



House of Representatives

General Assembly

File No. 55

February Session, 2010

House Bill No. 5201

House of Representatives, March 16, 2010

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

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 Section 31-54 of the general statutes is repealed and the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 that
26 an acceptable level of employer assessment is important to the vitality
27 of the economy of the state and nevertheless shall assure provision of
28 services to injured workers that enhances their ability to return to work
29 and improve their quality of life. In any event, such factor shall not
30 exceed, with respect to insured employers, a rate of fifteen per cent on
31 the Second Injury Fund surcharge base with respect to workers'
32 compensation and employers' liability policies and, with respect to
33 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] on the unpaid assessment or surcharge
39 or fifty dollars, whichever is greater. Interest at the rate of six per cent
40 per annum shall be charged on any amounts owed on assessment
41 audits or surcharge audits. For self-insured employers interest shall
42 accrue thirty days after notice from the Second Injury Fund of the
43 unpaid audit assessment. For insurance companies, the interest shall
44 accrue from the date of the notice of audit errors or deficiencies as
45 determined by the date postmarked by the United States Postal
46 Service. The State Treasurer shall notify each employer of the penalty
47 or interest provision with the notice of assessment. Any partial
48 payments made to the fund shall be first applied to any unpaid
49 penalty, then to any unpaid interest and the remainder, if any, to the

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

85 section is a condition of doing business in this state and failure to pay
 86 the assessment, when due, shall result in the denial of the privilege of
 87 doing business in this state or to self-insure under section 31-284. Any
 88 administrative or other costs or expenses incurred by the State
 89 Treasurer in connection with carrying out the provisions of this part,
 90 including the hiring of necessary employees, shall be paid from the
 91 fund. The State Treasurer may adopt regulations, in accordance with
 92 the provisions of chapter 54, prescribing the practices, policies and
 93 procedures to be followed in the administration of the Second Injury
 94 Fund.

95 (b) The State Treasurer shall establish within the Second Injury
 96 Fund three accounts to be known as the operating account, the
 97 settlement account and the finance account which accounts shall be
 98 held separate and apart from each other. The operating account shall
 99 cover the costs and expenses to the state of operating the Second Injury
 100 Fund. The settlement account shall cover actual disbursement of the
 101 settled claims whether by one-time full payments or by payments over
 102 a period of time. The finance account shall contain such funds and be
 103 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>	31-54

LAB *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 11 \$	FY 12 \$
Treasurer	SIF - Revenue Gain	100,000	100,000

Note: SIF=Second Injury Fund

Municipal Impact: None

Explanation

Increasing the level of penalty for the late payment of Second Injury Fund (SIF) assessments is expected to: (1) increase the number of on-time assessment payments and (2) result in a minimal revenue gain of approximately \$100,000 to the SIF.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

Sources: Office of the State Treasurer

OLR Bill Analysis**HB 5201*****AN ACT CONCERNING INTEREST PENALTIES ON LATE
PAYMENT OF ASSESSMENTS TO THE SECOND INJURY FUND.*****SUMMARY:**

This bill specifies that the penalty for overdue Second Injury Fund assessments from employers or insurers is 15% of the assessment or \$50, whichever is greater. Under current law, it is 15% or a minimum of \$50. The fund provides workers' compensation insurance coverage to workers whose employers failed to provide it. Employers, and insurers on behalf of employers, pay an annual assessment into the fund.

EFFECTIVE DATE: Upon passage

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 11 Nay 0 (03/04/2010)