

## Second Injury Fund Assessment for FYE 2023

The Second-Injury Fund is used to relieve self-insured employers' costs for pensions resulting from the combined effects of a prior industrial injury and a "second" injury. Each year self-insured employers must contribute to this fund to cover its projected costs.

▶ Assessment rate for the second-injury fund for Fiscal Year 2023 = **0.0480**

### How we calculated this assessment rate

#### Step 1 — Identifying funding needed

Second-injury pensions projected for 2023	12,827,723
Plus: 2021 pension reserve funding shortage	<u>+ 11,729,612</u>
Net projected funding requirement for FY2023	\$24,557,335

#### Step 2 — Calculation of base rate for assessment

Funding requirement projected for 2023	<u>\$ 24,557,335</u>	=	0.0435
Divided by total claim payments projected for 2023 <sup>1</sup>	<u>\$ 563,423,948</u>		
Selected rate based on rate stability consideration	.0627* .75	=	<b>0.0470</b>

#### Step 3 — Final adjustment to take experience rating into account

Base rate for assessment from FY2023	<u>0.0470</u>	=	0.0480	◀ <b>Final Rate</b>
Divided by the aggregate adjustment factor for 2023 <sup>2</sup>	<u>0.979366</u>			

### Notes about your assessment

- Recommended rate was selected to be 75% of the prior year's rate of 0.627.
- Your contribution to the Second Injury Fund will reflect your actual usage of the fund in the previous three fiscal years. After being adjusted by your experience factor, your rate will appear in Box 8 of your quarterly report.<sup>3</sup>
- Adjustments for prior years were made to ensure fund operations were maintained above the minimum balance required by rule.
- The Department sets the Second Injury assessment rate on an annual basis rather than quarterly so that rates are stable, which helps the self-insured community with their budgeting.

### Questions?

Contact Knowrasa Patrick, Program Manager for L&I Self-Insurance Section or email CertificationSvc@Lni.wa.gov.

Signature: *Knowrasa Patrick* Name: Knowrasa Patrick Title: Program Manager

Projected claim payments do not include Department of Energy claims and reflect the expected impacts of the current recession.

<sup>2</sup> This is an aggregate adjustment factor that ensures the amount collected for the Second Injury Fund is proportional to the amount expended, as required by RCW 51.44.040.

<sup>3</sup> In accordance with WAC 296-15-225.