

SB

276

Alaska Insurance Guaranty Association

Workers' Compensation Account
Cash Flow Projection as of 12/31/2003

	Cash Flow Based on Current 2% Assessment to WC Fund Only	Funding Sources Based on Proposed Assessments in SB276							
		Cash Flow Based on Proposed SB276	Assessment from WC Fund	Actual WC Assessment (Maximum 4%)	Assessment from Auto Fund	Assessment from Other Fund	Actual Auto & Other Assessment (Maximum 2%)	Maximum 2% Assessment from Self-Insureds & JIAs	AIDEA Backed Loan
Cash on Hand as of 1/1/04	6,615,301	6,615,301							
2004 Expected Loss and Expense Payments	16,837,942	16,837,942							
2004 Assessment Income	4,394,181	10,222,641	8,788,362	4.00%	706,281	727,998	0.19%	0	0
2004 Cash Flow	-5,828,460	0							
2005 Expected Loss and Expense Payments	14,216,405	14,216,405							
2005 Projected Assessment Income	5,325,748	14,216,405	10,651,496	4.00%	1,755,465	1,809,444	0.47%	0	0
2005 Cash Flow	-14,719,117	0							
2006 Expected Loss and Expense Payments	9,417,226	9,417,226							
2006 Projected Assessment Income	5,592,035	9,417,226	9,417,226	3.37%	0	0		0	0
2006 Cash Flow	-10,544,308	0							
2007 Expected Loss and Expense Payments	7,278,502	7,278,502							
2007 Projected Assessment Income	5,871,637	7,278,502	7,278,502	2.48%	0	0		0	0
2007 Cash Flow	-19,951,173	0							
2008 Expected Loss and Expense Payments	6,429,216	6,429,216							
2008 Projected Assessment Income	6,165,218	6,429,216	6,429,216	2.09%	0	0		0	0
2008 Cash Flow	-20,215,171	0							

Funding Sources Based on Proposed Assessments in SB276

	Cash Flow Based on Current 2% Assessment to WC Fund Only	Cash Flow Based on Proposed SB276	Assessment from WC Fund	Actual WC Assessment (Maximum 4%)	Assessment from Auto Fund	Assessment from Other Fund	Actual Auto & Other Assessment (Maximum 2%)	Maximum 2% Assessment from Self- Insureds & JIAs	AIDEA Backed Loan
2009 Expected Loss and Expense Payments	5,132,073	5,132,073							
2009 Projected Assessment Income	<u>6,473,479</u>	<u>5,132,073</u>	5,132,073	1.59%	0	0	0	0	
2009 Cash Flow	-18,873,765	0							
2010 Expected Loss and Expense Payments	4,470,723	4,470,723							
2010 Projected Assessment Income	<u>6,797,153</u>	<u>4,470,723</u>	4,470,723	1.32%	0	0	0	0	
2010 Cash Flow	-16,547,335	0							

The Other Fund consists of insurance such as property, general liability, medical malpractice, homeowners, boatowners, boiler and machinery, earthquake, aircraft, and products liability.

To: Representative Lesil McGuire
Chair
Alaska House of Representatives Judiciary Committee

From: Michael Hinchey
General Manger
Alaska Timber Insurance Exchange

Date: April 16, 2004

The Alaska Timber Insurance Exchange (ATIE) is an insurance company located in Ketchikan that specializes in writing workers' compensation insurance. ATIE is somewhat unique because it is owned by its policyholders and is operated exclusively for the benefit of its policyholders, Alaskan employers.

ATIE has been successful in providing its policyholders with low cost workers' compensation insurance coverage through its workplace safety driven dividend program. This has occurred in spite of most ATIE members being involved in a hazardous industry, logging.

Attached is a document outlining the concerns and potential solutions that will be expressed by Martin Pihl of the Alaska Timber Insurance Exchange in his testimony before the House Judiciary Committee today.

Thank you for the opportunity to express our concerns and offer possible solutions to help solve the workers' compensation crisis that exists in Alaska today.

Alaska Timber Insurance Exchange

Alaska Assigned Risk Pool

Issues

Financial results of the risk pool have been very poor over the last seven years.

ATIE's losses through March 31, 2004 for the 1997 to 2003 Risk Pool policy years were \$2.9 million.

Total pool losses for all insurance companies writing workers' compensation insurance in Alaska from 1997 to 2003 Risk Pool policy years were \$60 million.

The insolvencies of Fremont Indemnity and other insurers were a contributor to the poor risk pool results.

ATIE's portion of insolvency distributions in 2003 was over \$800,000. This adversely affected ATIE's 2003 net income resulting in a minimal dividend paid to its members.

Total insolvency distributions for all insurers in 2003 were close to \$10 million (\$9.8 million)

New insurers entering Alaska's workers' compensation insurance market are at a competitive advantage since they were not subject to the losses generated by the Assigned Risk Pool in the past.

Solutions/Comments

Statutory mandate that the assigned risk pool operate on a break-even basis. Current Alaska regulations only require that Assigned Risk Pool rates be adequate "to the extent practical."

Require that insurers collateralize their portion of assigned risk pool loss reserves.

The risk pool loss reserves of insolvent workers' compensation insurance companies should be the responsibility of the Alaska Insurance Guaranty Association.

Assure that the workers' compensation insurance rates being charged to employers in the Assigned Risk Pool are adequate.

Raise the level of the allowed Risk Pool surcharge above the current 25% level.

Assure that the underlying workers' compensation insurance loss costs are adequate by involving others than just the Alaska Division of Insurance and the National Council on Compensation Insurance (NCCI) in the rate setting process.

Alaska Insurance Guaranty Association

Issues

Outstanding workers' compensation reserves of the AIGA exceeded available funds by \$62.8 million as of September 30, 2003.

AIGA is predicted to run out of funds to pay workers' compensation claims sometime in 2004 unless a new source of funds is found.

The Alaska Division of Insurance, through SB 276/HB 403, has made the following proposals:

Raise the Guaranty Association assessment rate from 2% to 4% of premiums.

Allow other Guaranty Association accounts to be assessed up to 2% premiums if another account has insufficient funds to pay covered claims.

Alaska Industrial Development and Export Authority would guaranty loans made to the AIGA.

Solutions/Comments

ATIE opposes raising the Guaranty Fund assessment rate to 4% and allowing other accounts to be assessed if another account has insufficient funds to pay covered claims. The responsibility of insurance company insolvencies should not fall upon the remaining insurance companies and ultimately Alaskan employers. An alternative source of funds, whether it comes from the Alaska General Fund or somewhere else, needs to be found.

Workers' compensation insurers should be required to collateralize their voluntary market loss reserves to protect Alaskan employers and employees from future insolvencies.

Base level of collateral upon an insurers annual statement loss reserves.

To help protect against loss reserve inadequacies, the minimum collateral level would be determined by a percent of earned premiums over a specified period of time.

Employers and their insurance brokers should be penalized in some manner if the company they purchase workers' compensation insurance from later becomes insolvent. This will add a heightened awareness to insurance purchasing process and level the playing field for all employers when it comes to purchasing workers' compensation insurance.

Workers' Compensation Loss Cost Filing Process

Issues

The Alaska Division of Insurance and the NCCI are currently the only participants in the workers' compensation insurance rate setting process.

The workers' compensation insurance market in Alaska has been operating at a loss for several years indicating that the underlying loss costs have been inadequate.

Solutions/Comments

Openness and review in the loss cost filing process is needed so that stakeholders in the system can participate in the process and gain a better understanding of the true cost drivers influencing rates.

Adequate loss costs are needed so that Alaska's workers' compensation insurance market can become healthy once again. Adequate rates would most likely help reduce the size of the Alaska Assigned Risk Pool.

Either a statutory or regulatory fix is needed to the loss cost filing process.

Summary

It is obvious that the current workers' compensation insurance system is broken and needs to be fixed. ATIE believes that a healthy, fair workers' compensation insurance system is essential for the success of Alaskan employers and for the protection of injured workers. Changes to the system are needed to make it more equitable for all parties.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 276
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to AK Guaranty Assoc. BRU Risk Management
and new fee assessments Component Risk Management
 Sponsor _____ Component No. 71
 Requester _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	372.9	439.9	519.0	612.4	722.5	852.4
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	372.9	439.9	519.0	612.4	722.5	852.4

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1007 I/A Receipts	372.9	439.9	519.0	612.4	722.5	852.4
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	372.9	439.9	519.0	612.4	722.5	852.4

Estimate of any current year (FY2004) cost: 316.1

Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates an increased cost to Risk Management operating expenses as it requires an assessment fee for all self insured employers. The bill includes an immediate effective date, therefore it is assumed that an assessment will be applied in FY2004 for calendar 2003 payments reported 3/1/2004.

Applying the 2% rate to the projected workers' compensation claims experience is projected, although future loss experience will determine actual costs incurred.

As Risk Management is funded solely through inter-agency receipts, this additional expense will require increased cost of risk allocations (premium assessments) to all state agency operating budgets.

Prepared by: J. Brad Thompson, Director Phone _____
 Division: Risk Management Date/Time 1/23/04 7:17 AM
 Approved by: Mike Miller, Commissioner Date 1/23/2004
 Agency: Administration

FN #1 - SB 276

Calendar Year annual report	Total W/C benefits paid (excluding Second Injury Fund - SIF)	% Increase	Estimated Assessment Owed
CY2000	\$9,625,032		
CY2001	\$11,165,023	16.00%	
CY2002	\$13,166,038	17.92%	
CY2003 (11 mo. Exp. Proj. 12 mo)	\$15,802,514	20.02%	\$316,050
	3 year average increase	17.98%	

	Estimated Future W/C Benefits to be Paid w/avg. % increase	
CY2004	\$18,644,167	\$372,883
CY2005	\$21,996,814	\$439,936
CY2006	\$25,952,343	\$519,047
CY2007	\$30,619,167	\$612,383
CY2008	\$36,125,193	\$722,504
CY2009	\$42,621,328	\$852,427

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 276
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title AIGA Assessment RDU _____
 Component Alaska Railroad Corporation
 Sponsor Rules
 Requester By Request of the Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Alaska Railroad Corp Revenues						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: _____

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Alaska Railroad Corporation (ARRC) is a public corporation wholly supported by revenues generated through freight, passenger and real estate services. ARRC does not receive state subsidies for operations or capital improvements from the State.

It is estimated that \$1,560,000 of the railroad's operating expenses will be expensed to workers compensation in 2003. The fiscal impact on ARRC related to the assessment fees (an incremental 2% of all payments reported to the Workers Compensation Board) associated with the proposed bill are as follows:

Prepared by: Wendy Lindskoog, Director of External Affairs Phone (907) 265-2498
 Division Alaska Railroad Corporation Date/Time 12/24/03 10:54 AM
 Approved by: Edgar Blatchford, Commissioner Date 12/24/2003
 Agency Department of Community & Economic Development

FISCAL NOTE #2

STATE OF ALASKA
2004 LEGISLATIVE SESSION

BILL NO. SB 276

ANALYSIS CONTINUATION

FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
\$31.2	\$31.2	\$31.2	\$31.2	\$31.2	\$32.2	\$31.2

This assumes that ARRC's workers compensation expenses, which increased significantly from 2000 to 2002, will return to the fairly stable level experienced between 1987 and 1999. Future workers compensation expenses will fluctuate from year to year based on the performance of ARRC's safety and injury record, which is estimated to stabilize in future years.

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 3
Bill Version: SB 276
(S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title AIGA Assessment RDU Insurance (116)
Component Insurance
Sponsor Rules
Requester By Request of the Governor Component No. 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)
This legislation increases the Alaska Insurance Guaranty Association's (AIGA) ability to pay Alaska claims of insurers who become insolvent. It raises the current assessment limit for insurance companies from two percent to four percent of the member insurers net direct written premiums for a calendar year (AS 21.80). Based on 2001 premium activity for workers compensation insurance, an increase to four percent could generate a maximum assessment of approximately \$6 million annually. In addition to the assessment on insurance company premiums, the legislation also expands the assessment pool to include joint insurance arrangements (Alaska Municipal League Joint Insurance Association, Inc. and the Alaska Public Entity Insurance) as well as self-insurers (some large Alaska employers including the State of Alaska). They are to be assessed an amount not to exceed two percent of the payments reported to the Alaska Workers Compensation Board for a calendar year. This bill has no fiscal impact on the operations of the division.

Prepared by: Linda S. Hall, Director Phone (907) 269-7900
Division Insurance Date/Time 12/24/03 9:54 AM
Approved by: Edgar Blatchford, Commissioner Date 12/24/2003
Agency Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 4
 Bill Version: SB 276
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title AIGA Assessment RDU AIDEA (125)
 Component AIDEA
 Sponsor Rules
 Requester By Request of the Governor Component No. 1234

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation authorizes Alaska Industrial Development and Export Authority (AIDEA) to guarantee loans to the Alaska Insurance Guaranty Association (AIGA) needed to make the association financially able to meet cash flow needs. AIDEA guarantees for association loans are limited to a maximum outstanding principal balance at any time of \$30 million on all loans. There is no financial impact on the operations of AIDEA.

Prepared by: Ron Miller, Executive Director
 Division: AIDEA/AEA
 Approved by: Edgar Blatchford, Commissioner
 Agency: Community & Economic Development

Phone (907) 269-3000
 Date/Time 12/24/03 9:00 AM
 Date 12/24/2003

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: SB 276
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: "An Act relating to the RDU: Workers' Compensation
Alaska Insurance Guaranty Association..." Component: Workers' Compensation
 Sponsor: Rules Committee
 Requester: Governor Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

There is no anticipated fiscal impact to the department as a result of this legislation.

Prepared by: Paul Grossi, Director
 Division: Workers' Compensation Division
 Approved by: Greg O'Claray, Commissioner
 Agency: Department of Labor and Workforce Development

Phone: 465-2790
 Date/Time: 12/31/03 9:17 AM
 Date: 12/31/2003

FISCAL NOTE

STATE OF ALASKA
2004 Legislative Session

Fiscal Note Number: 6
 Bill Version: CSSB 276(L&C)
 (S) Publish Date: 2/18/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title AK Insurance Guaranty Assn. BRU AK Permanent Fund Corporation
 Component Earnings Reserve
 Sponsor Governor
 Requester Senate Labor and Commerce Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	2005	2006	2007	2008	2009	2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 CF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1041 PF Earnings	8,890.7					
TOTAL	8,890.7	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 5,828.5

Check this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Jane Alberts Phone 465-3844
 Division: Labor & Commerce Committee Staff Date/Time 2/18/04 11:23 AM
 Approved by: Senator Con Bunde, L&C Chair Date 2/18/2004
 Agency: Legislature

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 7
 Bill Version: CSSB 276 (FIN)
 (S) Publish Date: 3/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to AK Insurance Guaranty Assoc. BRU Risk Management
 Component Risk Management
 Sponsor Senate Rules by request of the Governor
 Requester _____ Component No. 71

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1007 I/A Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation no longer requires an assessment fee on self insured employers and therefore has no fiscal impact to Risk Management.

Prepared by: J. Brad Thompson, Director Phone _____
 Division Risk Management Date/Time 3/23/04 2:21 PM
 Approved by: _____ Date 3/23/2004
 Agency Administration

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 8
 Bill Version: CSSB 276(FIN)
 (S) Publish Date: 3/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
 Title AIGA Assessment RDU Alaska Railroad Corporation
 Component _____
 Sponsor Rules
 Requester By Request of the Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

The Alaska Railroad Corporation (ARRC) is a public corporation supported by revenues generated through its freight, passenger and real estate services. ARRC does not receive State subsidies for operations or capital improvements from the State.

This legislation has no fiscal impact on the operations of the ARRC.

Prepared by: Wendy Lindskoog, Director of External Affairs Phone 907.269.2498
 Division Alaska Railroad Corporation Date/Time 3/24/04 4:22 PM
 Approved by: Edgar Blatchford, Commissioner Date 3/24/2004
 Agency Department of Community & Economic Development

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 9
Bill Version: CSSB 276(FIN)
(S) Publish Date: 3/26/04

Revision Date/Time (Note if correction): _____ Dept. Affected: DCED
Title: AIGA Assessment RDU: Insurance (116)
Component: Insurance

Sponsor: Rules
Requester: By Request of the Governor Component No.: 354

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2004) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the Alaska Insurance Guaranty Association's (AIGA) ability to pay Alaska claims of insurers who become insolvent. It raises the current assessment limit for insurance companies from two percent to four percent of the member insurers net direct written premiums for a calendar year (AS 21.80). Based on 2002 premium activity for workers compensation insurance, an increase to four percent could generate a maximum assessment of approximately \$8 million annually. The legislation also allows all other lines of business to be assessed up to a maximum of two percent and allows AIDEA to provide guarantees for loans to the AIGA up to a maximum of \$30 million.

This bill has no fiscal impact on the operations of the division.

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