



General Assembly

January Session, 2005

**Raised Bill No. 1250**

LCO No. 4111

\*04111\_\_\_\_\_INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT CONCERNING PENALTIES FOR CONCEALING  
EMPLOYMENT OR OTHER INFORMATION RELATED TO WORKERS'  
COMPENSATION PREMIUMS.**

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

1 Section 1. Section 31-288 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) If an employer wilfully fails to conform to any other provision of  
4 this chapter, [he] the employer shall be fined not more than two  
5 hundred fifty dollars for each such failure.

6 (b) Whenever (1) through the fault or neglect of an employer or  
7 insurer, the adjustment or payment of compensation due under this  
8 chapter is unduly delayed, or (2) either party to a claim under this  
9 chapter has unreasonably, and without good cause, delayed the  
10 completion of the hearings on such claim, the delaying party or parties  
11 may be assessed a civil penalty of not more than five hundred dollars  
12 by the commissioner hearing the claim for each such case of delay.  
13 Any appeal of a penalty assessed pursuant to this subsection shall be  
14 taken in accordance with the provisions of section 31-301.

15 (c) Whenever an investigator in the investigations unit of the office  
16 of the State Treasurer, whether initiating an investigation at the request  
17 of the custodian of the Second Injury Fund, the Workers'  
18 Compensation Commission, or a commissioner, finds that an employer  
19 is not in compliance with the insurance and self-insurance  
20 requirements of subsection (b) of section 31-284, such investigator shall  
21 issue a citation to such employer requiring [him] the employer to  
22 obtain insurance and fulfill the requirements of said section and  
23 notifying [him] the employer of the requirement of a hearing before  
24 the commissioner and the penalties required under this subsection.  
25 The investigator shall also file an affidavit advising the commissioner  
26 of the citation and requesting a hearing on such violation. The  
27 commissioner shall conduct a hearing, after sufficient notice to the  
28 employer and within thirty days of the citation, wherein the employer  
29 shall be required to present sufficient evidence of [his] the employer's  
30 compliance with said requirements. Whenever the commissioner finds  
31 that the employer is not in compliance with said requirements [he] the  
32 commissioner shall assess a civil penalty of not less than five hundred  
33 dollars per employee or five thousand dollars, whichever is less and  
34 not more than fifty thousand dollars against the employer.

35 (d) In addition to the penalties assessed pursuant to subsection (c) of  
36 this section, the commissioner shall assess an additional penalty of one  
37 hundred dollars for each day after the finding of noncompliance that  
38 the employer fails to comply with the insurance and self-insurance  
39 requirements of subsection (b) of section 31-284. Any penalties  
40 assessed under the provisions of this subsection shall not exceed fifty  
41 thousand dollars in the aggregate.

42 (e) The chairman of the Workers' Compensation Commission shall  
43 notify the State Treasurer and the Attorney General of the imposition  
44 of any penalty, the date it was imposed, the amount and whether there  
45 has been an appeal of said penalty. Any civil penalty order issued  
46 pursuant to subsection (c) or (d) of this section shall state that payment  
47 shall be made to the Second Injury Fund of the State Treasurer, and

48 that failure to pay within ninety days may result in civil action to  
49 double the penalty. The State Treasurer shall collect any penalty owed,  
50 and if the penalty is not paid within ninety days, the State Treasurer  
51 shall notify the chairman of the Workers' Compensation Commission  
52 and the Attorney General so that civil action may be brought pursuant  
53 to section 31-289. Any appeal of a penalty assessed pursuant to the  
54 provisions of subsections (c) and (d) of this section shall be taken in  
55 accordance with the provisions of section 31-301. The chairman shall  
56 adopt regulations for the commissioners to use in setting fines which  
57 shall require the commissioners to take into account the nature of the  
58 employer's business and [his] the number of employees.

59 (f) When any employer knowingly and wilfully fails to comply with  
60 the insurance and self-insurance requirements of subsection (b) of  
61 section 31-284, such employer, if [he] the employer is an owner, in the  
62 case of a sole proprietorship, a partner, in the case of a partnership, a  
63 principal, in the case of a limited liability company or a corporate  
64 officer, in the case of a corporation, shall be guilty of a class D felony.

65 (g) Any employer who, with the intent to injure, defraud or deceive  
66 any insurance company insuring the liability of such employer under  
67 this chapter, (1) knowingly misrepresents one or more employees as  
68 independent contractors, or (2) knowingly provides false, incomplete  
69 or misleading information to such company concerning the number of  
70 employees, for the purpose of paying a lower premium on a policy  
71 obtained from such company, shall be guilty of a class D felony and  
72 shall be subject to a stop work order from the commissioner. The  
73 commissioner may issue a stop work order to such employer pursuant  
74 to this subsection.

75 Sec. 2. Section 31-69a of the general statutes is repealed and the  
76 following is substituted in lieu thereof (*Effective October 1, 2005*):

77 In addition to the penalties provided in chapter 557, this chapter  
78 and chapter 568, any employer, officer, agent or other person who  
79 violates any provision of chapter 557, this chapter or subsection (g) of

80 section 31-288, as amended by this act, shall be liable to the Labor  
81 Department for a civil penalty of three hundred dollars for each  
82 violation of said chapters and for each violation of subsection (g) of  
83 section 31-288, as amended by this act, except that any person who  
84 violates a stop work order issued pursuant to subsection (g) of section  
85 31-288, as amended by this act, shall be liable to the Labor Department  
86 for a civil penalty of one thousand dollars and each day of such  
87 violation shall constitute a separate offense. The Attorney General,  
88 upon complaint of the Labor Commissioner, shall institute a civil  
89 action to recover such civil penalty. Any amount recovered shall be  
90 deposited in the General Fund and credited to a separate nonlapsing  
91 appropriation to the Labor Department, for other current expenses,  
92 and may be used by the Labor Department to enforce the provisions of  
93 chapter 557, this chapter and subsection (g) of section 31-288, as  
94 amended by this act, and to implement the provisions of section 31-4.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2005</i>	31-288
Sec. 2	<i>October 1, 2005</i>	31-69a

**Statement of Purpose:**

To provide that employers who misrepresent the number or type of employees for purposes of paying a lower premium for workers' compensation insurance may be issued a stop work order and required to pay one thousand dollars per day for violation of the stop work order.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*