

WORKERS COMPENSATION BOARD OF INDIANA

**2025 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 13, 2024

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

The due dates are:

January 31, 2025

June 13, 2025

SECOND INJURY FUND REPORT AND
ASSESSMENT FOR 2024

By Linda Peterson Hamilton, Chair

December 13, 2024

Happy Holidays to all. The assessment for 2024 was lower than in 2023. This year, the assessment increases to the level of the 2023 assessment. The total assessment for 2025 is approximately \$5,000 greater than in 2023.

Currently, the Fund has \$2.48 million to carry into 2025. We spent \$161,000 more on prosthetics than projected and gained three recipients who receive wage replacement benefits. We are applying a 9% reconciliation factor for 2025. 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calculation we began using in 2019 to account for the routine shortfalls to collections caused by necessarily using outdated statistics.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 can 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 2026.

As you know, we have to use two-year-old data. Direct written premiums were up and losses paid by carriers in 2023 were statistically unchanged from 2022. On the self-insured side we see that losses paid in 2023 were lower than 2022 numbers. The share of the assessment that falls to these employers will be 16% for 2025.

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. 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. We must also account for Temporary Total Disability benefit increases set in statute. We have used a factor of 8% in determining the funds necessary to pay wage replacement benefits in 2025.

Prosthetics are less easy to predict because recipients receive a new unit only as needed when their prosthetic device wears out. With the more expensive and advanced prosthetics that are on the market today, we are getting more requests for repairs than replacements. However, these repairs are still expensive. We are also adding more and younger recipients each year. The more sophisticated devices, particularly hands, 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 2024. We have applied a 15% inflation factor for next year due to the shortfall this year. While this inflation factor applied to prosthetics is higher, it is important to keep in mind that if the Board collects more than is necessary to cover expenses in 2025, the monies will remain in the Fund to offset the assessment for 2026.

The administrative expense will remain constant in 2025, but the Board intends to engage the services of the State Budget Agency to reevaluate them for 2026.

Payments will be due on January 31st and June 13th in 2025. 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. We rely on the funds received in January to carry us through to July. 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 \$0.15 State user fee. The fee for using the credit card option will be higher. It is a minimum of \$0.40 or 1.96% because it is a percentage of your payment. Please always submit a Certification form with a payment so your company can be properly credited.

Please call Mary Taivalkoski or me if you have questions regarding the assessment, report, or the Fund. Wishing you good health, happiness, peace, and prosperity in 2025.

2ND INJURY FUND REPORT

December 13, 2024

Revenue from 2024 Assessment	6,772,073
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Expenditures 2024:

Indemnity	5,674,821
Prosthetics	1,704,505
Administrative Fees	326,100

Total	7,705,426
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Available Fund Balance 12/11/2024	2,484,099
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2025 Assessment Factors

Indemnity (3 month expense)	1,418,651
Prosthetics (3 month expense)	871,731
Total Prudent Reserve	2,290,382

Estimated Expenditures:

Indemnity	6,144,726
Prosthetics	1,960,181
Administrative Fees	326,100

Total Projected Expenditures	8,431,007
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Estimated Need	10,721,389
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Assessment Reconciliation 9%	+964,925
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12/18/24 Available Fund Balance	-2,484,099
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Final Assessment Amount	9,202,215
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Reported and Historical Data

Utilized in Assessment

(Reported in dollars)

Reported by ICRB for 2023:

Total Losses Paid	380,424,000
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Total Premiums Written	855,305,000
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Reported by ICRB for 2022:

Total Losses Paid	387,783,000
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Total Premiums Written	839,865,000
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Reported by ICRB for 2021:

Total Losses Paid	386,461,000
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Total Premiums Written	775,316,000
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Self-Insured Factors 2023:

Total Indemnity Paid	21,313,891
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Total Medical Paid	53,621,815
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Total Self Insured Factors	74,935,706
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Self-Insured Factors 2022:

Total Indemnity Paid	19,903,556
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Total Medical Paid	58,322,307
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Total Self Insured Factors	78,225,863
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Self-Insured Factors 2021:

Total Indemnity Paid	21,354,389
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Total Medical Paid	55,855,027
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Total Self Insured Factors	77,209,416
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**Historical Second Injury Fund Data re.
Total Expenditures Reported By the WCB
(Reported in dollars)**

Jan/Dec 2023	
Prosthetics (81 Recipients)	1,192,678
Indemnity (285 Recipients)	5,583,163
Jan/Dec 2022	
Prosthetics (81 Recipients)	1,755,704
Indemnity (285 Recipients)	5,687,391
Jan/Dec 2021	
Prosthetics (81 Recipients)	1,914,744
Indemnity (287 Recipients)	5,206,410