A total of $226.3 million was paid in workers' compensation benefits during calendar year 2005. This is a decrease of 2.60% from 2004’s total of $232.5 million.

Of this amount, $173.4 million, 76.6%, was paid by market-insured employers, $52.9 million, 23.4%, was paid by self-insured employers, and $15,939, .01%, was paid by uninsured employers. This compares to $175.8 million, 75.6%, paid by market-insured employers, $56.7 million, 24.4%, paid by self-insured employers, and $37,729 paid by uninsured employers in 2004.

**MEDICAL BENEFITS**

In 2005, medical benefits totaled $120.7 million, up .6% from $120.0 million in 2004. Medical benefits were 53.4% of total benefits paid in 2005, compared to 51.6% of total benefits paid in 2004.
INDEMNITY BENEFITS

Year 2005 indemnity benefits (TTD, TPD, PPI, and PTD) totaled $65.1 million, down 5.7% from $69.0 million in 2004. TTD benefits decreased 5.5%, from $37.0 million to $34.9 million; TPD benefits decreased 8.1%, from $1.4 million to $1.3 million; PPI benefits decreased 7.20%, from $24.8 million to $23.0 million; and PTD benefits increased .4% from $5.80 million to $5.82 million.

LEGAL EXPENSES

Legal expenses increased 5.9%, to $13.6 million in 2005 from $12.9 million in 2004. Employee attorney fees increased 18.7%, from $2.7 million to $3.2 million; employer attorney fees rose 4.8%, from $8.7 million to $9.1 million; and litigation costs decreased 11.4%, from $1.5 million to $1.3 million.

REEMPLOYMENT BENEFITS

Reemployment benefit payments decreased 8.2% in 2005, to $14.7 million from $16.0 million in 2004. Compensation paid while under rehabilitation, 041K benefits, were the largest rehabilitation expense. 041K benefits decreased 1.0%, from $9.9 million in 2005 to $9.8 million in 2004. Employee evaluation costs decreased 10.2%, from $1.1 million to $1.0 million. Rehabilitation specialist fees decreased 19.4%, from $915,996 to $738,482. Plan development costs decreased 18.0%, from $2.7 million to $2.3 million. Plan monitoring fees decreased 32.0%, from $1.3 million to $886,199.
ANALYSIS OF WORKERS’ COMP CLAIMS

During calendar year 2005, the number of reports of injury and occupational illness submitted to the Workers’ Compensation Division declined 1.0%, to 23,716 in 2005 from 23,939 in 2004.

Of the case files set up by the Division in 2005, 15,873 cases, 66.9%, were no-time-loss cases; 7,771 cases, 32.8%, were time-loss cases; 15 cases, .06%, were fatalities, and 57 cases, .24%, were jurisdictional claims.

For the year, the number of claims filed decreased 11.3%, from 1,510 in 2004 to 1,340 in 2005. The number of petitions filed increased 20.0%, from 849 to 1,019. The total number of controversion notices filed decreased 8.5%, from 5,752 to 5,264, and the total number of cases in which controversion notices were filed decreased 5.3%, from 4,273 cases to 4,048 cases.
The top 10 injuries by body part injured are

1. back injuries (14.9%)
2. finger injuries (12.3%)
3. multiple part injuries(11.1%)
4. leg injuries (9.8%)
5. hand injuries (5.9%)
6. arm injuries (5.4%)
7. eye injuries (5.4%)
8. shoulder injuries (4.8%)
9. body system (4.2%)
10. ankle injuries (3.6%)

Based on Department of Labor & Workforce Development, Research and Analysis Section data, total average employment in 2005 was estimated at 309,900 up 1.9% from 304,000 in 2004. Excluding 17,000 federal employees, the number of workers covered under the Alaska Workers’ Compensation Act in 2005 would be approximately 292,900.

Using the number of time-loss claims
established by the Workers' Compensation Division, the time loss rate per 100 employees in 2005 was 2.67, compared to a loss rate of 2.76 in 2004.

Using the number of fatalities established by the Workers’ Compensation Division, the fatality rate per 100 employees in 2005 was .005, compared to .009 in 2004.

OTHER

The top twenty insurers/self-insured employers paid $167.5 million, or 74.0% of total workers’ compensation benefits paid in 2005. This compares to $166.5 million or 71.6% in 2004.

The top five insurers/self-insured employers by benefits paid in 2005 were Alaska National Insurance Co. at $45.3 million, down 6.0% from $48.1 million in 2004; State of Alaska at $17.0 million, down 4.9% from $17.9 million in 2004; Commerce & Industry Ins. Co. at $14.8 million, up 52.0% from $9.7 million in 2004; Liberty Northwest Insurance Co. at $14.1 million, up 19.4% from $11.8 million in 2004; and Zurich American Insurance Co. at $8.5 million, up 15.2% from $7.3 million in 2004.

For the most recent statistical year, fiscal year 2005, the Division of Insurance reported 182 insurance companies authorized to write workers’ compensation insurance in Alaska, with direct premiums written totaling $300.5 million. This compares to 196 admitted insurers writing $240.9 million in direct premiums in fiscal year 2004. Of direct premiums written in fiscal year 2005, three companies wrote 75% of the policies. Alaska National Insurance Co. had 37.4% of the market share, Liberty Mutual Insurance Group had 19.2% of the market, and American International Group (AIG) had 17.8% of the market share.

In calendar year 2005, voluntary market and involuntary market (assigned risk pool) workers’ compensation premium rates increased an average of 12.0%. During calendar year 2005, there were no new notices of rehabilitation or liquidation received.