

Industrial Special Indemnity Fund (ISIF)

Annual Report Fiscal Year 2024

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INTRODUCTION TO ISIF

The Industrial Special Indemnity Fund (ISIF) was adopted by the Idaho State Legislature in 1927 as part of the state's comprehensive workers' compensation system. The purpose and management of the ISIF, often referred to as the Second Injury Fund, can be found in Idaho Code §§ 323 – 334. Its general purpose is to offer employers and sureties relief from having full responsibility for paying lifetime benefits should a worker become totally and permanently disabled following a last accident at work.

The ISIF deals with claims for workers who have a pre-existing physical impairment, from any cause or origin, that then combines with a subsequent industrial injury (last accident), rendering the worker totally and permanently disabled.

Benefit rates for total and permanent disability benefits are specified in Idaho Code § 72-408 and § 72-409. The payment rate is determined by the injured worker's average weekly wage at time of the last industrial accident. In general, total and permanent disability benefits are paid at either 67% or 45% of the Average State Weekly Wage (ASWW) for the year of benefit. There are also some legacy claims being paid at a 60% rate.

The ISIF does not expend general fund money. Rather, funding for the ISIF is provided by an annual assessment to sureties and self-insured employers. The assessment is calculated based on two times the amount of expenses incurred during the previous fiscal year less the existing cash balance. Through an inter-agency Memorandum of Understanding, the Idaho Industrial Commission invoices each responsible entity for their proportionate share of the assessment and collects funds on behalf of the ISIF.

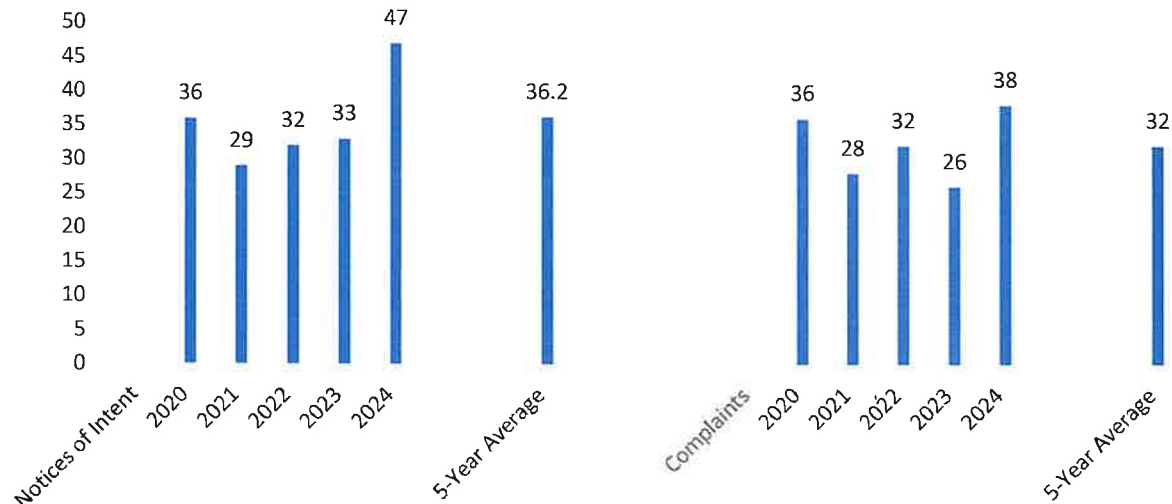
OPERATIONS

Claims & Benefits Administration

A claim for benefits from the ISIF is started by a party filing a Notice of Intent to File a Complaint Against the ISIF (NOI). Pursuant to Idaho Code § 72-334, known as the 60-day rule, the ISIF undertakes an initial in-house review and either agrees to resolve or denies the claim. If the claim is denied, a Complaint can then be filed against the ISIF. Upon receipt of a Complaint, the ISIF will retain outside legal counsel and commence with formal litigation.

As noted below, there was an increase in both the number of NOIs and Complaints filed in Fiscal Year 2024.

Notices of Intent & Complaints



Historically, NOIs were filed almost exclusively by the Claimant. Recently, that has changed with NOI's also being filed by the Employer/Surety. Fiscal Year 2024 saw that of the 47 NOIs filed, 22 were filed by the Claimant and 25 were done so by the Employer/Surety.

Once a Complaint is filed, formal litigation begins. Discovery is exchanged and depositions are taken. Additionally, medical and/or vocational experts are often retained. Through these processes a claim strategy is developed. Decisions can then be made regarding how best to resolve the claim. Claim resolutions can be achieved by either administrative dismissals, negotiated settlements or hearing decisions.

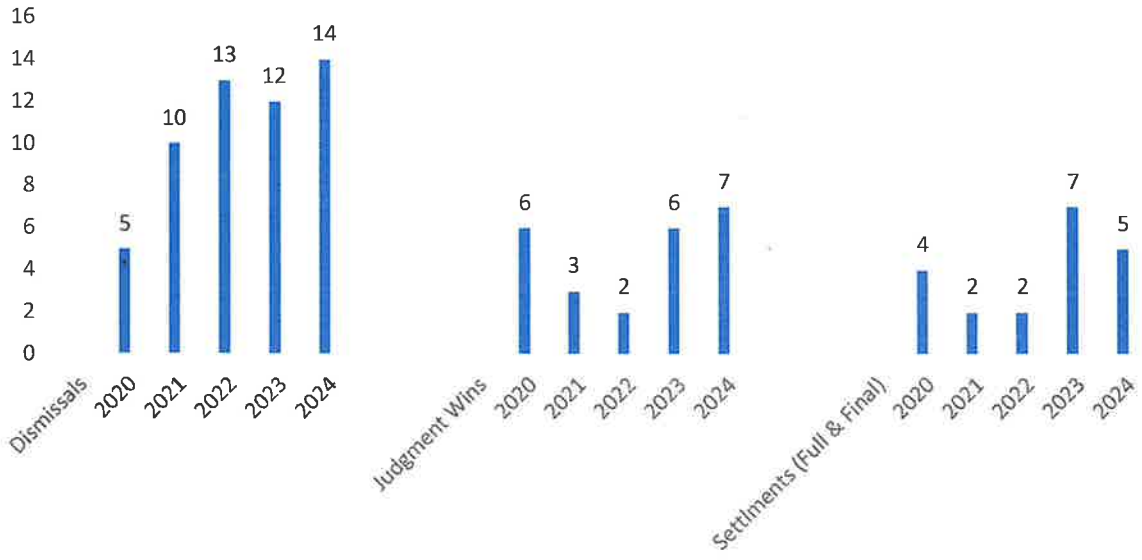
A claim is administratively dismissed when it becomes apparent to the parties that there is no ISIF liability. All such dismissals require approval by the Industrial Commission.

If the parties agree that ISIF liability can be established, they work to negotiate a settlement. There are multiple options available on claims resolved through settlement, including statutory benefit payments, periodic benefit payments at a negotiated rate and timeframe, or a one-time, full and final lump sum payment. The ISIF is open to utilizing any option that provides benefits to injured workers with qualifying claims, while also maintaining fiscal accountability.

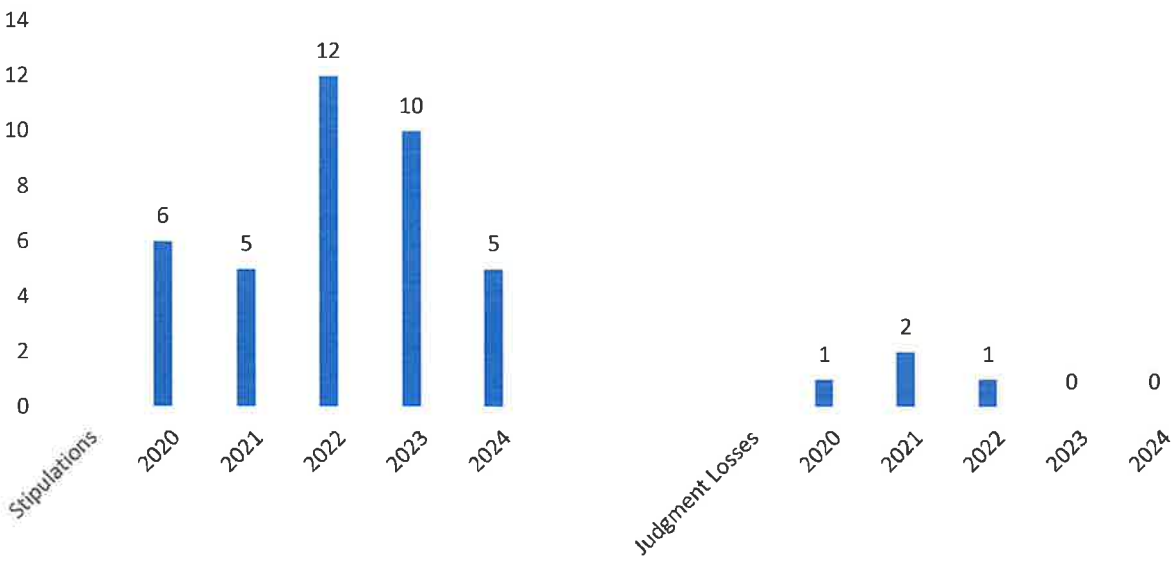
If the parties are unable to come to an agreement regarding ISIF liability, the case will go to a hearing before the Industrial Commission. If the ISIF is found to be liable, then lifetime statutory monthly benefits are paid.

The following two charts show the outcomes of ISIF claims over the last five fiscal years.

Claim Closures

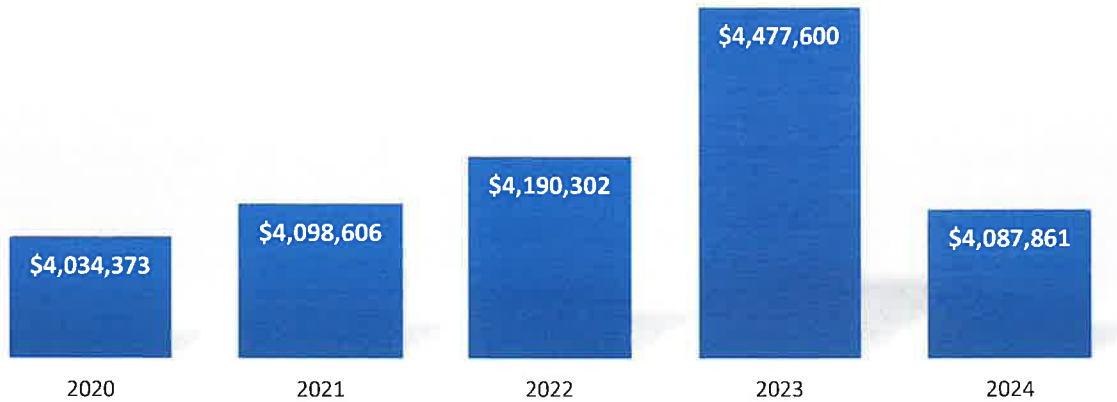


Beneficiaries Added



The chart below shows the combined total of all benefits paid to injured workers for the past five fiscal years. Fiscal Year 2024 saw an approximate 10% drop in payments over what was paid in Fiscal Year 2023. This reduction is directly attributable to fewer beneficiaries added and fewer lump sum settlements paid.

Claimant Payments



General Claim Demographics

Due to the complex nature of the claims brought against the ISIF, it is worth taking a deeper look at some individual demographics. In order to track current trends, the general claim numbers were taken from the last five fiscal years only, rather than from all historical claim data.

The average age of the Claimants as of the date of injury is 54 years old, with the oldest being 79 years old and the youngest being 28 years old.

The average time between the filing of the NOI and the filing of the Complaint is 3 months. This is predominantly due to the 60-day ISIF review period. However, after the review period has passed there are no time restrictions regarding the filing of a Complaint.

The average time between the filing of a Complaint and resolution of the claim if the case goes to hearing is approximately 3 ½ years. If there is no hearing, that time is shorted to just under 2 years. Of course, there are outliers in both directions. We have had claims resolve in a matter of months while other claims have taken more than 10 years to complete.

Beneficiary Demographics

- **Number of Beneficiaries on Books:** **155**

- **Average Age at Date of Injury** **51**
 - Oldest 72
 - Youngest 26

- **Average Age of Current Beneficiaries:** **69**
 - Oldest 91
 - Youngest 38

- **Average Age at Date of Death** **76**
 - Oldest 93
 - Youngest 47

There were 8 beneficiaries who died in Fiscal Year 2024. The average age for this group of beneficiaries at date of death was 83 years old. The average time for which monthly benefit payments were made was 23 years, with the longest being 31 ½ years, and the shortest being 13 ½ years.

Litigation Expenses & Office Administration

In addition to claim benefits, the other two integral parts of the ISIF operation are litigation and office administration.

Litigation costs include all expenses incurred over the life of the claim. These expenses include attorney fees and costs, depositions, as well as the services of medical, investigative, and vocational experts. Despite the complexity of the claims, litigation costs remain generally consistent. This is due in large part to the expertise of the attorneys representing the ISIF as well as the active involvement by ISIF staff. Litigation expenditures for Fiscal Year 2024 were \$355,256, which is a slight decrease from the previous fiscal year.

Administrative costs include expenses required in maintaining an office in Boise, as well as support services provided by the Department of Administration, Information Technology Services, and the Idaho Industrial Commission. Administrative expenditures for Fiscal Year 2024 were \$231,918, similar to the previous fiscal year.

The breakdown of expenditures remains constant, with the majority of the ISIF's payments being made for the benefit of the injured workers (88%), with lesser amounts of funds being spent on litigation (7%) and office administration (5%).

Financial Report

The revenue-side of the ISIF budget is composed of the annual assessment, fees for late payments, accrued interest, death benefit receipts, and insurance annuity payments. As noted above, the expenditure-side of the budget is broken into three categories: benefits, litigation, and office administration.

A summary of the financial position of ISIF at the end of the 2024 Fiscal Year is set out below.

Beginning Cash Balance	\$ 5,308,340
Income	+ 4,623,750
Expenses	- 4,675,035
Ending Cash Balance	\$ 5,257,055

Assessment

The annual assessment for 2025 is \$4,093,015. This is a 17% decrease from last year's assessment. The reduction is primarily attributed to fewer beneficiaries added and fewer lump sum settlements paid, along with legal expenses and administrative costs remaining stable.

Annual Assessment

