Florida

January 1, 2018
Workers Compensation
Rate Filing Overview

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Regulatory Division
Florida’s Historical Rate Level Changes (%)

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

Filing Effective Date

* Pending
Florida Filing Activity

Voluntary Rate Changes

-5.2%
-4.7%
14.5%
-9.3%

1/1/2015
1/1/2016
12/1/2016
1/1/2018*

*Pending
2016 Filing Recap

- April, 2016 – *Castellanos* supreme court case decided
- May, 2016 – NCCI makes initial rate filing
- June, 2016 – *Westphal* supreme court case decided
- July, 2016 – NCCI makes amended rate filing

- Court cases made retroactive changes to attorney fee and benefit levels
- “Law-Only” Filing addressed impact of court cases on prospective basis

- December 1, 2016 – 14.5% rate increase becomes effective

- Filing was appropriate and necessary to address the increase in future claim costs
1/1/2018 Proposed Filing

• Includes two new years of financial data experience
  • Policy Years 2014 & 2015

• Most recent data available

• For the most part, data is pre-Castellanos, pre-Westphal

• Experience shows a continued decrease in claim frequency

• Claim frequency is down more than 8% in last two years

• This is the major driver behind the proposed rate decrease
Financial data reflecting the *Castellanos* and *Westphal* decisions will likely emerge in Policy Years 2016 and 2017.
Florida
Lost-Time Claim Frequency
(Frequency per Million on On-Leveled, Wage-Adjusted Premium)

<table>
<thead>
<tr>
<th>Policy Year</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>19.0</td>
</tr>
<tr>
<td>2010</td>
<td>19.3</td>
</tr>
<tr>
<td>2011</td>
<td>19.2</td>
</tr>
<tr>
<td>2012</td>
<td>17.9</td>
</tr>
<tr>
<td>2013</td>
<td>17.0</td>
</tr>
<tr>
<td>2014</td>
<td>16.4</td>
</tr>
<tr>
<td>2015</td>
<td>15.6</td>
</tr>
</tbody>
</table>

Based on NCCI's financial data
Florida WC Lost-Time Claim Frequency
Percentage Change in Lost-Time Claims

Based on data through 12/31/2016, developed to ultimate, premium adjusted to a common wage level
Current Average Voluntary Pure Loss Costs ($)

Pure Loss Cost Using Florida’s Payroll Distribution—All Classes

<table>
<thead>
<tr>
<th>State</th>
<th>FL</th>
<th>AL</th>
<th>GA</th>
<th>LA</th>
<th>MS</th>
<th>NC</th>
<th>SC</th>
<th>TN</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1.13</td>
<td>0.90</td>
<td>1.13</td>
<td>1.04</td>
<td>0.80</td>
<td>0.80</td>
<td>1.05</td>
<td>0.71</td>
</tr>
</tbody>
</table>

* Pending
Based on the latest NCCI approved rates and loss costs in the various states
Florida’s Oregon Ranking by Year

(1 is Highest Cost, 51 is Lowest Cost)