



## Workers' Compensation Benefits Guaranty Fund

### What is the Benefits Guaranty Fund?

- The Workers' Compensation Benefits Guaranty Fund (WCBGF) established by the Alaska Legislature in 2005, was created to assist workers injured while working for an employer who did not have statutory workers' compensation insurance coverage in place at the time of injury (AS 23.30.082) and is applicable to injuries occurring on or after November 7, 2005.
- The WCBGF is administered by the Department of Labor and Workforce Development (DOLWD) with the Department of Revenue as custodian of funds. The Commissioner of DOLWD oversees administration of the program with the assistance of the Workers' Compensation Fund Administrator and its contracted Adjuster.
- This Fund is a special revenue fund (sub-fund) account disclosed in the Alaska Comprehensive Financial Report (ACFR) under nonmajor special revenue funds.

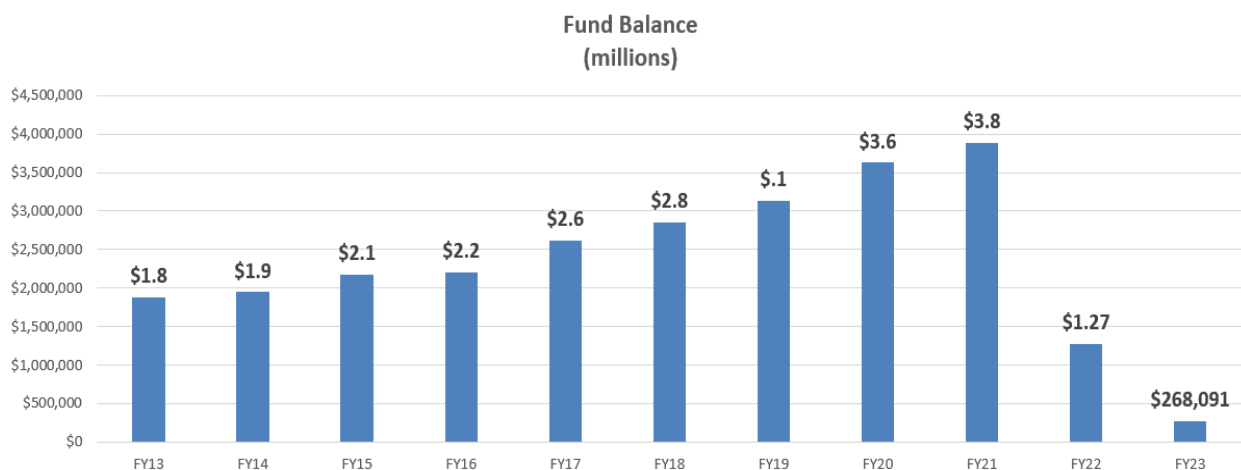
### How is the Benefits Guaranty Fund Funded?

- Civil penalty assessments against uninsured employers issued by the Special Investigation Unit and approved by the Alaska Workers' Compensation Board (AWCB) AS 23.30.075, AS 23.30.080. Civil penalty assessments may be paid by a board order to pay stipulation, or settlement agreement.
- When an uninsured employer defaults on an order to pay an award of compensation to an injured worker by the AWCB, the WCBGF pays benefits. The WCBGF may collect repayment of benefits paid by stipulated payment arrangement, writ, and/or judgment against the uninsured employer.

### What Benefits are Available?

- An uninsured employee may qualify for benefits provided under the Alaska Workers' Compensation Act (Act).
- Benefits are available when the WCBGF balance is sufficient.

### Fund Balance at Fiscal Year End

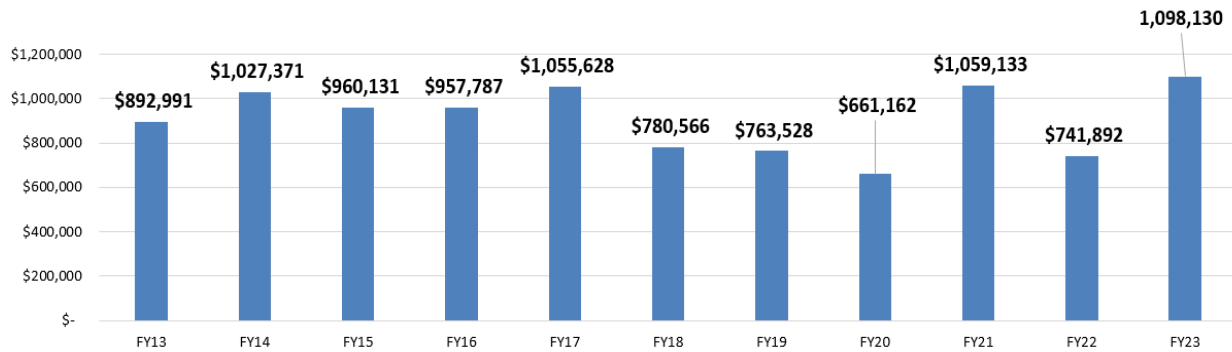


\* \$3.1 million was swept at the end of FY2021.

\* \$1.3 million was swept at the end of FY2022.

\* \$268,091 was swept at the end of FY2023.

### Revenues



Revenue includes ancillary adjustments such as NSF fees, GeFonsi investment profit or loss, employer overpayments and supplemental line increase transfers.

FY2023 – included supplemental transfer of \$221,400.

FY2024 – DOLWD is working with the Governor’s office on consideration of a supplemental request.

### Qualifying for Benefits

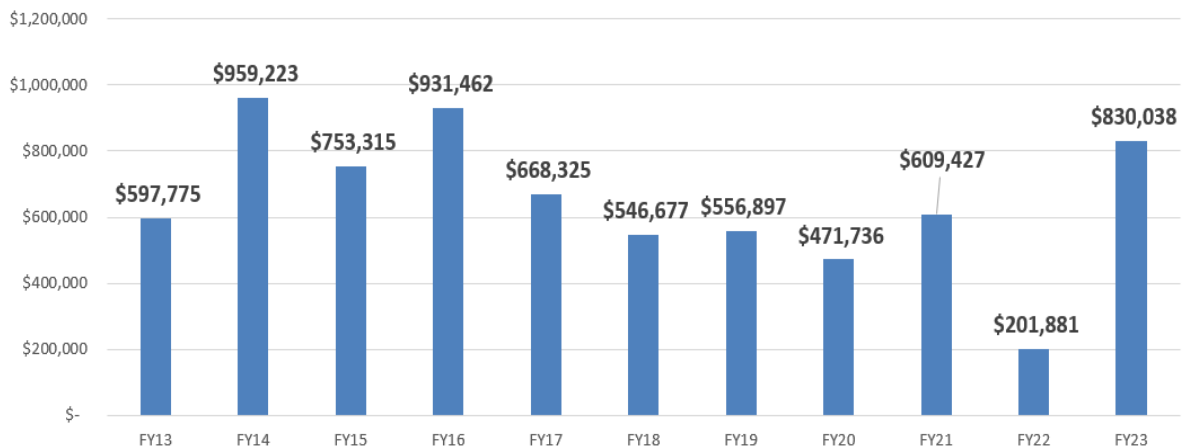
- The employee must file a claim for benefits against the uninsured employer and the WCBGF according to the Act (AAC 8 45.177, AS 23.30.082).
- Employer must be uninsured for workers’ compensation insurance coverage at the time of injury and fail to pay required benefits to the injured worker.
- Employee’s work for the employer must be the substantial factor in the cause of the injury or illness.

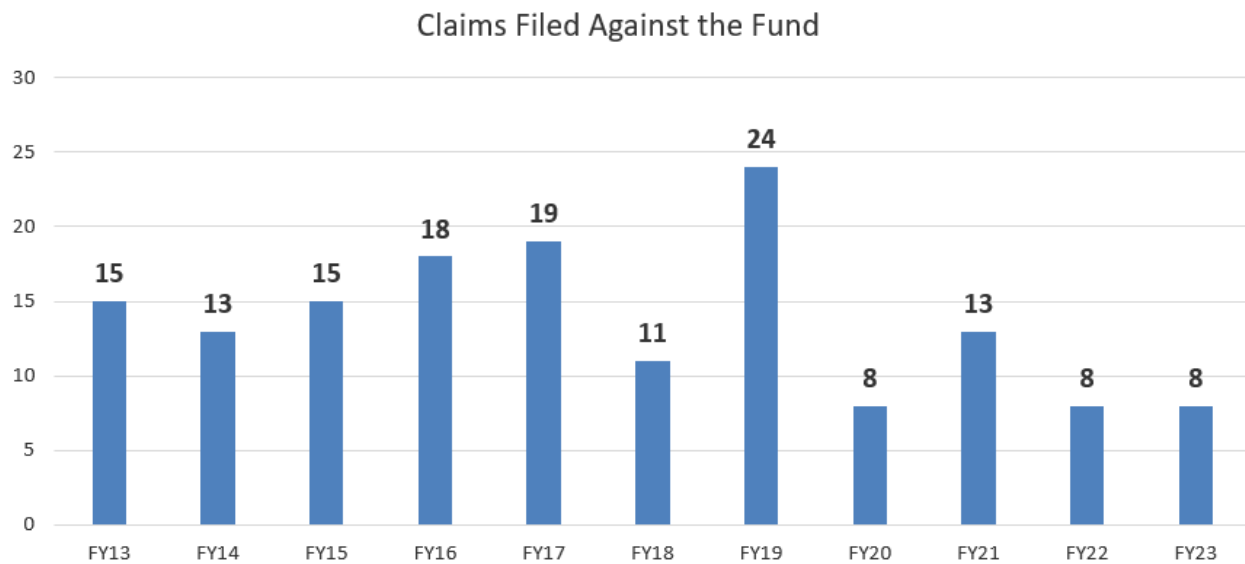
### To Whom are Benefits Paid?

- Benefits paid according to the Act may include:
  - Injured workers (lost wages, past wages, physical impairment rating)
  - Attorney counsel, if successful in award from the AWCB
  - Medical providers
  - Reemployment service providers
- Fund may be subject to interest and penalties if benefits are not paid in a timely manner.

### Expenditures (Includes Administrative Costs)

Total Fund Expenditures





Due to the nature of the claims, the number of claims is less impactful than the severity of the injury.

#### Who makes determination on filed claim?

---

- If the WCBGF has no defenses to assert, the WCBGF may elect to pay benefits without an award through the Fund Administrator and its Claims Adjuster.
- The WCBFG has the same defenses as an insured employer under the Act and may appeal to the AWCB to determine if the claim is compensable, and the type of compensation due to the injured worker.
- Any party may appeal case and/or issue to the Alaska Workers' Compensation Appeals Council and/or to the Supreme Court.
- The WCBGF and its Adjuster may agree to the settlement of claims (8 AAC 45.177 & AS 23.30.012).

#### Fund Administration Costs

---

- The WCBGF has the following expenditure costs:
  - Legal defense through the Assistant Attorney General's office, when applicable
  - Personnel costs
  - Contracted costs with its Adjuster
  - Costs associated with defense of claims (depositions, transcriptions, employee medical evaluations)

#### Business Process

---

- Fund Administrator, Adjuster, and legal counsel (if applicable) make determinations on claim proceedings.
- Compensation awards may be granted by the AWCB or by a settlement agreement.
- Assigned technician or comparable staff assists the Administrator with benefit payments, when available.
  - Invoices are sent to the WCBGF for payment from the Adjuster. Some benefit awards may span the course of several years or until employee's death (Permanent Total Disability).
  - Administrator creates a memo to request a warrant.
  - Warrant and invoice are submitted through IRIS for approval by DOLWD's fiscal team.

**Benefit Distribution**

