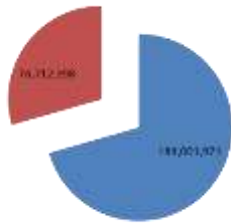


# ALASKA DIVISION OF WORKERS' COMPENSATION 2011 ANNUAL REPORT

A total of \$260.7 million was paid in workers' compensation benefits during calendar year 2011. This is an increase of 6.59% from \$244.6 million in 2010.

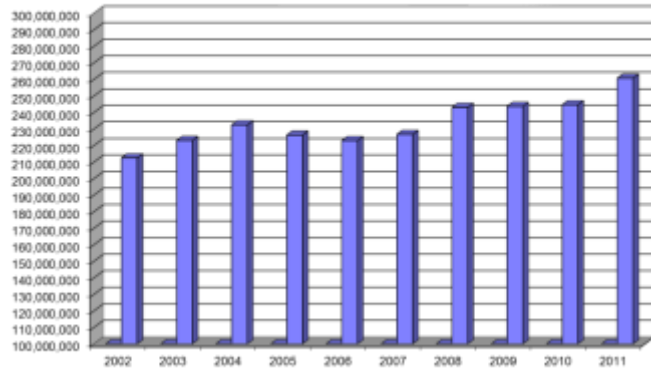
Of this amount, \$184.0 million, 70.6%, was paid by market-insured employers, and \$76.7 million, 29.4%, was paid by self-



■ MARKET-INSURED ■ SELF-INSURED

insured employers. This compares to \$175.0 million, 71.6%, paid by market-insured employers, and \$69.6 million, 28.4%, paid by self-insured employers in 2010.

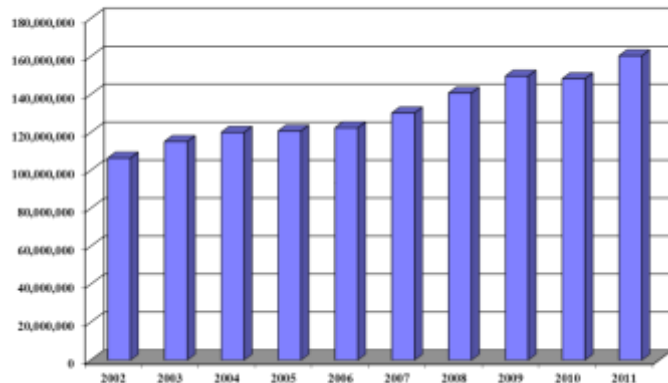
**Total Compensation Payments**



## MEDICAL BENEFITS

In 2011, medical benefits totaled \$160.4 million, up 8.2% from \$148.3 million in 2010. Medical benefits were 61.5% of total benefits paid and 74.4% of loss costs in 2011, compared to 60.6% of total benefits paid and 73.4% of loss costs in 2010.

**Medical Payments**

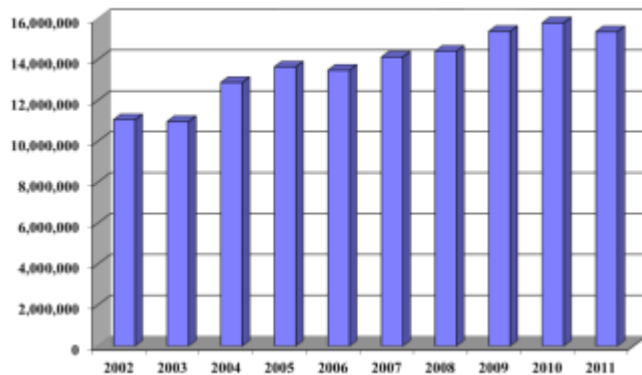


**INDEMNITY BENEFITS**

For calendar year 2011 indemnity benefits (TTD, TPD, PPI, and PTB) totaled \$55.1 million, up 2.3% from \$53.8 million in 2010. TTD benefits increased 4.01%, from \$31.1 million to \$32.3 million; TPD benefits increased 15.3%, from \$1.1 million to \$1.2 million; PPI benefits decreased 5.3%, from \$13.9 million to \$13.2 million; and PTB benefits increased 7.2% from \$7.8 million to \$8.3 million.



Legal Payments



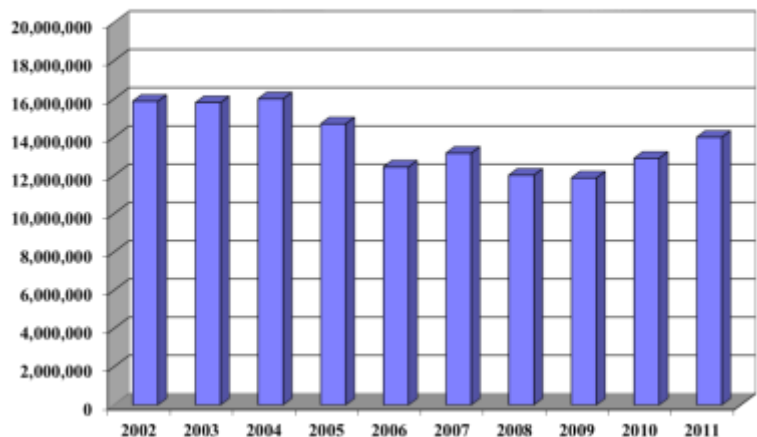
**LEGAL EXPENSES**

Legal expenses decreased 2.8%, to \$15.4 million in 2011 from \$15.8 million in 2010. Employee attorney fees decreased 11.4%, from \$5.0 million to \$4.4 million; employer attorney fees decreased 2.7%, from \$9.6 million to \$9.4 million; and litigation costs increased 33.8%, from \$1.2 million to \$1.6 million.

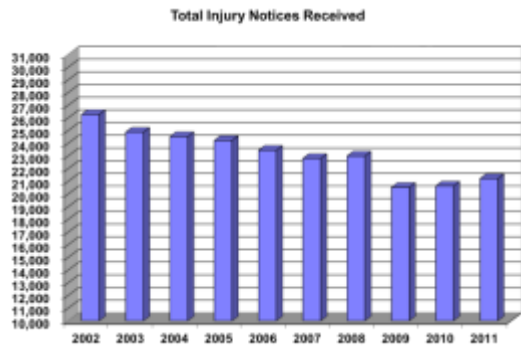
**REEMPLOYMENT BENEFITS**

Reemployment benefit payments increased 8.6% in 2011, to \$14.0 million from \$12.9 million in 2010. Compensation paid while under rehabilitation, 041(k) benefits, increased 1.7%, from \$7.5 million to \$7.6 million. Employee evaluation costs increased 16.5%, from \$1.9 million to \$2.2 million. Rehabilitation specialist fees decreased 2.5%, from \$450,108 to \$438,916. Plan development costs decreased .3%, from \$1.47 million to \$1.46 million. Plan monitoring fees increased 5.9%, from \$597,315 to \$632,755. Job dislocation benefits, 041(g), increased 66.2%, from \$957,230 to \$1.6 million.

Rehab Payments

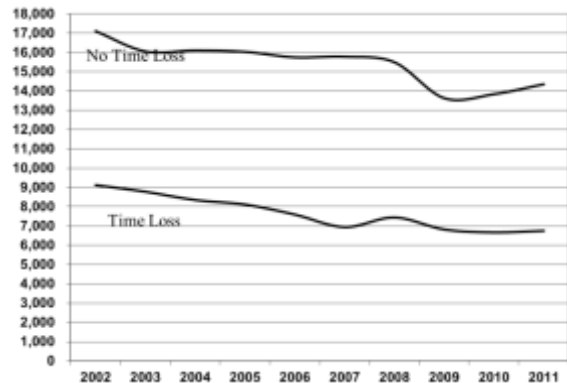


**ANALYSIS OF WORKERS' COMP CLAIMS**

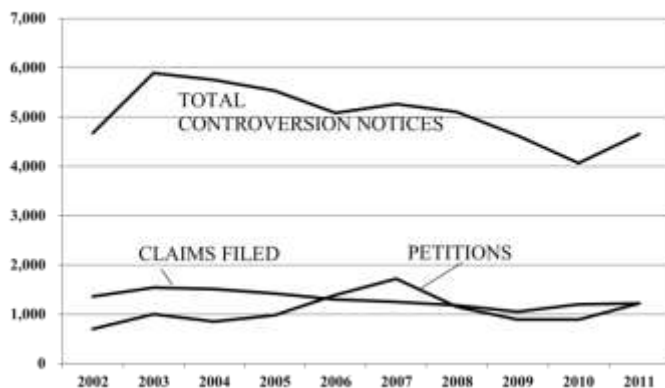


In 2011, the number of reports of injury and occupational illness submitted to the Workers' Compensation Division increased 2.8%, from 20,628 in 2010 to 21,213 in 2011.

Of the case files set up by the Division in 2011, 14,353 cases, 67.7%, were no-time-loss cases; 6,748 cases, 31.8%, were time-loss cases; 37 cases, .17%, were fatalities, and 75 cases, .35%, were jurisdictional claims.

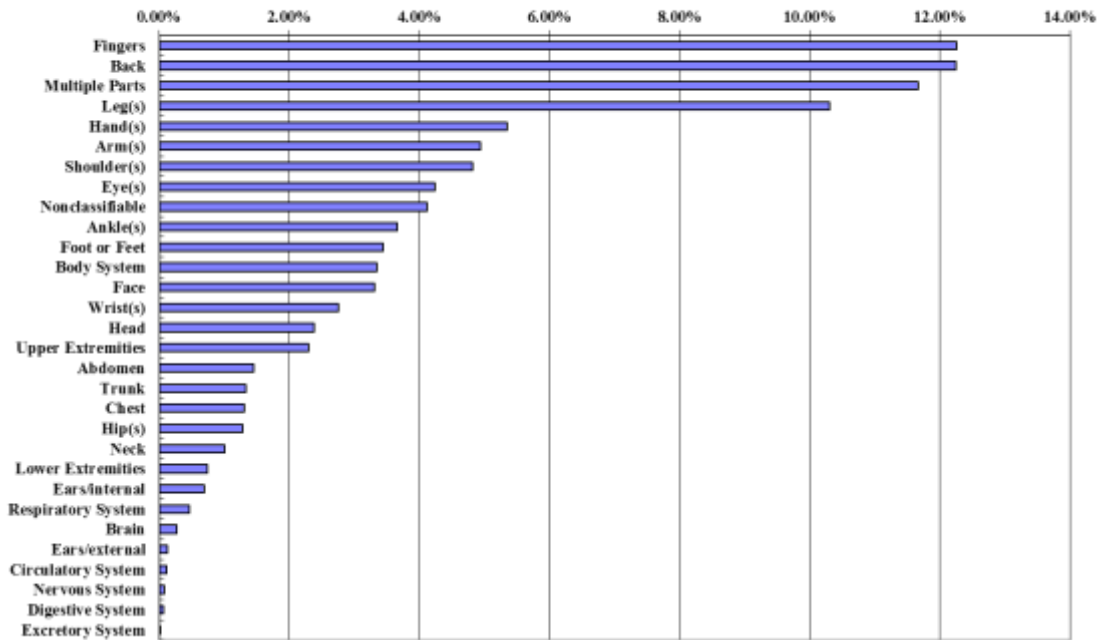


**CLAIMS & PETITIONS**



In 2011, the number of claims filed increased 1.7%, from 1,204 in 2010 to 1,224 in 2011. The number of petitions filed increased 37.1%, from 889 to 1,219. The total number of controversion notices filed increased 14.4%, from 4,068 to 4,655, and the total number of cases controverted in 2011 increased 18.1%, from 3,007 cases to 3,550 cases.

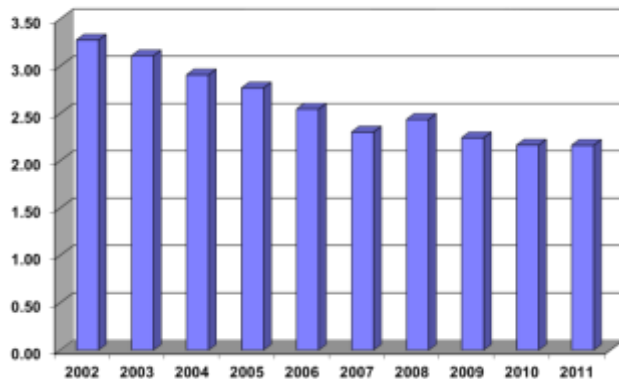
### Body Part Injured



### Top 10 Injuries by Body Part Injured

1. finger injuries (12.2%)
2. back injuries (12.2%)
3. multiple body part injuries (11.7%)
4. leg injuries (10.3%)
5. hand injuries (5.3%)
6. arm injuries (4.9%)
7. shoulder injuries (4.8%)
8. eye injuries (4.2%)
9. non-classifiable injuries (4.1%).
10. ankle injuries (3.7%)

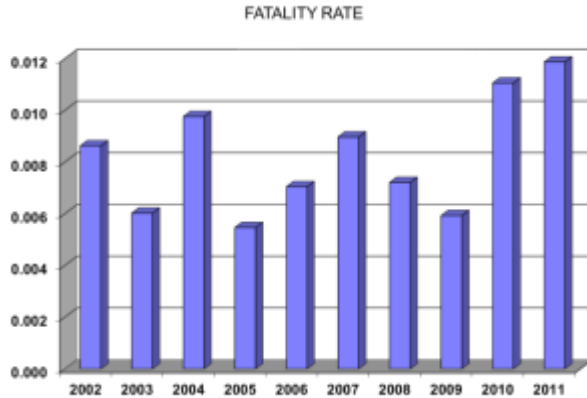
### TIME LOSS RATE



Based on Department of Labor & Workforce Development, Research and Analysis Section data, total average employment in 2011 was estimated at 328,800 up 1.1% from 325,100 in 2010. Excluding federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2011 was approximately 311,800.

Using the number of time-loss claims established by the Workers' Compensation

Division, the time loss rate per 100 employees in 2011 was 2.16, down 0.46% from a time loss rate of 2.17 in 2010.



There were 37 fatalities reported in 2011, up 8.8% from 34 in 2010. Death benefits increased 64.1%, from \$3.5 million in 2010 to \$5.7 million in 2011 (\$2.2 million was paid in settlement of 3 claims). Using the number of fatalities established by the Workers' Compensation Division, the fatality rate per 100 employees in 2011 was .012, up 9.1% from a fatality rate of .011 in 2010.

## OTHER

The top twenty insurers/self-insured employers paid \$169.3 million, or 65.0% of total workers' compensation benefits paid in 2011. This compares to \$166.6 million or 68.1% in 2010.

The top five insurers/self-insured employers by benefits paid in 2011 were Alaska National Insurance Co. at \$29.6 million, State of Alaska at \$26.9 million, Liberty Northwest Insurance Co. at \$17.9 million, Commerce & Industry Ins. Co. at \$11.4 million, and Liberty Insurance Corporation at \$7.5 million.

For the most recent statistical year available, calendar year 2010, the Division of Insurance reported 191 insurance companies authorized to write workers' compensation insurance in Alaska, with direct premiums written totaling \$234.5 million. This compares to 189 admitted insurers writing \$255.6 million in direct premiums in calendar year 2009. Of direct premiums written in 2010, three companies wrote 50.9% of the policies. Alaska National Insurance Co. had 30.3% of the market share, Liberty Northwest Insurance Co had 14.02% of the market share, and Commerce & Industry Insurance Co. had 6.54% of the market.

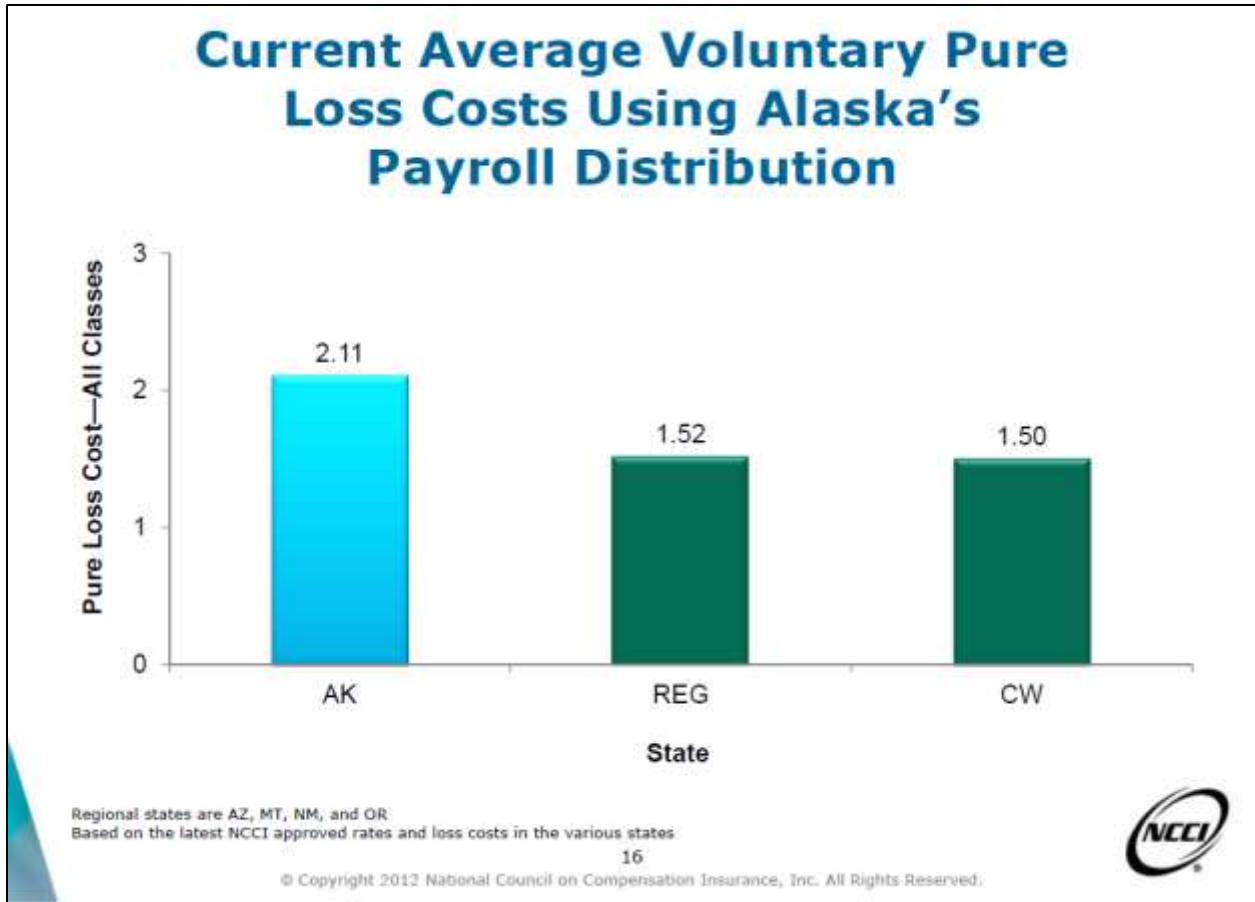
In calendar year 2011, workers' compensation premium rates increased 2.7%, compared to a premium decrease of 2.5% 2010. Despite premium rate reductions in six of the past 7 years, Alaska continues to have one of the highest premium rates in the country. The State of Oregon 2012 premium analysis survey ranks Alaska as the state with the highest workers' compensation premium rate.

During calendar year 2011, there were no new notices of rehabilitation or liquidation for admitted Alaskan workers' compensation insurers.

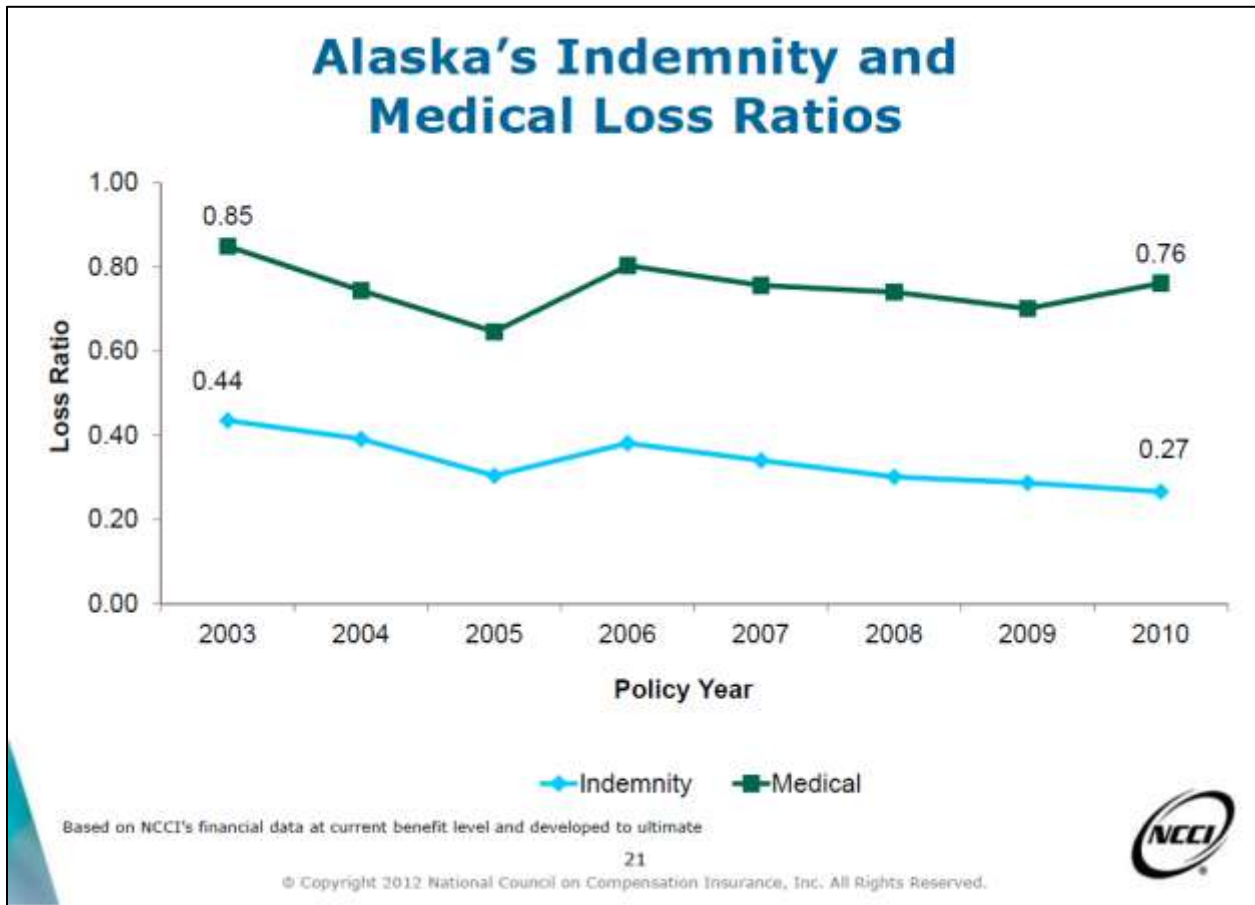
**Table 2. Workers' compensation premium rate ranking**

2012 Ranking	2010 Ranking	State	Index Rate	Percent of study median	Effective Date
1	2	Alaska	3.01	160%	January 1, 2012
2	6	Connecticut	2.99	159%	January 1, 2012
3	5	California	2.92	155%	January 1, 2012
4	3	Illinois	2.83	151%	January 1, 2012
5	13	New York	2.82	150%	October 1, 2011
6	4	Oklahoma	2.77	147%	11/1/11 State Fund, 1/1/12 Private
7	7	New Jersey	2.74	146%	January 1, 2012
8	1	Montana	2.50	133%	July 1, 2011
9	10	New Hampshire	2.40	128%	January 1, 2012
10	8	Maine	2.24	119%	January 1, 2012
12	14	Pennsylvania	2.15	114%	April 1, 2011
12	19	Wisconsin	2.15	114%	October 1, 2011
13	26	Washington	2.11	112%	January 1, 2012
14	18	Vermont	2.07	110%	April 1, 2011
15	25	Louisiana	2.06	110%	October 1, 2011
16	12	South Carolina	2.04	109%	July 1, 2011
17	16	Minnesota	2.03	108%	January 1, 2012
19	20	Tennessee	2.02	107%	November 1, 2011
19	29	Idaho	2.02	107%	January 1, 2012
20	28	Rhode Island	1.99	106%	June 1, 2011
21	10	Alabama	1.97	105%	March 1, 2011
22	15	Kentucky	1.96	104%	October 1, 2011
23	28	South Dakota	1.91	102%	July 1, 2011
25	36	Iowa	1.90	101%	January 1, 2012
25	23	North Carolina	1.90	101%	April 1, 2011
27	24	Georgia	1.88	100%	March 1, 2011
27	32	New Mexico	1.88	100%	January 1, 2012
28	17	Ohio	1.84	98%	July 1, 2011
29	40	Florida	1.82	97%	January 1, 2012
30	34	Delaware	1.77	94%	December 1, 2011
31	37	Wyoming	1.74	92%	January 1, 2012
32	23	Michigan	1.73	92%	January 1, 2012
33	30	Nebraska	1.71	91%	February 1, 2011
34	42	Maryland	1.68	89%	January 1, 2012
35	40	Hawaii	1.66	88%	January 1, 2012
36	33	Missouri	1.62	86%	January 1, 2012
37	38	Arizona	1.61	86%	January 1, 2012
38	12	Texas	1.60	85%	June 1, 2011
39	41	OREGON	1.58	84%	January 1, 2012
40	35	West Virginia	1.55	82%	November 1, 2011
41	43	Kansas	1.54	82%	January 1, 2012
42	31	Mississippi	1.49	79%	March 1, 2012
43	47	Colorado	1.42	76%	January 1, 2012
44	44	Massachusetts	1.37	73%	September 1, 2011
45	45	Utah	1.35	72%	December 1, 2011
46	21	Nevada	1.33	71%	March 2, 2011
47	48	District of Columbia	1.28	68%	November 1, 2011
48	47	Virginia	1.20	64%	April 1, 2011
49	49	Arkansas	1.19	63%	July 1, 2011
50	50	Indiana	1.16	62%	January 1, 2012
51	51	North Dakota	1.01	53%	July 1, 2011

2012 Oregon Workers' Compensation Premium Ranking Summary  
 Courtesy Oregon Department of Consumer & Business Services

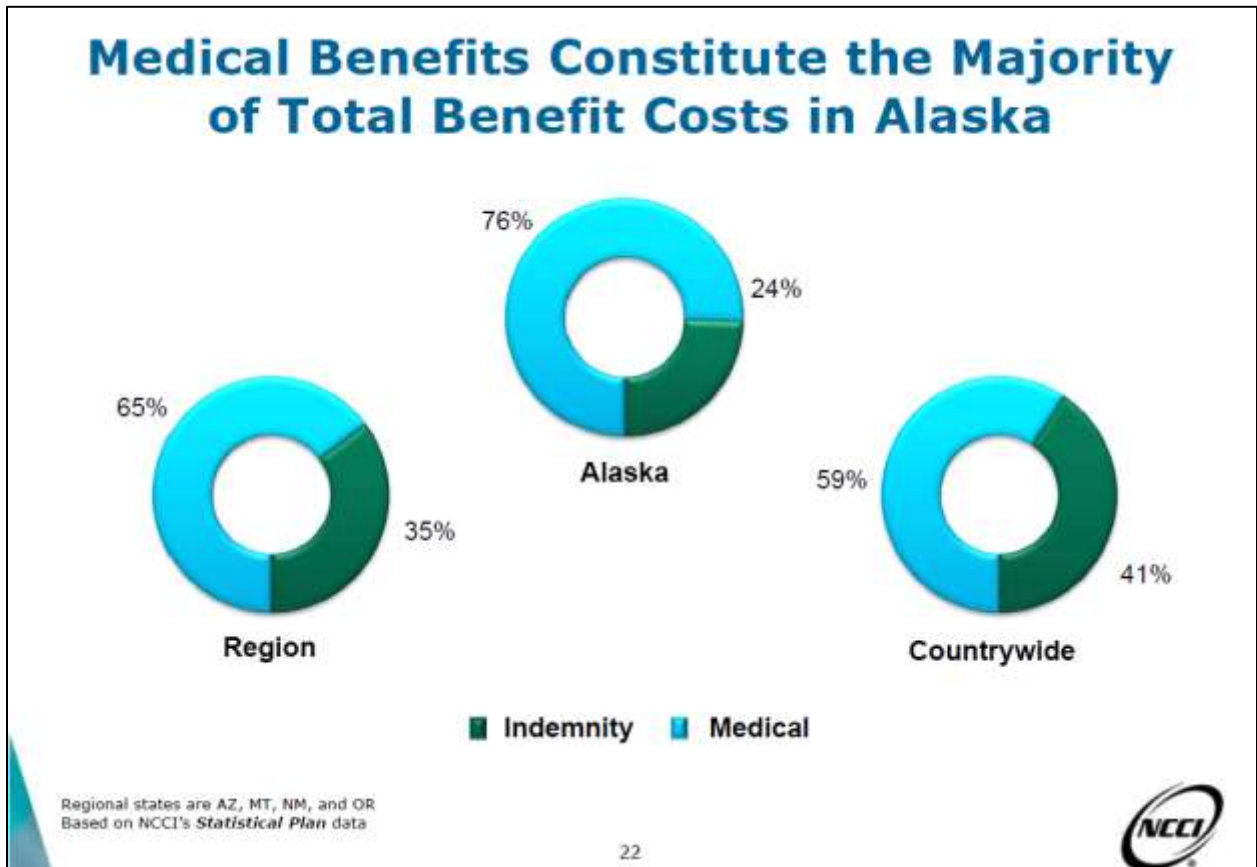


Courtesy 2012 Alaska State Advisory Forum, National Council on Compensation Insurance

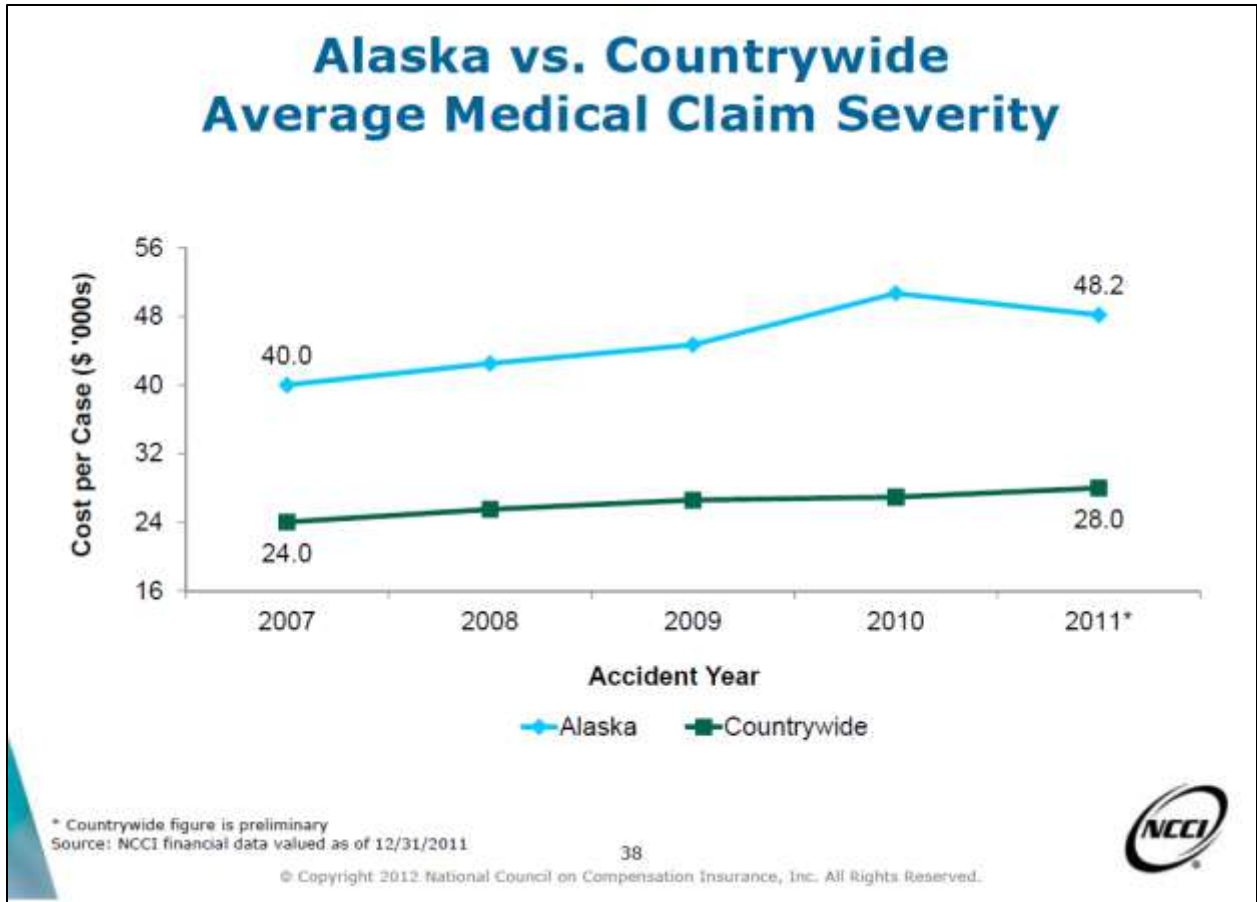


Courtesy 2012 Alaska State Advisory Forum, National Council on Compensation Insurance





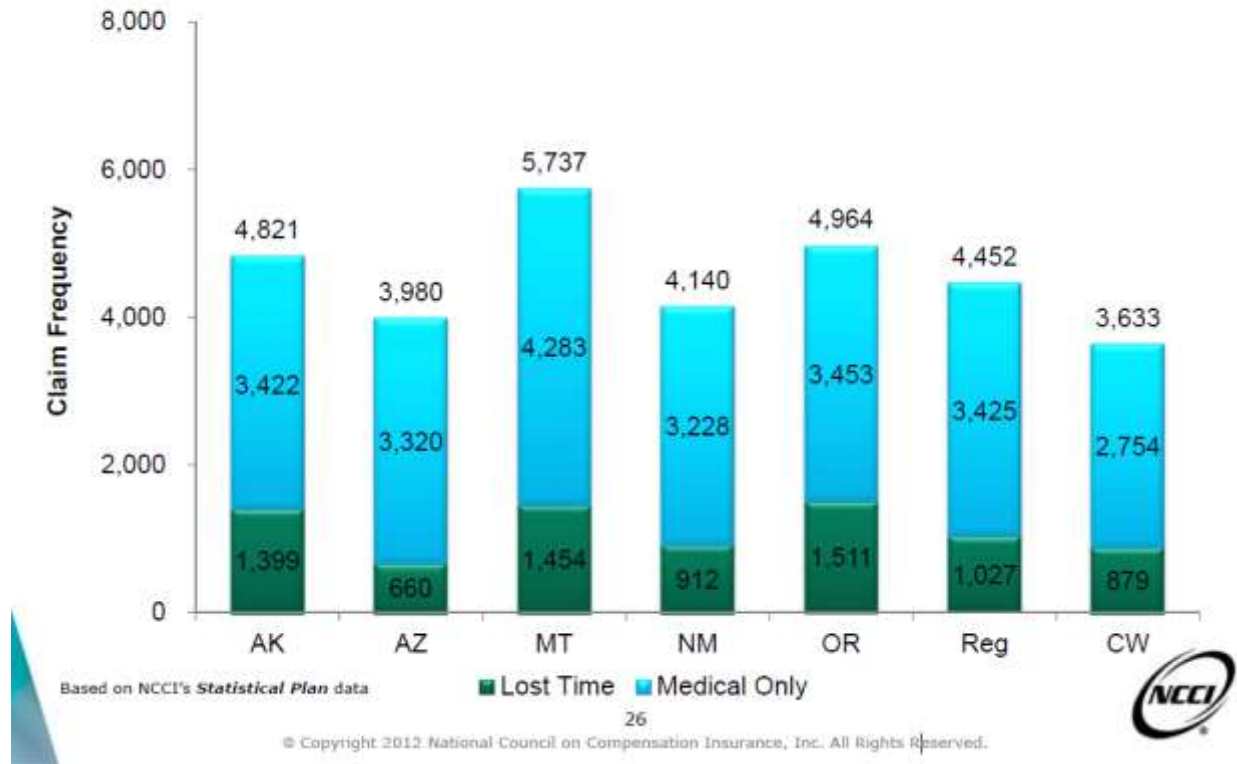
Courtesy 2012 Alaska State Advisory Forum, National Council on Compensation Insurance



Courtesy 2012 Alaska State Advisory Forum, National Council on Compensation Insurance

## Alaska's Average Claim Frequency

Frequency per 100,000 Workers—All Claims



Courtesy 2012 Alaska State Advisory Forum, National Council on Compensation Insurance

NCCI's full report, Alaska State Advisory Forum 2012, is available on NCCI's website at [www.ncci.com](http://www.ncci.com).