



General Assembly

February Session, 2010

**Raised Bill No. 5201**

LCO No. 975

\*        HB05201LAB        030410        \*

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 Section 31-54 of the general statutes is repealed and the  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*