



SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 1, 2022

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.

The Second Injury Fund ("Fund") continues to be financially stable during this uncertain time in history as we continue to be faced with pandemic and inflation challenges. The Fund achieved the following milestones during Fiscal Year 2022.

- The cumulative effect of maintaining historically low assessment rates has resulted in cumulative savings since 2019 totaling \$29.8 million for Connecticut businesses.
- Long-term unfunded liabilities continue to be reduced by the Fund, and decreased from \$205 million in FY2021 to \$201.3 million at the end of FY2022, a 1.8 percent reduction.
- The Fund achieved an estimated savings of \$1.4 million in medical costs during FY2022, which continues to lessen the long-term financial burden on Connecticut's businesses and taxpayers.
- On May 1, 2022, I announced that assessment rates for insured and self-insured employers will remain unchanged for FY2023. 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.

At the onset of the COVID-19 pandemic, the Fund immediately made adjustments to ensure the Fund's business carried on without interruption. Technology enhancements allowed Workers' Compensation hearings to continue while staff split their workdays teleworking and in the office. I am pleased to share that hearings have resumed to in-person status and staff have a balanced telework and in the office schedule, which is designed to ensure all processes continue to be administered effectively and efficiently making sure payments to injured workers continued on a timely basis.

Honorable Ned Lamont
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If you have any questions concerning the financial condition of the Fund, please feel free to call on me or Assistant Treasurer Jamie Mowat Young at (860) 702-3125.

Sincerely,



Shawn T. Wooden
Treasurer

Enclosure



**ANNUAL REPORT OF THE SECOND INJURY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2022**

As of 06/27/22

1. Estimate of the Fund’s unfunded liability as of preceding July first (July 1, 2021):

- A. The unfunded liability of the Second Injury Fund as of **July 1, 2021**, had been estimated at **\$204,940,000**.
- B. The unfunded liability of the Second Injury Fund as of **July 1, 2022**, is estimated at **\$201,338,000**.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/22	2,544	\$198,838,000
Estimated Future Claims (FY 2023) *	450	<u>2,500,000</u>
Total Estimated Liability as of 6/27/22		<u>\$201,338,000</u>

* *Anticipated uninsured employer and concurrent employment claims incurred but not reported as of 6/27/22.*

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

During FY 2022 SIF paid 146 settlements at a cost of **\$3,747,200**.

3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2022):

<u>Category</u>	<u># of Assessments</u>	<u>Amounts</u>
Insured Employers	4	\$ 24,205,580 (est.)
Self-Insured Employers	4	<u>4,563,246 (est.)</u>
Total		<u>\$ 28,768,826 (est.)</u>

4. The number and estimated amount of assessments for the coming year (FY2023):

<u>Category</u>	<u># of Assessments</u>	<u>Amounts</u>
Insured Employers	4	\$ 19,817,000
Self-Insured Employers	4	<u>3,848,000</u>
Total		<u>\$ 23,665,000</u>

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

No further recommendations for legislative change at this time.