged for FY2021. The current rate for insured employers will continue to be 2.25%, while the rate for self-insured employers will continue to be 2.75%.

These accomplishments are a result of the Connecticut Treasury's prudent fiscal strategies and management that enabled the Fund to pass along savings to Connecticut businesses without compromising benefits due to injured workers.

Honorable Ned Lamont  
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Since the onset of the COVID-19 pandemic our injured workers have not experienced any major interruptions; however, the Fund has conducted business very differently. For example, hearings were held telephonically, telemedicine was utilized, and Fund staff worked from home as much as possible. Even with all these changes the Fund continued to make the required, and necessary, payments to all injured workers.

Lastly, but important, the Fund utilized Executive Order 7M to extend the filing deadlines of the quarterly assessment payments for insured and self-insured employers in recognition of the difficulties meeting statutory requirements.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn T. Wooden", with a long horizontal flourish extending to the right.

Shawn T. Wooden  
State Treasurer

Enclosure

**ANNUAL REPORT OF THE SECOND INJURY FUND  
FOR FISCAL YEAR ENDING JUNE 30, 2020**

As of 06/25/20

**1. Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2019):**

- A. The unfunded liability of the Second Injury Fund as of **July 1, 2019** had been estimated at **\$285,700,000**.
- B. The unfunded liability of the Second Injury Fund as of **July 1, 2020** is estimated at **\$256,800,000**.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/20	2,400	\$254,300,000
* Estimated Future Claims (FY 2021)	400	<u>2,500,000</u>
Total Estimated Liability as of 6/25/20		<b>\$256,800,000</b>

\* Anticipated *uninsured* employer and concurrent employment claims incurred but not reported as of 6/25/20

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

During FY 2020 SIF paid 143 settlements at a cost of **\$4,073,338**.

**3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2020):**

Category	# of Assessments	Amounts
Insured Employers	4	\$ 20,392,535 (est)
Self-Insured Employers	4	<u>4,856,198 (est)</u>
<b>Total</b>		<b>\$ 25,248,733</b>

**4. The number and estimated amount of assessments for the coming year (FY2021):**

Category	# of Assessments	Amounts
Insured Employers	4	\$ 15,750,000
Self-Insured Employers	4	<u>4,538,000</u>
<b>Total</b>		<b>\$ 20,288,000</b>

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

No further recommendations for legislative change at this time.