



Testimony of Denise L. Nappier
Treasurer, State of Connecticut

Submitted to the Committee on Labor and Public Employees
Public Hearing: March 13, 2012

H. B. No. 5399: AAC Voluntary Agreements and the Second Injury Fund

Good afternoon Senator Prague, Representative Zalaski, Senator Guglielmo, Representative Rigby and members of the Labor and Public Employees Committee. Thank you for the opportunity to testify in support of H. B. 5399: An Act Concerning Voluntary Agreements and the Second Injury Fund.

The proposed language in H.B. 5399 would clarify some statutory language that pertains to the administration of the Second Injury Fund (the "Fund").

By way of background, the Treasurer's office is the custodian of the Fund, a state operated workers' compensation insurance fund that assesses Connecticut employers to cover the costs of injured workers' claims. The Fund was originally created to pay benefits to eligible workers in Connecticut who had pre-existing medical conditions and then incurred a second injury on the job. Today the Fund protects a variety of workers, including those with uninsured employers.

Specifically, the bill would accomplish the following:

First, add the words "under this chapter" to Conn. Gen. Stat. § 31-353, which would clarify when the Fund may make payment by way of a settlement. Under current law, the Fund is empowered to make settlement payments, "in any matter concerning the fund." The additional language eliminates any ambiguity as to whether the Fund has the authority to settle any matter under the Workers' Compensation chapter of the Connecticut General Statutes.

Second, Section 1(b) adds language to make clear the parties of interest in these cases. The bill removes any uncertainty that settlements may occur between the Fund and the injured worker, or with the injured workers' dependents. It also clarifies that the Fund may settle claims brought by an employer or its insurer pursuant to Conn. Gen. Stat. §§ 31-306, 31-307a or 31-310.

And third, the bill substitutes the word "stipulated" for "final", so that the statute uses the actual term used to describe these settlements.

HB 5399 does not increase the authority of the Treasury in matters concerning the Fund. The law remains that in all cases, the Workers' Compensation Commission must review and approve settlements before the Fund can make payment. Approval by the Workers' Compensation Commission has the force and effect of an award of compensation and, as such, is legally enforceable and binding on the parties.

You may be interested to know, that since taking office in 1999, my administration has worked diligently to pass along savings to Connecticut businesses while remaining true to our mission to provide quality services to both the injured workers and employers whom we jointly serve. Fiscal Year 2011 marked the thirteenth consecutive year in which the Fund has either reduced or maintained assessment rates for Connecticut businesses. This is an unprecedented accomplishment in the history of the Fund. The cumulative effect of maintaining these historic assessment rates has resulted in a net savings of \$653 million for Connecticut business.

Thank you for your consideration. I would be pleased to answer any questions.