

WORKERS COMPENSATION BOARD OF INDIANA

**2016 SECOND INJURY FUND
CALCULATION OF FUNDING LEVEL**

December 22, 2016

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

The due dates are:

January 30, 2017

June 30, 2017



STATE OF INDIANA

MICHAEL R. PENCE, Governor

Linda Peterson Hamilton, Chairman

WORKERS COMPENSATION BOARD

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<http://www.in.gov/workcomp>

SECOND INJURY FUND REPORT

By the Chair

AND ASSESSMENT FOR 2017

December 22, 2016

As 2016 comes to a close, I am happy to report the Second Injury Fund will end the year with over \$2 million in the bank. We collected approximately \$469,000 less than the assessment goal, due in part to the loss of some self-insured companies. Because we have to use two-year-old data, our figures cannot always accurately reflect the current business climate. This is one reason the prudent reserve is necessary.

The good news is that the assessment for 2016 was less than that of 2015, and the 2017 assessment is lower still. Direct written premiums were up and losses paid by carriers down.

Included with this report are the Certification forms used to calculate individual assessment obligations. These forms use numbers provided by the ICRB as well as self-insured factors taken from new and renewal applications for 2015. Historical data regarding Fund payouts can be found on the last page.

We expect indemnity payments from the Fund to increase slightly in 2017

as new injured workers are added to the rolls at wages greater than those of the deceased recipients. There was a net change of eight to the positive in the number receiving wage replacement benefits.

As always, we continue to replace limbs with the "Chevy" not "Cadillac" model. With all of the uncertainty, our prudent reserve for prosthetics is a total of the three highest months in 2016.

A few years ago, the Board began tracking the quarterly time commitment of each staff member who works on SIF issues, as well as other factors such as IT expenses, postage and printing. The administrative expense assessed has remained constant for the past 3 years.

Payments will be due on January 30th and June 30th. 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 payment date. No reminder will be sent before the June due date. We also encourage you to take advantage of the State's new electronic payment system, which you can access at <http://www.in.gov/wcb>. This will be mandatory at some time in the future. Please be aware, you may obtain a "unique identifier" by contacting the Board. This will allow a debit transaction directly from your company's bank account for a \$1.00 State user fee.

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 2017.

Yours very truly,



Linda Peterson Hamilton

2nd INJURY FUND REPORT

December 23, 2016

Available Fund Balance 12/31/15	2,131,482
Revenue from 2016 Assessment	6,517,430
Total Available Monies 2016	8,648,912
Expenditures 2016:	
Indemnity (308 Recipients)	5,168,737
Prosthetics (74 Recipients)	1,128,061
Administrative Fees	107,926
SWCAP-Statewide Cost Allocation Plan	<u>1,549</u>
Total	6,406,273
Available Fund Balance 12/31/2016	2,242,639

2017 Assessment Factors

Indemnity (3 month expense)	1,314,443
Prosthetics (3 month expense)	<u>607,866</u>
Total Prudent Reserve	1,922,309

Estimated Expenditures

Indemnity	5,375,486
Prosthetics	1,173,183
Administrative Fees	107,926
SWCAP-Statewide Cost Allocation Plan	<u>1,549</u>
Projected Expenditures	6,658,144

Estimated Need **8,580,453**

12/31/2016 Available Fund Balance **-2,242,639**

Final Assessment Amount **6,337,814**

* 7.4.2.1 State-Wide Cost Allocation Plan (SWCAP)

Reported and Historical Data Utilized in Assessment of Fund

(Reported in dollars)

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

Reported by ICRB for 2013:

Total Losses Paid	457,915,000
Total Premiums Written	829,907,000

Reported by ICRB for 2012:

Total Losses Paid	445,461,000
Total Premiums Written	782,614,000

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Self-Insured Factors 2015:

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

Self-Insured Factors 2014:

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

Self-Insured Factors 2013:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 14,779,695        |
| Total Medical Paid         | <u>51,710,746</u> |
| Total Self Insured Factors | 66,490,441        |

Self-Insured Factors 2012:

|                            |                   |
|----------------------------|-------------------|
| Total Indemnity Paid       | 18,066,780        |
| Total Medical Paid         | <u>43,575,323</u> |
| Total Self Insured Factors | 61,642,103        |

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

|                             |           |
|-----------------------------|-----------|
| Jan/Dec 2015                |           |
| Prosthetics (74 Recipients) | 1,128,061 |
| Indemnity (308 Recipients)  | 5,168,737 |
| Jan/Dec 2014                |           |
| Prosthetics (74 Recipients) | 1,298,573 |
| Indemnity (325 Recipients)  | 5,143,074 |
| Jan/Dec 2013                |           |
| Prosthetics (65 Recipients) | 780,300   |
| Indemnity (312 Recipients)  | 4,794,848 |
| Jan/Dec 2012                |           |
| Prosthetics (68 Recipients) | 1,019,258 |
| Indemnity (302 Recipients)  | 4,735,990 |
| Jan/Dec 2011                |           |
| Prosthetics (67 Recipients) | 585,801   |
| Indemnity (293 Recipients)  | 4,375,287 |
| Jan/Dec 2010                |           |
| Prosthetics (62 Recipients) | 561,247   |
| Indemnity (291 Recipients)  | 4,227,113 |
| Jan/Dec 2009                |           |
| Prosthetics (63 Recipients) | 624,711   |
| Indemnity (289 Recipients)  | 4,099,537 |
| Jan/Dec 2008                |           |
| Prosthetics (50 Recipients) | 527,506   |
| Indemnity (281 Recipients)  | 3,413,452 |