State of Connecticut

DENISE L. NAPPIER
TREASURER

Hartford

July 1, 2014

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.

As detailed more fully in the Report, the Second Injury Fund (hereinafter referred to as "the Fund") remains financially stable and has, over the course of the 2014 fiscal year, achieved a number of accomplishments. Noteworthy among them:

- For the sixteenth consecutive year, the Fund has either reduced or maintained assessment rates for Connecticut businesses. On May 1, 2014, I announced that the assessment rate for insured employers will remain at 2.75%, and for self-insured employers, the rate will stand at 3.25%.

- We expect to save more than $1.8 million in medical costs, which will lessen the costs borne by Connecticut's businesses.

- The Fund continues to reduce its long-term unfunded liabilities, which fell from $838 million in 1999 to $399 million, or 52 percent.

These accomplishments are the result of a strong commitment to 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,

Denise L. Nappier
State Treasurer

55 Elm Street, Hartford, Connecticut 06106-1773, Telephone: (860) 702-3000

cc: Hon. Nancy Wyman, Lieutenant Governor
Hon. Donald E. Williams, Jr., Senate President *Pro Tempore*
Hon. J. Brendan Sharkey, Speaker of the House
Hon. Martin M. Looney, Senate Majority Leader
Hon. John McKinney, Senate Minority Leader
Hon. Joe Aresimowicz, House Majority Leader
Hon. Lawrence F. Cafero, House Minority Leader
Hon. Gary Holder-Winfield, Senate Chair, Labor & Public Employees Committee*
Hon. Peter A. Tercyak, House Chair, Labor & Public Employees Committee*
Hon. Joe Markley, Senate Ranking Member, Labor & Public Employees Committee
Hon. Richard Smith, House Ranking Member, Labor & Public Employees Committee
Hon. Joseph J. Crisco, Jr., Senate Chair, Insurance and Real Estate Committee
Hon. Robert W. Megna, House Chair, Insurance and Real Estate Committee
Hon. Kevin C. Kelly, Senate Ranking Member, Insurance and Real Estate Committee
Hon. Robert C. Sampson, House Ranking Member, Insurance and Real Estate Committee
Martin J. Dunleavy. Clerk, House of Representatives
Garey E. Coleman, Clerk, Senate

Members of the Second Injury Fund Advisory Board:

*Senator Gary Holder-Winfield
*Representative Peter A. Tercyak
Lori Pelletier, Chair
Daniel E. Krause
Clifford G. Leach
Joseph McFetridge
Kathleen Santiago
Eric Gjede

ANNUAL REPORT OF THE SECOND INJURY FUND
FOR FISCAL YEAR ENDING JUNE 30, 2014

As of 06/27/2014

1. **Estimate of the Fund's unfunded liability as of preceding July first (July 1, 2013):**

   A. The unfunded liability of the Second Injury Fund as of **July 1, 2013** had been estimated at **$411,700,000.**

   B. The unfunded liability of the Second Injury Fund as of **July 1, 2014** is estimated at **$398,600,000.**

   NOTE: The unfunded liability of the Second Injury Fund has been reduced from $838,000,000 in 1999 to $398,600,000 in 2014.

	# Open Claims	Reserve Value
Claim Inventory 7/1/14	2,957	$396,100,000
* Estimated Future Claims (FY 2015)	400	2,500,000
Total Estimated Liability as of 7/1/14		$398,600,000

* Anticipated uninsured employer and concurrent employment claims incurred but not reported as of 7/1/14

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

   During FY 2014 SIF paid 222 settlements at a cost of **$5,831,619.**

3. **The number and actual amount of assessments levied under section 31-354 for the previous fiscal year (FY2014):**

Category	**# of Assessments**	**Amounts**
Insured Employers	4	$33,971,822 (est)
Self-Insured Employers	4	6,045,515 (est)
Total		**$40,017,337**

4. **The number and estimated amount of assessments for the coming year (FY2015):**

Category	**# of Assessments**	**Amounts**
Insured Employers	4	$33,384,000
Self-Insured Employers	4	6,083,000
Total		**$39,467,000**

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

   No further recommendations for legislative change at this time.