

Dear Senator Bradley:

As organizations that represent Florida's businesses and employers, we have a significant interest in promoting a stable and competitive workers' compensation system in order to further Florida's continued economic growth. Although Senate Bill 1582 attempts to address some of issues that remain after the court decisions *Castellanos v. Next Door Co.*, 145 So. 3d 822 (Fla. 2016), *Westphal v. City of St. Petersburg*, 194 So. 3d 311 (Fla. 2016), and *Miles v. City of Edgewater*, 190 So. 3d 171 (Fla. 1st DCA 2016), we are concerned the proposed reforms will not return stability to Florida's workers' compensation system.

Attorney fee awards for workers' compensation claims remain one of the primary cost drivers in Florida's workers' compensation system. Any workers' compensation reform must include a meaningful mechanism for controlling these awards. The \$250 cap present in SB 1582 will not function as a cost containment mechanism. Instead, it will serve as a guaranteed amount a claimant's attorney will receive for engaging in extraneous efforts on behalf of his or her client. Respectfully, we assert the language proposed will result in significant cost increases for Florida's employers without corresponding increases in the benefit to Florida's workers. We urge you to revisit this proposal.

Any reforms implemented this session must return stability to attorney fee awards. Encouraging claimant involvement in the activities of his or her attorney will encourage fairness and efficient resolution of claim disputes. It bears noting that the majority of states (32, including the District of Columbia) require that workers' compensation claimants engage directly with their attorneys regarding fees. Requiring that claimants bear their own attorney fees like most other litigants would address many of our concerns and remove unnecessary system costs currently borne by employers. Such a system change would require insuring balance in regards to the benefits received by claimants, and we are willing to work towards such a balance. Other states have instituted a fee-sharing mechanism that is worthy of consideration, wherein both employers and claimants share in the cost of the fees awarded in excess of the statutory scale. We are also amenable to exploring this option.

Senate Bill 1582 includes components that will assist all parties in the effective and efficient administration of benefits, and we appreciate the inclusion of these provisions. Requiring greater specificity of pleadings and clarifying the definition of "days", for example, will assist claimants and parties alike. We would suggest there are additional opportunities, such as requiring a more robust demonstration of a good faith effort to settle, that would ultimately serve to encourage settlement and speed the delivery of benefits to claimants. However, without reforms to attorney fees, provisions of this type will do little to positively impact premium costs in Florida.

We are committed to Florida's Grand Bargain that exists for the protection and benefit of employees and employers. We respectfully assert the bill in its present form has not yet achieved that focus. For this reason, we cannot support the bill in its current form. We look forward to working with you to ensure the final product is one that comprehensively addresses the needs of employees and employers.

Sincerely,

American Insurance Association

Associated Industries of Florida

Associated Builders and Contractors of Florida

Florida Association of Counties

Florida Associated General Contractors Council

Florida Association of Insurance Agents

Florida Chamber of Commerce

Florida Building Materials Association

Florida Farm Bureau Federation

Florida Fire Sprinkler Association

Florida Home Builders Association

Florida Hospital Association

Florida Insurance Council

Florida Justice Reform Institute

Florida League of Cities

Florida Poultry Association

Florida Restaurant and Lodging Association

Florida Retail Federation

Florida Roofing & Sheet Metal Contractors Association

Florida Transportation Builders Association

Florida Trucking Association

Florida United Businesses Association

Manufacturers Association of Florida

National Association of Mutual Insurance Companies

National Federation of Independent Business

National Utility Contractors

Property Casualty Insurance Association of America