



House of Representatives

General Assembly

File No. 324

February Session, 2004

Substitute House Bill No. 5340

House of Representatives, March 30, 2004

The Committee on Labor and Public Employees reported through REP. RYAN, K. of the 139th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING LUMP SUM PAYMENTS UNDER THE WORKERS' COMPENSATION ACT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-302 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 Compensation payable under this chapter shall be paid at the
4 particular times in the week and in the manner the commissioner may
5 order, and shall be paid directly to the persons entitled to receive them
6 unless the commissioner, for good reason, orders payment to those
7 entitled to act for such persons, [; but, when he] except that when the
8 commissioner finds it just or necessary, the commissioner may
9 approve or direct the commutation, in whole or in part, of weekly
10 compensation under the provisions of this chapter into monthly or
11 quarterly payments, or into a single lump sum, which may be paid to
12 the one then entitled to the compensation, and the commutation shall

13 be binding upon all persons entitled to compensation for the injury in
 14 question. In any case of commutation, a true equivalence of value shall
 15 be maintained, with due discount of sums payable in the future; and,
 16 when commutation is made into a single lump sum, (1) the
 17 commissioner may direct that it be paid to any savings bank, trust
 18 company or life insurance company authorized to do business within
 19 this state, to be held in trust for the beneficiary or beneficiaries under
 20 the provisions of this chapter and paid in conformity with the
 21 provisions of this chapter, and (2) the parties, by agreement and with
 22 approval of the commissioner, may prorate the single lump sum over
 23 the life expectancy of the injured employee.

This act shall take effect as follows:	
Section 1	<i>from passage</i>

LAB *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Dept. of Administrative Services - Workers' Comp. Claims; Children & Families, Dept.; Correction, Dept.; Mental Health & Addiction Serv., Dept.; Mental Retardation, Dept.; Public Safety, Dept.	GF - None	None	None
Workers' Compensation Com.	WCF - None	None	None

Note: GF=General Fund; WCF=Workers' Compensation Fund

Municipal Impact: None

Explanation

This bill allows workers' compensation lump sum settlements to be prorated over the life expectancy of the injured employee if the parties agree and the workers' compensation commissioner approves.

Prorating lump sum settlements has no fiscal impact on the state workers' compensation program since the workers' compensation benefits are defined and owed the claimant.

This bill has no fiscal impact on the Workers' Compensation Commission.

OLR Bill Analysis

sHB 5340

AN ACT CONCERNING LUMP SUM PAYMENTS UNDER THE WORKERS' COMPENSATION ACT**SUMMARY:**

This bill authorizes workers' compensation (WC) lump sum settlements to be prorated over the life expectancy of the injured employee if the parties agree and the WC commissioner approves. Under current law, lump sum settlements are allowed, but there is no authorization to prorate them. In recent years, the Workers' Compensation Commission began the practice of prorating lump sum settlements.

EFFECTIVE DATE: Upon passage

BACKGROUND***Social Security Disability Offsets***

Under federal law, Social Security disability (SSD) benefits are reduced if a recipient's benefits from other sources, including WC, reach a certain threshold. Prorating a lump sum settlement can reduce or eliminate a potential offset if the injured employee is currently, or may in the future, be eligible for SSD benefits. Federal regulations allow such prorating as a means to minimize or reduce a SSD recipient's offset.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Substitute

Yea 12 Nay 0