

**Minutes of Second Injury Fund Advisory Board
Thursday, June 13, 2019 Meeting
Approved by Advisory Board October 17, 2019**

**Office of the Treasurer
Second Injury Fund
Advisory Board
June 13, 2019**

Present: Brian Anderson, Council 4 AFSCME
Louise DiCocco, Connecticut Business and Industry Association
Kimberly Harrison, Hartford Healthcare
Senator Julie Kushner, Chair, Labor and Public Employees Committee
Clifford G. Leach, Regional Vice President of the Hartford Financial Group, Inc.
Sal Luciano, Connecticut AFL-CIO
Marko Kaar, CT Construction Industries Association

Absent: State Rep. Robin Porter, Chair, Labor and Public Employees Committee

For the Fund: Maria M. Greenslade, Assistant Treasurer
Hank Gaffney, Claims Manager
Gloria G. Williams, Controller
George Petropoulos, Supervising Special Investigator
Christina McGinnis, Executive Secretary

Meeting was called to order at 11:00 a.m. and was held by teleconference.

1. Welcome/Roll Call

Ms. Maria Greenslade, Assistant Treasurer, began her opening remarks by welcoming all the new and returning board members and asked to conduct roll call. She introduced herself, and members of the Second Injury Fund (“SIF”). Ms. Greenslade then asked the board members to introduce themselves and they each gave a brief background.

2. Review of Advisory Board Protocols

Ms. Greenslade reviewed the Protocols and spoke about the Mission and stated that the SIF Board was charged with the responsibility of advising the State Treasurer, as Custodian of the SIF, on matters concerning the operation of the Fund. She talked about Membership and explained the Treasurer’s responsibility, appointment of board members, and length of term.

3. **Review of Proxy Form**

Ms. Greenslade described the proxy form and explained how it worked in the event a board member could not attend a meeting and would send a representative as their proxy.

4. **Election of Chairperson**

Ms. Greenslade gave an overview of the Chair's responsibilities. She explained that the Treasurer's office assists with setting the agenda, sending meeting notices, drafting minutes, and maintaining updated information on the Treasurer's website. Ms. Greenslade then called for nomination of the 2019 Chair. A motion was made by Senator Julie Kushner to elect Mr. Sal Luciano, seconded by Mr. Brian Anderson. Ms. Greenslade asked if there was any discussion. Mr. Leach asked for a brief history of the past Advisory Board Chairs. Ms. Greenslade recalled Lori Pelletier was Chair for the past six to seven years and prior to that, Bonnie Stewart from CBIA was Chair for approximately eight to ten years. She then put the question to a voice vote and the motion was passed unanimously.

5. **Acceptance of Minutes**

Chair Luciano called for a motion to accept the minutes of the October 17, 2018 Advisory Board meeting. Senator Kushner moved to accept the minutes, and seconded by Mr. Anderson. There being no further discussion, the Chair called for the vote and the minutes were unanimously accepted.

6. **Update on Operation of Fund**

Financial Update – Ms. Greenslade asked Ms. Gloria Williams to present an update on the Financial Operation of the Fund. Ms. Williams gave an overview of the Fund and stated that fiscal year 2018 financial statements, for year ending June 30, 2018, were published in December 2018. She added that Operating Revenues, which were mostly assessment revenue, totaled \$37 million and that Operating Expenses amounted to \$33 million for the year. Ms. Williams said the amount consisted mostly of injured worker benefits such as settlements, indemnity and medical expenses paid to claimants. She added that the excess of revenues over expenses was \$3.5 million for the year and that the amount was carried over to cover operating expenses of the Fund.

Ms. Williams continued and said for 11 months of the Fiscal Year 2019, Total Operating Revenues was \$33 million; \$30.8 million was assessment revenue; Total Operating Expenses was \$30 million, with \$23 million attributable to injured worker benefits and \$7 million administrative expenses. Lastly, she stated the Change in Net Position, difference between revenue and expenses, was \$2.4 million for 11 months of FY19, with revenues exceeding expenses.

Chair Luciano called for a motion to accept the report on the financial update. A motion was made by Senator Kushner, seconded by Mr. Anderson to accept the report. There

being no discussion, Chair Luciano put the question to a vote and the motion was passed unanimously.

Claims Unit Status - Ms. Greenslade asked Mr. Hank Gaffney to give the Board a Claims Unit update. Mr. Gaffney provided a brief history of the SIF, beginning with its enactment in 1945 as an inducement for employers to hire World War II returning veterans who had sustained injuries resulting in physical impairments. He indicated the SIF fulfilled its role of administering Workers' Compensation benefits for eligible injured workers for fifty years, until such time that the legislature closed the Fund to all injuries sustained on or after July 1, 1995, and imposed a July 1, 1999 deadline for transferring eligible "second injury" claims to the Fund.

Mr. Gaffney explained the four types of claims the Fund currently handles (second injury, uninsured employer, cola reimbursement and concurrent employment reimbursement claims). He noted that while the remaining 336 second injury claims made up only 13% of SIF's current open claim inventory of 2,577 claims, they comprised 57% of the Fund's future liabilities (claims reserves or unfunded liability).

He pointed out that the legislative intent of the Fund's closure of second injury claim transfers twenty years ago continues as the Fund's annual claim payout has steadily decreased from over \$200 million in 1997 to approximately \$25 million this year. Similarly, the Fund's unfunded liabilities, as measured by open claims reserves, have decreased from \$838 million in 1998 to its current level of \$284 million. Mr. Gaffney added that these savings have generated a gradual reduction in the Fund's annual assessment rates since 1996 from 15% & 20% to the current levels of 2.25% & 2.75%.

Chair Luciano called for a motion to accept the report on the Claims status. A motion was made by Mr. Anderson, seconded by Senator Kushner to accept the report. There being no discussion, Chair Luciano put the question to a vote and the motion was passed unanimously.

7. **Legislative Update**

Mr. Gaffney reported that none of the bills emerging from the 2019 legislative session had any significant financial impact to the SIF.

8. **Other Business:**

a. Treasurer's Assessment Letter (May 1, 2019) – Ms. Greenslade gave a brief overview of the assessment letter and stated that the assessment rate was set by the Treasurer on May 1st of each year. She stated that if there was a major change such as an increase in the assessment rate, the Fund would alert the Chair and to date, the Office of the State Treasurer had decreased or maintained the same rate. She added that the Advisory Board would receive a copy of the letter when it is issued.

b. Report to Governor due July 1, 2019 – Ms. Greenslade explained that the annual report to the Governor was set forth by statute and provided the financial condition of

the Fund, issued on July 1, 2019. She said the report will be prepared with estimated numbers as of June 26, 2019. Ms. Greenslade mentioned the Governor's letter and the report would be issued, distributed and mailed to all Board members on June 28, 2019.

c. Next meeting scheduled for Thursday, October 17, 2019. Ms. Greenslade explained that the Advisory Board sets the meeting dates for the upcoming calendar year at the October meeting. The Board members agreed to keep the June and October meeting dates for 2019.

Chair Luciano asked members if there was any further business. He concluded by asking for a motion to adjourn the meeting. Ms. Kimberly Harrison moved to adjourn, Mr. Anderson seconded the motion. Motion passed unanimously.

Meeting adjourned at 11:35 a.m.