



Department of Labor and  
Workforce Development  
DIVISION OF WORKERS'  
COMPENSATION  
Web: <http://labor.state.ak.us/wc>

# **STATE OF ALASKA DIVISION OF WORKERS' COMPENSATION**

## **2019 ANNUAL REPORT**



# 2019 ANNUAL REPORT

## Analysis of Workers' Compensation Claims Data

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In 2019, there were 17,075 reports of injury and occupational illness filed with the Workers' Compensation Division, a 3.5% decrease from 17,694 reports filed in 2018.

The Alaska Workers' Compensation Board held 225 hearings in 2019, compared to 231 hearings in 2018 and 255 in 2017.

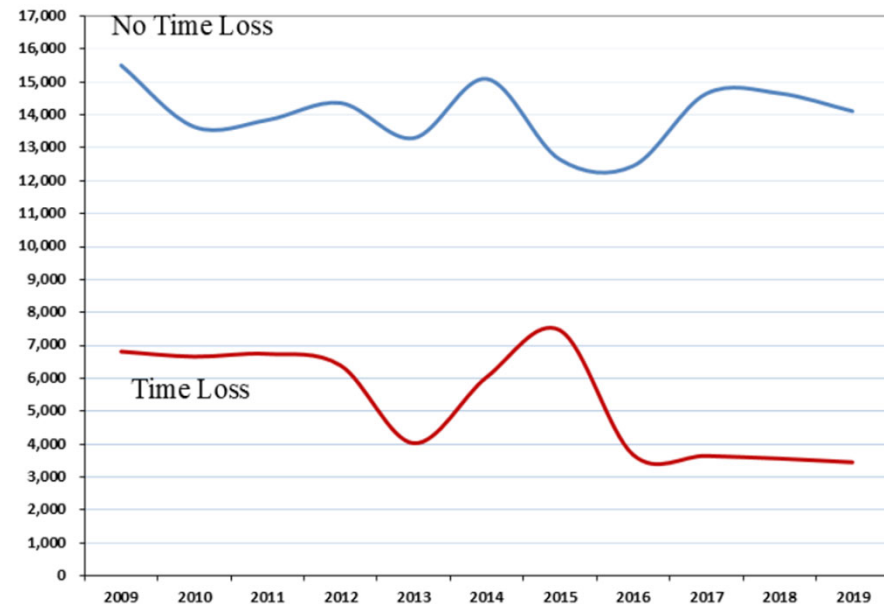
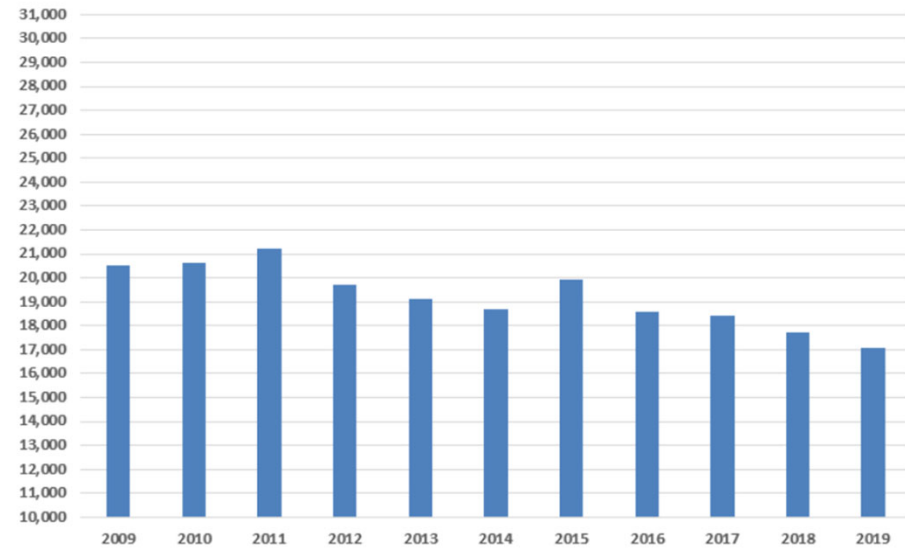
- 191 regular hearings
- 34 written record hearings

The Alaska Workers' Compensation Appeals Commission held 14 hearings and oral arguments in 2019, compared to 10 hearings in 2018 and 16 in 2017.

Of the case files established in 2019:

- No-time-loss cases: 13,587 cases, 80%
- Time-loss cases: 3,457 cases, 20.2%
- Notification only cases: 3,992 cases
- Fatalities: 31 cases

Total Injury Notices Received





# 2019 ANNUAL REPORT

## Analysis of Workers' Compensation Claims Data

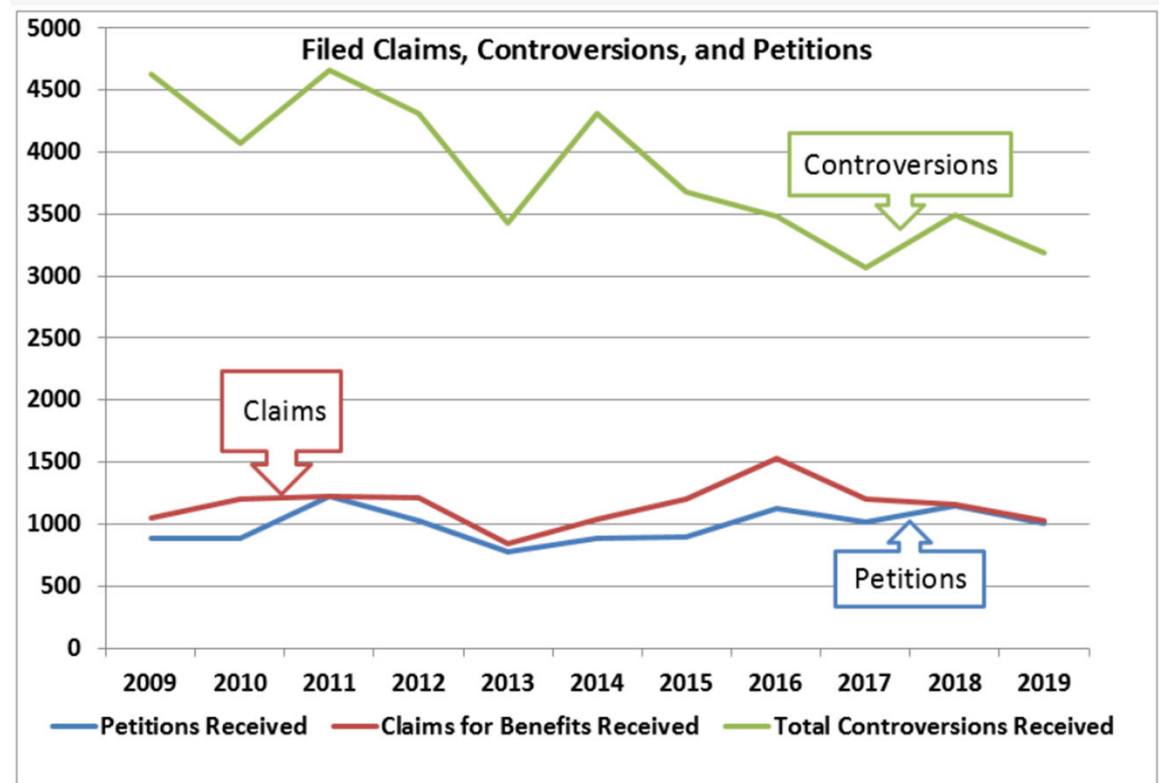
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In 2019, there were 1,025 claims filed for 859 reports of injuries, a 11.3% decrease from 1,155 claims filed in 2018.

There were 1,006 petitions filed in 2019, a 12.6 % decrease from 1,151 petitions filed in 2018.

There were 3,191 controversion notices filed in 2019, an 8.7% decrease from 3,495 in 2018.

The number of cases controverted in 2019 totaled 2,398, a 6.8% decrease from 2,573 cases in 2018.





# 2019 ANNUAL REPORT

## ANNUAL REPORTING OF TOTAL PAID COMPENSATION

### Financial Reports and Audits

**MONITORING:** This section of the report provides information from the prior calendar year.

Under Alaska Statute 23.30.155(m), each insurer, providing workers' compensation coverage in Alaska or their adjuster must file an annual report with the Alaska Workers' Compensation Board providing number of claims filed, the type of claims filed, total dollars spent on medical, lost wages compensation, death benefits, rehabilitation costs and claim litigation costs. The annual report requirement also applies to self-insured employers and uninsured employers.

Along with the annual report, each insurer, adjuster, self-insured employer, or uninsured employer must submit payment of their Second Injury Fund (SIF) contribution and their Workers' Safety and Compensation Administration Account fee (WSCAA). These fees fund reimbursements from the SIF and help support the Division's operations.

- This report covers activity from:
  - CY = Calendar Year Period from January 1, 2019 to December 31, 2019
  - FY = Fiscal Period from July 1, 2019 to June 30, 2020

### Notes:

**Medical Costs Totals for CY 2019 include the following Medical Costs: Physical Therapy, Chiropractic Fees, Durable Medical expenses, Medical Travel, Employee Medical-Legal Costs. The costs were previously captured in the other category for CY2014, CY2015, CY2016, and CY2017.**

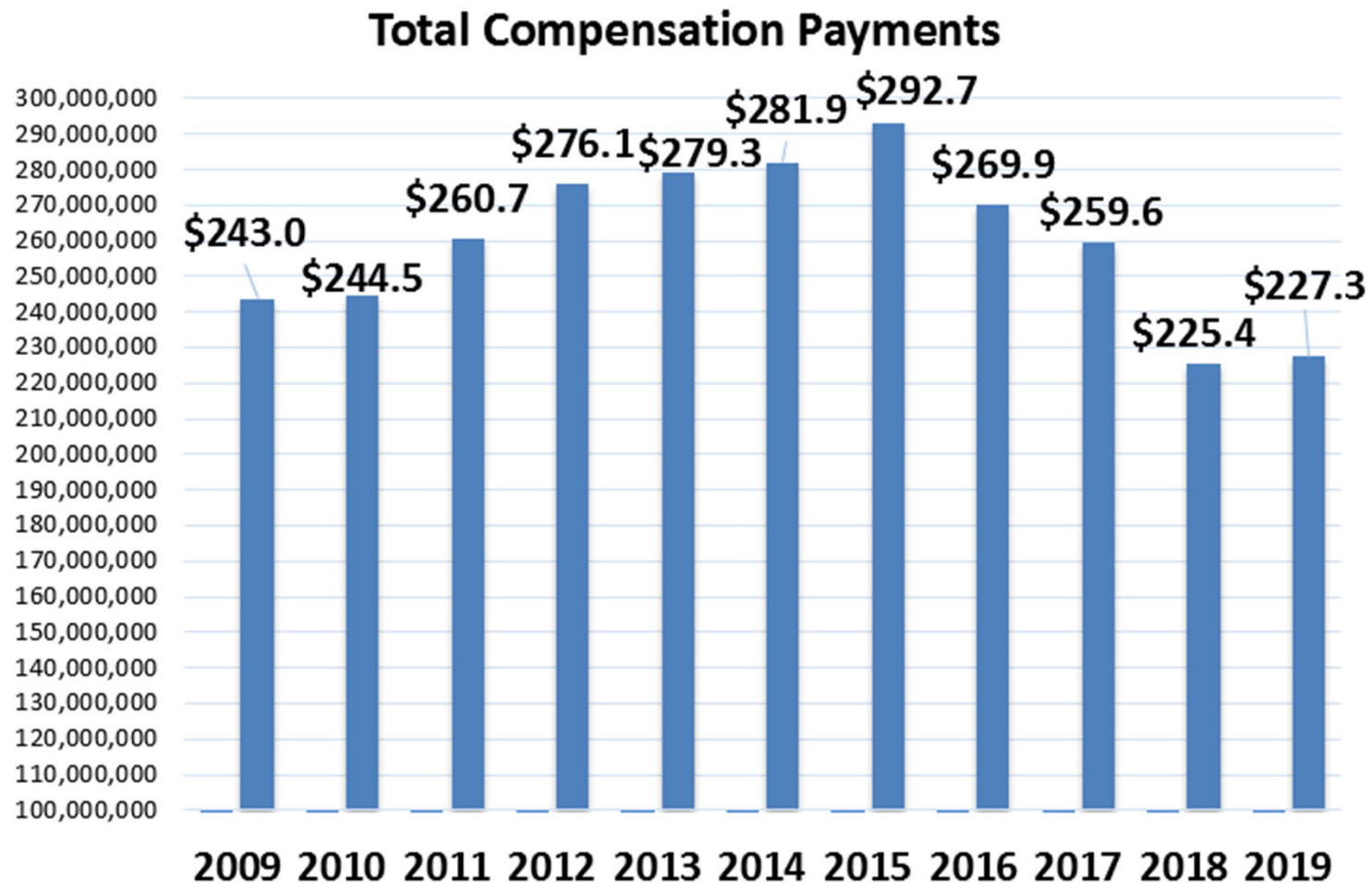
**Other Costs for CY 2019 include: Unspecified Lump Sum Payment/Settlement, interest, penalty and SIF Contribution Fee.**



# 2019 ANNUAL REPORT

## Total Compensation Payments

A total of \$227.3 million was paid in workers' compensation benefits during calendar year 2019 by market-insured employers and self-insured employers. This is an increase of 0.86% from \$225.4 million in 2018.

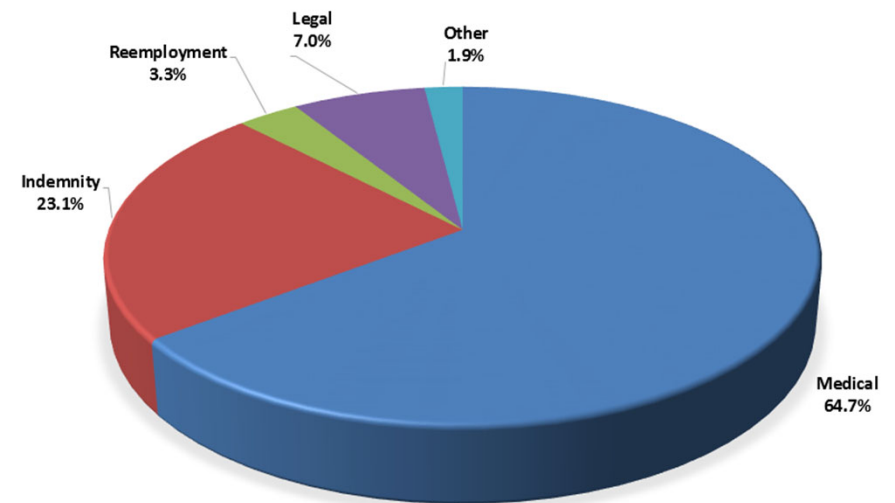




# 2019 ANNUAL REPORT

## Total Compensation Payments Distribution

Benefit Type	Amount Paid	% of Cost to Total Cost
Medical	\$146,988,491	64.7%
Indemnity	\$52,475,710	23.1%
Reemployment	\$7,468,096	3.3%
Legal	\$15,870,264	7%
Other*	\$4,541,317	1.9%
<b>Total</b>	<b>\$227,343,879</b>	



\*Other includes interest, penalty, Second Injury Fund contribution and other costs.



# 2019 ANNUAL REPORT

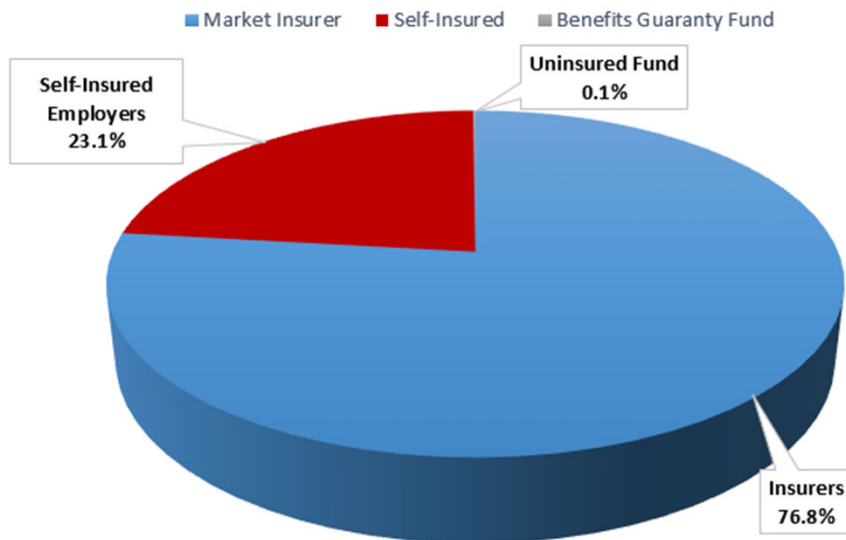
## Total Benefits Paid by Top Twenty Insurers/Self-Insured Employers

Of total benefits paid, market-insured employers paid \$174.6 million (76.8%), self-insured employers paid \$52.4 million (23.1%).

The top twenty insurers and self-insured employers paid \$152.3 million, or 67% of total workers' compensation benefits paid in 2019. This compares to \$147.5 million, or 65.5% in 2018.

INSURER TYPE	Total Benefits Paid	% of Total Costs
Market Insurers	\$174,617,676	76.8%
Self-Insured Employers	\$52,457,755	23.1%
Uninsured Fund	\$268,447	0.1%
<b>Total</b>	<b>\$227,343,879</b>	

Rank	Insurer	Benefits Paid
1.	ALASKA NATIONAL INS CO	37,517,393.67
2.	ALASKA, STATE OF	17,237,530.04
3.	AMERICAN ZURICH INS CO	11,861,834.75
4.	ALASKA MUNICIPAL LEAGUE JOINT INSURANCE ASSN.	8,818,069.38
5.	REPUBLIC INDEMNITY CO OF AMERICA	7,139,372.76
6.	LIBERTY NORTHWEST INSURANCE CO	6,470,526.87
7.	ANCHORAGE, MUNICIPALITY OF	6,454,034.62
8.	NEW HAMPSHIRE INSURANCE CO	5,797,356.00
9.	INDEMNITY INS CO OF NORTH AMERICA	5,453,755.99
10.	AMERICAN INTERSTATE INSURANCE CO	5,083,179.02
11.	BERKSHIRE HATHAWAY HOMESTATE INSURANCE COMPANY	5,063,240.02
12.	LIBERTY INSURANCE CORP	4,611,462.39
13.	ACE AMERICAN INSURANCE COMPANY	4,582,632.26
14.	UMIALIK INSURANCE CO	4,323,277.70
15.	ZURICH AMERICAN INS CO	4,233,542.04
16.	ANCHORAGE SCHOOL DISTRICT	3,953,426.40
17.	TRAVELERS PROPERTY CASUALTY CO OF AMERICA	3,879,995.26
18.	ARCTIC SLOPE REGIONAL CORP	3,706,449.81
19.	ALASKA INS GUARANTY ASSN	3,124,803.75
20.	COMMERCE AND INDUSTRY INS CO	3,053,354.95







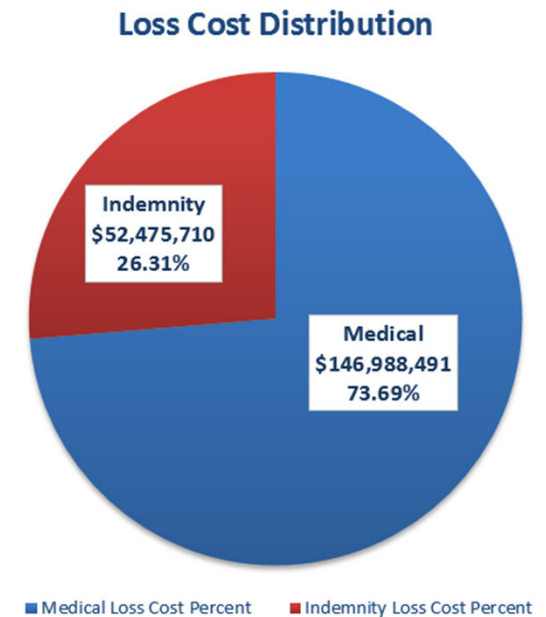
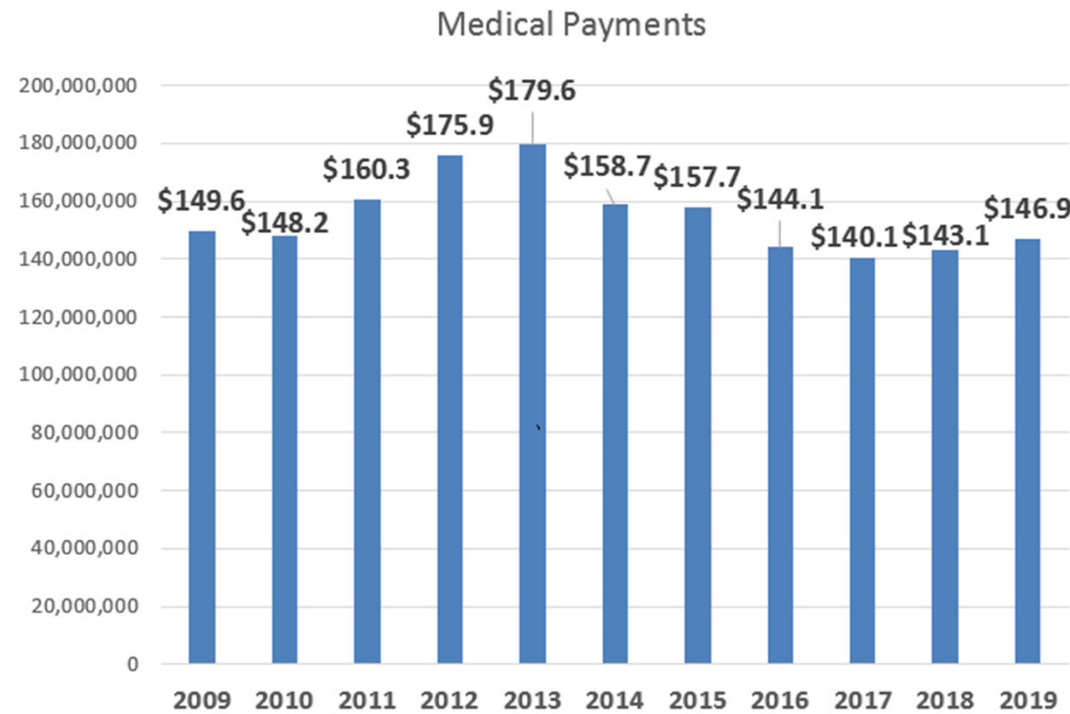
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## Medical Benefits

In the calendar year 2019, medical benefits totaled \$146.9 million, a 2.7% increase from \$143.1 million in 2018.

Medical benefits were 64.7% of total benefits paid and 73.69% of loss costs in 2019, compared to 63.5% of total benefits paid and 72.51% of loss costs in 2018.

Total loss costs were \$199,464,202 in 2019, up from \$197,391,502 in 2018.



“Loss Costs” = medical and indemnity benefit costs only.  
Death benefits are included in indemnity payments.





# 2019 ANNUAL REPORT

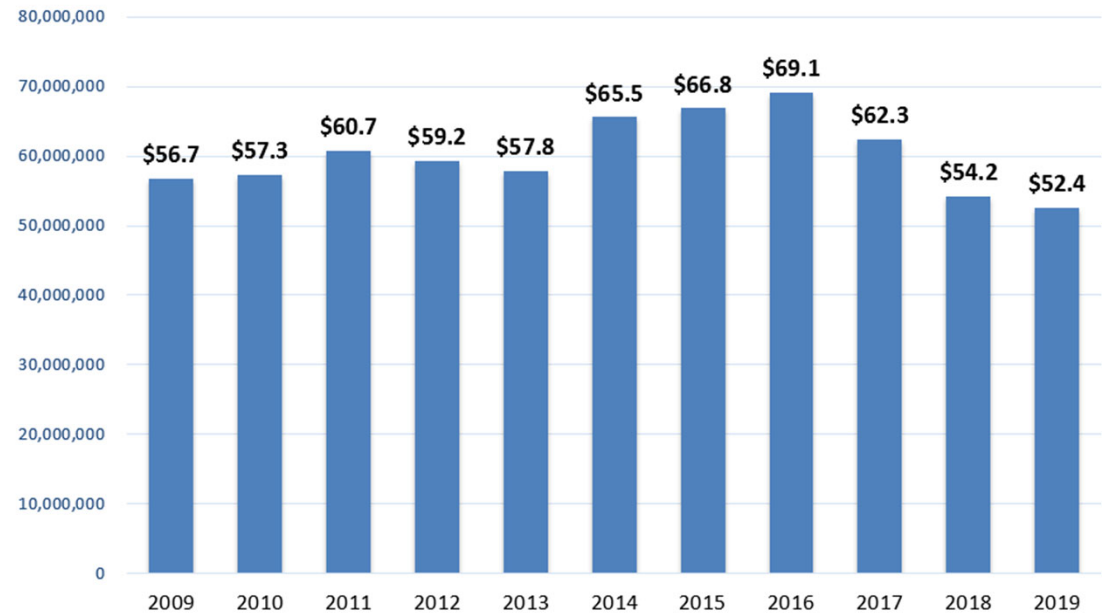
## Indemnity Benefits

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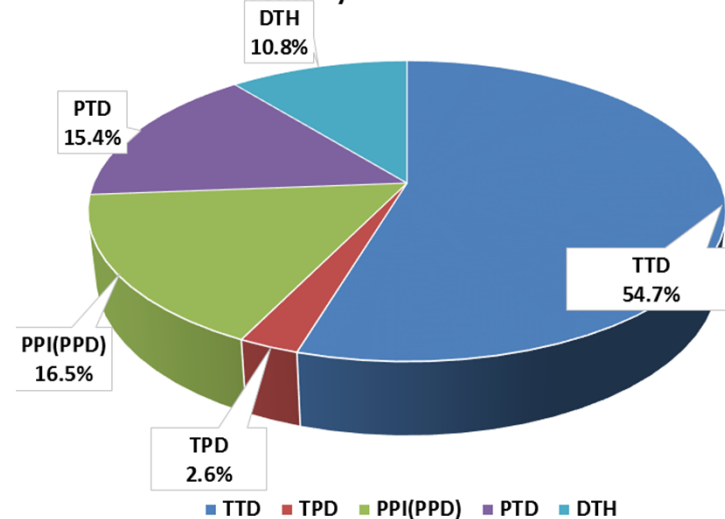
For calendar year 2019, indemnity benefits (TTD, TPD, PPI, PTD & Death Benefits) totaled \$52.4 million, a 3.31% decrease from \$54.2 million in 2018.

- TTD benefits totaled \$28.6 million in 2019, a 3.2% decrease from \$29.6 million in 2018.
- TPD benefits totaled \$1.3 million in 2019, a 39.4% increase from \$976,419 in 2018.
- PPI benefits totaled \$8.6 million in 2019, a 7.8% decrease from \$9.4 million in 2018.
- PTD benefits totaled \$8.0 million in 2019, a 7.9% decrease from \$8.7 million in 2018.
- Death benefits totaled \$5.6 million in 2019, a 3.3% increase from \$5.4 million in 2018.

Indemnity Payments



Indemnity Benefit Distribution





# 2019 ANNUAL REPORT

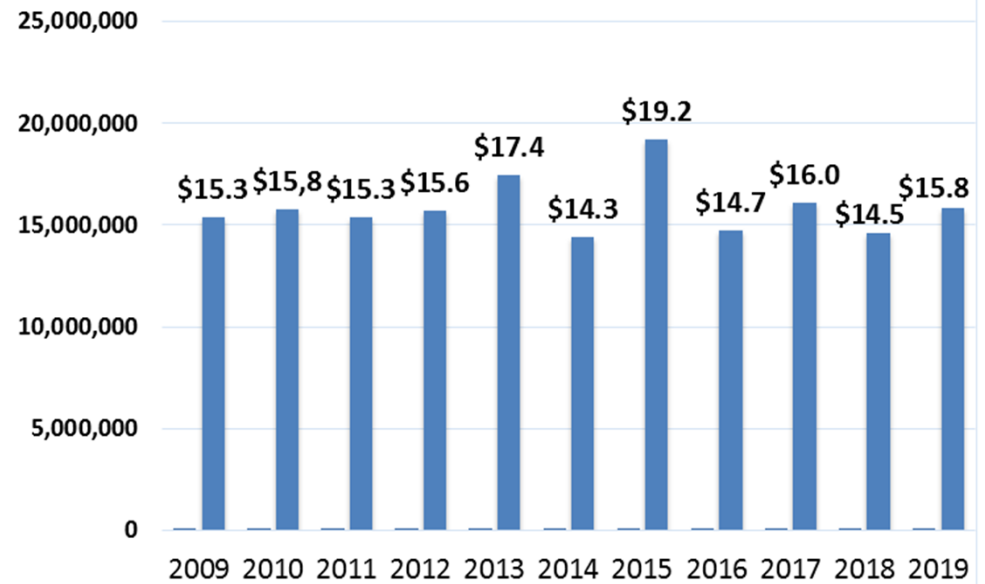
## Legal Costs

For calendar year 2019, legal expenses totaled \$15.8 million, an 8.8% increase from \$14.5 million in 2018.

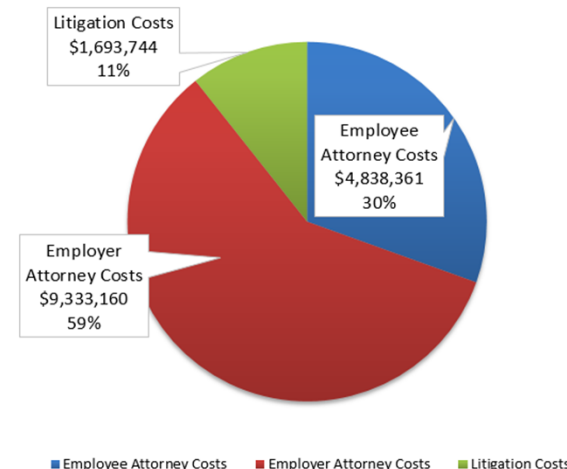
- Employee attorney fees were \$4.83 million in 2019, a 0.27% decrease from \$4.85 million in 2018.
- Employer attorney fees were \$9.3 million in 2019, a 1.86% increase from \$9.1 million in 2018.
- Litigation costs totaled \$1.6 in 2019, a 198.7% increase from \$566,983 in 2018\*.
- Legal costs include:
  - Employee attorney fees
  - Employer attorney fees
  - Litigation costs
- Litigation costs include:
  - Total Expert Witness Fees
  - Total Court Reporter Fees
  - Total Private Investigator Fees

\*Some Legal costs may have been reported in lump sum settlements as a total benefit payment.

Legal Payments



Legal Costs Distribution





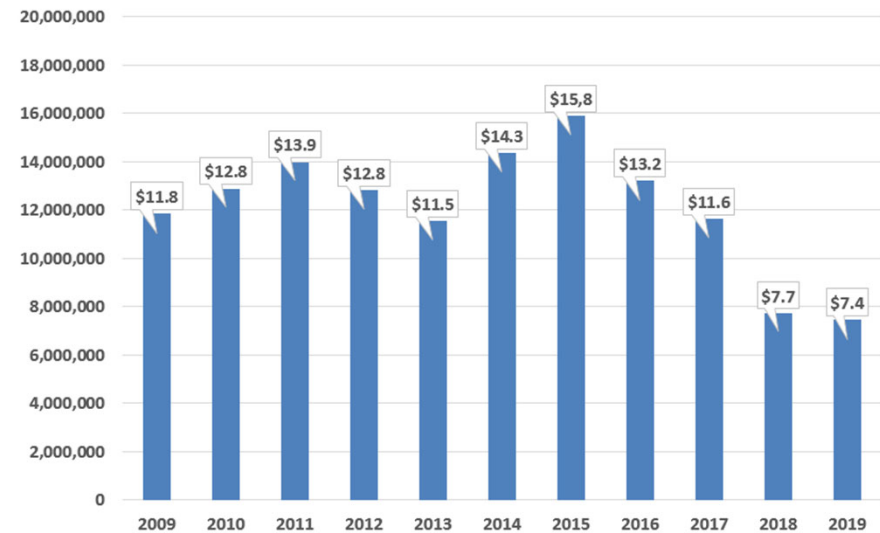
# 2019 ANNUAL REPORT

## Reemployment Benefits

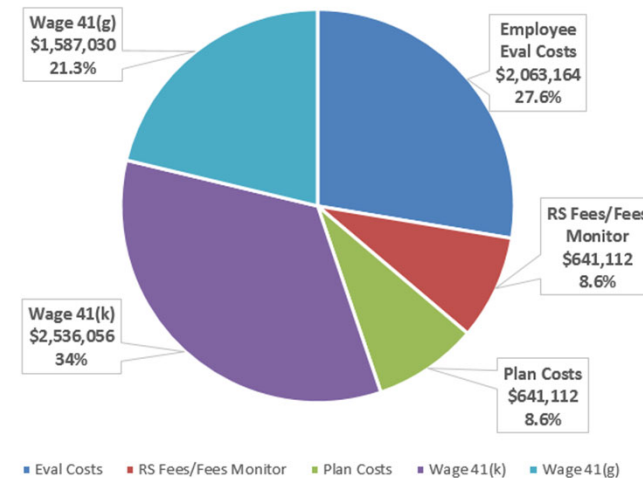
Total reemployment benefit payments totaled \$7.46 million in 2019, a 3.59% decrease from \$7.74 million in 2018.

- Rehabilitation benefit costs under AS 23.30.041(k) totaled \$2.5 million in 2019, a 7.4% increase from \$2.3 million in 2018.
- Rehabilitation benefit costs under AS 23.30.041(g) totaled \$1.5 million in 2019, a 23.1% decrease from \$2.06 million in 2018.
- Employee evaluation costs totaled \$2.06 million in 2019, a 1.45% increase from \$2.03 million in 2018.
- Rehabilitation specialist fees/plan monitoring fees totaled \$641,112 in 2019, a 26.7% increase from \$505,711 in 2018.
- Plan development costs totaled \$640,734 in 2019, a 18% decrease from \$781,518 in 2018.

Reemployment Benefit Payments



Reemployment Costs Distribution

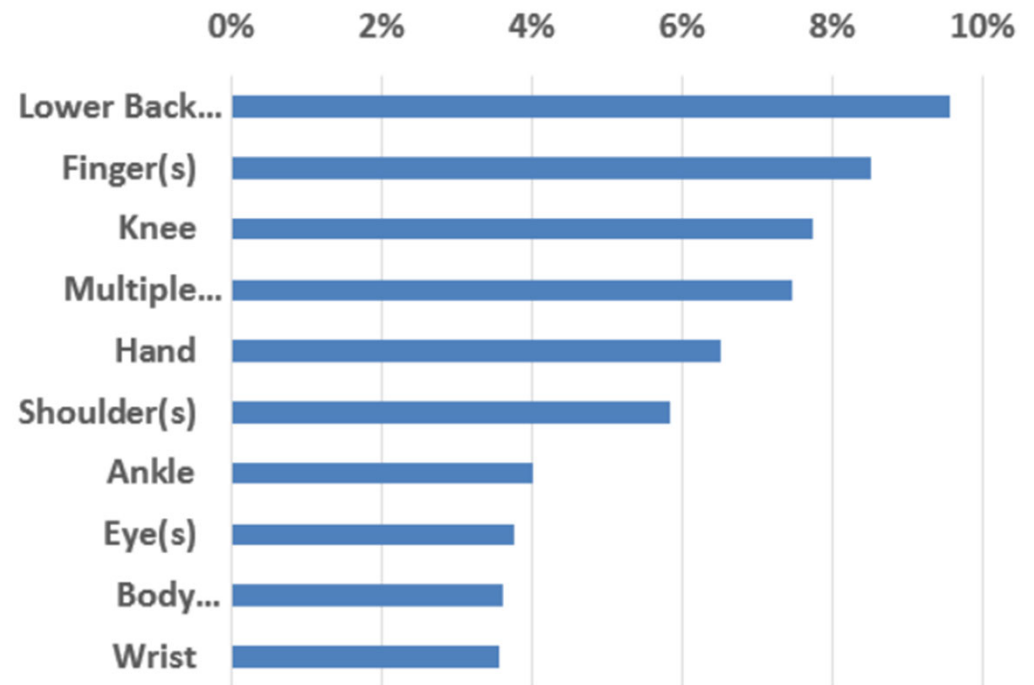




# 2019 ANNUAL REPORT

## Top Ten Injuries by Body Part Injured

	Body Part Injured	Cases	%*
1.	Lower Back	1634	10%
2.	Finger(s)	1452	9%
3.	Knee	1323	8%
4.	Multiple Body Parts	1276	7%
5.	Hand	1110	7%
6.	Shoulder(s)	995	6%
7.	Ankle	687	4%
8.	Eye(s)	643	4%
9.	Body Systems	619	4%
10.	Wrist	607	4%



\*Percentage to total injury cases reported in 2019 of 17,075.



# 2019 ANNUAL REPORT

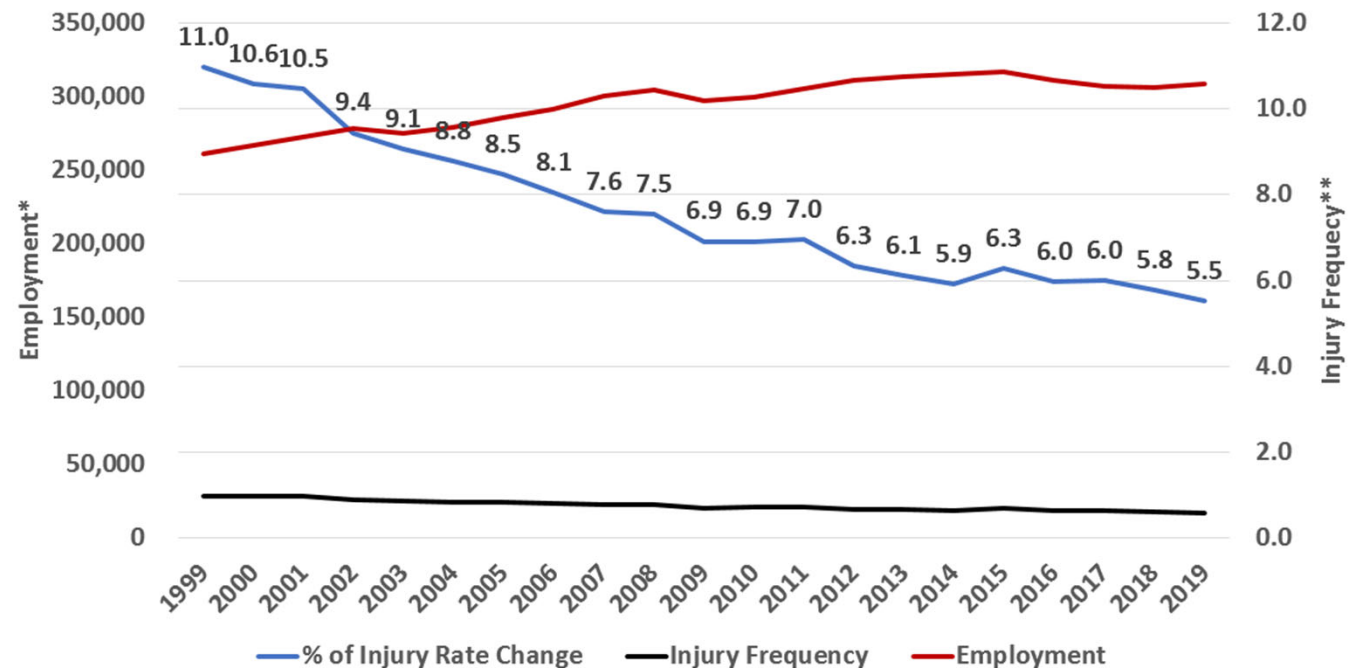
## Alaska Injury Frequency

In 2019, 17,075 injury cases were reported resulting in an Alaska injury frequency rate per 100 employees is 5.5%.  
 In 2018, 17,694 injury cases were reported resulting in an Alaska injury frequency rate per 100 employees is 5.8%.

Based on Department of Labor and Workforce Development, Research and Analysis Section data of estimated statewide average monthly employment, employment totaled 323,636 in 2019, a 0.80% increase from 321,079 in 2018. Excluding 14,840 federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2019 was approximately 308,796, a 0.84% increase from 306,211 in 2018.

Year	Injury Frequency	Employment
2019	17,075	308,796
2018	17,694	306,211
2017	18,396	312,886
2016	18,555	316,979
2015	19,909	323,619
2014	18,686	321,874
2013	19,140	319,893
2012	19,726	317,562
2011	21,213	311,529
2010	20,628	305,852
2009	20,516	303,200

Employment in Alaska ↑      Alaska Injury Frequency ↓



\*Based on Department of Labor and Workforce Development, Research and Analysis Section Data, Average Alaska Monthly Employment.

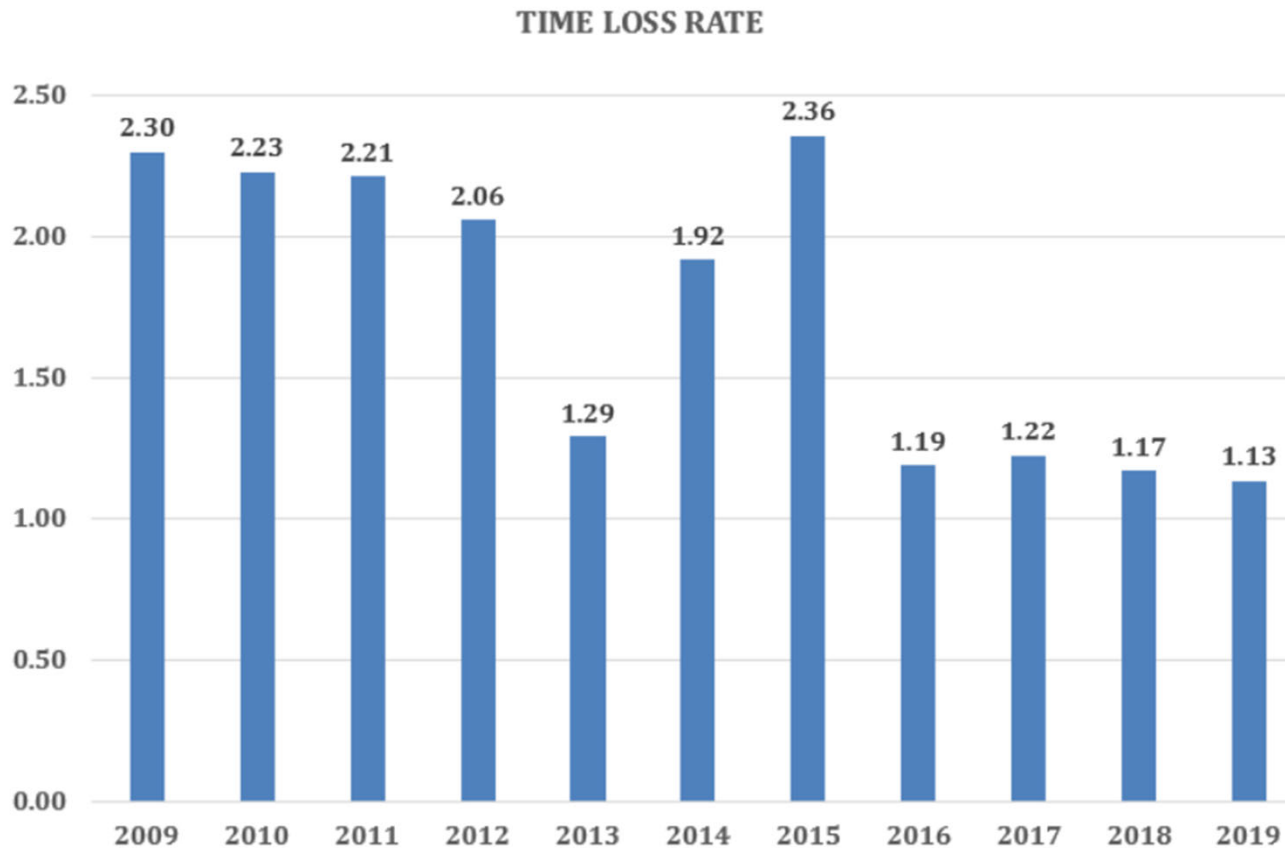
\*\*Alaska injury frequency rate equals annual reported claims divided by Average Alaska Monthly Employment.



# 2019 ANNUAL REPORT

## Time Loss Rate

Using the number of time-loss claims established by the Workers' Compensation Division divided by average monthly employment statewide (less Federal Government), the time loss rate per 100 employees in 2019 was 1.13, a 3.6% decrease from a time loss rate of 1.17 in 2018.



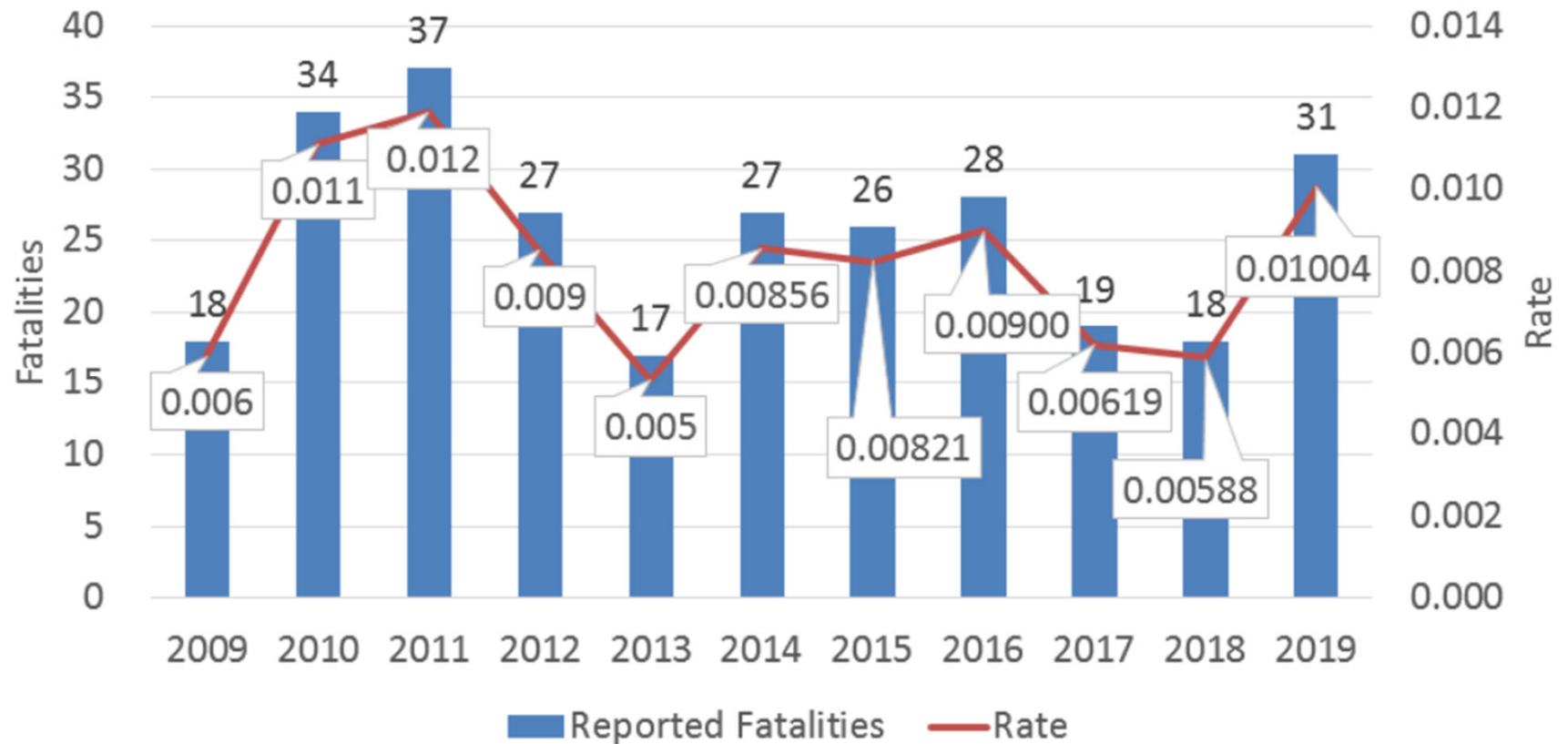
A lost time claim is the compensation (financial, leave, other benefits) that is paid to a worker who remains absent for 3 days or more because of a work-related injury.



# 2019 ANNUAL REPORT

## Fatality Rate

There were 31 fatalities reported in 2019, a 72.2% increase from 18 fatalities reported in 2018. The fatality rate per 100 employees in 2019 was .01004, compared to .00588 in 2018.



Fatality Rate = Fatalities / (average Alaska employment wage less Federal wages) \* 100





# 2019 ANNUAL REPORT

## Direct Written Premiums

Calendar Year	Direct Written Premiums (000s)
2019	\$225,779*
2018	\$240,150
2017	\$251,110
2016	\$268,052
2015	\$281,738

\*Estimate based on The Division of Insurance Calendar Year 2019 reconciliation report for Workers' Compensation Service Fee.

For the period January 1, 2018 through December 31, 2020, the servicing carriers for the Workers' Compensation Assigned Risk Plan are Alaska National Insurance Company, AmGuard Insurance Company, and Travelers Property Casualty Company of America. American Interstate Insurance Company is a direct assignment carrier. A direct assignment carrier is assigned policies in proportion to its voluntary market share while all other insurers share in the profit or loss of the policies assigned to the servicing carriers based upon each insurer's voluntary market share.

For 2018, the 7,163 assigned risk policies made up 39.6% of all workers' compensation policies, compared to 7,511 or 41.8% in 2017. The \$37.1 million in premium was approximately 12.0% of total workers' compensation premium. Of the 7,163 assigned risk policies, 4,700 had premiums of less than \$2,500.



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There were 663 companies admitted in 2018 to write property/casualty coverage in Alaska.

Company Name	% of Market	Direct Premiums Written (000s)
Alaska National	31.20%	74,923
Republic Ind Co of America	4.98%	11,959
Umialik Ins Co	4.35%	10,451
American Interstate	4.19%	10,071
Liberty Northwest Ins. Corp.	3.53%	8,476

Assigned Risk Data Source: Department of Commerce, Community and Economic Development,  
Alaska Division of Insurance, 2019 Annual Report



# 2019 ANNUAL REPORT

## Active Self-Insured Employers

There were 24 active self-insured employers in 2019

Active Alaska Self-Insured Employers	Start Date of Self-Insurance	Active Alaska Self-Insured Employers	Start Date of Self-Insurance
Alaska Air Group, Inc.	5/1/1980	Fred Meyer Stores, Inc.	10/1/1996
Alaska Railroad Corp.	7/1/1996	GCI Holdings, LLC*	12/31/2017
Alyeska Pipeline Service Co.	7/1/1983	Harnish Group Inc.	5/1/2005
Anchorage School District	6/1/2004	Jacobs Engineering Group**	7/1/2018
Arctic Slope Regional Corp.	6/1/2005	Kenai Peninsula Borough & School District	2/16/1992
Bristol Bay Area Health Corporation	2/1/2005	Matanuska-Susitna Borough	8/15/2008
Chevron Corporation	5/12/1999	Matanuska-Susitna School District	7/1/1994
Chugach Electric Assn. Inc.	1/1/2014	Municipality of Anchorage	1/1/2004
City & Borough of Juneau	4/1/2004	Nabors Alaska Drilling, Inc.	1/1/1987
Costco Wholesale Corp.	9/3/1999	Providence Health System – WA	4/1/1995
Fairbanks North Star Borough & School District	7/1/1977	State of Alaska	11/24/2003
Federal Express Corp.	10/10/1990	University of Alaska	2/1/2004

\*GCI Holdings, LLC acquired General Communications, Inc.

\*\* Jacobs Engineering Group Inc. acquired CH2M Hill



# 2019 ANNUAL REPORT

## Workers' Compensation Premium Rate Ranking

2018 Ranking	2016 Ranking	State	Index Rate	Percent of study median	Effective Date	Percent of 2016 study median
1	3	New York	3.08	181%	October 1, 2017	154%
2	1	California	2.87	169%	January 1, 2018	176%
3	2	New Jersey	2.84	167%	January 1, 2018	158%
4	5	Alaska	2.51	148%	January 1, 2018	149%
5	6	Delaware	2.50	147%	December 1, 2017	126%
6	27	Georgia	2.27	134%	March 1, 2017	98%
7	5	Connecticut	2.20	129%	January 1, 2018	149%
8	9	Rhode Island	2.19	129%	August 1, 2017	119%
9	14	Vermont	2.09	123%	April 1, 2017	110%
10	10	Louisiana	2.05	121%	January 1, 2018	115%
11	12	Wisconsin	2.02	119%	October 1, 2017	112%
13	17	Hawaii	2.01	118%	January 1, 2018	107%
13	11	Montana	2.01	118%	July 1, 2017	114%
14	18	South Carolina	1.95	115%	September 1, 2016	105%
16	15	Washington	1.87	110%	January 1, 2018	107%
16	23	Wyoming	1.87	110%	January 1, 2018	101%
17	26	Pennsylvania	1.85	109%	April 1, 2017	100%
19	22	North Carolina	1.84	108%	April 1, 2017	103%
19	14	Maine	1.84	108%	April 1, 2017	110%
21	28	Idaho	1.81	106%	January 1, 2018	97%
21	33	Florida	1.81	106%	January 1, 2018	90%
22	8	Illinois	1.80	106%	January 1, 2018	121%
23	32	South Dakota	1.73	102%	July 1, 2017	91%
24	8	Oklahoma	1.71	101%	January 1, 2018	121%
26	17	New Hampshire	1.70	100%	January 1, 2018	106%
26	32	Nebraska	1.70	100%	February 1, 2017	91%
27	20	Missouri	1.68	99%	January 1, 2018	104%
28	22	Minnesota	1.67	98%	January 1, 2018	104%
29	25	Alabama	1.65	97%	March 1, 2017	100%
30	24	Iowa	1.64	96%	January 1, 2018	101%
31	29	Mississippi	1.54	91%	March 1, 2017	92%
32	30	Tennessee	1.52	89%	March 1, 2017	91%
33	36	Kentucky	1.51	89%	October 1, 2017	82%
34	20	New Mexico	1.50	88%	January 1, 2018	104%
35	35	Colorado	1.43	84%	January 1, 2018	84%
36	40	Ohio	1.40	82%	July 1, 2017	79%
37	34	Michigan	1.38	81%	January 1, 2017	85%
38	44	Massachusetts	1.37	81%	July 1, 2016	70%
39	38	Maryland	1.33	78%	January 1, 2018	82%
40	38	Arizona	1.30	76%	January 1, 2018	82%
41	47	Virginia	1.28	75%	April 1, 2017	67%
42	42	District of Columbia	1.25	74%	November 1, 2017	74%
43	40	Texas	1.21	71%	July 1, 2017	79%
44	43	Nevada	1.18	69%	March 1, 2017	71%
46	41	Kansas	1.15	68%	January 1, 2018	77%
46	45	OREGON	1.15	68%	January 1, 2018	69%
47	46	Utah	1.06	62%	December 1, 2017	69%
48	48	West Virginia	1.01	59%	November 1, 2017	66%
49	49	Arkansas	0.90	53%	July 1, 2017	57%
50	50	Indiana	0.87	51%	January 1, 2018	57%
51	51	North Dakota	0.82	48%	July 1, 2017	48%



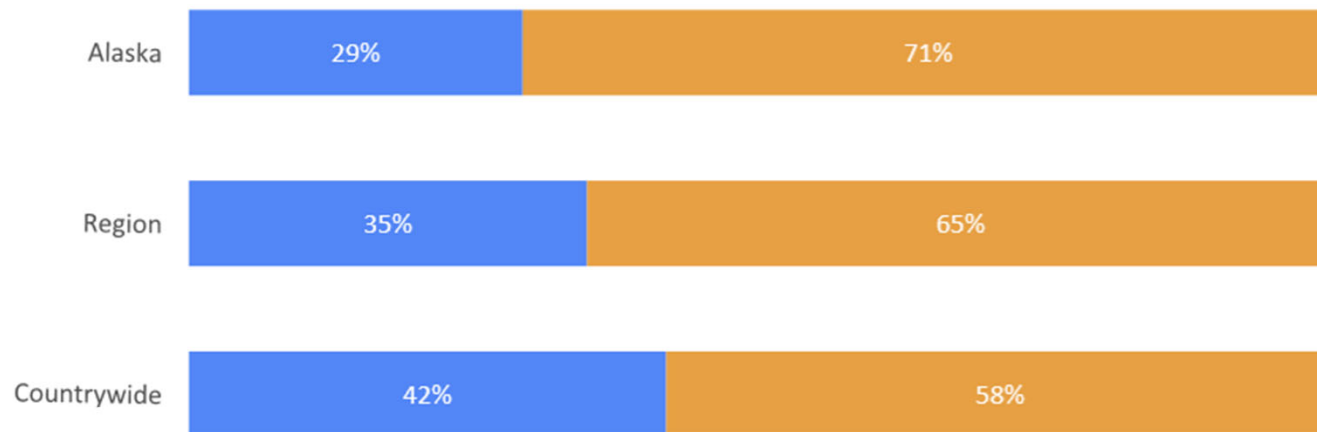
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## NCCI Data

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### Total Benefit Costs in Alaska

Indemnity vs. Medical



Regional states are AZ, MT, NM, and OR  
Based on NCCI's financial data

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85



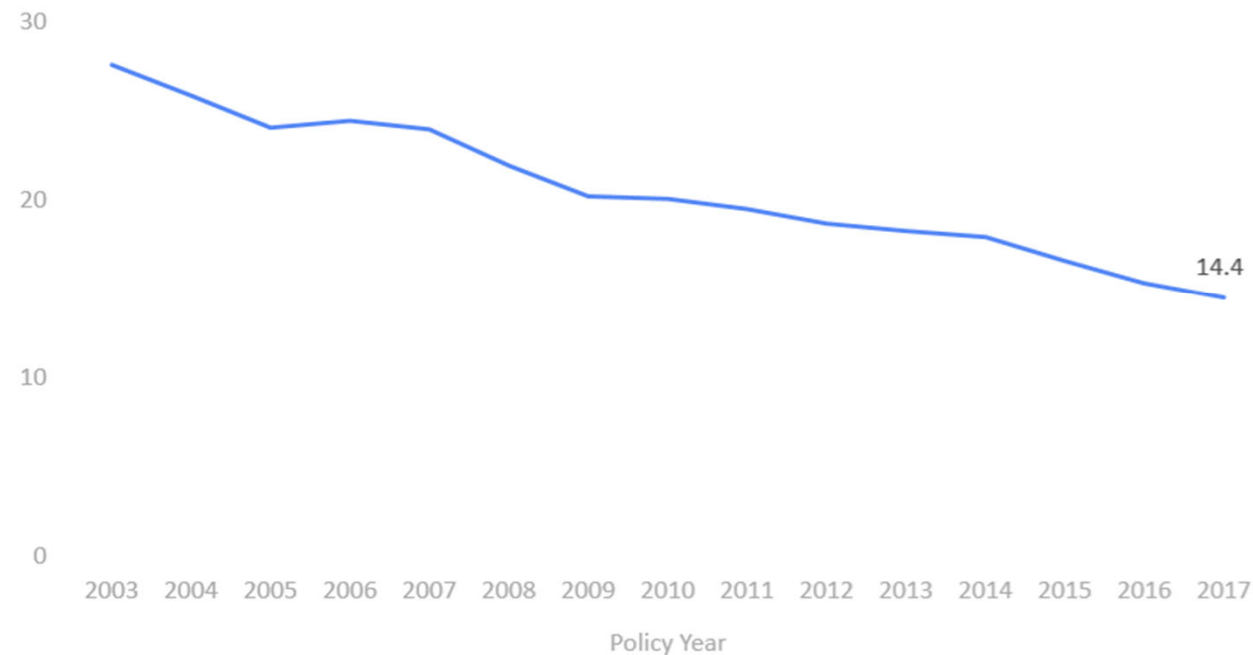


# 2019 ANNUAL REPORT

## NCCI Data

### Alaska Claim Frequency

Lost-Time Claims, per \$ Million of On-Leveled Premium



Based on NCCI's financial data through 12/31/2018, on-leveled and developed to ultimate, premium adjusted to common wage level



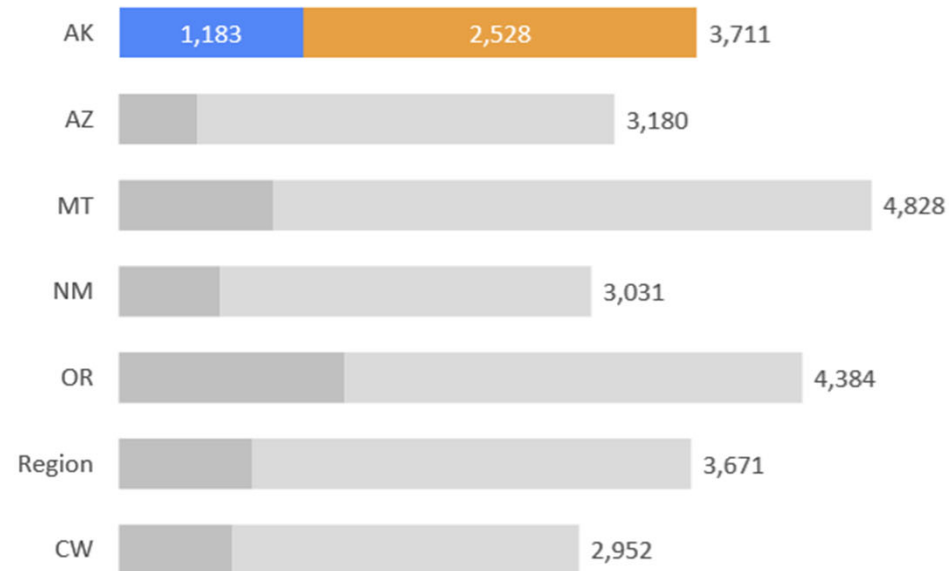


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## NCCI Data

### Alaska Average Claim Frequency

Lost-Time vs. Medical Only, per 100,000 Workers



Based on NCCI's *Statistical Plan* data





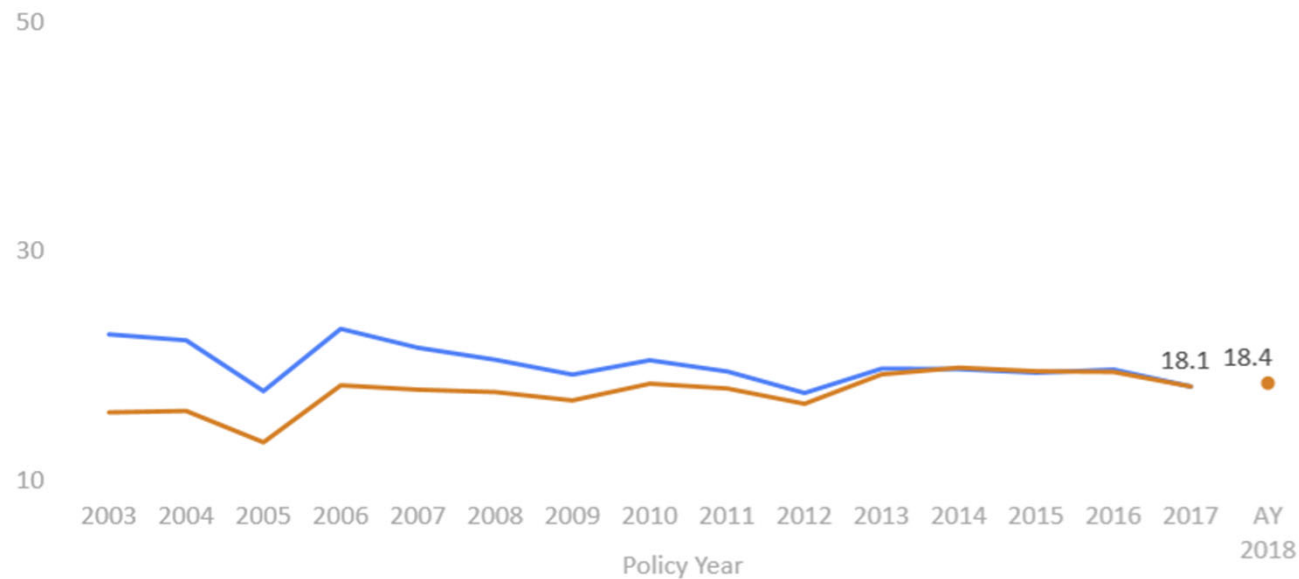


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## NCCI Data

### Alaska Average Indemnity Claim Severity

Adjusted to Common Wage Level vs. Actual, in \$ Thousands



Based on NCCI's financial data through 12/31/2018 for lost-time claims at current benefit level and developed to ultimate





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## Supplemental

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### **LOSS COSTS PROJECTIONS**

On August 20, 2018, the Division of Insurance approved the 2019 Alaska Workers' Compensation Filing for Voluntary Loss Costs and Assigned Risk Rates from the National Council on Compensation Insurance, Inc. (NCCI). Under regulatory order number R18-04, in accordance with AS 21.39.043, the filing proposed an overall 14.8% decrease in voluntary loss costs and an overall 17.5% decrease in assigned risk rates. Regulatory Order R19-04 provides an estimated 13.8% reduction in voluntary loss costs and 10.7% decrease in assigned risk rates.

### **MEDICAL FEE SCHEDULE**

- 2020 schedule added on 12/19/2019