General Assembly

Raised Bill No. 7046

January Session, 2025

LCO No. **5085**

Referred to Committee on LABOR AND PUBLIC EMPLOYEES

Introduced by:
(LAB)

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 Subsections (a) and (b) of section 31-349g of the general statutes are repealed and the following is substituted in lieu thereof (*Effective from passage*):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

Statement of Purpose:

To clarify that self-insured employers and insured employers can deduct third-party recoveries only from a tortfeasor.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]