



## Industrial Special Indemnity Fund

### Annual Report Calendar Year 2024

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## INTRODUCTION TO ISIF

The Industrial Special Indemnity Fund (ISIF) was adopted in 1927 by the Idaho State Legislature as part of the State of Idaho's 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 basis of ISIF liability is complicated. There are numerous requirements that must be met before liability can be imposed: (1) the injured worker must first have a pre-existing physical impairment from any cause or origin; (2) the pre-existing physical impairment must also be manifest, or clearly evident; (3) it must be a subjective hindrance to employment; and (4) it must combine with a subsequent disability from the last industrial accident to cause the worker to be deemed totally and permanently disabled; or the subsequent industrial injury must aggravate and accelerate the pre-existing impairment to cause total and permanent disability.

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 calculated Average Weekly Wage (AWW) at time of injury. 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.

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 (MOU), the Idaho Industrial Commission invoices each responsible entity for its proportionate share of the assessment and collects funds on behalf of the ISIF.

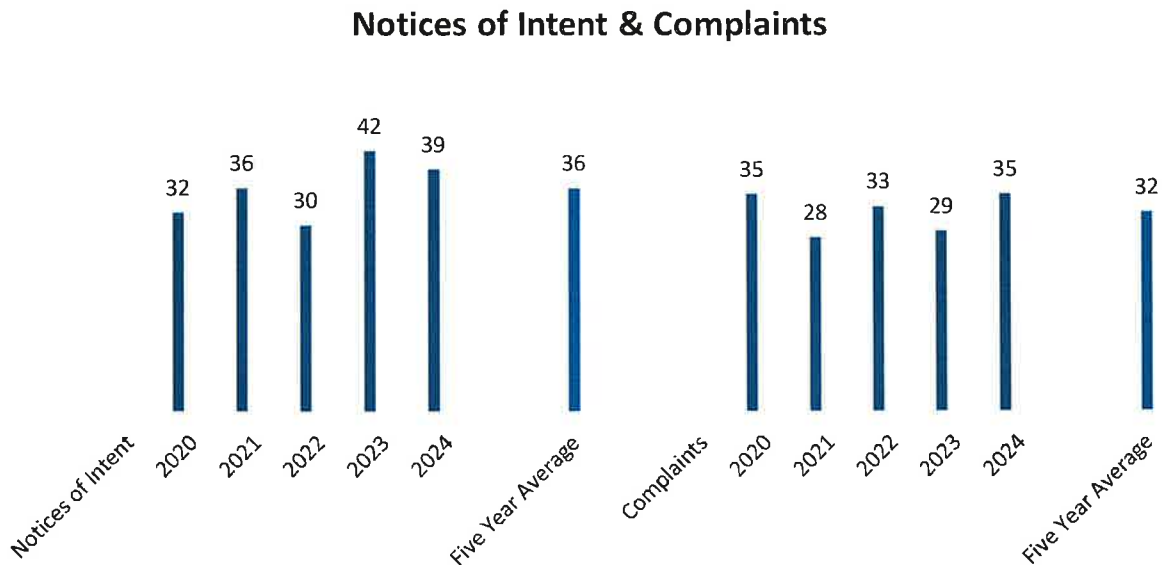
# OPERATIONS

## Claims & Benefits Administration

Claims for benefits are started by a party filing a Notice of Intent to File a Complaint Against the ISIF (NOI). Historically, NOIs were filed almost exclusively by the Claimant. More recently, there has been a notable shift with numerous NOIs also being filed by the Employer/Surety. Calendar Year 2024 saw a 36/64 percentage split between filings by the Claimant and filings by the Employer/Surety.

Once an NOI is filed, pursuant to Idaho Code § 72-334 (better 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, the initiating party can then file a Complaint against the ISIF. Upon receipt of a Complaint, the ISIF will retain outside legal counsel. These attorneys are appointed as a Special Deputy Attorney General by the Attorney General's Office.

The chart below shows the number of NOIs and Complaints for the last five Calendar Years, along with a five-year average for each.



Once a Complaint is filed, formal litigation begins. Discovery is exchanged and depositions are taken. 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.

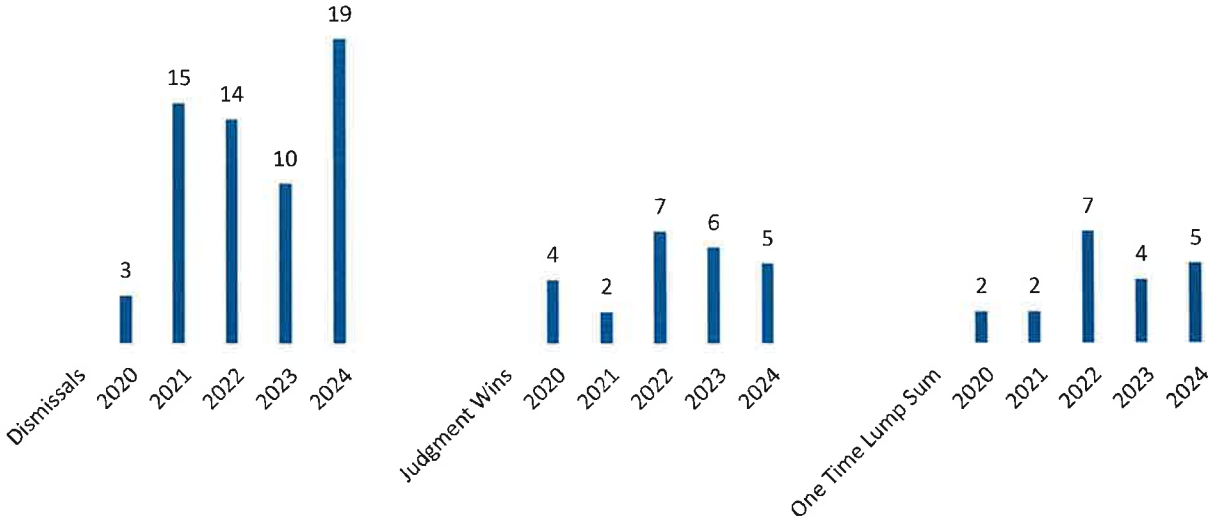
A claim is administratively dismissed when it becomes apparent that there is no ISIF liability. A motion or stipulation to dismiss is then filed. All such dismissals require approval by the Industrial Commission.

If ISIF liability appears to be established, the parties will usually try to settle the case without the necessity of an administrative hearing. This is accomplished through either private negotiations or mediation. The ISIF has numerous options available to resolve a claim. These options include payment of either a one-time lump sum, statutory benefits, modified benefits, guaranteed benefits, deferred benefits, or any combination thereof. The ISIF remains diligent in pursuing all options in order to provide benefits to injured workers with qualifying claims, while also maintaining its fiscal accountability.

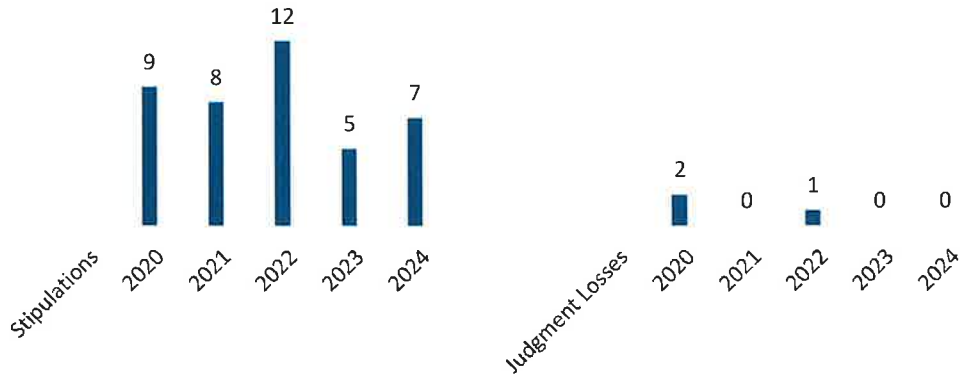
If the parties are unable to come to an agreement regarding ISIF liability, the case will go to a hearing before the Industrial Commission. If the ISIF is found to be liable, then lifetime statutory monthly benefits are paid.

The following two charts show the outcome of ISIF claims over the last five calendar years. Of note, the judgment wins for Calendar Year 2024 included one Supreme Court decision.

**Claim Closures**



### Beneficiaries Added



Overall, benefit payments to Claimants continue to remain generally consistent. The following chart shows the combined total amount of all benefits paid by the ISIF to injured workers for Calendar Year 2024.

### Combined 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.

Over the last five calendar years, the average age of the Claimants as of the date of injury is just over 50 years old, with the oldest being 79 years old and the youngest being 33 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, it should be noted after the review period has passed there are no time limitations as to when a Complaint can be filed.

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 lessened to just under 2 years. Of course, there are outliers in both directions, with some claims being resolved in a matter of months while others have taken more than 10 years to complete.

## Beneficiary Demographics

- **Number of Beneficiaries on Books:** **149**
  
- **Average Age at Date of Injury** **50**
  - Oldest 72
  - Youngest 26
  
- **Average Age of Current Beneficiaries:** **69**
  - Oldest 91
  - Youngest 39

- **Average Age at Date of Death**

76

- Oldest 93
- Youngest 39

There were 8 beneficiaries who died in Calendar Year 2024. The average age for this group of beneficiaries at date of death was 83 ½ 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 just under 6 years.

### **Litigation & Office Administration**

In addition to claims and benefits as noted above, the other two integral parts of ISIF operations are litigation and office administration.

The majority of litigation expenses are for attorney fees and costs, depositions, as well as the services of medical, investigative, and vocational experts. The ISIF currently utilizes the services of five well experienced attorneys representing its interests across the state. Despite the complexity of the claims, litigation costs have remained fairly steady. The ability to control costs is in large part due to the expertise of the attorneys representing the ISIF as well as the active involvement by ISIF staff. Calendar Year 2024 saw an approximate 17% decrease in legal expenditures. A good portion of this decrease can be attributed to the number of claims that were administratively dismissed. Most of these claims did not require the costs associated with a full defense. Litigation expenses for Calendar Year 2024 were \$326,378.

Administrative costs include maintaining an office in Boise, personnel, as well as support services provided by the Department of Administration, the Office of the Governor Information Technology Services, and the Idaho Industrial Commission. Costs for the modernization systems implemented in the past few years have stabilized. Calendar Year 2024 saw an approximate 17% reduction in operating costs. Overall, administrative expenditures for Calendar 2024 were \$202,295.

The majority of the ISIF's expenditures continue to be for the benefit of the injured workers (89%), with only a small percentage of funds spent on litigation (7%) and office administration (4%).

## 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. The expenditure side of the budget is broken into three main categories: benefits, legal, and office administration. A summary of the financial position of the ISIF at the end of Calendar Year 2024 is set out below.

<b>Beginning Cash Balance</b>	<b>\$ 5,197,334</b>
Revenue	+ 5,872,889
Expenses	- 4,883,117
<b>Ending Cash Balance</b>	<b>\$ 6,187,106</b>

## Assessment

The chart below shows a projected increase for the 2026 Assessment. The ebb and flow of the assessment amounts are typical due to the way the ISIF is funded. The numbers will be reviewed again at the end of the next quarter, prior to the final assessment amount being calculated at the end of the 2025 Fiscal Year.

### Annual Assessment

