



5920 CASTLEWAY WEST DRIVE, SUITE 121 • INDIANAPOLIS, IN 46250

p: 317.842.2800 f: 317.842.3717 w: ICRB.NET

December 17, 2024

Informational Circular 2024-10

Second Injury Fund Assessment & Policy Surcharge Factor

Second Injury Fund Assessment

The Workers Compensation Board of Indiana (“Board”) issued its notice dated December 13, 2024 titled “**2025 Second Injury Fund Calculation of Funding Level**”. The Board certification forms indicate the combined total assessment amount for carriers and self-insureds in 2025 is **\$9,202,215**. Based on combined total paid losses in 2023 (latest data available) of \$455,359,706 the assessment rate is 2.02% which is within the statutory limit of 2.5%. [Reference IC § 22-3-3-13 (c)]

Payment of Assessment to WC Board

Assessments are due January 31, 2025. For assessments greater than \$1,000, you may choose an installment option, with payments due by January 31, 2025, and June 30, 2025. Payment must be submitted electronically via the State’s electronic payment system.

Policy Surcharge Factor

The 2025 statewide average policy surcharge factor is 0.0090. As in the past, the ICRB does not file an advisory policy surcharge factor with the Indiana Department of Insurance (IDOI). Each carrier must calculate and apply its own factor to its policies. This circular and the factors being provided herein are for informational purposes only. For assigned risk policies, servicing carriers should use the 0.0090 factor.

At-a-Glance Summary

- Carrier must pay its assessment to the WC Board online. Here’s a link to the Board’s online payment options page: <https://www.in.gov/wcb/2516.htm>
- Carrier prints and attaches online payment receipt to the completed Certification form and mails to the Board at this address: Worker's Compensation Board of Indiana 402 West Washington Street, Room W-196 Indianapolis, Indiana 46204
- Carrier must show assessment on policies as “a surcharge based on the employer's premium.”
- The surcharge is not premium, as defined by statute. So, the surcharge amount must be excluded for purposes of computation of agent commission and premium taxes.
- Statistical Code 0935 – Second Injury Fund Surcharge is appropriate to record the amount.

- Because each carrier's premium is different, then each carrier's assessment payable to the Board will be different. So, each carrier's policy surcharge factor may also be different.
- Carriers are not required to file their policy surcharge factors with the IDOI.
- The statewide average surcharge factor of 0.0090 is for informational purposes only. For More Information

You may also access the Board's website to view the "2nd Injury Fund Forms" web page. You may access this and previous ICRB circulars about the "Second Injury Fund" on our website at www.icrb.net . We hope this information helps in your understanding of the Second Injury Fund assessment process.

Sincerely,



Paul Keathley CAWC
President & CEO

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
Expenditures 2024:	
Indemnity	5,674,821
Prosthetics	1,704,505
Administrative Fees	326,100
Total	7,705,426
Available Fund Balance 12/11/2024	2,484,099

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
Estimated Need	10,721,389
Assessment Reconciliation 9%	+964,925
12/18/24 Available Fund Balance	-2,484,099
Final Assessment Amount	9,202,215

Reported and Historical Data

Utilized in Assessment

(Reported in dollars)

Reported by ICRB for 2023:

Total Losses Paid	380,424,000
Total Premiums Written	855,305,000

Reported by ICRB for 2022:

Total Losses Paid	387,783,000
Total Premiums Written	839,865,000

Reported by ICRB for 2021:

Total Losses Paid	386,461,000
Total Premiums Written	775,316,000

Self-Insured Factors 2023:

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

Self-Insured Factors 2022:

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

Self-Insured Factors 2021:

Total Indemnity Paid	21,354,389
Total Medical Paid	55,855,027
Total Self Insured Factors	77,209,416

**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

CERTIFICATION FOR WORKER'S COMPENSATION CARRIERS

STATE OF _____ COUNTY OF _____

I, _____, hereby CERTIFY that I am _____ (Title)

of _____ (Carrier) and that I have knowledge of the workers' compensation records of Carrier. I further CERTIFY that the amount of **direct written premiums** issued by Carrier for Indiana Worker's Compensation Insurance in the calendar year **2023** totaled \$_____.

I further CERTIFY that I have calculated Carrier's 2025 assessment for the Second Injury Fund by dividing the above number representing Carrier's Direct Written Premiums by 855,305,000 (which, in dollars represents the total direct written premiums for all worker's compensation carriers in Indiana in 2023), and then multiplying that figure by 7,729,861 (which, in dollars represents the amount for all carriers' portion of the 2025 assessment for the Second Injury Fund). This calculation produces _____, which in dollars represents Carrier's total annual assessment.

_____ I further CERTIFY that the enclosed sum of \$_____ represents:

_____ one half of Company's calculated assessment (**only if total assessment is greater than \$1,000**), which is the first installment of the statutory assessment due by **January 31, 2025** and payable to the Worker's Compensation Board of Indiana for the Second Injury Fund. I agree to pay \$_____ as payment of the second half of Company's assessment for 2025 *without notice* to the Board by **June 13, 2025 to avoid penalties**.

OR

_____ I further CERTIFY that the enclosed sum of \$_____ represents the entire assessment of Company.

PLEASE PAY ELECTRONICALLY VIA <http://www.in.gov/wcb> and submit a copy of this certificate with each installment.

I hereby verify, subject to penalties of perjury, that the facts contained herein are true.

Signature

Date

Carrier Name

Federal ID Number

Telephone Number

E-mail Address

Mailing Address

City, State, Zip

***Please note that IC§22-3-3-13(k) requires each company subject to this assessment to provide to the Board the name, address, and E-mail address of a representative authorized to receive the notice of assessment.**

SELF-INSURED EMPLOYER CERTIFICATION

STATE OF _____ COUNTY OF _____

I, _____, hereby CERTIFY that I am _____ (Title)

of _____ (Company) and that I have knowledge of the

workers' compensation records of Company . I further CERTIFY that the amount of compensation, including medical, paid under the Indiana Worker's Compensation Act to injured employees, or their beneficiaries, during the calendar year 2023 was \$ _____.

I further CERTIFY that I have calculated this self-insured company's Second Injury Fund Assessment for 2025 by dividing the above number for total losses paid by 74,935,742 (which, in dollars represents the total amount of compensation and medical paid by all self-insured employers in 2023), and then multiplying that figure by 1,472,354 (which, in dollars represents the amount for all self-insured employers' portion of the 2025 assessment for the Second Injury Fund). This calculation produced _____, which in dollars, represents Company's annual assessment.

_____ I further CERTIFY that the enclosed sum of \$ _____ represents one half of Company's calculated assessment, which is the first installment of the statutory assessment due on January 31, 2025 and payable to the Worker's Compensation Board of Indiana for the Second Injury Fund. (This option is available only if the total assessment is greater than \$1,000.) I agree to pay \$ _____ as payment of the second half of Company's assessment for 2025 without notice to the Board by June 13, 2025.

OR

_____ I further CERTIFY that the enclosed sum of \$ _____ represents Company's entire assessment.

PLEASE PAY ELECTRONICALLY VIA: <http://www.in.gov/wcb> and submit a copy of this Certification with each payment.

I hereby verify, subject to penalties of perjury, that the facts contained herein are true.

Signature

Date

Company Name

Federal ID Number

Telephone Number

E-mail Address

Mailing Address

City, State, Zip

*Please note that IC§22-3-3-13(k) requires each company subject to this assessment to provide to the Board the name, address, and E-mail address of a representative authorized to receive the notice of assessment.