

**Minutes of Second Injury Fund Advisory Board  
Wednesday, October 10, 2018 Meeting  
Accepted by the Advisory Board June 13, 2019**

**Office of the Treasurer  
Second Injury Fund  
Advisory Board  
October 10, 2018**

Present: Eric Gjede, Connecticut Business and Industry Association  
Lori Pelletier, Connecticut AFL-CIO  
Dorothy Siniscalchi, International Union of Operating Engineers, Local 478 Benefits Funds  
Clifford G. Leach, Reginal Vice President of the Hartford Financial Group, INC

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

Meeting was called to order at 11:02 A.M. and was held by teleconference.

1. **Welcome/Roll Call:** Ms. Greenslade introduced herself, along with the members who were present, also mentioning the members who were unable to attend. Ms. Greenslade introduced Mildred Huggins, Temporary Executive Secretary, who will take minutes.

Ms. Pelletier announced that the October meeting will be the last meeting of the Advisory Board under Treasurer Nappier's leadership. On behalf of the Advisory Board, Ms. Pelletier thanked the Treasurer and Fund personnel for their continued diligence in the consistent management of the Fund's operations. She also thanked the Treasurer for maintaining assessment rates stable and predictable during her twenty years in office. Mr. Leach and other members of the Board also expressed their appreciation to the Treasurer and the Fund.

2. **Adoption of Minutes:** Ms. Pelletier invited adoption of the October 2017 meeting minutes which were included in the Agenda packet. Mr. Gjede moved to adopt the minutes; Ms. Siniscalchi seconded the motion. There was no discussion and the minutes were unanimously adopted.

Ms. Pelletier invited adoption of the June 2018 meeting minutes. Mr. Gjede moved to adopt the minutes; Ms. Siniscalchi seconded the motion. There was no discussion and the minutes were unanimously adopted.

**3. Update on Operation of the Fund:** Ms. Greenslade asked Ms. Williams to present an update on the Financial Operation of the Fund. Ms. Williams stated, in summary, that the Fund's FY2018 financial statements (for the year ending June 30, 2018) will be published in the Treasurer's Annual Report on December 31, 2018.

Ms. Williams continued by stating that Total Operating Revenues for Fiscal Year 2018 were \$37 million which is \$280,000 less (1%) than the prior year, mostly in the assessment area.

In addition, Ms. Williams stated that Total Operating Expenses of \$33 million were \$700,000 (2%) lower than the prior year with Medical having the biggest impact (\$2.2 million lower than prior year), Administrative Expenses (\$660,000 lower); partially offset by higher Indemnity (\$1.3 million) and Settlement (\$774,000) expenses.

Ms. Williams stated the Change in Net Position (the difference between revenue and expenses) for FY18 was \$4.1 million – with revenues exceeding expenses. This represents an \$811,000 increase (25%) over last year's performance.

There were no questions regarding the financial operation of the Fund.

Ms. Greenslade asked Mr. Gaffney to give the Board a Claims Unit update.

Mr. Gaffney reported a continued pattern of consistent claims activity and payout. He indicated that the Fund's total claims payout of \$26.2 million for fiscal year ending June 30, 2018, was the same as the prior fiscal year. He reported a continuation of the pattern of SIF averaging 180 - 200 settlements per year at a combined annual cost in the area of \$4 – \$5 million, and noted the downward trend of the average cost of those settlements from \$75,000 twenty years ago to the current average cost of less than \$25,000 per settlement.

Mr. Gaffney reported that WCC hearing activity continues to average 300 monthly hearings, 230 of which are handled by SIF staff with the remaining hearings handled by AGO staff on behalf of the Fund. He reported a total of 622 new claims having been set up by the Fund during fiscal year ending June 30, 2018, with 75% of new claims being concurrent employment reimbursement claims and the remaining 25% being uninsured employer claims. He reported that SIF's current reserves (estimate of future cost of claims that have been reported to SIF) have been reduced to \$299 million, which represents a 64% reduction from the \$838 million level that existed in 1999.

There were no questions regarding the update on the Claims Unit.

#### **4. Legislative Update:**

Ms. Greenslade reported that Treasurer Nappier will not be submitting legislation for the 2019 Legislative Session. The newly elected Treasurer may consider submitting language relevant to the Second Injury Fund in January or February of 2019.

## **5. Other Business:**

- a. **Treasurer's Annual Report to the Governor on the Financial Condition of the Fund** – Ms. Greenslade stated the meeting packet included a copy of the Treasurer's July 1, 2018 letter to the Governor. The letter set forth several noteworthy achievements during Fiscal Year 2018:
  - i. A reduction to the Fund's assessment rate issued on May 1, 2018. The Treasurer decreased the rate, effective July 1, 2018, for insured employers from 2.75% to 2.25%, and concurrently decreased the rate for self-insured employers from 3.25% to 2.75%.
  - ii. The Treasurer announced the cumulative effect of rate reductions since 1999 resulted in net savings of \$1.3 billion for Connecticut businesses which includes \$102 million in projected savings during Fiscal Year 2019.
- b. **Board Member Terms** – Ms. Greenslade reminded Board members that all terms expire on December 31, 2018. The newly elected Treasurer will appoint Board members in January or February 2019. Once Board members are appointed, a Chair must be elected by the Advisory Board at its first meeting in 2019.
- c. **Meeting dates for calendar year 2019** - Ms. Greenslade stated the agenda included proposed meeting dates for 2019.

Ms. Greenslade stated that on behalf of the Fund she wanted to thank all Board members for their dedication and commitment to the Advisory Board. Ms. Greenslade also conveyed Treasurer Nappier's gratitude for Board members taking time from their busy schedules to participate in Board meetings.

Ms. Pelletier asked if there was any further business. Hearing none, Ms. Pelletier asked for a motion to adjourn the meeting. Mr. Leach moved to adjourn the meeting. There was no discussion and the meeting was adjourned.

Meeting adjourned at 11:20 A.M.