

ALASKA LEGISLATURE COMMITTEE FILES 1987-1988 86/2

5112 HSTA SB 102 - SB 156

684

the Clearinghouse. If murder or foul play is suspected in a case, a report must be filed with the district attorney.

Section 3. Amends AS 47.10.141(a) to require the filing of reports of missing minors with the Clearinghouse.

A similar bill was passed by the Senate during the last session, but time ran out before it was able to get through the legislative process.

I would appreciate the committee's consideration of this bill at its earliest convenience. Should you need additional information, please let me know.

Thank you.

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



REQUEST

Revision Date: \_\_\_\_\_  
 Title: "An Act relating to reports of missing persons."  
 Sponsor: Sen. Faiks...  
 Requestor: Senate State Affairs

Bill Version: SB 102  
 Publish Date: \_\_\_\_\_  
 Agency Affected: Public Safety  
 BRU: Alaska State Troopers  
 Components: Detachments & CIB

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES		24.8	25.5	26.3	27.1	27.9
TRAVEL						
CONTRACTUAL		2.0	2.1	2.1	2.2	2.3
SUPPLIES		1.0	1.1	1.1	1.1	1.1
EQUIPMENT		10.3				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	38.1	28.7	29.5	30.4	31.4
CAPITAL						
REVENUE						

FUNDING:: (Thousands of Dollars)

GENERAL FUNDS	0	38.1	28.7	29.5	30.4	31.4
FEDERAL FUNDS						
OTHER						
TOTAL	0	38.1	28.7	29.5	30.4	31.4

POSITIONS:

FULL-TIME						
PART-TIME	0	1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Costs include one PPT Clerk IV and a micro computer to handle record keeping. Equipment costs are needed only in the first year. 3% inflation costs are anticipated in future years.

*JNL*  
*2/24/87*

Prepared by: Francis C. Allan Phone: 269-5691  
 Division: Alaska State Troopers Date: 2/23/87

Approved by Commissioner: *[Signature]* Date: 2/24/87  
 Agency: Public Safety

- Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 impacted Agency(ies)  
 Senate Secretary

CONTINUATION OF FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 102

Personal Services

Clerk IV, Range 9, Step A, PPT		
30 hrs X \$11.06 X 52 weeks =	17,254	
Benefits	3,289	
SBS	1,058	
Health	<u>3,214</u>	
Total Personal Services		24,815

Contractual

Line costs for computer interface		2,000
-----------------------------------	--	-------

Supplies

Office Supplies	1,000	
-----------------	-------	--

Equipment

Compaq Computer, Software, Printer, etc.	9,000	
Desk	691	
Chair	345	
Computer Table	<u>300</u>	
Total Equipment		<u>10,336</u>

TOTAL		<u><u>38,151</u></u>
-------	--	----------------------

Position Title Clerk IV		No. of Positions	Range/Step	9/A	Barg. Unit	GGU
Time Status PPT	Staff Months 12	Location Anchorage		Election District 7-12		
Type of Expenditure		Justification				
		This PPT (30 hrs per week) Clerk IV will be used to operate a purchased Compaq computer to enter and update data on missing persons reported by state and local law enforcement agencies. Incidents of runaways will need to be entered when reported and cleared when the individual is located. The filing of reports, medical records, photos and other data will be the responsibility of this position.				
1		2	3			
Salary		17,254				
Benefits		7,561				
Premium Pay						
Other						
Total Personal Services			24.8			
Travel						
Contractual			2.0			
Commodities			1.0			
Equipment			10.3			
Other						
Total Cost			38.1			
Funding Source for Total Cost						
Federal Receipts 1002						
G. F. Match 1003						
General Fund 1004		38.1				
I-A Receipts 1006						
CIP Receipts 1061						
Other						

Request For  
New Position

Agency Public Safety  
 BRU Alaska State Troopers  
 Component Detachments & CIB

Page 3 of 3  
 Revised Date :

FY 88

S B

1 1 B

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: SB 113

CURRENT VERSION: CS SB 113 (FIN)

SCHEDULED: MARCH 16, 1988

SPONSOR: BENNETT/FANNING

PHONE NO: 3880

CONTACT FILE: \_\_\_\_\_

BILL SUBJECT: RELATING TO THE ARCTIC WINTER GAMES

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
-------------------	----------------------	----------------

REVENUE	ROYCE WELLER/2300	
---------	-------------------	--

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
REVENUE		3/16/88	-0-	28,600

ACTION

<u>DATE</u>	<u>COMMENT</u>
-------------	----------------

3/16/88	HCS CS SB 113 (SA) PASSED FROM STATE AFFAIRS -- EFFECTIVE DATED CHANGED TO 1/1/89
---------	---

# HOUSE COMMITTEE REPORT

(7)

Date referred: 4/1/87

FURTHER REFERRALS: Finance

DATE: 3-16-88

The State Affairs Committee has considered CSSB 113(Fin)

"An Act relating to the Arctic Winter Games; and providing for an effective date."

**RECOMMENDS:**

- replace with HCS CS SB113(SA)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING DO PASS:**

\_\_\_\_\_  
*Curtis McManis*  
\_\_\_\_\_  
*Pat Bond*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

\_\_\_\_\_  
*Terry Martin - no rec.*  
\_\_\_\_\_  
*Craig Davidson no rec*  
\_\_\_\_\_  
*John W. Miller - no rec*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
*[Signature]*  
Chairman's signature

Original sponsor: Bennett

1 IN THE SENATE BY THE STATE AFFAIRS COMMITTEE  
2 HOUSE CS FOR CS FOR SENATE BILL NO. 113 (State Affairs)  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Arctic Winter Games; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 05.35 is amended by adding a new section to read:

10 Sec. 05.35.110. ARCTIC WINTER GAMES ACCOUNT. (a) There is  
11 created in the general fund an Arctic Winter Games account. The  
12 Department of Revenue shall prepare the permanent fund dividend appli-  
13 cation to allow an applicant to designate that \$5 of the dividend be  
14 subtracted from the check and contributed to the Arctic Winter Games  
15 account. Permanent fund dividend contributions shall be deposited in  
16 the Arctic Winter Games account. The Department of Revenue shall use  
17 money in the account to pay administrative costs incurred under this  
18 section.

19 (b) The Arctic Winter Games account shall be held in trust by  
20 the Department of Administration for distribution to the official  
21 organizing committee for the Arctic Winter Games to be used for ex-  
22 penses incurred in organizing and conducting the Arctic Winter Games.

23 \* Sec. 2. This Act takes effect January 1, 1989.

Original sponsor: Bennett

1 IN THE SENATE

BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 113 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the Arctic Winter Games; and  
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 05.35 is amended by adding a new section to read:

10 Sec. 05.35.110. ARCTIC WINTER GAMES ACCOUNT. (a) There is  
11 created in the general fund an Arctic Winter Games account. The  
12 Department of Revenue shall prepare the permanent fund dividend appli-  
13 cation to allow an applicant to designate that \$5 of the dividend be  
14 subtracted from the check and contributed to the Arctic Winter Games  
15 account. Permanent fund dividend contributions shall be deposited in  
16 the Arctic Winter Games account. The Department of Revenue shall use  
17 money in the account to pay administrative costs incurred under this  
18 section.

19 (b) The Arctic Winter Games account shall be held in trust by  
20 the Department of Administration for distribution to the official  
21 organizing committee for the Arctic Winter Games to be used for ex-  
22 penses incurred in organizing and conducting the Arctic Winter Games.

23 \* Sec. 2. This Act takes effect ~~July 1, 1987.~~

JAN 1 1987

FISCAL NOTE

REQUEST

Revision Date: May 15, 1988  
Title: An Act relating to the Arctic Winter Games. . ."  
Sponsor: Bennett  
Requestor: House State Affairs

Agency Affected: Revenue  
BRU: Permanent Fund Dividend Division  
Components: Permanent Fund Dividend Division

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
<b>OPERATING</b>						
PERSONAL SERVICES	-0-	17.4	8.8	8.8	8.8	8.8
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	11.0	11.0	11.0	11.0	11.0
SUPPLIES	-0-	0.2	0.2	0.2	0.2	0.2
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LANDS & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL OPERATING</b>	-0-	28.6	20.0	20.0	20.0	20.0
<b>CAPITAL</b>	-0-	-0-	-0-	-0-	-0-	-0-
<b>REVENUE</b>	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	28.6	20.0	20.0	20.0	20.0
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	28.6	20.0	20.0	20.0	20.0

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	3	2	2	2	2
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: See Attached.

Prepared By: Ervin Jones  
Division: Permanent Fund Dividend Division

Phone: 465-2323  
Date: 03/16/88

Approved by Commissioner: [Signature]  
Agency: Revenue

Date: \_\_\_\_\_

Distribution (by preparer):

Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
SB 113  
March 16, 1988

Assumptions:

1. The bill will take effect for the 1989 permanent fund dividend year and application. The 1988 dividend application has already been printed.
2. There are seven other bills which if signed into law, would result in some form of "check-off" on the 1989 dividend application. The Department of Revenue has no insight as to which, and how many, of these bills will become law. This fiscal note, and all related fiscal notes, is prepared on the assumption that the subject bill is the only bill of this nature which will become law. The passage of multiple bills with varying formulas (\$5, half of dividend, all or part of dividend, etc.) will inevitably have a compounding effect. Whereas there may be savings in some areas, there will be increased costs in others.
- 3) All costs of administering this law will be borne by the general fund, of which the trust fund is an account.
- 4) The incremental cost of computer resources will result in a chargeback by the Department of Administration.
- 5) Whereas the cost of programming changes will be a one-time cost, the cost of document review, data capture, data processing chargeback, and the extra page in the dividend application will be continuing.
- 6) Contributions will only be honored to the extent of available funds. Garnishments and assignments will take precedence in the order established by statute. Contributions will then be honored in the order listed on the form schedule, which will be in the order they become law.

Program Summary:

The provision of a new contribution decision on the dividend application will cause additional administrative cost in several areas:

- a) An additional page added to each application, a schedule of contribution decisions.
- b) The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account (see Attachment A).
- c) Each of approximately 540,000 PFD applications will need to be visually reviewed and coded as to decision on the contribution decision. Each application will be data captured with additional attention and keystrokes expended on each positive decision.

Department of Revenue  
 Permanent Fund Dividend Division  
 Fiscal Note Analysis  
 SB 113  
 March 16, 1988

1. Positions

1 PPT Analyst/Programmer IV, R19  
 @ \$4,302.28/mo. including salary  
 and benefits for 2 months = \$8.6

This position would be funded for an additional two months, in accordance with Attachment A. Ongoing maintenance of new programs would be accomplished by existing staff.

1 PPT Document Processor I, R7  
 @ \$2,212.37/mo., including salary and  
 benefits for 3 months = 4.2

This position would assist in the manual review and coding of 540,000 applications for the new contribution decision. This position represents the equivalent of the additional time and effort.

1 PPT Data Processing Clerk I, R8,  
 @ \$2,317.72/mo., including salary and  
 benefits for 2 months = 4.6

This position would assist in the data capture of the additional contribution decisions. The position represents the equivalent value of the additional time and effort.

TOTAL Personal Services 17.4

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Data Processing Chargeback 5.0  
 Add additional page to PFD  
 booklet 6.0

c) Supplies: 0.2

d) Equipment: Use existing equipment 0.0

TOTAL COST \$28.6

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
SB 113  
March 16, 1988

3. Funding: General Fund.
4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: Attachment A: "Summary of DP Needs"

Department of Revenue  
Permanent Fund Dividend Division  
Fiscal Note Analysis  
SB 113  
Summary of Data Processing Requirements  
March 16, 1988

Wang data entry processing	75.0 hours
Includes: Data entry	
Batch lists	
Corrections	
Wang to IBM transfer	
IBM Update jobs	30.0 hours
Includes: Edits	
Batch listings	
Log sheets	
DMS Online programs for lookup and changes	37.5 hours
Nightly update of changes	22.5 hours
Warrant Jobs	90.0 hours
Includes: Printing warrants with different amounts. Include check stub messages. Modify warrant registers as needed for balancing. Create new program(s) for transferring accumulated contributions to the Arctic Winter games account, and to account for the reserve necessary due to returned and cancelled PFD warrants.	
Miscellaneous	45.0 hours
Includes: Setting up test files on IBM Systems testing Administrative functions, i.e. paper work required by Admin. DP to add files and programs to tables.	
TOTAL HOURS	300.0 hours

STATE OF ALASKA  
THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HSA

3-16-88

3:00p.m.

HOUSE STATE AFFAIRS TELECONFERENCE  
MARCH 16, 1988 - WEDNESDAY  
RE: SB 113  
FAIRBANKS - L.I.O.

---

THE FOLLOWING PEOPLE ARE IN ATTENDANCE AT THE FAIRBANKS L.I.O. IN SUPPORT OF SB 113, INTRODUCED BY THE LATE SENATOR DON BENNETT, RELATING TO THE ARCTIC WINTER GAMES.

DR. WOOD - FAIRBANKS

GARY WILKEN - FAIRBANKS CHAMBER OF COMMERCE/ A.W.G. HOST SOCIETY

DON CATHER - A.W.G. INTERNATIONAL CORPORATION MEMBER

JIM WHISENHANT - A.W.G. INTERNATIONAL CORPORATION MEMBER

KARL KASSEL - GENERAL MANAGER / 1988 ARCTIC WINTER GAMES HOST SOCIETY

DON COOPER - PRESIDENT INTERNATIONAL A.W.G. CORPORATION

JANET HALVERSON - 1988 A.W.G. HOST SOCIETY - CHAIRPERSON  
FAIRBANKS CONVENTION & VISITORS BUREAU

RON DAVIS - 1988 A.W.G. HOST SOCIETY / FAIRBANKS CHAMBER OF COMMERCE

GARY ROTH - HOST SOCIETY - FINANCIAL DIRECTOR -

JANE MCCONKEY - FAIRBANKS HOST SOCIETY

\*\*\*\*\* ONLY 3 TO 4 OF THE ABOVE WILL ACTUALLY TESTIFY \*\*\*\*\*  
THE OTHERS WILL BE AVAILABLE FOR QUESTIONS FROM THE COMMITTEE

SPONSOR'S APPROVAL  
*[Signature]*



DRAFT

• HONORING •  
• THE ATHLETES AND ORGANIZERS OF •  
• THE 1988 ARCTIC WINTER GAMES •

The members of the Fifteenth Alaska Legislature join together to honor the athletes and organizers of the 1988 Arctic Winter Games.

Alaska will host the Arctic Winter Games this year in Fairbanks. Athletes from Alaska, Northern Alberta, Yukon Territory and the Northwest Territories will join together March 13-18th to compete for gold, silver and bronze medals in a variety of northern sport competition.

The Arctic Winter Games originated from the experiences of northern athletes at the 1967 Canada Winter Games in Quebec City, where participating athletes from the Yukon and Northwest Territories were unable to compete on an equal footing with their southern Canadian rivals. It was recognized that inadequate facilities and training, as well as few opportunities to compete with other athletes at parallel levels of development, created a disproportionate level of competition.

Discussions between Stuart M. Hodgson, Commissioner of the Northwest Territories; James Smith, Commissioner of the Yukon Territory; Walter J. Hickel, Governor of Alaska; and various Canadian Members of Parliament from the north confirmed that adverse conditions for competing athletes existed throughout the north. Further meetings resulted in the formation in April 1969 of the Arctic Winter Games, a competition to be nurtured and promoted by the Arctic Winter Games Corporation.

The games have since become a common ground for promoting cultural and social exchange among the people of the north, and provide a vehicle for education, understanding and friendship among all the people, cultures and races inhabiting the northernmost regions of North America. The lateral exchange between northern neighbors was intended to complement, rather than replace, the north/south competitions, and has become an important annual feature of the athletic and social life in each of the three areas.

This Legislature extends its thanks to the 1988 Arctic Winter Games Host Society in Fairbanks for its excellent efforts in promoting and coordinating this year's games, and to the people of Alaska and Canada for their warm hospitality and spirited financial and volunteer support.

\_\_\_\_\_  
SPEAKER OF THE HOUSE

\_\_\_\_\_  
PRESIDENT OF THE SENATE

Date

Requested by Senator Fanning

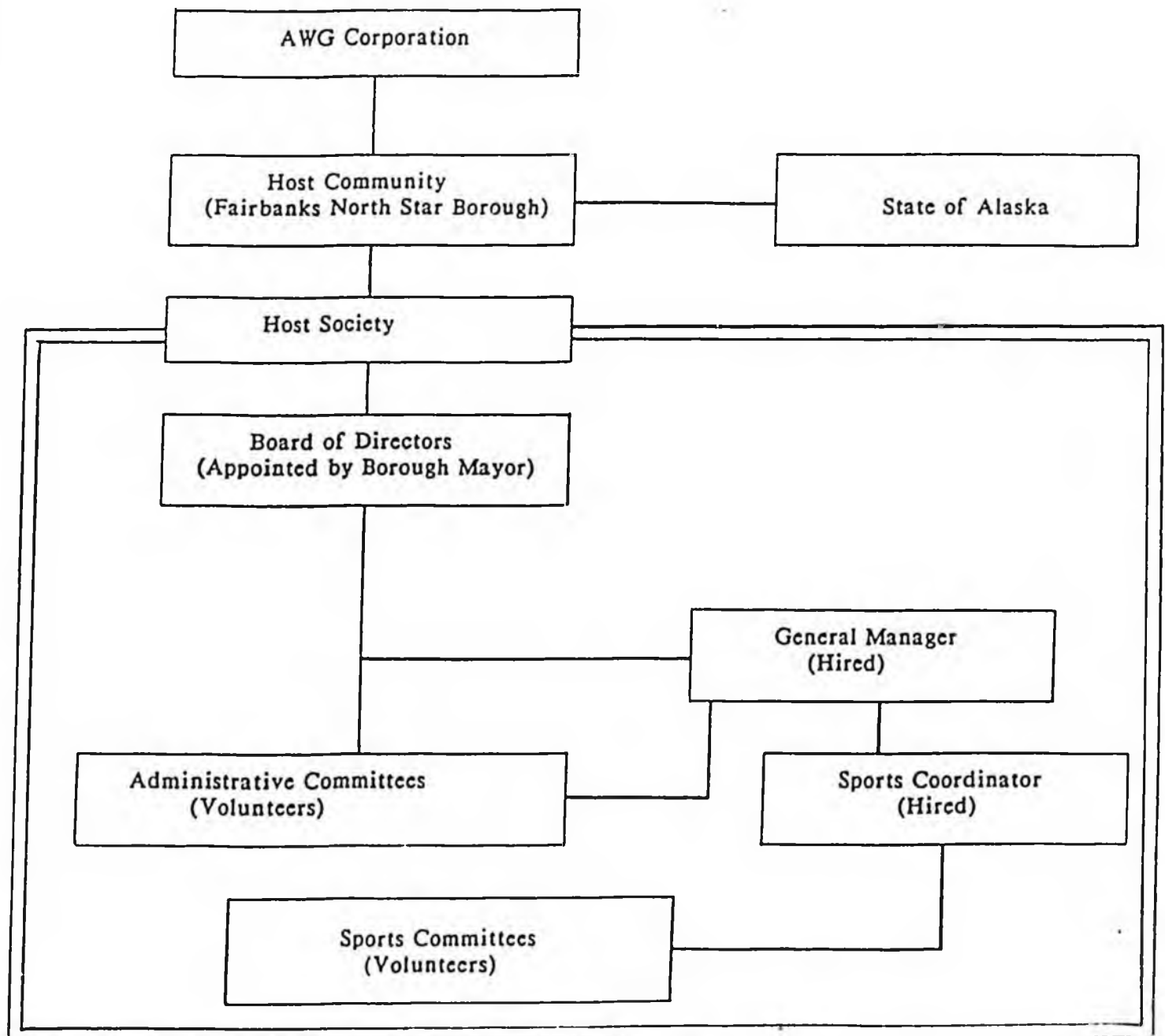
1988 ARCTIC WINTER GAMES

Budget Report - June 1, 1987 thru June 30, 1987

REVENUE:	<u>CURRENT</u>	<u>YEAR-TO-DATE</u>
Borough Grant	\$	\$75,000.00
Contributions		<u>1,000.00</u>
TOTAL REVENUE		\$76,000.00
EXPENSES:		
Salaries	2,898.78	11,386.78
Payroll Taxes		606.88
G.M. Expense Acc't	13.00	31.00
Car Allowance	218.45	218.45
Office Expense	691.71	1,275.42
Postage	68.41	150.15
Telephone & Utilities	583.25	583.25
Office Rent	500.00	1,116.52
Other Rent	150.00	470.00
Insurance	860.00	860.00
Host Society	1,369.18	2,689.43
Off. Furn. & Signs	97.28	566.71
Office Equipment	75.00	175.00
Merchandising	-	1,607.39
Public Relations	-	5.99
TOTAL EXPENSE	<u>\$ 7,525.06</u>	<u>\$21,742.97</u>
BALANCE June 30, 1987		<u>\$54,257.03</u>

## ARCTIC WINTER GAMES ORGANIZATIONAL CHART

In order to host the Arctic Winter Games, various communities submit bids to the AWG International Corporation, who awards the Games to a host community. The host community enters into a contract with the AWG Corporation and sets up a Host Society to stage the Games. The following is an overview of the Games organization.



ACCOMMODATIONS  
CATERING  
CEREMONIES AND AWARDS  
COMMUNICATIONS  
CULTURAL  
DECORATIONS  
FINANCE AND FUNDRAISING  
HOSTS/HOSTESSES  
MEDICAL

MERCHANDISING  
MEDIA CENTER  
PROMOTIONAL  
REGISTRATION AND ACCREDITATION  
SECURITY  
SOCIAL ACTIVITIES  
TRANSPORTATION  
VIP/PROTOCOL  
WELCOME AND SEND-OFF

## ADMINISTRATIVE COMMITTEES



1988 ARCTIC WINTER GAMES  
Brief Descriptions of Committees

Accommodation Committee

This committee must ensure that suitable accommodation is provided at the expense of the Host Society for all athletes, coaches, managers, mission staff, cultural participants, officials and any high priority VIP's. This committee shall coordinate all hotel bookings and work closely with the Games office staff.

Catering Committee

This committee is responsible for providing nutritional and diverse foods for all athletes, coaches, managers, mission staff, cultural participants, officials and VIP's invited to the Games by the Host Society. The costs of all meals are at the expense of the Host Society. Considerations must be given to the eating habits of northern people and special diet requests. This committee works closely with the general manager in determining the facility, menu, preparation of caterers contract and choosing the caterer. The overall success of the Games is often influenced by the services provided by this committee.

Ceremonies and Awards Committee

This committee is responsible for the planning, organization and implementation of the grand opening and closing ceremonies. They also assist each sport committee with their individual sport opening and closing ceremonies and awards presentations.

Communications Committee

This committee is responsible for all personnel, organization, equipment and maintenance necessary to ensure an effective communications system is in place before and during Games week, with regards to both indoor and outdoor venues.

Cultural Committee

The cultural committee is responsible for the coordination and implementation of the cultural program for the Games. Generally, the cultural program should be a reflection of the cultural activities of the host community with an emphasis on a northern theme. As well as highlighting the local cultural mosaic, consideration should be given to inviting all participating contingents to have representation in the cultural program.

Decorations Committee

This committee is responsible for promoting a cheerful and fraternal atmosphere and a high profile of the Games within the host community.

Finance and Fundraising Committee

It is recommended to have the functions of finance and fundraising combined into one committee. The general task of this committee is to prepare the preliminary budget and subsequent budgets for board approval, petition the various governments for their financial contributions, fundraise, set up a bookkeeping system, oversee the disbursements and monitor the general cash flow of the Games. This committee will work closely with the general manager and board of directors. It is traditional that at least one member of this committee, usually the chairperson, be the treasurer of the board of directors.

#### Host/Hostesses Committee

This committee is responsible for recruiting, outfitting, training and scheduling hosts/hostesses who act as goodwill ambassadors for the Games, promoting the friendliness of the Games, the host community and helping participants feel at home. This is achieved by accompanying the various contingents to events, greeting the planes, welcoming participants to social events, the athletes' village, and by being present at the dining center, sporting and cultural venues. This committee should have a close relationship with the VIP/Protocol committee.

#### Medical Committee

The primary duties of the medical committee are to set up and man an infirmary in the athletes' village, to provide qualified medical persons for each venue and to obtain enough supplies to use during the week of the Games. This committee must also help ensure that all AWC participants have medical coverage. Arrangements must be made for access to hospitals and services of the medical community.

#### Merchandising Committee

This committee is responsible for developing and implementing a plan to produce and distribute souvenir items for the Games. The initial task is to determine the most expedient way to merchandise souvenir items in the community. Some Host Society's will elect to contract the program out to a local wholesaler or others will want to handle the production and distribution themselves. The merchandising group should work closely with the promotions committee.

#### ⊙ Promotional Committee(s)

##### ⊙ Media Center Committee

This committee is responsible for the invitation, registration, and accreditation of print and broadcast media participating in the Games. Adequate working areas and facilities must be arranged for these individuals. The media and results centers are often in the same location.

##### ⊙ Results Center Committee

This committee is responsible for the establishment of a results center through which results of all sport competitions are reported and recorded. The media and results center are often in the same location.

##### ⊙ Ulu News Committee

The Ulu News is the official Games newspaper. There are very few directives from the AWC Corporation on the production of this tabloid, other than that one has to be produced. It is strongly suggested that a committee be struck to do the work prior to the Games and to oversee the actual production of this newspaper. Most often the paper has been produced by professionals who are paid for their services. The work has been put out to tender approximately six months prior to the Games.

#### Registration and Accreditation Committee

The major duties of this committee include assembling registration kits, registration and accreditation of all participants and distribution of participant certificates.

#### Security Committee

This committee is responsible for all the security requirements during Games week. The major areas of responsibility are security in the athletes' village (residences and dining center), social events, art exhibitions and special events which require crown control. It is suggested this committee be comprised of mature people preferably with experience in law enforcement. The general overall ambience of the Games may very well be controlled by this committee. It is important to maintain discipline but an over-zealous security committee could spoil the goodwill of the Games. It is the primary role of the chef-de-missions and mission staff for the care and discipline of their participants.

#### Social Activities Committee

This committee is responsible for the planning, preparation and implementation of social activities for athletes, coaches, managers, mission staff and officials. The other area of responsibility lies in organizing and scheduling the sport banquets.

#### Transportation Committee

Basically, the transportation committee is in charge of the transportation of all athletes, coaches, managers, cultural participants, mission staff, VIP's, guests, officials, Games office staff and luggage. A transportation office should be set up at or near the athletes' village to coordinate all bus traffic and special transportation requirements. All Games vehicles should be identified by signs in their windows or on the doors.

#### VIP/Protocol Committee

The VIP/Protocol committee is responsible for the accommodation, transportation, recognition, participation of VIP's invited to the Games by the Host Society. This committee also coordinates Games receptions.

#### Welcome and Send-Off Committee

This committee is responsible for the welcome and send-off of all Games participants as authorized by the technical package, VIP's and, wherever possible, visitors to the Games. Included under participants are: athletes, coaches, managers, mission staff, officials, and cultural participants. This committee shall also produce a welcome booklet for the Games.

# The Back Page

Sunday, March 15, 1987



**PLEASED WITH FACILITIES**—The Arctic Winter Games Corp.'s board of directors took a tour of local facilities to be used for the 1988 games and was pleased with what Fairbanks had to offer. Board members, from left, are Dwight Gianski, Northern Alberta; Jim Whisenant, Fairbanks; Don Cooper, Yellowknife, N.W.T.; Gerry Thick, Whitehorse, Y.T.; Don Cather, Anchorage; Dennis Adams, Yellowknife, N.W.T.; and Tom O'Hara, Whitehorse, Y.T.

*Mike Helrose Daily News Miner*

## Arctic Games board lauds facilities, asks questions

By JOHN FRIDRICH  
Staff Writer

The Arctic Winter Games Corp.'s board of directors, in Fairbanks this week to check the progress of local efforts to host the games in March 1988, asked plenty of questions Friday as they toured facilities that will be used to stage the 10th games and made a number of complimentary remarks.

"Perfect," said Don Cooper in describing Hering Auditorium, a

1,320-seat theater at Lathrop high that was recently renovated. "This would probably be OK for most of the Arctic events," noted Dennis Adams, the second board member from Northwest Territories.

Since 1970, the games have been held every other year, alternating between Alaska, the Yukon Territory and the Northwest Territories. An opportunity for people from the Far North to share their cultural

(See ARCTIC, Back Page)

## ARCTIC

(Continued from page 15)

heritage, express international goodwill and engage in athletic competition, the games are scheduled to be held in Fairbanks next March.

"To see the venues, meet with the host society and monitor the progress the host society is making in organizing the games," Cooper, the corporation president, said of the group's purpose in Fairbanks.

More than 900 athletes, coaches and officials from out of town will converge on the Golden Heart City beginning March 13, 1988. The influx requires making arrangements to feed, house, entertain and transport the visitors during their week-long stay.

The corporation's seven-member board of directors spent about 45 minutes Friday walking through Lathrop, where many of the athletes and coaches will be housed and fed, and sporting activities held. They asked questions about the square footage of the gym, the cafeteria's capacity, provisions for a lounge and the proximity of other facilities.

Local schools will not be in session during the week of the games to provide room for visiting athletes and officials.

Although board members wanted to know about the arrangements being made, of greater concern is the lack of a contract between the corporation and the borough to stage the games. The borough assembly has been reluctant to approve signing a contract because they don't know where the money to pay for the games is coming from, and the contract obligates them to be responsible for all costs. The corporation was established to ensure the continuity of the event.

Local officials are hoping the State Legislature will allocate \$550,000 to run the event, but given

the uncertainty of the state's finances, that money may not materialize, or it could be substantially reduced. Either way, the host society probably won't know if the money is available or not until late May.

"At that point in time, we do not think we could make other arrangements to stage the games elsewhere in time," said Cooper, a resident of Yellowknife, Northwest Territories, adding there is the possibility that the games won't be held next March.

On another issue, Cooper said the scheduling of another major event during the Arctic Winter Games, which corporation policy discourages, will not be a problem. The North American Sled Dog Championships will be held during the games in 1988. "We think that won't interfere with the Arctic Winter Games," he said. "It could serve as a nice complement to the games."

Athletes from northern Alberta will be making a second appearance at the games, increasing their numbers to around 100. No word has been received from Quebec, which sent a small contingent to Whitehorse in 1986, Cooper said.

Joining Cooper and Adams in Fairbanks were board members Dwight Ganske, representing northern Alberta, Gerry Thick and Tom O'Hara from the Yukon; Don Cather of Anchorage and Jim Whisenant of Fairbanks.

With the exception of broomball, which has been added, and women's hockey, which was dropped, there are no changes from 1986 in the sports that will be contested.

Competition will be held in Arctic sports, badminton, basketball, Nordic skiing, curling, figure skating, gymnastics, ice hockey, indoor soccer, silhouette shooting, ski biathlon, snowshoe biathlon, snowshoeing, speedskating, team biathlon and volleyball.

## Arctic Games backers seek funds for competition

By JOHN FRIDRICH  
Staff Writer

With Fairbanks slated to host the 10th Arctic Winter Games in March 1988, and no funds in hand to put on the week-long event, officials from several organizations involved in the biennial competition and cultural gathering are beginning to get a little bit nervous.

And because so many disparate parts must fall into place in the near future, the effort has taken on a Catch 22 twist.

The Arctic Winter Games Corp., which oversees the event but has no money to stage the games, is nervous because no contract has been signed between the borough and the corporation. The corporation was set up to ensure the continuity of the games.

The borough assembly has

balked at entering into a contract because, as written, it obligates them to be responsible for all costs and they're not sure where the money will come from.

The local AWG host society is also anxious because it is responsible for putting on the games and the organization is counting on money from the state Legislature for a large part of its funds.

Members of the host society board of directors have been working with Sen. Don Bennett of Fairbanks, who plans to try and get a special appropriation of \$550,000 to fund the games, according to Janice Adair, a Bennett staff member.

Several years ago, the state Legislature passed a resolution supporting Alaska's effort the next time the state hosted the games,

but this is a different Legislature, one that is faced with a sharp decline in the amount of money it has to allocate, adding significantly to the uncertainty.

Although sales of pins and posters, in-kind and corporate donations are an integral part of the fund-raising, the host society is counting on legislative funds to lay the ground work.

"We're very anxious about the appropriations bill that's in there because we really need the money," said Gary Roth, treasurer of the host society's 13-member board of directors. "The budget frustration we have is as they get down towards the end (of the session in May), when they slice up the pie, we're not sure how much we'll have appropriated."

Whitehorse, Yukon Territory, site of the 1986 AWG, spent in the neighborhood of \$800,000 to stage the games, a figure that included substantial in-kind donations.

A bill introduced this session by Bennett, that would allow Alaska residents to donate \$5 of their Permanent Fund Dividend check to the games, won't do any good this year because the 1987 dividend applications have already been printed, according to Colleen Brown of the state Department of Revenue.

Despite the uncertainties, plans are proceeding and the host society is expected to name someone to coordinate the games next week. The AWG corporation is scheduled to meet in Fairbanks Friday and Saturday and will hold discussions with the host society.

"We're going ahead as a host society as if this is going to fall into place," Roth said.

A biennial gathering of athletes that offers residents of the Far North an opportunity to compete against one another and share their diverse cultural backgrounds, the AWG are rotated among the three countries that have participated since the games were first held in 1970. Fairbanks hosted the AWG in 1982 and was selected during the 1986 games in Whitehorse to hold the 1988 event. Yellowknife, Northwest Territories was host in 1984.

Jim Whisenant, vice-president of the AWG corporation and Fairbanks resident, said he sees preparations are under way, but AWG board members who live in the Yukon or Northwest Territories don't see those events unfolding.

"I can understand their feeling," he said. "I would have the same feeling if Northwest Territories or the Yukon had not signed. . . . That has never been a problem in the past and, yes, the corporation is concerned about it. Normally, by this time a contract has been signed."

Another concern is the scheduled dates for the games. The 10th AWG begins March 13, 1988 and ends March 20, dates that were set when Fairbanks made its bid in Whitehorse last year. The corporation's policy says the host city should not have another major event taking place during the AWG, and the North American Sled Dog Championships are scheduled that week. "We do have a problem," Whisenant said. "I'm not sure it's an unsurmountable problem."

N. 137

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



REQUEST: \_\_\_\_\_

Bill Version: CS SB 113 (Fin)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_

Agency Affected: Revenue  
BRU: Administrative Services

Title: Act relating to the Arctic Winter Games

Sponsor: Senator Bennett

Components: \_\_\_\_\_

Requestor: Senate Finance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)


GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Prepared by:   
Division: Senator Don Bennett, Co-chairman  
Co-chairman, Senate Finance Committee

Phone: 465-3714  
Date: March 19, 1987

Approved by Commissioner: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

S B

120

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: JUDICIARY

BILL: SB 120

CURRENT VERSION: 2d CS SB 120 (JUD)

SCHEDULED: APRIL 18, 1988

SPONSOR: FAIKS

PHONE NO: 3755

CONTACT FILE: \_\_\_\_\_

BILL SUBJECT: ENTRY OF INFORMATION REGARDING MINORS ON THE ALASKA PUBLIC SAFETY INFORMATION NETWORK

SPONSOR BACKUP: IN FILES

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
PUBLIC SAFETY	GAYLE HORETSKI/4322	NOTIFIED 4/5/88
COURTS	BOB FISHER/264-8215	NOTIFIED 4/5/88

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 88 AMT</u>	<u>FY 89 AMT</u>
PUBLIC SAFETY		3/18/88	-0-	\$8,500
H&SS		3/18/88	-0-	-0-
COURT SYSTEM		3/18/88	-0-	\$5,300

ACTION

<u>DATE</u>	<u>COMMENT</u>
4/15/88	HEARING: HELD UNTIL 4/18 FOR COMMITTEE SUBSTITUTE
4/18/88	COMMITTEE SUBSTITUTE ADOPTED AND PASSED FROM COMMITTEE

# HOUSE COMMITTEE REPORT

7/19

(7)

Date referred: 3/22/88

FURTHER REFERRALS:

Judiciary  
Finance

DATE: 4-18-88

The State Affairs Committee has considered 2d CSSB 120(Jud)

"An Act relating to the entry of information regarding minors on the Alaska Public Safety Information Network."

### RECOMMENDS:

- replace with HCS 2<sup>d</sup> CSSB 120(SA)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

ADOPTS:  \_\_\_\_\_ letter of intent

### ATTACHES NEW FISCAL NOTE(S):

- fiscal impact
- zero fiscal note
- zero with analysis
- same as previous fiscal note published 3/21/88
- same as previous zero fiscal note published 3/21/88

### SIGNING DO PASS:

*[Handwritten signatures]*

---

---

---

---

---

---

---

---

---

---

### SIGNING OTHER RECOMMENDATIONS:

*Terry Masten*  
*Cliff Davidson*

---

---

---

---

---

---

---

---

---

---

*[Handwritten signature]*  
Chairman's signature

# STATE OF ALASKA THE LEGISLATURE

POUCH Y - STATE CAPITOL  
JUNEAU, ALASKA 99811  
907-465-3800

## LEGISLATIVE AFFAIRS AGENCY LEGISLATIVE REFERENCE LIBRARY

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

HSA	4-15-88	3:00 p.m.
HSA	4-18-88	3:00 p.m.

Original sponsors: Faiks and Szymanski

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 HOUSE CS FOR 2d CS FOR SENATE BILL NO. 120 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the entry of information regard-  
7 ing minors on the Alaska Public Safety Information  
8 Network."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 \* Section 1. AS 47.10.090 is amended by adding new subsections to read:

11 (d) Notwithstanding (a) of this section, if a minor is placed in  
12 a juvenile facility under AS 47.10.080(b)(1) or released on probation,  
13 the court shall transmit for entry into the Alaska Public Safety  
14 Information Network the following information if applicable:

15 (1) the fact that the minor is in a juvenile facility or on  
16 probation;

17 (2) the dates of the placement or probation and any terms  
18 or conditions imposed that restrict the minor's curfew hours and  
19 geographic area;

20 (3) the name of the minor's probation officer; and

21 (4) any offense for which the minor is in a juvenile facil-  
22 ity or on probation if the offense would be a felony if committed by  
23 an adult.

24 (e) The Department of Public Safety shall make the information  
25 transmitted under (d) of this section available to a member of a state  
26 or local law enforcement agency, as defined in AS 12.62.070, who  
27 requests the information for official business purposes.

28 (f) As soon as practicable after the date on which the minor is  
29 scheduled to complete the period of detention or the terms of

1 probation, the Department of Public Safety shall remove the informa-  
2 tion transmitted under (d) of this section from the Alaska Public  
3 Safety Information Network.  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19



# Alaska State Legislature

SENATE

Office of the President

P.O. Box V  
State Capitol  
Juneau, Alaska 99811  
(907) 465-3755

## MEMORANDUM

March 22, 1988

TO: Representative Fran Ulmer, Chairman  
House State Affairs Committee

FROM: Senator Jan Faiks  
President of the Senate

SUBJECT: 2d CSSB 120 (Jud) "An Act relating to the entry of information regarding minors on the Alaska Public Safety Information Network."

Senate Bill 120 has been referred to the House State Affairs Committee for consideration. The purpose of this bill is to enable the Alaska Public Safety Information Network (APSIN) to maintain information on the probation status of minors.

APSIN is the state's criminal justice computer system. It contains information regarding the criminal activity of adults, but not minors. At the present time, law enforcement officers who detain juvenile suspects have no easy way of determining if the juvenile is a probationer, and is acting in violation of the probation.

2d CSSB 120 (Jud) authorizes the superior court to have certain facts entered into APSIN. These include the fact that a minor is on probation, the actual terms and conditions thereof, the name of the minor's probation officer, and the offense committed, if the offense was a felony. This information will provide law enforcement officers with the tools they need to investigate crimes in which minors on probation are suspects. It will also provide officers with the knowledge they require in order to take the necessary steps to protect themselves when they stop minors on probation for questioning.

This information may be made available only to a member of a public agency involved in law enforcement, who needs the information for official business purposes.

The dates of the duration of the probation must be entered into APSIN, so that law enforcement officers will be able to determine that inadvertently unexpunged information is no

longer current, and so that the Department of Public Safety will know when to remove it.

The bill requires DPS to remove the information from APSIN as soon as practicable after the date on which the minor is scheduled to complete the probation.

Please feel free to contact my office if you have any questions or comments.

Thank you.

216

STATE OF ALASKA 1988 LEGISLATIVE SESSION  
FISCAL NOTE

(a)

Bill Version: 2nd CS SB 120 (Jud)  
Publish Date: 3/21/88

REQUEST:

Revision Date: 03/18/88  
Title: An act relating to the entry of information regarding minors  
Sponsor: Faiks & Szymanski  
Requestor:

Agency Affected: Alaska Court System  
BRU: Trial Courts

Components:

EXPENDITURES/REVENUES:	(Thousands of Dollars)					
OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
Personal Services	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Travel	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Contractual	. . . .	5.3	4.6	4.6	4.6	4.6
Supplies	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Equipment	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Land & Structures	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Grants & Claims	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
TOTAL OPERATING	0.0	5.3	4.6	4.6	4.6	4.6

CAPITAL	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
---------	---------	---------	---------	---------	---------	---------

REVENUE	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
---------	---------	---------	---------	---------	---------	---------

FUNDING:	(Thousands of Dollars)					
General Funds	0.0	5.3	4.6	4.6	4.6	4.6
Federal Funds	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Other	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
TOTAL	0.0	5.3	4.6	4.6	4.6	4.6

POSITIONS:						
Full-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Part-time	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .
Temporary	. . . .	. . . .	. . . .	. . . .	. . . .	. . . .

ANALYSIS: (Attach a separate page if necessary)

See attached analysis.

Prepared by: *Jan Strandberg*  
Jan Strandberg, General Counsel  
Division: Alaska Court System

Phone: 264-8228  
Date: 03/18/88

Approved by: *Stephanie Cole, for*  
Arthur H. Snowden, II, Administrative Director  
Agency: Alaska Court System

Date: 03/18/88

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management & Budget
  - Impacted Agency(ies)
  - Senate Secretary

## FISCAL ANALYSIS SB 120

This bill would require courts to transmit the terms and conditions of probation for minors for entry into the Alaska Public Safety Information Network. Terminals would be needed by children's court personnel in Anchorage and Fairbanks specifically to transmit this information. In other court locations, the court system anticipates transmitting hard copy, incurring only postage costs.

ALASKA COURT SYSTEM

FISCAL NOTE - CS SB 120

Contractual Services:

Communications:

Division of Data Processing data line rental (2 @ \$82/month) and installation (2 @ \$350/one-time) charges	\$2,568
---	---------

Postage	500
---------	-----

Equipment Rental:

Terminal rental (2 @ \$87/month)	2,088
----------------------------------	-------

Total Contractual	\$5,256 *****
-------------------	------------------

216

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: 2d CSSB 120 (JUD)  
PUBLISH DATE: Senate 3/21/88

(b)

FISCAL NOTE

REQUEST

Revision Date: <u>March 18, 1988</u>	Agency Affected: <u>Public Safety</u>
Title: <u>"An Act relating to entry of information regarding minors..."</u>	BRU: <u>DPS Administration</u>
Sponsor: <u>Sen. Faiks &amp; Szymanski</u>	Components: <u>Administrative Services</u>
Requestor: <u>Senate Judiciary</u>	

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES		8.1	8.1	8.1	8.1	8.1
TRAVEL						
CONTRACTUAL		.1	.1	.1	.1	.1
SUPPLIES		.1	.1	.1	.1	.1
EQUIPMENT		.2				
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		8.5	8.3	8.3	8.3	8.3
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUNDS		8.5	8.3	8.3	8.3	8.3
FEDERAL FUNDS						
OTHER						
TOTAL		8.5	8.3	8.3	8.3	8.3

POSITIONS:

FULL-TIME						
PART-TIME		1	1	1	1	1
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Please see attached analysis requesting a new part-time position.  
Inflation is not included in above costs.

Prepared by: M. J. Clemens, Assistant Director Phone: 465-4336  
Division: Administrative Services Date: 3/18/88

Approved by Commissioner: Arthur English Date: 3-18-88  
Agency: Public Safety

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

1.	POSITION TITLE Clerk IV				RANGE/STEP 9/A	BARG. UNIT CGU	PAGE/LINE	GOV.	APPROV.	DESAPP
2.	TYPE OF POSITION PPT	STAFF MONTHS 4	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Anchorage	ELECTION DISTRICT 7-15	LEG.		
3.	CONTINUATION LEVEL				JUSTIFICATION:					
4.	TYPE OF EXPENDITURE			AMOUNT	<p>This part-time position will be responsible for input and subsequent deletion of juvenile probation data in the Alaska Public Safety Information Network (APSIN). There were 1,174 juveniles formally on probation during an average month in FY 86 (DF&amp;YS/H&amp;SS).</p> <p>Based upon an average, each juvenile being on probation for 12 months, there would be about 100 additions and 100 deletions each month to the APSIN listing of juveniles on probation. The Court System would transmit all such changes for entry into APSIN.</p> <p>Support (non-personal services) will be minimal; a computer terminal can be made available because of staff reductions, so additional funding for purchase, hook-up fees, and maintenance of a new terminal will not be necessary.</p>					
	1	2	3							
	PERSONAL SERVICES									
5.	Salary	6.9								
6.	Benefits	1.2								
7.	Supplemental Benefits									
8.	Fixed Benefits									
9.	TOTAL PERSONAL SERVICES	01	8.1							
10.	Travel	02								
11.	Contractual	03	.1							
12.	Commodities	04	.1							
13.	Equipment	05	.2							
14.	Other									
15.	TOTAL COST		8.5							
	RECEIPT CODE	FUNDING SOURCE								
16.		Federal Receipts 1002								
17.		G.F. Match 1003								
18.		General Funds 1004		8.5						
19.		I-A Receipts 1005								
20.		Program Receipts 1028								
21.		Other								
FOR B&M USE ONLY										
KEY NUMBER - - - - -										

REQUEST FOR  
NEW POSITION

AGENCY Department of Public Safety

BRU DPS Administration

COMPONENT Administrative Services

FY 89

Page 2 of 2

Revised Date \_\_\_\_\_

216

(C)

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: 2nd CSSB 120 (JUD)  
PUBLISH DATE: Senate 2/21/88

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: The entry of information regarding minors on the APSIN  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Svcs.  
BRU: Youth Svcs.  
Components: Probation Svcs.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	-0-	-0-	-0-	-0-	-0-

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

This bill requires no action by the Department and would not require additional resources.

Prepared by: Yvonne M. Chase, Director  
Division: Division of Family and Youth Services

Phone: 465-3170  
Date: 03-18-88

Approved by Commissioner: Myra M. Munson, Commissioner  
Agency: Department of Health and Social Services

Date: 3/18/88

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

S B

152

April 9, 1987

The Honorable Rick Uehling  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811-3100

Dear Senator Uehling:

Re: Senate Bill 152  
Catastrophe Insurance Fund  
Senate Affairs Committee  
Meeting: March 30, 1987

During the recent Senate Affairs Committee meeting, you requested additional information concerning areas of possible savings that might result due to creation of the Catastrophe Insurance Fund as outlined in SB 152.

As displayed in the fiscal note, Risk Management will build a \$5,000,000 insurance catastrophe fund over the next three years, by using premium dollars that would otherwise be paid to insurance companies for purchase of insurance above our present retentions and under the \$5,000,000 cap. If we do not experience large losses in that layer of coverage for the next three years, we should be able to materially reduce premium needs beginning in FY 91. The fiscal note calls for savings of \$2,400,000 in FY 91 and \$2,700,000 in FY 92.

Because of the establishment of an insurance catastrophe fund to respond to large and unforeseen losses within our retentions, the State will benefit as respects availability as well as the probability of reduced costs for excess layers of insurance above our deductibles. It is much more difficult, however, to put a dollar value on these savings because they tend to vary with each underwriter depending on market conditions at the time of placement.

In explanation, let me make some comments about deductibles or self-insurance from an underwriter's perspective. Most insurance underwriters do not like to write excess or catastrophe coverage over high self-insured retentions unless they feel the policyholder is able to respond (timely) to possible loss. From the standpoint of liability coverages this statement is absolute because U.S. courts in several instances have ruled that the

April 9, 1987

excess underwriters must respond to primary losses if the primary insurer is unable to pay. Also, of course, in instances where the primary or self-insurer is unable to respond in a timely fashion, litigation and/or legal costs are almost a certainty. From a property standpoint funding is not quite so essential to the excess underwriter; however, even with a first party loss there may be mortgagees, lessors or other parties of interest, and inability of timely response to loss can complicate an adjustment as well as lead to legal costs or litigation.

These are the primary reasons markets for excess coverages may be limited, costly--or even unavailable unless the excess carrier (insurance company) is satisfied that the policyholder has taken reasonable steps to fund self-insured obligations.


As previously stated, actual excess insurance savings are dependent on the underwriter and conditions of the insurance markets--but a reasonable estimate of savings would probably be about 10% of normal excess premium costs--not to mention the availability factor which can become even more important than the savings.

The enclosed chart illustrates the method to be used to fund the catastrophe fund created by SB 152. Presently there are wide variances in the State levels of self-insurance below \$5,000,000. They vary from \$50,000 for marine hulls to \$5,000,000 for workers' compensation and liability insurance. Presently the State is spending \$2,800,000 for insurance below the \$5,000,000 loss level. Through SB 152, we hope to retain these premiums formerly spent for intermediate levels of coverage and utilize them for our catastrophe self-insurance program.

Not only will this program retain funds formerly expended, but once the \$5,000,000 cap is reached for the catastrophe fund, any savings will be reflected in Risk Management's budget. (See fiscal note for SB 152.)

I hope these comments answer your inquiry. If you require additional information, please do not hesitate to call.

Sincerely,



Donald J. Hitchcock  
Director

DJH/tz

19/9D1/0401-05

Enclosure

cc: Commissioner Garrey Peska  
Department of Administration

STATE OF ALASKA  
RISK FINANCING PROGRAM

CURRENT  
FY87 PROGRAM

CONCEPTUAL  
FY88 PROGRAM

INSURANCE EXCESS OF \$5 MILLION

INSURED  
LAYERS

INSURED  
LAYERS

\$5,000,000

\$2.8 MILLION  
PREMIUM

PREMIUM SAVINGS\* FROM  
INTERMEDIATE INSURANCE  
LAYER TRANSFERRED TO  
CATASTROPHE FUND

CATASTROPHE  
FUND  
SB512

RETENTIONS

\$50.0 TO \$5 MILLION

SELF INSURANCE

RETENTION

\$1,000,000

\*SAVINGS WILL VARY ANNUALLY, ESTIMATED AVERAGE \$2.0 MILLION PER YEAR

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Law Log: 773-87-0019

Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
 Title: An act relating to State's risk management, et al.  
 Sponsor: By the Rules Committee  
 Requestor: Governor

Agency Affected: Administration  
 BRU: Risk Management  
 Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)
TOTAL	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS: Attach a separate page if necessary

State insurance catastrophe fund established (\$5,000,000 maximum) to fund self-insured losses in excess of \$1,000,000. Funding to come from insurance premium savings due to increased self-insurance. It will take approximately three year's accumulation of savings to build the fund. Budget reductions should begin in FY 91 assuming no losses.

Prepared By: Don Hitchcock  
 Division: Risk Management

Phone: 465-2180  
 Date: February 20, 1987

Approved by Commissioner: Garrey Peska  
 Agency: Department of Administration

Date: \_\_\_\_\_

Distribution (by preparer):

Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)  
 Senate Secretary

1           Sec. 37.05.289. STATE INSURANCE CATASTROPHE RESERVE ACCOUNT.

2           (a) There is established in the general fund a state insurance catas-  
3 trophe reserve account consisting of assets appropriated to it by the  
4 legislature and assets allocated to the account by the Department of  
5 Administration as provided in (b) of this section. Assets of the  
6 account may be used to obtain insurance, to establish reserves for the  
7 self-insurance program, and to satisfy claims or judgments arising  
8 under the program. Interest earned on money in the account must be  
9 remitted to the Department of Revenue, in accordance with AS 37.10.-  
10 050.

11           (b) The Department of Administration may allocate to the state  
12 insurance catastrophe reserve account, from the appropriations to all  
13 state agencies for insurance-related purposes, an amount that the  
14 commissioner of administration determines to be necessary to provide  
15 an adequate insurance program for the operations of state government.  
16 Money remaining in the account at the end of a fiscal year is not a  
17 one-year appropriation under AS 37.25.010 and does not lapse, except  
18 for amounts determined by the commissioner of administration to be  
19 unnecessary to maintain this account at an appropriate level and not  
20 to exceed \$5,000,000. If the amount necessary to satisfy claims or  
21 judgments for which payment may be due under the state insurance  
22 program in a fiscal year exceeds the unexpended balance of the amounts  
23 allocated to the account, the department may charge an additional  
24 amount from the unencumbered balance of any appropriation that is  
25 determined by the commissioner of administration to be available for  
26 lapse at the end of the fiscal year.

27           \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

# HOUSE COMMITTEE REPORT

(7)

Date referred: 4/28/87

FURTHER REFERRALS:

Finance

DATE: 5-11-87

The State Affairs Committee has considered SB 152

"An Act relating to the state's risk management; and creating a state insurance catastrophe reserve account; and providing for an effective date."

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title  
 attached amendment(s)  a new title  
 do pass  
 do not pass  
 no recommendation  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_  
 zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_  
 zero with analysis

**SIGNING DO PASS:**

[Signature]  
Cliff Davidson  
Terry Maister  
[Signature]  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

[Signature] No Rec.  
David Doherty NO Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
[Signature]  
Chairman's signature

**DIVISION OF RISK MANAGEMENT**  
**Annual Report**  
**Fiscal Year 1986**



State of Alaska  
Department of Administration

# STATE OF ALASKA

STEVE COWPER, GOVERNOR

## DEPARTMENT OF ADMINISTRATION

POUCH C (MS 0218)  
JUNEAU, ALASKA 99811  
PHONE: (907) 465-2180

### DIVISION OF RISK MANAGEMENT

April 17, 1987

Honorable Garrey Peska  
Commissioner of Administration  
State of Alaska  
State Office Building  
Juneau, Alaska 99811

Dear Commissioner Peska:


I am pleased to submit the FY86 annual report for the Division of Risk Management.

As the availability of markets for State insurance needs have become limited and costs dramatically escalated over the past two years, it has become necessary to increase the State levels of self insurance in order to control costs. At the same time we have also retained the ability to continue to provide the State agencies with a very broad spectrum of insurance protection. However, as the State's levels of self insurance are increased we automatically assume responsibilities for higher levels of uninsured exposures to loss. It is for this reason we are proposing legislation which will allow the State to develop a reasonable Catastrophe Insurance Fund in the event large and unforeseen losses should occur.

With the exception of certain high risk liability exposures there are very definite signs of improvement in insurance market predictability and availability. Costs appear to have reached a plateau and should slowly recede to more acceptable levels as competition becomes more prevalent. Nonetheless we plan to continue with steps already taken to increase State self insurance retentions (deductibles) and move away from the unpredictability experienced in traditional insurance markets. We believe such a program to be in the best interests of the State both from a cost and coverage standpoint.

Service provided to injured State employees and their dependents as well as other claimants remains at the top of our priority list. As the insurance information resource for all State agencies we continue to solicit inquiry and comment to better serve their needs. I hope this report will be of assistance to readers in understanding the State's insurance programs as well as the special services Risk Management provides.

Respectfully submitted,

  
Donald J. Hitchcock  
Director

**FUNCTIONS  
OF THE  
DIVISION OF RISK MANAGEMENT**

---

Primary goal of the Division of Risk Management is to protect the State's assets from major loss through a combination of self-funding and insurance agreements that are fiscally sound and cost effective.

This objective is accomplished through three basic approaches to responsible Risk Management.

1. Administration and control of self-insurance and insured risk designed to be responsive to the individual needs of each State agency and in the best interests of the State as a whole.
2. Positive and aggressive control of claims brought against the State as well as claims for repair or replacement of damaged State properties. Fair and reasonable settlement of claims in a timely and practical manner wherever possible. This function works in coordination with the Department of Law.
3. Provide State agencies with timely and accurate claims exhibits and analysis so that safety activities and accident prevention programs can be designed and implemented to create and maintain a safe place to work for our employees as well as protect the general public. These are for general use within the State system.

## Introduction to Risk Management

---

Risk exists whenever the future is unknown. Since no one knows the future exactly, everyone is a risk manager, not by choice, but by sheer necessity.

The State of Alaska has physical, financial, and human resources that help it achieve its objectives. A substantial loss to any of these resources could cause financial loss and/or disruption of services or operations provided to the people of the state.

Risk management is the process of minimizing the adverse effects of loss through pre-planning and pre-funding of loss exposures. The Division of Risk Management acts much like an insurance company in paying injured workers' compensation claims, handling liability claims or lawsuits and providing funds for damage to State property ranging from the M/V COLUMBIA to an ivory artifact housed in the State Museum.

Risk management is more than just purchasing insurance for losses. It involves the long term commitment of the State to minimize the total cost of risk. Properly implemented, risk management avoids the unpleasant task of obtaining unbudgeted funds to finance restoration after a major loss.

During the past 15 years, risk management has become an essential part of corporate management as well as for cities and states. The State of Alaska has received the benefits of risk management since 1972 and State agencies have realized considerable savings and significant increased protection over the years.

The State at one time was sheltered from liability suits by the doctrine of "Sovereign Immunity", however, legislative and court actions have substantially eroded that concept. Many court decisions apply the "deep pocket" theory in awarding damages to an injured party. This places the State in line for payment in many cases where the State has little or no known liability. Workers' compensation statutory benefits in Alaska are the highest of all the states. These major exposures have to be controlled and properly funded.

In basic terms, Risk Management strives to give less money to insurance companies and provides services (claims adjusting etc.) through Alaska based professional service contractors. Cost effective protection, safety awareness and claims management are the "keys" to a successful risk management program.

## **RISK MANAGEMENT SERVICES**

---

### **RISK MANAGEMENT ADMINISTRATION**

Developing the State's total property and casualty insurance program; assessing new or special projects for insurance exposures or needs; providing evidence of insurance for state activities; preparing annual insurance costs for state agencies; monitoring loss funds; overseeing annual actuarial and audit services and general administration of Risk Management's response to State needs are some of the services provided by the administrative section.

Marketing of the State's insurance programs is done through contract Brokers. Presently our Brokers are Corroon & Black and Marsh & McLennan. The State's annual insurance actuarial reports are prepared by Coopers & Lybrand. Peat, Marwick, Mitchell & Co provide audit services and computer services are provided by Marsh & McLennan's CIS. All Risk Management contract services are bid every 3-5 years.

Risk Management also provides services to the Alaska Power Authority and coordinates with or assists the University of Alaska and the Alaska Railroad when requested.

### **CLAIMS SERVICES**

Claims Management provides services to investigate and adjust a claim once an accident or occurrence is reported. The majority of workers' compensation and liability claims are handled through adjusting firms under contract. Most property claims are handled directly by Risk Management claims staff.

Northern Adjusters Inc., with offices in Anchorage, Fairbanks, Juneau and other Alaska cities handles auto and general liability claims; Pacific Marine Insurance, Ketchikan deals with claims on the Marine Highway System; Scott Wetzel Services, Anchorage adjusts workers' compensation claims and Surety of Alaska, Anchorage services aviation and professional liability cases. Each firm is subject to periodic claims review by Risk Management officers plus scheduled audits by independent claims professionals.

### **CONTRACT REVIEW**

An important part of Risk Management's loss control services involves establishment or review of state contract insurance requirements. These are necessary to protect the state from claims caused by the acts of independent contractors.

Considering the present insurance market, State requirements have become difficult to obtain for many of the state's contractors. Risk Management is addressing this problem when necessary by revising contract requirements on an individual basis (or where applicable), on a specific program basis. During FY86 standard (boiler plate) insurance requirements for State contracts were reviewed and modified where necessary.

Due to the wide variety of State contracts, it is very difficult to adopt one program or even a series of programs to fit the needs of all contractual agreements. Boilerplate insurance requirements are considered guides and Risk Management will work with State agencies to consider revisions when requested.

It is in the best interest of the agencies to remain involved in contract insurance negotiations since they can better attest to the type of work involved, inherent exposures, possible statutory requirements, and the importance of the contract.

#### **LOSS CONTROL AND CLAIMS INFORMATION SERVICES**

The starting point of any effective loss control program is to identify an agency's loss exposures. (Loss exposures include the items or persons subject to a loss, the forces that may cause a loss, and the financial impact of the loss.)

To assist agencies in determining where losses occur, how they occur, and the costs incurred, Risk Management provides loss control reports (see page 5) to Administrative Directors, management level personnel and designated safety officers throughout the State.

Special reports may also be generated from Risk Management's claims database to provide specific listings of claims to a variety of questions. As an example, each vessel in the Marine Highway System and each State Pioneer Home received a listing of claims in fiscal year 1986. Risk Management has also provided claim reports by specific type when requested (i.e. all open workers compensation claims for fiscal years 1983, 1984, and 1985 over \$25,000 which involved motor vehicles). Risk Management's claims analysis capabilities are extensive and available on request.

DIVISION NUMBER & NAME  
UNIT NUMBER & NAME  
COVERAGE

-----OUTSTANDING RESERVES-----  
-----PAID TO DATE-----  
-----TOTAL-----  
INABILITY MEDICAL EXPENSE NET INCURRED  
TOTAL INCURRED RECOVERY NET INCURRED

41 ALASKA COURTS  
0 ALASKA COURTS

WORK COMP-MED ONLY	2 OPEN	2 CLOSED	0 OPEN	0 SUIT	00	00	00	00	00	00	00	00
5 CLAIMS	0 REOPEN	0 SUIT	0 REOPEN	0 SUIT	00	296.30	724.00	00	00	00	00	724.00
TOTALS FOR UNIT - 0 ALASKA COURTS	0 REOPEN	0 SUIT	0 REOPEN	0 SUIT	00	427.70	427.70	00	00	00	00	724.00
5 CLAIMS	2 OPEN	2 CLOSED	0 REOPEN	0 SUIT	00	296.30	724.00	00	00	00	00	724.00
TOTALS FOR DIV. 41 ALASKA COURTS	2 OPEN	2 CLOSED	0 REOPEN	0 SUIT	00	427.70	427.70	00	00	00	00	724.00
5 CLAIMS	2 OPEN	2 CLOSED	0 REOPEN	0 SUIT	00	296.30	724.00	00	00	00	00	724.00

STATISTICAL REPORT - CAUSE OF ACCIDENT  
TERM: 07/01/86 - 08/30/87  
FOR THE PERIOD ENDING: 12-31-86  
VALUED AS OF: 01/19/87

STATE OF ALASKA  
NATURAL RESOURCES  
EMER FIRE FIGHTERS

WORKERS' COMPENSATION  
DIVISION LOCATION  
010 0001

ACC CODE	ACCIDENT CODE DESCRIPTION	CLAIM COUNT	% OF CLAIMS	TOTAL PAID	% OF PAID	TOTAL INCUR.	% OF INCUR.	AVG. INCURRED PER CLAIM
0001	SLIP/FALL - OUTSIDE BUILDINGS	3	33.33	1,369.54	85.75	1,369.54	50.22	684.77
0009	BURN/HEAT-COLD EXPOSURE-EXTREME IMP	1	16.66	7.50	0.46	7.50	0.27	7.50
0064	PERSONAL INJURY - CREW	1	16.66	0.00	0.00	200.00	7.33	200.00
0099	MISCELLANEOUS	2	33.33	220.00	13.77	1,190.00	42.17	595.00
TOTALS		6	100.00	1,597.04	100.00	2,727.04	100.00	454.50

DIVISION: FISH AND GAME  
UNIT: FRED

STATE OF ALASKA  
NEW CLAIMS LISTING  
VALUED AS OF: 12/31/86

ADJUSTOR COVERAGE STATUS FISCAL YR	CLAIM # SUFFIX LOCATION	CLAIMANT NAME ACCIDENT DESCRIPTION	DATE OF ACCIDENT	ENTRY ACTIVITY	INDEMNITY	PAID TO DATE-TOTAL	OUTSTANDING RESERVES-TOTAL	EXPENSE	TOTAL INCURRED RECOVERY NET INCURRED
SCOTT WETZEL WORK COMP-MED ONLY CLOSED 1987	0004693 999 011-0009	STARTING MOTOR - INJURED- LEFT WRIST	07/26/86	10/06/86	00	00	00	00	86.00
SCOTT WETZEL WORK COMP-MED ONLY CLOSED 1987	0004599 999 011-0009	MIXING TO BOAT - TWISTED- RIGHT ANKLE	07/29/86	10/08/86	00	00	00	00	142.30
SCOTT WETZEL WORK COMP-MED ONLY OPEN 1987	0004698 999 011-0009	PUNCTURED LEFT THIGH WITH- H WELDING ROD	08/14/86	10/08/86	00	00	00	00	100.00
SCOTT WETZEL WORK COMP-MED ONLY CLOSED 1987	0004719 999 011-0009	FELL ON ROCKS - CUT FING- ER ON RIGHT HAND	09/02/86	10/06/86	00	00	00	00	329.90
SCOTT WETZEL WORK COMP-MED ONLY CLOSED 1987	0004786 999 011-0009	SPRAY PAINTING/DUST DEBI- S IN L.EYE	09/29/86	10/29/86	00	00	00	00	63.20
SCOTT WETZEL WORK COMP-MED ONLY OPEN 1987	0004919 999 011-0009	EXPOSED TO LUDOPHOR	08/29/86	11/18/86	00	00	00	00	5,000.00
SCOTT WETZEL WORK COMP-MED ONLY CLOSED 1987	0004928 999 011-0009	DURING DECENT IN PLANE -- LEFT EAR DRUM	11/08/86	12/02/86	00	00	00	00	81.65
TOTALS FOR COVERAGE: WORK COMP-MED ONLY					0	7,727.20	00	00	10,201.15
UNIT TOTALS					0	2,473.95	00	00	10,201.15
					18	10,201.15	00	00	23,101.15
					0	13,912.20	00	00	29,101.15
					1	2,688.85	00	00	29,101.15
					20	16,201.15	00	00	29,101.15

## INSURANCE COST ALLOCATION SYSTEM

Risk Management's budget is funded through a premium allocation system. This is a system for distributing the State's insurance costs among the various departments. It is designed to achieve an equitable distribution of costs that reflect both exposure to loss (items subject to loss) as well as past loss experience for each department.

The Premium Allocation System depends on two sources of funding for insurance costs from state agencies. One is through Inter-Agency Reimbursable Services Agreements (RSA). All lines of insurance other than Workers' Compensation and General/Auto Liability are paid through RSA's. A second is Payroll Deduction, which pays an agency's workers' compensation, general liability and auto liability premiums.

Costs for each Agency are developed through a formula which includes units of exposure, claims history, special hazards such as medical malpractice and other measurable risk components.

For example, DOTPF with its large number of employees (2,399 for FY86) as well as responsibility for the State's road system, bridges, ferries, buildings and airports (exposure units) will experience more losses in terms of total claims and total costs than other agencies. This is reflected in DOTPF's premium charges.

To illustrate how an agency's insurance costs are developed the workers' compensation charge for Administration will be examined.

The State's workers' compensation FY87 cost is \$4,747,000 Eighty per cent or \$3,797,600 of that charge is based on the State's limited loss experience for a three year period and is known as the experience premium. Limited Loss Experience means for any claim, an agency will only be charged for an established maximum cost limit. As an example, if an Administration employee has a workers' compensation claim that incurred \$120,000 of costs, only \$100,000 (Administration's loss limit) is added to the department's and State's limited loss total.

Loss Limits are equal to approximately 10% of an agency's prior year Risk Management budget. As mentioned earlier Administration's limit is \$100,000. By contrast, the Department of Law has a limit of \$10,000 per claim.

The loss experience for FY87 is developed from FY83-FY85 inclusive. Three years experience is necessary in order to include a mixture of seasoned claims and relatively recent claims. It also minimizes the effect a catastrophe loss will have on an agency's insurance costs by spreading a claim over a three year period.

Administration's share of the State's three year limited losses is about 13.61%. This percentage multiplied by the State's experience premium (\$3,797,600) determines the department's share of the State's FY87 experience premium (\$517,150).

The final 20% of the workers' compensation insurance cost is based on the department's share of the State's anticipated FY87 payroll and is termed the exposure premium. For FY87 the exposure premium is \$949,000. Administration's percentage of the State's anticipated FY87 payroll (about 7.115%) is multiplied by the exposure premium to determine the department's share (\$67,548).

The most critical part of an agency's workers' compensation charge is loss experience. If costs are controlled (either through a reduction in the number or severity of claims) then both the worker and agency will benefit. An effective loss control program will pay off in insurance cost reductions as well as improved efficiency for the agency.

## STATE OF ALASKA FY87 INSURANCE PROGRAM \_\_\_\_\_

The following is a brief recap of the present insurance program for the State. Self-insured retentions (SIR's) and the amount of excess insurance purchased depend to a large extent on cost and availability. Estimated savings are based on the actual costs of FY86 programs. Of course, as retentions (deductions) are increased the State self-insured obligations are also increased.

Risk Management also provides certain protections within our self-insured programs which are not presently available in the insurance marketplace. These can include discrimination, asbestosis or pollution claims which could involve considerable litigation expense regardless of the circumstances or merits of the claim.

This recap is intended only to provide the reader with a quick understanding of the present program. There are, of course, a number of sublimits and special provisions which are not outlined in this document. Incidentally, the State insurances for FY87, are placed in over 65 insurance companies and Lloyds syndicates.

### Property

The State Property Insurance Program is written on an all-risk form which includes the perils of earthquake and flood. The SIR is \$500,000 per occurrence (5% of values for earthquake and flood) with \$100,000,000 of excess insurance. Earthquake and flood are limited to \$40,000,000 of insurance which was the maximum earthquake cover available in the marketplace. The University of Alaska also shares this policy which benefits both entities from a cost standpoint. For FY87, we were able to include Extra Expense insurance for State computer systems as well as State-owned museum artifacts in this policy. The SIR for the scheduled museum contents is \$100,000. By combining the property policies we were able to save approximately \$175,000 in premiums. The policy also includes limited coverage on 20 of the State's major highway bridges. If the legislature permits us to establish a \$5,000,000 insurance catastrophe fund for FY88, we should be able to increase the State property SIR to \$5,000,000.

### Casualty

The State Liability Program is also shared with the University and is written with a \$100,000,000 limit of liability and a SIR of \$5,000,000. In FY86 State retention was \$1,500,000. Through long-term contacts in the London market, we have been able to retain professional malpractice, errors and omissions, as well as directors and officers and police liability in the State's excess liability form. Presently, 90% of the State's liability coverage, i.e., \$90,000,000, excess of \$10,000,000, is placed through our London marine underwriters.

For FY88, we plan to reduce the percentage of non-marine coverage placed with marine underwriters so that we do not jeopardize our true marine insurance placements. For FY87 we were unable to find any domestic (American) companies willing to provide the necessary State excess liability coverages. Therefore, we have had to rely almost entirely on London underwriters. The only form available for the State's excess liability coverage is "claims made."

The State Workers' Compensation Program is also written with a \$5,000,000 SIR. We purchase catastrophe statutory excess of the State retention.

By increasing the State's levels of self-insurance for Liability and Workers' Compensation from \$1,500,000 to \$5,000,000 in FY87, premium costs were reduced by approximately \$2,000,000.

#### Marine

The State Marine Insurance Program provides protection for the Marine Highway System as well as a multitude of other Marine exposures. FY87 SIR's are \$100,000 for P&I (liabilities and Federal Acts) and \$50,000 for hull claims. Because of catastrophe ferry exposures we carry liability limits of \$200,000,000. Marine hulls are covered for specified amounts.

Most of the State ferry terminals are also covered under this marine form with a special \$250,000 SIR. The inclusion of the terminals in our Marine placements has saved the State considerable in premiums in addition to which we were able to include coverage required by contract for the Prince Rupert, BC terminal which had previously been placed separately because it is a foreign port.

#### Aviation

In view of poor world wide aviation experience during calendar year 1986, we were fortunate to be able to retain our aviation covers for FY87 even at considerable cost increase. The State has a relatively small fleet of owned aircraft but operation and ownership of International terminals such as Anchorage (sixth in the nation) and Fairbanks plus almost 275 smaller airports and airstrips represents tremendous exposures. The State presently carries \$200,000,000 limits with a \$250,000 deductible on airport liabilities as well as owned and leased aircraft. This policy includes an annual aggregate deductible of \$1,000,000.

All aircraft hulls are self-insured, unless specifically provided for.

Presently, aviation underwriters are unwilling to provide worthwhile savings for increased risk reductions but Risk Management will continue to test markets for savings.

The University is also included in the aviation coverage as well as nonowned (leased) aircraft cover for the Alaska Railroad. The Railroad has only occasional need for leased aircraft cover so it was provided by underwriters at no additional premium cost to the State.

#### Bonds

We provide statutory bonding for certain of the State's executives and a blanket employee fidelity bond with \$10,000,000 limits and a \$250,000 deductible. U.S. Customs and other miscellaneous bonds are also provided when necessary..

#### Aggregate

Through the State's Marine insurance markets we were able to obtain aggregate loss insurance excess of \$3,500,000 of combined Property and Marine SIR losses for FY87. This provides a safety net of \$5,000,000 of insured SIR loss for Marine and Property should they exceed \$3,500,000 in losses during the fiscal year.

#### Boilers

The State has a Boiler and Machinery policy with limits of \$10,000,000 and a \$10,000 deductible.

#### Alaska Power Authority

Four Dam Pool Property Insurance is provided APA for Swan Lake, Tyee, Solomon Gulch and Terror Lake. This policy, which is an all-risk form including earthquake and flood, has a limit of \$75,000,000 with a \$1,000,000 (5% for earthquake and flood) deductible. Engineers estimate maximum probable loss (any one occurrence) on these dams of approximately \$60,000,000. We continue to research possible self-insurance alternatives for these projects because of the unpredictability of earthquake markets and costs. Earthquake insurance capacity is limited throughout the Pacific Rim.

Boiler and Machinery coverage on the Four Dam Pool and Anchorage/Fairbanks Intertie substations is maintained with \$15,000,000 limits of liability and a \$25,000 SIR.

We also provide small policies for Eklutna marshalling yard and the geothermal wells. The balance of Alaska Power Authority insurance requirements are included in our regular State programs.

STATE OF ALASKA

FY87 PROPERTY/CASUALTY PROGRAM  
(Includes retention levels (deductibles) and limits)

This list is not detailed and does not include a few small policies for special exposures -- there are policy extensions and limitations not included in this statement -- additional information concerning specific areas of coverage are available from Risk Management by request.

The State's policies extend to cover all State Agencies and Entities except those specifically excluded such as the Alaska Railroad who administer their own insurance program.

The coverages are, of course, subject to change. There are approximately seventy insurance companies and various Lloyd's syndicates presently represented in the State program.

Coverage	Self Insured Retention	Liability & Property Limits
PROPERTY (all risk) Data Processing Equipment Museum Fine Arts	\$500,000 (included) \$100,000	\$100,000,000  Specified Value
(EARTHQUAKE & FLOOD)	5% - minimum \$750,000	\$40,000,000
BOILER & MACHINERY	\$10,000	\$10,000,000
CASUALTY (Liability)	\$5,000,000	\$100,000,000 (claims made form, excludes discrim., pollution, asbestosis, punitive, etc.)
FOREIGN LIABILITY	-	\$1,000,000
WORKERS' COMPENSATION	\$5,000,000	Statutory
MARINE LIABILITY	\$100,000	\$200,000,000
MARINE HULL	\$50,000	Stated values approx \$250,000,000 limit
FERRY DOCKS	\$250,000	Stated values \$5,000,000 Limit
AVIATION LIABILITY airports aircraft National Guard	\$250,000 \$250,000 \$100,000	\$200,000,000 \$200,000,000 \$200,000,000
MULTI-LINE AGGREGATE (Property & Marine) ( Aviation)	\$3,500,000 SIR \$1,000,000	\$5,000,000
EMPLOYEE FIDELITY BOND (We also maintain other statutory and Public Official Bonds)	\$250,000	\$10,000,000
FOUR DAM POOL PROPERTY	\$1,000,000 except quake & flood 5% - values at locations	\$75,000,000
APA BOILER & MACHINERY	\$25,000	\$15,000,000

## BUDGET COMPONENTS AND EXPENDITURES

---

The "BUDGET COMPONENTS" charts provide an analysis of Risk Management expenditures over the past several years.

Please note that operating costs and contractual services remain quite stable while premiums and loss payments are much more volatile.

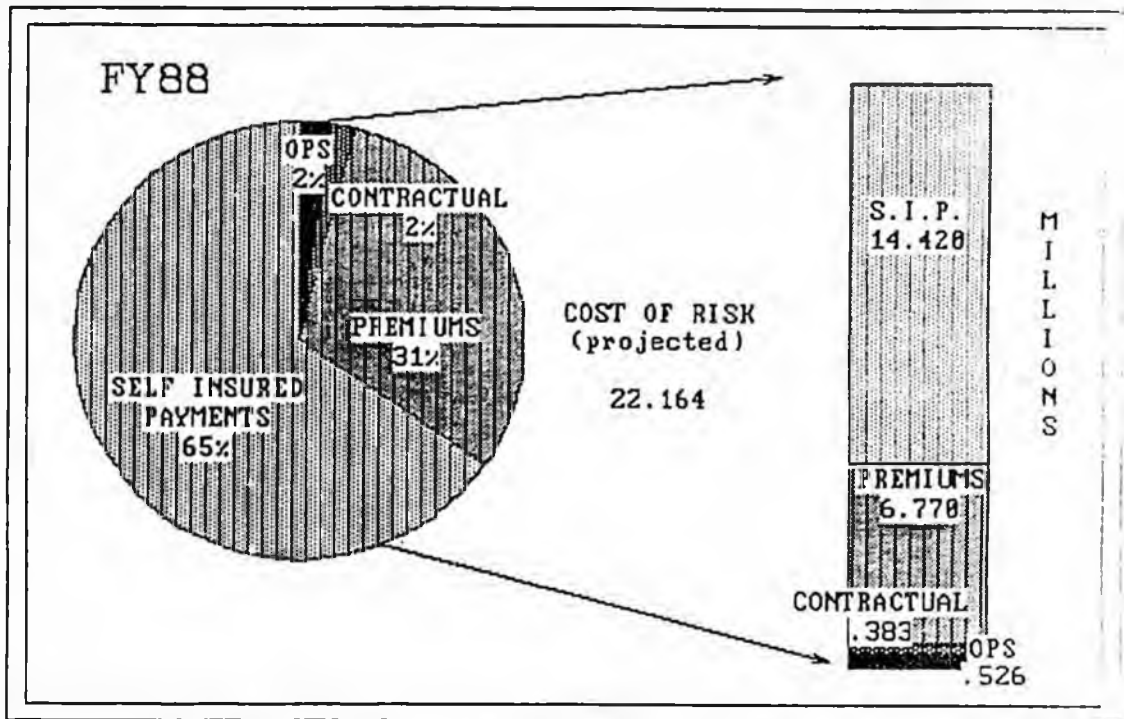
At the beginning of FY83 Risk Management had accumulated a loss reserve fund of almost \$20 million. The legislature determined that a loss reserve fund in such a large amount was not necessary so Risk Management's fiscal year budgets for FY83 and FY84 were drastically reduced to force utilization of the loss reserve fund. This resulted in subsidizing risk management costs during these years and is shown in the charts as "shortfall".

The results for those two years were 1) agency allocations for insurance represented only about 50% of true costs. 2) Risk Management remained underfunded for FY85 and FY86 forcing complete exhaustion of the former reserve funds. The result was a sizeable increase in the FY87 budget for all agencies to meet "cash flow" loss payments during the year.

The insurance crisis of the past couple of years added to the costs--but one of the the major reasons for the increases was the step from a subsidized budget to a real budget based on estimated expenses for the year.

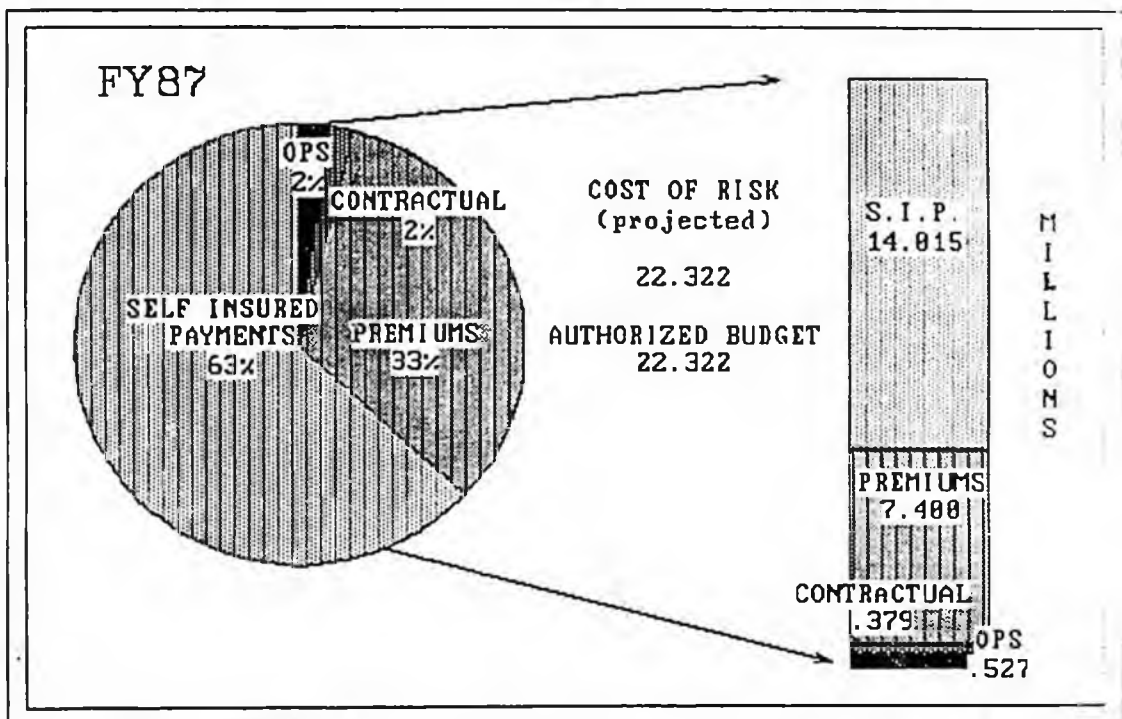
The return to normalcy while certainly traumatic to all agencies was entirely necessary to meet ongoing obligations.

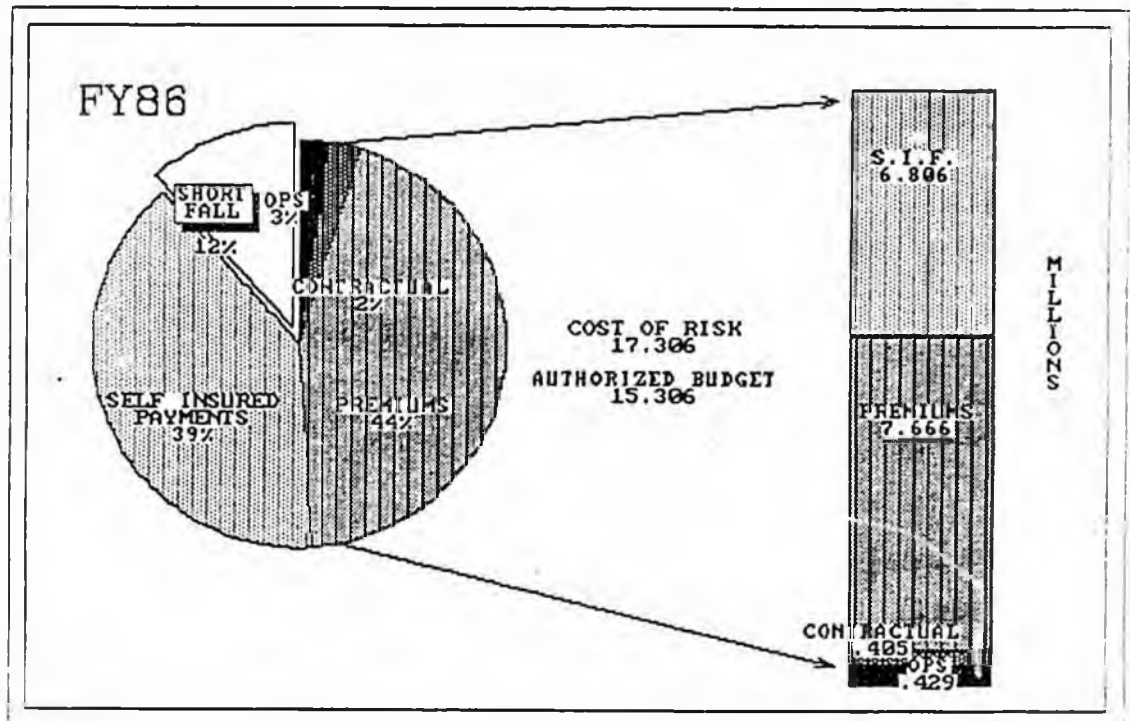
The unfortunate circumstance of the insurance crisis and the budget crunch occurring during the same years simply accentuated the problem.



The pie charts shown for each fiscal year provide the percentage of funds expended for each major category of expense. The bar chart for the same year identifies actual amounts spent within the appropriation for that year.

You will note that the administrative (OPS) and contractual costs remain stable. The premium and loss costs are much more volatile.

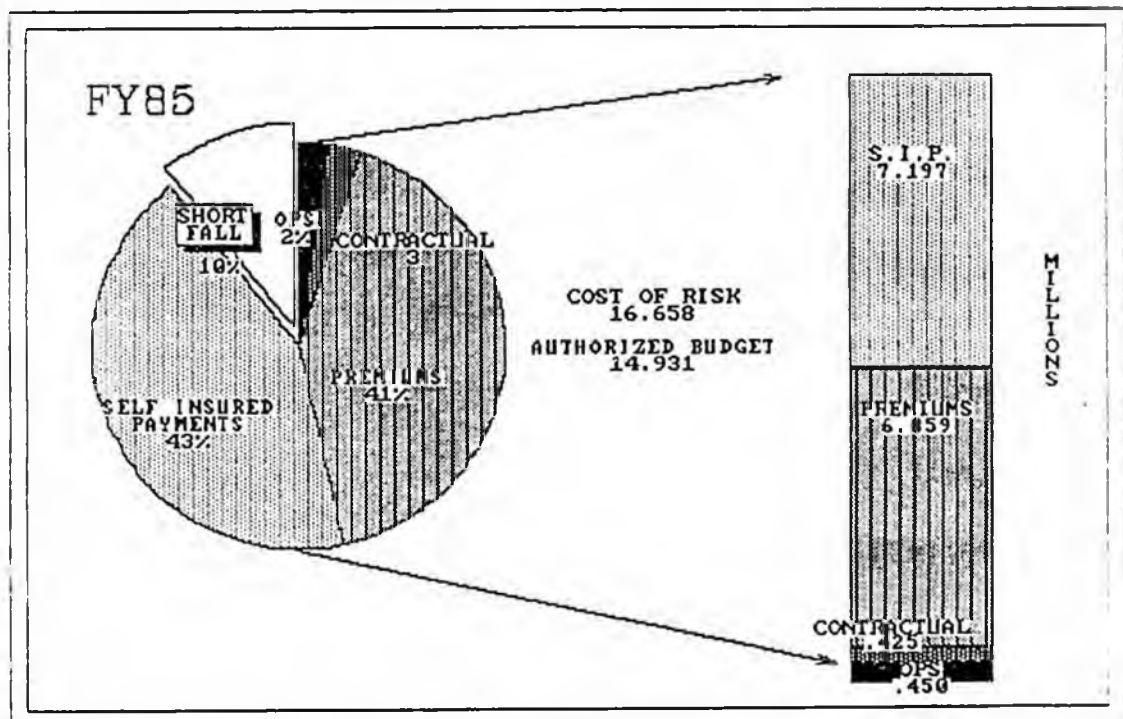


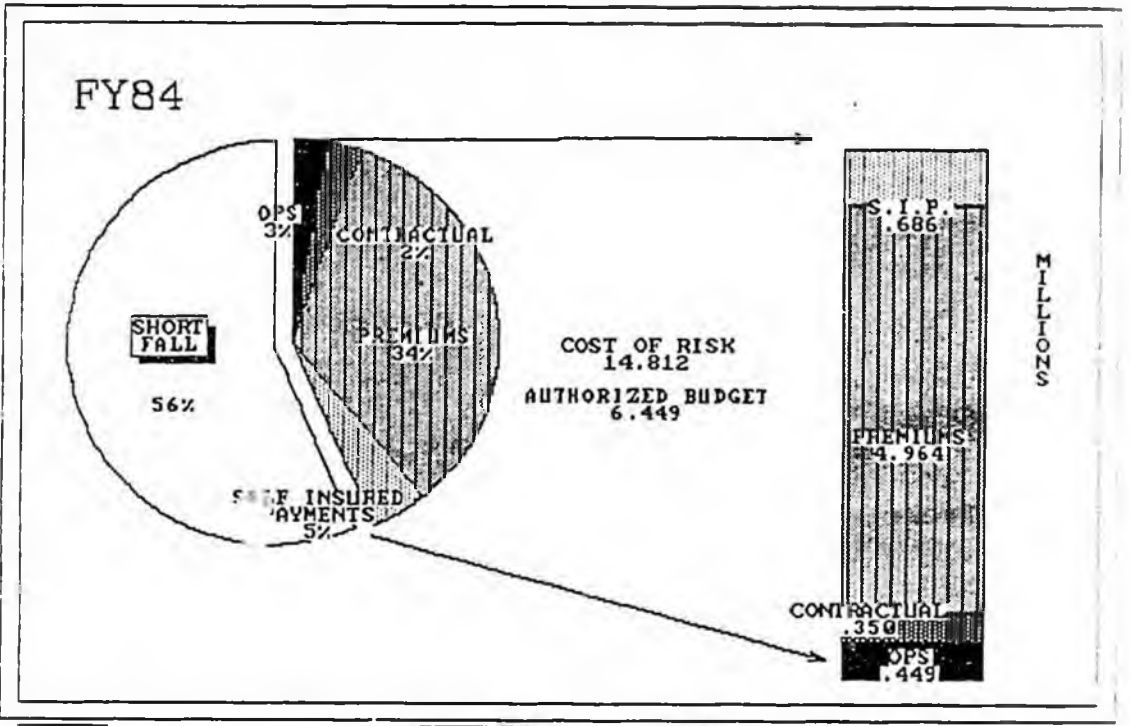


The pie charts shown for each fiscal year provide the percentage of funds expended for each major category of expense. The bar chart for the same year identifies actual amounts spent within the appropriation for that year.

The shortfall identified in the pie illustrates the extent of under funding for that year in comparison to total appropriation. Candidly, Risk Management underestimated needs for FY85 --- but then suffered a legislative reduction again in FY86

You will note that the administrative (OPS) and contractual costs remain stable. The premium and loss costs are much more volatile.





The pie charts shown for each fiscal year provide the percentage of funds expended for each major category of expense. The bar chart for the same year identifies actual amounts spent within the appropriation for that year.

The shortfall identified in the pie illustrates the extent of under funding for that year in comparison to total appropriation. The shortfall obligation was met by utilization of a "then" available loss reserve fund.

You will note that the administrative (OPS) and contractual costs remain stable. The premium and loss costs are much more volatile.

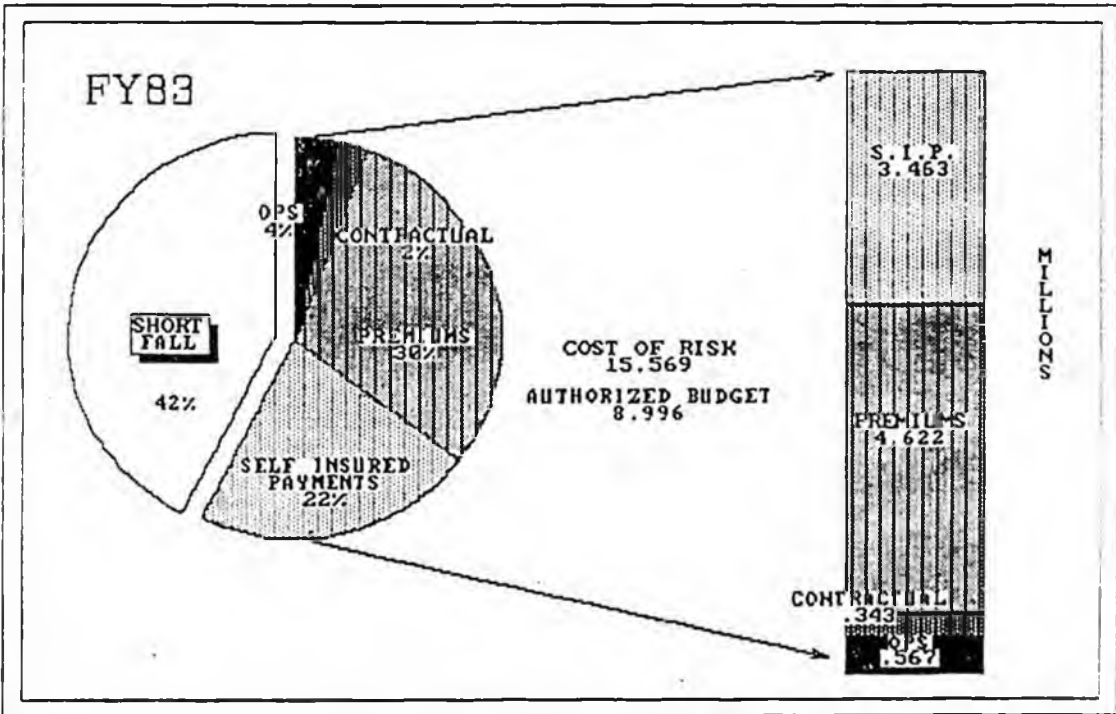


CHART I  
COST OF RISK

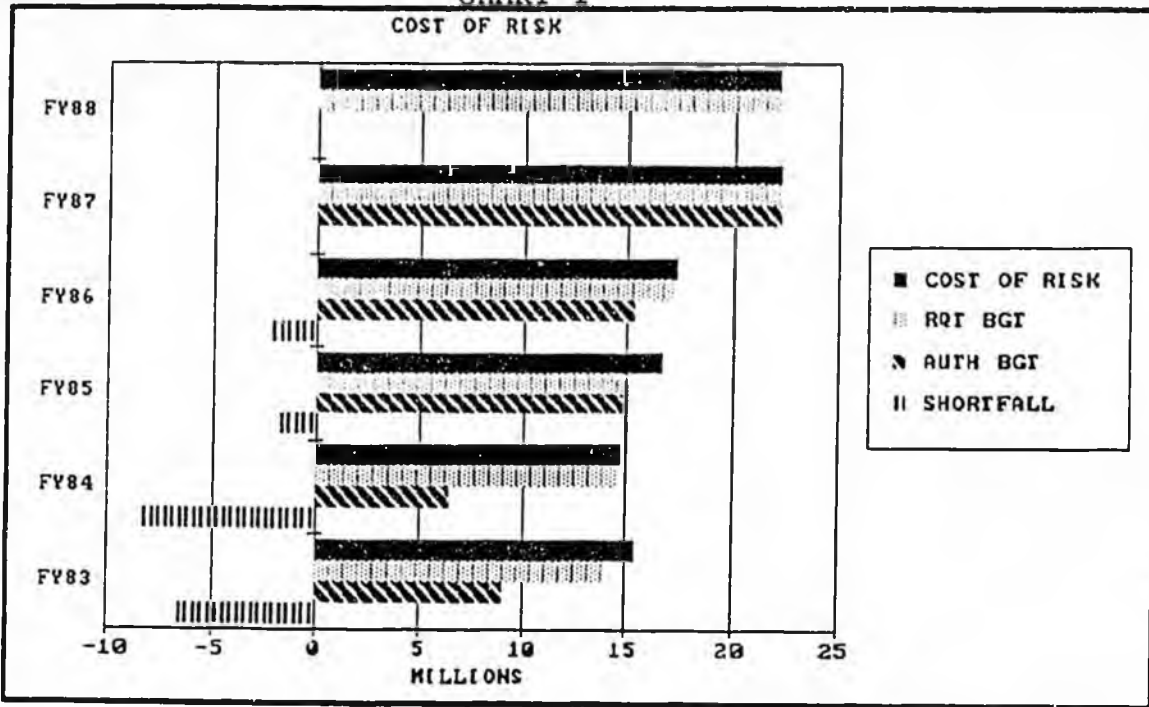
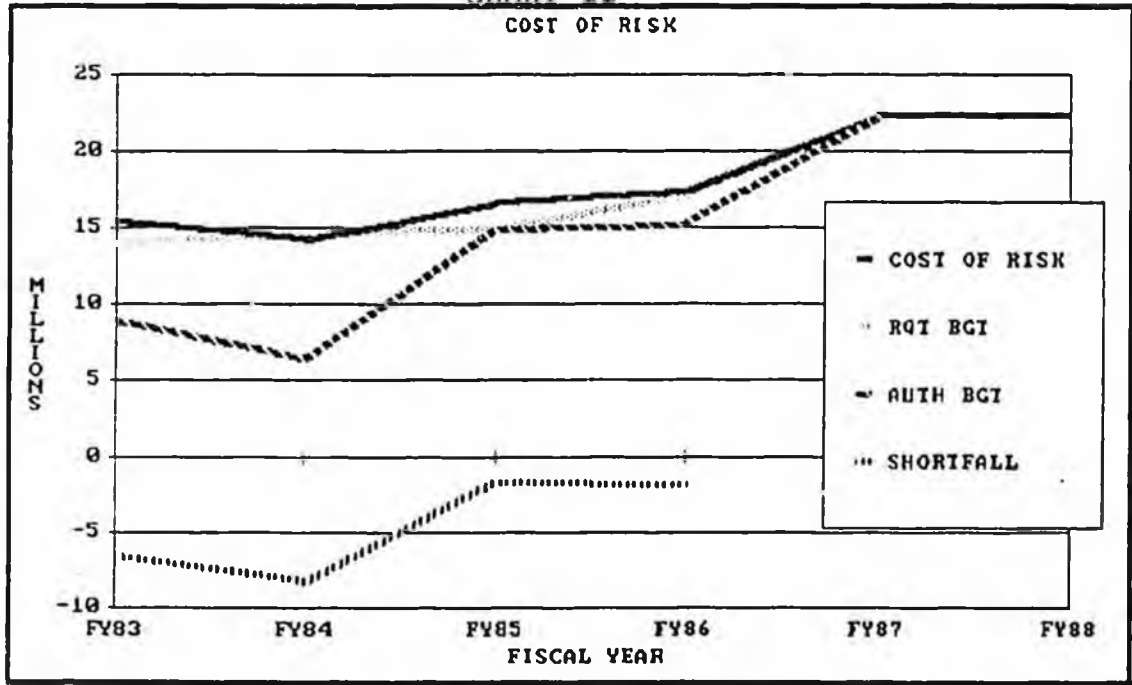


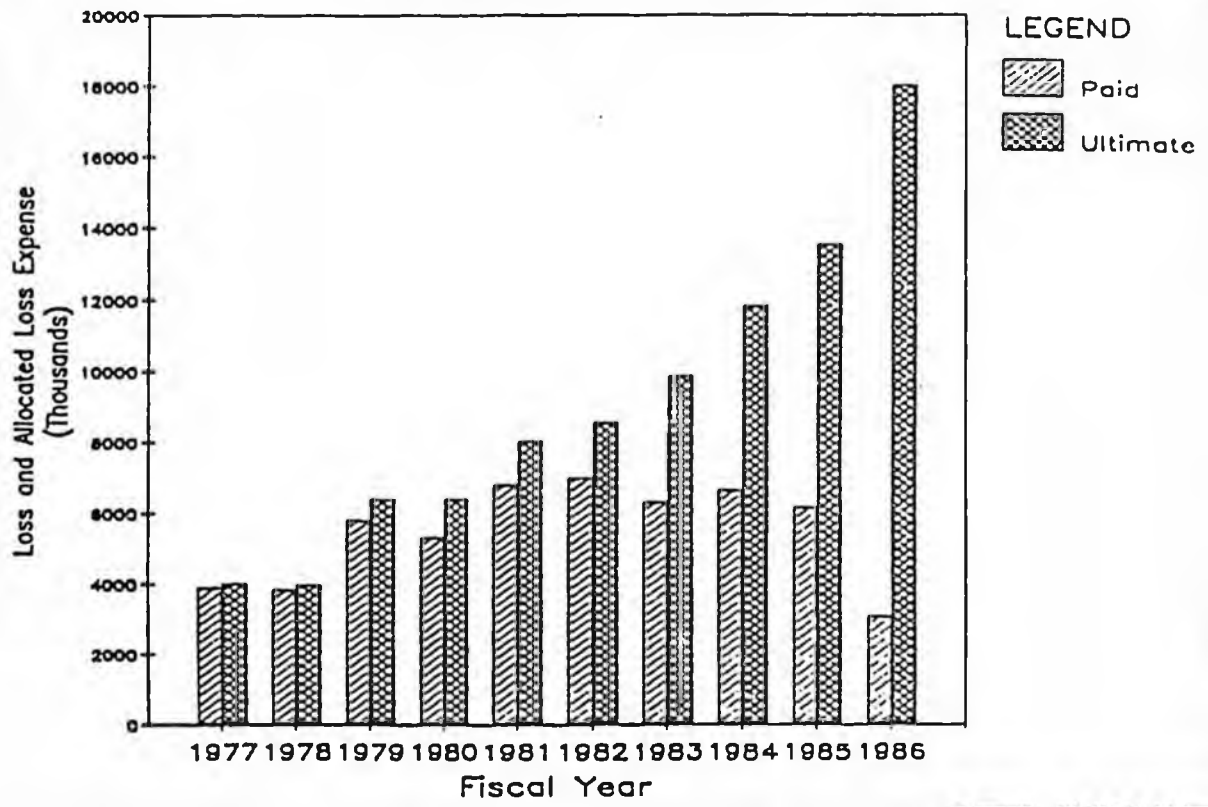
CHART II

COST OF RISK



Charts I and II show actual cost of risk vs. requested and authorized budgets -- and graphically illustrates the shortfall each year due to underfunding. All available reserve funds are now exhausted and therefore the "cost of risk" must be funded by current year appropriations in order to keep claims payments current. Both liability awards and workers' compensation payments carry significant penalties if not paid timely or within state statutes.

## State of Alaska Combined Lines



Coopers & Lybrand Report - Exhibit I-8  
(above)

The Combined Lines chart illustrates the delayed effect of workers' compensation and liability losses on our cash flow budget estimates. Note the graph indicates very little paid out in FY86 losses in relation to ultimate losses --- but there are also outstanding claims that have occurred in prior years that must be budgeted and paid during current years. Most of these are workers' compensation benefits involving totally disabled workers, widows, or other dependents and are paid out over a period of many years.

This delay in final claims settlement or, in the case of statutory workers' compensation payout over a long period of time --- or delay in loss discovery is referred to in the insurance business as the "claims tail". Most insurance companies use statutory reserving methods to protect their ultimate estimated liabilities and include them in their financial statements.

Since the chart graphically illustrates ultimate payout under our self insured retentions it also illustrates the need for long term planning to fund these continuing liabilities and as our self insured retentions are increased the need for such funding becomes even more critical.

STATE OF ALASKA CLAIMS ACTIVITY BY FISCAL YEAR

ESTIMATED ULTIMATE LOSS, ALLOCATED LOSS EXPENSE & RESERVES

\$1.5 Million Self-Insured Retention for 1986  
 \$5.0 Million Self-Insured Retention for 1987

ESTIMATED ULTIMATE LOSS AND EXPENSE

FY	REPORTED CLAIMS *****	WORKERS COMPENSATION			TOTAL (1+2) *****	PAYMENTS TO DATE 9/25/85 *****	ESTIMATED RESERVE (3)-(4) *****
		GENERAL LIABILITY AND AUTO LIABILITY *****	OTHER LINES *****				
		(1)	(2)	(3)	(4)	(5)	
77	1,199	\$3,056	\$993	\$4,049	\$ 3,741	\$ 437	
78	1,357	2,924	1,080	4,004	3,855	247	
79	1,623	4,910	1,514	6,424	7,155	851	
80	1,862	4,202	2,218	6,420	4,646	1,599	
81	1,982	5,740	2,307	8,047	6,279	1,719	
82	2,311	6,259	2,310	8,569	6,417	2,979	
83	2,527	7,594	2,299	9,893	4,732	5,237	
84	2,292	9,294	2,509	11,803	4,735	8,392	
85	2,501	10,677	2,898	13,575	2,657	13,092	
86	2,395	15,526	2,534	18,060			

NOTES:

1. Actuarial Exhibit -Cooper & Lybrand - 12/11/86
2. Amounts are in thousands of dollars
3. "Other Lines" include only State Property, Marine Hull-Ferry Marine Property-Other, Marine P & I-Ferry Employees and Third Party Liability, Airport Liability, Air Workers' Compensation, General Liability-State Admin., Marine P & I -Other, Aircraft Liability, Auto Physical Damage, Museum Floater, Aircraft Hull, and Dock Damage.
4. Note this is based on \$300,000 self insured retention. SIR's for Workers's Compensation and Third Party Liability were increased to \$1,500,000 per occurrence in FY86 and to \$5,000,000 in FY87.

This is an additional chart of State claims activity and again illustrates a gradual increase in frequency and severity.

E. Insurable Loss Payment Obligation:

"The cost of premium and loss payments arising from Workers' Compensation and Third Party Liability Claims is charged against agency appropriations when payments are made rather than when the liability is determined. Total payments made for insurance premiums and self insured claims for FY86 amounted to \$17,100,000. This amount compares as follows:

FY85	\$14,200,000
FY86	\$17,100,000
FY87	\$20,900,000 (Projected)

The actuarial estimate of total outstanding loss liability arising from self insured claims made in prior years through June 30, 1986 is \$54,700,000. This amount compares with the actuarial estimate for FY85 and FY87 as follows:

FY85	\$38,500,000
FY86	\$54,700,000
FY87	\$64,310,000

The portion of the outstanding liability that is estimated to be required to meet payment obligations each year is funded through appropriations made to the Division of Risk Management, Department of Administration."

---

COMMENT:

The above note recognizes the State's unfunded self insured liabilities actuarially estimated at \$64,310,000.

This figure represents the State's self insured losses that have already occurred and are either being paid over a period of time such as statutory benefits for Workers' Compensation or are in varying stages of litigation.

Most of these outstanding claims have occurred during the past ten years (a few are much older) and in terms of dollars represent about 50% Workers' Compensation payments and 50% estimated liability costs.

Goals and Services Performed FY86 and Prior\_\_\_\_\_

Revised Appendix B insurance requirements for Professional Services Contracts to minimum levels to ease qualifications primarily for Alaska based contractors.

Changed Risk Management operational style to establish better communications with all agencies. We are here to serve the agencies in answer to their insurance needs -- this approach has been very effective and our rapport with most agencies is excellent.

Converted the primary State insurance program to one of primary and increasing "self-insurance" in order to stabilize and control escalating insurance costs.

Claims services to employees and claimants continue paramount and on a timely basis.

Claims reporting procedures have been revised and distributed to agencies.

Assisted St. Paul Island to retain federal funds for a docking facility by timely guarantee of a loan for repair of their new breakwater. The loan has now been completely repaid through insurance funds and adjudication is in progress with construction contractors for reimbursement of our self-insured retention (\$600,000).

Partial completion of Tyee wrap-up contract and return of approximately \$600,000 to Alaska Power Authority.

Bradley Lake Hydro Project insurance requirements completed and agreement reached with contractors.

Red Dog Project insurance agreement with contractors for both construction and operational phase.

Spring Creek Correctional Facility Project Insurance Program established with contractors.

Equitable distribution to agencies of State property/casualty insurance costs based on agency exposures and loss experience.

Provide improved accident experience exhibits to agencies along with safety consulting services.

Assisted in revision of Anchorage International Airport use agreements with airlines and other tenants.

Assisted the Department of Transportation and Public Facilities in revision of their contractual insurance requirements.

Increased Risk Management visibility as an insurance consulting resource to all agencies.

Assisted APA in revision of operator contract insurance requirements to reduce the effect of increased insurance costs in electrical rates.

Helped negotiate a simplified insurance program for protection of State loans involving fishing and other vessels used as collateral.

## THE CURRENT INSURANCE CRISIS AND ITS EFFECTS\_\_\_\_\_

Beginning late in 1984 the property/casualty insurance industry began to face huge underwriting losses---which could no longer be offset by investment income. This also developed into a very serious financial crisis for many insurance companies.

The result has been a nationwide (and worldwide) curtailment in insurance markets, capacities and coverages plus sharply increased premium costs all of which have continued into FY87.

Municipalities and state governments have been seriously affected in this "crunch" because they represent "deep pocket" targets and because overall, public entity insurance experience has been deteriorating for many years.

Premiums being charged the State of Alaska for FY87 probably relate very well to State exposures but have very little relationship to actual loss experience---especially considering present levels of State self insurance. Also the number of companies offering public entities insurance remains severely reduced with very little competition to force prices down. Premiums remain at relatively high levels with coverages and limits of liability restricted.

Generally, liability policy forms presently available to municipalities are on a "claims made" basis and exclude medical malpractice, errors and omissions, Directors and Officers liability, police liability, pollution, discrimination, asbestosis, etc. A few of these excluded catastrophe exposures can then be purchased at additional cost. The State has been able to alleviate at least part of this coverage problem.

## SUMMARY

Risk Management's answer to insurance industry problems is to seek alternative methods of programming and marketing of the State's insurance needs in order to stabilize fiscal impact and retain certain needed and necessary catastrophe coverages.

For FY87 our liability reinsurers agreed to accept the State of Alaska self insurance program as the primary insurance for the first five million of loss per occurrence. This agreement permitted us to negotiate retention of catastrophe liability exposures such as medical malpractice, errors and omissions, Directors and Officers, police liability, etc. within the program. Presently the only major excess insurance exclusions are discrimination, pollution and asbestosis and we provide limited coverage for these to the extent of our self insurance levels.

To a much lesser extent we also increased the levels of retention for property, marine, and aviation.

All of the negotiations for FY87 were to retain our insurance coverages at a reasonable level of protection, retain broad policy conditions and at the same time control costs to the extent possible.

Through this approach the State now has much improved control of policy conditions and coverages rather than being at the mercy of traditional primary insurance markets.

Having taken these steps we should now work toward the establishment of a reasonable Catastrophe Insurance Fund to meet unforeseen self insured obligations should a catastrophe loss occur. Creation of such a fund will permit the State to continue to increase self insured levels---it will also entice additional excess insurance markets to our program and ultimately reduce costs.

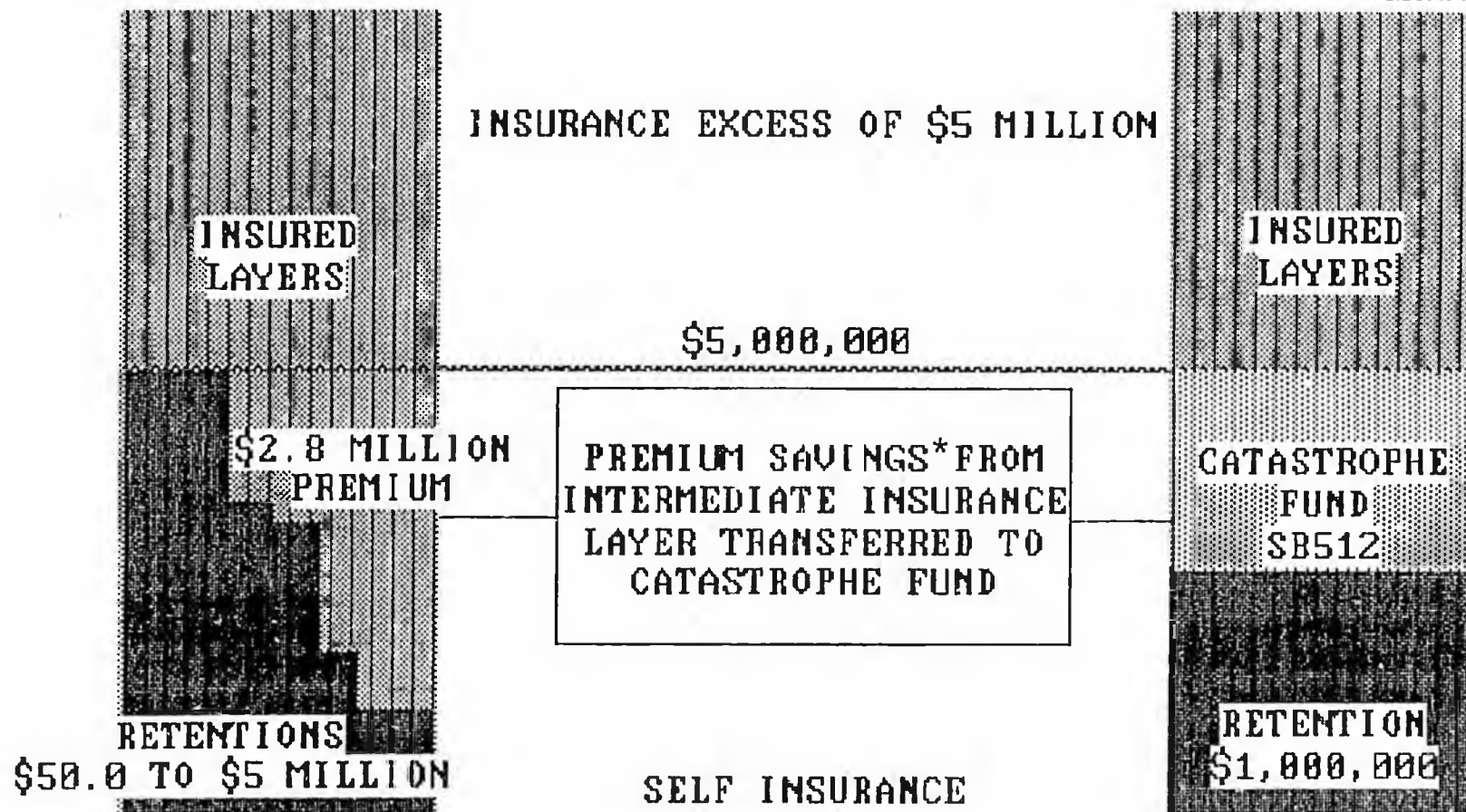
The end result should be a flexible insurance program that will allow the State to take advantage of cost effective insurance when available or alternatively to increase retentions when costs become unreasonable and not reflective of State experience.

Page 24 represents a conceptual illustration of the FY88 insurance program.

STATE OF ALASKA  
RISK FINANCING PROGRAM

CURRENT  
FY87 PROGRAM

CONCEPTUAL  
FY88 PROGRAM



\*SAVINGS WILL VARY ANNUALLY, ESTIMATED AVERAGE \$2.0 MILLION PER YEAR

RISK MANAGEMENT STAFF

Donald J. Hitchcock  
Division Director

J. Brad Thompson, ARM  
Division Deputy Director

William E. Chisham  
Claims Manager

Martha J. Carson  
Fiscal

Karen J. Holmberg  
Claims

James E. Curtain  
Contract Review  
Loss Analysis

Coleen E. Hamrick  
Secretary

1 IN THE SENATE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2

SENATE BILL NO. 152

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

FIFTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6

For an Act entitled: "An Act relating to the state's risk management; and  
7 creating a state insurance catastrophe reserve ac-  
8 count; and providing for an effective date."

9

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10

\* Section 1. AS 37.05 is amended by adding new sections to read:

11

ARTICLE 3B. RISK MANAGEMENT.

12

Sec. 37.05.287. INSURANCE FOR STATE ASSETS. (a) The Department

13

of Administration shall obtain or provide, in an amount and in the  
14 form that the department determines to be appropriate, casualty,  
15 property, and other insurance for protection of state assets and for  
16 the operation of state government. The department may provide for  
17 insurance coverage, in whole or in part, through a self-insurance  
18 program.

19

(b) The department shall annually review the state insurance

20

program to assure that, to the extent reasonable, adequate insurance  
21 coverage or reserves are maintained to satisfy all reasonably foresee-  
22 able claims or judgments for which payment may be due under the state  
23 insurance program during the next fiscal year. The department shall  
24 annually obtain an independent actuarial assessment of the state  
25 insurance program. No later than February 1 of each calendar year,  
26 the department shall submit to the presiding officers of each house of  
27 the legislature a review of the state insurance program, an indepen-  
28 dent actuarial assessment, and a certified audit of the state insur-  
29 ance catastrophe reserve account.

PREMIUM, ↑ - CONTINGENT COST - OPTED FOR SELF-INSURANCE  
↑ - NOT COVERED FOR CATASTROPHE FUND - DEVELOPE & THROUGH  
PREMIUM

1           Sec. 37.05.289. STATE INSURANCE CATASTROPHE RESERVE ACCOUNT.

2           (a) There is established in the general fund a state insurance catas-  
3           trophe reserve account consisting of assets appropriated to it by the  
4           legislature and assets allocated to the account by the Department of  
5           Administration as provided in (b) of this section. Assets of the  
6           account may be used to obtain insurance, to establish reserves for the  
7           self-insurance program, and to satisfy claims or judgments arising  
8           under the program. Interest earned on money in the account must be  
9           remitted to the Department of Revenue, in accordance with AS 37.10.-  
10          050.

METHOD OF FUNDING

11          (b) The Department of Administration may allocate to the state  
12          insurance catastrophe reserve account, from the appropriations to all  
13          state agencies for insurance-related purposes, an amount that the  
14          commissioner of administration determines to be necessary to provide  
15          an adequate insurance program for the operations of state government.  
16          Money remaining in the account at the end of a fiscal year is not a  
17          one-year appropriation under AS 37.25.010 and does not lapse, except  
18          for amounts determined by the commissioner of administration to be  
19          unnecessary to maintain this account at an appropriate level and not  
20          to exceed \$5,000,000. If the amount necessary to satisfy claims or  
21          judgments for which payment may be due under the state insurance  
22          program in a fiscal year exceeds the unexpended balance of the amounts  
23          allocated to the account, the department may charge an additional  
24          amount from the unencumbered balance of any appropriation that is  
25          determined by the commissioner of administration to be available for  
26          lapse at the end of the fiscal year.

27          \* Sec. 2. This Act takes effect immediately under AS 01.10.070(c).

STEVE COWPER  
GOVERNOR



SB 157  
2

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

February 27, 1987

The Honorable Jan Faiks  
President of the Senate  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill that provides a statutory foundation for the state's risk management functions and the insurance program that the Department of Administration administers.

The Department of Administration has provided for the state's internal insurance needs through a division of risk management for many years. This bill does not change that. The bill formalizes the department's responsibilities in this regard, and, more importantly, provides statutory standards for the state insurance program. While the form of insurance is committed to the expertise of the department, the standard established by this bill for the state insurance program is to assure adequate coverage to meet, on a cash-flow basis, all insurable and reasonably foreseeable claims or judgments that are due and payable within a fiscal year. The bill provides for an annual independent actuarial assessment of the program, and for an annual report to the legislature.

The bill also establishes a state insurance catastrophe reserve account within the general fund which consists of direct appropriations and of amounts allocated to the account from the appropriations to the various state agencies. These allocations would come both from appropriations for risk management or insurance-related purposes (e.g., see sec. 6 of this session's HB 75) and from appropriations that would otherwise lapse. Again, this funding mechanism has been used for several years. Once funded to a reasonable level, not to exceed \$5,000,000, the catastrophe reserve account will enable the state to realize substantial saving in the cost of obtaining insurance coverage.

One of the most important functions of the division of risk management is to provide a cost-effective property/casualty insurance program for the protection of state assets, state employees, and other operating aspects of state government.

This bill is designed to allow the state a flexible program of self-insured retentions (somewhat similar to the deductible amounts provided for in personal insurance policies) and catastrophe insurance coverage that can be adjusted to insurance market conditions and remain cost-effective. Costs and availability of insurance coverage may vary widely from year to year. Therefore, flexibility is necessary to take advantage of variances and effectually control costs and coverage.

The reason for having an insurance catastrophe reserve account above a normal cash flow loss payment budget is not complicated, but deserves explanation. Increasing the state's self-insured retentions also automatically increases the state's exposure to considerable uninsured direct loss. It is this increase in exposure to direct and immediate unforeseen financial demands that is provided for by the account established in this bill.

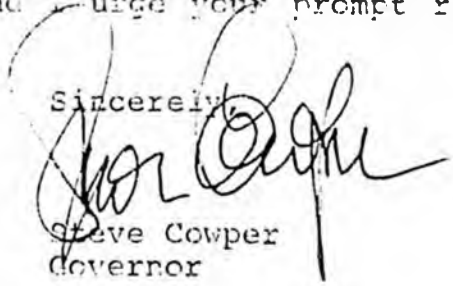
State self-insured retentions presently vary widely by type of coverage (i.e., property \$500,000; aviation \$250,000; liability \$5,000,000; marine \$100,000), depending on costs and experience. The state has experienced very few losses in excess of \$1,000,000, losses under the \$1,000,000 level are much more routine and, therefore, more predictable from an actuarial standpoint. Given the state's experience in frequency and severity of losses over the \$1,000,000 level per occurrence versus the costs of insurance at the \$1,000,000 to \$5,000,000 level, it makes fiscal sense to establish a \$5,000,000 retention per occurrence for all types of loss. If risk management could base a cash-flow budget on a limit of \$5,000,000 of loss per occurrence, a premium savings of almost \$3,000,000 could be realized in the present insurance market. The establishment of a reasonable catastrophe reserve would provide a method of funding and paying self-insured losses in excess of the \$1,000,000 actuarially predictable figure. State claims history would indicate that a \$5,000,000 catastrophe reserve would be adequate. Exhaustion of the \$5,000,000 catastrophe account during any fiscal year would necessitate legislative attention for additional funding.

Hon. Ben Grussendorf

Page 3

This bill provides a solid statutory foundation for the state insurance program, and I urge your prompt review and passage of this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper  
Governor

No. 82

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE



Law Log: 773-87-0019  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: 5/15/87  
Title: An act relating to State's risk management, et al.  
Sponsor: By the Rules Committee  
Requestor: Governor

Agency Affected: Administration  
BRU: Risk Management  
Components: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	-0-	-0-	-0-	-0-
MISCELLANEOUS	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL OPERATING	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)

CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

REVENUE	-0-	-0-	-0-	-0-	-0-	-0-
---------	-----	-----	-----	-----	-----	-----

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)
TOTAL	-0-	-0-	-0-	-0-	(2,400.0)	(2,700.0)

POSITIONS:

FULL-TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART-TIME	-0-	-0-	-0-	-0-	-0-	-0-
TEMPORARY	-0-	-0-	-0-	-0-	-0-	-0-

ANALYSIS:

State insurance catastrophe fund established (\$5,000,000 maximum) to fund self-insured losses in excess of \$1,000,000. Funding to come from insurance premium savings due to increased self-insurance. It will take approximately three year's accumulation of savings to build the fund. Budget reductions should begin in FY 91 assuming no losses.

Prepared By: Don Hitchcock  
Division: Risk Management

Phone: 465-2180  
Date: February 20, 1987

Approved by Commissioner: Garrey Peska  
Agency: Department of Administration

Date: 5/15/87

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary

S B

156

# HOUSE COMMITTEE REPORT

(7)

Date referred: 5/1/87

FURTHER REFERRALS: Finance

DATE: 5-13-87

The State Affairs Committee has considered CSSB 156(SA)

"An Act relating to contributions from permanent fund dividends for political parties; and providing for an effective date."

**RECOMMENDS:**

- replace with \_\_\_\_\_  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the \_\_\_\_\_ Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

**ATTACHES NEW FISCAL NOTE(S):**

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

**SIGNING TO PASS:**

Ch. A. Baugh

Scott Munn

Cliff Davidson

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SIGNING OTHER RECOMMENDATIONS:**

[Signature] No Rec

Chuck Joules No Rec

Terry Martin No Rec

[Signature] No Rec

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
Chairman's signature