



NCCI RECOMMENDS DECREASE TO FLORIDA WORKERS COMPENSATION RATES

August 28, 2017

Boca Raton, Florida – The National Council on Compensation Insurance (NCCI) delivered its 2017 workers compensation insurance rate filing to the Florida Office of Insurance Regulation (OIR). Using the most recent pre-*Castellanos/Westphal* experience data available, NCCI has recommended an overall premium level decrease of 9.6%, effective January 1, 2018. The proposed reduction represents a continued improvement in claim frequency, more than an 8% decrease in Florida over the last two years, and is the primary driver of the decrease filed with the OIR. In addition to the improvements in loss experience, the filing includes a 1.9% decrease in expense provisions, including a proposed decrease to the Profit & Contingency provision from 2.75% to 2.0%. Florida is a “full rate” jurisdiction which means that the filing includes all components within the rate charged to the policyholder (i.e. general expenses, taxes, profit and contingency, commissions, etc.).

Last year, two separate Florida Supreme Court decisions resulted in changes to the Florida workers compensation landscape. Those cases, *Castellanos v. Next Door Company, et al.* (April 28, 2016) and *Westphal v. City of St. Petersburg, et al.* (June 9, 2016) brought about retroactive changes to claimant attorney fee and benefit levels. NCCI submitted a filing which addressed the projected impact of the two court decisions including future upward pressure on claim costs as well as a growing unfunded liability on open claims. OIR issued an order that included a 14.5% premium level increase which took effect on December 1, 2016.

The OIR is expected to schedule a public hearing on the new 2017 filing in October. Details of the filing are shown below.



January 1, 2018 Filing Summary

<u>Component</u>	<u>Impact</u>
Experience, Trend and Benefits	-7.8%
Taxes and Assessments	-0.4%
Profit and Contingency	-1.0%
Loss Adjustment Expense	-0.5%
Overall Premium Level Change	-9.6%
Expense Constant Offset	+0.3%
Overall Rate Level Change	-9.3%

Rate Level Changes by Industry Group

Manufacturing	-10.3%
Contracting	-6.9%
Office and Clerical	-11.3%
Goods and Services	-10.4%
Miscellaneous	-8.1%

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Florida

January 1, 2018

Workers Compensation Rate Filing

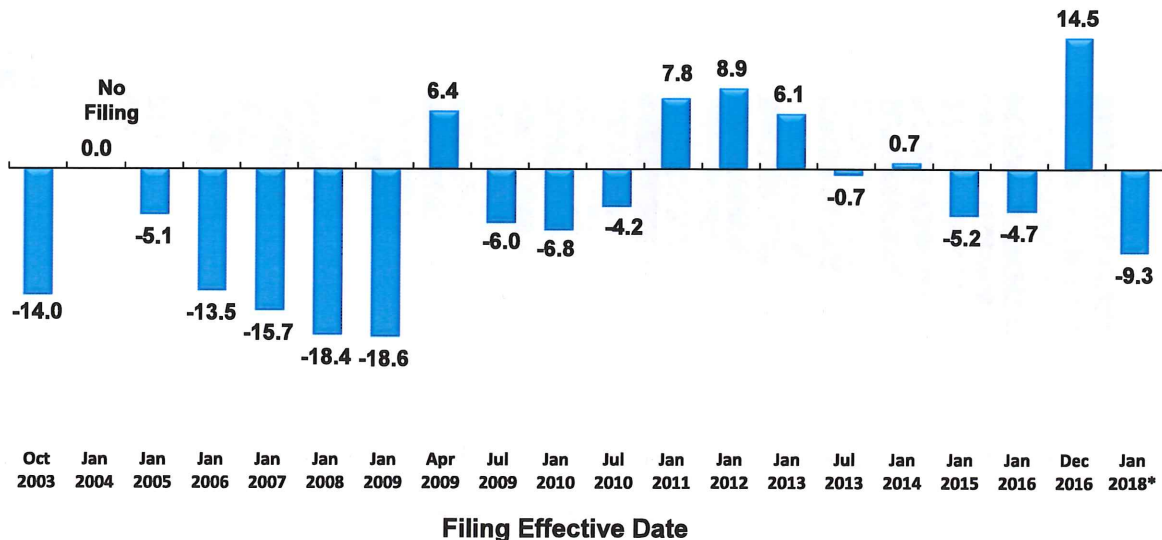
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Florida's Historical Rate Level Changes (%)

Cumulative Change: -54.5%
(Oct 2003 to Dec 2016)



* Pending



Florida

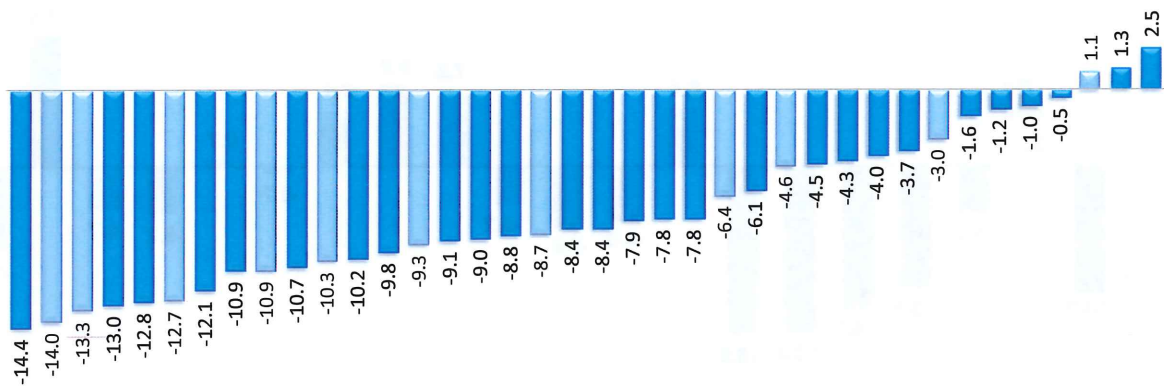
January 1, 2018 Rate Filing

Component	Impact
Change in Experience, Trend and Benefits	-7.8%
Change in Production and General Expenses	0.0%
Change in Taxes and Assessments	-0.4%
Change in the Profit and Contingency Provision	-1.0%
Change in Loss-Based Expenses	-0.5%
Offset for the Change in Expense Constant	+0.3%
Proposed Overall Average Rate Level Change	-9.3%



Current NCCI Voluntary Market Loss Cost/Rate Level Changes (%)

Excludes Law-Only Filings



NC OR NH MD TN CO AL CT IL NV WV OK LA FL IN NM UT IA AR KS VT MT TX AZ MS KY RI ME NE MO DC AK ID SD GA VA HI SC

■ Approved ■ Pending

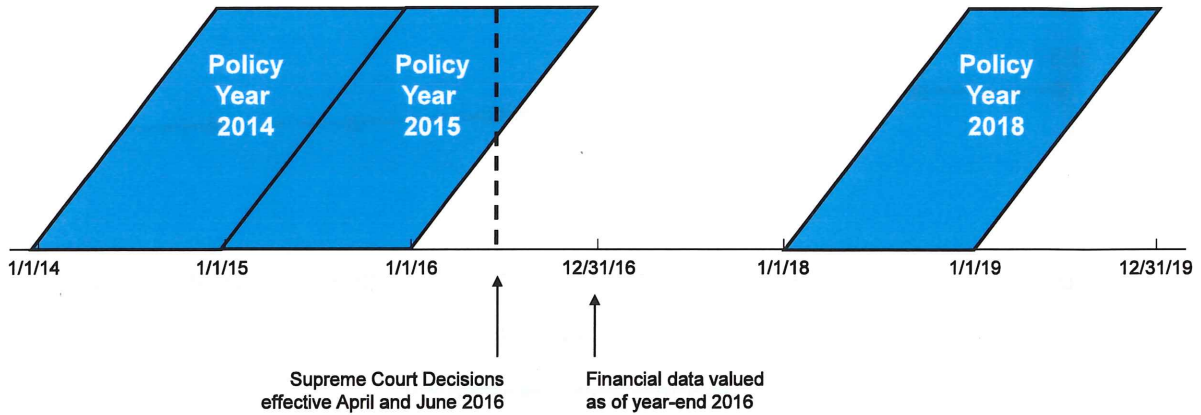
Reflects the most recent experience filing in each jurisdiction
 Due to the timing of the individual loss cost/rate filings, the figures shown may include changes from prior filing seasons



Florida

January 1, 2018 Rate Filing

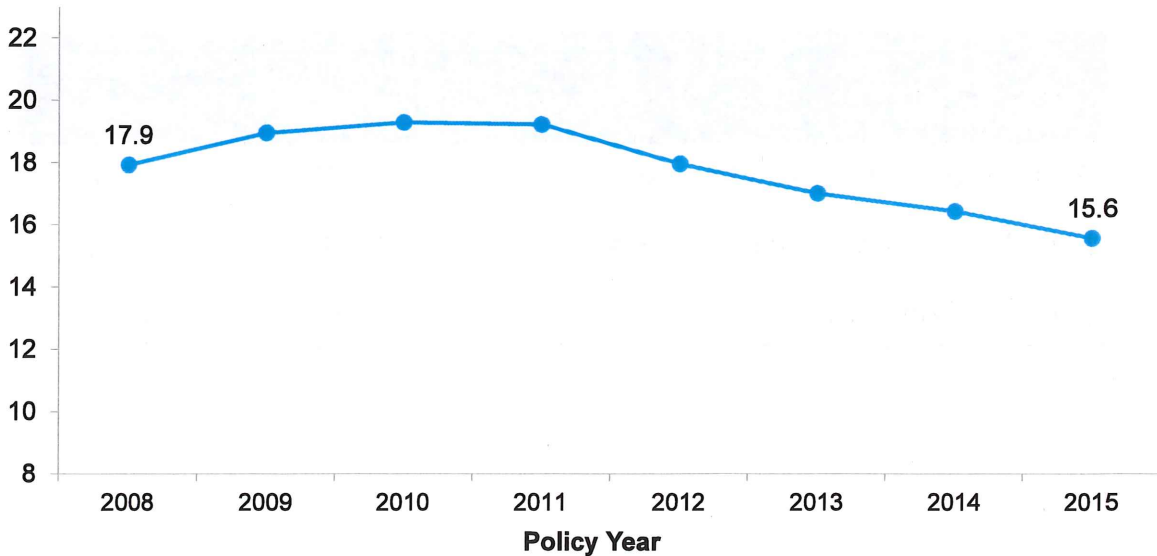
The most recent two full policy years of financial data is used as the filing's experience period



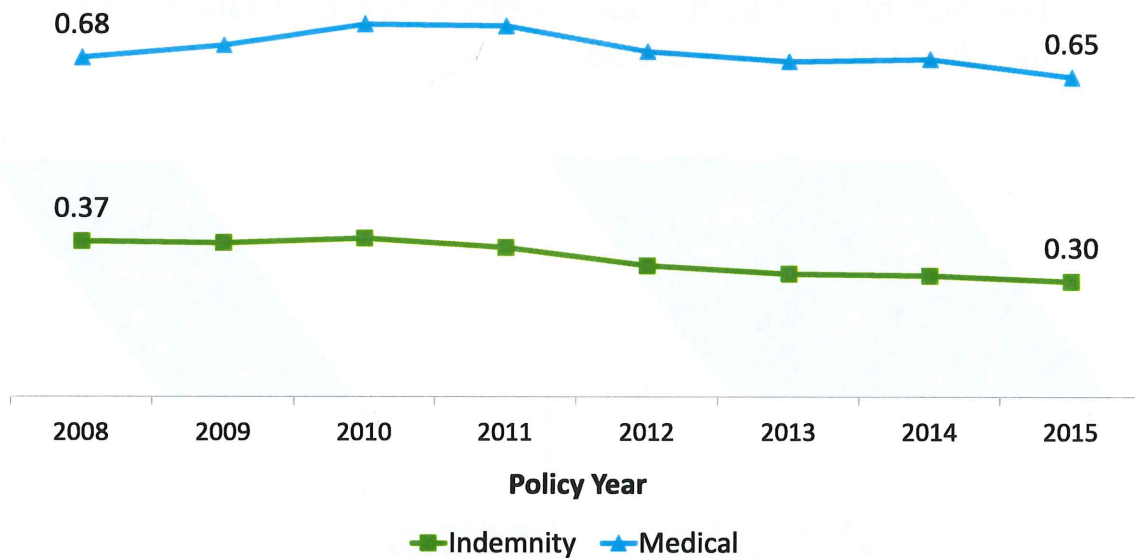
Florida

Lost-Time Claim Frequency

(Frequency per Million on On-Leveled, Wage-Adjusted Premium)



Florida Indemnity and Medical Loss Ratios



Based on an average of paid and paid plus case financial data at current benefit level and developed to ultimate



Florida Expense Provisions

Component	Current Provision	Proposed Provision
Profit and Contingency Provision	2.75%	2.0%
Loss Adjustment Expense Provision	21.3%	20.7%
Expense Constant	\$200	\$160

