FISCAL YEAR 2008

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 FY2008 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 FY2008 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 FY2008 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.

FY2008 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	$500,000	$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 precedential 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 FY2008 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 FY2008 actual rates used for payroll deductions are presented, comparing them to FY07 rates.

FY2008 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 FY02 thru FY07	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	13,679,900	0.94%	11,478	0	0	0.000000%	0	11,478
2	Administration	87,026,300	5.98%	73,017	101,171	101,171	1.476178%	72,089	145,105
3	Law	49,568,000	3.41%	41,588	37,360	23,916	0.348957%	17,041	58,630
4	Revenue	43,230,000	2.97%	36,271	9,658	9,658	0.140919%	6,882	43,152
5	Education	26,058,500	1.79%	21,864	158,381	38,381	0.560014%	27,348	49,212
6	Health and Social Services	265,845,500	18.27%	223,049	1,266,030	1,074,744	15.681507%	765,804	988,853
7	Labor	70,691,400	4.86%	59,311	66,738	53,223	0.776573%	37,924	97,235
8	Commerce and Econ. Dev.	42,561,000	2.92%	35,709	20,097	20,097	0.293234%	14,320	50,029
9	Military and Veterans Affairs	20,735,300	1.42%	17,397	0	0	0.000000%	0	17,397
10	Natural Resources	78,432,400	5.39%	65,806	759,104	137,532	2.006719%	97,998	163,804
11	Fish and Game	93,740,700	6.44%	78,650	54,764	54,764	0.799057%	39,022	117,672
12	Public Safety	82,267,800	5.65%	69,024	3,269,665	1,781,014	25.986638%	1,269,053	1,338,077
13	Environ. Conservation	43,613,600	3.00%	36,593	125,000	20,000	0.291818%	14,251	50,843
14	Corrections	126,856,900	8.72%	106,435	2,535,463	1,821,424	26.576257%	1,297,847	1,404,282
16	Transp. and Pub. Facilities	311,971,700	21.44%	261,750	3,490,496	1,645,496	24.009306%	1,172,491	1,434,240
18	Legislative Affairs	33,703,800	2.32%	28,278	0	0	0.000000%	0	28,278
19	Legislative Audit	3,745,900	0.26%	3,143	0	0	0.000000%	0	3,143
21	Court System	61,391,800	4.22%	51,509	72,156	72,156	1.052823%	51,414	102,923
	SUB TOTALS	**1,455,120,500**	**100.00%**	**1,220,871**	**11,966,083**	**6,853,576**	**100%**	**4,883,484**	**6,104,355**

FY2008
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 FY02 thru FY07	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	13,679,900	0.94%	35,347	36,181	22,983	0.056327%	8,471	43,818
2	Administration	87,026,300	5.98%	224,862	687,081	687,081	1.683913%	253,247	478,108
3	Law	49,568,000	3.41%	128,076	400,255	144,186	0.353374%	53,145	181,220
4	Revenue	43,230,000	2.97%	111,699	362,596	147,096	0.360506%	54,217	165,916
5	Education	26,058,500	1.79%	67,331	359,403	133,394	0.326925%	49,167	116,498
6	Health and Social Services	265,845,500	18.27%	686,901	12,007,938	10,800,078	26.469067%	3,980,727	4,667,628
7	Labor	70,691,400	4.86%	182,655	985,556	659,346	1.615940%	243,024	425,679
8	Commerce and Econ. Dev.	42,561,000	2.92%	109,971	195,069	121,314	0.297319%	44,714	154,685
9	Military and Veterans Affairs	20,735,300	1.42%	53,577	571,705	571,705	1.401147%	210,721	264,297
10	Natural Resources	78,432,400	5.39%	202,656	2,459,155	2,115,863	5.185603%	779,872	982,528
11	Fish and Game	93,740,700	6.44%	242,211	2,053,178	1,916,233	4.696346%	706,291	948,502
12	Public Safety	82,267,800	5.65%	212,566	2,549,538	2,443,466	5.988500%	900,620	1,113,187
13	Environ. Conservation	43,613,600	3.00%	112,690	273,002	150,225	0.368175%	55,370	168,061
14	Corrections	126,856,900	8.72%	327,777	5,326,371	5,202,471	12.750329%	1,917,543	2,245,321
16	Transp. and Pub. Facilities	311,971,700	21.44%	806,084	15,296,698	15,168,410	37.175070%	5,590,821	6,396,904
18	Legislative Affairs	33,703,800	2.32%	87,085	128,356	67,753	0.166051%	24,973	112,058
19	Legislative Audit	3,745,900	0.26%	9,679	84,418	14,318	0.035091%	5,277	14,956
21	Court System	61,391,800	4.22%	158,626	484,253	436,718	1.070318%	160,967	319,593
	SUB TOTALS	**1,455,120,500**	**100.00%**	**3,759,792**	**44,260,753**	**40,802,640**	**100.000000%**	**15,039,167**	**18,798,959**

FY2007-2008 PAYROLL RATE COMPARISON

DEPARTMENT	Equals FY2008 Personal Services	FY2008 Personal Services less 1/3 for Benefits in order to approximate Wages only (Actuals)	FY 2007 Payroll Actuals	LESS 1/3 FOR WAGES ONLY (Actuals)	FY 2008 Payroll Premium	FY 2007 Actuals Payroll Premium	Compare FY08 Payroll to FY07 Payroll Actuals	ABS FY2008 Mgt Plan Rate	ABS FY2008 Mgt Plan Short Term NonPerm Rate (risk mgt rate plus 6.13% SBS plus 1.75%)	FY 2007 Actual Rate	Difference FY2008 to FY2007 Actuals
Office of the Governor	13,758,500	9,163,161	14,693,100	9,785,605	55,989.24	68,749.15	(12,759.91)	0.61%	8.49%	0.70%	-0.09%
Administration	87,801,200	58,475,599	84,743,700	56,439,304	631,835.00	733,219.74	(101,384.74)	1.08%	8.96%	1.30%	-0.22%
Law	49,568,000	33,012,288	49,555,900	33,004,229	240,563.50	243,540.62	(2,977.12)	0.73%	8.61%	0.74%	-0.01%
Revenue	43,261,400	28,812,092	39,302,500	26,175,465	209,894.74	239,324.95	(29,430.21)	0.73%	8.61%	0.91%	-0.19%
Education	26,193,700	17,445,004	25,421,700	16,930,852	176,619.58	202,844.86	(26,225.28)	1.01%	8.89%	1.20%	-0.19%
Health and Social Services	266,408,700	177,428,194	252,201,300	167,966,066	5,728,223.40	6,596,870.79	(868,647.39)	3.23%	11.11%	3.93%	-0.70%
Labor	70,849,400	47,185,700	74,476,600	49,601,416	529,467.41	561,543.15	(32,075.74)	1.12%	9.00%	1.13%	-0.01%
Community and Econ. Dev.	42,836,900	28,529,375	42,062,900	28,013,891	208,726.95	231,128.21	(22,401.26)	0.73%	8.61%	0.83%	-0.09%
Military and Veterans Affairs	20,926,100	13,936,783	20,862,300	13,894,292	294,126.35	255,637.38	38,488.97	2.11%	9.99%	1.84%	0.27%
Natural Resources	78,706,200	52,418,329	75,654,900	50,386,163	1,186,021.94	1,249,793.74	(63,771.80)	2.26%	10.14%	2.48%	-0.22%
Fish and Game	93,774,400	62,453,750	97,858,700	65,173,894	1,104,953.98	1,034,154.78	70,799.20	1.77%	9.65%	1.59%	0.18%
Public Safety	82,678,400	55,063,814	80,723,500	53,761,851	2,591,292.10	2,334,765.29	256,526.81	4.71%	12.59%	4.34%	0.36%
Environ. Conservation	43,640,100	29,064,307	40,703,600	27,108,598	236,240.33	224,533.69	11,706.64	0.81%	8.69%	0.83%	-0.02%
Corrections	127,219,200	84,727,987	121,587,100	80,977,009	3,742,920.17	3,715,086.60	27,833.57	4.42%	12.30%	4.59%	-0.17%
Transp. and Pub. Facilities	317,287,500	211,313,475	305,399,500	203,396,067	8,545,104.00	7,688,088.84	857,015.16	4.04%	11.92%	3.78%	0.26%
Leg. Affairs/Fin./Ombuds	33,703,800	22,446,731	33,649,900	22,410,833	144,206.36	148,578.24	(4,371.88)	0.64%	0.64%	0.66%	-0.02%
Legislative Audit	3,745,900	2,494,769	3,185,000	2,121,210	18,188.28	14,125.87	4,062.41	0.73%	0.73%	0.67%	0.06%
Court System	61,391,800	40,886,939	59,040,000	39,320,640	422,605.66	389,092.69	33,512.97	1.03%	1.03%	0.99%	0.04%
TOTALS	**1,463,751,200**	**$974,858,299**	**$1,421,122,200**	**$946,467,385**	**26,066,979**	**25,931,079**	**$135,900**				

FY2008 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.

This account is annually refilled by a year-end "sweep" of unexpended state general funds lapsing from other state agency operating budgets. Over the prior three fiscal years, RM has averaged total cost of risk expenditures close to $13 million beyond its actual authorized appropriations. In FY07, RM's appropriation was adjusted upwards to directly finance these long recognized program expenditures –avoiding the prior practice of seeking significant tort claims funding in the Department of Law's judgment and claims bill combined with additional supplemental appropriation requests to address state agency first party property claim obligations. For the first time in many years RM did not need appropriation support from either the CRA account or Department of Law's judgment and claims bill.

As was the case last year, continued increased premiums were experienced at FY08 coverage renewals. 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.

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, 2007, ARMTech estimate expected claim payments in FY2008 to be $30,579,655 and predict the state will ultimately pay $85,512,852 (using Expected Confidence Level) for outstanding losses as of 6/30/09– 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 FY2007, over $118 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 - FY2007.

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 FY2007 the frequency and cost per claim or severity have gone down per 100 FTE's from the previous 4 years. This reflects each department's recent interest and management of their workers' compensation claims.

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, however in FY06 the cost increased slightly due to global increases from recent natural disasters, for FY07 the cost per/$100 dipped again to a 5 year low.

Exhibit M details sample large property losses RM addressed in FY2007.

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
FY06	0.20	5,000,000.00	no avail. lapse	4,999,999.80		913,528.55	5,040,982.34
FY07	76.28	5,000,000.00	3,720,803.15	-		662,948.69	2,921,395.19

FY 2007
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2007 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	$0	$200,000	$67,944	2,975	$0	$2,068,600	$1,667,520	$0	$344,743	$25,610	$4,377,392
Brokerage	$0	$5,655	$1,921	$84	$0	$58,488	$47,148	$0	$25,997	$707	$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	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$0	$12,075
AG Defense	$77,487	$92,011	$457	185,167	$7,876	$273,980	$72,781	$1,762,013	$1,727	$0	$2,473,499
Claim Adjusters	$48,598	$0	$0	48,597	$0	$0	$0	$1,200,000	$0	$0	$1,297,195
Loss Payments	$1,250,631	$1,819,600	$28,506	6,579,704	$62,098	$4,096,490	$298,018	$14,768,499	$19,194	$0	$28,922,740
Subtotal:	$1,379,158	$2,119,708	$101,270	6,818,969	$72,416	$6,500,000	$2,087,909	$17,732,954	$394,103	$26,317	**$37,232,800**
Administration:	$22,395	$34,421	$1,644	$110,729	$1,176	$105,549	$33,904	$287,954	$6,400	$427	$604,600
Lease Space	$1,108	$1,702	$81	$5,476	$58	$5,220	$1,677	$14,241	$316	$21	$29,900
Total Revenue:	**$1,402,661**	**$2,155,831**	**$102,995**	**$6,935,174**	**$73,650**	**$6,610,769**	**$2,123,490**	**$18,035,149**	**$400,819**	**$26,765**	**$37,867,300**
RSA Adjustment											($11,885)
Cat Fund Draw											$2,921,395
FY07 Lapse to CAT FUND											($3,720,803)
											$37,056,007
FY2007											
Expected Expenditure:											
Insurance Premiums	$0	$376,237	$55,720	$2,975	$0	$2,191,844	$1,684,296	$0	$752,475	$0	$5,216,103
Brokerage	$0	$10,098	$1,496	$80	$0	$58,829	$45,206	$0	$20,196	$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	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$1,342	$0	$12,075
AG Defense	$74,948	$33,305	$113	$463,071	$5	$159,796	$233,404	$1,988,421	$12	$0	$2,953,075
Claim Adjusters	$0	$0	$0	$21,737	$0	$0	$0	$1,200,000	$0	$0	$1,221,737
Loss Payments	$665,012	$295,516	$1,000	4,108,828	$46	$1,417,873	$2,070,989	$17,643,257	$104	$0	$26,202,625
Second Injury Fund (SIF) Pymt								$281,802			$281,802
Self-Insured Employer fee								$471,354			$471,354
Injured worker account								$0			$0
Subtotal:	**$742,402**	**$717,598**	**$60,770**	**$4,599,133**	**$2,493**	**$3,830,785**	**$4,036,336**	**$21,587,276**	**$775,228**	**$0**	**$36,352,020**
Administration:	$14,109	$13,638	$1,155	$87,407	$47	$72,804	$76,711	$410,268	$14,733	$0	$690,874
Lease Space	$268	$259	$22	$1,659	$1	$1,382	$1,456	$7,787	$280	$0	$13,113
Total Expenditures:											$37,056,007
Over/Under Appropriation	**645,882**	**1,424,336**	**41,049**	**2,246,975**	**71,109**	**2,705,798**	**(1,991,013)**	**(3,970,183)**	**(389,422)**	**26,765**	**(0)**

FY 2006
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2006 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	$0	$200,000	$87,533	0	$0	$2,000,000	$1,060,000	$0	$664,136	$25,000	$4,036,669
Brokerage	$0	$6,945	$3,040	$0	$0	$37,068	$63,083	$0	$29,864	$867	$140,000
Actuarial	$1,239	$1,239	$1,239	$1,239	$1,239	$1,239	$1,239	$1,239	$1,239	$0	$11,150
Data Processing	$2,722	$2,722	$2,722	$2,722	$2,722	$2,722	$2,722	$2,722	$2,722	$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	$125,805	$0	3,253,700	$100,000	$1,590,799	$167,227	$10,528,600	$32,000	$0	$16,437,381
Subtotal:	$963,211	$386,711	$94,534	4,682,661	$153,961	$3,981,828	$1,294,271	$11,932,561	$759,961	$25,867	**$24,274,700**
Administration:	$23,990	$9,632	$2,355	$116,629	$3,835	$99,174	$32,236	$297,199	$18,928	$644	$604,600
Lease Space	$1,186	$476	$116	$5,768	$190	$4,905	$1,594	$14,698	$936	$32	$29,900
Total Revenue:	**$988,388**	**$396,819**	**$97,005**	**$4,805,058**	**$157,985**	**$4,085,906**	**$1,328,101**	**$12,244,458**	**$779,825**	**$26,543**	**$24,909,200**
Judgment Bill											$5,611,459
FY05 Supplemental											**$1,342,935**
Cat Fund Draw											$5,040,982
FY06 Lapse											($28,795)
Credit given AIDEA (property Prem)											($8,664)
											$36,867,118
Expected Expenditure:											
Insurance Premiums	$0	$1,119,444	$67,944	$2,975	$0	$2,065,428	$1,608,680	$0	$0	$0	$4,864,471
Brokerage	$0	$32,218	$1,955	$86	$0	$59,443	$46,298	$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	$161,694	$37,211	$311	$635,452	$430	$94,421	$143,909	$1,785,733	$6,088	$0	$2,865,248
Claim Adjusters	$14,508	$0	$0	$14,508	$0	$0	$0	$1,200,000	$0	$0	$1,229,017
Loss Payments	$1,493,379	$343,671	$2,875	5,868,942	$3,970	$872,063	$1,329,120	$16,492,780	$56,225	$0	$26,463,026
Second Injury Fund (SIF) Pymt								$297,885			$297,885
Self-Insured Employer fee								$483,173			$483,173
Injured worker account								$0			$0
Subtotal:	**$1,671,958**	**$1,534,922**	**$75,464**	**$6,524,341**	**$6,778**	**$3,093,733**	**$3,130,384**	**$20,261,949**	**$64,691**	**$0**	**$36,364,219**
Administration:	$22,175	$20,358	$1,001	$86,533	$90	$41,032	$41,518	$268,735	$858	$0	$482,300
Lease Space	$947	$869	$43	$3,696	$4	$1,752	$1,773	$11,478	$37	$0	$20,599
Total Expenditures:											$36,867,118
Over/Under Appropriation	**(706,693)**	**(1,159,330)**	**20,498**	**(1,809,511)**	**151,114**	**949,389**	**(1,845,575)**	**(8,297,704)**	**714,240**	**26,543**	**(11,957,918)**
											($0)

FY 2005
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

FY2005 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	$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	$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

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)**

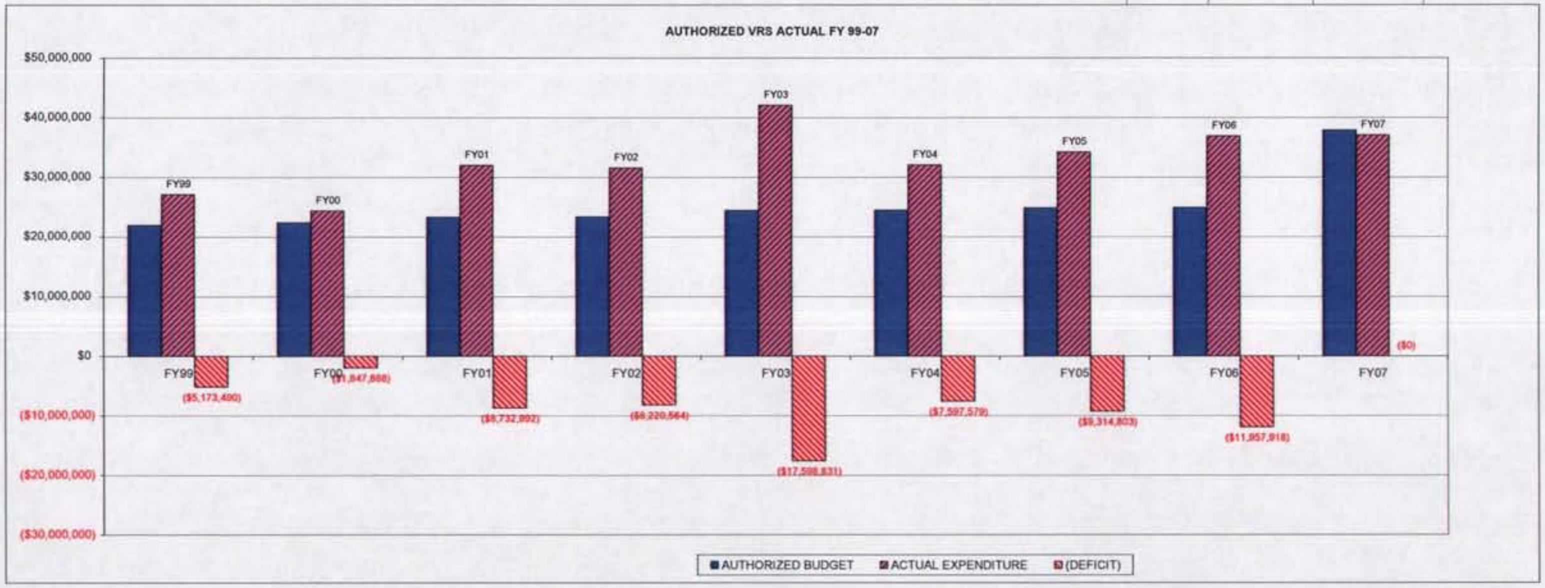
FY 2003
AUTHORIZED BUDGET v ACTUAL EXPENDITURES

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)**

YEARLY SUMMARIES

	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97	FY98	FY99
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
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
(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)

	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	Total Deficits
AUTHORIZED BUDGET	$22,405,000	$23,280,500	$23,354,000	$24,427,200	$24,483,900	$24,865,600	$24,909,200	$37,867,300	
ACTUAL EXPENDITURE	$24,352,868	$32,013,492	$31,574,564	$42,026,031	$32,081,479	$34,180,403	$36,867,118	$37,056,007	
(DEFICIT)	($1,947,868)	($8,732,992)	($8,220,564)	($17,598,831)	($7,597,579)	($9,314,803)	($11,957,918)	($0)	($118,078,222)



2. Project Ultimate Losses

We project ultimate losses for FY2008, FY2009 and FY2010 to be as shown in Tables III-2A, III-2B and III-2C.

Table III-2A
Projected Ultimate Losses
FY2008

Program (1)		Projected Ultimate Losses (2)	Present Value of Projected Ultimate Losses (3)
(A)	Workers compensation	$19,418,258	$16,904,640
(B)	General liability	6,854,269	6,100,499
(C)	Marine	2,220,523	2,037,751
(D)	Property	951,905	913,869
(E)	Automobile liability	732,190	682,882
(F)	Aviation	402,510	370,552
(G)	Total (A) ... (F)	$30,579,655	$27,010,193

Note: (A) is from Exhibit WC-10.
(B) is from Exhibit GL-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, 2007, June 30, 2008 and June 30, 2009

Confidence Level (1)	Estimated Outstanding Losses as of 06/30/07 (2)	Estimated Outstanding Losses as of 06/30/08 (3)	Estimated Outstanding Losses as of 06/30/09 (4)
(A) Expected	$73,972,857	$79,505,001	$85,512,852
(B) 75%	92,466,071	99,381,251	106,891,065
(C) 85%	105,041,457	112,897,101	121,428,250
(D) 95%	127,973,043	137,543,652	147,937,234

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 (A) and actuarial judgment.

Table III-1C
Present Value of Estimated Outstanding Losses
at Various Confidence Levels
June 30, 2007, June 30, 2008 and June 30, 2009

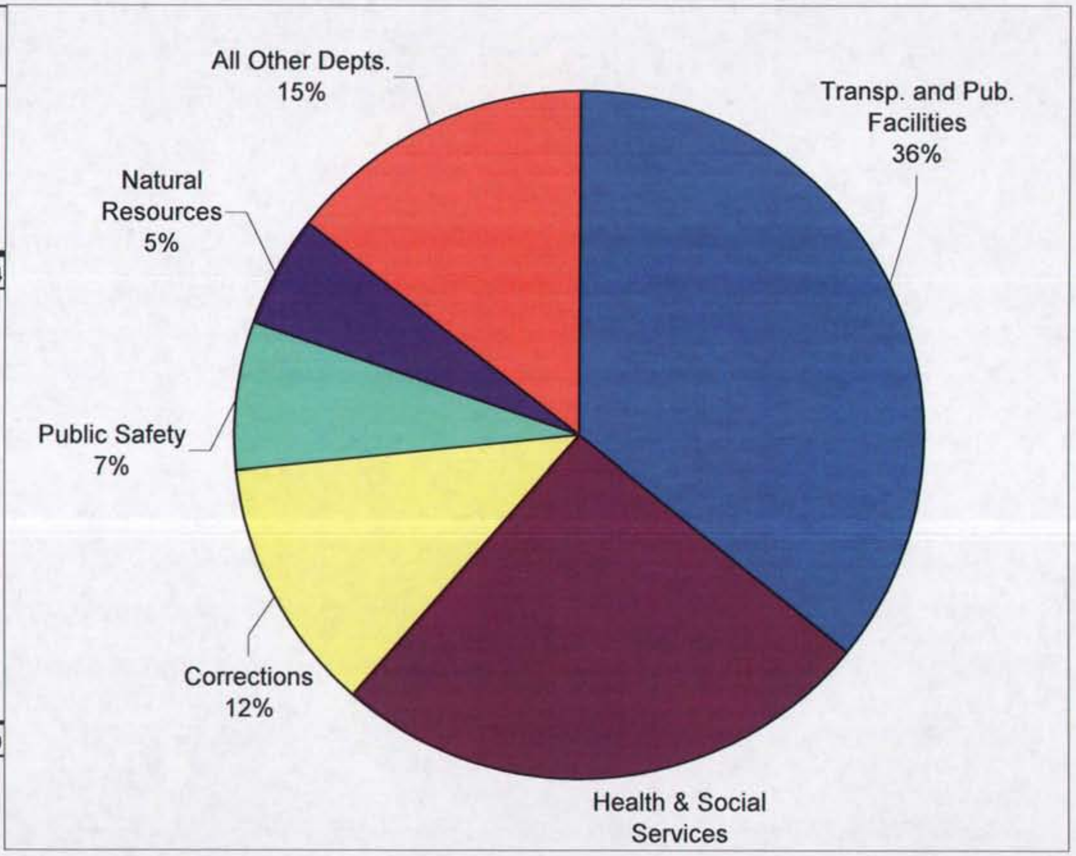
Confidence Level (1)	Present Value of Estimated Outstanding Losses as of 06/30/07 (2)	Present Value of Estimated Outstanding Losses as of 06/30/08 (3)	Present Value of Estimated Outstanding Losses as of 06/30/09 (4)
(A) Expected	$65,098,430	$69,854,545	$75,117,094
(B) 75%	81,373,038	87,318,181	93,896,368
(C) 85%	92,439,771	99,193,454	106,666,273
(D) 95%	112,620,284	120,848,363	129,952,573

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 (A) and 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 3.5% interest rate.

WORKERS' COMPENSATION
Breakout of Last 5 Years (FY 03-07) 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
Transp. and Pub. Facilities	35.84%	23,164,112.19
Health & Social Services	25.41%	16,419,161.83
Corrections	12.05%	7,784,759.47
Public Safety	6.97%	4,506,709.74
Natural Resources	5.16%	3,336,473.17
All Other Depts.	14.57%	**9,412,854**
Fish and Game	4.36%	2,818,674.90
Labor	2.31%	1,491,833.46
Military and Veterans Affairs	1.59%	1,028,836.50
Revenue	1.20%	772,346.16
Administration	1.15%	740,536.26
Court System	1.05%	675,899.31
Environ. Conservation	0.71%	457,149.05
Law	0.62%	401,134.78
Education	0.61%	391,100.75
Leg affrs/ Leg Finance /Ombdn	0.44%	281,816.28
Community and Econ. Dev.	0.39%	250,607.93
Legislative Audit	0.09%	55,040.25
Office of the Governor	0.07%	47,878.08
FIVE YEAR TOTAL	100.00%	**64,624,070**



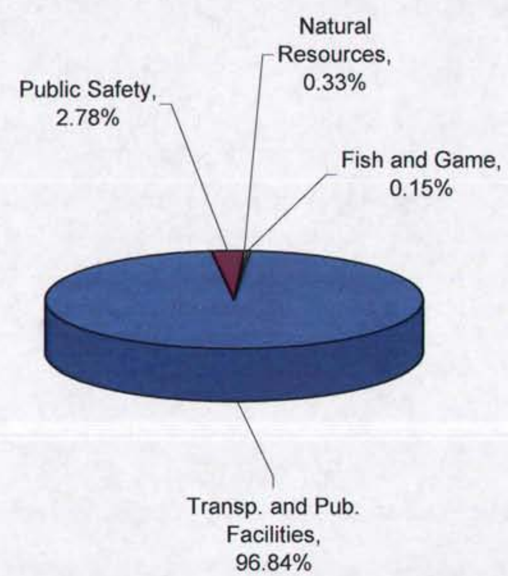
* Note: The figure for DOTPF include benefits paid for Injured Marine Highway Employees under the Workers' Compensation as of 7/1/2003
*** The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

MARINE PROTECTION and INDEMNITY

Breakout of Last 5 Years (FY03-07) 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	96.84%	12,276,163.44
Public Safety	2.78%	353,001.97
Natural Resources	0.33%	28,524.67
Fish and Game	0.15%	19,388.87
Office of the Governor	0.00%	0.00
Administration	0.00%	0.00
Law	0.00%	0.00
Revenue	0.00%	0.00
Education	0.00%	0.00
Health and Social Services	0.00%	0.00
Labor	0.00%	0.00
Community and Econ. Dev.	0.00%	0.00
Military and Veterans Affairs	0.00%	0.00
Environ. Conservation	0.00%	0.00
Corrections **	0.00%	0.00
Leg affrs/ Leg Finance /Ombdn	0.00%	0.00
Legislative Audit	0.00%	0.00
Court System	0.00%	0.00
Alaska Energy Authority	0.00%	0.00
SUB TOTALS	**100.10%**	**12,677,079**



Note: Injured maritime employees started receiving Workers Compensation remedy as of 7/01/03. The figures show are effectively from 7/1/02-6/30/03

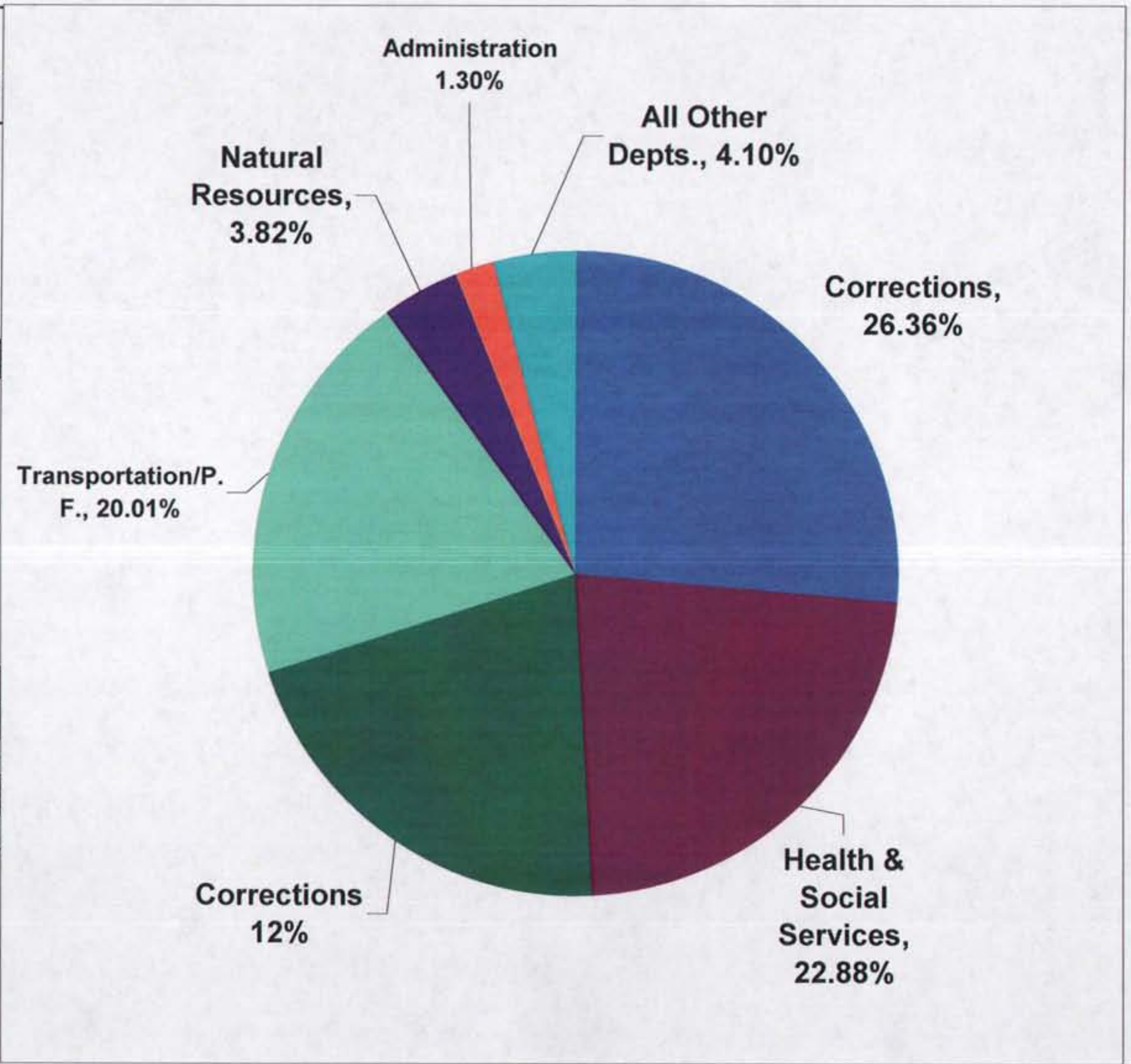
*This chart represents the benefit payments made primarily to Alaska Marine Highway Employees as DOTPF employees.

**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 03-07) Claims History by Department

DEPARTMENT	% of Total	General Liability Claims - 5 year totals
Corrections	26.36%	6,045,509.31
Health & Social Services	22.88%	5,247,744.49
Public Safety	20.73%	4,752,528.38
Transportation/P.F.	20.01%	4,587,834.34
Natural Resources	3.82%	876,886.79
Administration	2.10%	480,729.66
All Other Depts.	4.10%	**939,704**
Fish and Game	0.93%	212,552.37
Court System	0.74%	170,555.79
Education	0.55%	126,908.57
Environ. Conservation	0.55%	125,000.00
Law	0.53%	121,111.37
Community and Econ. Dev.	0.33%	75,302.73
Labor	0.24%	55,236.77
Revenue	0.23%	51,676.90
Leg affrs/ Leg Finance /Ombd	0.01%	1,359.69
Military and Veterans Affairs	0.00%	0
Office of the Governor	0.00%	0
Legislative Audit	0.00%	0
FIVE YEAR TOTAL	100.00%	**22,930,937**

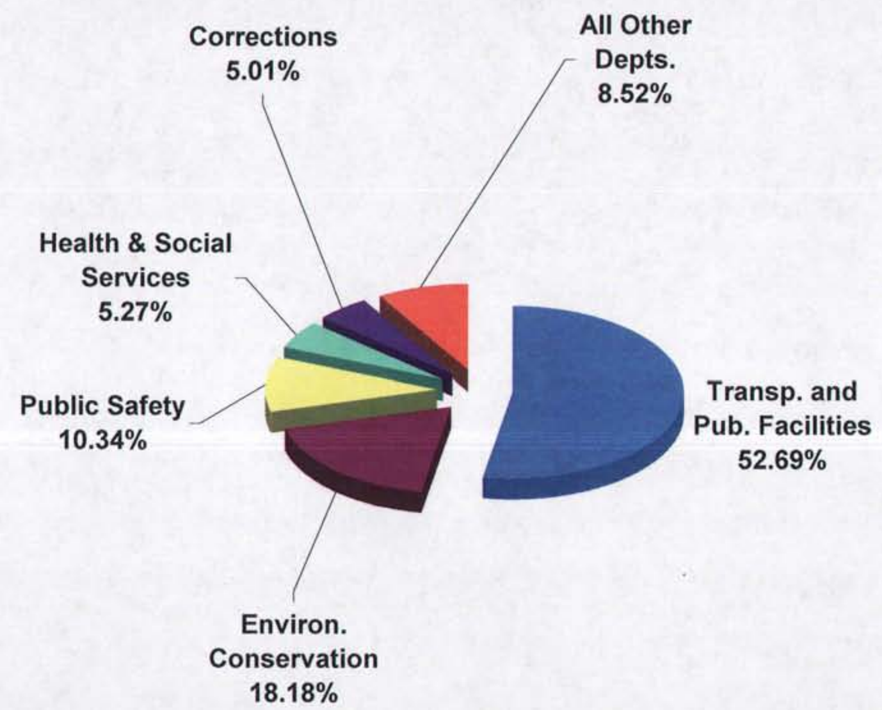


The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

AUTO LIABILITY

Breakout of Last 5 Years (fy 03-07)

DEPARTMENT	% of Total	Auto Liability Claims - 5 year totals
Transp. and Pub. Facilities	52.69%	1,239,176.38
Environ. Conservation	18.18%	427,584.87
Public Safety	10.34%	243,083.70
Health & Social Services	5.27%	124,027.94
Corrections	5.01%	117,745.19
All Other Depts.	8.52%	**200,292**
Education	2.47%	58,059.75
Fish and Game	1.56%	36,668.81
Natural Resources	1.36%	31,988.60
Community and Econ. Dev.	1.15%	27,162.53
Military and Veterans Affairs	0.80%	18,859.55
Administration	0.43%	10,081.03
Leg affrs/ Leg Finance /Ombd	0.32%	7,488.73
Labor	0.24%	5,743.62
Office of the Governor	0.11%	2,667.32
Revenue	0.04%	900.73
Law	0.03%	671.68
Court System	0.00%	0
Legislative Audit	0.00%	0.00
FIVE YEAR TOTAL	100.00%	**2,351,910**

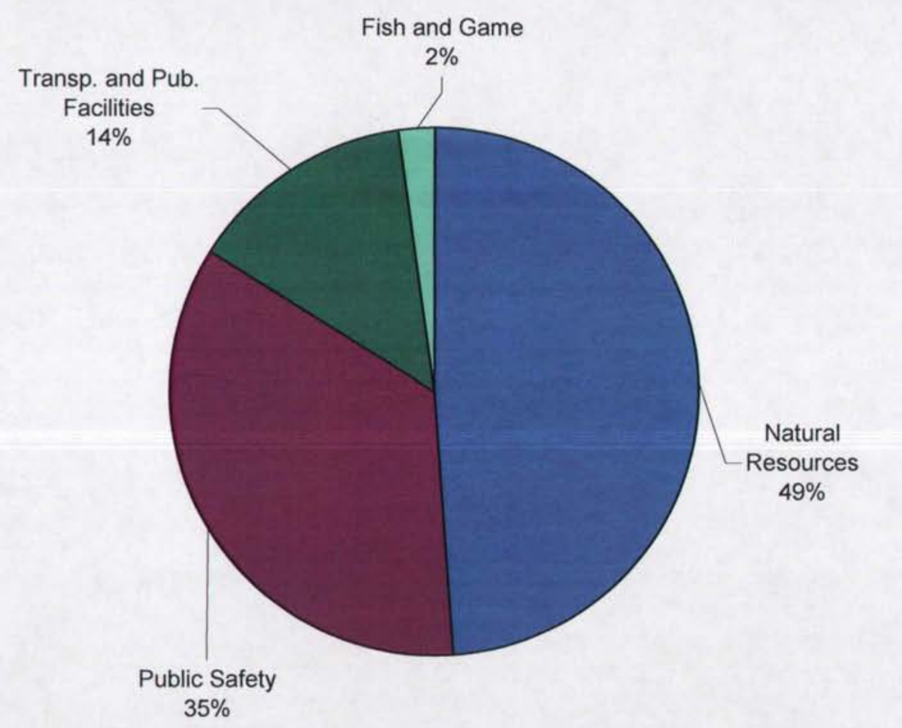


The above spread sheet provides a break down of the "All Other Depts." below the bold entry.

Aviation Liability

Breakout of Last 5 Years (FY03-07) Claims History by Department

DEPARTMENT	% of Total	Aviation Liability-5year Total
Natural Resources	48.86%	626,230.78
Public Safety	35.05%	449,321.30
Transp. and Pub. Facilities	13.89%	178,063.86
Fish and Game	2.20%	28,164.13
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%**	**1,281,780**



ALL DEPT CLAIMS
FREQUENCY TO 100 FTE'S

DEPARTMENT	2007			2006			2005			2004			2003		
	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs	# Claims	FTEs	#/100FTEs
Governor's Office	7	156	4.5	3	168	1.8	1	153	0.7	2	160	1.3	3	153	2.0
Administration	21	1073	2.0	28	1001	2.8	33	971	3.4	30	966	3.1	30	967	3.1
Law	7	538	1.3	5	536	0.9	31	518	6.0	8	492	1.6	11	477	2.3
Revenue	15	539	2.8	8	502	1.6	15	501	3.0	13	492	2.6	13	497	2.6
Education	8	316	2.5	6	312	1.9	5	307	1.6	8	306	2.6	25	341	7.3
Health & Social Services	265	3416	7.8	258	3373	7.6	289	3274	8.8	346	3142	11.0	316	3180	9.9
Labor & Workforce Dev	33	879	3.8	26	950	2.7	24	903	2.7	34	911	3.7	25	912	2.7
Commerce & Economic Dev.	7	507	1.4	10	511	2.0	9	464	1.9	4	495	0.8	6	497	1.2
Military & Veterans Affairs	13	286	4.5	24	294	8.2	21	288	7.3	18	261	6.9	13	263	4.9
Natural Resources	122	870	14.0	99	868	11.4	163	853	19.1	109	830	13.1	154	795	19.4
Fish & Game	66	1158	5.7	68	1171	5.8	72	1149	6.3	74	1142	6.5	96	1165	8.2
Public Safety	109	837	13.0	90	830	10.8	97	796	12.2	110	780	14.1	119	757	15.7
Environmental Conservation	16	521	3.1	8	510	1.6	10	488	2.0	11	469	2.3	8	474	1.7
Corrections	125	1505	8.3	141	1477	9.5	123	1422	8.6	141	1416	10.0	156	1471	10.6
*Transportation	355	3198	11.1	460	3181	14.5	467	3116	15.0	484	3090	15.7	226	2413	9.4
Legislative Affairs	7	294	2.4	5	300	1.7	6	213	2.8	5	294	1.7	7	294	2.4
Legislative Audit	0	41	0.0	0	37	0.0	2	37	5.4	0	37	0.0	0	37	0.0
Courts	15	756	2.0	19	756	2.5	17	718	2.4	22	700	3.1	17	690	2.5
FISCAL YEAR TOTALS	1191.0	16890.0	7.1	1258	16777	7.5	1385	16171	8.6	1419	15983	8.9	1225	15383	8.0

Note: Work Comp FTEs taken from CORA

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

DEPARTMENT	2007			2006			2005			2004			2003		
	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs	Claim cost	FTEs	$/100FTEs
Governor's Office	7,478	156	4,794	7,512	168	4,471	11,548	153	7,548	499	160	312	13,720	153	8,968
Administration	75,199	1073	7,008	139,938	1001	13,980	233,666	971	24,064	95,403	966	9,876	166,118	967	17,179
Law	23,908	538	4,444	68,613	536	12,801	138,779	518	26,791	16,544	492	3,363	169,032	477	35,436
Revenue	281,148	539	52,161	35,741	502	7,120	38,960	501	7,776	76,135	492	15,475	65,627	497	13,205
Education	5,454	316	1,726	13,921	312	4,462	96,498	307	31,432	26,027	306	8,506	172,772	341	50,666
Health & Social Services	1,984,528	3416	58,095	1,394,015	3373	41,329	2,614,792	3274	79,865	3,273,306	3142	104,179	2,689,635	3180	84,580
Labor & Workforce Dev	197,933	879	22,518	334,158	950	35,175	180,706	903	20,012	173,977	911	19,097	229,757	912	25,193
Commerce & Economic Dev.	25,334	507	4,997	37,561	511	7,350	125,885	464	27,130	5,470	495	1,105	21,266	497	4,279
Military & Veterans Affairs	411,380	286	143,839	64,112	294	21,807	165,893	288	57,602	176,759	261	67,724	96,785	263	36,800
Natural Resources	549,915	870	63,209	568,927	868	65,545	474,292	853	55,603	566,264	830	68,225	810,738	795	101,980
Fish & Game	268,769	1158	23,210	492,286	1171	42,040	310,709	1149	27,042	386,750	1142	33,866	588,291	1165	50,497
Public Safety	1,260,105	837	150,550	509,508	830	61,387	733,680	796	92,171	555,356	780	71,199	402,765	757	53,205
Environmental Conservation	180,456	521	34,636	185,574	510	36,387	18,997	488	3,893	58,444	469	12,461	17,122	474	3,612
Corrections	968,749	1505	64,369	1,224,436	1477	82,900	1,486,050	1422	104,504	1,223,876	1416	86,432	1,693,013	1471	115,093
*Transportation	4,827,072	3198	150,940	3,858,967	3181	121,313	3,137,913	3116	100,703	3,888,575	3090	125,844	2,630,562	2413	109,016
Legislative Affairs	10,571	294	3,595	7,653	300	2,551	52,158	213	24,487	38,370	294	13,051	25,372	294	8,630
Legislative Audit	0	41	0	0	37	0	86,850	37	234,730	0	37	0	0	37	0
Courts	42,229	756	5,586	161,258	756	21,330	159,522	718	22,218	158,843	700	22,692	53,205	690	7,711
FISCAL YEAR TOTALS	11,120,227	16890.0	$65,839	9,104,179	16777	$54,266	10,066,897	16171	$62,253	10,720,598	15983	$67,075	9,845,779	15383	$64,004

Note: Work Comp FTEs taken from CORA

Open Jones Act
Maritime claims.

FISCAL YEAR>	2007			2006			2005		
	# Claims	Cost	Cost/Claim	# Claims	Cost	Cost/Claim	# Claims	Cost	Cost/Claim
SHIP									
AURORA	0	$0	$0	0	$0	$0	1	$3,438	$3,438
BARTLETT	0	$0	$0	0	$0	$0	0	$0	$0
KENNICOTT	1	$153,459	$153,459	1	$34,589	$34,589	0	$0	$0
COLUMBIA	0	$0	$0	0	$0	$0	0	$0	$0
LE CONTE	0	$0	$0	0	$0	$0	1	$6,773	$6,773
MALASPINA	0	$0	$0	1	$11,450	$11,450	2	$109,660	$54,830
MATANUSKA	0	$0	$0	1	$11,264	$11,264	2	$45,181	$22,591
TAKU	2	$725,422	$362,711	2	$260,261	$130,131	3	$173,062	$57,687
TUSTUMENA	0	$0	$0	0	$0	$0	2	$204,082	$102,041
Total	**3**	**878,881**	$292,960	**5**	**317,565**	$63,513	**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	2007	2006	2005	2004	2003
Replacement cost value	4,249,143,768	4,176,939,765	4,058,762,973	3,908,851,443	3,517,845,435
Premium cost per year	1,613,912	1,911,508	1,692,250	1,983,525	1,886,052
AVERAGE COST RATE/$100 FOR ALL BUILDING CLASSES	$0.038	$0.046	$0.042	$0.051	$0.054

FY07 First Party Losses

Property Loss

Claim: Transportation, Fire Loss Date of Loss:
1/20/2007
Initial Claim Reserves: $2,500,000 Expenses to
Date: $2,076,473.94

Description: An early morning fire destroyed a transporation building. Inside the building was equipment, including three sanders, a grater and between 300 to 500 gallons of fuel. Fire was caused by heavy snow falling off the roof and on to an electrical conduit.

Status: New building constructed and ready for occupancy.

Property Loss

Claim: Pioneer Home, Smoke Damage   Date of Loss: 6/4/2007

Initial Claim Reserve: $30,000

Expenses to Date: 29,424.96

Description: A large fire in a nearby condo caused extensive smoke damage inside the Anchorage Pioneers Home.

Status: Building and windows were power-washed. Ventilation system cleaned and filters replaced. Maintenance workers washed walls and carpets were cleaned.

Property Loss

Claim: Department of Natural Resources, Vandalsm

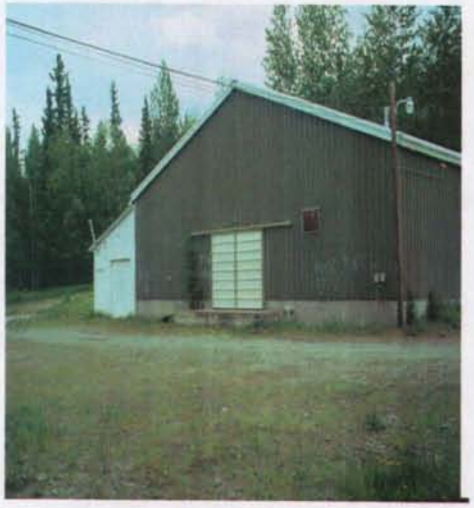
Date of Loss: 6/11/2007

Initial Reserves: $15,000

Expenses to date; $9,756.54

Description: Building that houses state mineral inventory was vandalized. Walls were spray painted with graffiti, window was broken and gate latch was broken off.

Status: Repairs complete.



Vandalism at the Geologic Materials Center
June 7, 2007

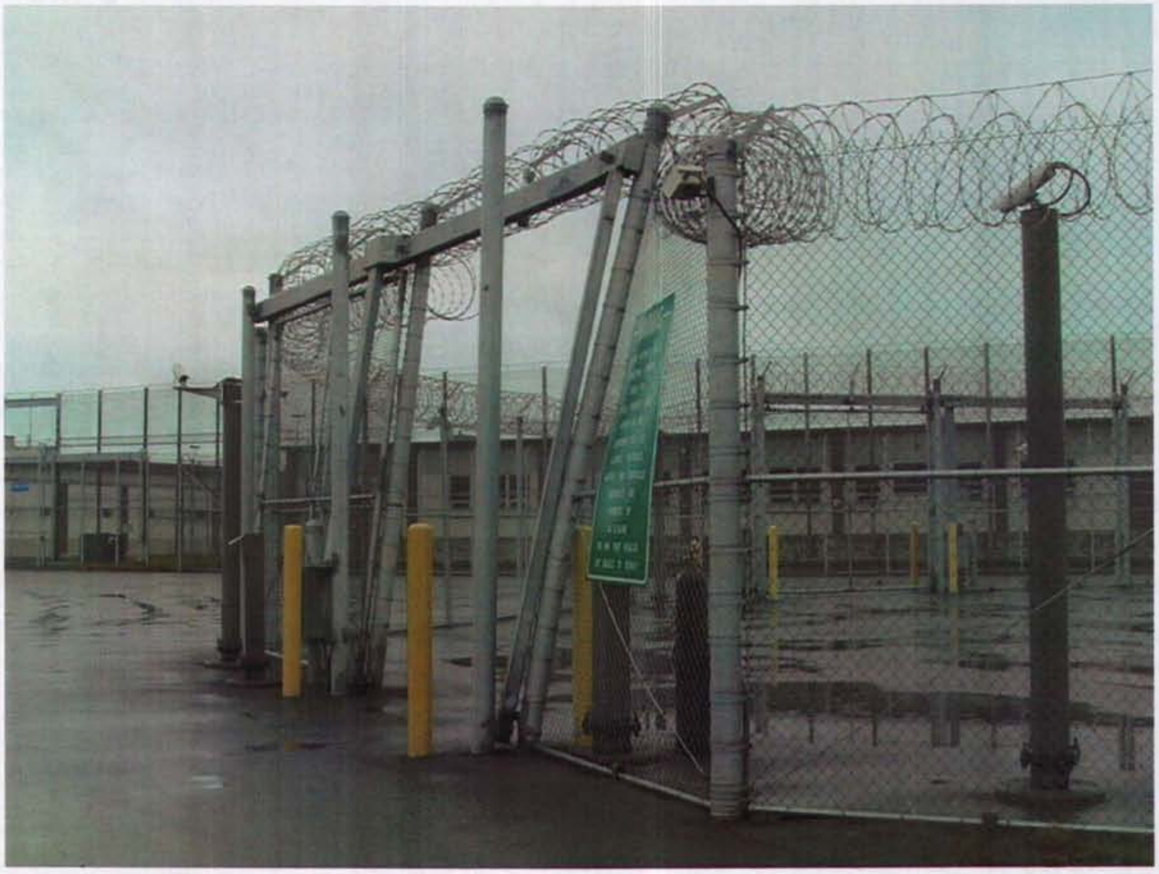
Front door and window

Property Loss

Claim: Security Gate, Wildwood Date of Loss:
7/23/2007
Correctional Center
Initial Claim Reserves: $65,000 Expenses to
date: Repairs pending warmer weather.

Description: Delivery truck over height clearance damaged security gate at the prison. The truck driver underestimated the height of his load, damaging the automatic gate mechanism. The repairs have been put out to bid and work will be performed once temperatures warm up.

Status: Risk Management collected funds from truck owner to pay for repairs.



Marine Hull

Claim: _______ Tustumena, allision with barge   Date of Loss: February 7, 2007
Initial Claim Reserve: $25,000   Expenses to date: none

Description: Island Warrior barge scrapped the side of vessel, causing cosmetic damage to the port side.

Status: The barge owner accepted responsibility and will pay for repairs as a separate task order the next time the ship is in yard for annual maintenance.