

WORKERS COMPENSATION BOARD OF INDIANA

**2022 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 15, 2021

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

The due dates are:
January 31, 2022
June 15, 2022

SECOND INJURY FUND REPORT
AND ASSESSMENT FOR 2022

By the Chair

December 15, 2021

Happy Holidays to all. I hope my report finds you healthy, joyous and warm. The assessment for 2022 is less than it was in 2021. This year, we are again applying a 5% reconciliation factor for 2022. This is an additional calculation we began using in 2019 to account for the routine shortfalls to collections caused by necessarily using outdated statistics. Monthly payouts often exceed \$600,000 between indemnities and prosthetics, so a shortfall could be devastating. Further, there is no longer a provision in law for an emergency assessment. Any excess collected remains in the Fund and will offset the assessment for 2023. Currently, the Fund has a little more than \$2.5 million, which will see us through until assessment payments come in next year.

Direct written premiums were down, as were losses paid by carriers in 2020. On the self-insured side we see that losses paid in 2020 were also lower than those in 2020. The share of the assessment that falls to these employers will remain at 16%, as it was with the 2021 assessment.

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 2020. Historical data can be found on the last page.

Indemnity payments from the Fund traditionally increase slightly each year 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 less easy to predict because recipients receive a new unit only as needed when their prosthetic devices wear out. With the more expensive and advanced prosthetics, we are getting more requests for repairs than replacements. However, these repairs are still expensive. We are adding more and younger recipients each year. The more sophisticated devices, particularly hands, also provide these young employees the opportunity to remain valuable in today's complex workplace. Our prudent reserve for prosthetics is a total of the three highest months in 2021.

As discussed the past two years, the administrative expense will remain constant in 2022. This is due to the additional IT costs of employing three contract workers and the agency's work to move to a new server and update its systems to provide for electronic filing of most forms and documents. We anticipate this expense may go down in 2024, after these projects are completed in 2023. Please note there is no assessment for SWCAP (Statewide Cost Allocation Plan) as the Board has been able to handle payments from the Fund in a way that avoids this additional cost.

Payments will be due on January 31st and June 15th in 2022. 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 may be assessed if the whole amount is not received by the January due date. No reminder will be sent before the June due date.

This year it is mandatory that you use the State's electronic payment system, which can be accessed at <http://www.in.gov/wcb>. If you do not already have one, 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 2022.

Linda Peterson Hamilton

2ND INJURY FUND REPORT

December 15, 2021

Revenue from 2021 Assessment	7,736,642
Expenditures 2021:	
Indemnity	5,206,410
Prosthetics	1,914,744
Administrative Fees	326,031
Total	7,447,185
Available Fund Balance 12/15/2021	2,680,120

2022 Assessment Factors

Indemnity (3 month expense)	1,301,603
Prosthetics (3 month expense)	638,248
Total Prudent Reserve	1,939,851
Estimated Expenditures:	
Indemnity	5,414,667
Prosthetics	2,106,218
Administrative Fees	326,031
Total Projected Expenditures	7,846,916
Estimated Need	9,786,767
Assessment Reconciliation	489,338
12/15/2021 Available Fund Balance	-2,680,120
Final Assessment Amount	7,595,985

**Reported and Historical Data
Utilized in Assessment**

(Reported in dollars)

Reported by ICRB for 2020:

Total Losses Paid	395,531,000
Total Premiums Written	756,064,000

Reported by ICRB for 2019:

Total Losses Paid	413,943,000
Total Premiums Written	799,356,000

Reported by ICRB for 2018:

Total Losses Paid	389,326,000
Total Premiums Written	801,834,000

Reported by ICRB for 2017:

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

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Self-Insured Factors 2020:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 23,743,899 |
| Total Medical Paid         | 54,092,222 |
| Total Self-Insured Factors | 77,836,121 |

Self-Insured Factors 2019:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 19,240,802 |
| Total Medical Paid         | 58,938,432 |
| Total Self Insured Factors | 78,179,234 |

Self-Insured Factors 2018:

|                            |            |
|----------------------------|------------|
| Total Indemnity Paid       | 22,072,167 |
| Total Medical Paid         | 58,021,388 |
| Total Self Insured Factors | 80,093,555 |

Self-Insured Factors 2017:

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

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

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2020                |           |
| Prosthetics (74 Recipients) | 1,563,686 |
| Indemnity (303 Recipients)  | 5,545,334 |
| Jan/Dec 2019                |           |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients)  | 5,548,962 |
| Jan/Dec 2018                |           |
| Prosthetics (74 Recipients) | 1,325,699 |
| Indemnity (303 Recipients)  | 5,548,962 |
| Jan/Dec 2017                |           |
| Prosthetics (86 Recipients) | 1,273,992 |
| Indemnity (301 Recipients)  | 5,393,062 |