

DENISE L. NAPPIER
TREASURER

State of Connecticut
Office of the Treasurer

July 1, 2018

The Honorable Dannel P. Malloy
Governor, State of Connecticut
State Capitol Building
Hartford, Connecticut 06106

Dear Governor Malloy,

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 (hereinafter referred to as the "Fund") continues to be financially stable and has accomplished a number of noteworthy achievements during fiscal year 2018.

- On May 1, 2018, I announced that assessment rates for insurance companies will decrease from the current rate of 2.75% to 2.25% for insured employers, while concurrently the rate for self-insured employers will decrease from 3.25% to 2.75%. This marks the twentieth consecutive year in which the Fund has either reduced or maintained rates – an unprecedented accomplishment in the more than 70 year history of the Fund.
- The cumulative effect of rate reductions since 1999 has resulted in a net savings of \$1.3 billion for Connecticut businesses, which includes \$102 million in projected savings during fiscal year 2019.
- The Fund continues to reduce its long-term unfunded liabilities, which fell from \$838 million in 1999 to \$309 million, or 63 percent.
- During fiscal year 2018, the Fund achieved an estimated savings of \$2.5 million in medical costs which lessened the long-term financial burden on Connecticut's businesses and taxpayers.

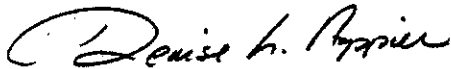
Finally, I want to give special thanks to the men and women of the Treasury, and the Second Injury Fund in particular, who deserve credit for the on-going efficient operation of the Fund. These accomplishments are the result of their workers' compensation expertise, high standards

Honorable Dannel P. Malloy
Page Two
July 1, 2018

of integrity and prudent fiscal policies, which have enabled the Fund to pass along savings to Connecticut businesses without compromising any benefits due to injured workers.

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

Sincerely,

A handwritten signature in cursive script that reads "Denise L. Nappier".

Denise L. Nappier
State Treasurer
Enclosure

**ANNUAL REPORT OF THE SECOND INJURY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2018**

As of 06/27/18

1. Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2017):

- A. The unfunded liability of the Second Injury Fund as of **July 1, 2017** had been estimated at **\$342,100,000**.
- B. The unfunded liability of the Second Injury Fund as of **July 1, 2018** is estimated at **\$309,500,000**.

NOTE: The unfunded liability of the Second Injury Fund has been reduced from \$838,000,000 in 1999 to \$309,500,000 in 2018.

	<u># Open Claims</u>	<u>Reserve Value</u>
Claim Inventory 7/1/18	2,762	\$ 307,000,000
* Estimated Future Claims (FY 2019)	400	<u>2,500,000</u>
Total Estimated Liability as of 6/27/18		\$ 309,500,000

* Anticipated uninsured employer and concurrent employment claims incurred but not reported as of 6/27/18

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

During FY 2018 SIF paid 201 settlements at a cost of \$3,886,607.

3. The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2018):

Category	# of Assessments	Amounts
Insured Employers	4	\$ 29,862,226 (est)
Self-Insured Employers	4	<u>5,754,751(est)</u>
Total		\$ 35,616,977

4. The number and estimated amount of assessments for the coming year (FY2019):

Category	# of Assessments	Amounts
Insured Employers	4	\$ 23,715,000
Self-Insured Employers	4	<u>4,824,000</u>
Total		\$ 28,539,000

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

No recommendations for legislative change at this time.