

## NCCI PROPOSES DECREASE TO FLORIDA WORKERS COMPENSATION RATES

August 20, 2015

Tallahassee, Florida –The National Council on Compensation Insurance (NCCI), delivered its annual workers compensation insurance rate filing to the Florida Office of Insurance Regulation (OIR). Based upon its review of the most recent data available, NCCI has proposed an overall average rate level decrease of 1.9%. With a reduction in the expense constant from \$200 to \$160 and changes to minimum premiums, the overall average premium decrease is 2.2%, effective January 1, 2016.

<i><b>Components</b></i>	<i><b>Rate Impact</b></i>
Change in Experience and Trend	-4.6%
Change in Benefits	0.0%
Change in LAE	-0.3%
Change in Profit & Contingency	+2.2%
Change in Tax & Assessments	0.0%
Change in Production Cost and General Expense	+0.6%
Offset for the Change in Expense Constant	+0.3%
<b>Overall Rate Level Change</b>	<b>-1.9%</b>
<b>Overall Premium Level Change</b>	<b>-2.2%</b>

### **Key observations of the rate filing include:**

- Loss experience in the two most recently available policy years (2012 & 2013) shows overall improvement;
- Indemnity and medical trends have declined, driven in part by a decrease in frequency;
- Loss adjustment expenses have decreased slightly, but remain higher than the countrywide average; and,
- Interest rates have remained near historic lows for several years, which has prompted NCCI to request a higher profit and contingency provision of 4%.

If approved as filed, the overall average rate level change for each industry group will be as follows:

<b>Industry Group</b>	<b>1-1-2016</b>
Manufacturing	-4.7%
Contracting	+1.0%
Office and Clerical	-5.1%
Goods and Services	-1.6%
Miscellaneous	-1.8%
<b>Total</b>	<b>-1.9%</b>

Today, Florida's workers compensation insurance rates, overall, remain stable and commensurate with other southeastern states.

<b>State</b>	<b>Average Rate</b>
Florida	\$1.04
Alabama	\$1.09
Georgia	\$1.08
North Carolina	\$1.05
South Carolina	\$1.02
Tennessee	\$0.87

However, rates could increase, perhaps dramatically, depending on decisions issued in a couple of pending court cases:

*Westphal v. City of St. Petersburg*

*Castellanos v. Next Door Company*

*Florida Workers Advocates v. State of Florida* (if accepted by the Florida Supreme Court)

NCCI is monitoring these cases, and once final, will be prepared to issue estimated cost impact analyses, and if necessary, submit amendments to the pending rate filing or submit future rate filings.

The OIR is expected to schedule a public rate hearing in October.

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