

WORKERS COMPENSATION BOARD OF INDIANA

**2019 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 27, 2018

Please note only assessments greater than \$1,000 may be paid in two installments.

The due dates are:
January 31, 2019
June 28, 2019

SECOND INJURY FUND REPORT
AND ASSESSMENT FOR 2019

By the Chair

December 27, 2018

Happy Holidays to all. The Second Injury Fund will end 2018 with \$1.3 million in the bank. However, we collected approximately \$408,000 less than the assessment goal. For the past several years, the assessment has brought in 5-7% less than anticipated, because we must use two-year-old financial and insurance data. This is one reason the prudent reserve was created and why this year an assessment reconciliation factor of 5% is being applied to the total assessed need. With monthly payouts sometimes exceeding \$600,000, a shortfall could be devastating. Any excess collected remains in the Fund and will offset the assessment for 2020. There is an increase, rather than a decrease, in the assessment for the first time in three years.

Direct written premiums were down and losses paid by carriers rose slightly in 2017. On the self-insured side we see that, due to higher losses paid in 2017 over those in 2016, the share of the assessment that falls to these employers will rise from 16% to 17%.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the Indiana Compensation Rating Bureau as well as self-insured factors taken from new and renewal applications for 2017. Historical data can be found on the last page.

We expect indemnity payments from the Fund to increase slightly in 2019 as new injured workers are added to the rolls at wages greater than those of the recipients we lose throughout the year. This increase has been 4% in recent years, so that is the factor applied.

Prosthetics are the wild card. We are adding more and younger recipients each year. In 2017 we had 74 recipients; in 2018 we had 86. Devices are more sophisticated than in years past but also provide these young employees the opportunity to remain valuable in today's complex workplace. Monthly payouts average \$106,000. Our prudent reserve for prosthetics is a total of the three highest months in 2018.

The administrative expense will remain constant for the fifth year although the Board's expenses of operating the Fund rose in several areas this year. Expect an increase in 2019.

Payments will be due on January 31th and June 28th in 2019. You may choose to use the installment option only if your assessed total is greater than \$1,000. This option is no longer available if your total assessment is less than \$1,000 and a penalty will be assessed if the whole amount is not received by the January due date. No reminder will be sent before the June due date.

We encourage you to take advantage of the State's electronic payment system, which you can access at <http://www.in.gov/wcb>. This will be mandatory in 2020. You may obtain a "unique identifier" to pay electronically by contacting the Board. This will allow a debit transaction directly from your company's bank account for a \$1.00 State user fee. The fee for using the credit card option will be higher because it is a percentage of your payment. Please always submit a Certification form with a payment.

Please call Mary Taivalkoski or me if you have questions or comments regarding the assessment, report, or the Fund.

Wishing you good health, happiness, peace, and prosperity in the 2019.

Yours very truly,



Linda Peterson Hamilton

2ND INJURY FUND REPORT

December 18, 2018

Available Fund Balance 12/31/17	2,289,152
Revenue from 2018 Assessment	5,836,862
Total Available Monies 2018	8,126,014
Expenditures 2018:	
Indemnity (301 Recipients)	5,393,062
Prosthetics (86 Recipients)	1,273,992
Administrative Fees	107,926
SWCAP*	4,305
Total	6,779,285
Available Fund Balance 12/31/2018	1,346,729

2019 Assessment Factors

Indemnity (3 month expense)	1,348,266
Prosthetics (3 month expense)	723,632
Total Prudent Reserve	2,071,898
Estimated Expenditures:	
Indemnity	5,608,784
Prosthetics	1,401,391
Administrative Fees	107,926
SWCAP*	4,305
Total Projected Expenditures	7,122,406
Estimated Need	9,194,304
12/31/2018 Available Fund Balance	-1,346,729
Assessment Reconciliation	392,379
Final Assessment Amount	8,239,954

* 7.4.2.1 State-Wide Cost Allocation Plan (SWCAP)

Reported and Historical Data
Utilized in Assessment

(Reported in dollars)

Reported by ICRB for 2017:

Total Losses Paid	405,061,000
Total Premiums Written	825,803,000

Reported by ICRB for 2016:

Total Losses Paid	398,578,000
Total Premiums Written	876,183,000

Reported by ICRB for 2015:

Total Losses Paid	396,775,000
Total Premiums Written	889,525,000

Reported by ICRB for 2014:

Total Losses Paid	416,215,000
Total Premiums Written	847,794,000

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Self-Insured Factors 2017:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 22,413,972 |
| Total Medical Paid         | 58,606,805 |
| Total Self Insured Factors | 81,020,777 |

Self-Insured Factors 2016:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 19,377,397 |
| Total Medical Paid         | 54,778,887 |
| Total Self Insured Factors | 74,156,284 |

Self-Insured Factors 2015:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 17,429,358 |
| Total Medical Paid         | 48,051,187 |
| Total Self Insured Factors | 65,480,545 |

Self-Insured Factors 2014:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 14,341,345 |
| Total Medical Paid         | 50,020,132 |
| Total Self Insured Factors | 64,361,477 |

**Historical Second Injury Fund Data re.  
Total Expenditures Reported By the WCB  
(Reported in dollars)**

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2017                |           |
| Prosthetics (86 Recipients) | 1,273,992 |
| Indemnity (301 Recipients)  | 5,393,062 |
| <br>Jan/Dec 2016            |           |
| Prosthetics (74 Recipients) | 1,198,344 |
| Indemnity (308 Recipients)  | 5,277,757 |
| <br>Jan/Dec 2015            |           |
| Prosthetics (74 Recipients) | 1,128,061 |
| Indemnity (308 Recipients)  | 5,168,737 |
| <br>Jan/Dec 2014            |           |
| Prosthetics (74 Recipients) | 1,298,573 |
| Indemnity (325 Recipients)  | 5,143,074 |