

WORKERS' COMPENSATION 2000 ANNUAL REPORT

A total of \$165.6 million was paid in workers' compensation payments during calendar year 2000. This is an increase of 11% over 1999's total of \$149.2 million, and compares to 1998's total of \$140.5 million, \$144.7 million in 1997, and \$139.6 million in 1996.

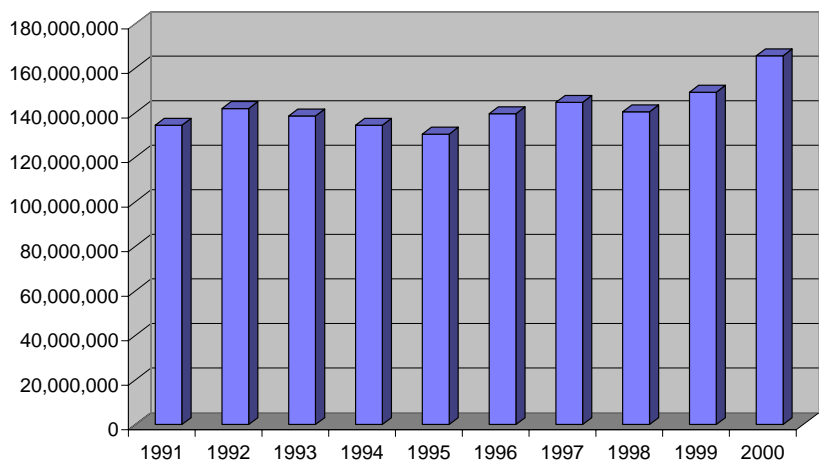
Insurance Companies reported payments of \$134.0 million in 2000, up 14% from \$117.5 million in 1999. This compares to insurance company payments of \$104.2 million in 1998, \$110.6 in 1997, and \$110.1 million in 1996. Self-Insured Employers reported total workers' compensation payments of \$33.6 million in 2000, up 6% from \$31.7 million in 1999. This compares to \$36.3 million in 1998, \$34.1 million in 1997, and \$29.5 million in 1996.

Uninsured totals for 2000 were \$27,448, compared to \$38,293 in 1999, \$183,511 in 1998, \$14,763 in 1997, and \$2,100 in 1996.

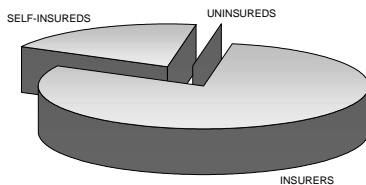
In the past 10 years \$1.42 billion has been paid out in workers' compensation benefits. Of this amount, payments by Insurance Companies totaled \$1.13 billion or 79.8%, while Self-Insured Employers paid \$286.9 million, or 20.2% and Uninsured Employers reported payments of \$325,524, or 0.02%.

In 1991, Insurance Company payments were 84.5% of total compensation benefits paid, and Self-Insured Employers accounted for 15.5%. In 2000, Insurance Company payments had dropped to 79.8% of all payments and Self-Insured Employers were up to 20.2%. Payments reported by Uninsured Employers have risen marginally to .02%.

Total Compensation Payments



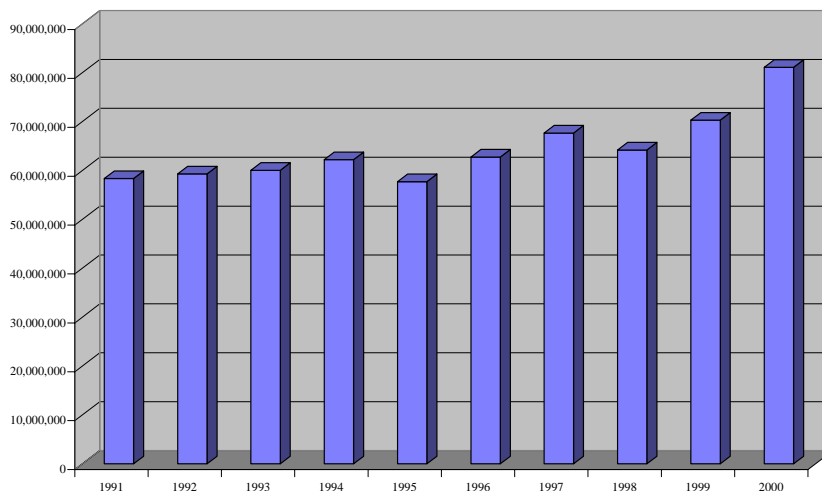
Payments by Source



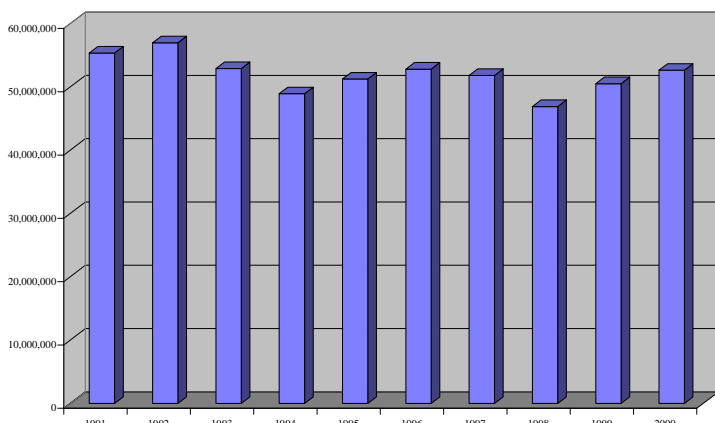
MEDICAL PAYMENTS

In 2000 medical payments totaled \$81.1 million, up 15.4% from \$70.3 million in 1999. This compares to total medical payments of \$64.2 million in 1998, \$67.7 million in 1997, and \$49.8 million in 1996. Insurance Companies increased the amount of medical payments paid by 18.5% in 2000, while Self-Insured Employers increased medical payments by 12.8%. As a percent of total payments, medical payments were 49.0% in 2000, compared to 47.1% in 1999, 45.7% in 1998, 46.7% in 1997, and 44.9% in 1996.

Medical Payments



Indemnity Payments



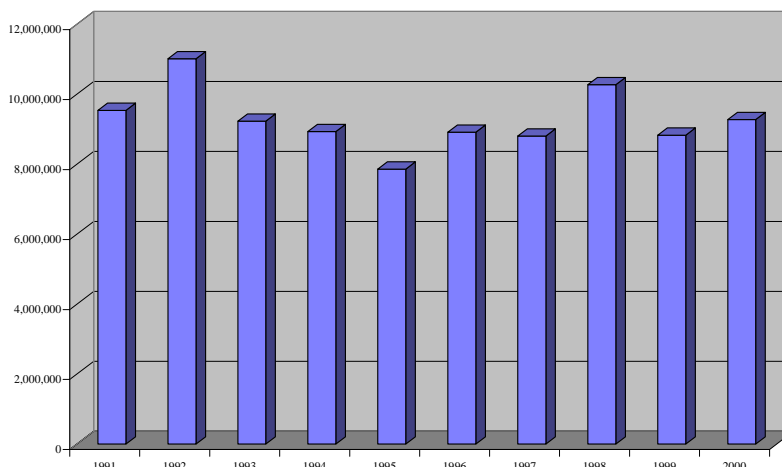
INDEMNITY PAYMENTS

Year 2000 indemnity payments (TTD, TPD, PPI, and PTD) totaled \$52.6 million, up 4.2% from \$50.5 million in 1999. Total indemnity payments were \$46.9 million in 1998, \$51.8 million in 1997, and \$52.8 million in 1996. TTD payments increased 10.9% to \$29.1 million from \$26.2 million in 1999; TPD payments increased 5.6% to \$1.1 million from \$1.0 million in 1999; PPI payments increased .04% to \$17.76 million from \$17.75 million in 1999; and PTD payments declined 14.5% to \$4.7 million from \$5.5 million in 1999.

LEGAL EXPENSES

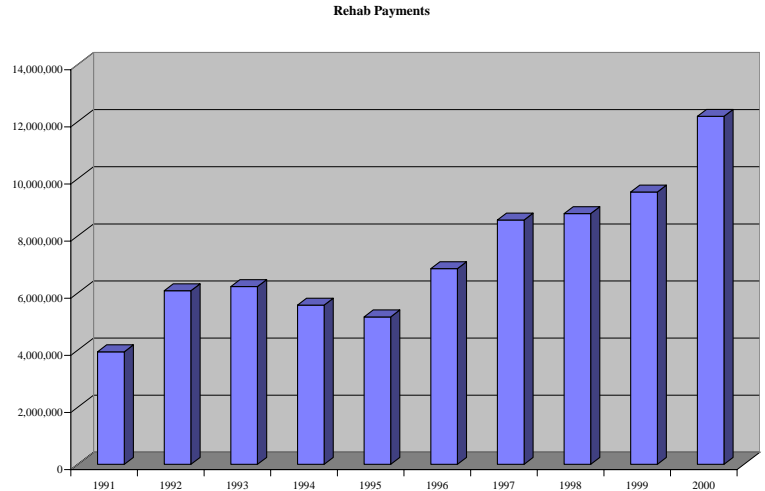
Legal expenses increased to \$9.3 million in 2000, up 5.0% from \$8.8 million in 1999. Employee attorney fees rose 12.2% to \$2.6 million from \$2.3 million in 1999. For the same period, employer attorney fees rose marginally by .46%, to \$5.65 million from \$5.63 million. Litigation costs rose 15.3%, to \$992,594 from \$860,880.

Legal Payments

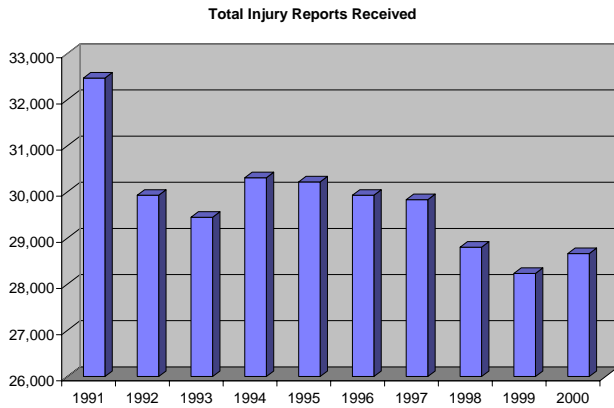


REEMPLOYMENT BENEFITS

Reemployment benefit payments increased 27.7% in 2000, from \$9.5 million to \$12.2 million. Wages paid while under rehabilitation, 041K wages, were the largest rehabilitation expense. 041K wages rose 21.3%, from \$6.4 million in 1999 to \$7.7 million in 2000. Employee evaluation costs rose 108.1%, to \$2.3 million from \$1.1 million. Rehabilitation specialist fees declined 27.2%, to \$550,323 from \$755,453 in 1999. Plan development costs rose 57.5%, to \$1.3 million in 2000 from \$819,070 in 1999. Plan monitoring fees declined 33.85%, from \$492,594 in 1999 to \$325,853 in 2000.

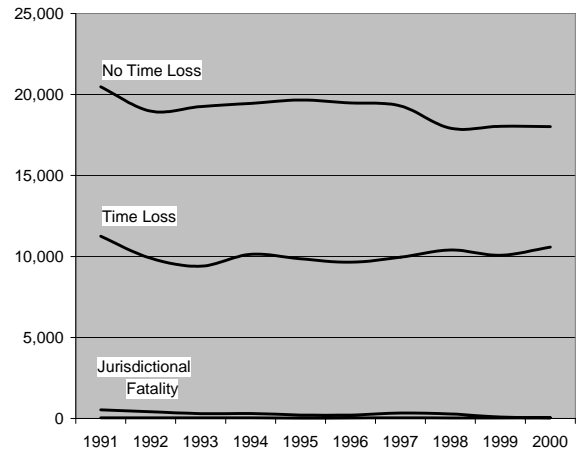


ANALYSIS OF WORKERS' COMP CLAIMS

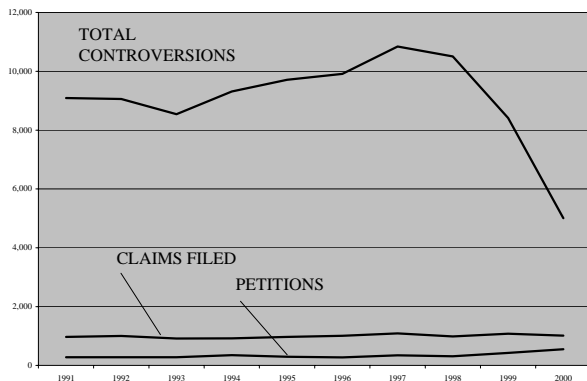


During Calendar Year 2000, the number of injuries and/or illness reported to the Workers' Compensation Division increased 1.52%, to 28,665 from 28,235 cases reported in 1999. This compares to 28,804 cases in 1998, 29,833 in 1997, and 29,930 claims in 1996.

Of the claims reported to the Division in 2000, 18,012 were non time loss cases, 10,582 were time loss cases, 37 were fatalities, and 36 were jurisdictional claims.

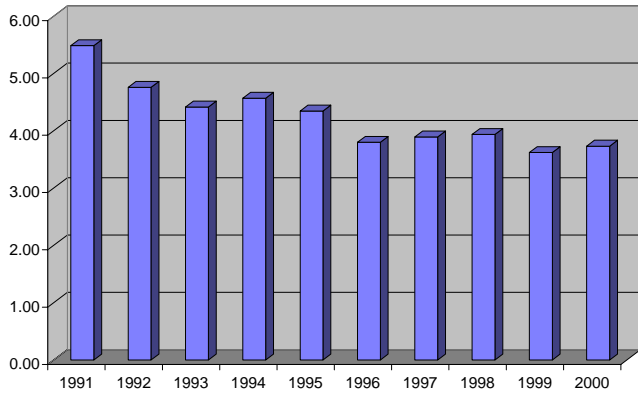


CLAIMS & PETITIONS



For the year, the number of claims filed decreased 5.9%, from 1,078 in 1999 to 1,014 in 2000. The number of petitions file increased 23.3%, from 425 to 554, and the total number of controversions filed decreased 40.5%, from 8,413 to 5,005.

TIME LOSS RATE



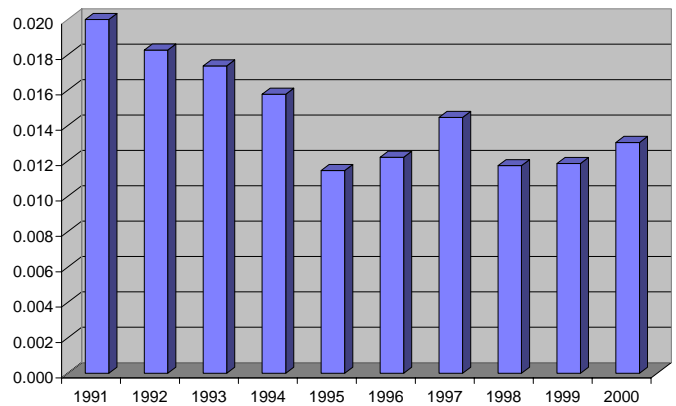
Based on Department of Labor, Research and Analysis Section, total average employment in 2000 was estimated at 300,668, up 1999 was estimated at 295,137, up 1.9% from 295,137 employees in 1999. Excluding 17,100 federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2000 would be approximately 283,568.

Using the number of time-loss claims established by the Workers' Compensation Division in 2000,

the time loss rate per 100 employees in 2000 was 3.73. This compares to a time-loss rate of 3.62 in 1999, 3.94 in 1998, 3.89 in 1997, and 3.80 in 1996.

Using the number of fatalities established by the Workers' Compensation Division in 2000, the fatality rate per 100 employees in 2000 was .01, unchanged over the past 5 years.

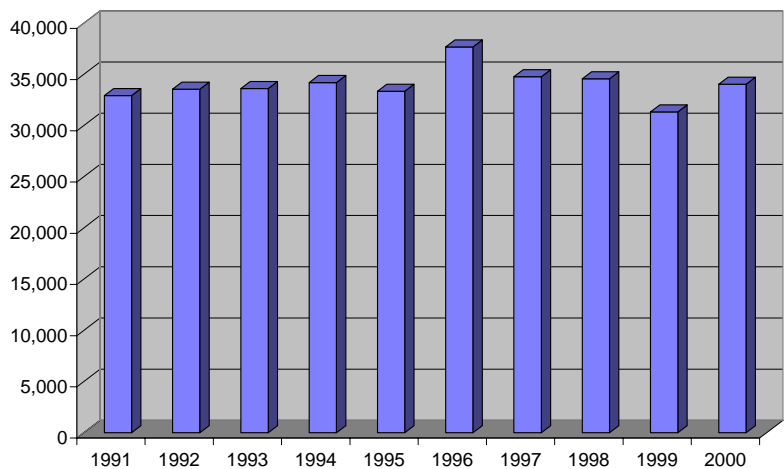
FATALITY RATE



ANALYSIS OF CLAIMS REPORTED ON ANNUAL REPORTS

Annual Reports filed by insurance companies and self insured employers list a total of 34,044 case files receiving benefits in calendar year 2000, up 8.6% from 31,335 case files in 1999. This compares to 34,556 case files in 1998, 34,771 claims in 1997, and 37,676 in 1996. Of those case files receiving compensation, 18,286 were time loss cases, 15,595 were non time loss cases, 153 cases involved fatalities, and 10 cases involved jurisdictional claims.

Total Compensated Claims



OTHER

The top twenty insurers paid \$125.5 million or 75.79% of total workers' compensation payments made in 2000. This compares to or \$114.8 million or 76.9% in 1999, \$104.8 million or 74.6% in 1998, \$114.5 million, or 79.12% in 1997, and \$111.8 million or 80.12% in 1996. The top five private insurers by benefits paid in 2000 were Fremont Indemnity (formerly Industrial Indemnity) at \$30.1 million, up 23.48% from \$24.4 million in 1999; Alaska National at \$25.4 million, up 8.7% from \$23.4 million in 1999; Employers Insurance of Wausau, at \$11.7 million, up 11.0% from \$10.6 million in 1999; State of Alaska at \$9.1 million, up 12.1% from \$8.1 million in 1999; and Insurance Co of the State PA (AIG) at \$6.4 million, up 109.6% from \$3.0 million in 1999.

For calendar year 2000, the Division of Insurance reported 537 companies licensed to write workers' compensation insurance in Alaska, with total net premiums written totaling \$132.3 million. During the period, two insurance companies were found to be insolvent; Credit General Insurance Co, domiciled out of Ohio, and Superior National Insurance Co., domiciled out of California. In addition, two other insurers with large Alaskan exposure have been placed under state regulatory control; Fremont Compensation Insurance Co, domiciled out of California, and Reliance Insurance Company, domiciled out of Pennsylvania.