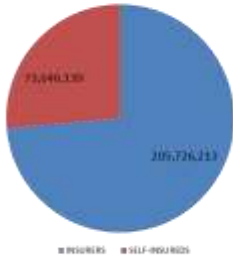


ALASKA DIVISION OF WORKERS' COMPENSATION 2013 ANNUAL REPORT

A total of \$279.4 million was paid in workers' compensation benefits during calendar year 2013. This is an increase of 1.2% from \$276.1 million in 2012.

Of this amount, \$205.7 million, 73.6%, was paid by market-insured employers, and \$73.6 million, 26.4%, was paid by self-insured employers. This compares to \$197.6 million, 71.6%, paid by market-insured employers, and \$78.4 million, 28.4%, paid by self-insured employers in 2012.



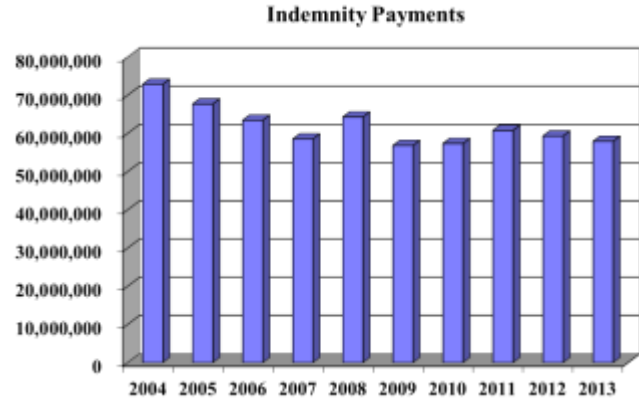
MEDICAL BENEFITS

In 2013, medical benefits totaled \$179.7 million, up 2.1% from \$176.0 million in 2012. Medical benefits were 64.3% of total benefits paid and 75.6% of loss costs in 2013, compared to 63.7% of total benefits paid and 74.8% of loss costs in 2012.

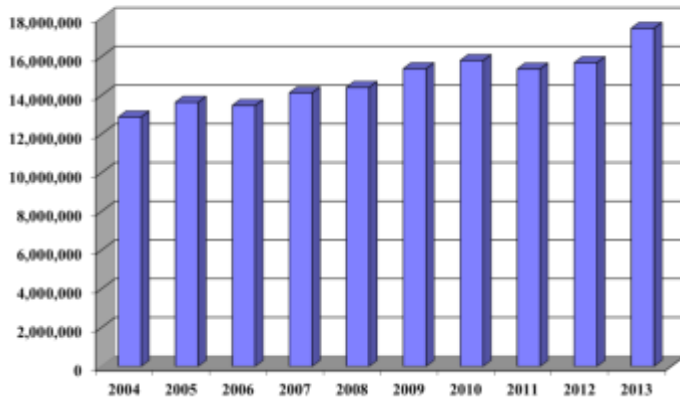


INDEMNITY BENEFITS

For calendar year 2013 indemnity benefits (TTD, TPD, PPI, PTD & Death Benefits) totaled \$57.9 million, down 2.4% from \$59.3 million in 2012. TTD benefits decreased 2.7%, from \$32.4 million to \$31.5 million; TPD benefits decreased 29.6%, from \$1.3 million to \$916,575; PPI benefits decreased 13.2%, from \$13.9 million to \$12.1 million; PTD benefits increased 17.9% from \$7.3 million to \$8.6 million; and death benefits increased 8.3%, from \$4.4 million to \$4.8 million.



Legal Payments



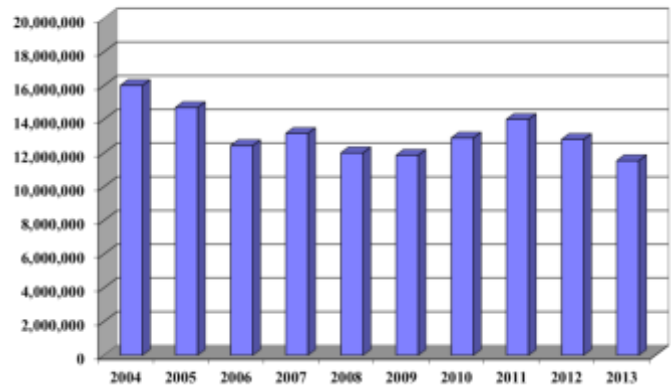
LEGAL EXPENSES

Legal expenses increased 11.3%, to \$17.5 million in 2013 from \$15.7 million in 2012. Employee attorney fees increased 40.3%, from \$4.1 million to \$5.8 million; employer attorney fees increased .3%, from \$10.26 million to \$10.29 million; and litigation costs increased 5.9%, from \$1.3 million to \$1.4 million.

REEMPLOYMENT BENEFITS

Reemployment benefit payments decreased 9.9% in 2013, to \$11.5 million from \$12.8 million in 2012. Compensation paid while under rehabilitation, 041(k) benefits, decreased 16.5%, from \$6.8 million to \$5.7 million; employee evaluation costs decreased 7.3%, from \$2.2 million to \$2.1 million; rehabilitation specialist fees decreased 24.6%, from \$383,819 to \$289,251; plan development costs increased 2.4%, from \$1.43 million to \$1.47 million; plan monitoring fees decreased 2.7%, from \$563,331 to \$547,891; and job dislocation benefits increased 7.2%, from \$1.4 million to \$1.5 million.

Rehab Payments

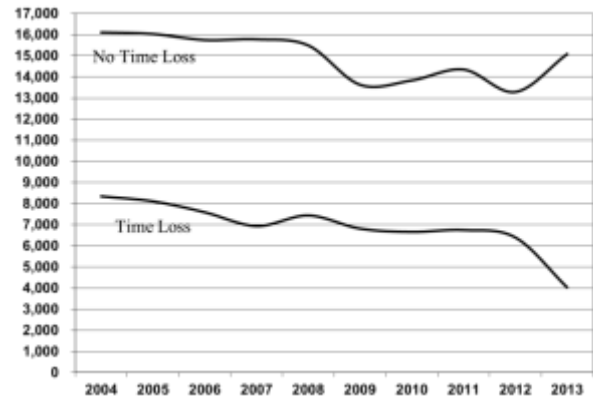


ANALYSIS OF WORKERS' COMP CLAIMS

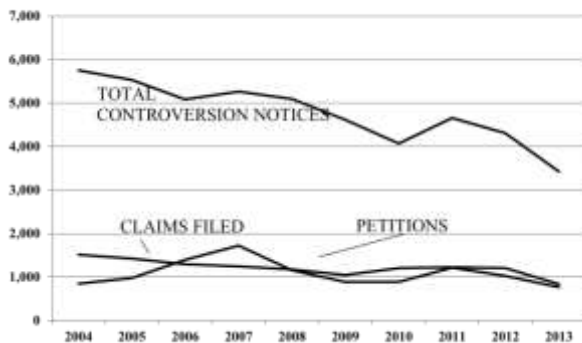


In 2013, the number of reports of injury and occupational illness submitted to the Workers' Compensation Division decreased 3.0%, from 19,726 in 2012 to 19,140 in 2013.

Of the case files set up by the Division in 2013, 15,084 cases, 78.8%, were no-time-loss cases; 4,036 cases, 21.1%, were time-loss cases; 17 cases, .09%, were fatalities, and 3 cases, .02%, were jurisdictional claims.



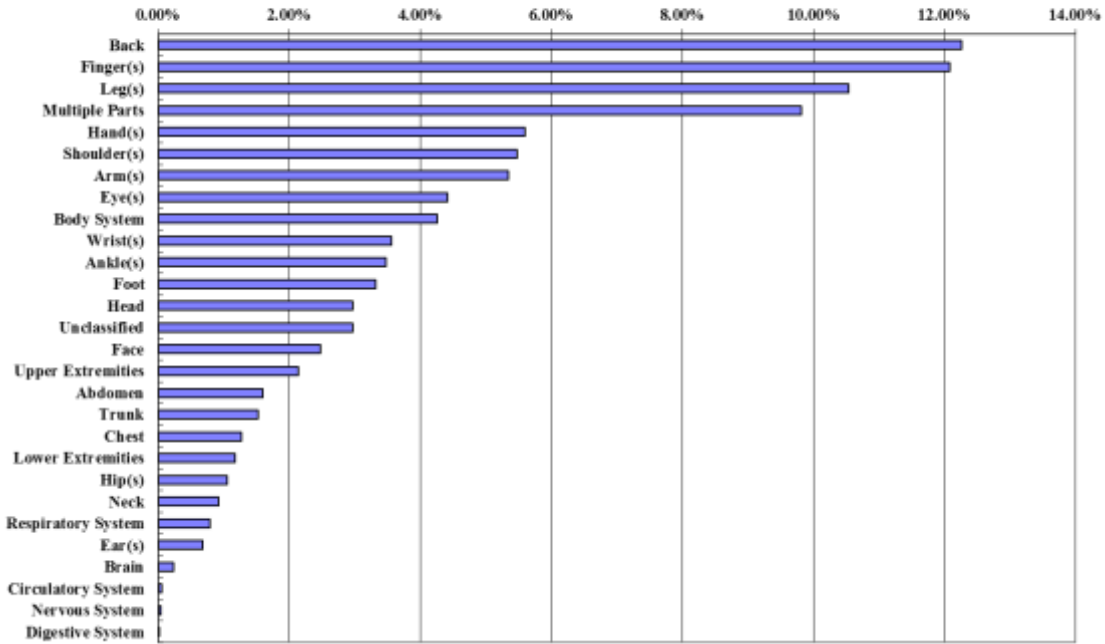
CLAIMS & PETITIONS



In 2013, the number of claims filed decreased 30.2%, from 1,208 in 2012 to 843 in 2013. The number of petitions filed decreased 25.0%, from 1,026 to 770. The total number of controversion notices filed decreased 20.7%, from 4,313 to 3,422, and the total number of cases controverted in 2013 decreased 15.1%, from 3,292 cases to 2,795 cases.

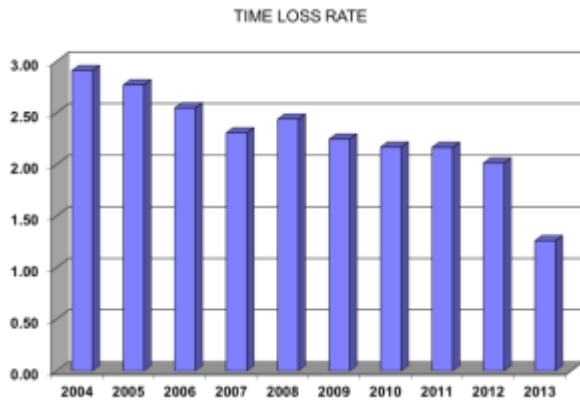
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Body Part Injured



Top 10 Injuries by Body Part Injured

1. back injuries (12.3%)
2. finger injuries (12.1%)
3. leg injuries (10.5%)
4. multiple body part injuries (9.8%)
5. hand injuries (5.6%)
6. shoulder injuries (5.5%)
7. arm injuries (5.3%)
8. eye injuries (4.4%)
9. body system injuries (4.2%)
10. wrist injuries (3.6%)



Based on Department of Labor & Workforce Development, Research and Analysis Section data, total average employment in 2013 was estimated at 335,800 up .5% from 334,100 in 2012. Excluding federal employees, the number of workers covered under the Alaska Workers' Compensation Act in 2013 was approximately 320,300.

Using the number of time-loss claims established by the Workers' Compensation Division, the time loss rate per 100 employees in 2013 was 1.26, down 37.3% from a time loss rate of 2.01 in 2012.

2013 ANNUAL REPORT



There were 17 fatalities reported in 2013, down 37.0% from 27 in 2012. Using the number of fatalities established by the Workers' Compensation Division, the fatality rate per 100 employees in 2013 was .005, down 37.5% from a fatality rate of .008 in 2012.

OTHER

The top twenty insurers/self-insured employers paid \$192.4 million, or 68.9% of total workers' compensation benefits paid in 2013. This compares to \$189.7 million or 68.7% in 2012.

The top five insurers/self-insured employers by benefits paid in 2013 were Alaska National Insurance Co. at \$38.8 million, State of Alaska at \$28.6 million, Liberty Northwest Insurance Co. at \$17.0 million, Ace American Insurance Company at \$10.5 million, and Commerce & Industry Ins. Co. at \$9.9 million.

For the most recent statistical year available, calendar year 2012, the Division of Insurance reported 198 insurance companies authorized to write workers' compensation insurance in Alaska, with direct premiums written totaling \$298.9 million. This compares to 195 admitted insurers writing \$247.5 million in direct premiums in calendar year 2011. Of direct premiums written in 2012, the top five companies wrote 55.6% of the policies. Alaska National Insurance Co. had 31.6% of the market share, Liberty Northwest Insurance Co had 10.5%, Commerce & Industry Insurance Co. had 4.8%, Republic Indemnity Co of America had 4.4%, and Seabright Insurance Company had 4.2%.

In calendar year 2013, workers' compensation premium rates decreased 3.6%, compared to a premium increase of 2.5% in 2012. Despite premium rate reductions in eight of the past nine years, Alaska continues to have one of the highest premium rates in the country. The State of Oregon 2012 premium analysis survey ranks Alaska as the state with the highest workers' compensation premium rate.

During calendar year 2013, American Manufacturers Mutual Insurance Company, American Motorists Insurance Company, American Protection Insurance Company, Eagle Pacific Insurance Company, Lumbermens Mutual Casualty Company, and Ullico Casualty Company were placed in liquidation.

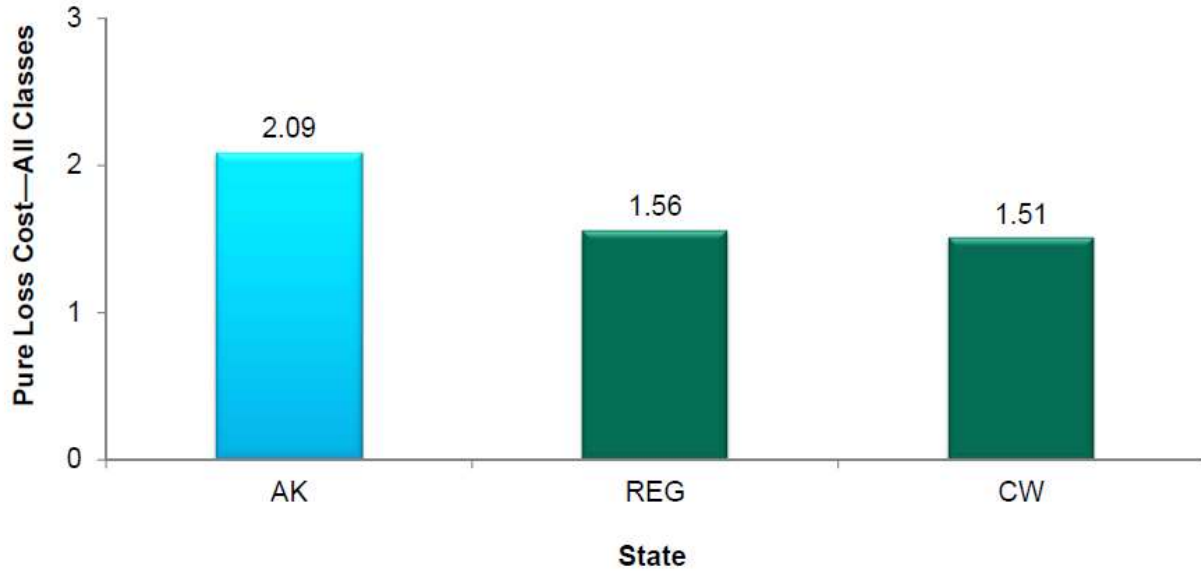
2013 ANNUAL REPORT

Table 2. Workers' compensation premium rate ranking

2012 Ranking	2010 Ranking	State	Index Rate	Percent of study median	Effective Date
1	2	Alaska	3.01	160%	January 1, 2012
2	6	Connecticut	2.99	159%	January 1, 2012
3	5	California	2.92	155%	January 1, 2012
4	3	Illinois	2.83	151%	January 1, 2012
5	13	New York	2.82	150%	October 1, 2011
6	4	Oklahoma	2.77	147%	11/1/11 State Fund, 1/1/12 Private
7	7	New Jersey	2.74	146%	January 1, 2012
8	1	Montana	2.50	133%	July 1, 2011
9	10	New Hampshire	2.40	128%	January 1, 2012
10	8	Maine	2.24	119%	January 1, 2012
12	14	Pennsylvania	2.15	114%	April 1, 2011
12	19	Wisconsin	2.15	114%	October 1, 2011
13	26	Washington	2.11	112%	January 1, 2012
14	18	Vermont	2.07	110%	April 1, 2011
15	25	Louisiana	2.06	110%	October 1, 2011
16	12	South Carolina	2.04	109%	July 1, 2011
17	16	Minnesota	2.03	108%	January 1, 2012
19	20	Tennessee	2.02	107%	November 1, 2011
19	29	Idaho	2.02	107%	January 1, 2012
20	28	Rhode Island	1.99	106%	June 1, 2011
21	10	Alabama	1.97	105%	March 1, 2011
22	15	Kentucky	1.96	104%	October 1, 2011
23	28	South Dakota	1.91	102%	July 1, 2011
25	36	Iowa	1.90	101%	January 1, 2012
25	23	North Carolina	1.90	101%	April 1, 2011
27	24	Georgia	1.88	100%	March 1, 2011
27	32	New Mexico	1.88	100%	January 1, 2012
28	17	Ohio	1.84	98%	July 1, 2011
29	40	Florida	1.82	97%	January 1, 2012
30	34	Delaware	1.77	94%	December 1, 2011
31	37	Wyoming	1.74	92%	January 1, 2012
32	23	Michigan	1.73	92%	January 1, 2012
33	30	Nebraska	1.71	91%	February 1, 2011
34	42	Maryland	1.68	89%	January 1, 2012
35	40	Hawaii	1.66	88%	January 1, 2012
36	33	Missouri	1.62	86%	January 1, 2012
37	38	Arizona	1.61	86%	January 1, 2012
38	12	Texas	1.60	85%	June 1, 2011
39	41	OREGON	1.58	84%	January 1, 2012
40	35	West Virginia	1.55	82%	November 1, 2011
41	43	Kansas	1.54	82%	January 1, 2012
42	31	Mississippi	1.49	79%	March 1, 2012
43	47	Colorado	1.42	76%	January 1, 2012
44	44	Massachusetts	1.37	73%	September 1, 2011
45	45	Utah	1.35	72%	December 1, 2011
46	21	Nevada	1.33	71%	March 2, 2011
47	48	District of Columbia	1.28	68%	November 1, 2011
48	47	Virginia	1.20	64%	April 1, 2011
49	49	Arkansas	1.19	63%	July 1, 2011
50	50	Indiana	1.16	62%	January 1, 2012
51	51	North Dakota	1.01	53%	July 1, 2011

2012 Oregon Workers' Compensation Premium Ranking Summary
 Courtesy Oregon Department of Consumer & Business Services

Current Average Voluntary Pure Loss Costs Using Alaska's Payroll Distribution

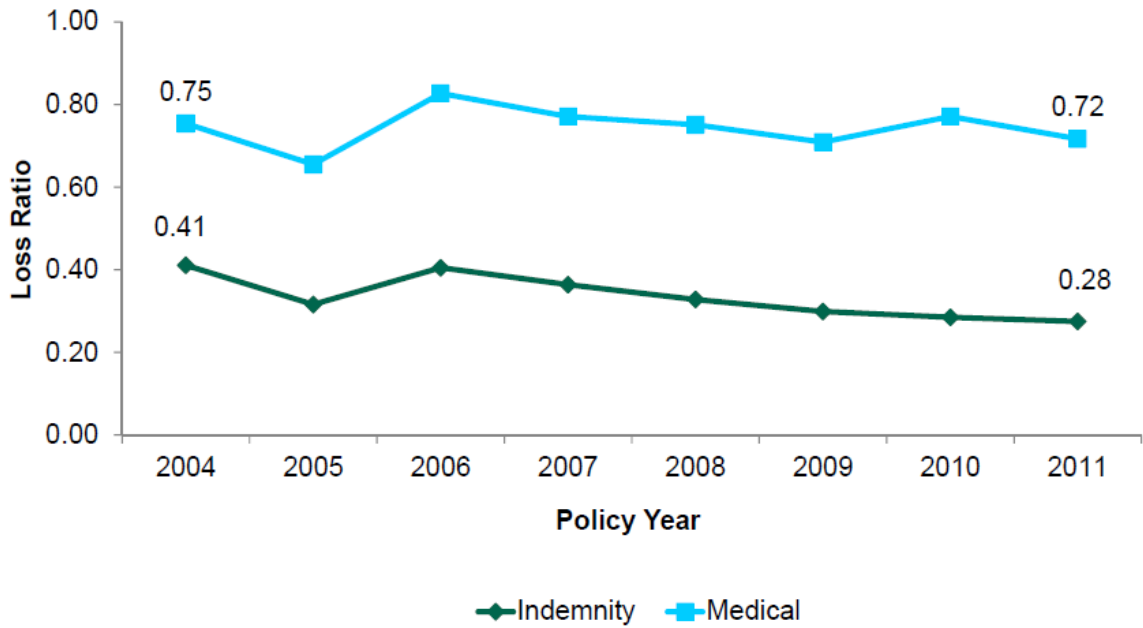


Regional states are AZ, MT, NM, and OR
Based on the latest NCCI approved rates and loss costs in the various states



Courtesy 2013 Alaska State Advisory Forum, National Council on Compensation Insurance

Alaska's Indemnity and Medical Loss Ratios

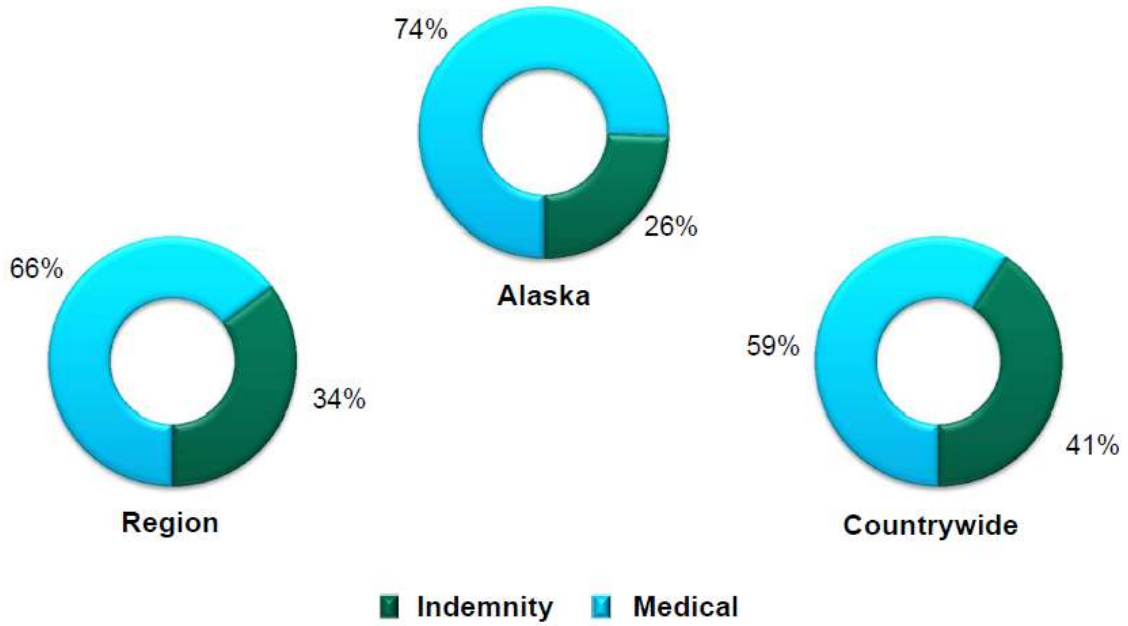


Based on NCCI's financial data at current benefit level and developed to ultimate



Courtesy 2013 Alaska State Advisory Forum, National Council on Compensation Insurance

Medical Benefits Constitute the Majority of Total Benefit Costs in Alaska

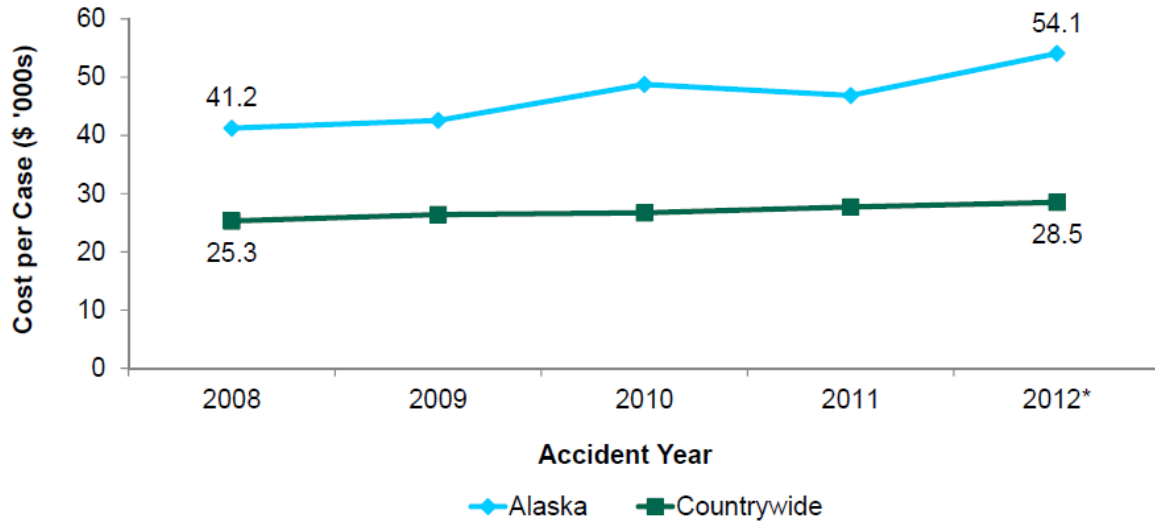


Regional states are AZ, MT, NM, and OR
Based on NCCI's *Statistical Plan* data



Courtesy 2013 Alaska State Advisory Forum, National Council on Compensation Insurance

Alaska vs. Countrywide Average Medical Claim Severity



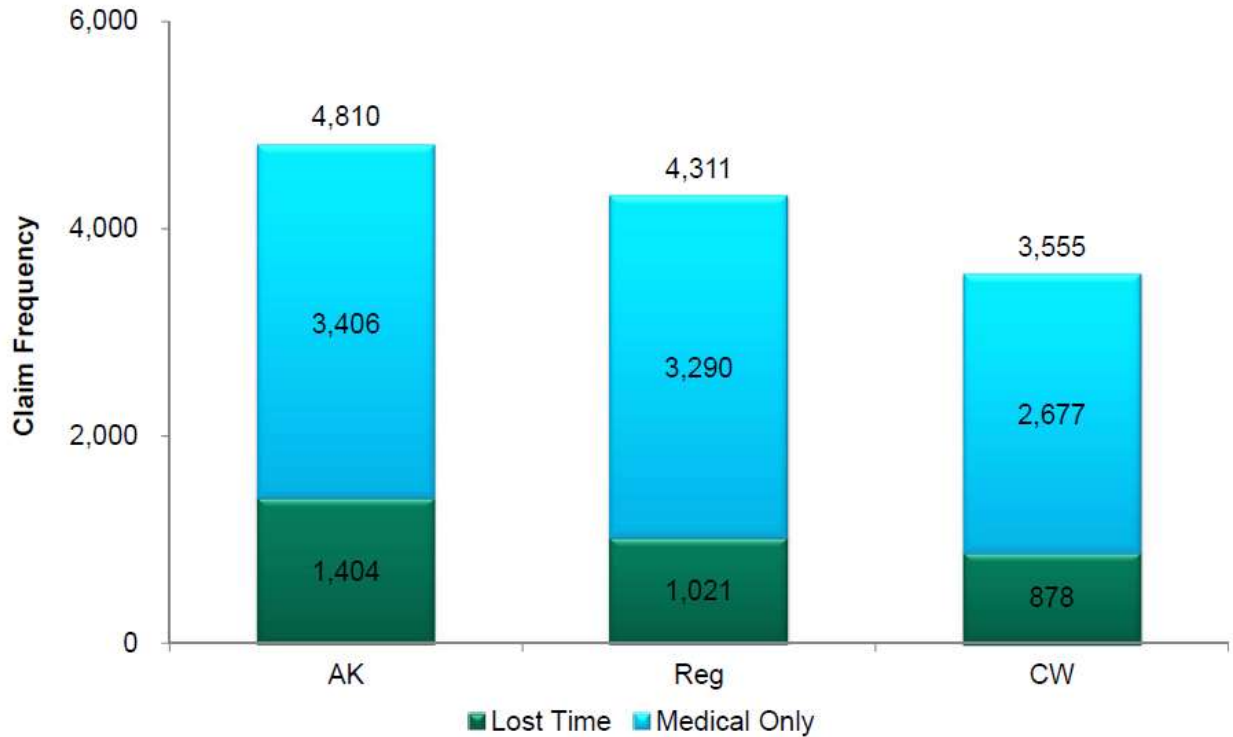
* Countrywide figure is preliminary
Source: NCCI's financial data valued as of 12/31/2012



Courtesy 2013 Alaska State Advisory Forum, National Council on Compensation Insurance

Alaska's Average Claim Frequency

Frequency per 100,000 Workers—All Claims



Based on NCCI's *Statistical Plan* data



Courtesy 2013 Alaska State Advisory Forum, National Council on Compensation Insurance

NCCI's full report, Alaska State Advisory Forum 2013, is available on NCCI's website at www.ncci.com.