FISCAL YEAR 2006

REPORT

Prepared by
Department of Administration
DIVISION OF RISK MANAGEMENT

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Mission Statement

"To effectively mitigate the State of Alaska's risk of financial loss by educating, protecting and defending state employees, assets and operations from injury and physical damage caused by fortuitous loss."

Objective

To protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity combined with high limit broad form excess insurance protection for catastrophic loss exposures.

Operations

Risk Management administers the self-insurance program for each State agency, covering all sudden and accidental property and casualty claims. Annual assessments allocated by Risk Management are the maximum each agency is called upon to pay, forestalling the need for supplemental appropriation or disruption of vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

With a present staff of five—Risk Management operates from the State Office building in Juneau—serving a statewide constituency that includes all departments of the executive, legislative and judicial branches of state government; all state boards and commissions; their respective employees and members. The state risk management program affects many Alaskans, from the injured state employee, to those who contract with state agencies (construction, purchase, professional service and lease agreements), and all Alaskans that claim the state is legally liable for their individual property damage or personal injury.

By effectively managing the state's property and liability exposures through a comprehensive self insurance program — Risk Management expends less public funds than would be paid to private insurance companies — providing streamlined claims services utilizing professional adjusting firms located throughout Alaska and when necessary, in house defense counsel assigned from the special litigation (torts) section of the Department of Law.

PROGRAMS

1) Insurance Administration

Property insurance with broad form all risk coverage (including earthquake and flood) is provided on a replacement cost basis covering all state owned or leased real property (buildings and its equipment) and personal property (business equipment and office contents including State Museum fine arts), as well as all owned and non-owned aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels), and a schedule of large highway bridges.

Casualty coverages protect each state agency and their personnel from third party civil (tort) liability claims alleged to have arisen from combined liability; general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport) or marine (crew and passenger injuries).

Specialty coverages — blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer and telephone fraud and foreign liability, etc. The State's excess insurance programs continually evolve — responding to new State activities, policy form offerings and current condition in world reinsurance markets.

In FY2006 the state is completely self-insured on all statutory workers' compensation claims and the state is self insuring all of its comprehensive casualty exposures; general liability (premises and operations), professional liability (medical and legal malpractice) and automobile liability. The following policies have Self-Insured Retention (SIR) levels. SIR's are the funds Risk Management contributes to a claim prior to excess policies taking effect, $1 million per claim for property and marine risks; and $250,000 per incident for airport and aircraft liability exposures. Policy limits of excess insurance vary by risk; $50 million for marine; $100 million for property and $500 million for airport. The following **exhibit** provides a brief overview of the FY2006 excess insurance program.

Many diverse domestic and international insurance companies and various Lloyd's of London underwriting syndicates and companies participate in the State of Alaska's excess insurance program. In renewal of its excess insurance program for FY2006 the State again participated as a small percentage co-insurer in the upper underwriting layers in order to limit premium expenditures.

Marketing of the State's insurance program is provided by Willis, one of the largest independent brokers in the world market. The State obtained the independent actuarial assessment of the state insurance program required by *AS 37.05.287 (b)* from Advanced Risk Management Techniques, Inc (ARM Tech). Specialty computer software programs were supported by CSC Consultants. All Risk Management professional service contracts are solicited through formal request for proposals issued every three to five years.

FY2006 PROPERTY/CASUALTY PROGRAM

COVERAGE	SELF-INSURED RETENTION	LIMITS OF INSURANCE
PROPERTY — all risk owned/leased buildings incl. contents and museum fine arts replacement cost coverage	$1,000,000 each loss	$100,000,000
(EARTHQUAKE & FLOOD)	5% subject to min, $1,000,000	$100,000,000
BOILER & MACHINERY	$50,000	$25,000,000
COMBINED LIABILITY (including general liability, auto, professional liability, medical malpractice, director & officers etc.)	Self insured	
WORKERS' COMPENSATION	Authorized Self Insured Employer	Statutory Benefit
MARINE		
Vessel Hull & Machinery	$1,000,000	Declared Values
Marine P&I Legal Liabilities	$1,000,000	$50,000,000
Marine Pollution	$25,000	
FOREIGN LIABILITY	NIL	$1,000,000
AVIATION LIABILITY		
Airports	$250,000	$500,000,000
Aircraft	$250,000	$25,000,000
EMPLOYEE FIDELITY BOND incl. blanket faithful performance and statutory bond coverage	$250,000	$25,000,000

This list is not detailed and does not include all policies for special exposures — there are policy extensions and limitations not included in this statement — additional information concerning specific areas of coverage are available from Risk Management on request. The policies extend to cover all State Departments except those specifically excluded such as the Alaska Railroad and University of Alaska, who administer their own insurance program.

2) Claims Adjusting and Litigation Management

By assuming all normal expected accidental loss, the State is able to optimize the cost efficiencies of a self-insurance program and to directly control the defense and settlement of its claims. Using independent insurance adjusting firms located throughout the state, Risk Management is able to provide prompt investigation and fair settlement of liability claims filed by the public and to give all injured state employees and their dependent's timely receipt of any benefits owed under workers' compensation statutes. Replacement cost funding is immediately arranged for prompt repair or renewal of state property and equipment that is damaged or destroyed.

Harbor Adjustment Service – Anchorage is the state's third party claims administrator for all workers' compensation injury and illness claims filed by state employees. They also adjust auto, general and airport liability claims as assigned by Risk Management.

Risk Management claims administrators oversee and manage the day-to-day activities of all independent professionals handling state claims. Through an on-line interactive claims information system they are able to immediately determine the current status of any case and view all payment and reserve transactions. Large or precedental claims are closely monitored through detailed narrative status reports with direct supervision and control by the state. Risk Management performs on-site claim audits, sampling randomly selected claim files to ensure prompt professional and cost effective claims services are continually provided.

For litigation cases, Risk Management funds the Special Litigation (Torts) Section within the Department of Law, presently fourteen assistant attorneys general, six paralegals, and six legal secretary positions. Using state-employed defense attorneys is clearly the most cost effective and operationally efficient method to handle all civil litigation and workers' compensation caseload protected by the Risk Management program. When a conflict of interest arises or if the current caseload demands it, a private defense counsel is retained by individual professional service contract with authority of the Department of Law.

Risk Management claims staff works closely with Department of Law legal staff on defense or settlement decisions in all complex claims and litigation cases.

3) Contract Review

A vital and basic cornerstone in any comprehensive Risk Management program is the transfer of the risk through careful consideration of terms and conditions used in all State contract agreements (supply, service, lease, construction, and professional) to identify just a few. Indemnification (hold-harmless) and specifically relevant insurance requirements are necessary to protect the State from being held legally responsible to pay for the negligent acts of independent contractors and other parties with whom the State has written contracts. Due to the wide variety of contract forms, it is not possible to adopt a single standard or uniform format. Risk Management has developed boilerplate forms (Appendix B1 and B2) to be used by State contracting officers as guidelines in professional service agreements. Modifications are made on an individual request basis, tailoring the final terms to the unique activities of that agreement, considering availability and affordability of the requested insurance coverage.

4) Cost of Risk Allocation

Risk Management's budget is funded entirely through inter-agency receipts annually billed each agency through a "Cost of Risk" premium allocation system (CORA). The Risk Management information system generates the annual cost of risk allocation to each agency reflecting their proportionate share of the State's overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs — it factors exposure values subject to loss and considers the past 5 years actual claims experience incurred by each department. For most cost of risk allocations, 80% of the premium billing is based on the average of the past 5 years-actual claims experience. Thus provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by State agencies; recording age and type of building construction, occupancy, fire protection services and sprinkler systems and projected replacement cost value. Individual premiums are then determined and in cases of multiple occupancy — allocated to each department on the basis of square footage used.

The following exhibits detail FY2006 premium allocations for general liability and workers' compensation billed to each department. Additional breakouts to a second tier divisional or institutional level are now being generated. This demonstrates to each agency those units generating claims costs and assists in accurate and equitable distribution of the RM annual cost of risk allocation within each department. For greatest accuracy, exposure component detail (payrolls, personnel, vehicles etc.) needs to be configured to the same locations or divisional units used for claim location identification. Risk Management continues to work with each agency to develop this information to improve the value of these reports to better assist management comparisons of similar units and operations.

The "cost of risk" premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSA's) are used for all categories of insurance other than Workers' Compensation and Combined Liability (general, auto and professional) which are assessed on a rate per $100 payroll - applied monthly to each agencies actual payroll until the allocated premium is paid. As each agencies payroll generates the premium owed the assessment is individually shut off.

The FY2006 actual rates used for payroll deductions are presented, comparing them to FY04 and FY05 rates.

FY2006 GENERAL LIABILITY

#	General Liability	Exposure Based Calculation 20%			Experienced Based Calculation 80%				
#	DEPARTMENT	Payroll	Percent of Total	Exposure Based Premium Amount Charged	Total Incurred Losses FY01 thru FY05	Incurred Losses (Prior 5-Yrs) After Limiting Factors Applied	Percent of Total Limited Losses	Experience Based Premium Amount	Total Premium
1	Office of the Governor	12,857,400	0.99%	9,316	25,000	10,000	0.114263%	4,287	13,602
2	Administration	76,465,500	5.91%	55,401	280,727	280,727	3.207680%	120,342	175,743
3	Law	45,503,900	3.52%	32,969	36,186	33,802	0.386230%	14,490	47,459
4	Revenue	35,738,700	2.76%	25,894	32,093	19,995	0.228470%	8,571	34,465
5	Education	23,364,400	1.80%	16,928	25,601	25,601	0.292529%	10,975	27,903
6	Health and Social Services	230,991,500	17.84%	167,360	2,888,400	1,667,800	19.056841%	714,952	882,311
7	Labor	67,659,400	5.23%	49,021	5,000	5,000	0.057132%	2,143	51,165
8	Commerce and Econ. Dev.	39,264,400	3.03%	28,448	65,213	47,384	0.541421%	20,312	48,761
9	Military and Veterans Affairs	19,570,700	1.51%	14,180	0	0	0.000000%	0	14,180
10	Natural Resources	70,083,100	5.41%	50,777	924,045	311,635	3.560846%	133,592	184,369
11	Fish and Game	89,323,700	6.90%	64,717	79,434	79,434	0.907644%	34,052	98,769
12	Public Safety	72,587,200	5.61%	52,591	1,296,604	1,269,104	14.501213%	544,039	596,631
13	Environ. Conservation	37,055,400	2.86%	26,848	8,849	8,849	0.101110%	3,793	30,641
14	Corrections	111,361,900	8.60%	80,685	2,410,564	2,314,721	26.448776%	992,273	1,072,958
16	Transp. and Pub. Facilities	279,910,100	21.62%	202,803	5,516,106	2,644,366	30.215413%	1,133,586	1,336,388
18	Legislative Affairs	29,656,000	2.29%	21,487	0	0	0.000000%	0	21,487
19	Legislative Audit	2,964,800	0.23%	2,148	0	0	0.000000%	0	2,148
21	Court System	50,168,000	3.88%	36,348	33,294	33,294	0.380431%	14,273	50,621
	SUB TOTALS	**1,294,526,100**	**100.00%**	**937,920**	**13,627,116**	**8,751,712**	**100%**	**3,751,680**	**4,689,600**

FY2006 WORKERS COMPENSATION

#	Workers Compensation	Exposure Based Calculation 20%			Experienced Based Calculation 80%				
#	DEPARTMENT	Payroll	Percent of Total	Exposure Based Premium Amount Charged	Total Incurred Losses FY01 thru FY05	Incurred Losses (Prior 5-Yrs) After Limiting Factors Applied	Percent of Total Limited Losses	Experience Based Premium Amount	Total Premium
1	Office of the Governor	12,857,400	0.99%	23,727	60,745	37,300	0.079594%	7,606	31,333
2	Administration	76,465,500	5.91%	141,110	856,901	856,901	1.828507%	174,726	315,836
3	Law	45,503,900	3.52%	83,973	423,501	166,198	0.354643%	33,889	117,862
4	Revenue	35,738,700	2.76%	65,952	904,560	299,249	0.638555%	61,018	126,970
5	Education	23,364,400	1.80%	43,117	670,242	301,173	0.642662%	61,411	104,527
6	Health and Social Services	230,991,500	17.84%	426,272	17,056,886	15,120,727	32.265522%	3,083,190	3,509,462
7	Labor	67,659,400	5.23%	124,859	1,887,290	974,477	2.079398%	198,701	323,559
8	Commerce and Econ. Dev.	39,264,400	3.03%	72,459	2,326,216	171,502	0.365961%	34,970	107,429
9	Military and Veterans Affairs	19,570,700	1.51%	36,116	571,922	571,922	1.220402%	116,618	152,733
10	Natural Resources	70,083,100	5.41%	129,331	2,941,842	2,562,122	5.467210%	522,429	651,761
11	Fish and Game	89,323,700	6.90%	164,838	2,166,409	2,002,835	4.273771%	408,388	573,226
12	Public Safety	72,587,200	5.61%	133,953	4,428,089	3,667,520	7.825976%	747,825	881,778
13	Environ. Conservation	37,055,400	2.86%	68,382	612,687	218,794	0.466876%	44,613	112,995
14	Corrections	111,361,900	8.60%	205,507	6,030,983	5,688,734	12.138965%	1,159,961	1,365,468
16	Transp. and Pub. Facilities	279,910,100	21.62%	516,546	13,817,525	13,574,519	28.966131%	2,767,911	3,284,457
18	Legislative Affairs	29,656,000	2.29%	54,727	239,290	94,728	0.202135%	19,315	74,043
19	Legislative Audit	2,964,800	0.23%	5,471	143,961	10,000	0.021339%	2,039	7,510
21	Court System	50,168,000	3.88%	92,580	745,101	544,719	1.162354%	111,071	203,651
	SUB TOTALS	**1,294,526,100**	**100.00%**	**2,388,920**	**55,884,149**	**46,863,419**	**100%**	**9,555,680**	**11,944,600**

FY2004 - FY2006 Payroll Rates Comparison

DEPARTMENT	FY04 Payroll Deduction Premium	FY04 Rate	FY05 Payroll Deduction Premium	FY05 Rate	FY06 Payroll Deduction Premium	FY06 Rate
Office of the Governor	39,174.74	0.67%	41,697.93	0.69%	45,284.51	0.71%
Administration	468,755.52	1.59%	509,463.87	1.55%	496,967.82	1.30%
Law	167,480.03	0.86%	164,303.47	0.84%	166,110.29	0.73%
Revenue	176,441.60	1.06%	158,159.72	0.99%	162,018.88	0.91%
Education & Early Development	139,355.57	1.26%	133,254.14	1.28%	138,180.28	1.18%
Health and Social Services	4,225,918.86	3.90%	4,329,505.15	4.26%	4,424,138.54	3.83%
Labor & Workforce Development	351,143.94	1.06%	365,833.81	1.18%	379,803.32	1.12%
Community & Economic Development	165,712.31	0.90%	161,478.78	0.94%	159,359.61	0.81%
Military and Veterans Affairs	200,097.27	2.25%	131,170.01	1.60%	174,667.19	1.79%
Natural Resources	653,525.28	2.00%	848,946.57	2.74%	867,651.01	2.48%
Fish and Game	689,287.32	1.60%	676,501.43	1.67%	701,747.07	1.57%
Public Safety	1,466,090.55	4.23%	1,618,252.36	4.86%	1,589,323.74	4.38%
Environmental Conservation	192,512.39	1.06%	148,262.45	0.89%	152,291.57	0.82%
Corrections	2,255,881.22	4.15%	2,687,161.00	5.32%	2,533,995.12	4.56%
Transportation and Public Facilities	5,614,496.45	4.16%	5,279,608.42	4.22%	5,242,335.72	3.75%
Legislative Affairs/Finance/Ombudsman	98,071.63	0.71%	89,944.01	0.70%	98,143.33	0.66%
Legislative Audit	10,671.96	0.69%	10,315.07	0.72%	9,836.63	0.66%
Court System	299,883.74	1.28%	242,341.81	1.07%	254,345.37	1.01%
TOTALS	**17,214,500**		**17,596,200**		**17,596,200**	

FY2006 Issues

Risk Financing:

Obtaining adequate financing to meet the ongoing demands of the State's comprehensive self-insurance program remains the highest and most prominent issue for Risk Management. Exclusively funded by interagency receipts, Risk Management needs to pay all claim settlements and defense costs as they are due and payable, drawing from the Catastrophic Reserve Account (CRA) whenever there is insufficient appropriation to meet ongoing claim obligations.

Financing of the state's comprehensive self-insurance program continues to be dependent on the CRA to meet the actual cost of risk each year. This account is annually refilled by a year-end "sweep" of unexpended state general funds lapsing from other state agency operating budgets. Over the last three fiscal years, RM has averaged total cost of risk expenditures close to $13 million beyond its actual authorized appropriations. In FY05 $9.3 million was expended beyond RM's appropriation – requiring significant contributions for tort claims funding in the Department of Law's judgment and claims bill and an additional supplemental appropriation to address several state agency property claims.

As was the case last year, continued increased premiums were experienced at FY06 coverage renewals. Without available funding to meet these increased market rates, the state was again forced to make difficult decisions on which reinsurance policies were not affordable - thereby exposing state agency activities and operations to catastrophic liability exposure.

The Governor's operating budget request for FY07 contains an increment of $12,958,100 to bring the RM appropriation in line with the average annual true cost of risk. At this writing, it is still uncertain if the legislature will do so.

As required by Alaska Statute 37.05.287 (b) an independent casualty actuary annually estimates future payments of loss and allocated loss adjustment expense for the State of Alaska's self-insurance program. In their report dated June 30, 2005, ARMTech estimate expected claim payments in FY2005 to be $30,991,633 and predict the state will ultimately pay $84,371,080 (using Expected Confidence Level) for outstanding losses as of 6/30/07– see attached **Exhibit C1 and C2**. These projected future payment obligations are reported as un-funded liabilities in the state's comprehensive annual financial report filed by the Division of Finance.

State Catastrophe Insurance Reserve Account

This fund, authorized under *AS 37.05.289*, is limited to a maximum of $5 million, is first replenished by any lapsing Risk Management funds, and then by other agency lapsing general fund appropriation. When enacted in 1987, this fund was intended to pay only the rare large loss. As detailed above, this account has been used to pay the more frequent smaller claims when the Risk Management appropriation has been depleted.

From FY90 through FY2005, over $106 million has been withdrawn from the catastrophe reserve fund or by other direct appropriation to pay claim settlements — see **Exhibit A1-A6**. **Exhibit B** shows the authorized budget and actual expenditure detail for FY90 - FY2005.

Exhibits D thru **H** pie charts with graph data show a breakout by department of the last 5 year (by fiscal year) cumulative loss history in workers' compensation, general liability marine protection & indemnity (employee), and auto liability.

Exhibits J1 and **J2**, broken down by Department, show the frequency and severity per 100 full time employees (FTE). For FY2002 the frequency has gone down per 100 FTE's but the cost per claim or severity is on the rise.

Exhibits K will show the remaining Jones Act claims for AMHS The cost or severity of marine claims are greater than all other departments due to Jones Act and other traditional maritime remedies compared to Alaska Workers Compensation Law. As of July 1, 2003 all maritime claims will be covered under Workers Compensation. This should further reduce the frequency and severity of AMHS claims.

Exhibit L will show the cost per hundred to insure the State of Alaska property. This exhibit shows Risk Management has been able, through our broker Willis of Seattle, to reduce the cost per/$100 while the total value of buildings insured has steadily increased in the past 5 years.

Exhibit M details sample large property losses RM addressed in FY2005, some of these losses required supplemental appropriation by the Legislature.

The Risk Management information system is capable of many varied forms of analytical report forms to demonstrate loss patterns, cause of accidents or injury trends. The staff would be glad to respond to any request for customized reports or specific information for any individual agencies claims experience.

Risk Management Catastrophe Fund - FU 11133
Expenditure/Revenue/Sweep Data

	6/30 Balance	Amount Needed for $ 5 mil on 7/1	Lapse Sweep from Risk Mgt Appn.	Lapse Sweep - Other Agencies	Amount Short	3rd Party Recoveries and Misc. Receipts	Total Expended
FY88			3,421,253.00				
FY89		1,578,747.00	1,578,747.00	-			
FY90		3,300,000.00	2,464,374.00	-			836,000.00
FY91	1,631,171.00	3,368,829.00	no avail. lapse	3,368,829.00		2,464,373.00	4,792,812.00
FY92	2,423.00	4,997,577.00	no avail. lapse	4,997,577.00			7,586,187.00
FY93	894,418.00	9,105,582.00	no avail. lapse	9,105,582.00		1,721,248.00	10,615,110.00
FY94	1,761,431.95	3,238,568.05	no avail. lapse	3,238,568.00		1,680,732.00	3,520,177.00
FY95	0.55	4,999,999.45	no avail. lapse	4,999,999.00		2,419,468.00	6,503,231.00
FY96	76,348.83	4,923,651.17	no avail. lapse	4,923,651.00		1,060,724.00	6,004,651.00
FY97	2,248,119.65	2,751,880.35	no avail. lapse	2,751,880.00		1,649,588.00	3,349,144.00
FY98	25,316.03	4,974,683.97	no avail. lapse	4,974,684.00		641,028.56	4,326,865.00
FY99	1,923,003.72	3,076,996.28	no avail. lapse	1,194,473.68	1,882,523	3,675,408.71	5,173,490.00
FY00	595,234.11	4,404,765.89	no avail. lapse	2,747,201.00	1,657,565	1,881,227.00	2,739,654.00
FY01	1,262,902.40	3,737,097.60	no avail. lapse	3,737,098.00		2,401,937.59	8,164,040.24
FY02	91,155.45	4,908,844.55	no avail. lapse	4,908,845.55		654,010.44	8,253,712.00
FY03	31,367.00	4,968,633.00	no avail. lapse	4,968,633.00		2,209,797.00	9,460,362.00
FY04	29,344.00	4,970,656.11	no avail. lapse	4,970,656.11		1,505,030.57	6,872,626.95
FY05	-	5,000,000.00	no avail. lapse	5,000,000.00		675,283.00	7,025,194.93

FY2001
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2001	AUTO (AU)	AVIATION (AV)	BONDS (BO)	GENERAL (GL)	MALPRACTICE (MA)	MARINE (PI)	PROPERTY (PR)	WORK COMP (WC)	AIRPORT (AP)	MUSEUM (MF)	TOTAL
Authorized Budget:											
Component Detail											
Insurance Premiums	$250,000	$100,000	$100,000	850,000	$100,000	$2,000,000	$870,000		$450,000	$25,000	$4,745,000
Brokerage	$18,000	$16,000	$7,000	59,000	$10,000	$92,000	$39,000		$44,000		$285,000
Actuarial	$750			3,400		$1,500	$750	$5,500			$11,900
Data Processing	$2,000			7,500		$2,000	$2,500	$10,500			$24,500
Defense	$250,000	$50,000		1,375,000	$50,000	$250,000		$300,000	$25,000		$2,300,000
Claim Adjusters	$40,000	$10,000		199,000		$89,000	$5,000	$700,000	$5,000		$1,048,000
Loss Payments	$439,250	$106,750		3,153,700	$50,000	$1,546,000	$300,000	$7,667,400	$232,000		$13,495,100
HB 378 & 419 fiscal note								$845,600			$845,600
Subtotal:	$1,000,000	$282,750	$107,000	5,647,600	$210,000	$3,980,500	$1,217,250	$9,529,000	$756,000	$25,000	**$22,755,100**
Administration:	$21,775	$6,157	$2,330	122,978	$4,573	$86,677	$26,506	$207,497	$16,462	$544	$495,500
Lease Space	$1,314	$372	$141	$7,421	$276	$5,230	$1,599	$12,521	$993	$33	$29,900
Total Revenue:	**$1,023,089**	**$289,279**	**$109,471**	**$5,777,999**	**$214,849**	**$4,072,407**	**$1,245,355**	**$9,749,018**	**$773,456**	**$25,577**	**$23,280,500**
Cat Fund Draw											8,164,040
FY01 Lapse											($37,260)
Aggregate Revenue:											$31,407,280
Actual Expenditure:											
Component Detail											
Insurance Premiums	$236,195	$94,478	$94,478	803,065	$94,478	$1,889,564	$821,960	$0	$425,152	$23,620	$4,482,990
Brokerage	$16,737	$14,877	$6,509	54,860	$9,298	$85,544	$36,263	$0	$40,912	$0	$265,000
Actuarial	$504	$0	$0	2,286	$0	$1,008	$504	$3,697	$0	$0	$8,000
Data Processing	$4,963	$0	$0	18,611	$0	$4,963	$6,204	$26,055	$0	$0	$60,795
Defense	$244,717	$48,943	$0	1,345,946	$48,943	$244,717	$0	$293,661	$24,472	$0	$2,251,400
Claim Adjusters	$35,069	$8,767	$0	174,467	$0	$78,028	$4,384	$613,704	$4,384	$0	$918,803
Loss Payments	$3,901,157	$318,506	$0	4,842,766	$116,901	$2,666,485	$1,537,386	$9,429,836	$75,636	$0	$22,888,674
Second Injury Fund (SIF) Pymt								$179,275.00			$179,275
Self-Insured Employer fee								$64,427			$64,427
Injured worker account								$15,000			$15,000
Subtotal:	$4,439,342.26	$485,572.34	$100,986.96	$7,241,999.64	$269,621.21	$4,970,309.67	$2,406,701.15	$10,625,655.04	$570,555.57	$23,619.55	$31,134,363.39
Administration	$121,089	$13,245	$2,755	$197,535	$7,354	$135,571	$65,646	$289,828	$15,563	$644	849,229
Lease Space	$4,263	$466	$97	$6,955	$259	$4,773	$2,311	$10,204	$548	$23	29,900
Total Expenditures:	**$4,439,342**	**$485,572**	**$100,987**	**$7,242,000**	**$269,621**	**$4,970,310**	**$2,406,701**	**$10,366,953**	**$570,556**	**$23,620**	**$32,013,492**
											($8,732,992)

FY 2002
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2002 Insurance Type Code	AUTO (AU)	AVIATION (AV)	BONDS (BO)	GENERAL (GL)	MALPRACTICE (MA)	MARINE (PI)	PROPERTY (PR)	WORK COMP (WC)	AIRPORT (AP)	MUSEUM (MF)	TOTAL
Authorized Budget:											
Component Detail											
Insurance Premiums	$250,000	$100,000	$100,000	850,000	$100,000	$2,000,000	$870,000		$450,000	$25,000	$4,745,000
Brokerage	$18,000	$16,000	$7,000	59,000	$10,000	$92,000	$39,000		$44,000		$285,000
Actuarial	$750			3,400		$1,500	$750	$5,500			$11,900
Data Processing	$2,000			7,500		$2,000	$2,500	$10,500			$24,500
Defense	$250,000	$50,000		1,375,000	$50,000	$250,000		$300,000	$25,000		$2,300,000
Claim Adjusters	$40,000	$10,000		199,000		$89,000	$5,000	$700,000	$5,000		$1,048,000
Loss Payments	$439,250	$106,750		3,153,700	$50,000	$1,546,000	$300,000	$8,586,500	$232,000		$14,414,200
Subtotal:	$1,000,000	$282,750	$107,000	5,647,600	$210,000	$3,980,500	$1,217,250	$9,602,500	$756,000	$25,000	**$22,828,600**
Administration:	$21,705	$6,137	$2,322	122,582	$4,558	$86,398	$26,421	$208,424	$16,409	$543	$495,500
Lease Space	$1,310	$370	$140	$7,397	$275	$5,214	$1,594	$12,577	$990	$33	$29,900
Total Revenue:	**$1,023,015**	**$289,257**	**$109,463**	**$5,777,579**	**$214,833**	**$4,072,111**	**$1,245,265**	**$9,823,501**	**$773,399**	**$25,575**	**$23,354,000**
Cat Fund Draw											$8,253,712
FY02 Lapse											($33,148)
Aggregate Revenue:											
Actual Expenditure:											
Component Detail											
Insurance Premiums	$264,856	$105,942	$105,942	900,509	$105,942	$2,118,846	$921,698	$0	$476,740	$26,486	$5,026,961
Brokerage	$16,737	$14,877	$6,509	54,860	$9,298	$85,544	$36,263	$0	$40,912	$0	$265,000
Actuarial	$504	$0	$0	2,286	$0	$1,008	$504	$3,697	$0	$0	$8,000
Data Processing	$4,963	$0	$0	18,611	$0	$4,963	$6,204	$26,055	$0	$0	$60,795
Defense	$255,902	$51,180	$0	$1,407,462	$51,180	$255,902	$0	$307,083	$25,590	$0	$2,354,300
Claim Adjusters	$40,466	$10,117	$0	$201,319	$0	$90,037	$5,058	$708,158	$5,058	$0	$1,060,214
Loss Payments	$328,969	$624,092	$0	5,790,045	$64,100	$2,358,672	$543,748	$11,942,017	$746	$0	$21,652,389
Second Injury Fund (SIF) Pymt								$219,921			$242,339
Self-Insured Employer fee								$189,805			$189,805
Injured worker account								$15,000			$15,000
Subtotal:	$912,397	$806,208	$112,451	$8,375,091	$230,520	$4,914,972	$1,513,475	$13,411,736	$549,047	$26,486	$30,874,802
Administration	$20,074	$17,737	$2,474	$184,260	$5,072	$108,134	$33,298	$295,072	$12,080	$583	679,277
Lease Space	$605	$535	$75	$5,557	$153	$3,261	$1,004	$8,898	$364	$18	20,485
Total Expenditures:	**$89,939**	**($535,223)**	**($5,537)**	**($2,787,329)**	**($20,912)**	**($954,256)**	**($302,512)**	**($3,892,204)**	**$211,908**	**($1,510)**	**$31,574,564**
											($8,220,564)

FY 2003
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2003 Insurance Type Code	AUTO (AU)	AVIATION (AV)	BONDS (BO)	GENERAL (GL)	MALPRACTICE (MA)	MARINE (PI)	PROPERTY (PR)	WORK COMP (WC)	AIRPORT (AP)	MUSEUM (MF)	TOTAL
Authorized Budget:											
Component Detail											
Insurance Premiums	$250,000	$100,000	$100,000	850,000	$100,000	$2,000,000	$870,000		$450,000	$25,000	$4,745,000
Brokerage	$18,000	$16,000	$7,000	59,000	$10,000	$92,000	$39,000		$44,000		$285,000
Actuarial	$750			3,400		$1,500	$750	$5,500			$11,900
Data Processing	$2,000			7,500		$2,000	$2,500	$10,500			$24,500
AG Defense	$250,000	$50,000		1,375,000	$50,000	$250,000		$300,000	$25,000		$2,300,000
Claim Adjusters	$40,000	$10,000		199,000		$89,000	$5,000	$700,000	$5,000		$1,048,000
Loss Payments	$639,250	$206,750		3,253,700	$50,000	$1,546,000	$300,000	$9,250,900	$232,000		$15,478,600
Subtotal:	$1,200,000	$382,750	$107,000	5,747,600	$210,000	$3,980,500	$1,217,250	$10,266,900	$756,000	$25,000	**$23,893,000**
Administration:	$25,328	$8,079	$2,258	$121,312	$4,432	$84,015	$25,692	$216,699	$15,957	$528	$504,300
Lease Space	$1,502	$479	$134	$7,193	$263	$4,981	$1,523	$12,848	$946	$31	$29,900
Total Revenue:	**$1,226,830**	**$391,308**	**$109,392**	**$5,876,105**	**$214,695**	**$4,069,496**	**$1,244,465**	**$10,496,447**	**$772,903**	**$25,559**	**$24,427,200**
Supplemental/Captial Appn.											**$7,535,000**
Cat Fund Draw											$9,460,362
FY03 Lapse											$0
Workers Comp Fees											
											$41,422,562
Expected Expenditure:											
Insurance Premiums	$0	$490,000	$77,525	$0	$0	$1,944,362	$1,568,398	$0	$490,000	$0	$4,570,285
Brokerage	$0	$28,412	$4,495	$0	$0	$112,740	$90,941	$0	$28,412	$0	$265,000
Actuarial	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$0	$9,900
Data Processing	$9,435	$0	$0	$35,382	$0	$9,435	$11,794	$49,535	$0	$0	$115,581
AG Defense	$213,886	$314,335	$90	$566,168	$326	$239,988	-$973	$1,026,656	$3,066	$0	$2,363,543
Claim Adjusters	$10,686	$0	$0	$95,892	$0	$242,000	$0	$756,000	$15,579	$0	$1,120,157
Loss Payments	$2,920,884	$4,292,642	$1,230	7,731,734	$4,449	$3,277,340	($13,281)	$14,020,267	$41,864	$0	$32,277,129
Second Injury Fund (SIF) Pymt								$272,483			$272,483
Self-Insured Employer fee								$315,986			$315,986
Injured worker account								$15,000			$15,000
Subtotal:	**$3,155,992**	**$5,126,489**	**$84,440**	**$8,430,275**	**$5,875**	**$5,826,966**	**$1,657,979**	**$16,457,027**	**$580,020**	**$0**	**$41,325,064**
Administration:	$51,907	$84,316	$1,389	$138,653	$97	$95,836	$27,269	$270,670	$9,540	$0	$679,676
Lease Space	$1,626	$2,641	$44	$4,343	$3	$3,002	$854	$8,479	$299	$0	$21,291
Total Expenditures:											$42,026,031
Over/Under Appropriation	**(1,982,695)**	**(4,822,139)**	**23,520**	**(2,697,167)**	**208,721**	**(1,856,309)**	**(441,637)**	**(6,239,728)**	**183,044**	**25,559**	**(17,598,831)**

FY 2004
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2004 Insurance Type Code	AUTO (AU)	AVIATION (AV)	BONDS (BO)	GENERAL (GL)	MALPRACTICE (MA)	MARINE (PI)	PROPERTY (PR)	WORK COMP (WC)	AIRPORT (AP)	MUSEUM (MF)	TOTAL
Authorized Budget:											
Component Detail											
Insurance Premiums	$250,000	$100,000	$100,000	850,000	$100,000	$2,000,000	$870,000		$450,000	$25,000	$4,745,000
Brokerage	$18,000	$16,000	$7,000	59,000	$10,000	$92,000	$39,000		$44,000		$285,000
Actuarial	$750			3,400		$1,500	$750	$5,500			$11,900
Data Processing	$2,000			7,500		$2,000	$2,500	$10,500			$24,500
AG Defense	$250,000	$50,000		1,375,000	$50,000	$250,000		$300,000	$25,000		$2,300,000
Claim Adjusters	$40,000	$10,000		199,000		$89,000	$5,000	$700,000	$5,000		$1,048,000
Loss Payments	$639,250	$206,750		3,253,700	$50,000	$1,546,000	$300,000	$9,250,900	$232,000		$15,478,600
Subtotal:	$1,200,000	$382,750	$107,000	5,747,600	$210,000	$3,980,500	$1,217,250	$10,266,900	$756,000	$25,000	**$23,893,000**
Administration:	$28,176	$8,987	$2,512	$134,952	$4,931	$93,461	$28,581	$241,064	$17,751	$587	$561,000
Lease Space	$1,502	$479	$134	$7,193	$263	$4,981	$1,523	$12,848	$946	$31	$29,900
Total Revenue:	**$1,229,677**	**$392,216**	**$109,646**	**$5,889,744**	**$215,194**	**$4,078,942**	**$1,247,354**	**$10,520,812**	**$774,697**	**$25,618**	**$24,483,900**
Supplemental/Captial Appn.											**$736,500**
Cat Fund Draw											$6,872,627
FY04 Lapse											($11,549)
Workers Comp Fees											
											$32,081,478
Expected Expenditure:											
Insurance Premiums	$0	$400,000	$83,506	$0	$0	$1,544,000	$2,187,154	$0	$490,000	$0	$4,704,660
Brokerage	$0	$19,555	$4,082	$0	$0	$75,483	$106,925	$0	$23,955	$0	$230,000
Actuarial	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$0	$9,900
Data Processing	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$0	$11,500
AG Defense	$69,811	-$61,023	$21	$190,029	$347	$310,693	$13,672	$1,636,866	$2,840	$0	$2,163,255
Claim Adjusters	$100,000	$0	$0	$45,786	$0	$0	$0	$1,200,000	$1,225	$0	$1,347,011
Loss Payments	$714,973	($624,973)	$210	1,946,197	$3,552	$3,181,987	$140,024	$16,764,117	$29,089	$0	$22,155,176
Second Injury Fund (SIF) Pymt								$309,590			$309,590
Self-Insured Employer fee								$458,488			$458,488
Injured worker account								$0			$0
Subtotal:	**$887,162**	**-$264,063**	**$90,197**	**$2,184,389**	**$6,277**	**$5,114,540**	**$2,450,153**	**$20,371,439**	**$549,487**	**$0**	**$31,389,581**
Administration:	$18,953	-$5,641	$1,927	$46,667	$134	$109,267	$52,345	$435,215	$11,739	$0	$670,607
Lease Space	$602	-$179	$61	$1,482	$4	$3,469	$1,662	$13,818	$373	$0	$21,291
Total Expenditures:											$32,081,479
Over/Under Appropriation	**322,961**	**662,100**	**17,461**	**3,657,207**	**208,778**	**(1,148,334)**	**(1,256,806)**	**(10,299,660)**	**213,097**	**25,618**	**(7,597,579)**

FY 2005
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2005											
Insurance Type	AUTO	AVIATION	BONDS	GENERAL	MALPRACTICE	MARINE	PROPERTY	WORK COMP	AIRPORT	MUSEUM	
Code	(AU)	(AV)	(BO)	(GL)	(MA)	(PI)	(PR)	(WC)	(AP)	(MF)	TOTAL
Authorized Budget:											
Component Detail											
Insurance Premiums	$0	$200,000	$87,533	0	$0	$1,042,500	$1,816,639	$0	$860,000	$25,000	$4,031,672
Brokerage	$0	$6,945	$3,040	$0	$0	$36,201	$63,083	$0	$29,864	$868	$140,000
Actuarial	$750	$0	$0	3,400	$0	$1,500	$750	$5,500	$0	$0	$11,900
Data Processing	$2,000		$0	7,500	$0	$2,000	$2,500	$10,500	$0	$0	$24,500
AG Defense	$250,000	$50,000	$0	1,375,000	$50,000	$250,000	$0	$300,000	$25,000	$0	$2,300,000
Claim Adjusters	$70,000	$0	$0	50,000	$0	$100,000	$0	$1,100,000	$5,000	$0	$1,325,000
Loss Payments	$639,250	$206,750	$0	3,253,700	$50,000	$1,546,000	$300,000	$10,213,928	$232,000	$0	$16,441,628
Subtotal:	$962,000	$463,695	$90,573	4,689,600	$100,000	$2,978,201	$2,182,972	$11,629,928	$1,151,864	$25,868	**$24,274,700**
Administration:	$22,232	$10,716	$2,093	$108,379	$2,311	$68,828	$50,450	$268,773	$26,620	$598	$561,000
Lease Space	$1,185	$571	$112	$5,776	$123	$3,668	$2,689	$14,325	$1,419	$32	$29,900
Total Revenue:	**$985,417**	**$474,982**	**$92,777**	**$4,803,755**	**$102,434**	**$3,050,697**	**$2,236,111**	**$11,913,026**	**$1,179,902**	**$26,498**	**$24,865,600**
Supplemental Appn.											**$1,576,176**
Property Claims Supplemental											**$752,065**
Cat Fund Draw											$7,025,195
FY05 Lapse											($38,633)
Workers Comp Fees											
											$34,180,403
Expected Expenditure:											
Insurance Premiums	$0	$1,060,000	$84,558	$2,975	$0	$1,042,500	$1,841,639	$0	$0	$0	$4,031,672
Brokerage	$0	$36,809	$2,936	$103	$0	$36,201	$63,951	$0	$0	$0	$140,000
Actuarial	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$1,100	$0	$9,900
Data Processing	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$1,278	$0	$11,500
AG Defense	$77,487	$92,011	$457	$185,167	$7,876	$273,980	$72,781	$1,762,013	$1,727	$0	$2,473,500
Claim Adjusters	$48,598	$0	$0	$48,597	$0	$0	$0	$1,200,000	$0	$0	$1,297,195
Loss Payments	$781,793	$928,339	$4,615	1,868,228	$79,462	$2,764,295	$734,316	$17,777,654	$17,428	$0	$24,956,131
Second Injury Fund (SIF) Pymt								$309,590			$315,587
Self-Insured Employer fee								$458,488			$507,883
Injured worker account								$0			$0
Subtotal:	**$910,255**	**$2,119,537**	**$94,944**	**$2,107,448**	**$89,716**	**$4,119,354**	**$2,715,065**	**$21,510,123**	**$21,534**	**$0**	**$33,687,976**
Administration:	$12,742	$29,670	$1,329	$29,501	$1,256	$57,665	$38,007	$301,109	$301	$0	$471,581
Lease Space	$563	$1,312	$59	$1,304	$56	$2,549	$1,680	$13,310	$13	$0	$20,846
Total Expenditures:											$34,180,403
Over/Under Appropriation	**61,857**	**(1,675,536)**	**(3,555)**	**2,665,502**	**11,407**	**(1,128,871)**	**(518,642)**	**(9,911,516)**	**1,158,054**	**26,498**	**(9,314,803)**
											$0

YEARLY SUMMARIES

	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	Total Deficits
AUTHORIZED BUDGET	$20,354,000	$18,568,001	$18,593,900	$18,582,900	$18,582,900	$18,582,900	$18,579,700	$21,965,300	$21,952,900	$21,952,900	$22,405,000	$23,280,500	$23,354,000	$24,427,200	$24,483,900	$24,865,600	
ACTUAL EXPENDITURE	$21,190,000	$23,360,813	$26,180,087	$29,198,010	$22,103,077	$25,086,131	$24,584,351	$25,314,444	$26,279,765	$27,126,390	$24,352,868	$32,013,492	$31,574,564	$42,026,031	$32,081,479	$34,180,403	
(DEFICIT)	($836,000)	($4,792,812)	($7,586,187)	($10,615,110)	($3,520,177)	($6,503,231)	($6,004,651)	($3,349,144)	($4,326,865)	($5,173,490)	($1,947,868)	($8,732,992)	($8,220,564)	($17,598,831)	($7,597,579)	($9,314,803)	($106,120,304)

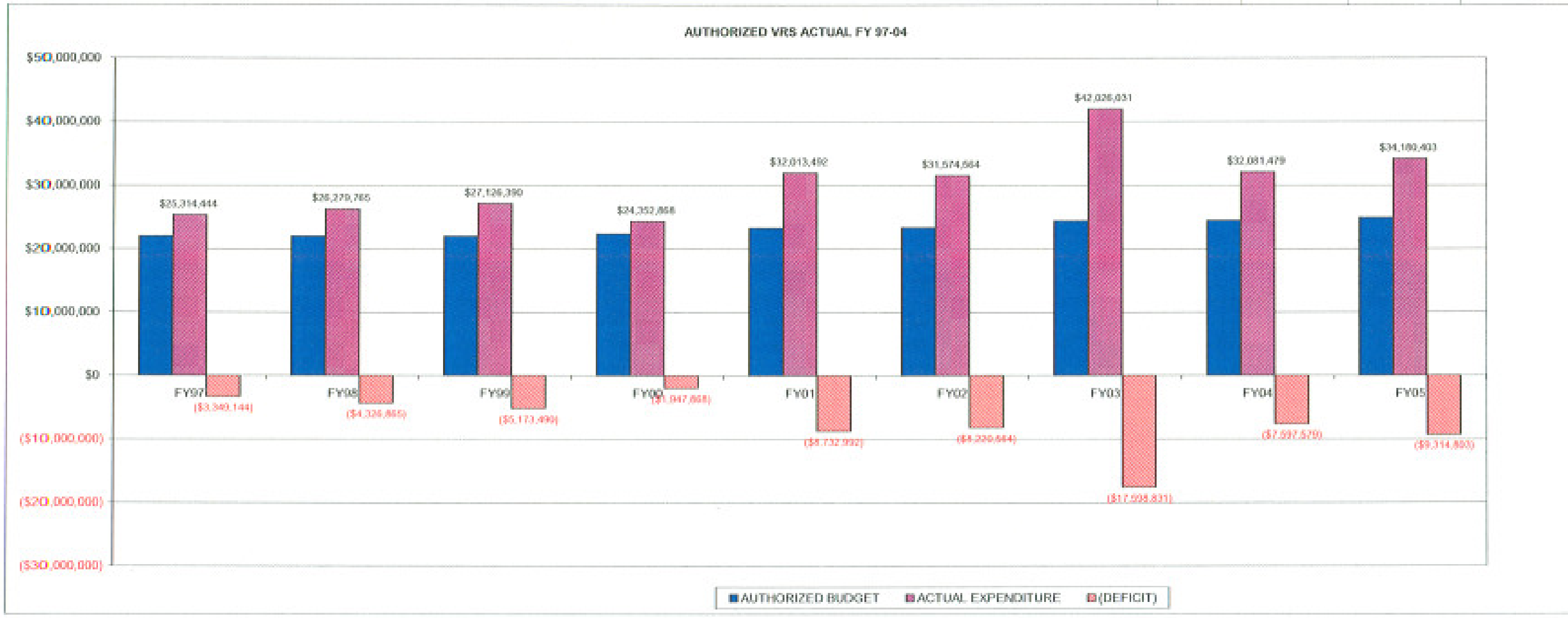


Chart Yrly Summ 06

2. Project Ultimate Losses

We project ultimate losses for FY2006, FY2007 and FY2008 to be as shown in Tables III-2A, III-2B and III-2C.

Table III-2A
Projected Ultimate Losses
FY2006

Program (1)		Projected Ultimate Losses (2)	Present Value of Projected Ultimate Losses (3)
(A)	Workers compensation	$18,154,151	$16,315,214
(B)	General liability	6,983,801	6,278,393
(C)	Marine	3,625,546	3,347,383
(D)	Property	744,321	717,594
(E)	Automobile liability	1,001,066	935,542
(F)	Aviation	482,748	449,561
(G)	Total (A) ... (F)	$30,991,633	$28,043,687

Note: (A) is from Exhibit WC-10.
(B) is from Exhibit LI-10.
(C) is from Exhibit MA-10.
(D) is from Exhibit PR-10.
(E) is from Exhibit AL-10.
(F) is from Exhibit AV-10.

The total estimated outstanding losses at various confidence levels are as shown in Tables III-1B and III-1C.

Table III-1B
Estimated Outstanding Losses at Various Confidence Levels
June 30, 2005, June 30, 2006 and June 30, 2007

Confidence Level (1)	Estimated Outstanding Losses as of 06/30/05 (2)	Estimated Outstanding Losses as of 06/30/06 (3)	Estimated Outstanding Losses as of 06/30/07 (4)
(A) Expected	$73,547,502	$78,728,752	$84,371,080
(B) 75% [1.25 × (A)]	91,934,378	98,410,940	105,463,850
(C) 85% [1.42 × (A)]	104,437,453	111,794,828	119,806,934
(D) 95% [1.73 × (A)]	127,237,178	136,200,741	145,961,968

Note: (A2), (A3) and (A4) are from Tables III-1A-01, III-1A-02 and III-1A-03.
(B), (C) and (D) are based on actuarial judgment.

Table III-1C
Present Value of Estimated Outstanding Losses at Various Confidence Levels
June 30, 2005, June 30, 2006 and June 30, 2007

Confidence Level (1)	Present Value of Estimated Outstanding Losses as of 06/30/05 (2)	Present Value of Estimated Outstanding Losses as of 06/30/06 (3)	Present Value of Estimated Outstanding Losses as of 06/30/07 (4)
(A) Expected	$66,575,915	$71,258,530	$76,395,747
(B) 75% [1.25 × (A)]	83,219,894	89,073,163	95,494,684
(C) 85% [1.42 × (A)]	94,537,799	101,187,113	108,481,961
(D) 95% [1.73 × (A)]	115,176,333	123,277,257	132,164,642

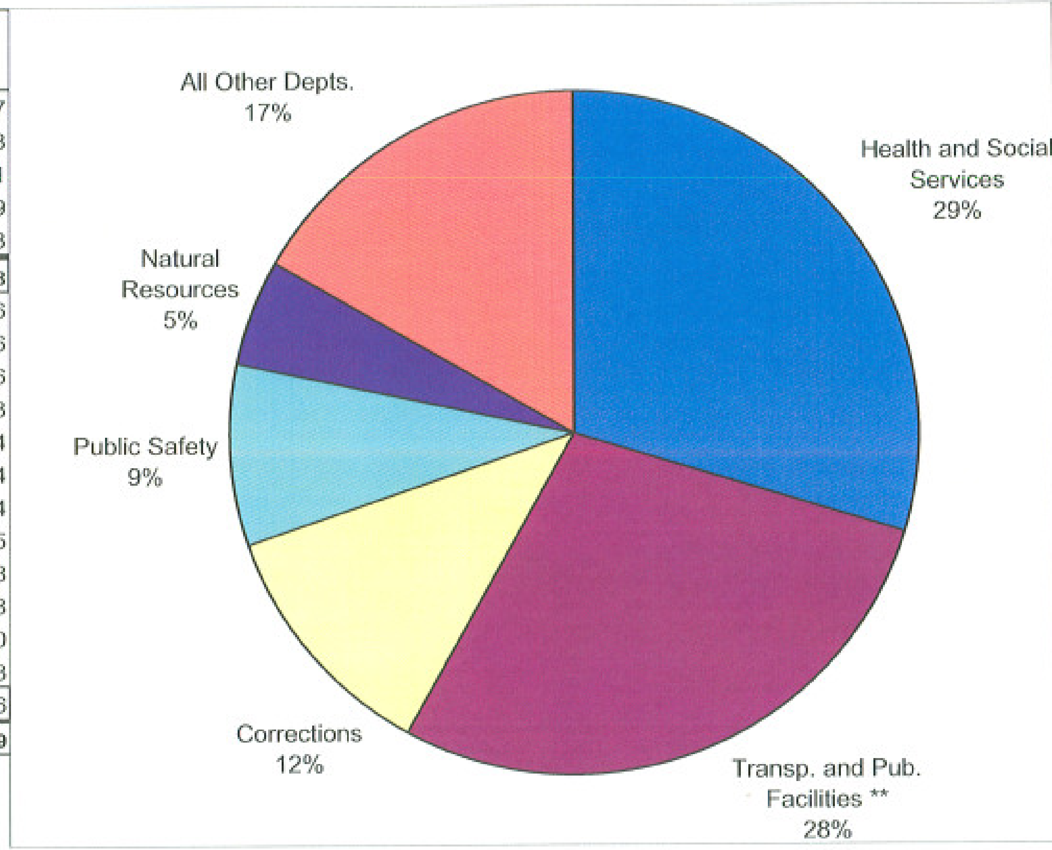
Note: (A2), (A3) and (A4) are from Tables III-1A-01, III-1A-02 and III-1A-03.
(B), (C) and (D) are based on actuarial judgment.

The present value of the estimated outstanding losses is the estimated outstanding losses discounted to reflect future investment earnings. It is based on a 3.0% interest rate.

WORKERS' COMPENSATION

Breakout of Last 5 Years (FY 00-04) Claims History by Department
(Benefits Paid to Injured State Employees Under the Alaska Workers' Compensation Act)

DEPARTMENT	% of Total	Workers' Comp Claims - 5 year totals
Health and Social Services	29.70%	18,259,901.97
Transp. and Pub. Facilities **	28.38%	17,447,435.83
Corrections	11.64%	7,158,830.41
Public Safety	8.54%	5,252,469.99
Natural Resources	5.12%	3,145,862.03
All Other Depts.	16.61%	**10,214,688**
Fish and Game	3.67%	2,256,988.76
Labor	3.11%	1,913,722.96
Administration	1.72%	1,059,274.96
Court System	1.52%	937,337.23
Revenue	1.21%	746,116.74
Military and Veterans Affairs	1.14%	698,315.04
Education	1.02%	624,985.04
Law	0.79%	488,161.75
Environ. Conservation	0.78%	477,015.88
Community and Econ. Dev.	0.62%	383,580.23
Legislative Audit	0.52%	321,850.00
Leg affrs/ Leg Finance /Ombdr	0.41%	249,579.13
Office of the Governor	0.09%	57,760.56
FIVE YEAR TOTAL	100.00%	**61,479,189**



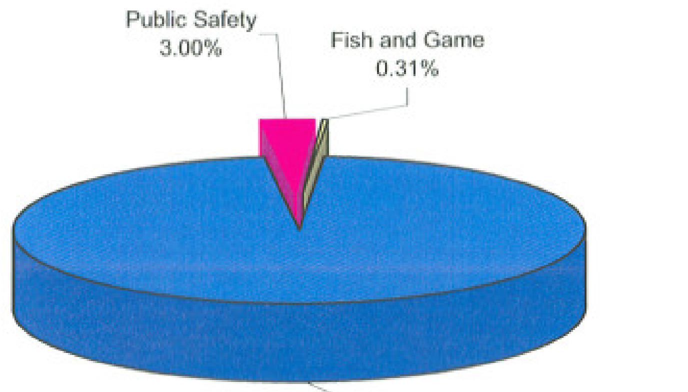
* Note: The figure for DOTPF include benefits paid for Injured Marine Highway Employees under the Workers' Compensation as of 7/1/2003

*** The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

MARINE PROTECTION and INDEMNITY

Breakout of Last 5 Years (fy 00-fy04) Claims History by Department
(Benefits Paid to Injured State Employees Qualified as 'Seamen' Under Federal Jones Act)

DEPARTMENT	% of Total	Employer's Liability / Marine P&I
Transp. and Pub. Facilities	96.69%	15,364,274.76
Public Safety	3.00%	476,844.92
Fish and Game	0.31%	48,801.46
Office of the Governor	0.00%	0
Administration	0.00%	0
Law	0.00%	0
Revenue	0.00%	0
Education	0.00%	0
Health and Social Services	0.00%	0
Labor	0.00%	0
Community and Econ. Dev.	0.00%	0
Military and Veterans Affairs	0.00%	0
Natural Resources	0.00%	0
Environ. Conservation	0.00%	0
Corrections **	0.00%	0
Leg affrs/ Leg Finance /Ombdn	0.00%	0
Legislative Audit	0.00%	0
Court System	0.00%	0
Alaska Energy Authority	0.00%	0
SUB TOTALS	**100.00%**	**15,889,921**



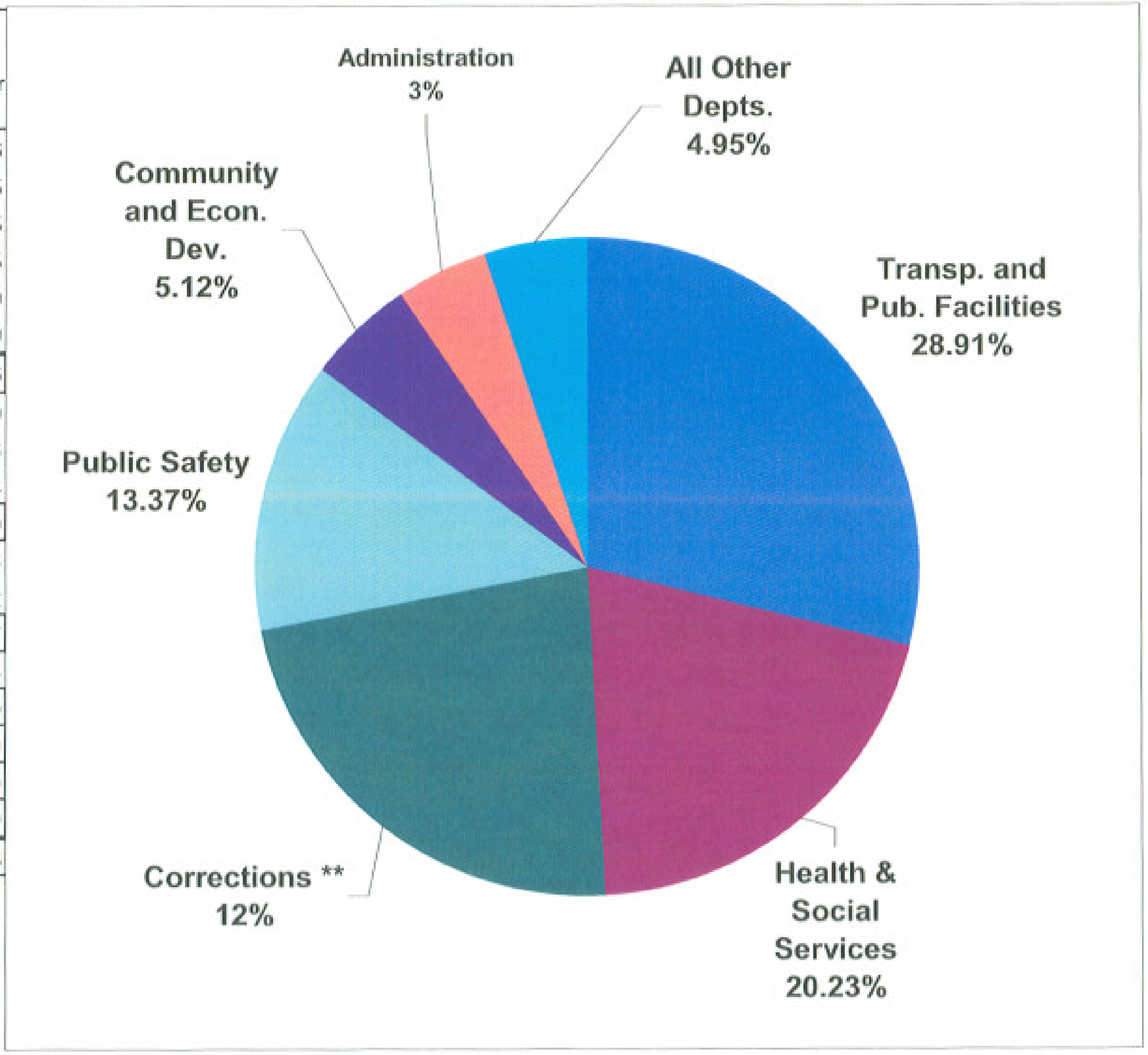
Note: Injured maritime employees started receiving Workers Compensation remedy as of 7/01/03. The figures show are effectively from 7/1/00-6/30/03

*This chart represents the benefit payments made primarily to Alaska Marine Highway Employees as DOTPF employees.
**This coverage is in lieu of Alaska Workers' Compensation Benefits for which shipboard marine highway workers did not qualify.

GENERAL LIABILITY

Breakout of Last 5 Years (fy 00-04) Claims History by Department

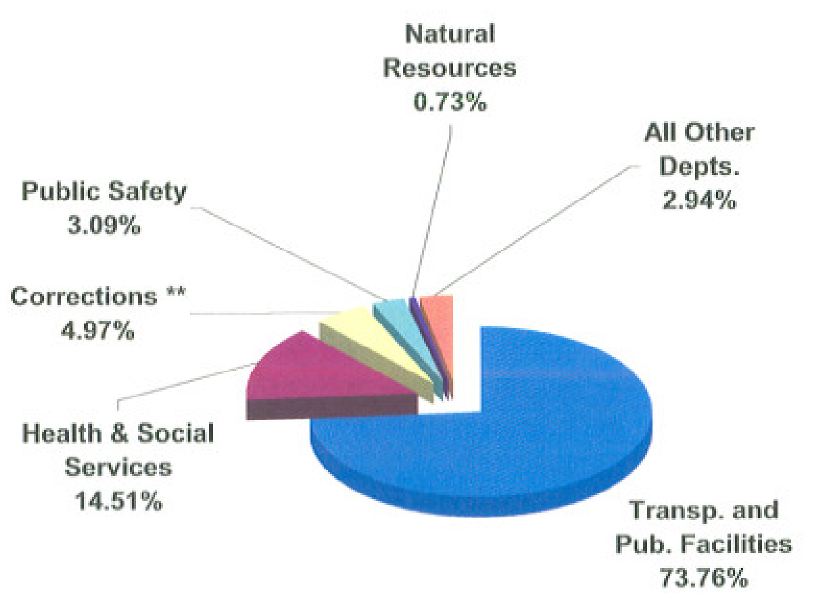
DEPARTMENT	% of Total	General Liability Claims - 5 year totals
Transp. and Pub. Facilities	28.91%	5,736,344.46
Health & Social Services	20.23%	4,013,589.35
Corrections	22.89%	4,542,815.05
Public Safety	13.37%	2,652,691.75
Community and Econ. Dev.	5.12%	1,016,718.09
Natural Resources	4.53%	898,840.09
All Other Depts.	4.95%	**982,296**
Court System	0.26%	50,977.80
Administration	1.48%	293,393.86
Environ. Conservation	1.08%	213,393.56
Fish and Game	0.44%	87,263.50
Revenue	0.18%	34,731.16
Education	0.87%	172,745.52
Law	0.31%	62,322.07
Labor	0.34%	67,468.95
Military and Veterans Affairs	0.00%	0
Office of the Governor	0.00%	0
Leg affrs/ Leg Finance /Ombd	0.00%	0
Legislative Audit	0.00%	0
FIVE YEAR TOTAL	100.00%	**19,843,295**



The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

AUTO LIABILITY
Breakout of Last 5 Years (fy 00-04)

DEPARTMENT	% of Total	Auto Liability Claims - 5 year totals
Transp. and Pub. Facilities	73.76%	3,953,091.43
Health & Social Services	14.51%	777,920.53
Corrections **	4.97%	266,605.81
Public Safety	3.09%	165,611.36
Natural Resources	0.73%	38,876.45
All Other Depts.	2.94%	**157,508**
Environ. Conservation	0.71%	37,976.68
Community and Econ. Dev.	0.70%	37,703.35
Fish and Game	0.55%	29,344.18
Military and Veterans Affairs	0.37%	19,877.55
Education	0.20%	10,870.87
Leg affrs/ Leg Finance /Ombd	0.16%	8,454.28
Labor	0.12%	6,478.81
Administration	0.09%	4,730.70
Revenue	0.01%	721.23
Office of the Governor	0.01%	679
Law	0.01%	671.68
Legislative Audit	0.00%	0.00
Court System	0.00%	0
FIVE YEAR TOTAL	100.00%	**5,359,614**

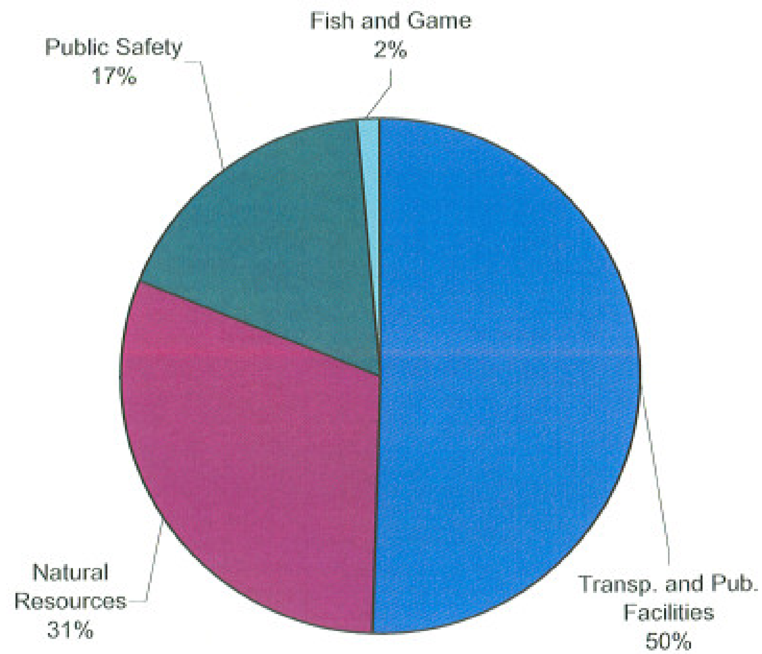


The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

Aviation Liability

Breakout of Last 5 Years (fy 00-fy04) Claims History by Department

DEPARTMENT	% of Total	Aviation Liability-5year Total
Transp. and Pub. Facilities	50.45%	1,667,643.10
Natural Resources	30.65%	1,013,188.60
Public Safety	17.39%	574,764.55
Fish and Game	1.50%	49,638.71
Office of the Governor	0.00%	0
Administration	0.00%	0
Law	0.00%	0
Revenue	0.00%	0
Education	0.00%	0
Health and Social Services	0.00%	0
Labor	0.00%	0
Community and Econ. Dev.	0.00%	0
Military and Veterans Affairs	0.00%	0
Environ. Conservation	0.00%	0
Corrections **	0.00%	0
Leg affrs/ Leg Finance /Ombdn	0.00%	0
Legislative Audit	0.00%	0
Court System	0.00%	0
Alaska Energy Authority	0.00%	0
SUB TOTALS	**100.00%**	**3,305,235**



ALL DEPT CLAIMS
FREQUENCY TO 100 FTE'S

DEPARTMENT	2005			2004			2003			2002			2001		
	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs
Governor's Office	1	153	0.7	2	160	1.3	3	153	2.0	5	196	2.6	0	187	0.0
Administration	33	971	3.4	30	966	3.1	30	967	3.1	214	1466	14.6	260	1,404.0	18.5
Law	31	518	6.0	8	492	1.6	11	477	2.3	20	478	4.2	16	454.0	3.5
Revenue	15	501	3.0	13	492	2.6	13	497	2.6	21	506	4.2	32	474.0	6.8
Education	5	307	1.6	8	306	2.6	25	341	7.3	28	451	6.2	15	398.0	3.8
Health & Social Services	289	3274	8.8	346	3142	11.0	316	3180	9.9	168	2459	6.8	196	2,215.0	8.8
Labor & Workforce Dev	24	903	2.7	34	911	3.7	25	912	2.7	37	867	4.3	35	794.0	4.4
Commerce & Economic Dev.	9	464	1.9	4	495	0.8	6	497	1.2	10	503	2.0	18	451.0	4.0
Military & Veterans Affairs	21	288	7.3	18	261	6.9	13	263	4.9	22	259	8.5	19	223.0	8.5
Natural Resources	163	853	19.1	109	830	13.1	154	795	19.4	112	714	15.7	135	657.0	20.5
Fish & Game	72	1149	6.3	74	1142	6.5	96	1165	8.2	72	1225	5.9	84	1,137.0	7.4
Public Safety	97	796	12.2	110	780	14.1	119	757	15.7	139	764	18.2	123	727.0	16.9
Environmental Conservation	10	488	2.0	11	469	2.3	8	474	1.7	12	491	2.4	13	467.0	2.8
Corrections	123	1422	8.6	141	1416	10.0	156	1471	10.6	162	1473	11.0	154	1,368.0	11.3
*Transportation	467	3116	15.0	484	3090	15.7	226	2413	9.4	251	2629	9.5	253	2,476.8	10.2
Legislative Affairs	6	213	2.8	5	294	1.7	7	294	2.4	10	294	3.4	4	300.0	1.3
Legislative Audit	2	37	5.4	0	37	0.0	0	37	0.0	0	37	0.0	1	36.0	2.8
Courts	17	718	2.4	22	700	3.1	17	690	2.5	15	704	2.1	24	690.0	3.5
FISCAL YEAR TOTALS	1385	16171	8.6	1419	15983	8.9	1225	15383	8.0	1298	15516	8.4	1,382	14,272	9.7

Note: Work Comp FTEs taken from CORA

*DOT FTE's do not include AMHS vessel employees with Jones Act Maritime injury claims. Starting 7/1/03 all marine employees will receive Workers' Compensation remedy.

ALL DEPT WORKERS' COMPENSATION CLAIMS
SEVERITY TO 100 FTE'S

DEPARTMENT	2005			2004			2003			2002			2001		
	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs
Governor's Office	11,548	153	7,548	499	160	312	13,720	153	8,968	52,756	196	26,916	$0	187	$0
Administration	233,666	971	24,064	95,403	966	9,876	166,118	967	17,179	1,710,644	1466	116,688	$1,697,177	1,404.0	$120,882
Law	138,779	518	26,791	16,544	492	3,363	169,032	477	35,436	99,166	478	20,746	$54,719	454.0	$12,053
Revenue	38,960	501	7,776	76,135	492	15,475	65,627	497	13,205	172,444	506	34,080	$76,741	474.0	$16,190
Education	96,498	307	31,432	26,027	306	8,506	172,772	341	50,666	124,633	451	27,635	$17,877	398.0	$4,492
Health & Social Services	2,614,792	3274	79,865	3,273,306	3142	104,179	2,689,635	3180	84,580	1,061,074	2459	43,151	$821,876	2,215.0	$37,105
Labor & Workforce Dev	180,706	903	20,012	173,977	911	19,097	229,757	912	25,193	394,716	867	45,527	$156,374	794.0	$19,694
Commerce & Economic Dev.	125,885	464	27,130	5,470	495	1,105	21,266	497	4,279	14,812	503	2,945	$60,023	451.0	$13,309
Military & Veterans Affairs	165,893	288	57,602	176,759	261	67,724	96,785	263	36,800	134,295	259	51,851	$35,888	223.0	$16,093
Natural Resources	474,292	853	55,603	566,264	830	68,225	810,738	795	101,980	286,263	714	40,093	$493,126	657.0	$75,057
Fish & Game	310,709	1149	27,042	386,750	1142	33,866	588,291	1165	50,497	251,087	1225	20,497	$479,722	1,137.0	$42,192
Public Safety	733,680	796	92,171	555,356	780	71,199	402,765	757	53,205	1,699,714	764	222,476	$723,006	727.0	$99,451
Environmental Conservation	18,997	488	3,893	58,444	469	12,461	17,122	474	3,612	73,544	491	14,978	$65,925	467.0	$14,117
Corrections	1,486,050	1422	104,504	1,223,876	1416	86,432	1,693,013	1471	115,093	837,108	1473	56,830	$831,086	1,368.0	$60,752
*Transportation	3,137,913	3116	100,703	3,888,575	3090	125,844	2,630,562	2413	109,016	2,106,473	2629	80,125	$2,400,217	2,476.8	$96,908
Legislative Affairs	52,158	213	24,487	38,370	294	13,051	25,372	294	8,630	65,473	294	22,270	$46,359	300.0	$15,453
Legislative Audit	86,850	37	234,730	0	37	0	0	37	0	0	37	0	$2,241	36.0	$6,225
Courts	159,522	718	22,218	158,843	700	22,692	53,205	690	7,711	33,532	704	4,763	$126,608	690.0	$18,349
FISCAL YEAR TOTALS	10,066,897	16171	$62,253	10,720,598	15983	$67,075	9,845,779	15383	$64,004	9,117,734	15,516	$58,763	$8,088,965	14,272	$56,678

Note: Work Comp FTEs taken from CORA

*DOT FTE's do not include AMHS vessel employees with Jones Act Maritime injury claims. Starting 7/1/03 all marine employees will receive Workers' Compensation remedy.

Open Jones Act
Maritime claims.

FISCAL YEAR>	2005		
	# Claims	Cost	Cost/Claim
SHIP			
AURORA	1	$3,438	$3,438
BARTLETT	0	$0	$0
KENNICOTT	0	$0	$0
COLUMBIA	0	$0	$0
LE CONTE	1	$6,773	$6,773
MALASPINA	2	$109,660	$54,830
MATANUSKA	2	$45,181	$22,591
TAKU	3	$173,062	$57,687
TUSTUMENA	2	$204,082	$102,041
Total	**11**	**542,196**	$49,291

Note: As of 7/1/2003 all State employee work related injuries are reported as Workers' Compensation Claims. The spreadsheet above is an illistration of the current open Jones Act maritime claims, all prior event dates to 7/1/2003.

BUILDING COSTS

PER/$100

ALL BUILDING CLASSES

Fiscal Year	2005	2004	2003	2002	2001	2000
Replacement cost value	4,058,762,973	3,908,851,443	3,517,845,435	3,318,937,837	2,926,489,255	2,906,464,033
Premium cost per year	1,692,250	1,983,525	1,886,052	1,568,338	965,000	1,217,250
AVERAGE COST RATE/$100 FOR ALL BUILDING CLASSES	$0.042	$0.051	$0.054	$0.047	$0.033	$0.042

FY05 First Party Property Losses

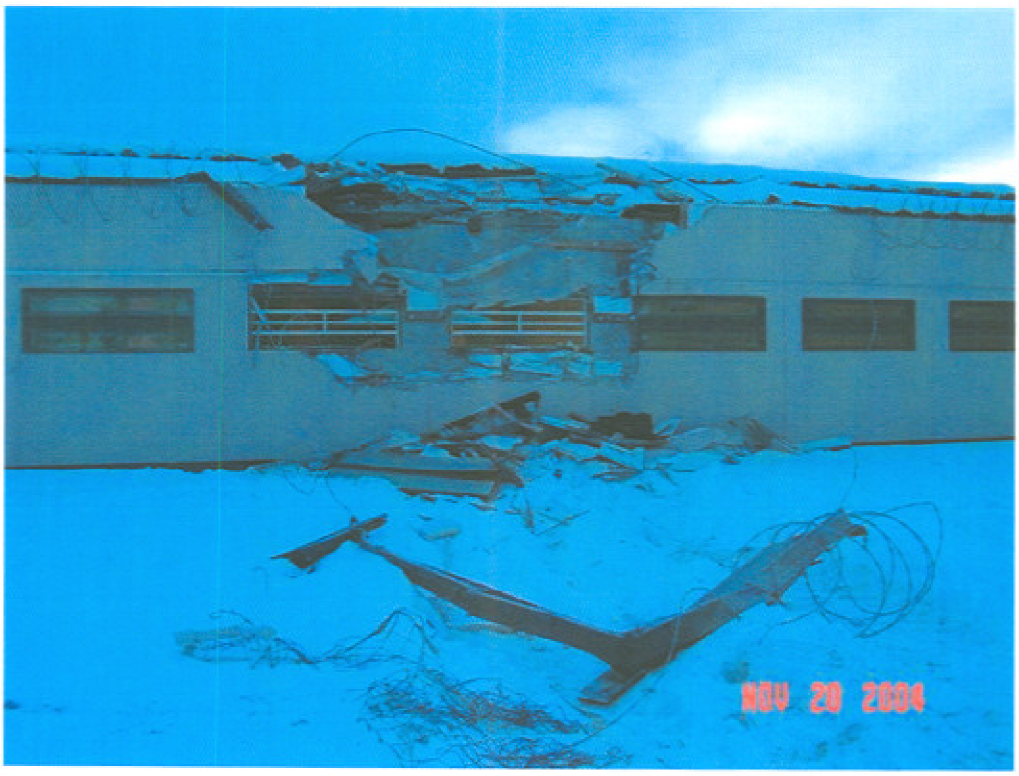
Claim: Fairbanks Correctional Facility
Date of Loss: 11/20/04
Initial Claim Reserves: $850,000
Expenses to Date: $601,450

Description: Early morning prisoner escape attempt. A large piece of heavy construction equipment was used to break through the fenced perimeter and attack a wing of a pre-case concrete inmate housing structure. Repeated blows with the loader's bucket did substantial damage to building structure.

Initial assessments placed damage estimates at $850,000. Actual repairs to perimeter fence and facility were complicated by winter weather and the need to provide around the clock security until the perimeter fence was repaired.

The Department of Transportation, Design and Construction Division provided engineering services and project oversight. Department of Correction correctional officers provided additional security by working overtime shifts. Local contractors whose services were obtained through competitive bidding performed actual repairs.

Status: All repairs complete, final project billings expected anytime. Recovery of costs is being pursued from perpetrators to the extent possible.



Claim: Dillingham DOT building fire
Initial Claim Reserves: $670,000

Date of Loss: 2/12/05
Expenses to Date: $371,564.49

Description: A 40'x60' steel pre-fabricated building caught fire. A faulty engine warmer is believed to be responsible. The building, used to store heavy equipment used by local road and airport maintenance operations, was destroyed.

Initial assessments placed damage estimates for building at $480,000 and lost equipment at $190,000.

Department of Transportation work crews performed site preparation and poured a new foundation. A pre-fabricated building and new equipment were purchased through a competitive procurement process.

Marine Hull Losses

Claim: LeConte Grounding		Date of Loss: 5/10/2004	
Initial Claim Reserves: $6,000,000		Total Costs to Date:	$7,562,882
		State SIR	$1,000,000
		Lloyd's & U/W's	$6,562,882

Description: The LeConte became grounded after striking Cozian Reef on its way from Angoon to Sitka. A salvage vessel was deployed from Seattle to recover the vessel and transport it to the shipyard in Ketchikan. The ship was heavily damaged, requiring months of repair before being returned to service.

Status: LeConte returned to service in October of 2005, most passenger injury claims have been resolved.

Claim: Enforcer
Initial Claim Reserves: 250,000

Date of Loss: 1/15/05
Expenses to Date $268,161.23

Description: Newly constructed, 85-foot steel-hulled patrol vessel sustained damages during loading operations onto a heavy-lift carrier vessel, when the straps used to secure the vessel failed. The ship was transported from Texas to Port of Vancouver Canada where it was dry-docked, surveyed, and repaired.

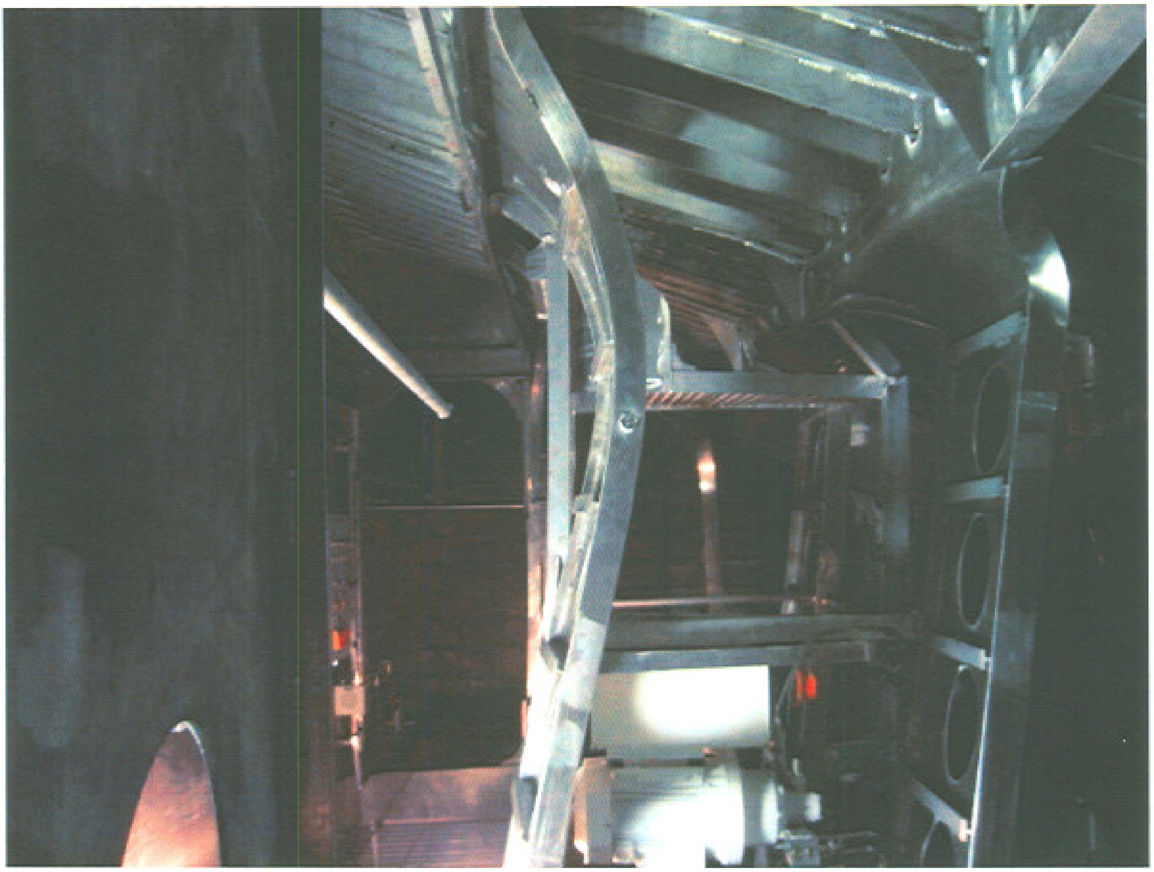
Status: Commissioned in July 2005. Pursuit of costs is underway – impacted by limitations of Carrier of Goods at Sea Act (COGSA), international parties and maritime law.

Claim: Fairweather Hull damage
Initial Claim Reserves: $350,000

Date of Loss: 12/16/2004
Expenses to date: $240,491.31

Description: Fast vehicle ferry sustained hull and internal damage in extreme wave conditions upper Lynn Canal. The damage was limited to the cowling, a non-structural, protective component of the vessel.

Status: Vessel returned to service in March 2005, with upgraded internal framing.



Aviation Losses

Claim: Shrike Engine Fire
Initial Claim Reserves: $400,000

Date of Loss: 3/19/2003
Expenses to Date: $675,000
State deductible $10,000

Description: Inflight engine fire during check flight required an emergency landing remote river bar, resulting in extensive damage to modified aircraft. Replacement aircraft purchased and all upgraded engines and avionics transferred over. Repairs interrupted by seasonal firefighting activities.

Status: Final settlement and adjustment pending sale of salvaged hull and parts.