



# Alaska Public Entity Insurance

FINANCIAL STATEMENTS

June 30, 2025 and 2024  
Together with Independent Auditor's Report

# ALASKA PUBLIC ENTITY INSURANCE

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# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

The management of Alaska Public Entity Insurance (APEI or Company) is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of APEI for the fiscal year ended June 30, 2025. This discussion should be read in conjunction with the financial statements and accompanying notes which follow this section.

APEI is a Joint Insurance Arrangement (or JIA), originally established in 1986 as a captive insurance company, and reorganized in 1998 as a JIA under Alaska Statute AS 21.76. APEI's mission is to provide its members with stable, affordable insurance, broad coverage, and effective risk management services to ensure that maximum funds are available for local government and educational programs.

## FISCAL YEAR 2025 HIGHLIGHTS

- As of June 30, 2025, APEI had 71 members, including 41 school districts, and 30 municipal and similar entities.
- Total assets as of June 30, 2025, were \$40.4 million, which represents an increase of \$2.6 million over the assets a year earlier.
- Total liabilities as of June 30, 2025, were \$23.8 million of which \$17.9 million represented claim liabilities. This is an increase of \$7.5 million over the total liabilities at the start of the year.
- APEI's net position decreased by \$4.9 million during the 2024/25 policy year.

## FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Company's financial statements: the ***Statement of Net Position; Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.***

The ***Statement of Net Position*** presents information on all APEI's assets and liabilities, with the difference between the two representing the company's net position. Assets and liabilities are classified as current or noncurrent. APEI's net position is segregated into two categories: Investment in Capital Assets and Unrestricted. Changes from one year to the next in total net position as presented on the ***Statement of Net Position*** are based on the activity presented on the ***Statement of Revenues, Expenses and Changes in Net Position.***

The ***Statement of Revenues, Expenses and Changes in Net Position*** presents revenues earned and expenses incurred during the year, which are classified as either Operating or Nonoperating. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in the disbursement or collection of cash during future fiscal years (e.g., the expense associated with claim liabilities, which will be paid beyond the date of the financial statements).

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

The **Statement of Cash Flows** presents the changes in APEI's cash and cash equivalents during the fiscal year. The statement breaks the sources and uses of APEI's cash and cash equivalents into three categories:

- Operating activities
- Capital and related financing activities
- Investing activities

The **Notes to Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of APEI's operations and significant accounting policies as well as present required disclosures.

Following the basic financial statements and footnotes is **Required Supplementary Information**, which provides further detail on claims activities.

## FINANCIAL ANALYSIS

The following sections provide additional details on APEI's financial position and activities for the fiscal years 2025, 2024, and 2023, budgetary highlights, and a look ahead at economic conditions that may affect APEI in the future.

### Statement of Net Position

The following table presents the Company's assets, liabilities, and net position at the end of the current fiscal year and the two prior fiscal years.

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

## Condensed Statements of Net Position

June 30, 2025, 2024, & 2023

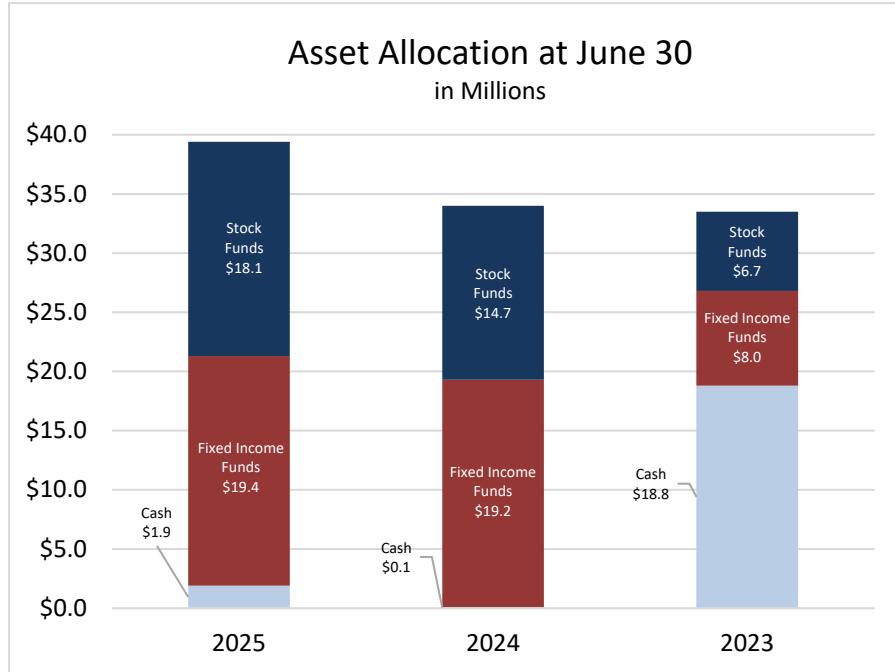
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Current Assets	\$40,230,662	\$37,670,660	\$34,094,315
Non-Current Assets	155,421	159,149	171,756
Total Assets	40,386,083	37,829,809	34,266,071
Current Liabilities	13,155,635	7,160,196	10,589,688
Non-Current Liabilities	10,693,409	9,229,187	6,974,397
Total Liabilities	23,849,044	16,389,383	17,564,085
Net Position			
Investment in capital assets, net of related debt	155,421	159,149	171,756
Unrestricted	16,381,618	21,281,277	16,530,230
Total Net Position	\$16,537,039	\$21,440,426	\$16,701,986

APEI's total assets of \$40.4 million at June 30, 2025, is 6.8% more than the total assets as of June 30, 2024.

The following chart depicts the composition of APEI's cash and investments at June 30 of each of the past three years.

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025



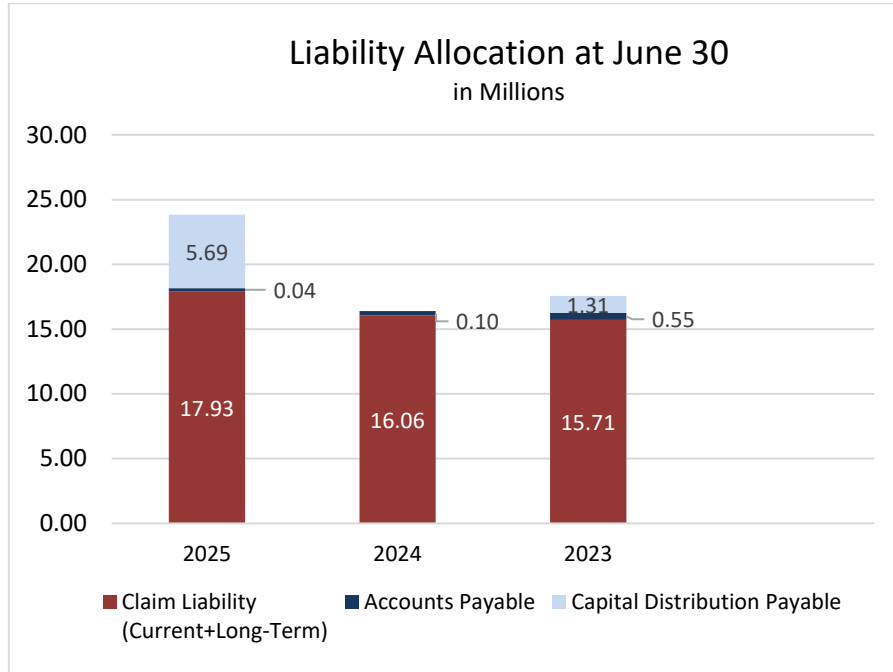
Nearly all of APEI's assets are maintained in an investment portfolio that consists of fixed income and equity mutual funds purchased in accordance with APEI's investment policy. The mutual funds are highly liquid and provide for access to funds needed to cover the Company's claim and operating expenditures. All investments are recorded at fair value in the financial statements.

The large amount of cash holdings as of June 30, 2023 was due to a decision to transfer funds from investments to a money market account near the end of June. This was made to minimize the risk of having to sell investments at a time when the US Congress was debating whether or not to increase the debt ceiling cap. Management's concern was that such a decision could negatively affect our investment values at the time we needed to convert them to cash to pay reinsurers and excess carriers. Funds transferred back into investments soon after July 1 of the same year.

The following chart depicts the liabilities as of the end of each of the most recent three fiscal years.

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025



APEI's total liabilities of \$23.8 million were comprised of current liabilities of \$13.1 million and noncurrent claim liabilities of \$10.7 million at June 30, 2025. The current claim liability represents anticipated payments within the next 12 months for workers' compensation, liability, and property net of any anticipated reinsurance recoveries. Current liabilities were comprised of reserves for claim expenses totaling \$7.2 million plus a liability of \$5.7 million for planned capital distribution to members, with the remaining amount representing other accounts payable.

In 2023 and prior, the board distributed capital to members partially in the form of longevity credits that were distributed explicitly to members, and partially in the form of premium credits used to reduce the target member premium amount. In 2024, the board did not declare a longevity credit and instead only distributed excess capital by reducing the overall target premium. The 2025 current liabilities include \$5.7 million as a declared capital distribution to members, which will be set aside and distributed over the next four years.

The noncurrent liabilities represent the remaining amounts held as reserves for claim costs which are expected to be paid after June 30, 2026.

As of June 30, 2025, APEI's total net position (also referred to as surplus) was \$16.5 million. This is lower than the previous year due to the inclusion of the \$7.7 million declared distribution.

The surplus levels maintained by the Company in the past three years met the benchmarks established by the Board, which were based on targets generally accepted in the pooling industry. The following are three of those Board-approved benchmarks that were established to gauge surplus levels and APEI's ratios in each area.

## ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

	Target	2025	2024	2023
Surplus to Self-Insured Retention	> 10 : 1	16.5 : 1	21.4 : 1	16.7 : 1
Unpaid Claims to Surplus	< 1.5 : 1	1.1 : 1	0.7 : 1	0.9 : 1
Net Contribution to Surplus	< 2 : 1	0.8 : 1	0.7 : 1	0.6 : 1

### Condensed Statements of Revenues, Expenses and Changes in Net Position

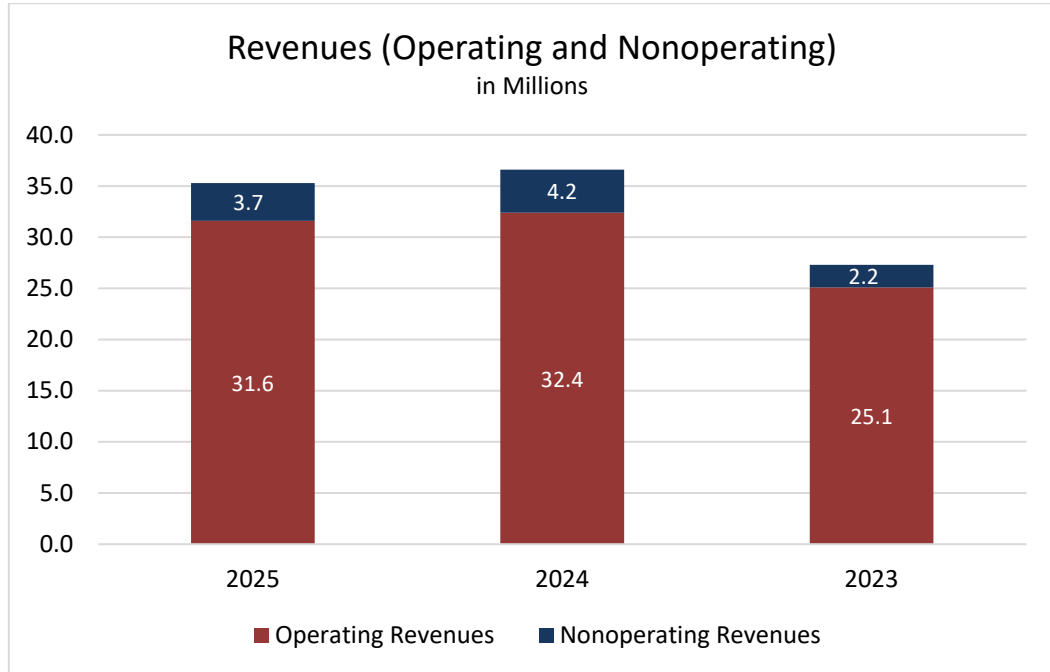
Years ended June 30, 2025, 2024, and 2023

	2025	2024	2023
Operating Revenues	\$31,604,030	\$32,400,700	\$25,056,321
Operating Expenses	40,261,236	31,901,541	27,969,905
Operating Income (Loss)	(8,657,206)	499,159	(2,913,584)
Nonoperating Revenues			
Investment income	4,353,819	4,239,281	2,153,003
Contribution to APRA	(600,000)	-	-
Increase (Decrease) in Net Position	(4,903,387)	4,738,440	(760,581)
Net Position, Beginning of Year	21,440,426	16,701,986	17,462,567
Net Position, End of Year	\$16,537,039	\$21,440,426	\$16,701,986

Operating revenues consist primarily of member contributions, while non-operating revenues consist primarily of investment income. During the first half of 2025, APEI contributed \$600,000 to APRA in preparation for the merger. This is shown as a negative value in the calculation of the non-operating revenues.

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

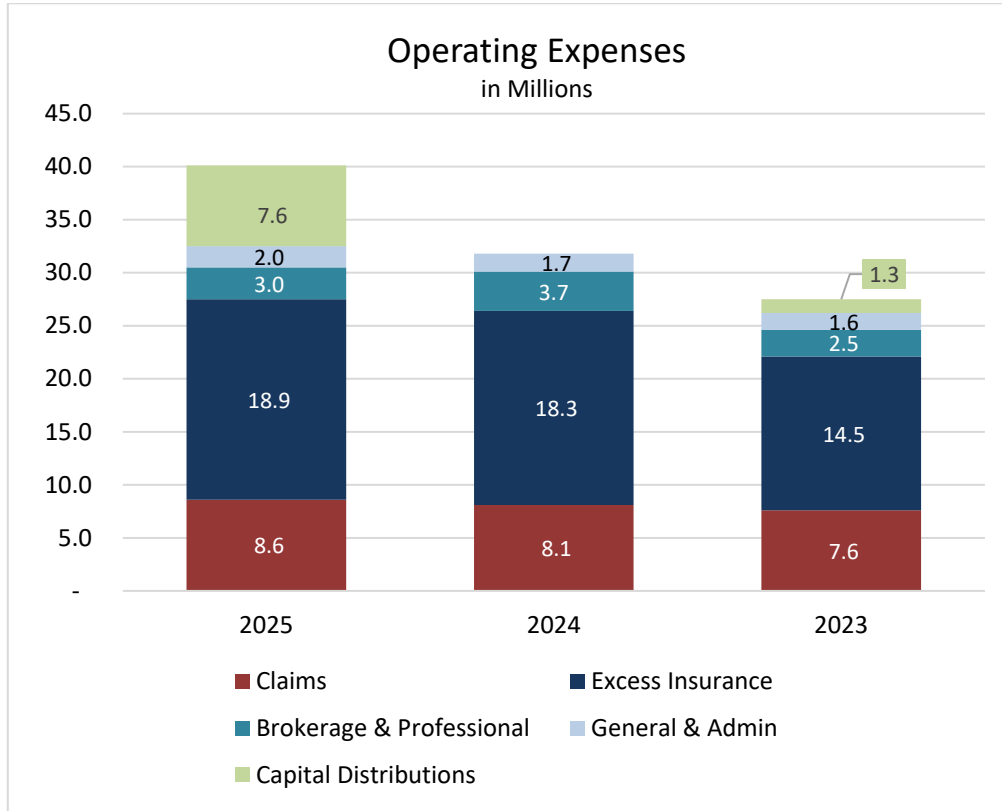


Operating expenses include claims, expenses associated with the purchase of excess and reinsurance coverage, fees for brokerage and professional services, and office administrative expenses. Operating expenses have increased steadily.

Each year the Company performs an actuarial estimate of the claim costs associated with the fiscal year that just ended, and a re-estimation of the cost of claims incurred in all prior fiscal years. The combination of these two estimates results in the annual claims expense for the Company. Fluctuation in this amount is due both to the frequency and severity of claims in the current year, and the effect of the re-estimation of the outstanding amounts for claims occurring in a previous policy year.

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025



## Budgetary Highlights

Each year the APEI Board of Directors approves a budget for the prospective fiscal year. Below is a summary of the June 30, 2025, fiscal year budget information with a comparison to actual results.

	Approved Budget	Actual Results	Percentage of Budget
Operating Revenues	\$30,679,700	\$31,604,030	103%
Investment Income	1,730,985	4,353,819	252%
Claims Expense	8,948,091	8,620,699	96%
Excess Insurance	18,125,121	18,916,087	104%
Brokerage and Professional Services	3,481,745	2,739,292	79%
General and Administrative	1,875,350	2,011,589	115%
Capital Distribution and APRA Contribution	-	7,684,918	-

# ALASKA PUBLIC ENTITY INSURANCE

Management's Discussion and Analysis  
Year Ended June 30, 2025

## Economic and Other Factors

In the fall of 2022, the APEI Board of Directors agreed to participate in discussions with the Alaska Municipal League Joint Insurance Association (AMLJIA) regarding a possible merger of the two pools into a single Joint Insurance Arrangement. A committee was formed consisting of representatives from each pool's board to determine the feasibility of the project and to develop and present a merger plan to each pool's board of directors. The plan was approved by each board on September 26, 2024, and brought to the membership for a vote on November 14, 2024. The membership of each pool approved the merger, and the pools consolidated into one new pool, called Alaska Public Risk Alliance (APRA), effective July 1, 2025.

With the merger, Barbara Thurston, the former Executive Director of APEI, has been named Director of Insurance Services at APRA, and a new Executive Director has been appointed to APRA. While Barbara maintains her certification as an actuary and will continue to review the APRA's reserves and finances, she no longer serves as the company's designated actuary. APRA has engaged an outside actuary, Cheryl White, FCAS, MAAA from Select Actuarial to complete the statutorily required reserve review.

The discussion of consolidation required engaging experts to assist with the financial due diligence and other analysis required to allow the board of each pool to affirmatively determine if a consolidation is the best course of action for the membership. The work included a review of capital adequacy conducted by Select Actuarial.

Loss control has been an area of primary importance to APEI, and this will continue with APRA. Staff regularly travel to members' sites to provide training and safety inspections. As outreach to members has continued, more members are contacting the pool directly for assistance as they identify risks. APEI received grants from several reinsurers which made it possible to expand the company's loss control offerings, and this too will continue with APRA.

As discussion of the potential merger developed through the fiscal year, APEI and AMLJIA worked together to identify our relative areas of strength and how to best coordinate services. Both pools see the merger as an opportunity to extend outreach and expand member services and welcome the opportunity the merger has brought.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Alaska Public Risk Alliance  
Juneau, Alaska

**Report on the Audit of the Financial Statements**

***Opinion***

I have audited the accompanying financial statements of the Alaska Public Entity Insurance, Inc. (a joint insurance arrangement), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the financial statements as listed in the table of contents.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alaska Public Entity Insurance as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Alaska Public Entity Insurance and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Merger to Form Alaska Public Risk Alliance***

As discussed in Note 7 to the financial statements, Alaska Public Entity Insurance, Inc. merged with Alaska Municipal League–Joint Insurance Association effective July 1, 2025, to form the Alaska Public Risk Alliance. My opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Public Entity Insurance's ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alaska Public Entity Insurance’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alaska Public Entity Insurance’s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that I identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis on pages 1 through 9, and the claims development information and reconciliation of claim liability by program on pages 25 and 26, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the basic financial statements, and other knowledge we obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



September 22, 2025

## ALASKA PUBLIC ENTITY INSURANCE

**STATEMENTS OF NET POSITION**

June 30, 2025 and 2024

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (note 2)	\$ 1,867,160	\$ 62,051
Investments (note 2)	37,559,473	36,369,079
Prepaid expenses	54,018	70,442
Premiums receivable	68,579	71,005
Excess, deductible, and shared legal expense receivables	681,432	1,098,083
<b>Total Current Assets</b>	<b>40,230,662</b>	<b>37,670,660</b>
<b>Noncurrent Assets</b>		
Capital assets, net of accumulated depreciation (note 3)	155,421	159,149
<b>Total Noncurrent Assets</b>	<b>155,421</b>	<b>159,149</b>
<b>Total Assets</b>	<b>40,386,083</b>	<b>37,829,809</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	43,226	98,451
Accrued compensated absences	194,906	227,646
Member excess equity distribution payable (note 7)	5,685,503	-
Claim liabilities – current portion (notes 1 and 4)	7,232,000	6,834,099
<b>Total Current Liabilities</b>	<b>13,155,635</b>	<b>7,160,196</b>
<b>Noncurrent Liabilities</b>		
Claim liabilities – long-term portion (notes 1 and 4)	10,693,409	9,229,187
<b>Total Noncurrent Liabilities</b>	<b>10,693,409</b>	<b>9,229,187</b>
<b>Total Liabilities</b>	<b>23,849,044</b>	<b>16,389,383</b>
<b>NET POSITION</b>		
Investment in capital assets	155,421	159,149
Unrestricted	16,381,618	21,281,277
<b>Total Net Position</b>	<b>\$ 16,537,039</b>	<b>\$ 21,440,426</b>

The accompanying notes to basic financial statements are an integral part of these statements.

## ALASKA PUBLIC ENTITY INSURANCE

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Years Ended June 30, 2025 and 2024

	2025	2024
<b>OPERATING REVENUES</b>		
Participant contributions	\$ 31,604,030	\$ 32,400,700
<b>OPERATING EXPENSES</b>		
Losses, allocated and unallocated loss adjustment expenses (notes 1 and 4)	8,620,699	8,113,961
Excess insurance premiums (note 1)	18,916,087	18,291,449
Brokerage and professional fees	3,027,943	3,753,470
General and administrative expense	2,011,589	1,742,661
Member excess equity distribution	7,684,918	-
<b>Total operating expenses</b>	<b>40,261,236</b>	<b>31,901,541</b>
Operating income (loss)	(8,657,206)	499,159
<b>NONOPERATING REVENUES AND EXPENSES</b>		
Investment income (loss) (note 2)	4,353,819	4,239,281
Contribution to APRA (note 7)	(600,000)	-
<b>Total nonoperating revenues and expenses</b>	<b>3,753,819</b>	<b>4,239,281</b>
<b>Change in net position</b>	<b>(4,903,387)</b>	<b>4,738,440</b>
<b>NET POSITION, Beginning of Year</b>	<b>21,440,426</b>	<b>16,701,986</b>
<b>NET POSITION, End of Year</b>	<b>\$ 16,537,039</b>	<b>\$ 21,440,426</b>

The accompanying notes to basic financial statements are an integral part of these statements.

ALASKA PUBLIC ENTITY INSURANCE

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2025 and 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from participants	\$ 31,606,456	\$ 32,168,149
Cash paid for losses	(6,341,925)	(8,457,459)
Cash paid for excess insurance premiums	(18,916,087)	(18,155,356)
Cash paid for brokerage and professional fees	(3,027,943)	(3,753,470)
Cash paid for general and administrative expenses	(460,209)	(500,305)
Cash paid to employees	(1,619,194)	(1,292,686)
Cash paid for member excess equity distribution	(1,999,415)	(1,310,857)
<b>Net Cash Used for Operating Activities</b>	<b>(758,317)</b>	<b>(1,301,984)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Contribution to APRA	(600,000)	-
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(600,000)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investment securities	(11,233,328)	(31,703,741)
Proceeds from sale or maturity of investment securities	14,396,754	14,249,834
<b>Net Cash Provided by (Used for) Investing Activities</b>	<b>3,163,426</b>	<b>(17,453,907)</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,805,109</b>	<b>(18,755,891)</b>
Cash and Cash Equivalents, Beginning of Year	62,051	18,817,942
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,867,160</b>	<b>\$ 62,051</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED FOR OPERATING ACTIVITIES</b>		
Operating loss	\$ (8,657,206)	\$ 499,159
Items not affecting cash from operating activities:		
Depreciation	3,728	12,607
(Increase) decrease in premium receivable	2,425	(63,407)
(Increase) decrease in excess, deductible, and shared legal expense receivables	416,651	(698,572)
(Increase) decrease in prepaid expenses	16,424	122,931
Increase (decrease) in reserves for losses and loss adjustment expenses	1,862,123	355,074
Increase (decrease) in deferred revenue	-	(169,144)
Increase (decrease) in member excess equity distribution payable	5,685,503	(1,310,857)
Increase (decrease) in accounts payable and accrued expenses	(87,965)	(49,775)
<b>Net Cash Used for Operating Activities</b>	<b>\$ (758,317)</b>	<b>\$ (1,301,984)</b>
Supplemental Disclosure of Noncash Investing Activity –		
Change in Fair Value of Investments	\$ 3,247,077	\$ 3,247,077

The accompanying notes to basic financial statements are an integral part of these statements.

## ALASKA PUBLIC ENTITY INSURANCE

### NOTES TO FINANCIAL STATEMENTS

Years Ended June 30, 2025 and 2024

#### NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization and Business

Alaska Public Entity Insurance (Company) is a joint insurance arrangement organized in 1998 to provide insurance coverage authorized under AS 21.76 to public entities in Alaska. The Company's predecessor, Alaska Schools Insurance Company, was formed in 1986 and operated as a Vermont Captive.

The Company's general objectives are to formulate, develop, and administer a joint insurance arrangement for participants, to facilitate the availability of adequate coverage for property, liability, automobile, and workers' compensation coverage, and such other lines as are authorized by statute and the Board, to lower risk costs, control losses and provide risk management and claims administration services. At June 30, 2025, membership consisted of 41 Alaskan school districts and charter schools and 30 municipalities and related entities. The Company's Board of Directors includes eleven appointed members.

##### Description of Coverage Programs

The Company provides the following insurance coverage, deductibles, and self-insured retentions (SIR):

##### Workers' Compensation

The Workers' Compensation program was established in 1998 to provide coverage for workers' compensation and employer's liability claims. 29 school districts and 26 municipal members participate in this program.

<i>Member Retention:</i>	\$0 to \$25,000
<i>APEI Self-Insured Retention:</i>	\$1,000,000 (\$2,000,000 for aircraft exposure)
<i>Excess Coverage:</i>	Statutory limits

##### Property

The Property program was established in 1986 to provide All Risk, Earthquake, Flood, and Equipment Breakdown coverage, and is currently provided to 39 school districts and 30 municipal members.

<i>Member Retention:</i>	\$5,000 to \$150,000
<i>APEI Self-Insured Retention:</i>	\$1,000,000
<i>Excess Coverage:</i>	\$199,000,000 excess of \$1,000,000 retention (All Risk) \$74,000,000 excess of \$1,000,000 retention (Earthquake/Flood) \$199,000,000 excess of \$1,000,000 retention (Equipment Breakdown)

##### General Liability and Auto Liability Programs

The General Liability and Auto Liability programs were established in 1999. The general liability program includes Employment Practices wrongful acts coverage as well as Public Officials E&O coverage, and is provided to all school districts. All school district and municipal members have auto liability coverage, all school districts have General Liability and 30 municipal members have General Liability.

<i>Member Retention:</i>	\$0 to \$75,000 for General and Auto Liability \$10,000 to \$75,000 for Employment Practices, Sewer Backup, Law Enforcement, and Educators' Liability
<i>APEI Self-Insured Retention:</i>	\$500,000
<i>Excess Coverage:</i>	\$15,000,000 excess of \$500,000 retention

## ALASKA PUBLIC ENTITY INSURANCE

### NOTES TO FINANCIAL STATEMENTS

#### Other Programs

The Company also offers coverage for Auto Physical Damage, Student Accident, Marine, Aviation, Cyber, and Crime with various deductibles and limits.

#### Basis of Accounting

The Company accounts for its activities as a special purpose government engaged in business-type activities that are reported similarly to an enterprise fund. Enterprise funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the activity of providing insurance services are included on the statements of net position.

An enterprise fund is accounted for using the accrual basis of accounting. Revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Net position is categorized as follows:

**Unrestricted Net Position** – Assets, net of related liabilities, which are not subject to externally imposed restrictions and are not considered invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

**Restricted Net Position** – Net position whose use is constrained externally by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

**Investment in Capital Assets** – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

#### Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of the statement of net position and revenue and expenses for the period. Actual results could differ from those estimates.

#### Operating Revenues

Operating revenues consist of participant contributions for insurance coverage. All other revenues are considered nonoperating. Contributions are recognized ratably as income over the policy period. Substantially all of the Company's contracts provide coverage on a fiscal year basis beginning July 1st and ending June 30th of a given fiscal year.

#### Investments

Investments are reported at fair value in the financial statements. Unrealized gains and losses are reported as nonoperating revenues. Fair values are obtained from independent sources for marketable debt and equity securities.

Securities transactions are recorded on the trade date that securities are purchased or sold.

## ALASKA PUBLIC ENTITY INSURANCE

### NOTES TO FINANCIAL STATEMENTS

#### Capital Assets

Capital assets are defined as land and buildings and improvements with an initial, individual cost of more than \$25,000. Expenditures for maintenance and repairs are expensed in the period during which they are incurred.

Depreciation for the office building and improvements is computed using the straight-line method with separate useful lives for each building component ranging from ten to thirty-nine years.

#### Longevity Credits and Dividends

Longevity credits and dividends may be declared and paid solely at the discretion of the Board, based on achieving certain surplus and performance levels established by Board policy. For the year ended June 30, 2025, the Board declared capital distributions of \$7,684,918 pursuant to its Merger Plan with the Alaska Municipal League – Joint Insurance Agency as further discussed in Note 7. For the fiscal year ended June 30, 2024, there was no longevity credit or dividend declared or paid.

#### Compensated Absences (paid time off)

The Company permits employees to accumulate earned but unused personal leave benefits on a schedule based on employment tenure. Leave is available for use in the pay period after it is earned. Employees are required to use 75 hours of leave each calendar year and may not carry over more than 750 hours of leave between calendar years. All personal leave is accrued when incurred in the financial statements.

The Company implemented the provisions of GASB Statement No. 101 “Compensated Absences” during the fiscal year ended June 30, 2025. There was no impact on the financial statements other than additional note disclosures as a result of the implementation.

#### Income Taxes

The Company has received a favorable private letter ruling stating that its income is excludable from gross income under Section 115 of the Internal Revenue Code. Consequently, no provision for federal or state income taxes is included in the accompanying financial statements.

#### Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor’s Report, which is commensurate with the date the financial statements were available to be issued.

### **NOTE 2 - CASH AND INVESTMENTS**

#### Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents at June 30, 2025 and 2024 consist of deposits with financial institutions.

#### Custodial Credit Risk – Cash and Cash Equivalents

Custodial credit risk for cash equivalents is the risk that in the event of the failure of a depository financial institution, the Company will not be able to recover its deposits. The Company attempts to limit this risk by minimizing the amounts in excess of coverage provided by the Federal Deposit Insurance Corporation

## ALASKA PUBLIC ENTITY INSURANCE

### NOTES TO FINANCIAL STATEMENTS

(FDIC), and placing certain balances in collateralized stable net asset value money market funds that are collateralized solely by U.S. government securities or cash. At times bank deposits may exceed FDIC coverage; however, the Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

The cash and cash equivalents balance at June 30 fluctuates from year to year based on the timing of transfers from the company's investment account in preparation for paying excess insurance premiums that are due just after year-end. At June 30, 2025 and 2024, the Company's bank balances were \$6,781,795 and \$1,348,114, respectively.

#### Investments

##### Investment Policy

The Board of Directors has established an objective of achieving a rate of return for each asset class as follows: (1) for the fixed income portfolio to produce a total rate of return at least commensurate with that of the Barclays Aggregate Bond Index, and (2) for the equity portfolio to produce a total rate of return at least commensurate with Standard & Poor's 500 Stock Index, and a rate of return for each other asset class commensurate with the associated benchmarks for the asset class. To achieve this target, the Board allocates the Company's investments among asset classes. At June 30, 2025, the Company's asset allocation policy is as follows:

	<u>Limit</u>
Domestic Equities	24.0%
International Equities	24.0%
Domestic Fixed Income	46.0%
International Fixed Income	6.0%

The Company's investment policy further specifies acceptable investments within these asset classes.

##### Credit Risk

The Company requires that fixed income obligations of municipalities, corporations, supranational entities, sovereign nations (and their municipal entities), foreign corporation obligations, and U.S. asset backed and commercial backed securities be rated BBB or higher by at least one of the major rating agencies.

##### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to holding investments from a single issuer. The Company manages its concentration of credit risk by following its investment diversification policy, which states that, other than U.S. Treasury, Government Agency and Instrumentality Obligations, no fixed income credit exposure by market value may be in excess of five percent of the portfolio market value. The portfolio exposure to BBB rated or lower securities may not be greater than 20% of the market value of the fixed income portion of the portfolio. Up to five percent of the total portfolio may be held in lower rated fixed income securities. In addition, up to 5% of the portfolio can be invested in alternative investments to gain exposure to their non-correlating characteristics relative to more traditional investments. The investment policy does not stipulate limits for exposures in the Company's equity security portfolio.

ALASKA PUBLIC ENTITY INSURANCE

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Company will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. To mitigate custodial credit risk for its investments, the Company's investments are registered in its name with its custodian.

Foreign Currency Risk

The Company may invest in financial instruments denominated in currencies other than its reporting currency through its investments in mutual funds and foreign government obligations. Consequently, the Company may be exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Company's assets or liabilities denominated in currencies other than U.S. dollars.

Interest Rate Risk

Rising interest rates adversely affect the market value of securities in the Pool's portfolio of fixed income investments. The aggregate market value of the Company's investment portfolio is likely to decline as interest rates rise. The Company's investment policy does not address exposure to interest rate risk.

Equity and Mutual Fund Securities

All investments in equity securities are held by the custodian bank in the name of the Company. Equity investments at June 30 are summarized as follows:

	Cost	Fair value	Unrealized gains/(losses)
2025:			
Domestic mutual funds:			
Equity mutual funds	\$ 6,164,582	9,069,365	2,904,783
Fixed income mutual funds	17,118,294	17,217,696	99,402
Non-domestic mutual funds			
Equity mutual funds	6,974,513	9,044,128	2,069,615
Fixed income mutual funds	2,262,886	2,228,284	(34,602)
<b>Total equity securities</b>	<b>\$ 32,520,275</b>	<b>37,559,473</b>	<b>5,039,198</b>
2024:			
Domestic mutual funds:			
Equity mutual funds	\$ 6,776,757	8,708,382	1,931,625
Fixed income mutual funds	16,977,492	16,749,059	(228,433)
Non-domestic mutual funds			
Equity mutual funds	7,910,421	8,732,714	822,293
Fixed income mutual funds	2,243,793	2,178,924	(64,869)
<b>Total equity securities</b>	<b>\$ 33,908,463</b>	<b>36,369,079</b>	<b>2,460,616</b>

APEI's investment in fixed income mutual funds is not rated. Weighted average maturity information for these funds is not available.

ALASKA PUBLIC ENTITY INSURANCE

NOTES TO FINANCIAL STATEMENTS

Fair Value Measurement

APEI measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

*Level 1:* Quoted prices for identical investments in active markets;

*Level 2:* Observable inputs other than quoted market prices; and,

*Level 3:* Unobservable inputs.

At June 30, APEI had the following recurring fair value measurements:

	Fair value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
2025:				
Domestic mutual funds:				
Equity mutual funds	\$ 9,069,365	9,069,365	-	-
Fixed income mutual funds	17,217,696	17,217,696	-	-
Non-domestic mutual funds				
Equity mutual funds	9,044,128	9,044,128	-	-
Fixed income mutual funds	2,228,284	2,228,284	-	-
<b>Total equity securities</b>	<b>\$ 37,559,473</b>	<b>37,559,473</b>	<b>-</b>	<b>-</b>
2024:				
Domestic mutual funds:				
Common and preferred stock	\$ 8,708,382	8,708,382	-	-
Fixed income mutual funds	16,749,059	16,749,059	-	-
Non-domestic equity mutual funds				
Equity mutual funds	8,732,714	8,732,714	-	-
Fixed income mutual funds	2,178,924	2,178,924	-	-
<b>Total equity securities</b>	<b>\$ 36,369,079</b>	<b>36,369,079</b>	<b>-</b>	<b>-</b>

**NOTE 3 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
2025:				
Land	\$ 90,408	-	-	90,408
Depreciable capital assets:				
Buildings and improvements	359,906	-	-	359,906
Less accumulated depreciation for:				
Buildings and improvements	(291,165)	(3,728)	-	(294,893)
<b>Land and depreciable capital assets, net \$</b>	<b>159,149</b>	<b>(3,728)</b>	<b>-</b>	<b>155,421</b>
2024:				
Land	\$ 90,408	-	-	90,408
Depreciable capital assets:				
Buildings and improvements	359,906	-	-	359,906
Less accumulated depreciation for:				
Buildings and improvements	(278,558)	(12,607)	-	(291,165)
<b>Land and depreciable capital assets, net \$</b>	<b>171,756</b>	<b>(12,607)</b>	<b>-</b>	<b>159,149</b>

ALASKA PUBLIC ENTITY INSURANCE

NOTES TO FINANCIAL STATEMENTS

**NOTE 4 - CLAIM LIABILITIES**

The reserves for losses and loss adjustment expenses represent (a) individual case estimates for reported losses, (b) estimates for unreported losses based on past experience modified for current trends, and (c) estimates of expenses for investigating and settling claims. The reserves are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. These estimates are limited to the appropriate per occurrence retention for the coverage and policy year. The process of establishing loss reserves requires the use of assumptions, primarily based upon prior loss experience, and reflects significant judgmental factors. In liability cases, significant periods of time, ranging up to several years or more, may elapse between the occurrence of an insured loss, the reporting of the loss, and the settlement of the loss. As a result, uncertainties are inherent in estimating ultimate claim costs on the basis of past experience.

Management and the Company's actuary, as certified in their report dated August 14, 2025, believe that the reserves for losses and loss adjustment expenses at June 30, 2025 are adequate to cover the ultimate net cost of losses incurred to date; however, reserves are subject to a substantial degree of potential variability and the amount ultimately paid may be more or less than such estimates. Adjustments to reserves are charged or credited to expense in the period in which they are made.

As of June 30, 2025, and 2024 the unpaid losses and loss adjustment expenses of \$17,925,409 and \$16,063,286 respectively were not discounted to net present value.

The portion of claims considered to be currently payable (in less than one year) was actuarially determined. The current portion of claims liabilities at June 30, 2025 and 2024 is \$7,732,000 and \$6,834,099, respectively.

A summary of changes in reserves for losses and loss adjustment expenses for the years ended June 30 follows:

	2025	2024
Unpaid loss and loss adjustment expenses at beginning of year	\$ 16,063,286	15,708,212
Incurred losses and loss adjustment expenses:		
Provision for insured events of the current year	8,301,000	9,382,000
Decrease in provision for insured events of prior years	476,893	(1,041,983)
Provision for unallocated loss adjustment expenses	(157,194)	(226,056)
<b>Total incurred losses and loss adjustment expenses</b>	<b>8,620,699</b>	<b>8,113,961</b>
Payments:		
Loss and loss adjustment expenses for insured events of the current year	(1,387,639)	(2,692,640)
Loss and loss adjustment expenses for insured events of the prior years	(5,370,937)	(5,066,247)
Unallocated loss adjustment expenses		-
<b>Total payments of losses and loss adjustment expenses</b>	<b>(6,758,576)</b>	<b>(7,758,887)</b>
<b>Unpaid loss and loss adjustment expenses at end of year</b>	<b>\$ 17,925,409</b>	<b>16,063,286</b>

ALASKA PUBLIC ENTITY INSURANCE

NOTES TO FINANCIAL STATEMENTS

The components of claims liabilities as of June 30 follows:

	2025	2024
Reserve for known claims	\$ 8,327,409	7,454,286
Reserve for incurred but not reported (IBNR)	8,439,000	7,558,000
Reserve for unallocated loss adjustment expenses (ULAE)	1,159,000	1,051,000
<b>Total claims payable as of end of year</b>	<b>\$ 17,925,409</b>	<b>16,063,286</b>

**NOTE 5 – ACCRUED COMPENSATED ABSENCES (PAID TIME OFF)**

Accrued compensated absences include the following for the fiscal years ended June 30:

	2025	2024
Beginning compensated absences	\$ 227,646	203,842
Compensated absences earned during the fiscal year	146,001	134,391
Compensated absences used during the fiscal year	(178,741)	(110,587)
<b>Ending compensated absences</b>	<b>\$ 194,906</b>	<b>227,646</b>
Current portion of accrued compensated absences	194,906	227,646
Long-term portion of accrued compensated absences	-	-
<b>Ending compensated absences</b>	<b>\$ 194,906</b>	<b>227,646</b>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

Employee Benefit Plan

The Company sponsors a 401(k) plan (Plan) for all employees who have completed three months of service and have attained age 18. Participants may elect to contribute up to 100% of compensation up to amounts established by law (\$23,500 and \$23,000 for 2025 and 2024, respectively). The Company makes a Safe Harbor matching contribution equal to 100% on the first 4% of compensation that employees defer into the plan. The Company makes additional matching contributions on amounts between 4% and 6.25% of compensation that employees defer into the plan at 200%. The Company may elect to make additional discretionary profit-sharing contributions. To receive discretionary profit-sharing contributions, participants must be employed on the last day of the plan year. Company contributions to the plan were \$158,909 and \$149,722 for the years ended June 30, 2025 and 2024, respectively.

**NOTE 7 – MERGER TO FORM ALASKA PUBLIC RISK ALLIANCE**

The Company merged with Alaska Municipal League–Joint Insurance Association (AMLJIA) effective July 1, 2025, to form the Alaska Public Risk Alliance (APRA). The merger was made pursuant to a Plan for Merger (the “Plan”) between the Company and AMLJIA dated September 19, 2024.

Under the Plan, the two entities combined their respective assets and liabilities to form APRA, and ceased their separate operations effective July 1, 2025. Prior to the merger, APEI’s net position exceeded that of AMLJIA’s, and under the Plan, this excess amount will be distributed to APEI members over a four-year period, starting on or about March 31, 2026. These distributions will be made to current and former APEI members in proportion to each member’s net contributions to APEI from fiscal year 2003 through fiscal year 2024.

ALASKA PUBLIC ENTITY INSURANCE

NOTES TO FINANCIAL STATEMENTS

The Company distributed \$1,999,415 of capital to members in June 2025, leaving an excess capital amount of \$5,685,503 to be returned as described above.

In addition to the distribution to its former members described above, the Company also contributed \$600,000 to APRA during fiscal year 2025 to provide it with start-up capital. AMLJIA made a like contribution. Both entities recorded the contribution as a non-operating expense.

With the exception of two long-planned retirements, all employees of both entities were retained by APRA, and APRA hired a new executive director to manage day-to-day operations under the direction of a Board of Directors formed pursuant to the Plan.

REQUIRED SUPPLEMENTARY INFORMATION

**ALASKA PUBLIC ENTITY INSURANCE**

**REQUIRED SUPPLEMENTARY INFORMATION - CLAIMS DEVELOPMENT INFORMATION**

Total All Programs

Year Ended June 30, 2025

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>1. Contributions and investment income:</b>											
Earned	\$ 13,370,131	\$ 13,372,462	\$ 13,790,482	\$ 15,127,124	\$ 17,358,023	\$ 20,759,980	\$ 23,752,771	\$ 24,704,446	\$25,056,321	\$ 32,400,700	\$ 31,604,030
Investment income	233,191	409,726	2,249,113	1,530,111	1,673,899	1,636,245	5,712,591	(5,201,944)	2,153,003	4,239,281	4,353,819
Ceded	(4,445,545)	(4,518,450)	(5,548,879)	(6,517,234)	(7,753,515)	(11,176,226)	(13,022,243)	(13,936,453)	(14,539,108)	(18,291,449)	(18,916,087)
<b>Net earned and investment income</b>	<b>9,157,777</b>	<b>9,263,738</b>	<b>10,490,716</b>	<b>10,140,001</b>	<b>11,278,407</b>	<b>11,219,999</b>	<b>16,443,119</b>	<b>5,566,049</b>	<b>12,670,216</b>	<b>18,348,532</b>	<b>17,041,762</b>
<b>2. Unallocated expenses</b>	<b>5,164,709</b>	<b>5,047,287</b>	<b>3,349,218</b>	<b>3,510,313</b>	<b>3,470,012</b>	<b>3,824,941</b>	<b>4,045,816</b>	<b>4,206,840</b>	<b>4,540,548</b>	<b>5,496,128</b>	<b>5,004,104</b>
<b>3. Estimated incurred claims and expenses, end of policy year</b>	<b>6,677,299</b>	<b>7,409,037</b>	<b>7,250,013</b>	<b>6,153,651</b>	<b>7,713,514</b>	<b>8,014,426</b>	<b>7,428,501</b>	<b>8,351,264</b>	<b>9,351,618</b>	<b>9,382,000</b>	<b>8,301,000</b>
<b>4. Paid (cumulative) as of:</b>											
End of policy year	2,059,571	2,416,090	1,906,926	1,141,720	1,805,024	1,903,986	1,088,941	1,222,090	2,703,980	2,692,640	1,387,646
One year later	3,705,867	4,231,638	3,530,815	1,937,824	4,682,871	3,405,957	3,434,757	3,462,842	5,080,013	5,585,960	-
Two years later	4,569,086	5,290,056	4,460,991	2,478,578	6,092,861	3,776,108	4,867,918	4,402,010	6,209,000	-	-
Three years later	4,808,458	5,574,347	4,957,295	2,587,342	6,762,327	4,213,648	5,548,204	4,222,307	-	-	-
Four years later	4,873,977	5,604,309	5,107,571	2,612,044	7,039,332	4,859,295	5,618,237	-	-	-	-
Five years later	4,974,023	5,749,636	5,115,063	2,657,277	7,074,295	5,345,116	-	-	-	-	-
Six years later	5,450,801	5,821,029	5,113,978	2,693,447	7,220,582	-	-	-	-	-	-
Seven years later	5,500,845	5,821,124	5,114,276	2,701,263	-	-	-	-	-	-	-
Eight years later	5,560,080	5,825,028	5,117,915	-	-	-	-	-	-	-	-
Nine years later	5,566,120	6,235,907	-	-	-	-	-	-	-	-	-
Ten years later	5,567,223	-	-	-	-	-	-	-	-	-	-
<b>5. Reestimated ceded claims and expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6. Reestimated claims and expenses:</b>											
End of policy year	6,677,299	7,409,037	7,250,013	6,153,651	7,713,514	8,014,426	7,428,501	8,351,264	9,351,618	9,382,000	8,301,000
One year later	6,177,576	7,261,043	6,024,782	5,265,380	8,433,026	6,931,800	6,135,840	7,057,531	8,475,760	10,070,266	-
Two years later	6,272,225	6,632,792	6,056,596	4,163,793	7,513,738	5,919,158	6,851,685	6,493,547	9,057,954	-	-
Three years later	5,403,038	6,507,454	6,194,066	3,050,220	8,037,801	5,347,733	6,008,311	5,381,483	-	-	-
Four years later	5,898,098	6,190,241	5,551,870	2,969,692	7,615,875	5,557,103	5,924,734	-	-	-	-
Five years later	5,846,952	6,005,330	5,490,403	2,784,751	7,508,412	5,534,102	-	-	-	-	-
Six years later	6,016,995	5,939,959	5,250,614	2,788,459	7,449,412	-	-	-	-	-	-
Seven years later	5,932,517	5,835,817	5,224,661	2,798,459	-	-	-	-	-	-	-
Eight years later	5,765,822	6,336,887	5,155,862	-	-	-	-	-	-	-	-
Nine years later	5,730,204	6,235,905	-	-	-	-	-	-	-	-	-
Ten years later	5,727,429	-	-	-	-	-	-	-	-	-	-
<b>7. Increase (decrease) in estimated incurred claims and expenses from end of year</b>	<b>\$ (949,870)</b>	<b>\$ (1,173,132)</b>	<b>\$ (2,094,151)</b>	<b>\$ (3,355,192)</b>	<b>\$ (264,102)</b>	<b>\$ (2,480,324)</b>	<b>\$ (1,503,767)</b>	<b>\$ (2,969,781)</b>	<b>\$ (293,664)</b>	<b>\$ 688,266</b>	<b>\$ -</b>

See accompanying Reinsurers' report.

The table illustrates the Program's earned revenues (net of reinsurance) and the investment income compared to the related costs of loss and other expenses assumed by the Program as of the end of the year.

The rows of the table are defined as follows:

- (1) This line shows the total of each fiscal year's gross earned premium revenue and investment revenue and the premium revenue ceded to reinsurers.
- (2) This line shows the fiscal year's other operating costs of the Company including overhead and claims expense not allocable to individual claims.
- (3) This line shows the Company's incurred claims and allocated claim adjustment expenses as originally reported at the end of the fiscal year.
- (4) This section shows the cumulative amounts paid as of the end of the year.
- (5) This line shows the latest reestimated amount of the claims assumed by reinsurers as of the end of the current year for each accident year.
- (6) This annual reestimation results from new information received on known claims, as well as emergence of new claims not previously known.
- (7) This line compares the latest reestimated incurred claims amount to the amount originally established (line 3) and shows whether this later estimate of claims cost is greater or less than originally thought.

As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years.

**ALASKA PUBLIC ENTITY INSURANCE**

**REQUIRED SUPPLEMENTARY INFORMATION - RECONCILIATION OF CLAIM LIABILITY BY PROGRAM**

Years Ended June 30, 2025 and 2024

	General Liability		Property		Workers' Compensation		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Unpaid loss and loss adjustment expenses at beginning of year	\$ 7,679,038	\$ 9,242,307	\$ 3,838,426	\$ 2,975,681	\$ 4,545,822	\$ 3,490,224	\$ 16,063,286	\$ 15,708,212
Incurring losses and loss adjustment expenses:								
Provision for insured events of current year	4,471,000	3,123,000	911,000	3,574,000	2,919,000	2,685,000	8,301,000	9,382,000
Provision for insured events of prior years	966,338	(1,068,371)	289,825	(525,837)	(779,270)	552,225	476,893	(1,041,983)
Provision for unallocated loss adjustment expenses	(626,328)	(626,041)	179,926	222,264	289,208	177,721	(157,194)	(226,056)
Total incurred loss and loss adjustment expenses	4,811,010	1,428,588	1,380,751	3,270,427	2,428,938	3,414,946	8,620,699	8,113,961
Payments:								
Loss and loss adjustments expenses for insured events of the current year	(368,726)	(654,181)	(77,779)	(1,083,127)	(941,134)	(955,332)	(1,387,639)	(2,692,640)
Loss and loss adjustments expenses for insured events of the prior year	(2,168,132)	(2,337,676)	(1,912,219)	(1,324,555)	(1,290,586)	(1,404,016)	(5,370,937)	(5,066,247)
Total payments of loss and loss adjustment expenses	(2,536,858)	(2,991,857)	(1,989,998)	(2,407,682)	(2,231,720)	(2,359,348)	(6,758,576)	(7,758,887)
Unpaid loss and loss adjustment expenses at end of year	\$ 9,953,190	\$ 7,679,038	\$ 3,229,179	\$ 3,838,426	\$ 4,743,040	\$ 4,545,822	\$ 17,925,409	\$ 16,063,286
Reserve for known claims	4,690,540	3,168,101	1,855,393	2,721,302	1,781,476	1,564,883	8,327,409	7,454,286
Reserve for incurred but not reported (IBNR)	4,981,000	4,229,000	1,165,000	866,000	2,293,000	2,463,000	8,439,000	7,558,000
Reserve for unallocated loss adjustment expenses (ULAE)	281,650	281,937	208,786	251,124	668,564	517,939	1,159,000	1,051,000
Total claims payable as of end of year	\$ 9,953,190	\$ 7,679,038	\$ 3,229,179	\$ 3,838,426	\$ 4,743,040	\$ 4,545,822	\$ 17,925,409	\$ 16,063,286

See accompanying independent auditor's report.