

34:15-94 et al

10/15/86

LEGISLATIVE HISTORY CHECKLIST

NJSA: 34:15-94 et al (Workers' compensation--funding for certain benefits)

LAWS OF: 1986

CHAPTER 82

BILL NO: A2672

Sponsor(s): Littell and Charles

Date Introduced: May 15, 1986

Committee: Assembly: Labor

Senate: Labor, Industry and Professions

Amended during passage: No Assembly Committee substitute enacted

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Following statements are attached if available:

Sponsor statement: Yes

Committee statement: Assembly Yes

Senate Yes

Fiscal Note: No

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Reports: No

Hearings: No

Assembly Committee substitute enacted
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ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2672

STATE OF NEW JERSEY

ADOPTED: JUNE 12, 1986

By Assemblymen LITTELL and CHARLES

AN ACT concerning the funding for certain workers' compensation benefits and amending R. S. 34:15-94, R. S. 34:15-105, R. S. 34:15-112 and P. L. 1980, c. 83.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey*:

1 1. R. S. 34:15-94 is amended to read as follows:

2 34:15-94. Each mutual association or stock company writing com-
3 pensation or employer's liability insurance in this State, and each
4 self-insurer, shall pay to the Commissioner of Labor **[and Industry]**
5 a sum equal to that proportion of 150% of the total amount of
6 moneys paid under R. S. 34:15-95 during the preceding calendar
7 year, less the amount of net assets exceeding \$5,000,000.00 remain-
8 ing in such fund as of December 31 of said preceding calendar year,
9 which the total compensation payments of such mutual association,
10 stock company or self-insurer bears to the total compensation pay-
11 ments made by all such mutual associations, stock companies, and
12 self-insurers during such preceding calendar year. Such sum shall
13 be paid by the Commissioner of Labor **[and Industry]** to the State
14 Treasurer.

15 On or before *August 1, 1986* **[November 1, 1968]**, the Commis-
16 sioner of Labor **[and Industry]** shall recalculate payments due for
17 calendar year **[1968]** *1986* in accordance with the formula provided
18 above, and levy supplemental assessments to adjust for any differ-
19 ence due to be paid in satisfaction of obligations for calendar year
20 **[1968]** *1986* giving full credit for payments previously due and paid
21 on or before *August 15, 1986* **[March 1 and September 1, 1968]**.
22 Such supplemental assessments, if necessary to be levied, shall be
23 paid on or before *September 15, 1986* **[December 1, 1968]**. Com-

EXPLANATION—Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter printed in italics *thus* is new matter.

24 mencing January 1, 1987 ~~1969~~, and each calendar year thereafter,
 25 annual payments shall be calculated by the commissioner and sums
 26 due shall be paid ~~1/4~~ *in equal quarterly installments* on or before
 27 March 15, ~~1/4~~ on or before June 15, ~~1/4~~ on or before September
 28 15 and ~~1/4~~ on or before December 15 of each year.

29 When the total amount of all such payments into the fund, to-
 30 gether with the accumulated interest thereon, exceeds \$1,250,000.00,
 31 an amount not to exceed \$50,000.00 of such excess over \$1,250,000.00
 32 in any one fiscal year, may be applied toward the cost of adminis-
 33 tration of the Division of Workers' Compensation in the Depart-
 34 ment of Labor ~~and Industry~~ when authorized and appropriated
 35 by the Legislature.

1 2. Section 1 of P. L. 1980, c. 83 (C. 34:15-95.4) is amended to
 2 read as follows:

3 1. Any employee or dependent receiving further weekly benefits
 4 as provided under R. S. 34:15-95, R. S. 34:15-12(b) or R. S.
 5 34:15-13 at a rate applicable prior to January 1, 1980, and whose
 6 payment is less than the maximum compensation rate in effect for
 7 the year 1980 shall be entitled to receive a special adjustment benefit
 8 payment from the fund provided for by R. S. 34:15-94 and R. S.
 9 34:15-95 and from those sources as provided for by this 1980
 10 amendatory and supplementary act.

11 Any dependent, as defined in R. S. 34:15-13, of a person totally
 12 disabled who dies while receiving compensation from the fund
 13 provided for by R. S. 34:15-94 and 34:15-95, shall become entitled
 14 to dependent benefits under this chapter which are comparable to
 15 payments made to other dependents under the Workers' Compens-
 16 ation Law, on or after the effective date of this 1980 amendatory
 17 and supplementary act.

18 All compensation payments made under this chapter to a depen-
 19 dent, as defined under R. S. 34:15-13, of an individual who dies
 20 while receiving such compensation, shall be payable only where the
 21 compensable occupational injury or disease of the decedent is a
 22 material contributing factor to his death.

23 The payment of these adjustment benefits shall be paid to an
 24 employee or dependent as long as the employee or dependent is
 25 eligible to receive payments under R. S. 34:15-95, R. S. 34:15-12(b),
 26 R. S. 34:15-13, or this section.

27 The amount of the special adjustment benefit payment shall be
 28 such that when added to the worker's compensation rate awarded
 29 pursuant to R. S. 34:15-95, R. S. 34:15-12(b), R. S. 34:15-13 or
 30 this section as a result of injury or death, the total shall bear the
 31 same percentage relationship to the 1980 maximum workers' com-

32 pension rate that the worker's own compensation rate awarded
 33 as a result of the injury or death bears to the then effective maxi-
 34 mum workers' compensation rate. The amount of the special ad-
 35 justment benefit shall be payable at a rate of 35% of the adjustment
 36 during the fiscal year 1981 commencing July 1, 1980; 75% of the
 37 adjustment during the fiscal year 1982; and 100% of the adjustment
 38 during the fiscal year 1983 and thereafter. The special adjustment
 39 benefit payment provided herein shall be reduced by an amount
 40 equal to the individual's benefit payable under the Federal Old-
 41 Age Survivors and Disability Insurance Act (not including in-
 42 creases in such benefits due to any federal statutory increases after
 43 May 31, 1980), Black Lung benefits, or the employer's share of dis-
 44 ability pension payments received from or on account of an em-
 45 ployer. Where any person refuses to authorize the release of
 46 information concerning the amount of benefits payable under the
 47 aforementioned benefits, the division's estimate of *that* **[said]**
 48 amount shall be deemed to be correct unless and until the actual
 49 amount is established and no adjustment shall be made for any
 50 period of time covered by any such refusal.

51 Payments of the adjustment shall be made from the fund created
 52 under R. S. 34:15-94 in the manner hereinafter provided. The
 53 Commissioner of Labor **[and Industry]** shall make payments from
 54 the fund directly to the persons who are now receiving benefits
 55 under R. S. 34:15-95 and to their dependents becoming eligible for
 56 dependents' benefits under this 1980 amendatory and supplementary
 57 act by increasing or, as the case may be, setting the weekly com-
 58 pensation payments to include the weekly adjustment. In the case
 59 of persons who are entitled to compensation under R. S. 34:15-12(b)
 60 or R. S. 34:15-13, the insurance carrier or self-insured employer
 61 in the second and subsequent fiscal years after enactment shall
 62 increase the weekly compensation payments to include the weekly
 63 adjustment and shall credit the payment against the assess-
 64 ments payable by the insurance carrier or self-insurer under R. S.
 65 34:15-94. The insurance carrier or self-insurer claiming such credit
 66 shall submit vouchers upon forms prescribed by the Commissioner
 67 of Labor **[and Industry]** identifying each case and indicating the
 68 weekly benefit adjustment applicable thereto.

69 *Beginning in the fiscal year 1984 and in every fiscal year there-*
 70 *after, a supplement to the special adjustment benefit payment shall*
 71 *be paid to all employees or dependents entitled to the special adjust-*
 72 *ment benefit payment. The supplement to the special adjustment*
 73 *benefit payment shall be paid in an amount, in combination with*
 74 *income from all sources referred to in this section, which bears the*

75 *same percentage relationship to the then current maximum workers'*
 76 *compensation rate that the worker's own compensation rate awarded*
 77 *as a result of the injury or death bears to the then effective maxi-*
 78 *mum workers' compensation rate. Beginning in fiscal year 1986,*
 79 *payment of supplements to the special adjustment benefits shall be*
 80 *made from the fund created under R. S. 34:15-94. Payment of*
 81 *supplements to the special adjustment benefit for fiscal years 1984*
 82 *and 1985 shall be from interest earned and accrued upon moneys*
 83 *belonging to "the stock workers' compensation security fund" and*
 84 *"the mutual workers' compensation security fund" during fiscal*
 85 *years 1981 through 1985, and from special assessment upon self-*
 86 *insured employers in the same proportions as provided under R. S.*
 87 *34:15-94.*

1 3. R. S. 34:15-105 is amended to read as follows:

2 34:15-105. There is hereby created a fund to be known as "the
 3 stock workers' compensation security fund," for the purpose of
 4 assuring to persons entitled thereto the compensation provided by
 5 this chapter for employments insured in insolvent stock carriers
 6 and for the purpose of providing money for first year annual ad-
 7 justments for benefit payments and supplemental payments *during*
 8 *fiscal years 1984 and 1985* provided for by this 1980 amendatory
 9 and supplementary act. Such fund shall be applicable to the pay-
 10 ment of valid claims for compensation or death benefits heretofore
 11 or hereafter made pursuant to this chapter, and remaining unpaid,
 12 in whole or in part, by reason of the default, after March 26, 1935,
 13 of an insolvent stock carrier. Expenses of administration also shall
 14 be paid from the fund as herein provided. Such fund shall consist
 15 of all contributions received and paid into the fund by stock
 16 carriers, as herein defined, all property and securities acquired by
 17 and through the use of moneys belonging to the fund, and of interest
 18 earned upon moneys deposited or invested as herein provided. The
 19 fund shall be administered by the Commissioner of Insurance in
 20 accordance with the provisions of this chapter.

21 **[**Beginning in the fiscal year 1984 and in every fiscal year there-
 22 after, a supplement to the special adjustment benefit payment shall
 23 be paid to all employees or dependents entitled to the special adjust-
 24 ment benefit payment. Such supplemental payments shall be from
 25 interest earned and accrued after the effective date of this amenda-
 26 tory and supplementary act upon moneys belonging to the fund and
 27 by assessment upon self-insured employers in the same proportions
 28 as provided under section 2 of this amendatory and supplementary
 29 act. The supplement to the special benefit adjustment payment
 30 shall be paid in an amount, in combination with income from all

31 sources referred to in section 1 of this amendatory and supple-
 32 mentary act, which bears the same percentage relationship to the
 33 then current maximum workers' compensation rate that the worker's
 34 own compensation rate awarded as a result of the injury or death
 35 bears to the then effective maximum workers' compensation rate.
 36 Moneys for such supplemental payments shall be paid into the fund
 37 created under R. S. 34:15-94 et seq. on July 1, 1984 and the first
 38 day of each fiscal year thereafter and be paid to those persons en-
 39 titled thereto in the same manner as provided in section 1.】

1 4. R. S. 34:15-112 is amended to read as follows:

2 34:15-112. There is hereby created a fund to be known as "the
 3 mutual workers' compensation security fund," for the purpose of
 4 assuring to persons entitled thereto the compensation provided by
 5 the workers' compensation act for employments insured in insolvent
 6 mutual carriers and for the purpose of providing money for first
 7 year annual adjustments for benefit payments and supplemental
 8 payments *during fiscal years 1984 and 1985* provided for by this
 9 *1980* amendatory and supplementary act. Such fund shall be
 10 applicable to the payment of valid claims for compensation or death
 11 benefits heretofore or hereafter made pursuant to this chapter, and
 12 remaining unpaid, in whole or in part, by reason of the default,
 13 after the effective date of this act, of an insolvent mutual carrier.
 14 Expenses of administration also shall be paid from the fund as
 15 herein provided. Such fund shall consist of all contributions re-
 16 ceived and paid into the fund by mutual carriers, as herein defined,
 17 of property and securities acquired by and through the use of
 18 moneys belonging to the fund, and of interest earned upon moneys
 19 deposited or invested as herein provided. The fund shall be admin-
 20 istered by the Commissioner of Insurance in accordance with the
 20A provisions of this article.

21 【Beginning in the fiscal year 1984 and in every fiscal year there-
 22 after, a supplement to the special adjustment benefit payment shall
 23 be paid to all employees or dependents entitled to the special
 24 adjustment benefit payment. Such supplemental payments shall
 25 be from interest earned and accrued after the effective date of this
 26 amendatory and supplementary act upon moneys belonging to the
 27 fund and by assessment upon self-insured employers in the same
 28 proportions as provided under section 2 of this amendatory and
 29 supplementary act. The supplement to the special benefit adjust-
 30 ment payment shall be paid in an amount, in combination with in-
 31 come from all sources referred to in section 1 of this amendatory
 32 and supplementary act, which bears the same percentage relation-
 33 ship to the then current maximum workers' compensation rate that

34 the worker's own compensation rate awarded as a result of the
35 injury or death bears to the then effective maximum workers' com-
36 pensation rate. Moneys for such supplemental payments shall be
37 paid into the fund created under R. S. 34:15-94 et seq. on July 1,
38 1984 and the first day of each fiscal year thereafter and be paid to
39 those persons entitled thereto in the same manner as provided in
40 section 1 of this amendatory and supplementary act.】

1 5. This act shall take effect immediately.

WORKERS' AND UNEMPLOYMENT COMPENSATION

Alters system for financing special workers' compensation pay-
ments.

ASSEMBLY, No. 2672
STATE OF NEW JERSEY

INTRODUCED MAY 15, 1986

By Assemblymen LITTELL and CHARLES

AN ACT concerning the funding for certain workers' compensation benefits and amending sections 34:15-94, 34:15-105 and 34:15-112 of the Revised Statutes.

1 BE IT ENACTED *by the Senate and General Assembly of the State*
2 *of New Jersey:*

1 1. R. S. 34:15-94 is amended to read as follows:

2 34:15-94. *The Commissioner of Labor shall, by January 31 of*
3 *each year, establish amounts required as contributions to the fund*
4 *sufficient for the fund's payment of benefits under R. S. 34:15-95,*
5 *R. S. 34:15-95.A, R. S. 34:15-105 and R. S. 34:15-112, and for in-*
6 *surance carrier and self-insurer payments made under R. S.*
7 *34:15-95.A, R. S. 34:15-105 and R. S. 34:15-112. Each mutual*
8 *association or stock company writing compensation or employer's*
9 *liability insurance in this State, and each self-insurer, shall pay to*
10 *the Commissioner of Labor [and Industry] a sum equal to that*
11 *proportion of [150% of the total amount of moneys paid under*
12 *R. S. 34:15-95 during the preceding calendar year,] the afore-*
13 *mentioned fund required amounts less the amount of net assets*
14 *exceeding \$5,000,000.00 remaining in such fund as of December 31*
15 *of [said] the preceding calendar year, which the total compensa-*
16 *tion payments of such mutual association, stock company or self-in-*
17 *surer bears to the total compensation payments made by all such*
18 *mutual associations, stock companies, and self-insurers during*
19 *such preceding calendar year[.] except that amount required from*
20 *mutual associations and stock companies shall be reduced by those*
21 *required amounts expected to be paid to the fund from interest*
22 *earnings under R. S. 34:15-105 and R. S. 34:15-112, respectively.*

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.
Matter printed in italics thus is new matter.

23 Such sum shall be paid by the Commissioner of Labor **and Indus-**
24 **try** to the State Treasurer.

25 On or before **November 1, 1968,** *August 1, 1986*, the Commis-
26 sioner of Labor **and Industry** shall recalculate payments due for
27 calendar year **1968** *1986* in accordance with the formula provided
28 above, and levy supplemental assessments to adjust for any dif-
29 ference due to be paid in satisfaction of obligations for calendar
30 year **1968** *1986*, giving full credit for payments previously due
31 and paid on or before March 15, *1986* **and September 1, 1968**.
32 Such supplemental assessments, if necessary to be levied, shall be
33 paid on or before *September 15, 1986* **December 1, 1968**. Com-
34 mencing January 1, **1969** *1987*, and each year thereafter, annual
35 payments shall be calculated by the commissioner and sums due
36 shall be paid $\frac{1}{4}$ on or before March 15, $\frac{1}{4}$ on or before June 15,
37 $\frac{1}{4}$ on or before September 15 and $\frac{1}{4}$ on or before December 15 of
38 each year.

39 When the total amount of all such payments into the fund, to-
40 gether with the accumulated interest thereon, exceeds \$1,250,000.00,
41 an amount not to exceed \$50,000.00 of such excess over \$1,250,000.00
42 in any one fiscal year, may be applied toward the cost of administra-
43 tion of the Division of Workers' Compensation in the Department
44 of Labor **and Industry** when authorized and appropriated by the
45 Legislature.

1 2. R. S. 34:15-105 is amended to read as follows:

2 34:15-105. There is hereby created a fund to be known as "the
3 stock workers' compensation security fund", for the purpose of
4 assuring to persons entitled thereto the compensation provided
5 by this chapter for employments insured in insolvent stock carriers
6 and for the purpose of providing money for first year annual
7 adjustments for benefit payments and supplemental payments
8 provided for by this amendatory and supplementary act. Such
9 fund shall be applicable to the payment of valid claims for com-
10 pensation or death benefits heretofore or hereafter made pur-
11 suant to this chapter, and remaining unpaid, in whole or in part,
12 by reason of the default, after March 26, 1935, of an insolvent stock
13 carrier. Expenses of administration also shall be paid from the
14 fund as herein provided. Such fund shall consist of all contribu-
15 tions received and paid into the fund by stock carriers, as herein
16 defined, all property and securities acquired by and through the
17 use of moneys belonging to the fund, and of interest earned upon
18 moneys deposited or invested as herein provided. The fund shall
19 be administered by the Commissioner of Insurance in accordance
20 with the provisions of this chapter.

21 Beginning in the fiscal year 1984 and in every fiscal year there-
22 after, a supplement to the special adjustment benefit payment
23 shall be paid to all employees or dependents entitled to the special
24 adjustment benefit payment. Such supplemental payments shall
25 be from interest earned and accrued after the effective date of this
26 amendatory and supplementary act upon moneys belonging to the
27 fund and by assessment upon *stock carriers, mutual companies and*
28 *self-insured employers* in the same proportions as provided under
29 section 2 of this amendatory and supplementary act. The supple-
30 ment to the special benefit adjustment payment shall be paid in an
31 amount, in combination with income from all sources referred to
32 in section 1 of this amendatory and supplementary act, which bears
33 the same percentage relationship to the then current maximum
34 workers' compensation rate that the workers' own compensation
35 rate awarded as a result of the injury or death bears to the then
36 effective maximum workers' compensation rate. Moneys for such
37 supplemental payments shall be paid into the fund created under
38 R. S. 34:15-94 et seq. on July 1, 1984 and the first day of each fiscal
39 year thereafter and be paid to those persons entitled thereto in
40 the same manner as provided in section 1.

1 3. R. S. 34:15-112 is amended to read as follows:

2 34:15-112. There is hereby created a fund to be known as "the
3 mutual workers' compensation security fund", for the purpose of
4 assuring to persons entitled thereto the compensation provided
5 by the workers' compensation act for employments insured in in-
6 solvent mutual carriers and for the purpose of providing money for
7 first year annual adjustments for benefit payments and supple-
8 mental payments provided for by this amendatory and supple-
9 mentary act. Such fund shall be applicable to the payment of valid
10 claims for compensation or death benefits heretofore or hereafter
11 made pursuant to this chapter, and remaining unpaid, in whole
12 or in part, by reason of the default, after the effective date of this
13 act, of an insolvent mutual carrier. Expenses of administration
14 also shall be paid from the fund as herein provided. Such fund
15 shall consist of all contributions received and paid into the fund
16 by mutual carriers, as herein defined, of property and securities
17 acquired by and through the use of moneys belonging to the fund,
18 and of interest earned upon moneys deposited or invested as herein
19 provided. The fund shall be administered by the Commissioner of
20 Insurance in accordance with the provisions of this article.

21 Beginning in the fiscal year 1984 and in every fiscal year there-
22 after, a supplement to the special adjustment benefit payment shall
23 be paid to all employees or dependents entitled to the special ad-

24 justment benefit payment. Such supplemental payments shall be
25 from interest earned and accrued after the effective date of this
26 amendatory and supplementary act upon moneys belonging to the
27 fund and by assessment upon *mutual companies, stock carriers*
28 *and* self-insured employers in the same proportions as provided
29 under section 2 of this amendatory and supplementary act. The
30 supplement to the special benefit adjustment payment shall be paid
31 in an amount, in combination with income from all sources referred
32 to in section 1 of this amendatory and supplementary act, which
33 bears the same percentage relationship to the then current maxi-
34 mum workers' compensation rate that the workers' own compensa-
35 tion rate awarded as a result of the injury or death bears to the
36 then effective maximum workers' compensation rate. Moneys for
37 such supplemental payments shall be paid into the fund created
38 under R. S. 34:15-94 et seq. on July 1, 1984 and the first day of
39 each fiscal year thereafter and be paid to those persons entitled
40 thereto in the same manner as provided in section 1 of this amenda-
41 tory and supplementary act.

1 4. This act shall take effect immediately.

STATEMENT

In 1980, various amendments to the workers' compensation law were enacted to provide additional payments to recipients of workers' compensation total disability benefits. Among the revisions were amendments to R. S. 34:15-105 and R. S. 34:15-112 which created the funding for the payment of supplemental benefits to workers who were receiving total disability benefits prior to January 1, 1980.

Pursuant to R. S. 34:15-105 and R. S. 34:15-112, the funds for the payment of supplemental benefits are derived from two sources. In the case of supplemental benefits paid to former employees of self-insured employers, the necessary funds are derived from an annual assessment upon self-insured employers. The funds for the payment of supplemental benefits to former employees of insured employers are generated from the interest that is earned on the "stock workers' compensation security fund" and the "mutual workers' compensation security fund", also known as the stock and mutual insolvency funds. Pursuant to R. S. 34:15-105 and R. S. 34:15-112, the interest accruals and assessments are required to be paid over to the second injury fund.

Since the inception of supplemental benefit payments in Fiscal Year 1984, the money generated from the interest earned on the

stock and mutual insolvency funds has been insufficient to fund the payment of the insurers' share of supplemental benefits. The shortfall between interest revenue from the two insolvency funds and the payment of the insurers' share of supplemental benefits has created a financial crisis for the second injury fund. In order to address this shortfall, this bill amends current law to permit an assessment for the difference between the supplemental benefits payable and the interest revenue generated from the insolvency funds.

This bill amends R. S. 34:15-94, 34:15-105 and 34:15-112 to provide for a uniform second injury fund assessment to annually collect revenue from all entities for all anticipated disbursements from the Second Injury Fund. Specifically, this bill amends R. S. 34:15-105 and 34:15-112 to expand the sources of revenue for insurers' payment of supplemental benefits to include an assessment upon insurers, similar to the assessment upon self-insured employers which is permitted under current law. Additionally, the second injury fund statute, R. S. 34:15-94, is amended to provide that the Commissioner of Labor annually establish amounts required as contributions to the Second Injury Fund sufficient for the insurers' and self-insured employers' respective payment of benefits under R. S. 34:15-105 and 34:15-112 (Supplement benefits program).

A uniform assessment spreads all the expenses of the second injury fund across all insurers and self-insured employers in proportion to their compensation losses for the preceding year. The uniform assessment would also permit the State of New Jersey to effectively project costs of the second injury fund for a single period and allow insurers and self-insured employers the ability to adequately budget for their assessment payments.

WORKER'S AND UNEMPLOYMENT COMPENSATION
Provides for uniform assessment against all contributions to workers' compensation Second Injury Fund.

ASSEMBLY LABOR COMMITTEE
STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 2672

STATE OF NEW JERSEY

DATED: JUNE 12, 1986

This Assembly Committee Substitute for Assembly Bill No. 2672 alters the current system for financing supplementary workers' compensation benefits and requires the Commissioner of Labor to recalculate the amounts required from insurers as contributions to the second injury fund during 1986. The substitute terminates the practice of funding supplemental benefits payments from interest generated by the stock and mutual workers' compensation security funds, and provides, instead, a uniform second injury fund assessment on insurers writing workers' compensation insurance and self-insurers in the State.

Under current law, supplemental benefits are paid to workers who began receiving total, permanent disability payments prior to January 1, 1980. Funding for these benefits payments is derived from the interest earnings of the two workers' compensation security funds. Recently, the interest earnings generated by the stock and mutual workers' compensation funds have been insufficient to cover costs of supplemental benefits payments. Payments have been possible in the past few months largely because transfers to the second injury fund have been made from other State funds.

SENATE LABOR, INDUSTRY AND PROFESSIONS
COMMITTEE

STATEMENT TO
ASSEMBLY COMMITTEE SUBSTITUTE FOR

ASSEMBLY, No. 2672

STATE OF NEW JERSEY

DATED: JULY 17, 1986

Assembly Bill No. 2672 (ACS) alters the current system for financing supplements to the special adjustment benefit payments for certain workers' compensation benefits and permits the Commissioner of Labor to recalculate the amounts required from insurers as contributions to the Second Injury Fund during calendar year 1986. The bill terminates the practice of funding supplemental benefits payments from interest generated by the Stock and Mutual Workers' Compensation Security Funds, and provides, instead (commencing fiscal year 1986), a uniform Second Injury Fund assessment on insurers writing workers' compensation insurance in the State.

Under current law, supplemental benefits are paid to workers who began receiving total, permanent disability payments prior to January 1, 1980. Funding for these benefit payments is derived from the interest earnings of the two workers' compensation security funds. Recently, the interest earnings generated by the Stock and Mutual Workers' Compensation Funds have been insufficient to cover the costs of supplemental benefit payments. Payments have been possible in the past few months largely because transfers to the Second Injury Fund have been made from State funds.