

Minutes of Second Injury Fund Advisory Board
Thursday, June 21, 2012 Meeting
Approved by the Advisory Board November 28, 2012

Office of the Treasurer
Second Injury Fund
Advisory Board
June 21, 2012

Present: Kathleen Santiago, Greater Hartford Chapter of the Coalition of Black Trade Unionists;
Joseph McFetridge, Northeast Utilities Service Co.;
Lori Pelletier, Connecticut AFL-CIO;
State Representative Zalaski, Labor & Public Employees Committee/General Assembly
Kia Murrell, Connecticut Business and Industry Association
Cliff Leach, The Hartford Financial Services Group, Inc.

For the Fund: Maria M. Greenslade, Assistant Deputy Treasurer
Deborah D'Agostino, Collections
Hank Gaffney, Claims Manager
Jim Eatherton, Supervising Special Investigator
Gloria G. Williams, Controller
Marge Supple, Retired Controller
Amber Bassett, Executive Secretary

Meeting was called to order at 11:01AM and was held by teleconference.

1. Welcome / Roll Call: Ms. Pelletier called the meeting to order and welcomed the members to the Advisory Board meeting. Ms. Greenslade announced all members who joined the conference call and the staff from Second Injury Fund. Ms. Greenslade introduced Ms. Williams as the new Controller for the Second Injury Fund (the Fund). Ms. Supple who retired on October 1, 2011, returned as a temporary Controller. Marge's last day with the Fund will be Friday, June 29, 2012.

2. Adoption of Minutes: Ms. Pelletier invited discussion of the minutes of the November 16, 2011 meeting. There were no changes to the minutes. Ms. Pelletier asked for a motion to adopt the minutes. Ms. Santiago moved to adopt the minutes. State Representative Zalaski seconded the motion. The motion passed unanimously.

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 the financial statements for the Fund for Fiscal Year 2011 were attached to the Agenda and included operating revenues of \$31.7 million; operating expenses of \$38.8 million and net assets of 30.7 million.

Ms. Williams then gave the financial status of the Fund for Fiscal Year 2012, through May 31, 2012. She stated the numbers were similar to those of last fiscal year. The total operating revenues are \$32.4 million; total operating expenses are \$35.5 million; and net assets are \$27.7 million. Ms. Pelletier asked if there were any questions regarding this update.

Ms. Greenslade asked Mr. Gaffney to update the Board on the Claims Unit. Mr. Gaffney reported for Fiscal Year 2012 through May 31, 2012, the total payout on claims is at \$29.4 million. As stated in the Advisory Board's last meeting, this number has plateaued and then dropped down because of lower settlement amounts. Settlement amounts have decreased over the past couple years from approximately \$10 million a year to about \$7 million a year and this year down to approximately \$6 million.

Mr. Gaffney continued by noting that projections for the reserves for open claims is estimated at about \$418 million, which is a 3% increase from last year. Historically, the estimates are lower year to year. There was an upward adjustment of about \$10 million since July 1, 2011 due to adverse litigation against the Fund. Mr. Gaffney stated this decision no longer allows the Fund to share in the social security offset. Currently, there are 90 open cases impacted by this decision. The reserves would have decreased about \$7-8 million, if not for the adjustments. Ms. Pelletier asked if there were any questions regarding this update.

Ms. Greenslade stated the Treasurer's Assessment letter dated May 1, 2012 was included in everyone's packet. Ms. Greenslade wanted to alert everyone that the use of carry over resources has been depleted to roughly \$27 million. In the past, the Advisory Board advised the Fund to maintain stability with the Assessment rates. For Fiscal Year 2013, the assessment rates are 2.75% for insured employers and 3.25% for the self-insured employers. At this time, the Fund is closely monitoring expenses and revenues to determine if assessment rates may need to increase in the near future. Ms. Pelletier asked if there were any questions regarding the assessment letter.

4. Legislative Update: Ms. Greenslade asked Mr. Gaffney to present the Legislative update for the Board. Mr. Gaffney stated not many bills during the 2012 legislative session affected the Fund. The one Bill of significance is now Public Act 12-77 which contains language introduced by the Fund and the Office of the Attorney General. There are 2 sections to this bill that impact the Fund. The first section allows the Second Injury Fund to request a writ of attachment against any employer in an effort to collect funds. Section two clarifies the Fund's authority to settle. Ms. Pelletier asked if there were any questions.

5. Other Business: Ms. Greenslade stated the Fund is presently working on the Annual Report to the Governor which is due July 1, 2012. Ms. Greenslade stated that all members of the Board will receive a copy of the report once issued. Ms. Pelletier asked if there were any questions regarding this report.

Ms. Greenslade asked if the Board would consider brainstorming sessions on developing a long term Strategic Plan for the Fund. The plan would review the Fund's current position; define goals and objectives over the next 5 years; put a plan together of how the

Fund will reach these goals; and review if any legislative reform was necessary to obtain these goals. The Board agreed such a discussion regarding the Fund would be beneficial and should occur. During the next meeting the Advisory Board will have more in depth discussion.

Ms. Greenslade stated the next Advisory Board meeting will be held Wednesday, November 14, 2012 at 11AM via telephone conference call. Ms. Pelletier asked if there were any objections to holding the meeting during this time and asked the Board to mark their calendars with this date.

Ms. Pelletier asked members if there were any further questions, comments or thoughts. There were none. Ms. Santiago moved to adjourn the meeting and Ms. Murrell seconded the motion.

Meeting was adjourned at 11:16AM.