



General Assembly

January Session, 2009

**Raised Bill No. 979**

LCO No. 3632

\* \_\_\_\_\_SB00979LABFIN030609\_\_\_\_\_\*

Referred to Committee on Labor and Public Employees

Introduced by:  
(LAB)

**AN ACT CONCERNING INTEREST PENALTIES ON LATE PAYMENT  
OF ASSESSMENTS TO THE SECOND INJURY FUND.**

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

1 Section 1. Section 31-354 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There shall be a fund to be known as the Second Injury Fund.  
4 Each employer, other than the state, shall, within thirty days after  
5 notice given by the State Treasurer, pay to the State Treasurer for the  
6 use of the state a sum in payment of his liability under this chapter  
7 which shall be calculated in accordance with the Second Injury Fund  
8 surcharge base, as defined in section 31-349g, and shall be assessed in  
9 accordance with subsection (f) of section 31-349, sections 31-349g, 31-  
10 349h and 31-349i, this section, section 31-354b and sections 8 and 9 of  
11 public act 96-242\*. Such sum shall be an amount sufficient to (1) pay  
12 the debt service on state revenue bond obligations authorized to be  
13 issued under and for the purposes set forth in section 31-354b  
14 including reserve and covenant coverage requirements, (2) provide for  
15 costs and expenses of operating the Second Injury Fund, and (3) pay  
16 Second Injury Fund stipulations on claims settled by the custodian or

17 other benefits payable out of the Second Injury Fund and not funded  
18 through state revenue bond obligations and shall be determined in  
19 accordance with the regulations adopted pursuant to the provisions of  
20 section 31-349g. The custodian shall establish a factor for the annual  
21 surcharge that caps such surcharge for the fiscal years ending June 30,  
22 1996, 1997 and 1998. In determining such factor the custodian shall  
23 consider the funding mechanism authorized by subsection (f) of  
24 section 31-349, sections 31-349g, 31-349h and 31-349i, this section,  
25 section 31-354b and sections 8 and 9 of public act 96-242\*, recognize  
26 that an acceptable level of employer assessment is important to the  
27 vitality of the economy of the state and nevertheless shall assure  
28 provision of services to injured workers that enhances their ability to  
29 return to work and improve their quality of life. In any event, such  
30 factor shall not exceed, with respect to insured employers, a rate of  
31 fifteen per cent on the Second Injury Fund surcharge base with respect  
32 to workers' compensation and employers' liability policies and, with  
33 respect to self-insured employers, a comparable percentage limitation  
34 representing their pro rata share of any assessment. Any employer or  
35 any insurance company acting as collection agent for the custodian of  
36 the Second Injury Fund who fails to pay in accordance with such  
37 regulations shall pay a penalty to the State Treasurer of fifteen per cent  
38 or a minimum of fifty dollars, whichever is greater, on the unpaid  
39 assessment or surcharge. Interest at the rate of six per cent per annum  
40 shall be charged on any amounts owed on assessment audits or  
41 surcharge audits. For self-insured employers interest shall accrue  
42 thirty days after notice from the Second Injury Fund of the unpaid  
43 audit assessment. For insurance companies, the interest shall accrue  
44 from the date of the notice of audit errors or deficiencies as determined  
45 by the date postmarked by the United States Postal Service. The State  
46 Treasurer shall notify each employer of the penalty or interest  
47 provision with the notice of assessment. Any partial payments made to  
48 the fund shall be first applied to any unpaid penalty, then to any  
49 unpaid interest and the remainder, if any, to the unpaid assessment or  
50 surcharge. Interest or penalties shall be applied if assessment or  
51 surcharge reports or payments are postmarked by the United States

52 Postal Service after the designated due date. The sums received shall  
53 be accounted for separately and apart from all other state moneys and  
54 the faith and credit of the state of Connecticut is pledged for their  
55 safekeeping. The State Treasurer shall be the custodian of the fund and  
56 all disbursements from the fund shall be made by the Treasurer or the  
57 Treasurer's deputies. The moneys of the fund shall be invested by the  
58 Treasurer in accordance with applicable law and section 8 of public act  
59 96-242\*. Interest, income and dividends from the investments shall be  
60 credited to the fund. Each employer, each private insurance carrier  
61 acting on behalf of any employer and each interlocal risk management  
62 agency acting on behalf of any employer shall annually, on or before  
63 April first, report to the State Treasurer, in the form prescribed by the  
64 State Treasurer, the amount of money expended by or on behalf of the  
65 employer in payments for the preceding calendar year. Each private  
66 insurance carrier, each self-insurance group and each interlocal risk  
67 management agency shall submit annually, on or before April first, to  
68 the State Treasurer, in the form prescribed by the State Treasurer, a  
69 report of the total Second Injury Fund surcharge base collected in the  
70 preceding calendar year and a report of the projected total Second  
71 Injury Fund surcharge base for the current calendar year. The fund  
72 shall be used to provide the benefits set forth in section 31-306 for  
73 adjustments in the compensation rate and payment of certain death  
74 benefits, in section 31-307b for adjustments where there are relapses  
75 after a return to work, in section 31-307c for totally disabled persons  
76 injured prior to October 1, 1953, in section 31-349 for disabled or  
77 handicapped employees and in section 31-355 for the payment of  
78 benefits due injured employees whose employers or insurance carriers  
79 have failed to pay the compensation, and medical expenses required  
80 by this chapter, or any other compensation payable from the fund as  
81 may be required by any provision contained in this chapter or any  
82 other statute and to reimburse employers or insurance carriers for  
83 payments made under subsection (b) of section 31-307a. The  
84 assessment required by this section is a condition of doing business in  
85 this state and failure to pay the assessment, when due, shall result in  
86 the denial of the privilege of doing business in this state or to self-

87 insure under section 31-284. Any administrative or other costs or  
88 expenses incurred by the State Treasurer in connection with carrying  
89 out the provisions of this part, including the hiring of necessary  
90 employees, shall be paid from the fund. The State Treasurer may adopt  
91 regulations, in accordance with the provisions of chapter 54,  
92 prescribing the practices, policies and procedures to be followed in the  
93 administration of the Second Injury Fund.

94 (b) The State Treasurer shall establish within the Second Injury  
95 Fund three accounts to be known as the operating account, the  
96 settlement account and the finance account which accounts shall be  
97 held separate and apart from each other. The operating account shall  
98 cover the costs and expenses to the state of operating the Second Injury  
99 Fund. The settlement account shall cover actual disbursement of the  
100 settled claims whether by one-time full payments or by payments over  
101 a period of time. The finance account shall contain such funds and be  
102 operated in the manner provided in section 31-354b.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	31-354

**LAB**

*Joint Favorable C/R*

**FIN**