# House of Representatives

General Assembly

**File No. 197**

***January Session, 2025***

House Bill No. 7046

*House of Representatives, March 24, 2025*

The Committee on Labor and Public Employees reported through REP. SANCHEZ, E. of the 24th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## *AN ACT MAKING REVISIONS TO THE SECOND INJURY FUND.*

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

Section 1. Subsections (a) and (b) of section 31-349g of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):

(a) For purposes of this section:

(1) "Insured employer" means an employer who insures its risks incurred under this chapter with an insurance company authorized to issue workers' compensation policies in this state by the Insurance Department, and includes any member of a workers' compensation pool administered by an interlocal risk management agency, and on and after January 1, 2005, an employer mutual association organized prior to June 6, 1996, with a membership composed exclusively of health care providers and whose premium base is derived entirely from health care organizations.

(2) "Self-insured employer" means an employer who is approved to self-insure its liabilities under this chapter by the chairperson of the Workers' Compensation Commission. For the period commencing October 1, 2004, and ending December 31, 2004, "self-insured employer" includes an employer mutual association organized prior to June 6, 1996, with a membership composed exclusively of health care providers and whose premium base is derived entirely from health care organizations.

(3) "Paid losses" means the total indemnity, medical and any other expenses, prior to any credits or deductions being taken, paid on or after January 1, 2006, by or on behalf of an employer to or on behalf of an injured employee. Paid losses includes all legal expenses paid for the benefit of an injured worker in accordance with this chapter and any loss payments within deductible limits on workers' compensation policies.

(4) "Second Injury Fund surcharge base" means direct written premium on policies prior to application of any deductible policy premium credits.

(5) "Direct written premium" includes all endorsements, retrospective adjustments, audits and minimum premium and shall be determined without regard to when or whether the premium on the policy is paid.

(6) "Second Injury Fund surcharge" for insurance companies, interlocal risk management agencies and self-insurance groups means the rate set by the custodian multiplied by the Second Injury Fund surcharge base.

(7) "Self-insurance group" means a not-for-profit association consisting of fifteen or more employers who are engaged in the same or similar type of business, who are members of the same bona fide trade or professional association which has been in existence for not less than five years, and who enter into agreements to pool their liabilities for workers' compensation benefits and employers' liability.

(8) "Tortfeasor" means a third party that was liable in tort for an injury to an employee.

(b) The State Treasurer, in consultation with the Insurance Commissioner, may adopt regulations, in accordance with the provisions of chapter 54, regarding the method of assessing all employers for the liabilities of the Second Injury Fund. The liabilities shall be allocated between self-insured employers and insured employers based on a percentage of paid losses for the preceding calendar year for each group. No credits shall be taken against paid losses, except voided checks in connection with expenses paid under this chapter previously reported as a paid loss, actual recoveries from **[**third party**]** tortfeasors, reimbursement granted pursuant to section 31-299b and Second Injury Fund reimbursements. The method of assessment for self-insured employers shall be based on paid losses. The method of assessment for insured employers, for policies with effective dates before July 1, 2006, shall be based on the standard premium, and for policies with effective dates on or after July 1, 2006, shall be based on the Second Injury Fund surcharge base. In adopting regulations under this section, the State Treasurer shall consider their effect upon (1) the cost of doing business in this state, (2) the overall cost of the workers' compensation system, (3) the effect of the regulations on insurers, insureds and self-insured employers, and (4) the financial condition and liabilities of the fund.

| This act shall take effect as follows and shall amend the following sections: | | |
|---|---|---|
| Section 1 | *from passage* | 31-349g(a) and (b) |

***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:*** None

***Municipal Impact:*** None

### *Explanation*

The bill, which clarifies existing practice of administration of the Second Injury Fund, does not result in a fiscal impact.

## *The Out Years*

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis**

**HB 7046**

***AN ACT MAKING REVISIONS TO THE SECOND INJURY FUND.***

## SUMMARY

Under current law, the Second Injury Fund (SIF) deducts recoveries from third party tortfeasors when calculating its paid losses. This bill specifies that this deduction is for actual recoveries from a third party that was liable in tort for an employee's injury.

By law, the SIF is supported by an assessment on insured and self-insured employers that is based on the SIF's calculation of paid losses.

EFFECTIVE DATE: Upon passage

## BACKGROUND

### *Second Injury Fund*

The SIF is a state-run workers' compensation fund financed by state employers and operated by the state treasurer. Among other things, the fund pays or contributes to workers' compensation benefits for workers with preexisting disabilities who are reinjured (second injuries), whose employers are uninsured, or who worked more than one job when injured. The fund was closed to second injuries that occurred on or after July 1, 1995.

## COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable
Yea 13 Nay 0 (03/06/2025)