

STATE ADVISORY RESOURCES

Alaska Workers Compensation System
October 2022

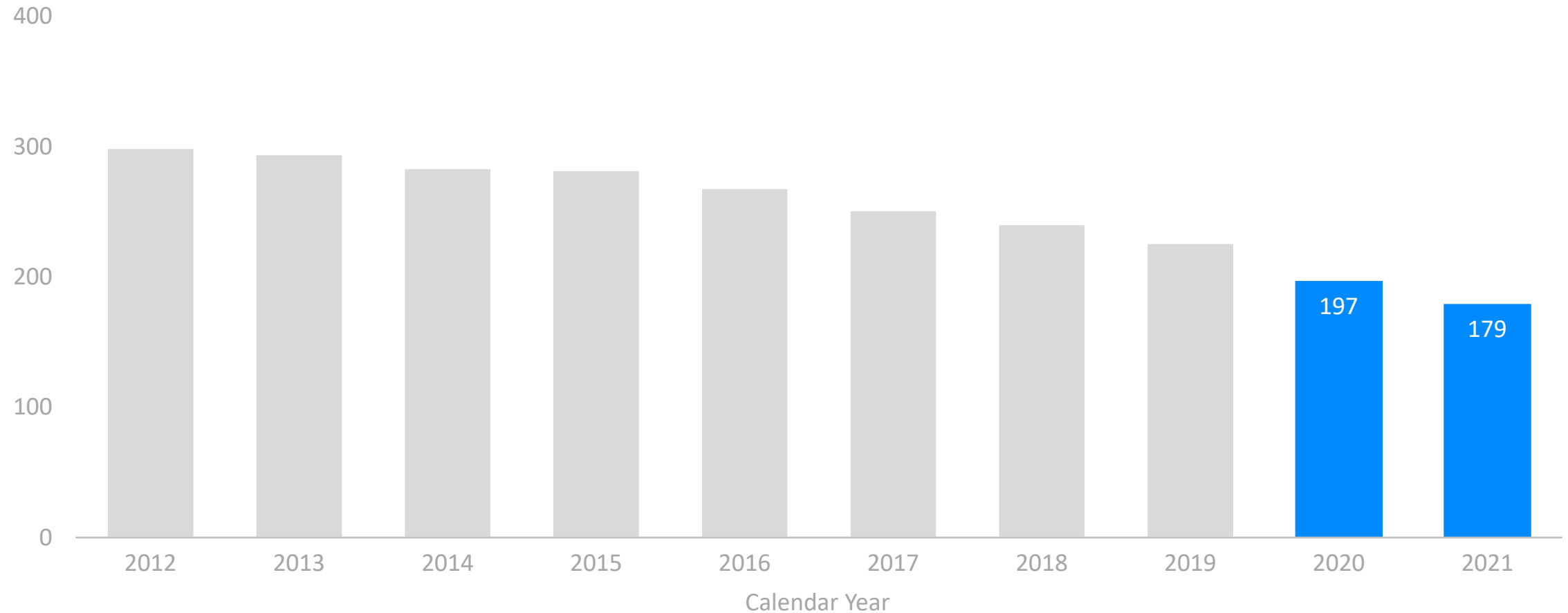


Alaska Workers Compensation System—An Overview

- Written premium volume decreased in the latest year
- Accident year combined ratios continue to be very favorable
- Lost-time claim frequency increased in the latest year
- Indemnity and medical severities remained relatively flat in the latest year

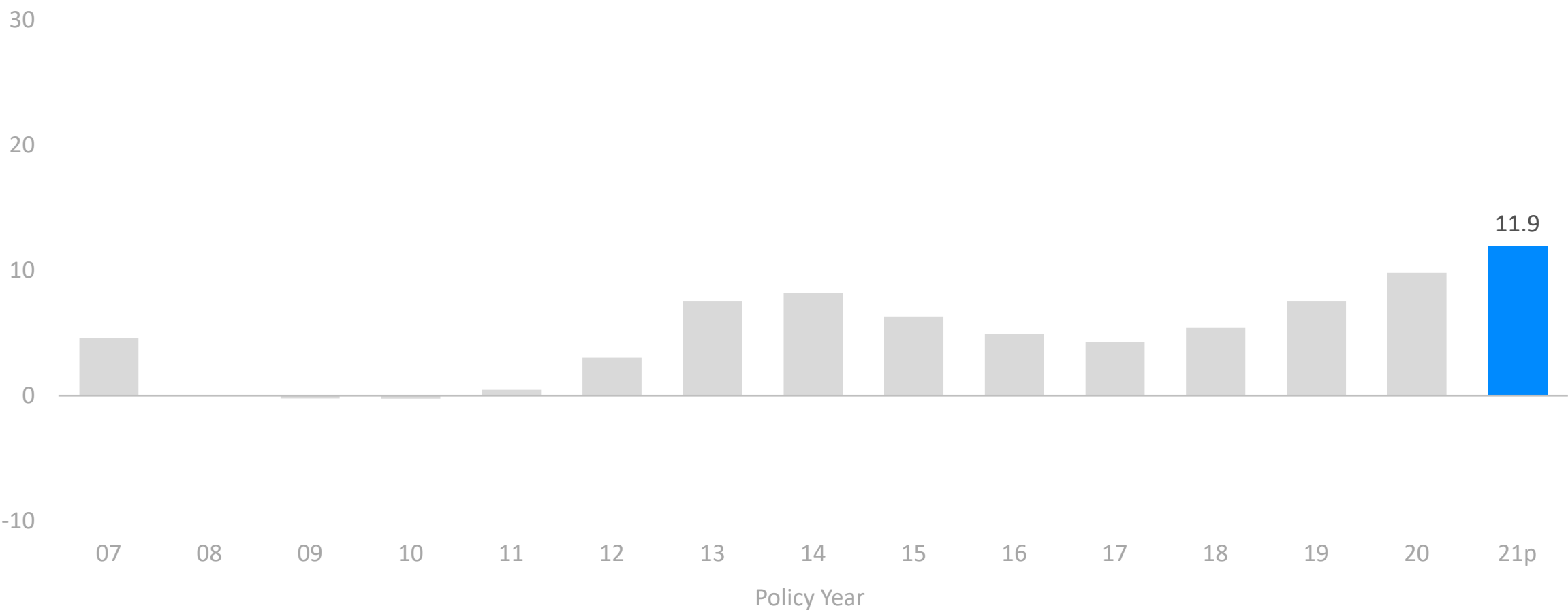
Alaska Premium Volume

Direct Written Premium in \$ Millions



Source: NAIC's Annual Statement data.

Impact of Discounting on Workers Compensation Premium in Alaska



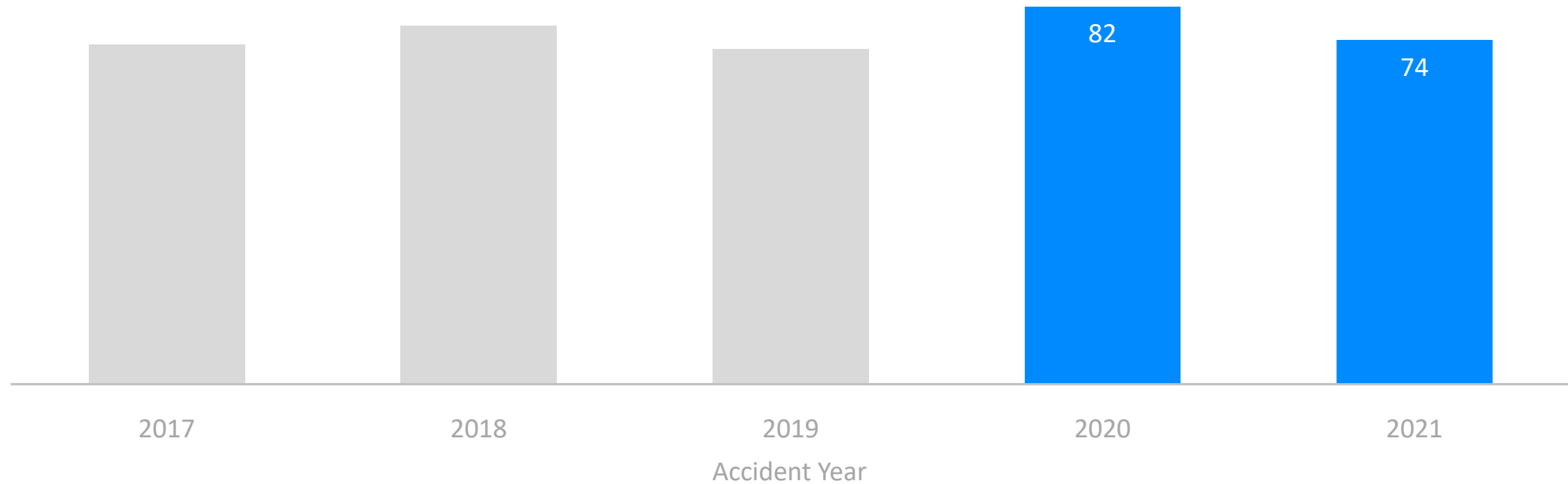
p Preliminary.
Based on data through 12/31/2021.



Alaska Combined Ratios

Percent

100



Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.

Alaska Combined Ratios by Component

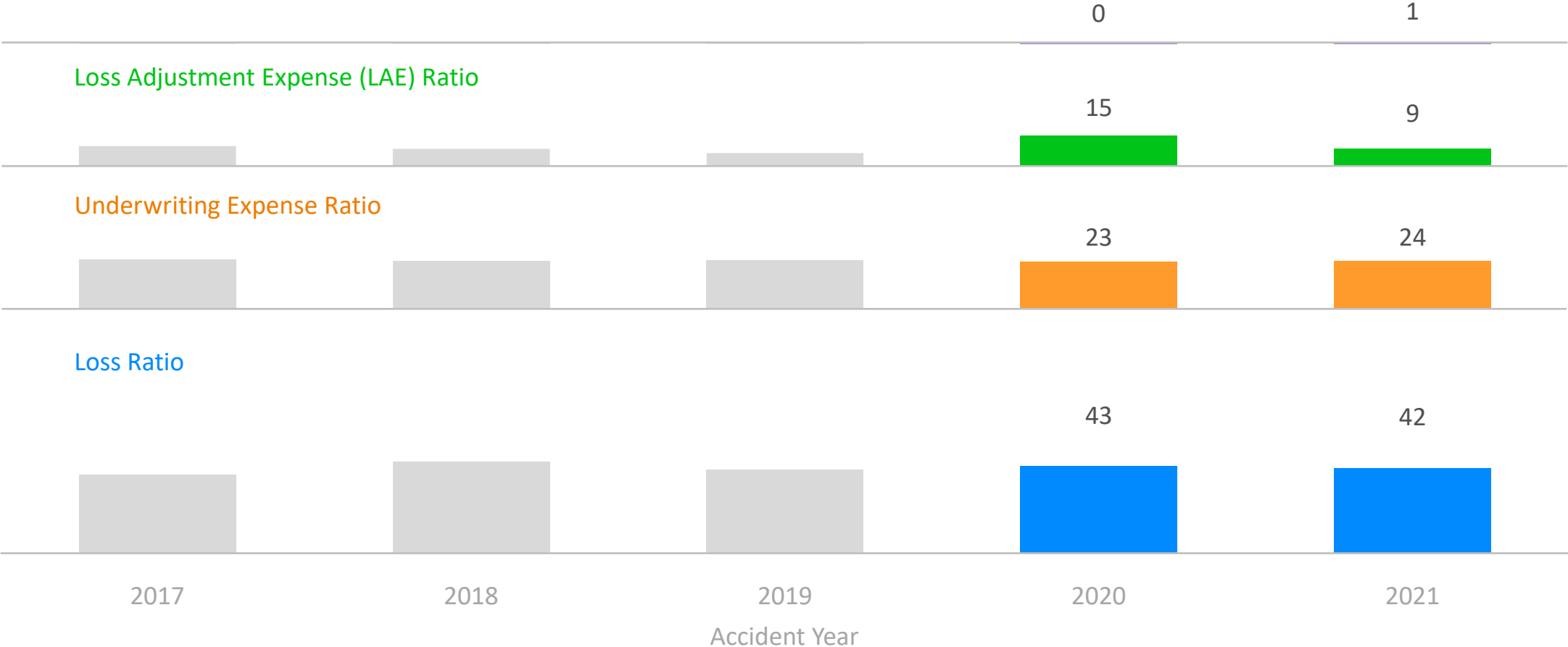
Percent

Dividends

Loss Adjustment Expense (LAE) Ratio

Underwriting Expense Ratio

Loss Ratio

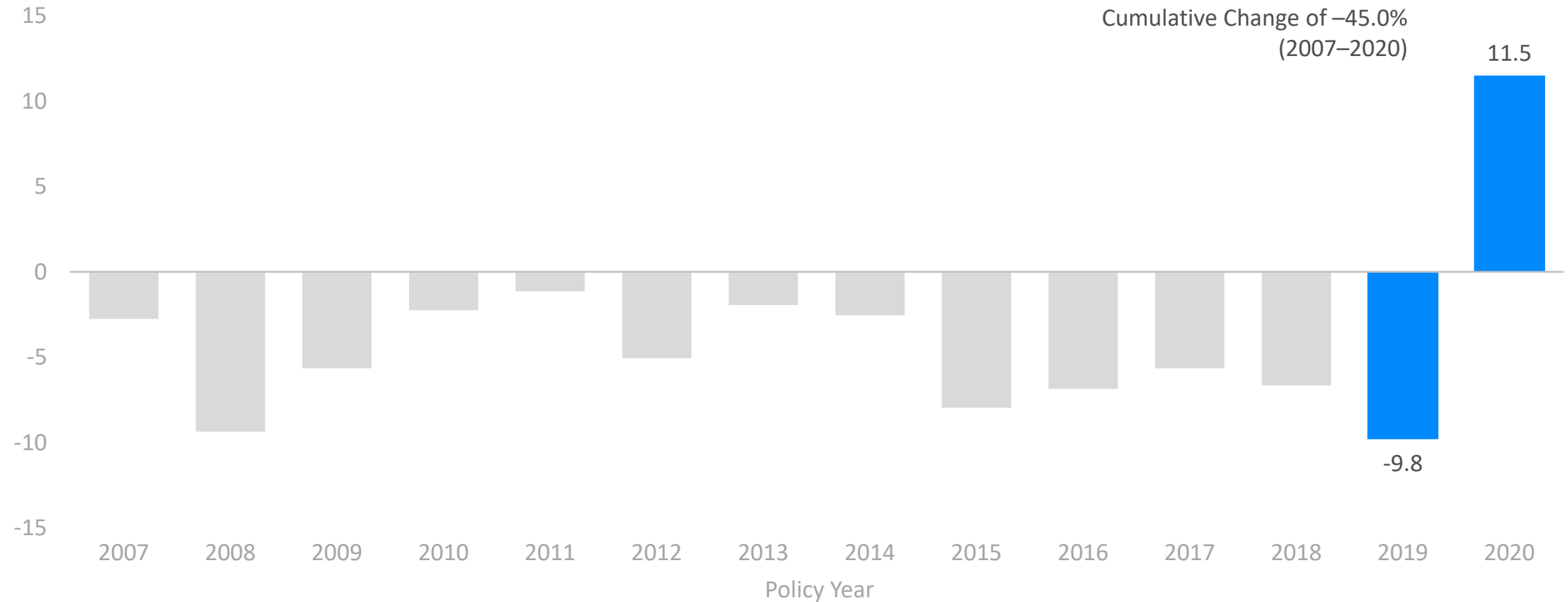


Sources: NCCI's Financial data through 12/31/2021 and NAIC's Annual Statement data.



Alaska Change in Claim Frequency

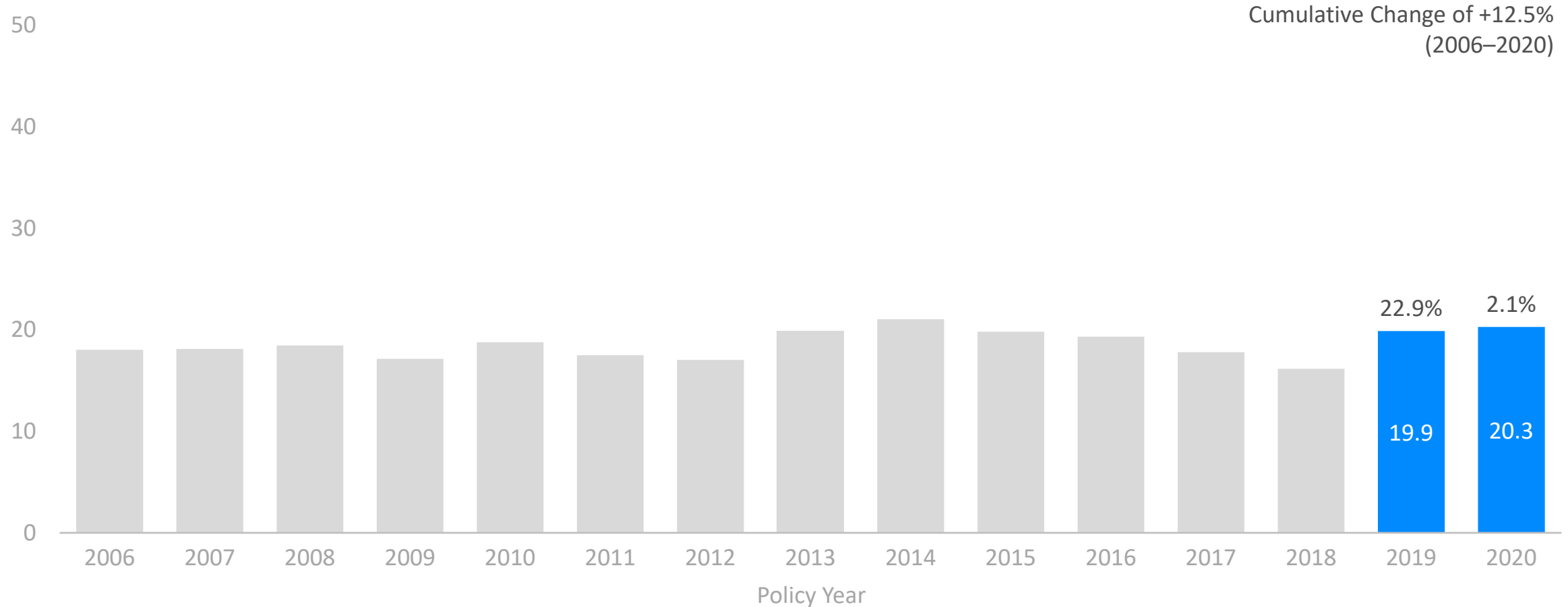
Percent Change in Lost-Time Claims, per \$ Million of On-Leveled Premium



Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate, with premium adjusted to common wage level.

Alaska Average Indemnity Claim Severity

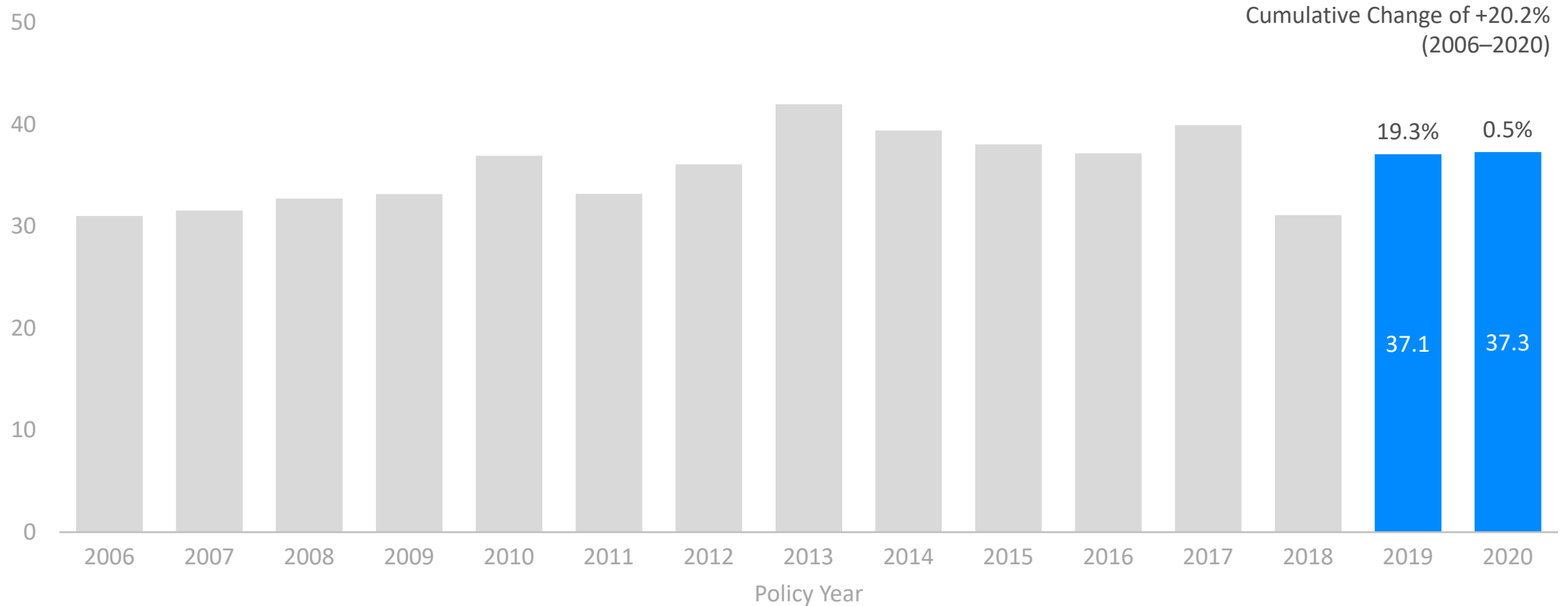
Lost-Time Claim Severity in \$ Thousands



Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.

Alaska Average Medical Claim Severity

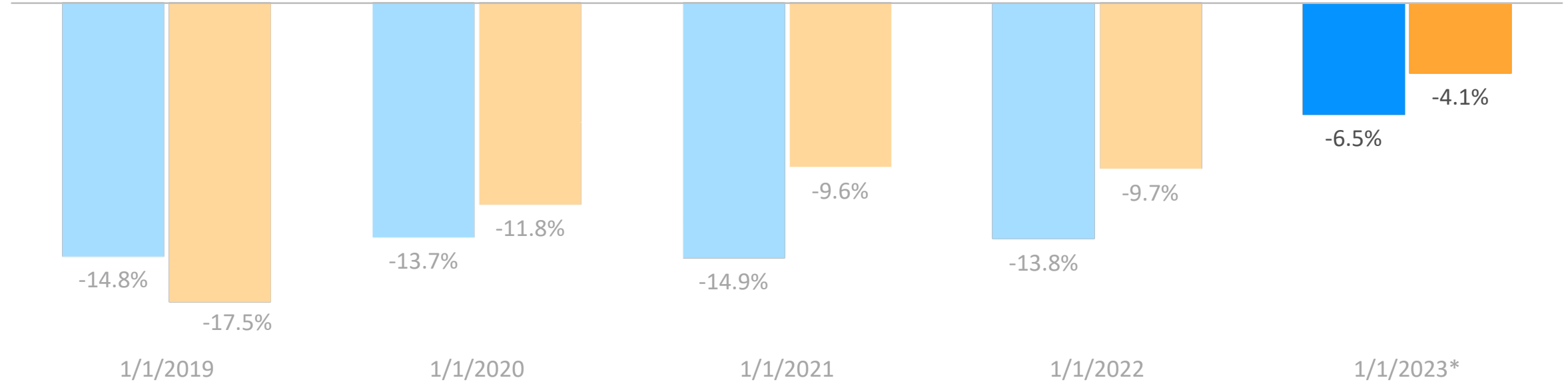
Lost-Time Claim Severity in \$ Thousands



Based on NCCI's Financial data through 12/31/2021, on-leveled, and developed to ultimate.
Note that medical-only losses are included in the numerator.

Alaska Filing Activity

Voluntary Loss Cost and Assigned Risk Rate Changes



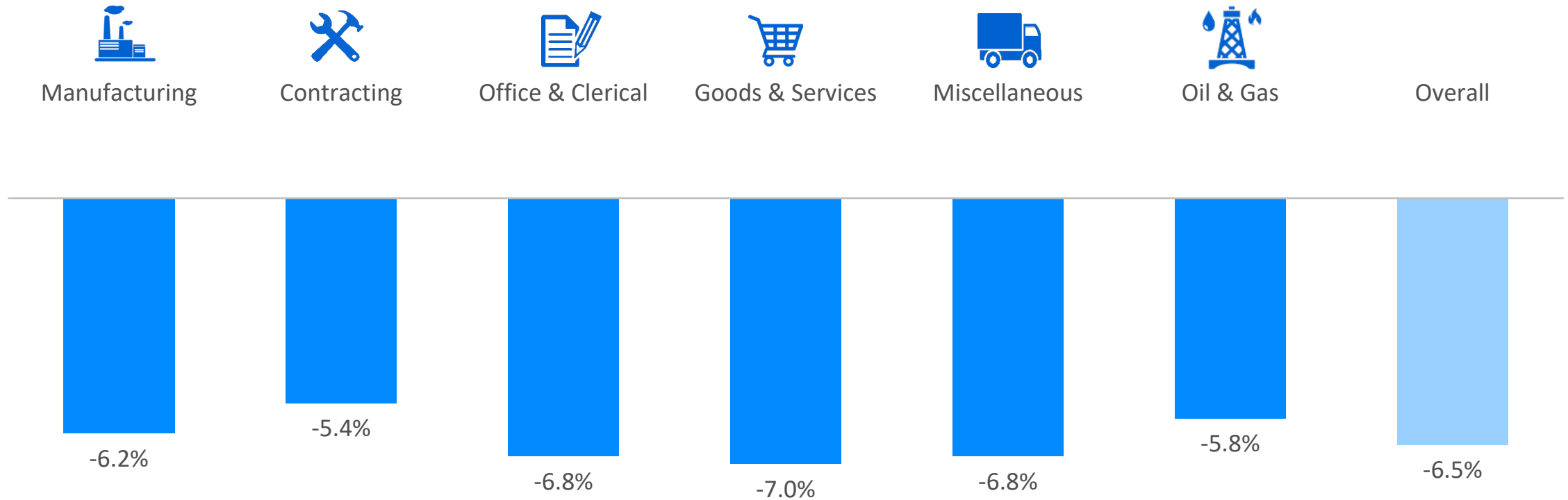
*Pending.

Alaska January 1, 2023 Loss Cost Filing

Change in Experience:	−9.0%
Change in Trend:	+0.0%
Change in Benefits:	+2.8%
Change in All Other:	+0.0%
<hr/>	
Overall Loss Cost Level Change:	−6.5%

Alaska January 1, 2023 Loss Cost Filing

Average Changes by Industry Group



Alaska Economic Drivers



Defense



Energy & Resources



Tourism

Source: Moody's Analytics.

Alaska Economic Assets and Challenges

■ Assets

- Tourism indicates a strong recovery
- Higher median household income
- Lower state taxes per capita
- Increase in Federal defense spending

■ Challenges

- Volatile energy prices and declining oil industry
- Continuing negative migration pattern with more people leaving Alaska than entering
- Increased dependence on short-term contract workers

Source: Moody's Analytics.

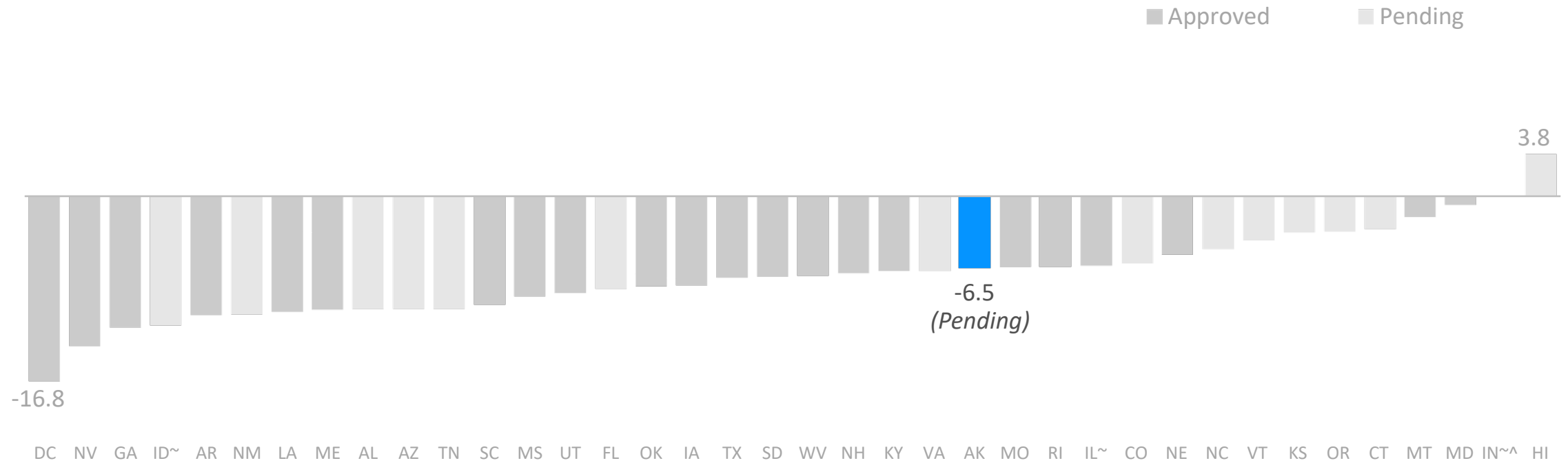
Alaska Business Cycle Status



Source: Moody's Analytics.

Current NCCI Voluntary Market Loss Cost/Rate Level Changes

Excludes Law-Only Filings



~Value shown is a rate level change; the ID, IL and IN loss cost level changes are -11.5%, -6.2% and -2.7%, respectively.

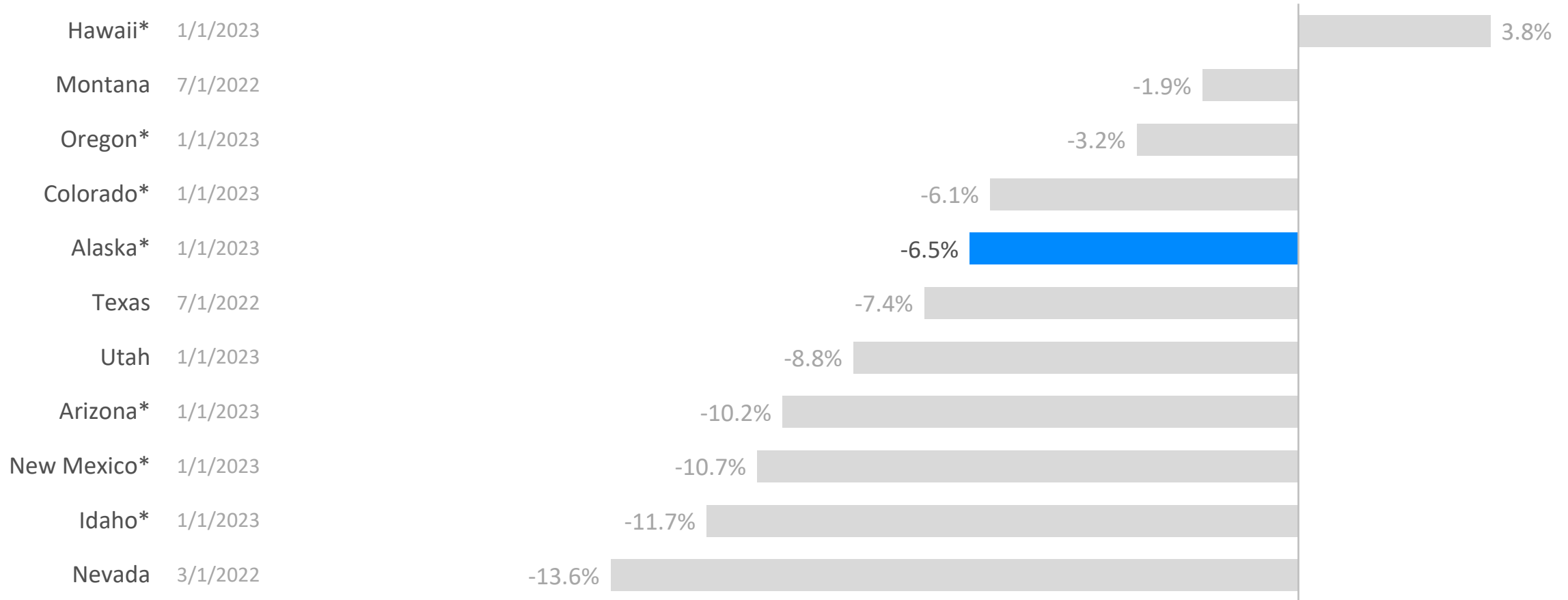
^IN approved a flat (0.0%) rate level change.

Reflects the most recent experience filing in each jurisdiction as of 9/30/2022.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

Current Voluntary Market Loss Cost/Rate Changes

Western States



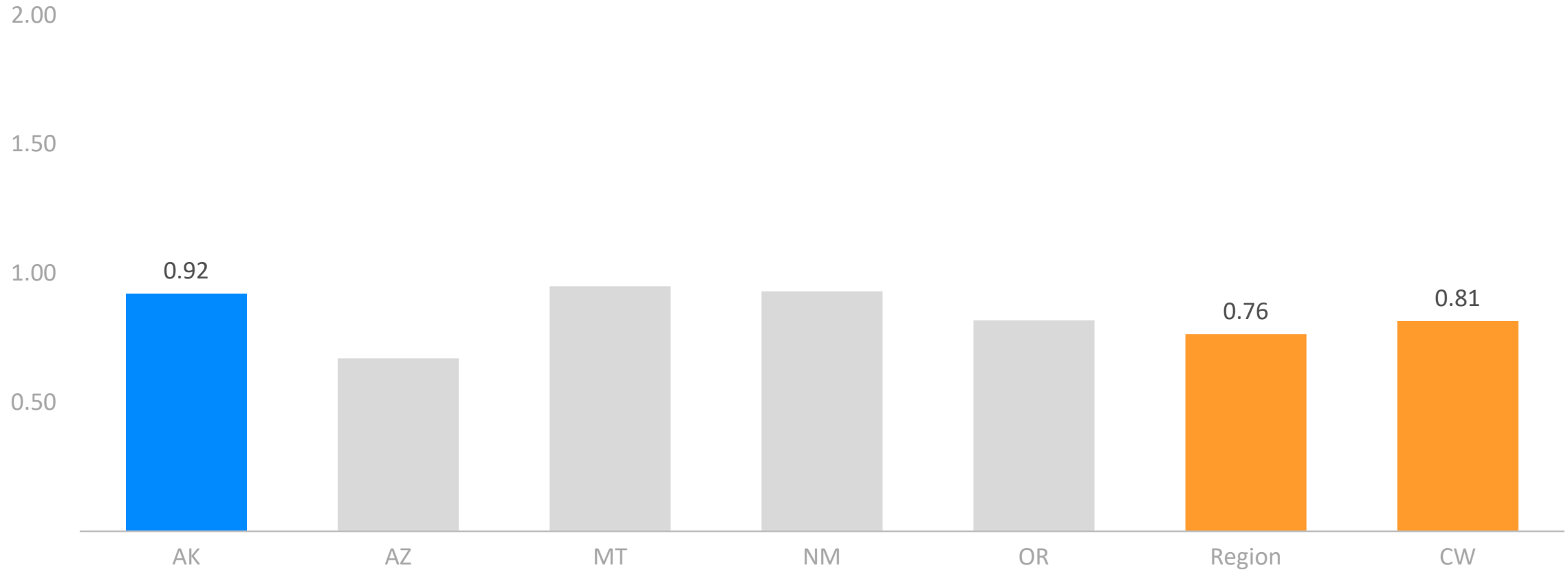
*Pending.

Reflects the most recent experience filing in each jurisdiction as of 9/30/2022.

Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons.

Average Voluntary Pure Loss Costs

Using Alaska Payroll Distribution



Based on approved rates and loss costs in various jurisdictions from filings using data valued as of 12/31/2020.

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