

NCCI Proposes Reduction for Workers Compensation Rates in Florida

On August 20, 2009, 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, 2010, an overall workers compensation rate level decrease of 6.8%.

Rate Filing Components	Impact
Due to Change in Experience	-10.1%
Due to Change in Trend	+1.1%
Due to Change in Benefits	0.0%
Due to Change in Expenses (excl P&C)	+0.3%
Due to Change in Profit & Contingency Factor	+2.2%
OVERALL RATE LEVEL CHANGE	-6.8%

There are two main reasons for the proposed rate level decrease:

1. **Claim frequency continues to improve (i.e., fewer claims), although there are signs that the pace of improvement has moderated.**
2. **Loss development continues to improve (i.e., average claim cost is coming down).**

This is the 7th experience-related decrease NCCI has proposed since Florida workers compensation rates hit a high point prior to the 2003 workers compensation reform. The previous rate reductions approved by the OIR are as follows:

-14.0% (10/1/03)	-5.1% (1/1/05)	-13.5% (1/1/06)
-15.7% (1/1/07)	-18.4% (1/1/08)	-18.6% (1/1/09)

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

	1/1/10 Filing	Cumulative 10/1/03 – 1/1/10
Manufacturing	-4.7%	- 60.0%
Contracting	-10.8%	- 65.4%
Office and Clerical	-6.2%	- 63.3%
Goods and Services	-3.8%	- 62.2%
Miscellaneous	-6.7%	- 62.1%
TOTAL	-6.8%	- 63.2%

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

*National Council on Compensation Insurance, Inc., based in Boca Raton, FL, manages the nation's largest database of workers compensation insurance information. NCCI analyzes industry trends, prepares workers compensation insurance rate recommendations, determines the cost of proposed legislation, and provides a variety of services and tools to maintain a healthy workers compensation system.