



SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 1, 2021

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 2021.

- The effect of maintaining historically low assessment rates has resulted in cumulative savings totaling \$23.1 million for Connecticut businesses.
- The Fund continues to reduce its long-term unfunded liabilities, which fell from \$257 million in FY2020 to \$205 million, or 20 percent.
- During FY2021, the Fund achieved an estimated savings of \$1.3 million in medical costs which lessened the long-term financial burden on Connecticut's businesses and taxpayers.
- On May 1, 2021, I announced that assessment rates for insured and self-insured employers will remain unchanged for FY2022. 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.

During the past fourteen months the Fund quickly adapted to conducting business differently. Workers' compensation 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 timely receive and record revenue as well as make the required, and necessary, payments to injured workers.



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ANNUAL REPORT OF THE SECOND INJURY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2021

As of 06/28/21

1. Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2020):

- A. The unfunded liability of the Second Injury Fund as of July 1, 2020 had been estimated at \$256,800,000.
- B. The unfunded liability of the Second Injury Fund as of July 1, 2021 is estimated at \$204,940,000.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/21	2,372	\$202,440,000
* Estimated Future Claims (FY 2022)	400	<u>2,500,000</u>
Total Estimated Liability as of 6/28/21		\$204,940,000

* Anticipated *uninsured* employer and concurrent employment claims incurred but not reported as of 6/28/21

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

During FY 2021 SIF paid 220 settlements at a cost of \$5,123,000.

3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2021):

Category	# of Assessments	Amounts
Insured Employers	4	\$ 22,646,947 (est)
Self-Insured Employers	4	<u>4,994,031 (est)</u>
Total		\$ 27,640,978

4. The number and estimated amount of assessments for the coming year (FY2022):

Category	# of Assessments	Amounts
Insured Employers	4	\$ 19,125,000
Self-Insured Employers	4	<u>4,730,000</u>
Total		\$ 23,855,000

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

No further recommendations for legislative change at this time.