

## NCCI's Filing Reflects Stability in Florida Workers Compensation Rates

On August 15, 2012, the National Council on Compensation Insurance (NCCI) delivered its annual workers compensation rate filing to the Florida Office of Insurance Regulation (OIR). Based upon its review of the most recent data available, NCCI has proposed, effective January 1, 2014, an overall workers compensation rate level increase of 1.0%.

Rate Filing Components	Impact
Due to Change in Experience & Trend	+1.6%
Due to Change in Benefits	0.0%
Due to Change in Expenses (excl P&C)	-0.6%
Due to Change in Profit & Contingency Factor	0.0%
<b>OVERALL RATE LEVEL CHANGE</b>	<b>+1.0%</b>

Here are some of the key observations:

- **Loss experience has stabilized in recent years.**
- **The future outlook, or trend, embedded in the current rates more closely reflects the expectation of stability going forward.**
- **Claim frequency, a major driver in the loss ratio deterioration between 2008 and 2010, was still up in 2011, but not as sharply as in recent years.**
- **This minor adjustment to the current rate level mainly reflects the impact of medical costs outpacing wage inflation and declines in expenses.**

The cumulative impact of the rate decreases after the 2003 reform was -64.7%. Assuming this filing is approved as proposed, the cumulative impact for the period 10/1/03 through 1/1/14 is -55.9%. So in other words, even including the 1/1/14 proposed increase, Florida workers compensation rates would be down 55.9% from a little more than a decade ago. After the reform, the average loss cost went from \$2.62 per \$100 payroll to a low of \$1.00 per \$100 payroll. Assuming this 1/1/14 proposed increase of 1.0% is approved as filed, the average loss cost would be \$1.09 per \$100 payroll which is approximately equal to the average for states in the Southeast\*.

Assuming the filing is approved as proposed, the overall average rate impact at an industry group level would be as follows:

	1/1/14 Filing	10/1/03-1/1/14
Manufacturing	-3.2%	-53.7%
Contracting	+3.5%	-57.5%
Office and Clerical	+0.3%	-58.1%
Goods and Services	+1.1%	-54.3%
Miscellaneous	+0.9%	-54.0%
<b>TOTAL</b>	<b>+1.0%</b>	<b>-55.9%</b>

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

\*Southeast is defined as North Carolina, South Carolina, Tennessee, Georgia, Alabama, and Florida.  
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