



OFFICE OF  
STATE TREASURER  
DENISE L. NAPPIER

---

# NEWS

FOR IMMEDIATE RELEASE  
Monday, Oct. 2, 2000

**THREE CREDIT RATING AGENCIES UPGRADE STATE'S SECOND INJURY FUND;  
NAPPIER REFORMS PRODUCE IMPRESS CREDIT COMMUNITY;  
Moody's, Fitch and S&P Give Fund High Marks**

HARTFORD – Three independent credit rating agencies have recognized the financial strength of Connecticut's Second Injury Fund (SIF). The Second Injury Fund is a state operated workers' compensation insurance fund managed by the Office of the Treasurer. The Fund assesses Connecticut businesses to cover the costs of claims by injured workers when an employer has no workers' compensation insurance coverage and to reimburse insurers for payments made to injured workers with more than one employer.

Moody's, Fitch and Standard & Poor (S&P), the standard-bearers of credit rating agencies, each upgraded the Second Injury Fund based on an improving financial performance that follows steps taken by State Treasurer Denise L. Nappier to tighten financial controls for the Fund and strengthen its long-term financial structure. The higher ratings are expected to result in lower borrowing costs, thereby reducing the burden on the Connecticut businesses which ultimately pay the costs of the Fund in the form of rate assessments.

Moody's has upgraded the Fund from A1 to Aa3 with a positive outlook, a significant increment which puts the Second Injury Fund into the second-highest possible category. S&P upgraded the fund's rating from to AA- from A+, and Fitch has given the Fund an upgrade to AA from AA-, citing greater claim certainty and assessment stability, as well as recently implemented program initiatives, according to reports released today from those agencies.

The ratings were reviewed in preparation for the new bond issue scheduled for the week of Oct. 9. The State Treasurer's Office plans to issue \$124 million in fixed-rate bonds with maturities ranging from 2003 to 2016, according to Nappier. The bond issue is part of a package of Second Injury Fund reforms announced by Nappier in May of this year.

Shortly after Nappier assumed Office from outgoing Treasurer Paul J. Silvester, Treasury staff presented her with a deficit forecast for SIF operations and recommended that she avert the projected deficit by increasing the assessment rates paid by Connecticut employers. Nappier challenged the financial assumptions underlying the deficit forecast and refused to increase rates as recommended. Instead, she froze assessment rates pending a detailed review of Fund financials and operations.

The review, conducted under the leadership of a Blue Ribbon Commission of insurance and accounting experts, resulted in proposals to re-structure Fund management; streamline operations; and re-structure debt. Early implementation of these proposals enabled Nappier in May to announce that Fund assessment rates would remain stable for another year and that long-term

Contact: CHRISTINE PALM  
(860) 702-3277 FAX (860) 702-3043  
Christine.palm@po.state.ct.us

---

financial prospects for the Fund were positive. The new debt structure alone is expected to produce savings of \$19.5 million during this fiscal year and \$485.3 over the 15 year life of the debt.

"The rating upgrade is excellent news for the Second Injury Fund and for all of Connecticut's residents," Nappier said today. "The reforms we initiated already have resulted in tangible financial improvements. Higher bond ratings mean lower debt costs and that will make it easier to resist upward assessment rate pressures in the future. We are gratified that our office's hard work and prudent fiscal management are being recognized by these respected agencies and that Fund assessment ratepayers will benefit as a result."

#####

