

WORKER'S COMPENSATION BOARD OF INDIANA**Second Injury Fund Assessment Calculations Following Adoption of Public Law 134-2006, Section 5**

Title: Second Injury Fund Assessment Calculations Following Adoption of Public Law 134-2006, Section 5.

Identification Number: WCB-001-SIFNPD

Date Originally Effective: December 1, 2006

Date Revised: None

Other Policies Repealed or Amended: None

Brief Description of the Subject Matter: This supplemental interpretation of certain provisions in Indiana Code 22-3-3-13, as amended by P.L.134-2006, will ensure that calculation and collection of assessments to be paid to the Worker's Compensation Board's Second Injury Fund are carried out in a manner to meet the Fund's financial obligations.

Citation Affected: [IC 22-3-3-13](#).

This nonrule policy document is intended solely as guidance and does not have the effect of law or represent a formal decision or final action of the Worker's Compensation Board of Indiana (Board). This nonrule policy document shall be read in conjunction with applicable laws. It does not replace applicable laws but rather supplements Indiana Code 22-3-3-13, as amended in 2006. This nonrule policy document shall be put into effect by the Board on December 1, 2006. The Board will submit the policy to the Indiana Register for publication. Revisions to the policy will follow the same procedure of presentation and publication.

Background

The Second Injury Fund (SIF) was created to provide extended compensation for permanently and totally disabled workers who have exhausted the statutory compensation paid by their employer and to pay for the replacement and/or repair of prosthetic devices/prostodontics. It is funded through an assessment on all insured and self-insured employers in the state. As the number of beneficiaries of the SIF has grown and the cost of prosthetics has risen, the previous method of calculating the annual assessment became inadequate to provide the funds necessary for the SIF to meet its financial obligations. More than \$960,000 has been loaned to the SIF from dedicated funds maintained by the Board. Therefore, in 2006, the Indiana legislature amended the language in an attempt to spread the burden of the assessment more broadly to all employers in the state and to provide enough monies for the SIF to operate in the black for several years to come. For the purpose of carrying out the intent of the legislature in amending [IC 22-3-3-13](#), and in order to continue the administration of the SIF, the Board is implementing the following policy and procedure.

Policy Resolution

[IC 22-3-3-13](#)(c)(2):

Worker's compensation insurance carriers must submit the statements to the Board not later than **July 31**. This submission date will still ensure that the SIF is administered to meet its financial needs.

[IC 22-3-3-13](#)(d)(3):

Each carrier shall calculate its assessment due in accordance with the formula set out in the Act by comparing the premiums received by it from insured employers with all premiums received by all carriers from insured employers. Thereafter, each carrier shall tender the correct assessment, on behalf of its insured employers, to the Board.

[IC 22-3-3-13](#)(d)(4):

The term "entire written premium" is not a term of art used in the insurance industry. The term "direct written premium" is widely used and understood in the industry. Thus, the term "direct written premium" shall be the basis for calculating assessments to be paid by insurance carriers on behalf of their insured employers.

Explanation

In order to create a consistent, logical and manageable means of calculating assessments to be paid to the Board's SIF, workers' compensation insurance carriers should apply the slightly varied terms set out above when reading [IC 22-3-3-13](#)(c)(2), (d)(3), (d)(3)(B)(i), (d)(3)(B)(ii), and (d)(4). In so doing, the intent of the legislature may be carried out and the SIF will be adequately and accurately funded to meet its financial needs.

Posted: 12/13/2006 by Legislative Services Agency

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