Florida Office of Insurance Regulation
I-File Workflow System

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Request Type: Entire Filing

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

May 27, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: **Florida Workers Compensation Law-Only Voluntary Rates and Rating Values Filing, Proposed Effective August 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of the state of Florida, we are filing for your consideration and approval workers compensation rates and rating values for the Florida voluntary market, to become effective August 1, 2016 for new, renewal, and all outstanding policies that are effective on or after that date.

This filing proposes an overall average voluntary rate level increase of 17.1% for the industrial classifications, and an overall average rate level increase of 3.1% for the federal classifications, except for class code 9077 (United States Armed Service Risk – All Employees & Drivers). There is no impact to class code 9077.

This proposed increase results from the combined impact of the Florida Supreme Court's decision on April 28, 2016 in *Marvin Castellanos v. Next Door Company, et al.*, No. SC13-2082, and SB 1402 (2016) that ratified the Florida Division of Workers' Compensation's updates to the Florida Workers' Compensation Reimbursement Manual for professional health care providers, effective July 1, 2016.

This filing is made exclusively on behalf of the companies that have given valid consideration for the express purpose of fulfilling regulatory rate or pure premium filing requirements and other private use of this information.

In the enclosed appendix is a list of companies which, as of the time this filing is submitted, are eligible to reference this information. The inclusion of a company on this list merely indicates that the company, or the group to which it belongs, is affiliated with NCCI in this state, or has licensed this information as a non-affiliate, and is not intended to indicate whether the company is currently writing business or is even licensed to write business in this state.

Please contact me if you have any questions or need any further information.
Respectfully submitted,

Chris Bailey
State Relations Executive

106 E. College Ave, Suite 900
Tallahassee, FL 32301
www.ncci.com

Florida

Voluntary Workers Compensation Law-Only Rate Filing
Proposed Effective August 1, 2016

National Council on Compensation Insurance

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Actuarial Certification

I, Jay Rosen, am a Director and Senior Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

Jay Rosen

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services

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FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

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* Not included in this submission.

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FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

SUMMARY OF PROPOSED CHANGES

Proposed Effective Date	**August 1, 2016**

I. Industrial Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	17.1%
By Component	
- First-Year Impact of the Florida Supreme Court's Decision in *Castellanos*	15.0%
- Changes to the Florida WC Health Care Provider Reimbursement Manual	1.8%
By Industry Group	
Manufacturing	17.1%
Contracting	17.1%
Office & Clerical	17.1%
Goods & Services	17.1%
Miscellaneous	17.1%

II. Federal Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	3.1%

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FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

Adjustment to Outstanding Policies In-Force on August 1, 2016
Due to the First-Year Impact of the Florida Supreme Court's Decision in *Castellanos* and Changes to the Florida WC Health Care Provider Reimbursement Manual

Full New and Renewal Impact: +17.1%

Effective Month	Unexpired Portion of Policy as of August 1, 2016	Impact
September 2015	1 month	1.4%
October 2015	2 months	2.9%
November 2015	3 months	4.3%
December 2015	4 months	5.7%
January 2016	5 months	7.1%
February 2016	6 months	8.6%
March 2016	7 months	10.0%
April 2016	8 months	11.4%
May 2016	9 months	12.8%
June 2016	10 months	14.3%
July 2016	11 months	15.7%

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

NCCI estimates that the cost impact due to the Florida Supreme Court's decision in *Castellanos vs. Next Door Company, et al.* (*Castellanos*) will result in an overall first-year impact on Florida workers compensation system costs of +15.0%. NCCI proposes that this filing apply to new, renewal, and all in-force policies that are effective on or after August 1, 2016. However, *Castellanos* is also expected to increase overall system costs in the state for all claims occurring on or after July 1, 2009 that remain open or are re-opened[1]. Therefore, NCCI expects that a significant unfunded liability will be created due to the retroactive impact of this court decision.

This estimate does <u>not</u> include the following:

- **Cost impacts related to the First District Court of Appeal's decision in *Miles v. City of Edgewater Police Department* (April 20, 2016), which addressed claimant-paid attorney fees.**
- **The entire unfunded liability created in the state due to the retroactive nature of the *Castellanos* decision.**
- **Unanticipated cost impacts not otherwise reflected in this filing that may emerge over time such as additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida.**

Aside from the unfunded liability, the resultant cost impacts of the above, if any, would be reflected in subsequent Florida rate filings.

Summary of Florida Supreme Court Decision and Resultant Cost Impact

On April 28, 2016, the Florida Supreme Court issued a decision in *Marvin Castellanos v. Next Door Company, et al.*, (*Castellanos*), No. SC13-2082. The Supreme Court concluded,

> *"…that the mandatory attorney fee schedule in section 440.34 of Florida Statutes, which creates an irrebuttable presumption that precludes any consideration of whether the fee award is reasonable to compensate the attorney, is unconstitutional under both the Florida and United States Constitutions as a violation of due process*."

The result of the Supreme Court's decision is to eliminate the statutory caps on claimant attorney fees and return Florida to the law as it was prior to July 1, 2009 when claimant attorney fees awarded under the fee schedule were required to be "reasonable."

NCCI estimates that the prospective first-year impact of the *Castellanos* decision will be +15.0**%** on overall Florida workers compensation system costs.

Note that the proposed rate level change for "F" classes, excluding code 9077 (United States Armed Service Risk – All Employees and Drivers), will be less than the rate level change applicable to industrial classes since federal benefits are applicable in many cases rather than state benefits, and the claimant attorney fee changes contained in SB 50A did not apply to cases involving federal benefits. Furthermore, the *Castellanos* decision does not impact the rate for class code 9077, since only federal benefits are applicable.

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[1] Note that NCCI's assumptions related to the significance of the unfunded liability are based upon the following filed and approved NCCI Statistical Plan definitions:
Open – Final payment not made
Closed – Company does not expect to make further payments
Reopened – Claim previously reported as closed; now company expects to make additional payments

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

NCCI has filed for the proposed rates to apply to all policies in effect on August 1, 2016 on a pro-rata basis through the remainder of the term of those policies. Though the *Castellanos* decision was rendered on April 28, 2016, the decision has retroactive impacts on claims open or re-opened from July 1, 2009 (effective date of enacted House Bill 903, which addressed the decision in *Emma Murray vs. Mariner Health Inc. and ACE US)* and forward. Increased system costs which will result from the *Castellanos* decision were not contemplated in the development of workers compensation rates for all policies affected. Because workers compensation ratemaking is prospective only, insurers are not able to recoup premium to cover such unforeseen retroactive system cost increases. Even if the proposed rates are to apply to outstanding policies, a significant portion of the full retroactive impact and unfunded liability remains.

Actuarial Analysis of the Impact of the *Castellanos* Decision

In order to estimate the impact of the *Castellanos* decision on Florida workers compensation system costs, it is necessary to first analyze how the provisions in SB 50A (2003)—specifically those relating to changes in claimant attorney fees—impacted system costs.

The provisions relating to attorney compensation contained in SB 50A were as follows:

- Maintain the “20/15/10/5” attorney fee schedule.
- Alternative hourly fees were eliminated with one exception: an alternative fee of up to $1,500 may be awarded per accident for medical-only petitions.
- Fees are to be based on “benefits secured” above the offer, only if the employer/carrier makes an offer including attorney fees. Attorney fees are "taxed" against the losing party.

In general, the analyses of the *Castellanos* decision contained in this filing reflect changes in system costs and other metrics between pre- and post-SB 50A time periods (“pre-reform” and “post-reform”). Experience emerging subsequent to the implementation of SB 50A has revealed significant decreases in workers compensation costs—even after adjusting pre-reform values for the expected impacts incorporated in NCCI’s SB 50A rate filing (e.g., adjusting pre-reform losses to the current benefit level). The changes to the claimant attorney compensation provisions contained in SB 50A are credited with accounting for a material portion of these decreases. Thus, in general, NCCI is relying on the changes observed between the pre-SB 50A reform period (an hourly attorney fee system) and the post-reform period (a legislated, mandatory attorney fee schedule system) for the changes that are expected to occur due to the *Castellanos* decision—although the changes would occur in the reverse direction.

A summary of NCCI’s actuarial analyses of the *Castellanos* decision and its impact on workers compensation system costs is described below. In general, NCCI analyzed the changes in overall benefit costs between the pre- and post-reform periods using NCCI’s Financial Call data for both Florida and Florida relative to other states. In addition, NCCI’s Detailed Claim Information (DCI) data was analyzed to estimate the changes in average claim costs for claims with a claimant attorney over these same time periods.

Recognizing that data for 2003 includes a mix of pre- and post-reform data, this year has been excluded from NCCI’s calculations in order to avoid distortions. As the impact of SB 50A’s attorney fee change was realized over several years, NCCI used 2005 and 2006 as the post-

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reform time period in these analyses. This two-year time period allows one to both observe how the impact of the attorney fee changes emerged over time and necessarily avoid the impact of events that occurred beginning in 2007, such as the Great Recession.

Estimated Change in Overall Benefit Costs based on Financial Call Data

Based on premium, loss, and claim count information contained in the Florida 1/1/16 approved workers compensation rate filing, NCCI calculated changes in overall benefit costs for Policy Years 2000 to 2002 (pre-reform) and Policy Years 2005 and 2006 (post-reform) using NCCI Financial Call data evaluated as of 12/31/2014. NCCI then analyzed the observed changes in overall benefit cost levels for both Florida and the surrounding region between the pre- and post-reform periods. The results of the analysis are summarized in Exhibit I and described below.

Florida policy year claim frequency and total (indemnity plus medical) average benefit costs from the Florida 1/1/2016 approved rate filing, are displayed in columns (2) and (3) of Exhibit I, respectively. The premium and benefit level change adjustment factors embedded in these values are then adjusted to remove the impact of the attorney fee component of the SB 50A pricing[2]. Further, the premium used in determining the claim frequency values is further adjusted to remove all expense-related components. This step is necessary to facilitate a meaningful comparison between the observed changes in Florida and those in the surrounding region. The resulting figures are displayed in columns (4) and (5).

The product of the adjusted claim frequency (column (4)) and average claim severity (column (5)) is divided by $1M in order to estimate Florida's average pure loss cost in both pre- and post-reform years (column (6)). NCCI performed similar calculations to estimate the average pure loss cost for the group of southeastern states (Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee) shown in column (7) as well as a subset of regional states that abut the Gulf of Mexico (Alabama, Louisiana, and Mississippi) shown in column (8). The "Gulf states" region was specifically recognized as sharing some similarities with Florida.

During the analysis, the pre-reform period was defined to both include and exclude Policy Year 2000. The average pre-reform pure loss costs for Florida and the surrounding regions are shown on rows (9) and (10) of Exhibit I. The average pure loss costs in the post-reform period are displayed on row (11). The average pure loss cost declines for Florida and the surrounding regions are shown on rows (12) and (13). The Florida figures in rows (12) and (13) show that the average pure loss cost level decreased significantly in the state between the pre- and post-reform time periods—an observed decline between 32.1% and 34.1%.

Even after adjusting for approved rate level changes subsequent to the effective date of SB 50A, NCCI recognizes that observed changes in overall benefit costs after SB 50A may have resulted from influences unrelated to changes in attorney fees. Therefore, changes in overall benefit costs observed in regions surrounding Florida were also examined.

[2] The provision for the attorney fee change contained in the SB 50A rate filing needs to be removed since the *Castellanos* decision will extinguish both the quantified and unquantified impacts resulting from the elimination of hourly fees in SB 50A.

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As mentioned above, Florida's average pure loss cost decreased in excess of 32% between the pre- and post-SB 50A time periods. This is approximately 25% MORE of a decline than observed in the southeastern states region (see column (7), rows (14) and (15) in Exhibit I). Florida's 25% decline in average pure loss cost over and above that observed in the southeastern states region is likely attributed to several factors—not the least of which is the change in the attorney fee provisions contained in SB 50A.

Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most dramatic decreases in average pure loss cost level between the pre- and post-SB 50A time periods. As a region, these three states' average pure loss cost declined approximately 23% (column (8), rows (12) and (13)). Even though this is a notable percentage decline, it is still far less of a decline relative to the pure loss cost decline observed in Florida over this same time period (see column (8), rows (14) and (15)).

This analysis focused on the magnitude of the decline in Florida's pure loss cost (pre- to post-SB 50A) over and above that observed in the surrounding regions (rows (14) and (15) of Exhibit I). These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 13.8% and 37.5%.

Estimated Change in Average Claim Costs for Attorney-Represented Claims based on DCI data

The *Castellanos* decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation. Therefore, an additional analysis was performed which specifically focused on that portion of overall benefit costs. NCCI's DCI data as of a fifth report was used in conjunction with NCCI's Workers Compensation Statistical Plan (WCSP) data to estimate average claim costs (including claimant attorney fees) for claims with attorney representation. DCI data enables a separate analysis of claim information for claims with attorneys—allowing one to focus on the subset of claims directly impacted by a change in attorney fees.

Exhibit II-A displays the calculation of the impact on total average incurred (claim payments plus case reserves) benefit costs. Columns (1) and (4) display indemnity and medical average claim costs for claims with claimant attorney representation, respectively, for the pre- and post-SB 50A time periods. The individual DCI claims were linked to the WCSP claims database in order to incorporate the incurred loss amounts from the WCSP data into the analysis[3]. In this way, the impact of the SB 50A attorney fee changes can be analyzed based on the same data contained in the annually-approved Florida rate filings.

The average claim costs are adjusted to the current benefit level using values from the Florida 1/1/2016 approved rate filing and to remove the impact of the attorney fee component of the SB 50A pricing. These adjustment factors are shown in columns (2) and (5) of Exhibit II-A. The indemnity and medical benefit-adjusted average claim costs are displayed in columns (3) and (6), respectively. The final wage-adjusted average total benefit costs per claim for pre- and post-reform years are shown in column (8).

[3] Approximately 80% of the claims were linked between the DCI and WCSP databases. For the remaining claims, the DCI-reported incurred values were utilized.

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NCCI calculated changes in average total benefit costs for attorney-represented claims between years 2000 to 2002 (pre-reform) and years 2005 to 2006 (post-reform). The declines in attorney-represented claim costs pre- to post-SB 50A are displayed in row (11) of Exhibit II-A. Savings of more than 25% have been observed. As the *Castellanos* decision will effectively return Florida's attorney compensation structure to the pre-SB 50A, hourly fee-based system, it also indicates a return to the pre-SB 50A level of attorney-represented claim costs. Hence, the potential first-year impact of the *Castellanos* decision on overall workers compensation benefit costs is estimated to be between +15.0% and +16.1% (row (12)), which is the ratio of pre- to post-SB 50A average claim costs with attorney representation multiplied by the proportion of total claim costs that have claimant attorney representation during the post-reform period (43.6%[4]). Note that these estimated cost impacts do not reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the *Castellanos* decision.

In order to limit the impact that individual large claims may have on the analysis presented in Exhibit II-A, an additional supplemental analysis was performed. The largest one percent of claims based on reported DCI total incurred losses was excluded. The results of this additional analysis, consistent with that presented in Exhibit II-A, are shown in Exhibit II-B. These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 16.7% and 18.1% (see Exhibit II-B, row (12)).

Claimant Attorney Fees and Loss Adjustment Expenses

Claimant attorney fees are included in the indemnity loss data reported to NCCI, and defense attorney fees are included in the loss adjustment expense (LAE) data reported to NCCI. Therefore, since claimant attorney fees are included in the data on which all of the above-discussed cost estimates are based, no separate cost impact for claimant attorney fees has been included in this filing.

As *claimant* attorney behavior changed post-reform, there was a corresponding change in behavior related to *defense* attorneys. For example, there is qualitative input that as claimant attorneys worked fewer hours on cases and agreed to quicker settlements, defense attorneys also worked fewer hours on cases and earned reduced fees. The post-reform reduction in defense attorney costs has been reflected in the LAE component of the approved Florida workers compensation rates. The LAE component is a ratio of expenses to losses. It is anticipated that the *Castellanos* decision will result in both increased expenses and increased losses. At this time, NCCI expects that both will generally increase at the same rate. As such, no change to the current LAE provision is being proposed in this filing.

Background and Analysis of the *Miles* Decision (2016)

On April 20, 2016, the First District Court of Appeal (DCA) issued an opinion in the case of *Miles v. City of Edgewater Police Department et al.* (*Miles*) declaring the restrictions in Sections 440.105 and 440.34 as unconstitutional. Violation of Section 440.105(3)(c), Florida Statutes is a misdemeanor for an attorney to accept a fee not approved by a Judge of Compensation Claims

[4] Based on DCI and WCSP data.

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(JCC) and Section 440.34, Florida Statutes, prohibits a JCC from approving a fee that is not tied to benefits secured by the attorney.

In *Miles*, the claimant was a law enforcement officer alleging a claim for injuries related to chemical exposure. The claimant signed two retainer agreements with her attorney—one agreement provided for the payment of a $1,500 retainer by the claimant's union and the second agreement provided for the payment of an additional hourly fee by the claimant after exhaustion of the union-paid retainer. Prior to pursuing the claim, the claimant's attorney filed a motion for approval of the two retainer agreements. The JCC's first order denied approval of the two retainer agreements stating claimant paid legal fees are limited to the fee schedule in Section 440.34, Florida Statutes, which bases fees on benefits secured by the attorney. Given the claimant attorney had not yet secured benefits, the JCC concluded there was no authority to approve a fee. After the first order, claimant's counsel filed a motion to withdraw citing financial hardship. The claimant moved forward representing herself. The JCC's second order denied compensability of the chemical exposure claim based on insufficient evidence.

The First DCA found the restrictions in Sections 440.105 and 440.34, Florida Statutes, on claimant paid attorney fees to be unconstitutional. Both the JCC fee order and the order denying compensability were reversed and remanded for new hearings.

After *Miles*, it appears that claimant attorney fees may now be collected from the claimant regardless of whether benefits are secured. This likely increases the incentive for a claimant's attorney to take on claims regardless of whether such claims are likely to be found compensable, as long as the claimant has financial means. In discussions with system stakeholders, it has been suggested that there may be an increase in the number of retainer agreements that will require the claimant to pay attorney fees or, in the event that the claim is deemed compensable, attorney fees beyond those covered by the employer/carrier. Hence, if the First DCA decision remains in place, attorneys have the potential to earn greater compensation than that which would result from the *Castellanos* decision on its own, putting additional upward pressure on system costs in the state.

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Exhibit I

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Average Pure Loss Cost Changes Pre- and Post-SB 50A: Florida and the Region

	Florida						Region	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Policy Year	Avg. Claim Frequency per $1M of premium	Average Claim Severity	Avg. Claim Frequency per $1M of pure premium	Average Claim Severity	Average Pure Loss Cost	Southeastern States' Avg. Pure Loss Cost	Gulf States' Avg. Pure Loss Cost
Pre-SB 50A	2000	20.792	49,337	34.824	50,380	1.75	1.26	1.56
Pre-SB 50A	2001	19.221	49,450	32.156	50,468	1.62	1.29	1.64
Pre-SB 50A	2002	18.421	49,380	30.906	50,459	1.56	1.25	1.44
Post-SB 50A	2005	14.788	45,984	25.287	45,984	1.16	1.18	1.24
Post-SB 50A	2006	13.399	43,052	22.912	43,052	0.99	1.11	1.14
Pre-SB 50A			(9)	Avg. of 2000 - 2002:		1.64	1.27	1.55
Pre-SB 50A			(10)	Avg. of 2001 - 2002:		1.59	1.27	1.54
Post-SB 50A			(11)	Avg. of 2005 - 2006:		1.08	1.15	1.19
				Average Pure Loss Cost Decline:				
			(12)	'00/'02 to '05/'06		-34.1%	-9.4%	-23.1%
			(13)	'01/'02 to '05/'06		-32.1%	-9.4%	-22.7%
				DECLINE in Florida's average pure loss cost over and above that observed in the region:				
			(14)	'00/'02 to '05/'06			-27.3%	-14.3%
			(15)	'01/'02 to '05/'06			-25.1%	-12.2%
				REVERSAL of Florida's average pure loss cost decline over and above that observed in the region:				
			(16)	'00/'02 to '05/'06			**37.5%**	**16.7%**
			(17)	'01/'02 to '05/'06			**33.4%**	**13.8%**

Notes:
Figures are based on Aggregate Financial Call data
(2) and (3): Florida approved January 1, 2016 rate filing. Values are at current level and developed to an ultimate report
(4) and (5): Columns (2) and (3) adjusted to remove expenses and the impact of the attorney fee component of the SB 50A pricing
(6) = (4) x (5) / 1,000,000
(7): Regional states: AL, GA, LA, MS, NC, SC, and TN
(8): Regional states: AL, LA, and MS
(9)-(11): Averages of the figures in Columns (6), (7), and (8), respectively
(12) = (11) / (9) - 1.00
(13) = (11) / (10) - 1.00
(14): Using the figures in (12), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(15): Using the figures in (13), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(16): Using the figures in (12), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00
(17): Using the figures in (13), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00

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Exhibit II-A

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	36,437	0.811	29,550
2001	38,694	0.811	31,381
2002	32,562	0.811	26,408
2005	24,411	1.000	24,411
2006	23,580	1.000	23,580

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	35,708	0.988	35,280	1.460	94,652
2001	38,891	0.985	38,308	1.414	98,540
2002	33,298	0.970	32,299	1.379	80,957
2005	33,451	0.978	32,715	1.216	69,465
2006	32,518	0.970	31,542	1.161	63,997

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	91,383
	(b) Average of Column (8) for Accident Years 2001 to 2002	89,749
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	66,731
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-27.0%
	(ii) = (10) / (9b) - 1.0	-25.6%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 43.6%*	**+16.1%**
	(ii) = [((9b) / (10)) - 1.0] x 43.6%*	**+15.0%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 43.6% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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Exhibit II-B

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	31,074	0.811	25,201
2001	30,788	0.811	24,969
2002	29,207	0.811	23,687
2005	19,991	1.000	19,991
2006	19,523	1.000	19,523

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	28,731	0.988	28,386	1.460	78,237
2001	29,634	0.985	29,189	1.414	76,579
2002	27,837	0.970	27,002	1.379	69,900
2005	25,011	0.978	24,461	1.216	54,054
2006	24,909	0.970	24,162	1.161	50,718

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	74,905
	(b) Average of Column (8) for Accident Years 2001 to 2002	73,240
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	52,386
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-30.1%
	(ii) = (10) / (9b) - 1.0	-28.5%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 42.0%*	**+18.1%**
	(ii) = [((9b) / (10)) - 1.0] x 42.0%*	**+16.7%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 42.0% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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ANALYSIS OF CHANGES TO THE FLORIDA WORKERS' COMPENSATION HEALTH CARE PROVIDER REIMBURSEMENT MANUAL EFFECTIVE JULY 1, 2016

NCCI estimates that the update to the Florida Workers' Compensation Health Care Provider Reimbursement Manual (FWCRM) to the 2014 Medicare level, effective July 1, 2016, will result in an overall average Florida workers compensation system cost impact of +1.8%.

Summary of Changes

Senate Bill 1402 ratifies the Florida Division of Workers' Compensation updates to the FWCRM for professional health care providers, effective July 1, 2016.

The prior FWCRM, which became effective 2/4/2009, is based on 2008 Medicare Conversion Factor and Resource Based Relative Value Scale (RBRVS) geographic-specific reimbursement levels. The revised FWCRM is based on 2014 Medicare Conversion Factor and RBRVS geographic-specific reimbursement levels. Note that the Maximum Reimbursement Amounts in the prior and revised FWCRMs are limited to no less than the MRAs published in the 2003 FWCRM. The changes impact reimbursements for physician services as well as Category 1 hospital outpatient services.

The impacts due to the enacted changes to the FWCRM for professional health care providers are summarized in the following table:

	(A) **Impact on Type of Service**	**(B)** **Share of Medical Costs**	**(C)** **Impact on Medical Costs** **(A) x (B)**
Physician	+8.5%	29.4%	+2.5%
Hospital Outpatient	+0.4%	19.4%	+0.1%
(1) Impact on Florida Medical Costs			**+2.6%**
(2) Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs in Florida			69.7%
(3) Impact on Overall Workers Compensation System Costs in Florida = (1) x (2)			**+1.8%**

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EXHIBIT IV

Proposed Rates and Rating Values

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NCCI KEY CONTACTS

Chris Bailey, State Relations Executive
Regulatory Services Division
National Council on Compensation Insurance, Inc. (NCCI)
106 E. College Avenue, Suite 900
Tallahassee, FL 32301
Phone (850) 322-4047 Fax (561) 893-5106

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services Division
National Council on Compensation Insurance, Inc. (NCCI)
901 Peninsula Corporate Circle
Boca Raton, Florida 33487-1362
Phone (561) 893-3062 Fax (561) 893-5662

All NCCI employees can be contacted via e-mail using the following format:

First Name_Last Name@NCCI.com

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NCCI AFFILIATE LIST

ACCIDENT FUND GENERAL INS CO
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ACCIDENT FUND NATIONAL INS CO
ACCIDENT INSURANCE COMPANY INC
ACE AMERICAN INSURANCE COMPANY
ACE FIRE UNDERWRITERS INSURANCE COMPANY
ACE PROPERTY & CASUALTY INSURANCE COMPANY
ACIG INS CO
ADVANTAGE WC INSURANCE CO
AIG ASSURANCE COMPANY
AIG PROPERTY CASUALTY COMPANY
AIU INSURANCE CO (NATIONAL UNION FIRE OF PITTS PA)
AK NATIONAL INS CO
ALEA NORTH AMERICA INS CO
ALLIED EASTERN IND CO
ALLIED INSURANCE COMPANY OF AMERICA
ALLIED PROPERTY AND CASUALTY INS CO
ALLIED WORLD INSURANCE CO
ALLMERICA FINANCIAL ALLIANCE INS CO
ALLMERICA FINANCIAL BENEFIT INS CO
AMERICA FIRST INSURANCE COMPANY
AMERICAN ALTERNATIVE INSURANCE CORPORATION
AMERICAN AUTOMOBILE INSURANCE CO
AMERICAN BUILDERS INSURANCE COMPANY
AMERICAN CASUALTY COMPANY OF READING PA
AMERICAN COMPENSATION INS CO
AMERICAN ECONOMY INS CO
AMERICAN FAMILY HOME INS CO
AMERICAN FIRE AND CASUALTY CO
AMERICAN GUARANTEE AND LIABILITY INS CO
AMERICAN HOME ASSUR CO-NATIONAL UNION FIRE OF PIT
AMERICAN INS CO
AMERICAN INTERSTATE INS CO
AMERICAN MINING INS CO
AMERICAN MODERN HOME INS CO
AMERICAN PROPERTY INSURANCE COMPANY
AMERICAN STATES INS CO A SAFECO COMPANY
AMERICAN ZURICH INS CO
AMERISURE INS CO
AMERISURE MUTUAL INS CO
AMERISURE PARTNERS INS CO
AMERITRUST INS CORP
AMGUARD INS CO
ANSUR AMERICA
ARCH INDEMNITY INSURANCE COMPANY
ARCH INSURANCE COMPANY
ARGONAUT GREAT CENTRAL INS CO
ARGONAUT INS CO
ARGONAUT MIDWEST INS CO
ARGONAUT SOUTHWEST INS CO
ASCENDANT COMMERCIAL INSURANCE INC
ASSOCIATED INDEMNITY CORP
ASSOCIATED INDUSTRIES INS CO INC
ATLANTIC SPECIALTY INS CO (ONEBEACON)
AUTO OWNERS INS CO
AUTOMOBILE INSURANCE CO OF HARTFORD
AXIS INSURANCE CO
AXIS REINSURANCE CO
BANKERS STANDARD FIRE AND MARINE CO
BANKERS STANDARD INS CO
BENCHMARK INSURANCE COMPANY
BERKLEY INSURANCE COMPANY
BERKLEY NATIONAL INSURANCE COMPANY
BERKLEY REGIONAL INS CO
BERKSHIRE HATHAWAY DIRECT INSURANCE COMPANY
BERKSHIRE HATHAWAY HOMESTATE INS CO
BERKSHIRE HATHAWAY SPECIALTY INSURANCE COMPANY
BITCO GENERAL INSURANCE CORPORATION
BITCO NATIONAL INSURANCE COMPANY
BRIDGEFIELD CASUALTY INS CO
BRIDGEFIELD EMPLOYERS INS CO
BROTHERHOOD MUTUAL INS CO
BUILDERS MUTUAL INS CO
BUSINESSFIRST INS COMPANY
CALIFORNIA INSURANCE COMPANY
CAROLINA CASUALTY INS CO
CHARTER OAK FIRE INS CO
CHEROKEE INS CO
CHUBB INDEMNITY INS CO
CHUBB NATIONAL INS CO
CHURCH MUTUAL INS CO
CINCINNATI CASUALTY COMPANY
CINCINNATI INDEMNITY COMPANY
CINCINNATI INS CO
COLONIAL AMERICAN CASUALTY & SURETY CO
COLONY SPECIALTY INS CO
COMMERCE AND INDUSTRY INS CO
COMP OPTIONS INS CO INC DBA OPTACOMP
CONSOLIDATED INS CO
CONTINENTAL CASUALTY CO
CONTINENTAL INDEMNITY CO
CONTINENTAL INS CO
CRUM AND FORSTER INDEMNITY CO
DAKOTA TRUCK UNDERWRITERS
DEPOSITORS INS CO
DISCOVER PROPERTY & CASUALTY INS CO
DISCOVER SPECIALTY INSURANCE COMPANY
EASTERN ADVANTAGE ASSURANCE COMPANY
EASTERN ALLIANCE INSURANCE COMPANY
EASTGUARD INS CO
ELECTRIC INS CO
EMC PROPERTY & CASUALTY COMPANY
EMPIRE FIRE AND MARINE INS CO
EMPIRE INDEMNITY INSURANCE CO
EMPLOYERS ASSURANCE COMPANY
EMPLOYERS COMPENSATION INS CO
EMPLOYERS INS CO OF WAUSAU
EMPLOYERS MUTUAL CASUALTY CO
EMPLOYERS PREFERRED INS CO
EVEREST NATIONAL INS CO
EVEREST REINSURANCE CO DIRECT
EXCELSIOR INSURANCE COMPANY
EXECUTIVE RISK INDEMNITY INC
F F V A MUTUAL INSURANCE COMPANY
FAIR AMERICAN INSURANCE AND REINSURANCE COMPANY
FALLS LAKE NATIONAL INSURANCE CO
FARMERS INSURANCE EXCHANGE
FARMINGTON CASUALTY COMPANY
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FEDERATED SERVICE INS CO
FHM INSURANCE COMPANY
FIDELITY & DEPOSIT COMPANY OF MARYLAND
FIDELITY & GUARANTY INS UNDERWRITERS
FIDELITY & GUARANTY INSURANCE CO
FIREMANS FUND INSURANCE CO
FIRST DAKOTA INDEMNITY CO
FIRST FINANCIAL INS CO
FIRST LIBERTY INS CORP
FIRST NATIONAL INS CO OF AMERICA
FIRST NONPROFIT INS CO
FIRSTCOMP INSURANCE CO
FL ROOFING SHEET METAL AND AC CONT ASSN SI FUND
FL RURAL ELECTRIC SI FUND
FLORIDA CITRUS BUSINESS AND INDUSTRIES FUND
FLORIDA MUNICIPAL INS TRUST
FLORIDA WC JUA
FLORISTS INS CO
FLORISTS MUTUAL INSURANCE CO
FOREMOST INS CO GRAND RAPIDS MICHIGAN
FOREMOST PROPERTY & CAS INS
FOREMOST SIGNATURE INS CO
FORESTRY MUTUAL INS CO
FRANK WINSTON CRUM INSURANCE CO
FRANKENMUTH MUTUAL INS CO
GENERAL CASUALTY COMPANY OF WISCONSIN
GENERAL INS CO OF AMERICA
GENESIS INS CO
GRANITE STATE INSURANCE COMPANY
GRAPHIC ARTS MUTUAL INS CO
GRAY INS CO
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GREAT AMERICAN INSURANCE COMPANY
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INDEMNITY INS CO OF N AMERICA (INA INS) (CT GEN)
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INS CO OF NORTH AMERICA
INS CO OF THE STATE PA
INS CO OF THE WEST
KEY RISK INS CO
LANCER INSURANCE COMPANY
LIBERTY INS CORP
LIBERTY INSURANCE UNDERWRITERS INC
LIBERTY MUTUAL FIRE INS CO
LIBERTY MUTUAL INS CO
LION INSURANCE COMPANY
LM INS CORP
MA BAY INS CO
MAG MUTUAL INS CO
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MAIN STREET AMERICA PROTECTION INS CO
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MITSUI SUMITOMO INS USA INC
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NATIONAL FIRE INS CO OF HARTFORD
NATIONAL INDEMNITY CO
NATIONAL INDEMNITY CO OF THE SOUTH
NATIONAL INTERSTATE INS CO
NATIONAL LIABILITY & FIRE INSURANCE CO
NATIONAL SURETY CORP
NATIONAL TRUST INS CO
NATIONAL UNION FIRE INS CO OF LA
NATIONAL UNION FIRE INS CO OF PITTSBURG PA
NATIONWIDE AGRIBUSINESS INS CO
NATIONWIDE MUTUAL FIRE INS CO
NATIONWIDE MUTUAL INS CO
NATIONWIDE PROPERTY AND CASUALTY INS CO
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NEW HAMPSHIRE INSURANCE COMPANY
NEW YORK MARINE AND GENERAL INSURANCE CO
NGM INSURANCE COMPANY
NORGUARD INS CO
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OH CASUALTY INS CO
OH FARMERS INS CO
OHIO SECURITY INS CO
OLD DOMINION INS CO
OLD REPUBLIC GENERAL INSURANCE CORPORATION
OLD REPUBLIC INS CO
OWNERS INSURANCE COMPANY
PA MANUFACTURERS ASSN INS CO
PA MANUFACTURERS INDEMNITY CO
PA NATIONAL MUTUAL CAS INS CO
PACIFIC EMPLOYERS INS CO
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PATRIOT GENERAL INS CO
PATRONS MUTUAL INS CO OF CT
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RETAILFIRST INSURANCE COMPANY
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RLI INSURANCE COMPANY
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SOMPO JAPAN INSURANCE CO OF AMERICA
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THE TRAVELERS CASUALTY COMPANY
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TRAVELERS CASUALTY CO OF CONNECTICUT
TRAVELERS CASUALTY INS CO OF AMERICA
TRAVELERS COMMERCIAL CASUALTY CO
TRAVELERS COMMERCIAL INS CO
TRAVELERS INDEMNITY CO
TRAVELERS INDEMNITY CO OF AMERICA
TRAVELERS INDEMNITY CO OF CT
TRAVELERS INSURANCE CO
TRAVELERS PROPERTY CASUALTY CO OF AMERICA
TRIUMPHE CASUALTY COMPANY
TRUCK INSURANCE EXCHANGE
TRUMBULL INS CO
TWIN CITY FIRE INS CO
TX GENERAL INDEMNITY CO
UNION INSURANCE COMPANY
UNITED STATES FIDELITY AND GUARANTY CO
UNITED WI INS CO
US FIRE INS CO
UTICA MUTUAL INS CO
VALLEY FORGE INS CO
VANLINER INS CO
VIGILANT INS CO
WASHINGTON INTERNATIONAL INSURANCE COMPANY
WAUSAU UNDERWRITERS INSURANCE COMPANY
WESCO INSURANCE COMPANY (AMTRUST GROUP)
WEST AMERICAN INS CO
WESTCHESTER FIRE INSURANCE COMPANY
WESTFIELD INS CO
WESTPORT INSURANCE CORPORATION
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WORK FIRST CASUALTY CO
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ZENITH INS CO
ZURICH AMERICAN INS CO
ZURICH AMERICAN INS CO OF IL

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Filing Details

Work Unit Number:	W16-1547669
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	5/27/2016 10:03:08 AM
Date Submitted:	5/27/2016 10:11:33 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Section II: Contact Information

Filing Correspondence

Preferred Email Type:	IPORTAL
Preferred Email:	Frank_Gnolfo@NCCI.com
Additional Emails:	frank_gnolfo@ncci.com; chris_bailey@ncci.com

Filing Originator Information

Contact Name:	Mr. Chris Bailey
Contact Title:	State Relations Executive
Professional Designation:	
Contact Email:	chris_bailey@ncci.com
Street Address:	106 E College Ave, Suite 900
Suite/Room #:	
P.O. Box Mailing Address:	
Department:	
City:	Tallahassee
State:	FL
Zip Code:	32301
Country:	
Non US Postal Code:	
Phone Number:	850-322-4047 **Ext**
Fax Number:	561-893-5106
Toll Free Number:	**Ext**
Non US Phone Number:	

Company Contact Information

Contact Name:	Mr. Chris Bailey
Contact Title:	State Relations Executive
Professional Designation:	
Contact Email:	chris_bailey@ncci.com
Street Address:	106 E College Ave, Suite 900
Suite/Room #:	
P.O. Box Mailing Address:	
Department:	
City:	Tallahassee
State:	FL
Zip Code:	32301
Country:	
Non US Postal Code:	
Phone Number:	850-322-4047 **Ext**
Fax Number:	561-893-5106
Toll Free Number:	**Ext**
Non US Phone Number:	

General Information

Company Filing Number	Florida Law Only
New Business Effective Date	8 / 1 / 2016
Renewal Business Effective Date	8 / 1 / 2016
Product:	Workers' Compensation / Standard
Are you writing new business in Florida for this line of business?	No

Filing Content Information

This is a Rates Only filing.

Type of Coverage:

P&C Other

File Usage:

PRIOR APPROVAL

Rate/Rule Filings

Is this filing being submitted by a Ratings Organization?	(●) Yes ( ) No
Is this filing being made to comply with the annual rate filing requirements found in Section 627.0645, Florida Statutes?	(●) Yes ( ) No

If yes, are you filing the annual rate certification form OIR-B1-586 or exemption form OIR-B1-584? ◯ Yes ◉ No ◯ N/A

Have you included a listing of all changes in manual pages or rules with supporting information and explanation? ◯ Yes ◉ No

Does this filing result in a significant revision in rates or rating variables? If Yes, explain in filing: ◯ Yes ◉ No

Does this filing result in a significant revision in underwriting rules or guidelines? If Yes, explain in filing: ◯ Yes ◉ No

Does this filing amend any of the following? ◯ Yes ◉ No

(Please mark the appropriate item, if applicable)

◯ Base Rate(s) & Loss Costs

◯ Base Rate(s) Only

◯ Loss Costs Only

Summary of Rate Filing as applicable

Rate Change Request 3.1

Rate Indicated 0

Earned Premium Volume (all programs affected by this filing) 0

Number of Policies (all programs affected by this filing) 0

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Cover Letter	0		Cover Letter
Explanatory Memorandum	0		Explanatory Memorandum

Filing Certification

I certify that I am authorized to make this Forms or Rate/Rule filing on behalf of the company(s) referenced herein. I further certify that the information contained in related transmittals and the filing is true, complete, correct and, to the best of my knowledge, in compliance with all applicable Florida laws and administrative rules including applicable policy readability standards.

Name: Chris Bailey

Title: State Relations Executive

Filing Details

Work Unit Number:	W16-1547669
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	5/27/2016 10:03:08 AM
Date Submitted:	5/27/2016 10:11:33 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Interrogatories

		Yes	No
1.	Are you someone other than an employee of the company who is making this filing on behalf of the company?	○	◉
2.	Is this your initial company filing? (If yes, you must also submit a corresponding form filing.)	○	◉

Filing Details

Work Unit Number:	W16-1547862
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	5/31/2016 10:39:06 AM
Date Submitted:	5/31/2016 10:48:11 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

General Information

Company Filing Number	Florida Law Only
New Business Effective Date	8 / 1 / 2016
Renewal Business Effective Date	8 / 1 / 2016
Product:	Workers' Compensation / Standard
Are you writing new business in Florida for this line of business?	No

Filing Content Information

This is a Rates Only filing.

Type of Coverage:

P&C Other

File Usage:

PRIOR APPROVAL

Rate/Rule Filings

Is this filing being submitted by a Ratings Organization?	(•) Yes ( ) No
Is this filing being made to comply with the annual rate filing requirements found in Section 627.0645, Florida Statutes?	(•) Yes ( ) No
If yes, are you filing the annual rate certification form OIR-B1-586 or exemption form OIR-B1-584?	( ) Yes (•) No ( ) N/A
Have you included a listing of all changes in manual pages or rules with supporting information and explanation?	( ) Yes (•) No
Does this filing result in a significant revision in rates or rating variables? If Yes, explain in filing:	( ) Yes (•) No
Does this filing result in a significant revision in underwriting rules or guidelines? If Yes, explain in filing:	( ) Yes (•) No
Does this filing amend any of the following?	( ) Yes (•) No

(Please mark the appropriate item, if applicable)

( ) Base Rate(s) & Loss Costs

( ) Base Rate(s) Only

( ) Loss Costs Only

Summary of Rate Filing as applicable

Rate Change Request	17.1
Rate Indicated	17.1
Earned Premium Volume (all programs affected by this filing)	0
Number of Policies (all programs affected by this filing)	0

Filing Certification

I certify that I am authorized to make this Forms or Rate/Rule filing on behalf of the company(s) referenced herein. I further certify that the information contained in related transmittals and the filing is true, complete, correct and, to the best of my knowledge, in compliance with all applicable Florida laws and administrative rules including applicable policy readability standards.

Name: Chris Bailey

Title: State Relations Executive

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

June 3, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: **Florida Workers Compensation Law-Only Voluntary Rates and Rating Values Filing, Proposed Effective August 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of the state of Florida, we have filed for your consideration and approval workers compensation rates and rating values for the Florida voluntary market, to become effective August 1, 2016 for new, renewal, and all outstanding policies that are effective on or after that date.

Please find enclosed a supplement to the original filing submission dated May 27, 2016. This supplement contains the individual classification code rates and rating values, in addition to other information requested by your Staff.

Please contact me if you have any questions or need any further information.

Respectfully submitted,

Chris Bailey
State Relations Executive

FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

EXHIBIT IV

Proposed Rates and Rating Values

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Effective August 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
0005X	6.69	802	2.35	0.43	1924	2.84	456	1.03	0.46	2688	4.36	592	1.60	0.46
0008X	5.05	655	1.69	0.41	1925	8.06	925	2.68	0.40	2702X*	16.47	1200	4.26	0.31
0016X	13.38	1200	4.14	0.36	2003X	6.05	745	2.14	0.43	2710	15.44	1200	4.54	0.32
0030X	6.66	799	2.22	0.41	2014	8.31	948	2.56	0.36	2714	10.24	1122	3.72	0.45
0034	6.75	808	2.35	0.43	2016	3.68	531	1.34	0.46	2731	5.83	725	1.81	0.36
0035X	4.23	581	1.53	0.45	2021	3.87	548	1.29	0.41	2735	7.34	861	2.69	0.46
0036	6.90	821	2.40	0.43	2039	3.23	491	1.19	0.46	2759	9.04	1014	3.30	0.46
0037	6.93	824	2.32	0.41	2041	5.08	657	1.85	0.46	2790	2.90	461	1.04	0.45
0042X	10.02	1102	3.35	0.41	2065	3.73	536	1.31	0.43	2797	8.50	965	2.96	0.43
0050X	8.62	976	3.03	0.43	2070	6.83	815	2.43	0.44	2799	5.97	737	2.05	0.41
0052X	7.69	892	2.36	0.36	2081	5.99	739	2.08	0.43	2802X	8.35	952	2.80	0.41
0059D	0.13	–	0.02	0.31	2089	6.68	801	2.35	0.43	2812	–	–	2.54	0.43
0065D	0.04	–	0.01	0.36	2095	8.67	980	3.04	0.43	2835	3.70	533	1.44	0.51
0066D	0.04	–	0.01	0.36	2105	6.44	780	2.35	0.45	2836	3.01	471	1.15	0.50
0067D	0.04	–	0.01	0.36	2110	4.08	567	1.48	0.45	2841	5.66	709	2.07	0.45
0079X	5.87	728	1.81	0.36	2111	4.17	575	1.53	0.46	2881	4.67	620	1.80	0.50
0083	9.49	1054	3.27	0.43	2112	5.08	657	1.85	0.45	2883	7.21	849	2.54	0.43
0106	17.00	1200	5.00	0.32	2114	4.00	560	1.45	0.46	2913	6.33	770	2.42	0.50
0113	7.56	880	2.67	0.43	2119X	4.01	561	1.35	0.41	2915	3.54	519	1.21	0.41
0153X	8.04	924	2.50	0.37	2121	2.40	416	0.84	0.43	2916	6.18	756	1.82	0.32
0170	3.65	529	1.28	0.43	2130	3.23	491	1.13	0.43	2923	3.24	492	1.18	0.46
0173X	1.07	296	0.38	0.45	2131	3.24	492	1.14	0.43	2942	3.90	551	1.51	0.50
0251	6.22	760	2.18	0.43	2157	5.09	658	1.81	0.44	2960	8.35	952	2.95	0.43
0400	10.55	1150	3.57	0.41	2172	2.07	386	0.70	0.41	3004	3.26	493	1.02	0.37
0401	13.53	A	4.01	0.33	2174	4.64	618	1.70	0.46	3018	5.69	712	1.79	0.37
0771N	0.66	–	–	–	2211	12.52	1200	3.91	0.37	3022	5.67	710	2.08	0.46
0908P	210.00	410	74.08	0.43	2220	3.01	471	1.06	0.43	3027	7.79	901	2.41	0.36
0913P	1073.00	1200	373.28	0.43	2286	2.85	457	1.04	0.46	3028	3.57	521	1.26	0.43
0917	8.94	1005	3.22	0.45	2288	6.03	743	2.19	0.46	3030	10.71	1164	3.31	0.36
1005	7.28	855	1.91	0.31	2300	3.20	488	1.24	0.51	3040	9.14	1023	2.84	0.37
1164D	7.37	863	1.91	0.31	2302	3.12	481	1.09	0.43	3041	7.41	867	2.62	0.43
1165D	4.16	574	1.24	0.33	2305	2.07	386	0.70	0.41	3042	7.56	880	2.54	0.41
1218X	2.12	391	0.73	0.43	2361	3.23	491	1.13	0.43	3064	9.09	1018	3.17	0.43
1320X	2.60	434	0.77	0.32	2362	2.40	416	0.84	0.43	3069	–	–	2.20	0.45
1322	12.57	1200	3.75	0.33	2380	8.03	923	2.77	0.43	3076	6.05	745	2.20	0.45
1430	7.76	898	2.39	0.36	2386	3.76	538	1.37	0.45	3081D	7.48	873	2.29	0.36
1438	7.74	897	2.30	0.33	2388	2.45	421	0.89	0.45	3082D	6.50	785	2.00	0.36
1452	3.81	543	1.19	0.37	2402	4.08	567	1.26	0.36	3085D	7.43	869	2.28	0.36
1463	22.27	1200	6.56	0.32	2413	3.21	489	1.13	0.43	3110	7.34	861	2.57	0.43
1472	6.27	764	1.84	0.32	2416	2.88	459	1.01	0.43	3111	4.95	646	1.72	0.43
1473X	1.63	347	0.50	0.37	2417	5.60	704	1.93	0.43	3113	3.65	529	1.28	0.43
1624D	5.61	705	1.67	0.33	2501	3.43	509	1.20	0.43	3114	4.62	616	1.63	0.43
1642	3.89	550	1.21	0.37	2503	1.76	358	0.64	0.46	3118	2.68	441	0.98	0.46
1654	8.53	968	2.66	0.37	2534	2.82	454	1.03	0.45	3119	1.61	345	0.62	0.50
1655	6.04	744	1.86	0.36	2570	6.18	756	2.26	0.46	3122	2.16	394	0.79	0.45
1699	4.86	637	1.50	0.36	2585	5.75	718	2.11	0.46	3126	3.01	471	1.06	0.43
1701	5.78	720	1.80	0.37	2586	5.49	694	1.92	0.43	3131	2.45	421	0.86	0.43
1710D	15.01	1200	4.62	0.36	2587	4.48	603	1.65	0.46	3132	3.92	553	1.37	0.43
1741D	5.08	657	1.29	0.31	2589	3.15	484	1.11	0.43	3145	3.15	484	1.11	0.43
1747	2.81	453	0.88	0.37	2600	4.40	596	1.62	0.46	3146	3.82	544	1.34	0.43
1748	7.51	876	2.31	0.36	2623	10.46	1141	3.50	0.41	3169	4.17	575	1.47	0.43
1803D*	11.15	1200	3.22	0.32	2651	4.11	570	1.49	0.45	3175	5.80	722	2.02	0.43
1852D	4.26	583	1.09	0.30	2660	3.54	519	1.29	0.45	3179	2.62	436	0.96	0.46
1853	4.11	570	1.36	0.41	2670	2.92	463	1.12	0.50	3180	5.44	690	1.98	0.45
1860	2.87	458	1.06	0.46	2683	1.85	367	0.67	0.45	3188	2.57	431	0.94	0.46

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Effective August 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
3220	1.83	365	0.65	0.43	4000	8.53	968	2.55	0.33	4635	4.69	622	1.21	0.31
3223	5.35	682	2.03	0.50	4021	8.34	951	2.57	0.36	4653	2.48	423	0.91	0.45
3224	4.80	632	1.79	0.46	4024D	4.92	643	1.53	0.37	4665	11.29	1200	3.51	0.37
3227	5.72	715	2.11	0.46	4034	11.90	1200	3.70	0.37	4670	11.63	1200	3.54	0.36
3240	4.03	563	1.47	0.45	4036	4.33	590	1.34	0.37	4683	5.49	694	1.95	0.43
3241	3.34	501	1.17	0.43	4038	4.66	619	1.79	0.51	4686	3.18	486	0.99	0.37
3255	2.51	426	0.97	0.51	4053	3.12	481	1.09	0.43	4692	0.91	282	0.34	0.46
3257	3.97	557	1.38	0.43	4061	5.06	655	1.86	0.46	4693	1.52	337	0.53	0.43
3270	3.20	488	1.12	0.43	4062	4.45	601	1.57	0.43	4703	3.18	486	1.13	0.43
3300	6.36	772	2.22	0.43	4101	4.78	630	1.61	0.41	4710X	4.98	648	1.82	0.45
3303	6.58	792	2.40	0.45	4109	0.86	277	0.32	0.46	4717	3.06	475	1.19	0.50
3307	4.15	574	1.46	0.43	4110	1.29	316	0.45	0.43	4720	3.75	538	1.30	0.43
3315	6.66	799	2.46	0.46	4111	2.77	449	1.03	0.46	4740	2.10	389	0.67	0.37
3334	4.61	615	1.64	0.44	4113	3.45	511	1.23	0.44	4741	4.81	633	1.68	0.43
3336	4.92	643	1.54	0.37	4114	3.87	548	1.36	0.43	4751	3.40	506	1.04	0.36
3365	12.28	1200	3.82	0.37	4130	7.90	911	2.76	0.43	4771N	3.76	598	0.96	0.30
3372	4.22	580	1.41	0.41	4131	5.97	737	2.22	0.46	4777	9.55	1060	2.57	0.33
3373	9.11	1020	3.16	0.43	4133	2.82	454	1.03	0.45	4825	1.93	374	0.60	0.36
3383	2.23	401	0.80	0.45	4149	0.94	285	0.36	0.50	4828	5.28	675	1.78	0.41
3385	1.05	295	0.38	0.46	4206	6.60	794	2.31	0.43	4829	3.10	479	0.92	0.32
3400	4.81	633	1.62	0.41	4207	3.28	495	1.02	0.37	4902	3.45	511	1.26	0.46
3507X	5.71	714	2.00	0.43	4239	2.68	441	0.84	0.37	4923	4.33	590	1.49	0.43
3515	3.15	484	1.11	0.43	4240	5.83	725	2.09	0.45	5020	12.61	1200	3.90	0.37
3548	2.38	414	0.83	0.43	4243	3.43	509	1.20	0.43	5022X	15.40	1200	4.55	0.33
3559	3.45	511	1.21	0.43	4244	3.75	538	1.32	0.43	5037	42.52	1200	11.15	0.31
3574	2.05	385	0.75	0.46	4250	2.79	451	0.96	0.43	5040	16.73	1200	4.34	0.31
3581	1.91	372	0.70	0.45	4251	4.14	573	1.45	0.43	5057X	9.62	1066	2.47	0.31
3612	3.87	548	1.29	0.41	4263	3.64	528	1.27	0.43	5059	43.36	1200	11.10	0.31
3620	6.10	749	1.90	0.37	4273	4.75	628	1.65	0.43	5069X	26.82	1200	7.07	0.32
3629X	2.46	421	0.90	0.46	4279	5.38	684	1.88	0.43	5102X	10.42	1138	3.09	0.33
3632X	5.55	700	1.86	0.41	4282	2.40	416	0.89	0.46	5146	8.76	988	2.71	0.37
3634	2.18	396	0.80	0.46	4283	4.22	580	1.45	0.43	5160	3.11	480	0.92	0.33
3635	4.64	618	1.63	0.43	4299	2.60	434	0.95	0.46	5183	5.97	737	1.85	0.37
3638	2.52	427	0.93	0.46	4304	6.51	786	2.17	0.41	5188	7.46	871	2.31	0.37
3642	1.65	349	0.58	0.43	4307	3.68	531	1.42	0.50	5190	6.13	752	1.90	0.37
3643	2.73	446	0.96	0.43	4351X	1.96	376	0.67	0.43	5191	1.20	308	0.42	0.43
3647	2.90	461	0.97	0.41	4352	3.21	489	1.16	0.45	5192X	4.86	637	1.70	0.43
3648	2.79	451	1.02	0.46	4361	1.81	363	0.65	0.45	5213X	12.91	1200	3.81	0.33
3681	1.05	295	0.39	0.46	4410	7.30	857	2.55	0.43	5215X	15.84	1200	5.32	0.41
3685	1.36	322	0.50	0.45	4420	5.60	704	1.68	0.33	5221	8.21	939	2.54	0.37
3719	2.85	457	0.74	0.31	4431	1.94	375	0.75	0.50	5222	12.25	1200	3.64	0.33
3724	4.83	635	1.43	0.33	4432	1.91	372	0.74	0.50	5223X	7.76	898	2.40	0.37
3726	6.22	760	1.62	0.31	4452	4.87	638	1.71	0.43	5348	7.12	841	2.23	0.37
3803	4.26	583	1.51	0.43	4459	5.03	653	1.75	0.43	5402	7.89	910	2.87	0.46
3807	3.62	526	1.33	0.46	4470	3.24	492	1.14	0.43	5403X	11.33	1200	3.34	0.33
3808	3.56	520	1.20	0.41	4484	5.39	685	1.88	0.43	5437X	10.41	1137	3.23	0.37
3821	10.62	1156	3.55	0.41	4493	3.48	513	1.23	0.43	5443	5.86	727	2.06	0.43
3822	7.59	883	2.56	0.41	4511X	1.42	328	0.48	0.41	5445X	8.75	988	2.60	0.33
3824	7.49	874	2.51	0.41	4557	3.35	502	1.22	0.45	5462	12.30	1200	3.81	0.37
3826	1.18	306	0.41	0.43	4558X	3.46	511	1.22	0.43	5472	16.72	1200	4.35	0.31
3827	3.28	495	1.09	0.41	4568	3.31	498	1.02	0.36	5473	18.45	1200	4.74	0.31
3830	1.61	345	0.54	0.41	4581	1.25	313	0.36	0.32	5474X	12.89	1200	3.80	0.33
3851	4.97	647	1.84	0.46	4583	10.50	1145	3.10	0.32	5478	5.99	739	1.87	0.37
3865	2.79	451	1.08	0.50	4586X	1.90	371	0.57	0.33	5479	11.56	1200	3.87	0.41
3881	4.80	632	1.69	0.43	4611	2.02	382	0.74	0.46	5480	10.33	1130	3.08	0.33

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5491	4.36	592	1.30	0.33	6872F	12.60	1200	3.24	0.27	7538	11.54	1200	2.99	0.31
5506	10.81	1173	2.77	0.31	6874F	18.75	1200	4.81	0.27	7539	2.64	438	0.79	0.33
5507	7.64	888	2.27	0.33	6882	4.84	636	1.24	0.31	7540	3.72	535	0.96	0.31
5508D	21.09	1200	6.62	0.37	6884	4.62	616	1.20	0.31	7580	4.03	563	1.24	0.36
5509X	12.04	1200	3.52	0.32	7016M	8.58	972	2.25	0.31	7590	7.08	837	2.36	0.41
5535	11.19	1200	3.46	0.37	7024M	9.53	1058	2.50	0.31	7600	6.04	744	1.89	0.37
5537X	8.10	929	2.51	0.37	7038M	5.11	660	1.31	0.30	7605	3.82	544	1.19	0.37
5551	21.75	1200	5.56	0.31	7046M	9.23	1031	2.38	0.31	7610X	0.74	267	0.25	0.41
5606	2.15	394	0.64	0.33	7047M	16.71	1200	4.69	0.31	7704X	6.37	773	1.87	0.32
5610X	10.48	1143	3.67	0.43	7050M	9.93	1094	2.72	0.30	7705	6.23	761	2.09	0.41
5613X	20.05	1200	6.97	0.43	7090M	5.68	711	1.45	0.30	7720	4.86	637	1.50	0.36
5645X	19.77	1200	5.84	0.33	7098M	10.25	1123	2.64	0.31	7855	6.99	829	2.20	0.37
5651X	11.90	1200	3.51	0.33	7099M	17.92	1200	4.95	0.31	8001	6.28	765	2.29	0.46
5703	21.15	1200	6.58	0.37	7133	5.95	736	1.78	0.33	8002	3.20	488	1.11	0.43
5705	19.89	1200	6.15	0.37	7151M	7.23	851	2.16	0.33	8006X	3.86	547	1.35	0.43
5951	0.83	275	0.30	0.46	7152M	14.07	1200	4.51	0.33	8008	2.11	390	0.77	0.45
6004X	16.87	1200	5.31	0.37	7153M	8.03	923	2.40	0.33	8010	2.44	420	0.89	0.46
6006FX	18.17	1200	5.42	0.34	7201X	14.73	1200	5.14	0.43	8013	0.79	271	0.28	0.43
6017	8.66	979	2.72	0.37	7204X	1.95	376	0.73	0.46	8015	1.50	335	0.52	0.43
6018	4.48	603	1.42	0.37	7205X	14.06	1200	4.90	0.43	8017	2.33	410	0.85	0.46
6045	6.33	770	1.99	0.37	7219X	8.58	972	2.56	0.33	8018	4.28	585	1.57	0.46
6204	15.10	1200	4.48	0.33	7222	7.78	900	2.45	0.37	8021	5.80	722	2.03	0.43
6206	5.26	673	1.36	0.31	7230	12.13	1200	4.08	0.41	8031	4.36	592	1.52	0.43
6213	3.88	549	1.16	0.33	7231	7.83	905	2.68	0.41	8032	3.84	546	1.40	0.46
6214	4.76	628	1.23	0.31	7232	12.52	1200	3.77	0.33	8033	2.86	457	1.00	0.43
6216X	8.55	970	2.22	0.31	7309F	16.14	1200	4.13	0.27	8037	2.48	423	0.90	0.46
6217	8.85	997	2.61	0.33	7313F	3.04	474	0.79	0.27	8039	3.32	499	1.20	0.45
6229	8.47	962	2.51	0.33	7317FX	12.64	1200	3.23	0.28	8044	4.14	573	1.39	0.41
6233	5.02	652	1.49	0.33	7327FX	33.17	1200	8.54	0.27	8045	0.72	265	0.25	0.46
6235	13.52	1200	3.62	0.33	7333M	9.93	1094	2.59	0.31	8046	4.15	574	1.45	0.43
6236	18.66	1200	5.80	0.37	7335M	11.03	1193	2.87	0.31	8047	1.25	313	0.46	0.46
6237	2.53	428	0.80	0.37	7337M	19.29	1200	5.38	0.31	8058	3.86	547	1.34	0.43
6251D	8.11	930	2.46	0.33	7350FX	14.68	1200	4.27	0.30	8061X	4.49	604	1.57	0.43
6252D	7.09	838	1.83	0.31	7360X	7.22	850	2.25	0.37	8072	1.47	332	0.52	0.45
6260D	8.68	981	2.25	0.31	7370	6.35	772	2.23	0.43	8102	2.74	447	1.01	0.46
6306	8.12	931	2.39	0.33	7380	7.13	842	2.40	0.41	8103	3.65	529	1.22	0.41
6319	6.74	807	1.99	0.33	7382	6.34	771	2.23	0.43	8105	4.59	613	1.69	0.46
6325	9.15	1024	2.72	0.33	7383X	7.17	845	2.19	0.36	8106	7.53	878	2.33	0.36
6400	13.00	1200	4.35	0.41	7390	6.65	799	2.34	0.43	8107	4.78	630	1.49	0.37
6503	3.72	535	1.36	0.46	7394MX	8.52	967	2.23	0.31	8111	3.23	491	1.13	0.43
6504	4.67	620	1.70	0.45	7395MX	9.47	1052	2.47	0.31	8116	4.08	567	1.42	0.43
6702M*	8.48	963	2.67	0.37	7398MX	16.59	1200	4.63	0.31	8203	7.99	919	2.82	0.43
6703M*	16.47	1200	5.57	0.37	7402	0.23	221	0.08	0.44	8204	7.95	916	2.41	0.36
6704M*	9.42	1048	2.97	0.37	7403	6.84	816	2.13	0.37	8209	6.99	829	2.43	0.43
6801F	3.21	489	0.96	0.34	7405N	2.05	484	0.65	0.37	8215	8.14	933	2.54	0.37
6811	5.92	733	1.85	0.37	7420	16.45	1200	4.31	0.32	8227	8.64	978	2.22	0.31
6824FX	9.24	1032	2.70	0.29	7421	1.20	308	0.35	0.33	8232X	6.24	762	1.94	0.37
6826FX	5.46	691	1.63	0.34	7422	2.96	466	0.76	0.31	8233	4.46	601	1.41	0.37
6828FX	5.85	727	1.75	0.34	7425	2.53	428	0.67	0.32	8235	6.66	799	2.34	0.43
6834X	3.75	538	1.26	0.41	7431N	1.02	341	0.27	0.31	8263	12.93	1200	4.29	0.40
6836X	5.59	703	1.73	0.36	7445N	1.10	–	–	–	8264	7.51	876	2.33	0.37
6838X	5.33	680	1.80	0.41	7453N	0.55	–	–	–	8265	8.01	921	2.37	0.33
6843F	12.79	1200	3.30	0.27	7502	3.11	480	0.96	0.37	8273X	5.90	731	2.07	0.43
6845F	8.69	982	2.25	0.28	7515	2.02	382	0.51	0.30	8274X	5.58	702	1.95	0.43
6854	4.78	630	1.23	0.31	7520	5.14	663	1.79	0.43	8279	9.61	1065	2.84	0.33

* Refer to the Footnotes Page for additional information on this class code.

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Effective August 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
8288	8.60	974	2.64	0.36	8871	0.25	223	0.09	0.46					
8291	5.81	723	1.96	0.41	8901	0.40	236	0.13	0.41					
8292X	6.46	781	2.25	0.43	9012	1.86	367	0.62	0.41					
8293	14.42	1200	4.50	0.37	9014X	5.58	702	1.96	0.43					
8304	6.85	817	2.13	0.37	9015	5.63	707	1.98	0.43					
8350	7.35	862	2.16	0.33	9016	3.13	482	1.08	0.43					
8353X	7.22	850	2.23	0.36	9019	2.59	433	0.80	0.36					
8380	4.17	575	1.40	0.41	9033	3.11	480	1.09	0.43					
8381X	2.38	414	0.80	0.41	9040	5.25	673	1.91	0.45					
8385	3.80	542	1.18	0.37	9047X	4.33	590	1.51	0.43					
8392	4.06	565	1.42	0.43	9052	4.06	565	1.48	0.45					
8393X	2.67	440	0.94	0.43	9058	2.73	446	1.05	0.50					
8500	9.67	1070	2.98	0.36	9060	2.60	434	0.94	0.45					
8601X	0.71	264	0.23	0.41	9061	2.82	454	1.08	0.50					
8602X	1.45	331	0.48	0.41	9063	1.73	356	0.63	0.45					
8603	0.19	217	0.06	0.43	9077F	3.71	534	1.24	0.42					
8606	3.58	522	1.07	0.33	9082	2.60	434	1.00	0.50					
8709F	7.19	847	1.86	0.27	9083	2.66	439	1.02	0.50					
8719	8.64	978	2.18	0.30	9084	3.02	472	1.05	0.43					
8720X	2.42	418	0.76	0.37	9088a	a	a	a	a					
8721	0.42	238	0.13	0.37	9089	1.91	372	0.69	0.45					
8723X	0.25	223	0.09	0.43	9093	2.58	432	0.93	0.45					
8725	0.26	223	0.08	0.36	9101X	5.39	685	1.95	0.45					
8726F	2.80	452	0.83	0.34	9102X	5.26	673	1.83	0.43					
8728X	0.46	241	0.14	0.37	9154	2.30	407	0.81	0.43					
8734M	0.72	265	0.22	0.37	9156	4.72	625	1.58	0.41					
8737M	0.64	258	0.20	0.37	9170	11.01	1191	2.79	0.31					
8738M	1.24	312	0.41	0.37	9178	13.03	1200	4.89	0.50					
8742	0.53	248	0.16	0.37	9179	16.57	1200	6.10	0.46					
8745	7.87	908	2.59	0.40	9180	4.11	570	1.27	0.36					
8748	0.96	286	0.32	0.41	9182	3.74	537	1.30	0.43					
8755	0.79	271	0.24	0.37	9186	46.96	1200	13.62	0.32					
8799	1.07	296	0.37	0.43	9220	9.04	1014	3.01	0.41					
8800	1.90	371	0.73	0.50	9402	10.46	1141	3.24	0.37					
8803	0.12	211	0.04	0.36	9403	9.94	1095	2.96	0.33					
8805M	0.38	234	0.13	0.43	9410	2.67	440	0.94	0.43					
8810	0.28	225	0.09	0.43	9501X	4.72	625	1.58	0.41					
8814M	0.34	231	0.11	0.43	9505	4.86	637	1.63	0.41					
8815M	0.64	258	0.23	0.43	9516	4.42	598	1.38	0.37					
8820	0.22	220	0.07	0.41	9519	6.47	782	2.02	0.37					
8824	5.40	686	1.97	0.45	9521	7.96	916	2.45	0.37					
8825	2.92	463	1.13	0.50	9522	3.50	515	1.21	0.43					
8826	3.40	506	1.19	0.43	9534	8.06	925	2.39	0.33					
8829X	3.13	482	1.09	0.43	9554	12.58	1200	3.71	0.33					
8831	2.39	415	0.83	0.43	9586	1.32	319	0.51	0.50					
8832	0.49	244	0.17	0.43	9600	3.72	535	1.37	0.46					
8833	1.59	343	0.55	0.43	9620	1.79	361	0.60	0.41					
8835	2.85	457	1.00	0.43										
8841X	2.36	412	0.79	0.41										
8842	2.82	454	0.97	0.43										
8855	0.28	225	0.09	0.43										
8856	0.31	228	0.11	0.43										
8864	1.91	372	0.66	0.43										
8868X	0.60	254	0.21	0.45										
8869	1.87	368	0.67	0.45										

* Refer to the Footnotes Page for additional information on this class code.

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FOOTNOTES

a Rate for each individual risk must be obtained from NCCI Customer Service or the Rating Organization having jurisdiction.

A Minimum Premium $100 per ginning location for policy minimum premium computation.

D Rate for classification already includes the specific disease loading shown in the table below. See Rule 3-A-7 of Manual supplement - Treatment of Disease Coverage.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.13	S	1710D	0.05	S	4024D	0.01	S
0065D	0.04	S	1741D	0.13	S	5508D	0.02	S
0066D	0.04	S	1803D*	0.13	S	6251D	0.01	S
0067D	0.04	S	1852D	0.03	Asb	6252D	0.01	S
1164D	0.02	S	3081D	0.03	S	6260D	0.02	S
1165D	0.01	S	3082D	0.03	S			
1624D	0.01	S	3085D	0.02	S			

Asb=Asbestos, S=Silica

F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rates include a provision for the USL&HW Assessment.

M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage.

N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

P Classification is computed on a per capita basis.

X Refer to special classification phraseology in these pages which is applicable in this state.

*** Class Codes with Specific Footnotes**

1803 See Florida Special Rules for Treatment of Disease Coverage.

2702 An upset payroll of $10.00 per cord has been established for use only when payroll records are not available and shall be used for premium computation purposes in accordance with the classification footnote.

6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.

6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.311 and elr x 2.531.

6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

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MISCELLANEOUS VALUES

Average Weekly Wage applicable only in connection with Rule 2-B-2 of the ***Basic Manual*** $30

Basis of premium applicable in accordance with ***Basic Manual*** footnote instructions for Code 7370 -- "Taxicab Co.":

Employee operated vehicle..... $65,700
Leased or rented vehicle..... $43,800

Expense Constant applicable in accordance with ***Basic Manual*** Rule 3-A-11..... $200

Maximum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 -- "Executive Officers" and the ***Basic Manual*** footnote instructions for Code 9178 -- "Athletic Sports or Park: Noncontact Sports" and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... $2,500

Minimum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 --

Executive Officers in the construction industry..... $400
All other executive officers..... $850

Premium Determination for Partners and Sole Proprietors in accordance with ***Basic Manual*** Rule 2-E-3 (Annual Payroll)..... $43,800

Note: If the actual remuneration received by the partner or sole proprietor as evidenced by IRS Schedule C forms is less than the amount shown above, the actual amount may be used.

Premium Discount Percentages - (See ***Basic Manual*** Rule 3-A-19-a.) The following premium discounts are applicable to Standard Premiums:

		Table A	Table B
First	$10,000	-	-
Next	190,000	9.1%	5.1%
Next	1,550,000	11.3%	6.5%
Over	1,750,000	12.3%	7.5%

Premium Reduction Percentages - The following percentages are applicable by deductible and/or coinsurance amount and hazard group for total losses on a per claim basis. They do include a safety factor.

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$5,000	3.1%	2.6%	2.4%	1.9%	1.5%	1.2%	0.9%
$10,000	4.5%	3.7%	3.4%	2.8%	2.3%	1.9%	1.5%
$15,000	5.4%	4.6%	4.2%	3.5%	2.9%	2.5%	2.0%
$20,000	6.2%	5.2%	4.9%	4.1%	3.4%	3.0%	2.4%
$21,000	6.3%	5.4%	5.0%	4.2%	3.5%	3.0%	2.5%

Deductible Amount	Deductible Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$500	3.5%	2.8%	2.6%	1.9%	1.4%	1.1%	0.8%
$1,000	5.9%	4.8%	4.4%	3.3%	2.5%	1.9%	1.4%
$1,500	7.8%	6.4%	5.8%	4.4%	3.3%	2.6%	2.0%
$2,000	9.4%	7.6%	7.0%	5.3%	4.1%	3.2%	2.5%
$2,500	10.7%	8.8%	8.0%	6.1%	4.8%	3.8%	2.9%

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MISCELLANEOUS VALUES(cont.)

Deductible Amount	Deductible with Coinsurance Program Premium Reduction Percentages						
	HAZARD GROUP						
	A	B	C	D	E	F	G
$500	9.1%	7.6%	7.0%	5.7%	4.7%	3.9%	3.1%
$1,000	11.0%	9.2%	8.5%	6.8%	5.5%	4.6%	3.6%
$1,500	12.5%	10.5%	9.6%	7.7%	6.2%	5.1%	4.0%
$2,000	13.8%	11.5%	10.5%	8.4%	6.8%	5.6%	4.4%
$2,500	14.9%	12.4%	11.4%	9.1%	7.3%	6.1%	4.8%

Deductible Amount	Intermediate Deductible Program+ Premium Reduction Percentages						
	HAZARD GROUP						
	A	B	C	D	E	F	G
$5,000	15.7%	12.9%	11.9%	9.3%	7.4%	6.0%	4.7%
$10,000	22.3%	18.6%	17.1%	13.9%	11.4%	9.5%	7.6%
$15,000	27.1%	22.8%	21.1%	17.4%	14.5%	12.3%	9.9%
$20,000	30.9%	26.2%	24.3%	20.4%	17.2%	14.8%	11.9%
$25,000	34.0%	29.1%	27.0%	23.0%	19.5%	16.9%	13.7%
$50,000	43.9%	38.7%	36.2%	32.1%	27.9%	25.0%	20.5%
$75,000	49.3%	44.3%	41.6%	37.7%	33.3%	30.3%	25.2%

+ Identifies a premium reduction percentage provided on an advisory basis. An insurer may deviate from such percentage reductions by filing with and obtaining approval from the Office of Insurance Regulation.

Terrorism (Voluntary Rates) 0.02

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Rule 3-A-4 -- U.S. Longshore and Harbor Workers' Compensation Act of the ***Basic Manual*** 87%

(Multiply a Non-F classification rate by a factor of 1.87 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.78) and the adjustment for differences in loss-based expenses (1.051).)

Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least $10,000. If more than two years, an average annual premium of at least $5,000 is required. The ***Experience Rating Plan Manual*** should be referenced for the latest approved eligibility amounts by state.

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1. Hazard Group Differentials

A	B	C	D	E	F	G
1.85	1.43	1.29	1.08	0.88	0.74	0.58

2. Tax Multipliers

a. State (non-F Classes)	1.033
b. Federal Classes, or non-F classes where rate is increased by the USL&HW Act Percentage	1.067

3. Expected Loss Ratio / **Expected Loss and Allocated Expense Ratio** / **4. Table of Expense Ratios**

Expected Loss Ratio	Expected Loss and Allocated Expense Ratio	Table of Expense Ratios
Countrywide: 0.585	Countrywide: 0.660	Type A: 2015-01 Type B: 2015-01
Florida: 0.5848*	Florida: 0.6679*	Type FL-A: 2015-01 Type FL-B: 2015-01

* The FL-specific Expected Loss Ratio (ELR) and Expected Loss and Allocated Expense Ratio (ELAER) are provided for optional use. If these options are chosen, the FL-specific expense ratio tables should also be used. If the countrywide ELR or ELAER are used, then the standard Type A and Type B tables should be used.

5. 2013 Table of Expected Loss Ranges
Effective January 1, 2013

6. Excess Loss Factors
(Applicable to New, Renewal, and All Outstanding Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.397	0.428	0.440	0.468	0.489	0.504	0.521
$15,000	0.357	0.393	0.407	0.438	0.462	0.481	0.501
$20,000	0.325	0.364	0.380	0.413	0.440	0.460	0.484
$25,000	0.299	0.340	0.358	0.391	0.420	0.442	0.469
$30,000	0.277	0.319	0.338	0.372	0.403	0.426	0.455
$35,000	0.259	0.302	0.321	0.355	0.387	0.411	0.443
$40,000	0.243	0.286	0.306	0.340	0.373	0.398	0.431
$50,000	0.216	0.259	0.280	0.314	0.349	0.374	0.411
$75,000	0.171	0.213	0.235	0.267	0.304	0.329	0.372
$100,000	0.143	0.183	0.205	0.235	0.273	0.297	0.343
$125,000	0.123	0.161	0.184	0.212	0.249	0.273	0.321
$150,000	0.109	0.145	0.167	0.194	0.231	0.253	0.303
$175,000	0.098	0.132	0.155	0.180	0.216	0.238	0.288
$200,000	0.089	0.122	0.144	0.168	0.204	0.224	0.276
$225,000	0.082	0.114	0.136	0.158	0.194	0.213	0.265
$250,000	0.076	0.107	0.128	0.150	0.185	0.204	0.256
$275,000	0.071	0.101	0.122	0.143	0.178	0.196	0.248
$300,000	0.066	0.095	0.117	0.137	0.171	0.188	0.241
$325,000	0.062	0.091	0.112	0.131	0.165	0.182	0.234
$350,000	0.059	0.087	0.108	0.126	0.160	0.176	0.229
$375,000	0.056	0.083	0.104	0.122	0.155	0.171	0.223
$400,000	0.053	0.080	0.100	0.118	0.150	0.166	0.218
$425,000	0.051	0.077	0.097	0.114	0.146	0.162	0.214
$450,000	0.049	0.074	0.094	0.111	0.143	0.158	0.210
$475,000	0.047	0.072	0.091	0.108	0.139	0.154	0.206
$500,000	0.045	0.069	0.089	0.105	0.136	0.150	0.202
$600,000	0.039	0.062	0.080	0.095	0.125	0.139	0.190
$700,000	0.034	0.056	0.073	0.087	0.116	0.129	0.180
$800,000	0.031	0.051	0.068	0.081	0.109	0.121	0.171
$900,000	0.028	0.047	0.063	0.076	0.103	0.115	0.163
$1,000,000	0.025	0.044	0.059	0.071	0.098	0.109	0.157
$2,000,000	0.013	0.025	0.036	0.045	0.065	0.075	0.114
$3,000,000	0.009	0.017	0.025	0.032	0.048	0.056	0.089
$4,000,000	0.006	0.013	0.019	0.024	0.037	0.045	0.072
$5,000,000	0.004	0.010	0.015	0.019	0.030	0.036	0.060
$6,000,000	0.003	0.008	0.012	0.015	0.024	0.030	0.050
$7,000,000	0.003	0.006	0.009	0.012	0.020	0.026	0.043
$8,000,000	0.002	0.005	0.008	0.010	0.017	0.022	0.037
$9,000,000	0.002	0.004	0.006	0.009	0.015	0.019	0.032
$10,000,000	0.002	0.004	0.005	0.007	0.012	0.016	0.028

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Excess Loss and
Allocated Expense Factors
(Applicable to New, Renewal, and All Outstanding Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.471	0.504	0.517	0.546	0.568	0.585	0.602
$15,000	0.427	0.466	0.481	0.514	0.540	0.560	0.581
$20,000	0.392	0.434	0.451	0.487	0.516	0.538	0.563
$25,000	0.363	0.408	0.426	0.463	0.494	0.518	0.546
$30,000	0.339	0.385	0.404	0.442	0.475	0.500	0.531
$35,000	0.317	0.364	0.385	0.423	0.458	0.484	0.518
$40,000	0.299	0.347	0.368	0.406	0.443	0.470	0.505
$50,000	0.269	0.317	0.339	0.377	0.416	0.444	0.483
$75,000	0.216	0.263	0.287	0.324	0.364	0.393	0.438
$100,000	0.183	0.227	0.252	0.286	0.328	0.356	0.405
$125,000	0.159	0.202	0.226	0.259	0.300	0.327	0.379
$150,000	0.142	0.182	0.207	0.238	0.279	0.305	0.359
$175,000	0.128	0.167	0.192	0.221	0.261	0.286	0.341
$200,000	0.117	0.155	0.179	0.207	0.247	0.271	0.327
$225,000	0.108	0.145	0.169	0.195	0.235	0.258	0.315
$250,000	0.100	0.136	0.160	0.185	0.224	0.247	0.304
$275,000	0.094	0.128	0.152	0.177	0.215	0.237	0.294
$300,000	0.088	0.122	0.145	0.169	0.207	0.228	0.286
$325,000	0.083	0.116	0.139	0.162	0.200	0.220	0.278
$350,000	0.079	0.111	0.134	0.156	0.194	0.213	0.271
$375,000	0.075	0.106	0.129	0.151	0.188	0.207	0.265
$400,000	0.071	0.102	0.125	0.146	0.183	0.201	0.259
$425,000	0.068	0.098	0.121	0.141	0.178	0.196	0.254
$450,000	0.065	0.095	0.117	0.137	0.173	0.191	0.249
$475,000	0.062	0.092	0.114	0.133	0.169	0.186	0.244
$500,000	0.060	0.089	0.110	0.129	0.165	0.182	0.240
$600,000	0.052	0.079	0.100	0.117	0.152	0.168	0.225
$700,000	0.046	0.071	0.091	0.108	0.141	0.156	0.213
$800,000	0.041	0.065	0.084	0.100	0.132	0.147	0.202
$900,000	0.037	0.060	0.078	0.093	0.125	0.139	0.193
$1,000,000	0.034	0.056	0.073	0.087	0.118	0.132	0.186
$2,000,000	0.018	0.032	0.045	0.055	0.079	0.090	0.135
$3,000,000	0.012	0.022	0.032	0.039	0.058	0.068	0.107
$4,000,000	0.008	0.016	0.024	0.030	0.046	0.054	0.087
$5,000,000	0.006	0.013	0.018	0.024	0.037	0.045	0.072
$6,000,000	0.005	0.010	0.015	0.019	0.030	0.037	0.061
$7,000,000	0.004	0.008	0.012	0.016	0.025	0.032	0.053
$8,000,000	0.003	0.007	0.010	0.013	0.021	0.027	0.046
$9,000,000	0.003	0.006	0.008	0.011	0.018	0.023	0.040
$10,000,000	0.002	0.005	0.007	0.009	0.016	0.020	0.035

7. **Retrospective Development Factors**

With Loss Limit			Without Loss Limit			
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	4th & Subsequent Adjustment
0.05	0.04	0.03	0.16	0.12	0.10	0.00

8. **Drug Free Workplace Premium Credit**

A 5% credit is available for employers with anniversary rating dates of January 1, 1992 or after who have complied with the provisions of the Department of Labor and Employment Security Rules.

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FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

Application of Overall Impact to Individual Classification Codes

NCCI's filing reflects the first-year impact of the Florida Supreme Court's decision in *Marvin Castellanos v. Next Door Company, et al*. and the impact due to the enactment of SB 1402, which ratified changes to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual.*

The component impacts of the proposed overall average +17.1% change are as follows: +15.0% for indemnity and +18.0% for medical. These component impacts were applied to the respective underlying pure premiums for each Florida 1/1/2016 approved rate to derive a new total pure premium and proposed rate to be effective 8/1/2016. As a final step to ensure that the +17.1% overall impact was achieved, a test correction factor of 0.9976 was applied to the derived by formula pure premiums.

For the federal classification codes, the proposed overall average change is +3.1% based on the state and federal weights applicable in the 1/1/2016 approval filing. The component indemnity and medical benefit impacts applied to federal classifications were +2.7% and +3.3%, respectively. As a final step to ensure that the +3.1% overall impact of was achieved, a test correction factor of 1.0004 was applied to the derived by formula pure premiums.

In addition, please note the following:

- Program II, Option II Maritime and FELA classes were updated by the overall weighted benefit impact of +3.1%
- No swing limits were applied to any classification code
- Expense provisions remain the same as in the currently-approved Florida 1/1/2016 rate filing

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Florida Voluntary 8/1/2016 Rates

Industrial Classes

Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
0005	6.69	1699	4.86	2386	3.76	3027	7.79	3373	9.11	4061	5.06	4583	10.50	5348	7.12
0008	5.05	1701	5.78	2388	2.45	3028	3.57	3383	2.23	4062	4.45	4586	1.90	5402	7.89
0016	13.38	1710	15.01	2402	4.08	3030	10.71	3385	1.05	4101	4.78	4611	2.02	5403	11.33
0030	6.66	1741	5.08	2413	3.21	3040	9.14	3400	4.81	4109	0.86	4635	4.69	5437	10.41
0034	6.75	1747	2.81	2416	2.88	3041	7.41	3507	5.71	4110	1.29	4653	2.48	5443	5.86
0035	4.23	1748	7.51	2417	5.60	3042	7.56	3515	3.15	4111	2.77	4665	11.29	5445	8.75
0036	6.90	1803	11.15	2501	3.43	3064	9.09	3548	2.38	4113	3.45	4670	11.63	5462	12.30
0037	6.93	1852	4.26	2503	1.76	3076	6.05	3559	3.45	4114	3.87	4683	5.49	5472	16.72
0042	10.02	1853	4.11	2534	2.82	3081	7.48	3574	2.05	4130	7.90	4686	3.18	5473	18.45
0050	8.62	1860	2.87	2570	6.18	3082	6.50	3581	1.91	4131	5.97	4692	0.91	5474	12.89
0052	7.69	1924	2.84	2585	5.75	3085	7.43	3612	3.87	4133	2.82	4693	1.52	5478	5.99
0059	0.13	1925	8.06	2586	5.49	3110	7.34	3620	6.10	4149	0.94	4703	3.18	5479	11.56
0065	0.04	2003	6.05	2587	4.48	3111	4.95	3629	2.46	4206	6.60	4710	4.98	5480	10.33
0066	0.04	2014	8.31	2589	3.15	3113	3.65	3632	5.55	4207	3.28	4717	3.06	5491	4.36
0067	0.04	2016	3.68	2600	4.40	3114	4.62	3634	2.18	4239	2.68	4720	3.75	5506	10.81
0079	5.87	2021	3.87	2623	10.46	3118	2.68	3635	4.64	4240	5.83	4740	2.10	5507	7.64
0083	9.49	2039	3.23	2651	4.11	3119	1.61	3638	2.52	4243	3.43	4741	4.81	5508	21.09
0106	17.00	2041	5.08	2660	3.54	3122	2.16	3642	1.65	4244	3.75	4751	3.40	5509	12.04
0113	7.56	2065	3.73	2670	2.92	3126	3.01	3643	2.73	4250	2.79	4771	3.76	5535	11.19
0153	8.04	2070	6.83	2683	1.85	3131	2.45	3647	2.90	4251	4.14	4777	9.55	5537	8.10
0170	3.65	2081	5.99	2688	4.36	3132	3.92	3648	2.79	4263	3.64	4825	1.93	5551	21.75
0173	1.07	2089	6.68	2702	16.47	3145	3.15	3681	1.05	4273	4.75	4828	5.28	5606	2.15
0251	6.22	2095	8.67	2710	15.44	3146	3.82	3685	1.36	4279	5.38	4829	3.10	5610	10.48
0400	10.55	2105	6.44	2714	10.24	3169	4.17	3719	2.85	4282	2.40	4902	3.45	5613	20.05
0401	13.53	2110	4.08	2731	5.83	3175	5.80	3724	4.83	4283	4.22	4923	4.33	5645	19.77
0771	0.66	2111	4.17	2735	7.34	3179	2.62	3726	6.22	4299	2.60	5020	12.61	5651	11.90
0908	210.00	2112	5.08	2759	9.04	3180	5.44	3803	4.26	4304	6.51	5022	15.40	5703	21.15
0913	1073.00	2114	4.00	2790	2.90	3188	2.57	3807	3.62	4307	3.68	5037	42.52	5705	19.89
0917	8.94	2119	4.01	2797	8.50	3220	1.83	3808	3.56	4351	1.96	5040	16.73	5951	0.83
1005	7.28	2121	2.40	2799	5.97	3223	5.35	3821	10.62	4352	3.21	5057	9.62	6004	16.87
1164	7.37	2130	3.23	2802	8.35	3224	4.80	3822	7.59	4361	1.81	5059	43.36	6017	8.66
1165	4.16	2131	3.24	2835	3.70	3227	5.72	3824	7.49	4410	7.30	5069	26.82	6018	4.48
1218	2.12	2157	5.09	2836	3.01	3240	4.03	3826	1.18	4420	5.60	5102	10.42	6045	6.33
1320	2.60	2172	2.07	2841	5.66	3241	3.34	3827	3.28	4431	1.94	5146	8.76	6204	15.10
1322	12.57	2174	4.64	2881	4.67	3255	2.51	3830	1.61	4432	1.91	5160	3.11	6206	5.26
1430	7.76	2211	12.52	2883	7.21	3257	3.97	3851	4.97	4452	4.87	5183	5.97	6213	3.88
1438	7.74	2220	3.01	2913	6.33	3270	3.20	3865	2.79	4459	5.03	5188	7.46	6214	4.76
1452	3.81	2286	2.85	2915	3.54	3300	6.36	3881	4.80	4470	3.24	5190	6.13	6216	8.55
1463	22.27	2288	6.03	2916	6.18	3303	6.58	4000	8.53	4484	5.39	5191	1.20	6217	8.85
1472	6.27	2300	3.20	2923	3.24	3307	4.15	4021	8.34	4493	3.48	5192	4.86	6229	8.47
1473	1.63	2302	3.12	2942	3.90	3315	6.66	4024	4.92	4511	1.42	5213	12.91	6233	5.02
1624	5.61	2305	2.07	2960	8.35	3334	4.61	4034	11.90	4557	3.35	5215	15.84	6235	13.52
1642	3.89	2361	3.23	3004	3.26	3336	4.92	4036	4.33	4558	3.46	5221	8.21	6236	18.66
1654	8.53	2362	2.40	3018	5.69	3365	12.28	4038	4.66	4568	3.31	5222	12.25	6237	2.53
1655	6.04	2380	8.03	3022	5.67	3372	4.22	4053	3.12	4581	1.25	5223	7.76	6251	8.11

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Florida Voluntary 8/1/2016 Rates

Industrial Classes											F Classes		Maritimes	
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate		Code	Rate	Code	Rate
6252	7.09	7540	3.72	8233	4.46	8832	0.49	9501	4.72		6006	18.17	6702	8.48
6260	8.68	7580	4.03	8235	6.66	8833	1.59	9505	4.86		6801	3.21	6703	16.47
6306	8.12	7590	7.08	8263	12.93	8835	2.85	9516	4.42		6824	9.24	6704	9.42
6319	6.74	7600	6.04	8264	7.51	8841	2.36	9519	6.47		6826	5.46	7016	8.58
6325	9.15	7605	3.82	8265	8.01	8842	2.82	9521	7.96		6828	5.85	7024	9.53
6400	13.00	7610	0.74	8273	5.90	8855	0.28	9522	3.50		6843	12.79	7038	5.11
6503	3.72	7704	6.37	8274	5.58	8856	0.31	9534	8.06		6845	8.69	7046	9.23
6504	4.67	7705	6.23	8279	9.61	8864	1.91	9554	12.58		6872	12.60	7047	16.71
6811	5.92	7720	4.86	8288	8.60	8868	0.60	9586	1.32		6874	18.75	7050	9.93
6834	3.75	7855	6.99	8291	5.81	8869	1.87	9600	3.72		7309	16.14	7090	5.68
6836	5.59	8001	6.28	8292	6.46	8871	0.25	9620	1.79		7313	3.04	7098	10.25
6838	5.33	8002	3.20	8293	14.42	8901	0.40				7317	12.64	7099	17.92
6854	4.78	8006	3.86	8304	6.85	9012	1.86				7327	33.17	7151	7.23
6882	4.84	8008	2.11	8350	7.35	9014	5.58				7350	14.68	7152	14.07
6884	4.62	8010	2.44	8353	7.22	9015	5.63				8709	7.19	7153	8.03
7133	5.95	8013	0.79	8380	4.17	9016	3.13				8726	2.80	7333	9.93
7201	14.73	8015	1.50	8381	2.38	9019	2.59				9077	3.71	7335	11.03
7204	1.95	8017	2.33	8385	3.80	9033	3.11						7337	19.29
7205	14.06	8018	4.28	8392	4.06	9040	5.25						7394	8.52
7219	8.58	8021	5.80	8393	2.67	9047	4.33						7395	9.47
7222	7.78	8031	4.36	8500	9.67	9052	4.06						7398	16.59
7230	12.13	8032	3.84	8601	0.71	9058	2.73						8734	0.72
7231	7.83	8033	2.86	8602	1.45	9060	2.60						8737	0.64
7232	12.52	8037	2.48	8603	0.19	9061	2.82						8738	1.24
7360	7.22	8039	3.32	8606	3.58	9063	1.73						8805	0.38
7370	6.35	8044	4.14	8719	8.64	9082	2.60						8814	0.34
7380	7.13	8045	0.72	8720	2.42	9083	2.66						8815	0.64
7382	6.34	8046	4.15	8721	0.42	9084	3.02							
7383	7.17	8047	1.25	8723	0.25	9088 a								
7390	6.65	8058	3.86	8725	0.26	9089	1.91							
7402	0.23	8061	4.49	8728	0.46	9093	2.58							
7403	6.84	8072	1.47	8742	0.53	9101	5.39							
7405	2.05	8102	2.74	8745	7.87	9102	5.26							
7420	16.45	8103	3.65	8748	0.96	9154	2.30							
7421	1.20	8105	4.59	8755	0.79	9156	4.72							
7422	2.96	8106	7.53	8799	1.07	9170	11.01							
7425	2.53	8107	4.78	8800	1.90	9178	13.03							
7431	1.02	8111	3.23	8803	0.12	9179	16.57							
7445	1.10	8116	4.08	8810	0.28	9180	4.11							
7453	0.55	8203	7.99	8820	0.22	9182	3.74							
7502	3.11	8204	7.95	8824	5.40	9186	46.96							
7515	2.02	8209	6.99	8825	2.92	9220	9.04							
7520	5.14	8215	8.14	8826	3.40	9402	10.46							
7538	11.54	8227	8.64	8829	3.13	9403	9.94							
7539	2.64	8232	6.24	8831	2.39	9410	2.67							

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
0005	5.72	6.69	17.0%
0008	4.31	5.05	17.2%
0016	11.45	13.38	16.9%
0030	5.69	6.66	17.0%
0034	5.77	6.75	17.0%
0035	3.61	4.23	17.2%
0036	5.90	6.90	16.9%
0037	5.93	6.93	16.9%
0042	8.58	10.02	16.8%
0050	7.39	8.62	16.6%
0052	6.57	7.69	17.0%
0059	0.11	0.13	18.2%
0065	0.03	0.04	33.3%
0066	0.03	0.04	33.3%
0067	0.03	0.04	33.3%
0079	5.02	5.87	16.9%
0083	8.12	9.49	16.9%
0106	14.54	17.00	16.9%
0113	6.47	7.56	16.8%
0153	6.88	8.04	16.9%
0170	3.13	3.65	16.6%
0173	0.91	1.07	17.6%
0251	5.32	6.22	16.9%
0400	9.04	10.55	16.7%
0401	11.58	13.53	16.8%
0771	0.57	0.66	15.8%
0908	180.00	210.00	16.7%
0913	919.00	1073.00	16.8%
0917	7.65	8.94	16.9%
1005	6.25	7.28	16.5%
1164	6.33	7.37	16.4%
1165	3.56	4.16	16.9%
1218	1.81	2.12	17.1%
1320	2.23	2.60	16.6%
1322	10.78	12.57	16.6%
1430	6.63	7.76	17.0%
1438	6.63	7.74	16.7%
1452	3.26	3.81	16.9%
1463	19.05	22.27	16.9%
1472	5.36	6.27	17.0%
1473	1.39	1.63	17.3%
1624	4.81	5.61	16.6%
1642	3.32	3.89	17.2%
1654	7.31	8.53	16.7%
1655	5.16	6.04	17.1%
1699	4.15	4.86	17.1%
1701	4.95	5.78	16.8%
1710	12.83	15.01	17.0%
1741	4.36	5.08	16.5%
1747	2.40	2.81	17.1%

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
1748	6.41	7.51	17.2%
1803	9.53	11.15	17.0%
1852	3.65	4.26	16.7%
1853	3.51	4.11	17.1%
1860	2.46	2.87	16.7%
1924	2.43	2.84	16.9%
1925	6.88	8.06	17.2%
2003	5.19	6.05	16.6%
2014	7.10	8.31	17.0%
2016	3.15	3.68	16.8%
2021	3.30	3.87	17.3%
2039	2.76	3.23	17.0%
2041	4.34	5.08	17.1%
2065	3.20	3.73	16.6%
2070	5.86	6.83	16.6%
2081	5.11	5.99	17.2%
2089	5.72	6.68	16.8%
2095	7.41	8.67	17.0%
2105	5.50	6.44	17.1%
2110	3.48	4.08	17.2%
2111	3.57	4.17	16.8%
2112	4.34	5.08	17.1%
2114	3.41	4.00	17.3%
2119	3.43	4.01	16.9%
2121	2.06	2.40	16.5%
2130	2.76	3.23	17.0%
2131	2.77	3.24	17.0%
2157	4.37	5.09	16.5%
2172	1.77	2.07	16.9%
2174	3.97	4.64	16.9%
2211	10.72	12.52	16.8%
2220	2.57	3.01	17.1%
2286	2.45	2.85	16.3%
2288	5.17	6.03	16.6%
2300	2.74	3.20	16.8%
2302	2.66	3.12	17.3%
2305	1.77	2.07	16.9%
2361	2.76	3.23	17.0%
2362	2.05	2.40	17.1%
2380	6.86	8.03	17.1%
2386	3.21	3.76	17.1%
2388	2.08	2.45	17.8%
2402	3.48	4.08	17.2%
2413	2.74	3.21	17.2%
2416	2.46	2.88	17.1%
2417	4.78	5.60	17.2%
2501	2.93	3.43	17.1%
2503	1.50	1.76	17.3%
2534	2.41	2.82	17.0%
2570	5.28	6.18	17.0%

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
2585	4.92	5.75	16.9%
2586	4.69	5.49	17.1%
2587	3.83	4.48	17.0%
2589	2.70	3.15	16.7%
2600	3.78	4.40	16.4%
2623	8.93	10.46	17.1%
2651	3.51	4.11	17.1%
2660	3.03	3.54	16.8%
2670	2.49	2.92	17.3%
2683	1.58	1.85	17.1%
2688	3.73	4.36	16.9%
2702	14.11	16.47	16.7%
2710	13.20	15.44	17.0%
2714	8.75	10.24	17.0%
2731	4.98	5.83	17.1%
2735	6.29	7.34	16.7%
2759	7.74	9.04	16.8%
2790	2.48	2.90	16.9%
2797	7.26	8.50	17.1%
2799	5.14	5.97	16.1%
2802	7.15	8.35	16.8%
2835	3.17	3.70	16.7%
2836	2.57	3.01	17.1%
2841	4.84	5.66	16.9%
2881	4.00	4.67	16.8%
2883	6.18	7.21	16.7%
2913	5.41	6.33	17.0%
2915	3.04	3.54	16.4%
2916	5.28	6.18	17.0%
2923	2.77	3.24	17.0%
2942	3.34	3.90	16.8%
2960	7.16	8.35	16.6%
3004	2.79	3.26	16.8%
3018	4.87	5.69	16.8%
3022	4.86	5.67	16.7%
3027	6.66	7.79	17.0%
3028	3.06	3.57	16.7%
3030	9.15	10.71	17.0%
3040	7.82	9.14	16.9%
3041	6.35	7.41	16.7%
3042	6.46	7.56	17.0%
3064	7.77	9.09	17.0%
3076	5.17	6.05	17.0%
3081	6.39	7.48	17.1%
3082	5.55	6.50	17.1%
3085	6.35	7.43	17.0%
3110	6.27	7.34	17.1%
3111	4.23	4.95	17.0%
3113	3.12	3.65	17.0%
3114	3.95	4.62	17.0%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
3118	2.29	2.68	17.0%
3119	1.38	1.61	16.7%
3122	1.85	2.16	16.8%
3126	2.57	3.01	17.1%
3131	2.08	2.45	17.8%
3132	3.35	3.92	17.0%
3145	2.70	3.15	16.7%
3146	3.28	3.82	16.5%
3169	3.57	4.17	16.8%
3175	4.95	5.80	17.2%
3179	2.24	2.62	17.0%
3180	4.66	5.44	16.7%
3188	2.19	2.57	17.4%
3220	1.57	1.83	16.6%
3223	4.56	5.35	17.3%
3224	4.12	4.80	16.5%
3227	4.91	5.72	16.5%
3240	3.45	4.03	16.8%
3241	2.85	3.34	17.2%
3255	2.15	2.51	16.7%
3257	3.39	3.97	17.1%
3270	2.73	3.20	17.2%
3300	5.44	6.36	16.9%
3303	5.63	6.58	16.9%
3307	3.56	4.15	16.6%
3315	5.71	6.66	16.6%
3334	3.95	4.61	16.7%
3336	4.22	4.92	16.6%
3365	10.53	12.28	16.6%
3372	3.61	4.22	16.9%
3373	7.79	9.11	16.9%
3383	1.90	2.23	17.4%
3385	0.89	1.05	18.0%
3400	4.12	4.81	16.7%
3507	4.87	5.71	17.2%
3515	2.70	3.15	16.7%
3548	2.03	2.38	17.2%
3559	2.95	3.45	16.9%
3574	1.76	2.05	16.5%
3581	1.63	1.91	17.2%
3612	3.31	3.87	16.9%
3620	5.22	6.10	16.9%
3629	2.10	2.46	17.1%
3632	4.75	5.55	16.8%
3634	1.87	2.18	16.6%
3635	3.97	4.64	16.9%
3638	2.16	2.52	16.7%
3642	1.41	1.65	17.0%
3643	2.34	2.73	16.7%
3647	2.48	2.90	16.9%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
3648	2.38	2.79	17.2%
3681	0.89	1.05	18.0%
3685	1.16	1.36	17.2%
3719	2.44	2.85	16.8%
3724	4.14	4.83	16.7%
3726	5.33	6.22	16.7%
3803	3.65	4.26	16.7%
3807	3.10	3.62	16.8%
3808	3.04	3.56	17.1%
3821	9.08	10.62	17.0%
3822	6.49	7.59	16.9%
3824	6.41	7.49	16.8%
3826	1.00	1.18	18.0%
3827	2.81	3.28	16.7%
3830	1.38	1.61	16.7%
3851	4.26	4.97	16.7%
3865	2.38	2.79	17.2%
3881	4.11	4.80	16.8%
4000	7.31	8.53	16.7%
4021	7.13	8.34	17.0%
4024	4.21	4.92	16.9%
4034	10.19	11.90	16.8%
4036	3.70	4.33	17.0%
4038	3.98	4.66	17.1%
4053	2.66	3.12	17.3%
4061	4.34	5.06	16.6%
4062	3.81	4.45	16.8%
4101	4.09	4.78	16.9%
4109	0.74	0.86	16.2%
4110	1.09	1.29	18.3%
4111	2.38	2.77	16.4%
4113	2.96	3.45	16.6%
4114	3.31	3.87	16.9%
4130	6.76	7.90	16.9%
4131	5.13	5.97	16.4%
4133	2.41	2.82	17.0%
4149	0.80	0.94	17.5%
4206	5.64	6.60	17.0%
4207	2.80	3.28	17.1%
4239	2.30	2.68	16.5%
4240	4.98	5.83	17.1%
4243	2.93	3.43	17.1%
4244	3.21	3.75	16.8%
4250	2.39	2.79	16.7%
4251	3.54	4.14	16.9%
4263	3.10	3.64	17.4%
4273	4.06	4.75	17.0%
4279	4.59	5.38	17.2%
4282	2.05	2.40	17.1%
4283	3.60	4.22	17.2%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
4299	2.23	2.60	16.6%
4304	5.56	6.51	17.1%
4307	3.15	3.68	16.8%
4351	1.67	1.96	17.4%
4352	2.74	3.21	17.2%
4361	1.55	1.81	16.8%
4410	6.24	7.30	17.0%
4420	4.80	5.60	16.7%
4431	1.66	1.94	16.9%
4432	1.63	1.91	17.2%
4452	4.17	4.87	16.8%
4459	4.30	5.03	17.0%
4470	2.77	3.24	17.0%
4484	4.61	5.39	16.9%
4493	2.98	3.48	16.8%
4511	1.22	1.42	16.4%
4557	2.87	3.35	16.7%
4558	2.96	3.46	16.9%
4568	2.82	3.31	17.4%
4581	1.07	1.25	16.8%
4583	8.98	10.50	16.9%
4586	1.63	1.90	16.6%
4611	1.72	2.02	17.4%
4635	4.01	4.69	17.0%
4653	2.12	2.48	17.0%
4665	9.66	11.29	16.9%
4670	9.94	11.63	17.0%
4683	4.70	5.49	16.8%
4686	2.73	3.18	16.5%
4692	0.78	0.91	16.7%
4693	1.30	1.52	16.9%
4703	2.73	3.18	16.5%
4710	4.26	4.98	16.9%
4717	2.62	3.06	16.8%
4720	3.20	3.75	17.2%
4740	1.80	2.10	16.7%
4741	4.13	4.81	16.5%
4751	2.90	3.40	17.2%
4771	3.21	3.76	17.1%
4777	8.26	9.55	15.6%
4825	1.65	1.93	17.0%
4828	4.51	5.28	17.1%
4829	2.65	3.10	17.0%
4902	2.95	3.45	16.9%
4923	3.69	4.33	17.3%
5020	10.79	12.61	16.9%
5022	13.18	15.40	16.8%
5037	36.48	42.52	16.6%
5040	14.33	16.73	16.7%
5057	8.24	9.62	16.7%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
5059	37.08	43.36	16.9%
5069	23.04	26.82	16.4%
5102	8.93	10.42	16.7%
5146	7.49	8.76	17.0%
5160	2.67	3.11	16.5%
5183	5.11	5.97	16.8%
5188	6.39	7.46	16.7%
5190	5.25	6.13	16.8%
5191	1.03	1.20	16.5%
5192	4.15	4.86	17.1%
5213	11.04	12.91	16.9%
5215	13.57	15.84	16.7%
5221	7.02	8.21	17.0%
5222	10.50	12.25	16.7%
5223	6.63	7.76	17.0%
5348	6.11	7.12	16.5%
5402	6.74	7.89	17.1%
5403	9.70	11.33	16.8%
5437	8.92	10.41	16.7%
5443	5.02	5.86	16.7%
5445	7.49	8.75	16.8%
5462	10.53	12.30	16.8%
5472	14.32	16.72	16.8%
5473	15.79	18.45	16.8%
5474	11.02	12.89	17.0%
5478	5.13	5.99	16.8%
5479	9.90	11.56	16.8%
5480	8.85	10.33	16.7%
5491	3.73	4.36	16.9%
5506	9.25	10.81	16.9%
5507	6.54	7.64	16.8%
5508	18.11	21.09	16.5%
5509	10.28	12.04	17.1%
5535	9.58	11.19	16.8%
5537	6.92	8.10	17.1%
5551	18.60	21.75	16.9%
5606	1.84	2.15	16.8%
5610	8.98	10.48	16.7%
5613	17.13	20.05	17.0%
5645	16.92	19.77	16.8%
5651	10.19	11.90	16.8%
5703	18.12	21.15	16.7%
5705	17.03	19.89	16.8%
5951	0.71	0.83	16.9%
6004	14.49	16.87	16.4%
6006	17.62	18.17	3.1%
6017	7.42	8.66	16.7%
6018	3.85	4.48	16.4%
6045	5.43	6.33	16.6%
6204	12.94	15.10	16.7%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
6206	4.51	5.26	16.6%
6213	3.33	3.88	16.5%
6214	4.08	4.76	16.7%
6216	7.32	8.55	16.8%
6217	7.58	8.85	16.8%
6229	7.25	8.47	16.8%
6233	4.30	5.02	16.7%
6235	11.65	13.52	16.1%
6236	15.98	18.66	16.8%
6237	2.17	2.53	16.6%
6251	6.97	8.11	16.4%
6252	6.07	7.09	16.8%
6260	7.43	8.68	16.8%
6306	6.94	8.12	17.0%
6319	5.77	6.74	16.8%
6325	7.84	9.15	16.7%
6400	11.11	13.00	17.0%
6503	3.18	3.72	17.0%
6504	4.00	4.67	16.8%
6702	7.25	8.48	17.0%
6703	15.97	16.47	3.1%
6704	8.06	9.42	16.9%
6801	3.12	3.21	2.9%
6811	5.07	5.92	16.8%
6824	8.96	9.24	3.1%
6826	5.29	5.46	3.2%
6828	5.67	5.85	3.2%
6834	3.22	3.75	16.5%
6836	4.78	5.59	16.9%
6838	4.57	5.33	16.6%
6843	12.42	12.79	3.0%
6845	8.44	8.69	3.0%
6854	4.10	4.78	16.6%
6872	12.22	12.60	3.1%
6874	18.19	18.75	3.1%
6882	4.14	4.84	16.9%
6884	3.96	4.62	16.7%
7016	7.36	8.58	16.6%
7024	8.18	9.53	16.5%
7038	4.37	5.11	16.9%
7046	7.89	9.23	17.0%
7047	16.21	16.71	3.1%
7050	9.63	9.93	3.1%
7090	4.86	5.68	16.9%
7098	8.77	10.25	16.9%
7099	17.38	17.92	3.1%
7133	5.10	5.95	16.7%
7151	6.20	7.23	16.6%
7152	13.65	14.07	3.1%
7153	6.89	8.03	16.5%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
7201	12.60	14.73	16.9%
7204	1.67	1.95	16.8%
7205	12.03	14.06	16.9%
7219	7.35	8.58	16.7%
7222	6.68	7.78	16.5%
7230	10.39	12.13	16.7%
7231	6.72	7.83	16.5%
7232	10.74	12.52	16.6%
7309	15.65	16.14	3.1%
7313	2.95	3.04	3.1%
7317	12.26	12.64	3.1%
7327	32.17	33.17	3.1%
7333	8.50	9.93	16.8%
7335	9.44	11.03	16.8%
7337	18.71	19.29	3.1%
7350	14.24	14.68	3.1%
7360	6.19	7.22	16.6%
7370	5.44	6.35	16.7%
7380	6.10	7.13	16.9%
7382	5.42	6.34	17.0%
7383	6.13	7.17	17.0%
7390	5.69	6.65	16.9%
7394	7.31	8.52	16.6%
7395	8.12	9.47	16.6%
7398	16.09	16.59	3.1%
7402	0.20	0.23	15.0%
7403	5.86	6.84	16.7%
7405	1.76	2.05	16.5%
7420	14.12	16.45	16.5%
7421	1.02	1.20	17.6%
7422	2.52	2.96	17.5%
7425	2.17	2.53	16.6%
7431	0.87	1.02	17.2%
7445	0.95	1.10	15.8%
7453	0.47	0.55	17.0%
7502	2.66	3.11	16.9%
7515	1.72	2.02	17.4%
7520	4.39	5.14	17.1%
7538	9.88	11.54	16.8%
7539	2.27	2.64	16.3%
7540	3.18	3.72	17.0%
7580	3.45	4.03	16.8%
7590	6.05	7.08	17.0%
7600	5.17	6.04	16.8%
7605	3.27	3.82	16.8%
7610	0.63	0.74	17.5%
7704	5.44	6.37	17.1%
7705	5.33	6.23	16.9%
7720	4.15	4.86	17.1%
7855	5.98	6.99	16.9%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
8001	5.37	6.28	16.9%
8002	2.73	3.20	17.2%
8006	3.30	3.86	17.0%
8008	1.80	2.11	17.2%
8010	2.08	2.44	17.3%
8013	0.68	0.79	16.2%
8015	1.28	1.50	17.2%
8017	2.00	2.33	16.5%
8018	3.67	4.28	16.6%
8021	4.96	5.80	16.9%
8031	3.73	4.36	16.9%
8032	3.29	3.84	16.7%
8033	2.45	2.86	16.7%
8037	2.13	2.48	16.4%
8039	2.83	3.32	17.3%
8044	3.54	4.14	16.9%
8045	0.61	0.72	18.0%
8046	3.55	4.15	16.9%
8047	1.07	1.25	16.8%
8058	3.30	3.86	17.0%
8061	3.84	4.49	16.9%
8072	1.25	1.47	17.6%
8102	2.35	2.74	16.6%
8103	3.13	3.65	16.6%
8105	3.93	4.59	16.8%
8106	6.44	7.53	16.9%
8107	4.09	4.78	16.9%
8111	2.76	3.23	17.0%
8116	3.49	4.08	16.9%
8203	6.85	7.99	16.6%
8204	6.79	7.95	17.1%
8209	5.97	6.99	17.1%
8215	6.97	8.14	16.8%
8227	7.39	8.64	16.9%
8232	5.34	6.24	16.9%
8233	3.83	4.46	16.4%
8235	5.71	6.66	16.6%
8263	11.04	12.93	17.1%
8264	6.43	7.51	16.8%
8265	6.85	8.01	16.9%
8273	5.05	5.90	16.8%
8274	4.77	5.58	17.0%
8279	8.23	9.61	16.8%
8288	7.35	8.60	17.0%
8291	4.97	5.81	16.9%
8292	5.52	6.46	17.0%
8293	12.36	14.42	16.7%
8304	5.87	6.85	16.7%
8350	6.30	7.35	16.7%
8353	6.18	7.22	16.8%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
8380	3.57	4.17	16.8%
8381	2.04	2.38	16.7%
8385	3.26	3.80	16.6%
8392	3.48	4.06	16.7%
8393	2.29	2.67	16.6%
8500	8.26	9.67	17.1%
8601	0.60	0.71	18.3%
8602	1.24	1.45	16.9%
8603	0.15	0.19	26.7%
8606	3.07	3.58	16.6%
8709	6.98	7.19	3.0%
8719	7.38	8.64	17.1%
8720	2.07	2.42	16.9%
8721	0.36	0.42	16.7%
8723	0.22	0.25	13.6%
8725	0.22	0.26	18.2%
8726	2.70	2.80	3.7%
8728	0.40	0.46	15.0%
8734	0.61	0.72	18.0%
8737	0.55	0.64	16.4%
8738	1.20	1.24	3.3%
8742	0.45	0.53	17.8%
8745	6.72	7.87	17.1%
8748	0.82	0.96	17.1%
8755	0.68	0.79	16.2%
8799	0.91	1.07	17.6%
8800	1.63	1.90	16.6%
8803	0.11	0.12	9.1%
8805	0.31	0.38	22.6%
8810	0.23	0.28	21.7%
8814	0.28	0.34	21.4%
8815	0.62	0.64	3.2%
8820	0.19	0.22	15.8%
8824	4.62	5.40	16.9%
8825	2.49	2.92	17.3%
8826	2.91	3.40	16.8%
8829	2.67	3.13	17.2%
8831	2.04	2.39	17.2%
8832	0.42	0.49	16.7%
8833	1.36	1.59	16.9%
8835	2.44	2.85	16.8%
8841	2.03	2.36	16.3%
8842	2.41	2.82	17.0%
8855	0.23	0.28	21.7%
8856	0.27	0.31	14.8%
8864	1.63	1.91	17.2%
8868	0.51	0.60	17.6%
8869	1.59	1.87	17.6%
8871	0.21	0.25	19.0%
8901	0.34	0.40	17.6%

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Class Code	Current 01/01/16	Proposed 08/01/16	Percent Change
9012	1.59	1.86	17.0%
9014	4.77	5.58	17.0%
9015	4.83	5.63	16.6%
9016	2.67	3.13	17.2%
9019	2.21	2.59	17.2%
9033	2.66	3.11	16.9%
9040	4.49	5.25	16.9%
9047	3.70	4.33	17.0%
9052	3.48	4.06	16.7%
9058	2.33	2.73	17.2%
9060	2.22	2.60	17.1%
9061	2.41	2.82	17.0%
9063	1.48	1.73	16.9%
9077	3.71	3.71	0.0%
9082	2.22	2.60	17.1%
9083	2.27	2.66	17.2%
9084	2.58	3.02	17.1%
9089	1.63	1.91	17.2%
9093	2.20	2.58	17.3%
9101	4.59	5.39	17.4%
9102	4.50	5.26	16.9%
9154	1.97	2.30	16.8%
9156	4.04	4.72	16.8%
9170	9.41	11.01	17.0%
9178	11.10	13.03	17.4%
9179	14.18	16.57	16.9%
9180	3.51	4.11	17.1%
9182	3.20	3.74	16.9%
9186	40.06	46.96	17.2%
9220	7.72	9.04	17.1%
9402	8.95	10.46	16.9%
9403	8.52	9.94	16.7%
9410	2.29	2.67	16.6%
9501	4.03	4.72	17.1%
9505	4.15	4.86	17.1%
9516	3.79	4.42	16.6%
9519	5.55	6.47	16.6%
9521	6.82	7.96	16.7%
9522	2.99	3.50	17.1%
9534	6.89	8.06	17.0%
9554	10.76	12.58	16.9%
9586	1.13	1.32	16.8%
9600	3.18	3.72	17.0%
9620	1.53	1.79	17.0%

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Filing Details

Work Unit Number:	W16-1548414
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	6/3/2016 12:42:09 PM
Date Submitted:	6/3/2016 12:45:45 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Cover Letter	0		Cover Letter Supplement
Manual/Rate Pages	0		Manual Rate Pages
Miscellaneous	0		Supporting Documentation 1
Miscellaneous	0		Supporting Documentation 2
Miscellaneous	0		Supporting Documentation 3

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

June 17, 2016

Ms. Cyndi Cooper, ACAS, MAAA
Actuary
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0330

Re: **National Council on Compensation Insurance, Inc.**
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500

Dear Ms. Cooper:

Please find enclosed responses to your letter of June 7, 2016 in connection with the above-referenced filing.

If you have any questions or need further information, please feel free to contact me.

Respectfully submitted,

Chris Bailey
State Relations Executive

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

FLORIDA
WORKERS COMPENSATION FILING – AUGUST 1, 2016

Responses to Requests From the Office of Insurance Regulation Dated June 7, 2016

Request 1: Address the following regarding NCCI's data types:

a. What information is collected by NCCI from its companies on attorney fees or attorney involvement in workers' compensation claims? Please include all calls and the fields within the call that relate to either claimant attorneys or defense attorneys.
b. Explain whether the calls/fields are mandatory or voluntary and why any calls/fields are voluntary rather than mandatory.
c. Additionally, give a brief overview of how the data is validated for accuracy.

Response 1: Claimant attorney fees and employer attorney fees are mandatory fields in NCCI's URE Workers Compensation Statistical Plan for policies effective 4/1/2009 and subsequent. Prior to that time, these fields were optional.

The Detailed Claim Information (DCI) guidelines request that the following fields related to attorney fees and attorney involvement be reported on a mandatory basis (unless otherwise noted):

For Reported-to-Insurer (RTI) dates prior to 9/1/2009:
- Attorney or Authorized Representative
- Employer Legal Expenses Paid to Date
- Claimant Legal Expenses Paid to Date (optional field)

As of April 2014, carrier reporting of these RTI fields was no longer required. Prior to that time, the reported values for the attorney representative and employer legal expense fields were subject to upfront submission edits along with reviews at an aggregated level.

For RTI dates on or after 9/1/2009:
- Attorney or Authorized Representative Indicator
- Employer Legal Amount Paid
- Claimant Legal Amount Paid

The reported values are subject to upfront submission reject edits along with reviews at an aggregated level.

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Request 2: Provide the total attorney fees paid to claimant attorneys & employer/carrier attorneys, separately, by calendar year or accident year for 1996-2016, if available, the corresponding number of claims with a claimant attorney & the average attorney fee paid to the claimant attorney per claim. Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

Response 2: Claimant attorney fees are included in the average claim costs in both the filing's Aggregate Financial Call and the Detailed Claim Information analyses. Therefore, although not separately identified, any underlying changes in attorney fees are implicitly included in the results presented in the filing. Similarly, employer/carrier attorney fees are not separately identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based.

Request 3: By calendar year or accident year for 1996-2016, if available, provide average claim amounts (indemnity & medical separately), claim closure rates, average days of disability, average days to return to work, and average days to MMI separately for claims with attorneys, without attorneys and in total. Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

Response 3: Please see the attached exhibit titled "OIR-3" for the available information. The remainder of the requested items is not available in the DCI dataset on which the filing's analysis is based.

Request 4: By calendar year or accident year for 1996-2016, if available, provide the percentage of claims with attorney involvement. Provide this data for Florida only as well as for the southeastern states (AL, GA, LA, MS, NC, SC & TN), gulf states (AL, LA, & MS), & countrywide (excluding FL). Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if

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calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

Response 4: Please see the attached exhibit titled "OIR-4" for the available information. The remainder of the requested items is not available in the DCI dataset on which the filing's analysis is based.

Request 5: In the explanatory memo, the 15.0% proposed impact due to the *Castellanos* decision is termed a "first-year" impact & the impacts in Exhibit II-A are also referred to as "potential first-year" impacts. The explanatory memo & exhibits then go on to describe & quantify the proposed impacts of pre-SB 50A versus post-SB 50A environments. Provide a rationale for considering the 15% a "first-year" impact of the decision.

Response 5: The reforms in SB 50A resulted in a first-year rate impact of -14%; however, the next several Florida rate filings utilizing experience from the post-reform period resulted in a cumulative reduction in approved rates of more than fifty percent—due in large part to changes in attorney behavior over time.

Changes in attorney behavior took years to occur after SB 50A due to the fact that attorneys were for many years able to maintain hourly fees by working cases with pre-reform dates of injury and also had the expectation that successful court challenges to F.S. 440.34 would occur more quickly than *Emma Murray* (2008).

Now in reverse, there has been an increasing attorney expectation since 2013 that the Florida Supreme Court would find F.S. 440.34 unconstitutional and some anecdotal evidence that behavior started changing prior to the *Miles* and *Castellanos* decisions. In addition, the years of fee restrictions have heightened the financial incentive to take and work cases at more generous fees. Given the current expectation among attorneys that it will be difficult for the legislature to completely overturn the *Miles* and *Castellanos* decisions, there is low risk/high reward to moving forward with growing their law practices. Finally, *Miles* and now *Westphal* are aggravating factors to *Castellanos*—both serving to increase claimant attorneys' incentive to accept and

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aggressively work cases—accelerating the return to a pre-SB 50A environment.

Request 6: Explain why the impact of the Castellanos decision impacts all industry groups equally. Was an analysis performed by industry group? In addition, is the proportion of claims with attorneys equal across industry groups?

Response 6: The impact of the *Castellanos* decision may or may not uniformly apply across all industry groups. Industry group differences are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based.

Request 7: Provide the detailed calculations & data underlying the impact by effective month for outstanding policies.

Response 7: The impacts by effective month as shown in the filing were calculated by dividing the unexpired portion of the policy as of August 1, 2016 (in months) by 12 and then multiplying by the filing's proposed overall impact of +17.1%.

Request 8: Explain why NCCI didn't provide a cost estimate for the First DCA's decision in *Miles*. Also, since the decision had to do with claimant paid attorney fees, explain if & how this decision could increase system costs for the employer/carrier.

Response 8: The *Miles* decision preceded *Castellanos* and might have had a significant impact on a standalone basis had the *Castellanos* case not followed so quickly. *Miles* provides attorneys an alternate source of fees (claimants) and incentivizes attorneys to take cases they may have previously judged as meritless. Once those cases are accepted, there is a likely increase in system costs for the employer/carrier since there a greater likelihood that a carrier may settle and pay benefits/ claimant attorney fees to avoid further litigation and a larger claimant attorney fee on the "meritless" claim.

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Claimant-paid attorney fees may only serve as a backup in the event that the carrier decides to litigate and the claimant attorney does not prevail against the employer/carrier or as an additional source to carrier-paid fees if the claimant attorney does prevail. Once the *Castellanos* decision came down however, *Miles* became more of an aggravating factor to the *Castellanos* case. Further, attorney behavioral changes based on *Miles* became less predictable. There is some anecdotal information which suggests that claimant attorneys intend to seek fees as high as 40% in total—in some combination from both available sources (claimants and carriers). However, there is insufficient evidence at this time to estimate the standalone impact of *Miles* separate from the *Castellanos* decision—especially given the lack of Florida history/data on claimant-paid attorney fees and the unknown behavioral dynamics which may develop over time based on the dual sources of fees.

Request 9: Provide additional detailed explanation & support regarding why 2004 & 2005 were selected as the ideal "post-SB 50A" years & why these years that are over 10 years old provide a better comparison to the current workers' comp environment in Florida than more recent years. In addition, it is unclear from the information provided in the filing why data from 2007 & subsequent should not be relied upon & why it is necessary to "avoid the impact of events that occurred beginning in 2007, such as the Great Recession" as stated in the explanatory memo. Provide justification for this assertion.

Response 9: Years 2005 and 2006 served as the post-SB 50A time period in the analyses in order to recognize that SB 50A's attorney fee change was realized over several years subsequent to its effective date in 2003. More specifically, this time period allows one to both observe how the impact of the attorney fee changes emerged over time while avoiding the impact of events that occurred in 2007 and after that would serve to unnecessarily complicate one's ability to reasonably attribute changes in Florida's workers compensation system to SB 50A.

Request 10: You state in the explanatory memo that the "Gulf States" region was specifically recognized as sharing some similarities with Florida. Please describe the similarities & explain why it is appropriate to

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compare Florida to these states. Please detail in your response if it is more suitable to compare Florida to the Gulf States or the Southeastern Region States & why.

Response 10: The thought to review the "Gulf States" region was prompted by a comment made by Mr. Watford in the 12/16/2008 hearing in connection with the *Emma Murray* rate filing. He was reviewing claim frequency declines across several states and commented that four states with the some largest observed declines were Florida, Alabama, Louisiana, and Mississippi. He further pointed out that these are all Gulf Coast states which during the time period used in the filing's analysis "all had major impacts due to hurricanes during this exact same period."

The Gulf States regional comparison was undertaken to proactively recognize the OIR's suggestion that Alabama, Louisiana, and Mississippi constitute a meaningful comparison group for Florida due to hurricane propensity, geographical proximity, etc. The comparisons made between Florida and the two regions are equally informative and suitable.

Request 11: The explanatory memo notes that "Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most dramatic decreases in average pure loss cost level between the pre- and post-SB 50A time periods."

a. What are the reasons that the Gulf States experienced more of a decline than the other states in the Southeastern Region?
b. Have any of the Southeastern Region states had reforms or experienced significant system changes during the past 15-20 years?

Response 11:
a. The requested comparative analysis was not performed.
b. Since the year 2000, the following states in the Southeastern Region had enacted legislation or adopted regulations with an estimated overall impact in excess of five percent:
    - South Carolina R 147 (June 25, 2003): Restricted the types of claims that could be submitted to the state's Second Injury Fund. Overall impact of +15.8%

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- South Carolina (October 1, 2006): Hospital Fee Schedule Change. Overall impact of -5.3%
- Tennessee HB 3531, Step I (July 1, 2004): Compensation available for permanent partial disability (PPD) injuries was reduced. Overall impact of -6.3%
- Tennessee HB 3531, Step II (July 1, 2005): Implemented a medical fee schedule. Overall impact of -6.9%
- Tennessee SB 200 (July 1, 2014): Compensation available for PPD injuries was reduced. Overall impact of -5.9%

Request 12: Did NCCI do any analysis to review the demographic changes, industry mix changes, system changes other than attorney fee schedule, etc. in the data from 2000-2002 to 2005-2006 that also could impact the pure loss costs & benefit costs as displayed in Exhibits I & II?

Response 12: The above-referenced changes are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based.

Request 13: The explanatory memo notes that "The *Castellanos* decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation." Does NCCI anticipate that the *Castellanos* decision will have an impact on claims without claimant attorney representation? If so, explain why & provide additional justification.

Response 13: The attorney fee provisions of SB 50A resulted in a reduction in the number of claims with claimant attorney representation. It is likely that some claimants that would have previously contracted with an attorney pursued a claim for compensation without legal representation in years subsequent to SB 50A's enactment.

The prevalence of attorney-represented workers compensation claims is expected to increase as a result of the *Castellanos* decision. For illustrative purposes, consider a group of employees with dates of injury pre-*Castellanos* and an otherwise identical group of employees with dates of injury post-*Castellanos*. It is anticipated that whereas

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some employees in the pre-*Castellanos* group pursued compensation claims without attorney representation, similar members of the post-*Castellanos* group will now contract with an attorney going forward—serving to materially increase system costs in post-*Castellanos* years. The increase in costs associated with this latter group of claims was NOT included in NCCI's filing analysis—providing evidence that NCCI's proposed first-year overall average rate impact may understate the ultimate system impact due to the *Castellanos* decision.

Request 14: Regarding Exhibit I:

a. For columns (2) & (3) provide the raw data & adjustment factors (e.g. current level, development factors, etc.) used to arrive at the frequencies & severities presented.
b. Provide the underlying calculations used to derive columns (4) & (5).
c. Are the average pure loss costs for the Southeastern States and Gulf States a straight average of the states' pure loss costs or a weighted average? Provide the pure loss costs by state & show the weighting procedure.
d. Were any adjustments made to the data for the Southeastern States and Gulf States to account for differences in industry mix, benefit structures, average weekly wage, etc. between Florida and the other states?
e. Was this analysis performed at a countrywide level (i.e. creating a third region to compare to Florida)? If so, provide the analysis. If not, explain why.

Response 14: Please see the attached exhibit titled "OIR-14." The regional average pure loss costs are weighted averages, using the pure premiums by state as the weights. The average pure loss costs by state reflect changes in payroll/wages along with premium and benefit levels that have occurred over time. Industry group mix changes are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based. Each of the regions reviewed as part of this year's analysis are described in the filing.

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Request 15: Provide a revised Exhibit I which includes PYs 1998, 1999, 2004, 2007-2014.

Response 15: Please see the response to Request 14 for the available information.

Request 16: In Exhibit I, the 15% selected impact of the *Castellanos* decision aligns more closely to the Gulf States analysis rather than the SE States analysis. Provide the rationale for the 15% selection relative to the analysis presented in Exhibit I.

Response 16: The proposed first-year overall average rate change was selected after a collective review of the results of all of the analyses presented in the filing, rather than solely relative to any individual one.

Request 17: In the explanatory memo, it states that "NCCI's DCI data as of a fifth report was used in conjunction with NCCI's Workers Compensation Statistical Plan (WCSP) data to estimate average claim costs (including claimant attorney fees) for claims with attorney representation." Fifth report DCI data was used but at what report was the WCSP data? Is all the data in Exhibit II at a fifth report or ultimate?

Response 17: All of the loss amounts (DCI and WCSP) displayed in Exhibit II are evaluated as of a fifth report.

Request 18: Regarding Exhibit II:

a. For columns (1) & (4), provide the raw data & any adjustment factors used to arrive at the average incurred benefit costs presented.
b. Provide the underlying calculations used to derive columns (2) & (5).
c. The footnote for column (7) states that the factors to adjust to the 2015 wage level were obtained from the 1/1/2016 rate filing. Explain where these factors are located in the 1/1/2016 filing and provide the exhibit.
d. Explain why it is necessary to apply the factors to adjust to the 2015 wage level in column (7) to the severities in columns (3) & (6).

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e. Provide the underlying data & calculations used to arrive at the percentage of benefit costs with claimant attorney representation (43.6% & 42.0%, in Exhibit II-A & II-B, respectfully).

Response 18: Please see the attached exhibit titled "OIR-18" for the requested underlying information. The OIR previously reviewed the wage level adjustment factors as part of the Florida approved January 1, 2016 rate filing—more specifically, please refer to NCCI's Attachment 10A in response to the OIR's data requests dated August 25, 2015. The adjustment factors are applied both for consistency purposes with NCCI's standard frequency and severity analyses based on aggregate financial data and to recognize that, all else equal, indemnity benefits would change over time due to changes in the underlying wage levels.

Request 19: Provide a revised Exhibit II to show the change in average benefit costs for claims without claimant attorney representation.

Response 19: Please see the attached exhibit titled "OIR-19" for the requested information.

Request 20: Provide a revised Exhibit II which includes AYs 1998, 1999, 2004, 2007-2015.

Response 20: Please see the attached exhibit titled "OIR-20" for the available information requested.

Request 21: You state in the explanatory memo that the estimated cost impacts in Exhibit II "do not reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the *Castellanos* decision." Explain why the analysis doesn't contemplate the impact on system costs due to changes in lost-time claim frequency, and also provide explanation & justification for the statement that NCCI expects a change to frequency as a result of the *Castellanos* decision.

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Response 21: As exposure information is not reported to NCCI in the Detailed Claim Information data, claim frequency cannot be reviewed based on this data source. The explanatory memo's statement referenced in this Request is intended to convey this fact. That is, regardless of what one's expectation may be as to the magnitude of the impact of the *Castellanos* decision on lost-time claim frequency (zero percent or greater), it is not reflected in the Exhibit II analysis.

Request 22: Has NCCI done any analysis or a retro analysis on the other aspects of SB 50A to measure or evaluate the impacts of the other SB 50A changes besides the attorney fee change and determine how these other changes contributed to the observed changes in average pure loss costs and average benefit costs from the pre- to post-SB 50A timeframe?

Response 22: NCCI has only performed subsequent analyses of the impact of SB 50A's attorney fee provisions.

Request 23: Did you isolate & review data from the time period when the *Emma Murray* decision was used (10/23/2008-6/30/2009) to see if this time period resembled the pre-SB 50A claim & attorney environment or to see if there were noticeable changes in the data from this time period versus prior post-SB 50A years or subsequent years after the passage of HB 903? Were there a significant number of re-opened claims from prior accident years during this timeframe?

Response 23: Data from the above-mentioned time period was not reviewed. The time period following the *Emma Murray* decision is not comparable to the current period post *Miles*/*Castellanos* because of the difference in expectations of system stakeholders as to the Legislature's likely response.

The *Emma Murray* decision reinterpreted F.S. 440.34 to allow hourly fees based on the inclusion of the word "reasonable." Stakeholders knew that the Legislature could easily address the *Emma Murray* decision by removing the word "reasonable" and restore the sliding scale of attorney fees based on benefits secured. As a result, stakeholders developed a "wait and see" attitude. In fact, after the

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Emma Murray decision occurred on 10/23/08, NCCI began pricing proposals from the Legislature to remove the word "reasonable" from F.S. 440.34 as early as February 2009.

On May 1, 2009, the Legislature passed HB 903 removing the word "reasonable" effective July 1, 2009. Compared with the decision in *Emma Murray*, *Miles* and *Castellanos* are much more complicated—as the Court has declared F.S. 440.34 unconstitutional. At this point, it is unclear whether the workers compensation system can be restored via legislative action to a pre-*Miles* and pre-*Castellanos* state—however, it is clear that more is required from the Legislature than the removal of a single word. Therefore, the amount of time it may take for the Legislature to address the *Miles* and *Castellanos* decisions in any fashion is expected to be longer than post-*Emma Murray*.

There is anecdotal evidence that for at least all of these reasons, attorneys are not adopting a "wait and see" attitude. They are moving forward with advertising for business and building up their workers compensation law practices. As a result, an accelerated return to a pre-SB 50A environment is much more likely post *Miles* and *Castellanos* than it was post-*Emma Murray*.

Request 24: Were any external non-NCCI data sources considered or analyzed? If so, explain what data sources were reviewed. Explain how the data was used in the filing or explain why the data was not used in the filing.

Response 24: The Aggregate Financial Call data and the Detailed Claim Information (as integrated with the WCSP data) were the only data sources considered for inclusion in the filing.

Request 25: Provide justification and support for the impacts listed in the filing for the changes to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual*. Describe all data & the methodology used to arrive at the impact. Additionally, provide any research performed by NCCI related to and supporting the +1.8% overall impact.

Response 25: Please see the attached exhibit titled "OIR-25" for the requested information.

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Florida

Average Claim Costs With Claimant Attorney Representation[1]

Accident Year	Indemnity Incurred Claim Costs	Medical Incurred Claim Costs	% of Claims Closed at 5th Report
2000	36,437	35,708	82%
2001	38,694	38,891	89%
2002	32,562	33,298	84%
2003	30,527	34,797	90%
2004	20,831	27,772	93%
2005	24,411	33,451	91%
2006	23,580	32,518	94%
2007	24,287	36,867	95%
2008	28,168	40,691	94%

Average Claim Costs Without Claimant Attorney Representation[1]

Accident Year	Indemnity Incurred Claim Costs	Medical Incurred Claim Costs	% of Claims Closed at 5th Report
2000	6,513	7,869	85%
2001	6,643	8,562	85%
2002	8,952	10,777	89%
2003	6,734	10,233	94%
2004	7,108	14,089	96%
2005	9,666	11,899	92%
2006	6,334	13,356	97%
2007	6,772	12,572	98%
2008	6,197	11,841	97%

Total Average Claim Costs[1]

Accident Year	Indemnity Incurred Claim Costs	Medical Incurred Claim Costs	% of Claims Closed at 5th Report
2000	12,185	13,146	85%
2001	13,989	15,514	86%
2002	14,884	16,435	88%
2003	12,744	16,438	93%
2004	10,780	17,750	95%
2005	13,388	17,340	92%
2006	10,526	18,014	96%
2007	10,664	17,971	98%
2008	11,576	18,905	96%

[1] Source of attorney and non-attorney claims: NCCI Detailed Claim Information (DCI).
Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI DCI data. All data evaluated as of a fifth report.

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Percentage of Lost-Time Claims with Claimant Attorney Representation[1]

Accident Year	Florida	All NCCI DCI States (Including Florida)
2000	19%	18%
2001	22%	17%
2002	25%	18%
2003	25%	19%
2004	26%	20%
2005	25%	18%
2006	24%	18%
2007	22%	18%
2008	24%	19%

[1] Source of attorney claims: NCCI Detailed Claim Information (DCI) evaluated as of a fifth report.

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Florida – Frequency and Severity Supporting Information
Unlimited–Voluntary Business Only–Private Carrier + Self Insured–Policy Year

Lost-Time Claim Frequency and Severity–Based on Data in Excess of Wage Inflation

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
		Indemnity Severity			Medical Severity					
Policy Year	Claim Freq Per Million On-level Premium	Paid	Paid + Case	Average Pd/P+C	Paid	Paid + Case	Average Pd/P+C	Total Average Severity (Avg Pd/P+C)	Adjusted Claim Frequency	Adjusted Total Avg. Severity (Avg Pd/P+C)
2000	20.792	19,308	19,251	19,279	30,068	30,048	30,058	49,337	34.824	50,380
2001	19.221	18,767	18,628	18,697	30,697	30,809	30,753	49,450	32.156	50,468
2002	18.421	17,955	17,873	17,914	31,252	31,680	31,466	49,380	30.906	50,459
2005	14.788	15,524	15,280	15,402	30,713	30,450	30,582	45,984	25.287	45,984
2006	13.399	14,579	14,205	14,392	28,856	28,464	28,660	43,052	22.912	43,052

Notes: (2) = (15) / [(22) / 1,000,000]
(3) = (27) / (15)
(4) = (31) / (15)
(5) = (33) / (15)

(6) = (39) / (15)
(7) = (43) / (15)
(8) = (45) / (15)
(9) = (5) + (8)

(10) = (15) / [(19) x (20a) x (21) x 0.5848] / 1,000,000] for 2000-2002 and
= (15) / [(22) x 0.5848] / 1,000,000] for 2005-2006,
where 0.5848 is the 1/1/16 approved FL PLR
(11) = [((21) x (34a)) x (32) / (15)] + [((21) x (46a)) x (44) / (15)] for 2000-2002 and
= (9) for 2005-2006

Claim Counts

(12)	(13)	(14)	(15)
Policy Year	Incurred Lost-Time Claim Count	Ultimate Development Factor	Ultimate Incurred Lost-Time Claim Count
2000	30,620	1.000	30,620
2001	29,575	1.000	29,575
2002	29,684	1.000	29,684
2005	29,264	1.000	29,264
2006	28,867	1.000	28,867

Notes: (15) = (13) x (14)

Premium

(16)	(17)	(18)	(19)	(20)	(21)	(22)	(20a)
Policy Year	DSR Level Premium	Ultimate Development Factor	Ultimate Premium	On-level Factor	Factor to Adjust to 2013 Wage Levels	Wage-Adj On-level Ult. Prem	Adjusted On-level Factor
2000	2,244,931,941	1.000	2,244,931,941	0.461	1.422	1,472,675,353	0.471
2001	2,423,087,071	1.000	2,423,087,071	0.460	1.381	1,538,660,290	0.470
2002	2,654,727,503	1.000	2,654,727,503	0.452	1.342	1,611,419,594	0.461
2005	3,490,133,370	1.000	3,490,133,370	0.481	1.178	1,978,905,621	
2006	3,360,971,955	1.000	3,360,971,955	0.566	1.132	2,154,383,023	

(19) = (17) x (18)
(22) = (19) x [(20) x (21)]

(20a) = (20) x Impact of attorney fee component of SB 50A pricing

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Florida – Frequency and Severity Supporting Information
Unlimited–Voluntary Business Only–Private Carrier + Self Insured–Policy Year

Unlimited Indemnity Losses

(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)	(33)	(34)	(34a)
	Paid				Paid + Case				Average Pd/P+C			
Policy Year	Losses	Ultimate Development Factor	Ultimate Losses	Wage-Adj On-level Ult. Losses	Losses	Ultimate Development Factor	Ultimate Losses	Wage-Adj On-level Ult. Losses	Ultimate Losses	Wage-Adj On-level Ult. Losses	Loss On-level Factor	Adjusted Loss On-level Factor
2000	499,669,324	1.048	523,653,452	591,204,747	512,374,079	1.019	522,109,187	589,461,272	522,881,320	590,333,010	0.794	0.811
2001	480,035,430	1.054	505,957,343	555,035,205	491,871,940	1.021	502,201,251	550,914,772	504,079,297	552,974,989	0.794	0.811
2002	470,359,022	1.061	499,050,922	532,986,385	485,123,213	1.024	496,766,170	530,546,270	497,908,546	531,766,327	0.796	0.813
2005	353,150,024	1.092	385,639,826	454,283,715	365,334,881	1.039	379,582,941	447,148,704	382,611,384	450,716,210	1.000	
2006	336,761,525	1.104	371,784,724	420,860,308	346,651,839	1.045	362,251,172	410,068,327	367,017,948	415,464,317	1.000	

Notes: (26) = (24) x (25)
(27) = (26) x [(34) x (21)]
(30) = (28) x (29)
(31) = (30) x [(34) x (21)]
(32) = [0.50 x (26)] + [0.50 x (30)]
(33) = (32) x [(34) x (21)]
(34a) = (34) x Impact of attorney fee component of SB 50A pricing

Unlimited Medical Losses

(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(46a)
	Paid				Paid + Case				Average Pd/P+C			
Policy Year	Losses	Ultimate Development Factor	Ultimate Losses	Wage-Adj On-level Ult. Losses	Losses	Ultimate Development Factor	Ultimate Losses	Wage-Adj On-level Ult. Losses	Ultimate Losses	Wage-Adj On-level Ult. Losses	Loss On-level Factor	Adjusted Loss On-level Factor
2000	609,935,946	1.097	669,099,733	920,681,233	629,016,497	1.063	668,644,536	920,054,882	668,872,135	920,368,058	0.968	0.988
2001	619,611,756	1.105	684,670,990	907,873,733	640,403,971	1.073	687,153,461	911,165,489	685,912,226	909,519,612	0.960	0.980
2002	656,292,225	1.113	730,453,246	927,675,622	688,795,646	1.075	740,455,319	940,378,255	735,454,283	934,026,939	0.946	0.967
2005	687,969,220	1.140	784,284,911	898,790,508	714,021,833	1.089	777,569,776	891,094,963	780,927,344	894,942,736	0.973	
2006	657,368,382	1.153	757,945,744	832,982,373	680,292,914	1.099	747,641,912	821,658,461	752,793,828	827,320,417	0.971	

Notes: (38) = (36) x (37)
(39) = (38) x [(46) x (21)]
(42) = (40) x (41)
(43) = (42) x [(46) x (21)]
(44) = [0.50 x (38)] + [0.50 x (42)]
(45) = (44) x [(46) x (21)]
(46a) = (46) x Impact of attorney fee component of SB 50A pricing

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Florida
Calculation of Regional Pure Loss Costs

Policy Year	AL	GA	LA	MS	NC	SC	TN	Southeastern* States' Avg. Pure Loss Cost	Gulf* States' Average Pure Loss Cost	FL
2000	1.56	1.23	1.59	1.44	1.02	1.23	1.36	1.26	1.56	1.75
2001	1.70	1.20	1.57	1.79	1.06	1.40	1.30	1.29	1.64	1.62
2002	1.60	1.19	1.40	1.36	1.08	1.43	1.27	1.25	1.44	1.56
2004	1.22	1.17	1.35	1.30	1.12	1.34	1.32	1.22	1.30	1.28
2005	1.18	1.17	1.29	1.21	1.07	1.25	1.24	1.18	1.24	1.16
2006	1.34	1.05	1.03	1.21	1.02	1.23	1.29	1.11	1.14	0.99
2007	1.19	1.13	1.04	1.12	1.06	1.19	1.29	1.13	1.09	1.01
2008	1.06	1.12	1.08	1.10	1.02	1.14	1.19	1.09	1.08	1.01
2009	1.07	1.07	1.03	1.16	1.02	1.24	1.25	1.10	1.07	1.03
2010	1.17	1.03	1.13	1.19	1.03	1.11	1.21	1.09	1.15	1.07
2011	1.07	1.07	0.98	0.96	1.01	1.13	1.05	1.04	0.99	1.05
2012	0.99	1.00	1.01	1.02	0.95	1.09	1.07	1.01	1.01	1.00
2013	0.94	1.07	0.95	1.00	0.90	1.13	1.04	1.00	0.96	0.96

Weights: On-level, wage-adjusted, ultimate pure premium by State ($)

Policy Year	AL	GA	LA	MS	NC	SC	TN
2000	146,366,408	529,667,773	323,399,819	115,004,008	734,740,947	288,710,739	299,172,309
2001	129,780,844	524,458,274	300,910,874	93,427,264	702,759,345	287,518,230	301,779,488
2002	118,194,822	583,396,713	283,195,269	113,595,456	741,186,242	320,981,142	332,814,793
2004	131,487,955	695,340,833	275,716,821	115,418,276	823,118,060	358,819,605	375,028,682
2005	138,785,171	738,471,723	287,397,365	127,148,988	850,363,838	383,259,317	398,253,143
2006	146,663,010	756,159,535	371,223,448	143,942,799	889,668,570	398,280,519	409,785,236
2007	156,028,374	745,247,253	408,495,952	170,026,565	937,779,413	391,978,575	413,010,495
2008	155,994,903	695,227,174	412,928,531	167,096,016	858,785,274	352,067,756	390,523,074
2009	156,523,000	653,577,800	393,087,932	166,271,446	788,441,345	319,483,083	369,891,962
2010	170,057,967	647,451,565	420,599,441	176,538,892	788,814,357	332,829,849	375,038,473
2011	161,295,847	643,344,423	411,122,954	179,280,213	803,522,990	323,789,013	382,839,469
2012	158,445,403	638,034,801	413,345,831	176,776,166	799,607,134	332,695,856	381,857,225
2013	160,342,202	649,511,701	408,807,840	177,554,779	813,717,807	334,832,329	394,417,564

* Southeastern States Region: AL. GA, LA, MS, NC, SC, and TN
Gulf States Region: AL, LA, and MS

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Additional Detail Underlying Exhibit II-A , Columns (1) and (4), of Florida 8/1/2016 Law-Only Filing

Accident Year	(1) Florida Indemnity Incurred Claim Costs with Attorneys[1]	(2) Florida Incurred Medical Claim Costs with Attorneys[1]	(3) Lost-Time Claims with Attorneys[1]	(4) Indemnity Incurred Average Claim Costs with Attorneys = (1) / (3)	(5) Medical Incurred Average Claim Costs with Attorneys = (2) / (3)
2000	227,786,735	223,233,703	6,251.57	36,437	35,708
2001	245,149,109	246,401,101	6,335.65	38,694	38,891
2002	241,934,590	247,408,366	7,430.08	32,562	33,298
2005	188,570,924	258,401,538	7,724.71	24,411	33,451
2006	183,128,102	252,547,112	7,766.38	23,580	32,518

Additional Detail Underlying Exhibit II-B , Columns (1) and (4), of the Florida 8/1/2016 Law-Only Filing

Accident Year	(6) Florida Indemnity Incurred Claim Costs with Attorneys[1,2]	(7) Florida Incurred Medical Claim Costs with Attorneys[1,2]	(8) Lost-Time Claims with Attorneys[1,2]	(9) Indemnity Incurred Average Claim Costs with Attorneys = (6) / (8)	(10) Medical Incurred Average Claim Costs with Attorneys = (7) / (8)
2000	189,174,458	174,910,292	6,087.94	31,074	28,731
2001	189,743,437	182,629,636	6,162.93	30,788	29,634
2002	214,265,457	204,219,485	7,336.14	29,207	27,837
2005	152,092,317	190,285,512	7,608.04	19,991	25,011
2006	149,342,995	190,545,245	7,649.72	19,523	24,909

[1] Source of attorney claims: NCCI Detailed Claim Information (DCI). Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI DCI data. The loss amounts and claim counts were adjusted using the DCI sampling weights.

[2] Excludes Top 1% of Claims Based on Reported Total Incurred.

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Factors Adjusting Florida Losses to Present Benefit Level - Calendar-Accident Year 2006

Indemnity

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)
Both	9/4/2005	1.000	1.000	0.875	0.875			
Both	11/16/2006	1.000	1.000	0.125	0.125			
Both	10/1/2007	1.000	1.000	0.000	0.000			
Both	10/18/2007	1.000	1.000	0.000	0.000			
Both	10/23/2008	1.064	1.064	0.000	0.000			
Both	2/4/2009	1.000	1.064	0.000	0.000			
Both	7/1/2009	0.940	1.000	0.000	0.000			
Both	7/1/2013	1.000	1.000	0.000	0.000			
Both	1/1/2015	1.000	1.000	0.000	0.000			
					1.000	1.000	1.000	1.000

Medical

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	9/4/2005	1.003	1.000	0.875	0.875			
Both	11/16/2006	0.998	0.998	0.125	0.125			
Both	10/1/2007	0.995	0.993	0.000	0.000			
Both	10/18/2007	0.996	0.989	0.000	0.000			
Both	10/23/2008	1.064	1.052	0.000	0.000			
Both	2/4/2009	1.002	1.054	0.000	0.000			
Both	7/1/2009	0.940	0.991	0.000	0.000			
Both	7/1/2013	0.990	0.981	0.000	0.000			
Both	1/1/2015	0.989	0.970	0.000	0.000			
					1.000	0.970	1.000	0.970

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Factors Adjusting Florida Losses to Present Benefit Level - Calendar-Accident Year 2005

Indemnity

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)
Both	7/4/2004	1.000	1.000	0.356	0.356			
Both	5/9/2005	1.000	1.000	0.319	0.319			
Both	9/4/2005	1.000	1.000	0.325	0.325			
Both	11/16/2006	1.000	1.000	0.000	0.000			
Both	10/1/2007	1.000	1.000	0.000	0.000			
Both	10/18/2007	1.000	1.000	0.000	0.000			
Both	10/23/2008	1.064	1.064	0.000	0.000			
Both	2/4/2009	1.000	1.064	0.000	0.000			
Both	7/1/2009	0.940	1.000	0.000	0.000			
Both	7/1/2013	1.000	1.000	0.000	0.000			
Both	1/1/2015	1.000	1.000	0.000	0.000			
					1.000	1.000	1.000	1.000

Medical

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	7/4/2004	1.005	1.000	0.356	0.356			
Both	5/9/2005	1.017	1.017	0.319	0.324			
Both	9/4/2005	1.003	1.020	0.325	0.332			
Both	11/16/2006	0.998	1.018	0.000	0.000			
Both	10/1/2007	0.995	1.013	0.000	0.000			
Both	10/18/2007	0.996	1.009	0.000	0.000			
Both	10/23/2008	1.064	1.074	0.000	0.000			
Both	2/4/2009	1.002	1.076	0.000	0.000			
Both	7/1/2009	0.940	1.011	0.000	0.000			
Both	7/1/2013	0.990	1.001	0.000	0.000			
Both	1/1/2015	0.989	0.990	0.000	0.000			
					1.012	0.978	1.000	0.978

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Factors Adjusting Florida Losses to Present Benefit Level - Calendar-Accident Year 2002

Indemnity

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)
Both	9/30/2001	1.000	1.000	0.517	0.517			
Both	7/7/2002	1.000	1.000	0.483	0.483			
Both	10/1/2003	0.811	0.811	0.000	0.000			
Both	12/4/2003	1.000	0.811	0.000	0.000			
Both	1/1/2004	1.000	0.811	0.000	0.000			
Both	7/4/2004	1.000	0.811	0.000	0.000			
Both	5/9/2005	1.000	0.811	0.000	0.000			
Both	9/4/2005	1.000	0.811	0.000	0.000			
Both	11/16/2006	1.000	0.811	0.000	0.000			
Both	10/1/2007	1.000	0.811	0.000	0.000			
Both	10/18/2007	1.000	0.811	0.000	0.000			
Both	10/23/2008	1.064	0.863	0.000	0.000			
Both	2/4/2009	1.000	0.863	0.000	0.000			
Both	7/1/2009	0.940	0.811	0.000	0.000			
Both	7/1/2013	1.000	0.811	0.000	0.000			
Both	1/1/2015	1.000	0.811	0.000	0.000			
					1.000	0.811	1.000	0.811

Medical

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	9/30/2001	1.012	1.000	0.517	0.517			
Both	7/7/2002	1.015	1.015	0.483	0.490			
Both	10/1/2003	0.925	0.939	0.000	0.000			
Both	12/4/2003	1.007	0.946	0.000	0.000			
Both	1/1/2004	1.038	0.982	0.000	0.000			
Both	7/4/2004	1.005	0.987	0.000	0.000			
Both	5/9/2005	1.017	1.004	0.000	0.000			
Both	9/4/2005	1.003	1.007	0.000	0.000			
Both	11/16/2006	0.998	1.005	0.000	0.000			
Both	10/1/2007	0.995	1.000	0.000	0.000			
Both	10/18/2007	0.996	0.996	0.000	0.000			
Both	10/23/2008	1.064	1.060	0.000	0.000			
Both	2/4/2009	1.002	1.062	0.000	0.000			
Both	7/1/2009	0.940	0.998	0.000	0.000			
Both	7/1/2013	0.990	0.988	0.000	0.000			
Both	1/1/2015	0.989	0.977	0.000	0.000			
					1.007	0.970	1.000	0.970

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Factors Adjusting Florida Losses to Present Benefit Level - Calendar-Accident Year 2001

Indemnity

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	1/1/1998	1.015	1.000	0.747	0.747			
Both	9/30/2001	1.000	1.000	0.253	0.253			
Both	7/7/2002	1.000	1.000	0.000	0.000			
Both	10/1/2003	0.811	0.811	0.000	0.000			
Both	12/4/2003	1.000	0.811	0.000	0.000			
Both	1/1/2004	1.000	0.811	0.000	0.000			
Both	7/4/2004	1.000	0.811	0.000	0.000			
Both	5/9/2005	1.000	0.811	0.000	0.000			
Both	9/4/2005	1.000	0.811	0.000	0.000			
Both	11/16/2006	1.000	0.811	0.000	0.000			
Both	10/1/2007	1.000	0.811	0.000	0.000			
Both	10/18/2007	1.000	0.811	0.000	0.000			
Both	10/23/2008	1.064	0.863	0.000	0.000			
Both	2/4/2009	1.000	0.863	0.000	0.000			
Both	7/1/2009	0.940	0.811	0.000	0.000			
Both	7/1/2013	1.000	0.811	0.000	0.000			
Both	1/1/2015	1.000	0.811	0.000	0.000			
					1.000	0.811	1.000	0.811

Medical

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	1/1/1998	1.015	1.000	0.747	0.747			
Both	9/30/2001	1.012	1.012	0.253	0.256			
Both	7/7/2002	1.015	1.027	0.000	0.000			
Both	10/1/2003	0.925	0.950	0.000	0.000			
Both	12/4/2003	1.007	0.957	0.000	0.000			
Both	1/1/2004	1.038	0.993	0.000	0.000			
Both	7/4/2004	1.005	0.998	0.000	0.000			
Both	5/9/2005	1.017	1.015	0.000	0.000			
Both	9/4/2005	1.003	1.018	0.000	0.000			
Both	11/16/2006	0.998	1.016	0.000	0.000			
Both	10/1/2007	0.995	1.011	0.000	0.000			
Both	10/18/2007	0.996	1.007	0.000	0.000			
Both	10/23/2008	1.064	1.071	0.000	0.000			
Both	2/4/2009	1.002	1.073	0.000	0.000			
Both	7/1/2009	0.940	1.009	0.000	0.000			
Both	7/1/2013	0.990	0.999	0.000	0.000			
Both	1/1/2015	0.989	0.988	0.000	0.000			
					1.003	0.985	1.000	0.965

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Factors Adjusting Florida Losses to Present Benefit Level - Calendar-Accident Year 2000

Indemnity

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	1/1/1998	1.015	1.000	1.000	1.000			
Both	9/30/2001	1.000	1.000	0.000	0.000			
Both	7/7/2002	1.000	1.000	0.000	0.000			
Both	10/1/2003	0.811	0.811	0.000	0.000			
Both	12/4/2003	1.000	0.811	0.000	0.000			
Both	1/1/2004	1.000	0.811	0.000	0.000			
Both	7/4/2004	1.000	0.811	0.000	0.000			
Both	5/9/2005	1.000	0.811	0.000	0.000			
Both	9/4/2005	1.000	0.811	0.000	0.000			
Both	11/16/2006	1.000	0.811	0.000	0.000			
Both	10/1/2007	1.000	0.811	0.000	0.000			
Both	10/18/2007	1.000	0.811	0.000	0.000			
Both	10/23/2008	1.064	0.863	0.000	0.000			
Both	2/4/2009	1.000	0.863	0.000	0.000			
Both	7/1/2009	0.940	0.811	0.000	0.000			
Both	7/1/2013	1.000	0.811	0.000	0.000			
Both	1/1/2015	1.000	0.811	0.000	0.000			
					1.000	0.811	1.000	0.811

Medical

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Change Type	Effective Date	Benefit Level Change	Cumulative Index	Weight	Product (4)x(5)	Present Index to Average Index	Flat Factor	On-level Factor Product (7)x(8)x(9)
Both	1/1/1998	1.015	1.000	1.000	1.000			
Both	9/30/2001	1.012	1.012	0.000	0.000			
Both	7/7/2002	1.015	1.027	0.000	0.000			
Both	10/1/2003	0.925	0.950	0.000	0.000			
Both	12/4/2003	1.007	0.957	0.000	0.000			
Both	1/1/2004	1.038	0.993	0.000	0.000			
Both	7/4/2004	1.005	0.998	0.000	0.000			
Both	5/9/2005	1.017	1.015	0.000	0.000			
Both	9/4/2005	1.003	1.018	0.000	0.000			
Both	11/16/2006	0.998	1.016	0.000	0.000			
Both	10/1/2007	0.995	1.011	0.000	0.000			
Both	10/18/2007	0.996	1.007	0.000	0.000			
Both	10/23/2008	1.064	1.071	0.000	0.000			
Both	2/4/2009	1.002	1.073	0.000	0.000			
Both	7/1/2009	0.940	1.009	0.000	0.000			
Both	7/1/2013	0.990	0.999	0.000	0.000			
Both	1/1/2015	0.989	0.988	0.000	0.000			
					1.000	0.988	1.000	0.988

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Derivation of Percentage of Benefit Costs with Attorney Representation in Exhibit II-A of Florida 8/1/2016 Law Only Filing

Accident Year	(1) Florida Incurred Lost-Time Claim Costs with Attorneys[1]	(2) Florida Incurred Lost-Time Claim Costs without Attorneys[1]	(3) % of Lost-Time Claim Costs with Attorneys = (1) / [(1)+(2)]
2005	446,972,462	493,272,152	47.5%
2006	435,675,214	476,148,856	47.8%
Total	882,647,676	969,421,008	47.7%

ASB Edition	Policy Year	(4) Medical-Only Claim Costs as a % of Total Costs[2]
2013	2005	8.4%
2014	2006	8.8%
	Average	8.6%

Benefit costs with claimant attorney representation as a % of total benefit costs
= (3) x [1.0 - (4)] = 43.6%

Derivation of Percentage of Benefit Costs with Attorney Representation in Exhibit II-B of Florida 8/1/2016 Law Only Filing

Accident Year	(5) Florida Incurred Lost-Time Claim Costs with Attorneys[1,3]	(6) Florida Incurred Lost-Time Claim Costs without Attorneys[1,3]	(7) % of Lost-Time Claim Costs with Attorneys = (5) / [(5)+(6)]
2005	342,377,829	395,770,423	46.4%
2006	339,888,240	406,762,915	45.5%
Total	682,266,069	802,533,338	46.0%

Benefit costs with claimant attorney representation as a % of total benefit costs[3]
= (7) x [1.0 - (4)] = 42.0%

[1] Source of attorney / non-attorney claims: NCCI Detailed Claim Information.
Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Exhibit X of NCCI Annual Statistical Bulletin (ASB)

[3] Excludes Top 1% of Claims Based on Reported Total Incurred.

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Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims without Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	6,513	0.811	5,282
2001	6,643	0.811	5,387
2002	8,952	0.811	7,260
2005	9,666	1.000	9,666
2006	6,334	1.000	6,334

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	7,869	0.988	7,775	1.460	19,063
2001	8,562	0.985	8,434	1.414	19,543
2002	10,777	0.970	10,454	1.379	24,428
2005	11,899	0.978	11,637	1.216	25,904
2006	13,356	0.970	12,955	1.161	22,395

(9)	Pre-Senate Bill 50A Average Benefit Costs for Non-Attorney Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	21,011
	(b) Average of Column (8) for Accident Years 2001 to 2002	21,986
(10)	Post-Senate Bill 50A Average Benefit Costs for Non-Attorney Claims	
	Average of Column (8) for Accident Years 2005 to 2006	24,150
(11)	Change in Average Benefit Costs on Non-Attorney Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	+14.9%
	(ii) = (10) / (9b) - 1.0	+9.8%

[1] Source of non-attorney claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

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Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims without Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	5,939	0.811	4,817
2001	6,309	0.811	5,117
2002	8,341	0.811	6,765
2005	6,521	1.000	6,521
2006	5,734	1.000	5,734

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	7,392	0.988	7,303	1.460	17,695
2001	8,416	0.985	8,290	1.414	18,957
2002	10,419	0.970	10,106	1.379	23,265
2005	10,965	0.978	10,724	1.216	20,970
2006	11,139	0.970	10,805	1.161	19,202

(9)	Pre-Senate Bill 50A Average Benefit Costs for Non-Attorney Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	19,972
	(b) Average of Column (8) for Accident Years 2001 to 2002	21,111
(10)	Post-Senate Bill 50A Average Benefit Costs for Non-Attorney Claims	
	Average of Column (8) for Accident Years 2005 to 2006	20,086
(11)	Change in Average Benefit Costs on Non-Attorney Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	+0.6%
	(ii) = (10) / (9b) - 1.0	-4.9%

[1] Source of non-attorney claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

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Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	36,437	0.811	29,550
2001	38,694	0.811	31,381
2002	32,562	0.811	26,408
2004	20,831	1.000	20,831
2005	24,411	1.000	24,411
2006	23,580	1.000	23,580
2007	24,287	1.000	24,287
2008	28,168	0.988	27,830

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	35,708	0.988	35,280	1.460	94,652
2001	38,891	0.985	38,308	1.414	98,540
2002	33,298	0.970	32,299	1.379	80,957
2004	27,772	0.993	27,578	1.275	61,721
2005	33,451	0.978	32,715	1.216	69,465
2006	32,518	0.970	31,542	1.161	63,997
2007	36,867	0.974	35,908	1.127	67,840
2008	40,691	0.969	39,430	1.108	74,524

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

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Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	31,074	0.811	25,201
2001	30,788	0.811	24,969
2002	29,207	0.811	23,687
2004	18,270	1.000	18,270
2005	19,991	1.000	19,991
2006	19,523	1.000	19,523
2007	20,588	1.000	20,588
2008	23,259	0.988	22,980

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	28,731	0.988	28,386	1.460	78,237
2001	29,634	0.985	29,189	1.414	76,579
2002	27,837	0.970	27,002	1.379	69,900
2004	22,916	0.993	22,756	1.275	52,308
2005	25,011	0.978	24,461	1.216	54,054
2006	24,909	0.970	24,162	1.161	50,718
2007	24,931	0.974	24,283	1.127	50,570
2008	28,210	0.969	27,336	1.108	55,750

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

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NCCI estimates that the update to the Florida Workers' Compensation Health Care Provider Reimbursement Manual (FWCRM) to the 2014 Medicare level, effective July 1, 2016, will result in an overall Florida workers compensation system cost impact of +1.8%.

Summary of Changes

Senate Bill (SB) 1402 ratifies the Florida Division of Workers' Compensation (FL DWC) updates to the FWCRM for professional health care providers, effective July 1, 2016.

The prior FWCRM, which became effective 2/4/2009, is based on 2008 Medicare Conversion Factor and Resource Based Relative Value Scale (RBRVS) geographic-specific reimbursement levels. The revised FWCRM is based on 2014 Medicare Conversion Factor and RBRVS geographic-specific reimbursement levels. Note that the MRAs in the prior and revised FWCRMs are limited to no less than the MRAs published in the 2003 FWCRM.

The changes impact reimbursements for physician services as well as Category 1 hospital outpatient services (as described below).

Below is a summary of the 3 sections of the FWCRM:

- Schedule A: Contains MRAs for all anesthesia services, dental and certain injection services, services performed outside of the state of Florida, and services performed by workers compensation certified providers not specifically addressed in the FWCRM.

- Schedule B: Contains MRAs for surgical procedures performed by physicians. In addition, maximum reimbursement levels for surgical procedures performed by physician assistants and advanced registered nurse practitioners are based on the MRAs listed in Schedule B.

- Schedule C: Contains MRAs for non-surgical procedures (excluding anesthesia) performed by physicians, physical and occupational therapists, audiologists, psychologists, independent clinical laboratories, and freestanding imaging/x-ray centers. Maximum reimbursement levels for non-surgical procedures performed by physician assistants, advanced registered nurse practitioners, dietitians, nutritionists, nutrition counselors and clinical social workers are based on the MRAs listed in Schedule C.

Hospital outpatient services in Florida were previously reimbursed under the 2014 Florida Workers' Compensation Hospital Reimbursement Manual. This manual contains 3 categories of reimbursement:

- Category 1: All scheduled, non-emergency clinical laboratory and radiology services shall be reimbursed by the schedule of MRAs listed in the FWCRM. In addition, any outpatient physical, occupational, and speech therapy is reimbursable based on the listed MRA in the FWCRM.

- Category 2 and Category 3: Non-scheduled surgical services will be reimbursed at the base rate from Florida Workers' Compensation Reimbursement Manual for

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Hospitals, Appendix B, multiplied by the geographic modifier listed for the county of the location of service from Appendix A. Similarly, scheduled surgical services will be reimbursed at the base rate from Appendix C, multiplied by the geographic modifier from Appendix A. Procedures with no specified MRA will continue to be reimbursed in accordance with the prior methodology (60% of UCC for Category 2 procedures and 75% of UCC for Category 3 procedures).

- Surgical implants utilized during unscheduled surgeries shall be reimbursed at 75% of UCC. Surgical implants utilized during scheduled surgeries shall be reimbursed at 60% of UCC.

Actuarial Analysis

NCCI's methodology to evaluate the impact of medical fee schedule changes includes three major steps:

1. Calculate the percentage change in maximum reimbursements
    a. Compare the prior and revised maximum reimbursements by procedure code and determine the percentage change by procedure code
    b. Calculate the weighted average percentage change in maximum reimbursements for the fee schedule using observed payments by procedure code as weights

2. Estimate the price level change as a result of the revised fee schedule
    a. NCCI research by Frank Schmid and Nathan Lord (2013), "The Impact of Physician Fee Schedule Changes in Workers Compensation: Evidence From 31 States", suggests that a portion of a change in maximum reimbursements is realized on payments impacted by the change.
    b. In response to a fee schedule decrease, NCCI research indicates that payments decline by approximately 50% of the fee schedule change.
        i. The assumption for the percent realized for fee schedule decreases is 50%.
    c. In response to a fee schedule increase, NCCI research indicates that payments increase by approximately 80% of the fee schedule change and the magnitude of the response depends on the relative difference between actual payments and fee schedule maximums (i.e. the price departure).
        i. The formula used to determine the percent realized for fee schedule increases is 80% x (1.10 + 1.20 x (price departure)).

3. Determine the share of costs that are subject to the fee schedule
    a. The share is based on a combination of fields, such as procedure code, provider type, and place of service, as reported on the FL DWC detailed medical data, to categorize payments that are subject to the fee schedule.

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In this analysis, NCCI relies primarily on two data sources:

- Based on detailed medical data provided by the FL DWC with dates of service between January 1, 2014 and December 31, 2014.

- The share of benefit costs attributed to medical benefits is based on NCCI's Financial Call data for Florida from the latest two policy years projected to July 1, 2016.

In some components of the analysis NCCI may rely on other data sources, which are referenced where applicable.

Physician Services

In Florida, payments for physician services represent 29.4% of total medical payments. To calculate the percent change in maximums for physician services, we calculate the percentage change in maximums for each procedure code. The overall change in maximums for physician services is a weighted-average of the percentage change in MRA (revised MRA / prior MRA) by procedure code weighted by the observed payments by procedure code as reported in detailed medical data provided by FL DWC for Service Year 2014. The MRAs by medical procedure depend on the geographic locality and place of service where the procedure is performed. The place of service is split into two distinct categories:

1. Facility—Inpatient Hospital, Outpatient Hospital Department, Hospital Emergency Room, and Skilled Nursing Facility
2. Non-Facility—Home, Adult Home, Office, Partial Hospital, Intermediate Care Facility, and Outpatient Clinic Other than Outpatient Hospital

The prior facility and non-facility MRAs are based on the FWCRM, which became effective 2/4/2009.

The revised facility and non-facility MRAs were calculated using the following formulas:

MRA, Surgical Services =
[(Work RVU x Work GPCI) + (Transitioned PE RVU x PE GPCI) + (MP RVU x MP GPCI)] x Medicare Conversion Factor x 140%

MRA, Non-Surgical Services =
[(Work RVU x Work GPCI) + (Transitioned PE RVU x PE GPCI) + (MP RVU x MP GPCI)] x Medicare Conversion Factor x 110%

Where:
RVU = Medicare's Relative Value Unit for Physicians
GPCI = Medicare's Geographic Practice Cost Index
PE = Practice Expense
MP = Medical Malpractice Insurance
2014 Medicare CF = $35.8228

GPCI's measure the resource cost differences by geographic area in the three components of the fee schedule—physician work, practice expenses (PE) (such as employee wages, rents,

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and medical equipment and supplies) and malpractice insurance (MP). Medicare specifies three GPCI localities for Florida. Locality 03 represents the greater Ft. Lauderdale area (including West Palm Beach), locality 04 represents the greater Miami area, and locality 99 represents the rest of Florida. (Note the FWCRM uses the label “01/02” instead of “99” for the “rest of Florida” locality).

For purposes of estimating the impact, an average MRA is calculated for each medical procedure using the following geographic weights:

Locality 01/02:	60%
Locality 03:	25%
Locality 04:	15%

The facility and non-facility maximums for each procedure are the weighted-average of the maximum reimbursement for each locality (after limiting the reimbursement to be no less than the 2003 MRA).

The overall weighted-average percent change in MRAs is +10.7%. The impact by category is shown in the table below.

Physician Service Category	Distribution of Payments	Percent Change In MRAs
Anesthesia	2.7%	0.0%*
Surgery	16.7%	+5.2%
Radiology	12.0%	-0.9%
Pathology & Laboratory	4.0%	0.0%
Medicine	25.2%	+18.9%
Evaluation & Management	27.9%	+18.4%
Other Healthcare Common Procedure Coding	0.1%	+20.3%
Payments with no Specific MRA	11.4%	0.0%
Overall Physician Payments	**100.0%**	**+10.7%**

*Changes to Anesthesia are not included in this pricing

Since the overall average maximum reimbursement for physicians increased, the percent expected to be realized from the fee schedule increase is estimated according to the formula 80% x (1.10 + 1.20 x (price departure)). The observed price departure for physician payments in Florida is -9%, which implies that the ratio of actual payments to the prior fee schedule maximums is 0.91. The percent realized is estimated to be 79% (= 80% x (1.10 + 1.20 x (-0.09))). The impact on physician payments due to the physician fee schedule change is +8.5% (= +10.7% x 0.79).

The above impact of +8.5% is then multiplied by the Florida percentage of medical costs attributed to physician payments (29.4%) to arrive at the impact on medical costs of +2.5%. The resulting impact on medical costs is then multiplied by the percentage of Florida benefit costs attributed to medical benefits (69.7%) to arrive at the impact on Florida overall workers compensation costs of +1.7%.

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Hospital Outpatient Services

The changes to the FWCRM also impact Category 1 hospital outpatient services. In Florida, payments for Category 1 hospital outpatient services represent 4.0% of total hospital outpatient payments. To calculate the percentage change in maximums for hospital outpatient services, we calculate the percentage change in maximums for each procedure code. The overall change in maximums for hospital outpatient services is a weighted-average of the percentage change in MRA (revised MRA / prior MRA) by procedure code weighted by the observed payments by procedure code as reported in detailed medical data provided by FL DWC for Service Year 2014. The overall weighted-average percentage change in MRAs is +12.4% on Category 1 hospital outpatient payments.

The above impact of +12.4% is then multiplied by the ratio of category 1 hospital outpatient payments to total hospital outpatient payments in Florida (4.0%) to arrive at the impact on hospital outpatient costs of +0.5%. NCCI estimates the percent realized from the fee schedule increase to be 88%. The impact on hospital outpatient payments due to the fee schedule change is +0.4% (= +0.5% x 0.88).

The resulting impact of +0.4% is then multiplied by the Florida percentage of medical costs attributed to hospital outpatient payments (19.4%) to arrive at the impact on medical costs of +0.1%. The resulting impact on medical costs is then multiplied by the percentage of Florida benefit costs attributed to medical benefits (69.7%) to arrive at the impact on Florida overall workers compensation costs of +0.1%.

The impacts due to the enacted changes to the FWCRM for professional health care providers are summarized in the following table:

	(A) **Impact on Type of Service**	**(B)** **Share of Medical Costs**	**(C)** **Impact On Medical Costs** **(A) x (B)**
Physician	+8.5%	29.4%	+2.5%
Hospital Outpatient	+0.4%	19.4%	+0.1%
(1) Impact on Florida Medical Costs			**+2.6%**
(2) Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs in Florida			69.7%
(3) Impact on Overall Workers Compensation System Costs in Florida = (1) x (2)			**+1.8%**

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Filing Details

Work Unit Number:	W16-1550342
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	6/17/2016 02:15:39 PM
Date Submitted:	6/17/2016 02:16:31 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Previous Correspondence	0		Response to Interrogatory

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

June 24, 2016

Ms. Cyndi Cooper, ACAS, MAAA
Actuary
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0330

Re: **National Council on Compensation Insurance, Inc.**
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500

Dear Ms. Cooper:

Please find enclosed responses to your letter of June 14, 2016 in connection with the above-referenced filing.

If you have any questions or need further information, please feel free to contact me.

Respectfully submitted,

Chris Bailey
State Relations Executive

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

FLORIDA
WORKERS COMPENSATION FILING – AUGUST 1, 2016

Responses to Requests From the Office of Insurance Regulation Dated June 14, 2016

Request 1: Similar to the annual rate filing, provide a listing of current versus proposed items identifying each item that has changed on the manual pages (Pages S1-S7, RR1-RR2) since the 1/1/2016 rate filing.

Response 1: The following were updated in connection with the pending Florida rate filing:

- Rates and minimum premiums for the industrial, federal, and maritime classification codes
- Disease loadings and FELA footnotes
- Premium reduction percentages
- Expense-adjusted USL&HW% due to the change in the benefit-only USL&HW factor
- State Hazard Group Differentials
- Excess Loss Factors
- Excess Loss and Allocated Expense Factors
- Retrospective Development Factors

Request 2: Provide the underlying data & calculations used to derive the +3.1% f-class overall impact & the indemnity & medical impacts of +2.7% & +3.3%, respectively.

Response 2: The proposed f-class impacts were calculated by weighting the benefit changes by parts with the distribution of state and federal losses. The state benefit changes were weighted with a complement of 1.000. The state and federal weights are derived in Appendix B-IV, Section B, Part 1 of the Florida 1/1/2016 rate filing's technical supplement. The calculation of proposed f-class impacts is as follows:

(a) State Weight	0.182
(b) Federal Weight	0.818

	Indemnity	Medical	Total
(c) Med Fee Change (FWCRM)	1.000	1.026	1.018
(d) *Castellanos* Decision	1.150	1.150	1.150
(e) Total Benefit Impact = (c) x (d)	1.150	1.180	1.171
(f) Weighted Proposed Impact = [(a) x (e)] + [(b) x 1.000]	1.027	1.033	1.031

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Request 3: Provide the final indemnity & medical underlying pure premiums by class code from the 1/1/2016 filing in Excel.

Response 3: Please see the accompanying file titled "OIR-3.xlsx" for the requested information.

Request 4: Explain why the expense provisions were not modified from the 1/1/2016 rate filing.

Response 4: Please see the filing section titled "Claimant Attorney Fees and Loss Adjustment Expenses" for a discussion of the expense provisions considered for possible modification.

Request 5: Provide the detailed underlying calculations for the Maritime class rates.

Response 5: Please see the attached exhibit titled "OIR-5" for details supporting the calculation of the proposed maritime and FELA rates.

Updated Program 2, Option 1 Maritime and FELA source codes were calculated by applying the weighted impact of the benefits to the indemnity and medical underlying pure premiums. A test correction factor of 0.9976 was applied separately to the derived by formula pure premiums. The product of the underlying pure premiums and the industry group ratio of manual to standard premium resulted in the updated rates. No swing limits were applied.

Per Item B-1366, effective January 1, 2015, Program 1 Maritime, Program 1 FELA, and Program 2, State Act FELA codes' rates are calculated as a percentage of the source code rate.

Program 2, Option 2 Maritime and Program 2, USL Act FELA codes are calculated as the product of the current 1/1/2016 rate and the overall weighted-impact of the benefits (1.031), as included in the Response to Request 2.

Request 6: Provide support for not revising the ELRs and D-ratios.

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Response 6: ELRs are calculated to reflect the benefit level of the expected losses in the historical, three-year experience rating time period. As future benefit level changes do not impact this calculation, the ELRs were not updated. Similarly, as future benefit level changes do not affect the primary portion of expected losses in the historical three-year experience rating period, d-ratios were not updated.

Request 7: Provide justification for any changes on the Miscellaneous Values pages (page S6-S7).

Response 7: The United States Longshore and Harbor Workers' Compensation Coverage Percentage was calculated in accordance with the currently-approved methodology as follows:

(Federal benefits / State benefits) x (Federal loss-based expenses / State loss-based expenses) – 1.000

= [1.78 x (1 + 0.213 + 0.062) / (1 + 0.213 + 0.000)] – 1.000 = 87%

As a result of updating the Retrospective Rating Plan factors (see Response 8), the Premium Reduction Percentages were revised.

Request 8: Provide justification for the changes in the Retrospective Rating Plan factors (page RR1-RR2).

Response 8: The average cost per case figures utilized in the Excess Loss Factor (ELF) and State Hazard Group (SHG) calculations were updated after incorporating the filing's proposed benefit level changes. The updated ELFs resulted in the updates to the retrospective rating development factors.

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Florida

Maritime Class Codes

Risk Group	Program 1	Program 2 Option 1 State Act	Program 2 Option 2 USL Act	Description	Source Code
A	7394	7395	7398	Diving and Marine Wrecking	7395
B	7333	7335	7337	Dredging	7335
C	7046	7098	7099	Vessels - not self-propelled	7098
D	7038	7090	7050	Vessels - sail, boat livery, yachts	7090
E	7016	7024	7047	Vessels NOC, ferries, supply boats, fishing vessels, oyster boats	7024

Derivation of Rate

All Groups	Source Code x 0.9	Source Code	Current Rate x 1.031

FELA Class Codes

Program 1	Program 2 State Act	Program 2 USL Act	Description	Source Code
6702	6704	6703	Railroad Construction	7855
7151	7153	7152	Railroad Operation - All Employees	7133
8814	8805	8815	Railroad Operation - Clerical	8810
8737	8734	8738	Railroad Operation: Salespersons, Collectors or Messengers	8742

Derivation of Rate

All Groups	Source Code x 1.215 (0.9 x 1.35)	Source Code x 1.35	Current Rate x 1.031

The factor of 1.35 in the FELA calculations recognizes the increased chance that a FELA class will have an employer's liability claim compared to an industrial class.

The factor of 0.9 represents the reduced exposure to loss of Program 1 as compared to Program 2, State Act.

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Florida Maritime rates

Program 2, Option 1 Proposed Rates (Source Codes)

Class Code	(a) Proposed Rate 8/1/2016
7395	9.47
7335	11.03
7098	10.25
7090	5.68
7024	9.53

Program 2, Option 2

Class Code	(b) Current Rate 1/1/2016	(c) = (b) x 1.031 Proposed Rate 8/1/2016
7398	16.09	16.59
7337	18.71	19.29
7099	17.38	17.92
7050	9.63	9.93
7047	16.21	16.71

Program 1

Class Code	(d) = (a) x 0.9 Proposed Rate 8/1/2016
7394	8.52
7333	9.93
7046	9.23
7038	5.11
7016	8.58

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Florida FELA rates

Proposed Industrial Rates (Source Codes)

Class Code	(e) Proposed Rate 8/1/2016
7133	5.95
8810	0.28
8742	0.53
7855	6.98

Program 2, USL Act

Class Code	(f) Current Rate 1/1/2016	(g) = (e) x 1.031 Proposed Rate 8/1/2016
7152	13.65	14.07
8815	0.62	0.64
8738	1.20	1.24
6703	15.97	16.47

Program 2, State Act

Class Code	(h) = (e) x 1.35 Proposed Rate 8/1/2016
7153	8.03
8805	0.38
8734	0.72
6704	9.42

Program 1

Class Code	(i) = (e) x 0.9 x 1.35 Proposed Rate 8/1/2016
7151	7.23
8814	0.34
8737	0.64
6702	8.48

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Florida - January 1, 2016

Approved Indemnity and Medical Underlying Pure Premiums by Class Code

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
0005	1.162	2.738
0008	0.734	2.206
0016	2.112	5.688
0030	0.964	2.916
0034	0.981	2.949
0035	0.552	1.908
0036	0.961	3.059
0037	1.116	2.924
0042	1.570	4.000
0050	1.580	3.220
0052	1.042	3.438
0059	N/A	N/A
0065	N/A	N/A
0066	N/A	N/A
0067	N/A	N/A
0079	0.811	2.609
0083	1.251	4.279
0106	2.427	7.303
0113	1.498	2.912
0153	1.375	3.315
0170	0.651	1.479
0173	0.145	0.475
0251	1.028	2.532
0400	2.043	4.117
0401	2.296	5.594
0771	N/A	N/A
0908	41.774	80.606
0913	198.643	427.677
0917	1.350	3.860
1005	1.703	2.477
1164	1.535	2.685
1165	0.837	1.543
1218	0.250	0.960
1320	0.400	1.090
1322	2.549	4.451
1430	1.013	3.217
1438	1.246	2.984
1452	0.644	1.436
1463	3.021	9.129
1472	0.797	2.623
1473	0.301	0.589
1624	1.073	2.137
1642	0.666	1.454
1654	1.690	3.200
1655	0.856	2.594
1699	0.708	1.942
1701	0.942	2.218
1710	2.330	6.230
1741	1.004	1.706
1747	0.535	0.995
1748	0.920	3.170
1803	1.656	4.354

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
1852	0.585	1.725
1853	0.573	1.667
1860	0.558	1.012
1924	0.427	1.123
1925	0.995	3.395
2003	1.084	2.226
2014	1.123	3.407
2016	0.694	1.316
2021	0.586	1.524
2039	0.582	1.178
2041	0.777	1.993
2065	0.693	1.347
2070	1.340	2.400
2081	0.735	2.525
2089	1.101	2.549
2095	1.360	3.370
2105	0.905	2.605
2110	0.561	1.659
2111	0.701	1.579
2112	0.701	2.069
2114	0.679	1.501
2119	0.643	1.547
2121	0.420	0.890
2130	0.560	1.200
2131	0.566	1.204
2157	1.194	1.596
2172	0.458	0.672
2174	0.753	1.777
2211	2.183	4.657
2220	0.510	1.130
2286	0.429	1.131
2288	1.006	2.294
2300	0.583	1.167
2302	0.471	1.229
2305	0.443	0.687
2361	0.510	1.250
2362	0.360	0.950
2380	1.096	3.284
2386	0.546	1.504
2388	0.340	0.990
2402	0.585	1.635
2413	0.502	1.248
2416	0.401	1.169
2417	0.532	2.518
2501	0.546	1.324
2503	0.271	0.689
2534	0.362	1.178
2570	1.013	2.357
2585	0.893	2.247
2586	0.791	2.199
2587	0.870	1.740
2589	0.512	1.208
2600	0.799	1.611
2623	1.473	4.227
2651	0.529	1.711
2660	0.502	1.428
2670	0.416	1.174
2683	0.247	0.763
2688	0.717	1.663
2702	3.208	6.232
2710	1.937	6.483

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
2714	1.291	4.289
2731	0.868	2.312
2735	1.218	2.792
2759	1.366	3.574
2790	0.341	1.239
2797	1.076	3.554
2799	1.606	1.734
2802	1.202	3.358
2835	0.659	1.361
2836	0.380	1.260
2841	0.809	2.281
2881	0.641	1.909
2883	1.195	2.745
2913	0.665	2.785
2915	0.730	1.210
2916	0.866	2.504
2923	0.509	1.261
2942	0.658	1.472
2960	1.570	3.000
3004	0.546	1.234
3018	1.067	2.043
3022	0.876	2.224
3027	1.069	3.181
3028	0.591	1.359
3030	1.530	4.310
3040	1.434	3.556
3041	1.317	2.733
3042	1.148	2.972
3064	1.207	3.753
3076	0.806	2.494
3081	1.087	2.973
3082	0.965	2.565
3085	1.012	3.028
3110	1.132	2.868
3111	0.657	2.043
3113	0.562	1.428
3114	0.739	1.781
3118	0.430	1.030
3119	0.252	0.628
3122	0.271	0.909
3126	0.453	1.187
3131	0.340	0.990
3132	0.540	1.600
3145	0.501	1.219
3146	0.628	1.462
3169	0.666	1.614
3175	0.823	2.337
3179	0.391	1.039
3180	0.770	2.200
3188	0.435	0.965
3220	0.323	0.677
3223	0.689	2.221
3224	1.095	1.535
3227	1.020	2.110
3240	0.592	1.608
3241	0.568	1.252
3255	0.436	0.934
3257	0.572	1.588
3270	0.447	1.293
3300	0.822	2.648
3303	0.893	2.697

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
3307	0.642	1.628
3315	1.260	2.380
3334	1.011	1.509
3336	0.849	1.841
3365	2.293	4.547
3372	0.639	1.661
3373	1.257	3.713
3383	0.305	0.905
3385	0.198	0.372
3400	0.730	1.900
3507	0.838	2.272
3515	0.464	1.256
3548	0.384	0.916
3559	0.536	1.344
3574	0.351	0.769
3581	0.273	0.767
3612	0.530	1.580
3620	1.003	2.327
3629	0.384	0.956
3632	0.827	2.203
3634	0.326	0.864
3635	0.782	1.748
3638	0.374	1.006
3642	0.249	0.651
3643	0.487	1.003
3647	0.447	1.133
3648	0.452	1.068
3681	0.159	0.411
3685	0.195	0.545
3719	0.584	1.006
3724	0.818	1.872
3726	1.271	2.189
3803	0.835	1.495
3807	0.550	1.430
3808	0.587	1.353
3821	1.632	4.558
3822	1.296	2.844
3824	1.143	2.947
3826	0.210	0.430
3827	0.529	1.261
3830	0.262	0.618
3851	0.960	1.760
3865	0.379	1.141
3881	0.834	1.786
4000	1.415	3.475
4021	1.094	3.456
4024	0.785	1.895
4034	1.928	4.572
4036	0.666	1.694
4038	0.847	1.693
4053	0.473	1.227
4061	1.001	1.769
4062	0.715	1.715
4101	0.690	1.920
4109	0.137	0.333
4110	0.233	0.467
4111	0.532	0.988
4113	0.707	1.183
4114	0.623	1.487
4130	1.089	3.221
4131	1.164	2.106

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
4133	0.395	1.145
4149	0.153	0.357
4206	0.908	2.692
4207	0.638	1.152
4239	0.557	0.913
4240	0.726	2.454
4243	0.451	1.419
4244	0.654	1.396
4250	0.383	1.137
4251	0.663	1.597
4263	0.541	1.439
4273	0.625	1.965
4279	0.739	2.191
4282	0.495	0.815
4283	0.601	1.699
4299	0.415	1.005
4304	0.825	2.725
4307	0.566	1.444
4351	0.261	0.809
4352	0.413	1.337
4361	0.259	0.741
4410	1.000	2.980
4420	1.176	1.884
4431	0.287	0.773
4432	0.318	0.722
4452	0.748	1.912
4459	0.638	2.102
4470	0.493	1.277
4484	0.753	2.187
4493	0.618	1.282
4511	0.215	0.615
4557	0.460	1.370
4558	0.569	1.321
4568	0.486	1.314
4581	0.148	0.532
4583	1.572	4.158
4586	0.365	0.675
4611	0.308	0.792
4635	0.846	1.714
4653	0.352	0.998
4665	1.865	4.295
4670	1.375	4.965
4683	1.003	1.997
4686	0.498	1.242
4692	0.142	0.358
4693	0.201	0.629
4703	0.589	1.151
4710	0.696	2.024
4717	0.476	1.194
4720	0.544	1.496
4740	0.422	0.728
4741	0.884	1.746
4751	0.399	1.451
4771	0.518	1.532
4777	3.790	1.480
4825	0.280	0.770
4828	0.835	2.045
4829	0.416	1.274
4902	0.552	1.328
4923	0.374	1.976
5020	2.000	5.010

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
5022	2.639	5.921
5037	9.438	14.262
5040	2.949	6.361
5057	1.616	3.734
5059	6.611	17.479
5069	6.376	8.584
5102	1.902	3.898
5146	1.481	3.389
5160	0.618	1.112
5183	1.074	2.246
5188	1.286	2.864
5190	1.024	2.386
5191	0.218	0.482
5192	0.831	1.999
5213	2.165	5.005
5215	2.742	6.068
5221	1.366	3.194
5222	2.270	4.550
5223	1.241	3.069
5348	1.442	2.528
5402	1.256	3.124
5403	1.873	4.427
5437	1.843	3.947
5443	1.112	2.148
5445	1.702	3.168
5462	2.098	4.742
5472	3.116	6.184
5473	3.154	7.106
5474	2.062	5.098
5478	1.187	2.143
5479	1.904	4.526
5480	2.071	3.679
5491	0.792	1.628
5506	1.718	4.292
5507	1.460	2.790
5508	4.669	7.081
5509	1.488	5.192
5535	1.861	4.359
5537	1.391	3.109
5551	3.211	8.869
5606	0.364	0.836
5610	1.792	4.038
5613	2.871	8.259
5645	3.326	7.664
5651	2.002	4.618
5703	3.924	7.846
5705	3.333	7.727
5951	0.143	0.307
6004	3.794	5.616
6006	5.227	6.343
6017	1.988	2.832
6018	1.103	1.397
6045	1.516	2.014
6204	2.704	5.696
6206	1.010	1.920
6213	0.866	1.294
6214	0.888	1.762
6216	1.719	3.041
6217	1.500	3.420
6229	1.469	3.241
6233	0.972	1.818

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
6235	4.366	3.204
6236	3.392	6.988
6237	0.512	0.898
6251	2.179	2.341
6252	1.447	2.493
6260	1.923	2.897
6306	1.296	3.214
6319	1.188	2.562
6325	1.731	3.359
6400	2.152	5.068
6503	0.631	1.399
6504	0.683	1.867
6702	1.737	3.113
6703	3.828	6.862
6704	1.930	3.460
6801	0.871	1.179
6811	1.214	2.176
6824	2.276	3.624
6826	1.556	1.924
6828	1.374	2.356
6834	0.648	1.502
6836	0.872	2.328
6838	0.988	2.072
6843	3.131	5.039
6845	2.747	2.803
6854	0.892	1.848
6872	3.452	4.588
6874	4.584	7.386
6882	0.764	2.006
6884	0.948	1.702
7016	1.809	3.121
7024	2.007	3.463
7038	0.752	2.168
7046	1.613	3.667
7047	3.981	6.869
7050	1.659	4.781
7090	0.837	2.413
7098	1.793	4.077
7099	3.552	8.078
7133	1.203	2.207
7151	1.464	2.686
7152	3.224	5.916
7153	1.626	2.984
7201	2.304	6.126
7204	0.477	0.663
7205	2.066	5.984
7219	1.772	3.148
7222	1.742	2.728
7230	2.234	4.716
7231	1.853	2.647
7232	2.959	4.231
7309	4.645	5.655
7313	0.862	1.078
7317	4.160	3.910
7327	8.755	12.415
7333	1.896	3.794
7335	2.106	4.214
7337	4.172	8.348
7350	4.185	5.185
7360	1.325	2.815
7370	1.134	2.506

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
7380	1.278	2.802
7382	1.098	2.532
7383	0.756	3.344
7390	1.200	2.680
7394	1.658	3.232
7395	1.841	3.589
7398	3.651	7.119
7402	0.046	0.084
7403	1.317	2.603
7405	0.497	0.683
7420	3.992	5.458
7421	0.208	0.472
7422	0.471	1.219
7425	0.696	0.754
7431	0.237	0.343
7445	N/A	N/A
7453	N/A	N/A
7502	0.512	1.268
7515	0.283	0.867
7520	0.770	2.170
7538	2.039	4.381
7539	0.502	1.018
7540	0.703	1.427
7580	0.613	1.697
7590	1.031	3.019
7600	1.206	2.254
7605	0.680	1.440
7610	0.113	0.297
7704	0.848	2.792
7705	0.989	2.581
7720	0.725	2.055
7855	1.393	2.497
8001	1.016	2.644
8002	0.441	1.419
8006	0.649	1.601
8008	0.326	0.904
8010	0.393	1.027
8013	0.140	0.320
8015	0.218	0.652
8017	0.382	0.978
8018	0.724	1.776
8021	0.970	2.410
8031	0.631	1.909
8032	0.628	1.612
8033	0.444	1.226
8037	0.422	1.028
8039	0.467	1.463
8044	0.718	1.692
8045	0.112	0.308
8046	0.650	1.770
8047	0.245	0.485
8058	0.521	1.729
8061	0.692	1.928
8072	0.185	0.665
8102	0.428	1.172
8103	0.607	1.523
8105	0.892	1.788
8106	1.135	3.255
8107	0.870	1.920
8111	0.548	1.332
8116	0.598	1.782

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
8203	1.392	2.978
8204	1.038	3.592
8209	0.932	3.138
8215	1.574	3.176
8227	1.447	3.353
8232	1.085	2.555
8233	1.093	1.517
8235	1.185	2.705
8263	1.573	5.947
8264	1.286	3.094
8265	1.385	3.285
8273	0.942	2.498
8274	0.864	2.386
8279	1.683	3.927
8288	1.097	3.913
8291	1.032	2.358
8292	1.021	2.739
8293	2.743	5.677
8304	1.162	2.838
8350	1.394	2.896
8353	1.104	3.106
8380	0.749	1.681
8381	0.402	0.988
8385	0.652	1.568
8392	0.604	1.766
8393	0.548	1.012
8500	1.338	4.292
8601	0.114	0.276
8602	0.218	0.582
8603	0.030	0.070
8606	0.685	1.405
8709	1.495	3.095
8719	1.179	3.851
8720	0.416	0.994
8721	0.070	0.160
8723	0.032	0.108
8725	0.036	0.114
8726	0.805	0.975
8728	0.077	0.183
8734	0.119	0.291
8737	0.107	0.263
8738	0.232	0.568
8742	0.084	0.206
8745	1.029	3.551
8748	0.150	0.380
8755	0.123	0.317
8799	0.144	0.446
8800	0.299	0.751
8803	0.019	0.051
8805	0.053	0.157
8810	0.038	0.112
8814	0.048	0.142
8815	0.104	0.306
8820	0.032	0.088
8824	0.834	2.316
8825	0.455	1.245
8826	0.490	1.490
8829	0.496	1.324
8831	0.287	1.103
8832	0.072	0.198
8833	0.236	0.644

Class Code	Indemnity Underlying Pure Premium	Medical Underlying Pure Premium
8835	0.515	1.145
8841	0.356	1.024
8842	0.434	1.206
8855	0.033	0.117
8856	0.059	0.111
8864	0.265	0.845
8868	0.068	0.262
8869	0.233	0.797
8871	0.038	0.102
8901	0.068	0.152
9012	0.297	0.733
9014	0.935	2.315
9015	0.970	2.320
9016	0.395	1.425
9019	0.352	1.128
9033	0.501	1.309
9040	0.791	2.269
9047	0.648	1.872
9052	0.638	1.732
9058	0.430	1.160
9060	0.383	1.127
9061	0.426	1.214
9063	0.248	0.762
9077	1.214	1.226
9082	0.407	1.103
9083	0.391	1.159
9084	0.381	1.379
9089	0.184	0.926
9093	0.315	1.185
9101	0.642	2.488
9102	0.760	2.250
9154	0.381	0.939
9156	0.875	1.735
9170	1.703	4.707
9178	0.807	6.623
9179	2.737	6.753
9180	0.554	1.796
9182	0.509	1.631
9186	4.403	22.407
9220	1.212	4.048
9402	1.806	4.184
9403	2.062	3.638
9410	0.474	1.086
9501	0.697	1.873
9505	0.780	1.870
9516	0.884	1.696
9519	1.195	2.585
9521	1.371	2.979
9522	0.559	1.351
9534	1.463	3.017
9554	2.004	4.986
9586	0.203	0.567
9600	0.645	1.385
9620	0.272	0.768

Filing Details

Work Unit Number:	W16-1551166
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	6/24/2016 12:02:13 PM
Date Submitted:	6/24/2016 12:03:31 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Previous Correspondence	0		Response
Miscellaneous	0		Pure Premiums

Florida

Voluntary Workers Compensation Amended Law-Only Rate Filing Proposed Effective August 1, 2016

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

June 30, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: **Florida Workers Compensation Amended Law-Only Voluntary Rates and Rating Values Filing, Proposed Effective August 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of the state of Florida, we are filing for your consideration and approval workers compensation rates and rating values for the Florida voluntary market, to become effective August 1, 2016 for new, renewal, and all outstanding policies that are effective on or after that date. This is an amendment to the currently pending Florida filing dated May 27, 2016 and includes the estimated impact on workers compensation system costs resulting from the Florida Supreme Court's decision on June 9, 2016 in *Bradley Westphal v. City of St. Petersburg, etc., et al.*

This amended filing proposes an overall average voluntary rate level increase of 19.6% for the industrial classifications, and an overall average rate level increase of 3.6% for the federal classifications, except for class code 9077 (United States Armed Service Risk – All Employees & Drivers). There is no impact to class code 9077.

This proposed increase results from the combined impact of the Florida Supreme Court's decision on April 28, 2016 in *Marvin Castellanos v. Next Door Company, et al.*, No. SC13-2082, SB 1402 (2016) that ratified the Florida Division of Workers' Compensation's updates to the Florida Workers' Compensation Reimbursement Manual for professional health care providers, effective July 1, 2016, and the impact of the Florida Supreme Court's decision on June 9, 2016 in *Bradley Westphal v. City of St. Petersburg, etc., et al.,* No. SC13-1930.

This filing is made exclusively on behalf of the companies that have given valid consideration for the express purpose of fulfilling regulatory rate or pure premium filing requirements and other private use of this information. In the enclosed appendix is a list of companies which, as of the time this filing is submitted, are eligible to reference this information. The inclusion of a company on this list merely indicates that the company, or the group to which it belongs, is affiliated with NCCI in this state, or has licensed this information as a non-affiliate, and is not intended to indicate whether the company is currently writing business or is even licensed to write business in this state.

Please contact me if you have any questions or need any further information.
Respectfully submitted,

Chris Bailey
State Relations Executive

106 E. College Ave, Suite 900
Tallahassee, FL 32301
www.ncci.com

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Actuarial Certification

I, Jay Rosen, am a Director and Senior Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

Jay Rosen

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services

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WORKERS COMPENSATION FILING – AUGUST 1, 2016

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* Not included in this submission.

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WORKERS COMPENSATION FILING – AUGUST 1, 2016

SUMMARY OF PROPOSED CHANGES

Proposed Effective Date	**August 1, 2016**

I. Industrial Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+19.6%
By Component	
- First-Year Impact of the Florida Supreme Court's Decision in *Castellanos*	+15.0%
- Changes to the Florida WC Health Care Provider Reimbursement Manual	+1.8%
- Impact of the Florida Supreme Court's Decision in *Westphal*	+2.2%
By Industry Group	
Manufacturing	+19.6%
Contracting	+19.6%
Office & Clerical	+19.6%
Goods & Services	+19.6%
Miscellaneous	+19.6%

II. Federal Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+3.6%

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FLORIDA

WORKERS COMPENSATION FILING – AUGUST 1, 2016

Adjustment to Outstanding Policies In-Force on August 1, 2016
Due to the First-Year Impact of the Florida Supreme Court's Decision in *Castellanos,*
Changes to the Florida WC Health Care Provider Reimbursement Manual, and the
Impact of the Florida Supreme Court's Decision in *Westphal*

Full New and Renewal Impact: +19.6%

Effective Month	Unexpired Portion of Policy as of August 1, 2016	Impact
September 2015	1 month	1.6%
October 2015	2 months	3.3%
November 2015	3 months	4.9%
December 2015	4 months	6.5%
January 2016	5 months	8.2%
February 2016	6 months	9.8%
March 2016	7 months	11.4%
April 2016	8 months	13.1%
May 2016	9 months	14.7%
June 2016	10 months	16.3%
July 2016	11 months	18.0%

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

NCCI estimates that the cost impact due to the Florida Supreme Court's decision in *Castellanos vs. Next Door Company, et al.* (*Castellanos*) will result in an overall first-year impact on Florida workers compensation system costs of +15.0%. NCCI proposes that this filing apply to new, renewal, and all in-force policies that are effective on or after August 1, 2016. However, *Castellanos* is also expected to increase overall system costs in the state for all claims occurring on or after July 1, 2009 that remain open or are re-opened[1]. Therefore, NCCI expects that a significant unfunded liability will be created due to the retroactive impact of this court decision.

This estimate does <u>not</u> include the following:

- **Cost impacts related to the First District Court of Appeal's decision in *Miles v. City of Edgewater Police Department* (April 20, 2016), which addressed claimant-paid attorney fees.**
- **The entire unfunded liability created in the state due to the retroactive nature of the *Castellanos* decision.**
- **Unanticipated cost impacts not otherwise reflected in this filing that may emerge over time such as additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida.**

Aside from the unfunded liability, the resultant cost impacts of the above, if any, would be reflected in subsequent Florida rate filings.

Summary of Florida Supreme Court Decision and Resultant Cost Impact

On April 28, 2016, the Florida Supreme Court issued a decision in *Marvin Castellanos v. Next Door Company, et al.*, (*Castellanos*), No. SC13-2082. The Supreme Court concluded,

> *"…that the mandatory attorney fee schedule in section 440.34 of Florida Statutes, which creates an irrebuttable presumption that precludes any consideration of whether the fee award is reasonable to compensate the attorney, is unconstitutional under both the Florida and United States Constitutions as a violation of due process*."

The result of the Supreme Court's decision is to eliminate the statutory caps on claimant attorney fees and return Florida to the law as it was prior to July 1, 2009 when claimant attorney fees awarded under the fee schedule were required to be "reasonable."

NCCI estimates that the prospective first-year impact of the *Castellanos* decision will be +15.0**%** on overall Florida workers compensation system costs.

Note that the proposed rate level change for "F" classes, excluding code 9077 (United States Armed Service Risk – All Employees and Drivers), will be less than the rate level change applicable to industrial classes since federal benefits are applicable in many cases rather than state benefits, and the claimant attorney fee changes contained in SB 50A did not apply to cases involving federal benefits. Furthermore, the *Castellanos* decision does not impact the rate for class code 9077, since only federal benefits are applicable.

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[1] Note that NCCI's assumptions related to the significance of the unfunded liability are based upon the following filed and approved NCCI Statistical Plan definitions:
Open – Final payment not made
Closed – Company does not expect to make further payments
Reopened – Claim previously reported as closed; now company expects to make additional payments

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

NCCI has filed for the proposed rates to apply to all policies in effect on August 1, 2016 on a pro-rata basis through the remainder of the term of those policies. Though the *Castellanos* decision was rendered on April 28, 2016, the decision has retroactive impacts on claims open or re-opened from July 1, 2009 (effective date of enacted House Bill 903, which addressed the decision in *Emma Murray vs. Mariner Health Inc. and ACE US)* and forward. Increased system costs which will result from the *Castellanos* decision were not contemplated in the development of workers compensation rates for all policies affected. Because workers compensation ratemaking is prospective only, insurers are not able to recoup premium to cover such unforeseen retroactive system cost increases. Even if the proposed rates are to apply to outstanding policies, a significant portion of the full retroactive impact and unfunded liability remains.

Actuarial Analysis of the Impact of the *Castellanos* Decision

In order to estimate the impact of the *Castellanos* decision on Florida workers compensation system costs, it is necessary to first analyze how the provisions in SB 50A (2003)—specifically those relating to changes in claimant attorney fees—impacted system costs.

The provisions relating to attorney compensation contained in SB 50A were as follows:

- Maintain the “20/15/10/5” attorney fee schedule.
- Alternative hourly fees were eliminated with one exception: an alternative fee of up to $1,500 may be awarded per accident for medical-only petitions.
- Fees are to be based on “benefits secured” above the offer, only if the employer/carrier makes an offer including attorney fees. Attorney fees are "taxed" against the losing party.

In general, the analyses of the *Castellanos* decision contained in this filing reflect changes in system costs and other metrics between pre- and post-SB 50A time periods (“pre-reform” and “post-reform”). Experience emerging subsequent to the implementation of SB 50A has revealed significant decreases in workers compensation costs—even after adjusting pre-reform values for the expected impacts incorporated in NCCI’s SB 50A rate filing (e.g., adjusting pre-reform losses to the current benefit level). The changes to the claimant attorney compensation provisions contained in SB 50A are credited with accounting for a material portion of these decreases. Thus, in general, NCCI is relying on the changes observed between the pre-SB 50A reform period (an hourly attorney fee system) and the post-reform period (a legislated, mandatory attorney fee schedule system) for the changes that are expected to occur due to the *Castellanos* decision—although the changes would occur in the reverse direction.

A summary of NCCI’s actuarial analyses of the *Castellanos* decision and its impact on workers compensation system costs is described below. In general, NCCI analyzed the changes in overall benefit costs between the pre- and post-reform periods using NCCI’s Financial Call data for both Florida and Florida relative to other states. In addition, NCCI’s Detailed Claim Information (DCI) data was analyzed to estimate the changes in average claim costs for claims with a claimant attorney over these same time periods.

Recognizing that data for 2003 includes a mix of pre- and post-reform data, this year has been excluded from NCCI’s calculations in order to avoid distortions. As the impact of SB 50A’s attorney fee change was realized over several years, NCCI used 2005 and 2006 as the post-

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reform time period in these analyses. This two-year time period allows one to both observe how the impact of the attorney fee changes emerged over time and necessarily avoid the impact of events that occurred beginning in 2007, such as the Great Recession.

Estimated Change in Overall Benefit Costs based on Financial Call Data

Based on premium, loss, and claim count information contained in the Florida 1/1/16 approved workers compensation rate filing, NCCI calculated changes in overall benefit costs for Policy Years 2000 to 2002 (pre-reform) and Policy Years 2005 and 2006 (post-reform) using NCCI Financial Call data evaluated as of 12/31/2014. NCCI then analyzed the observed changes in overall benefit cost levels for both Florida and the surrounding region between the pre- and post-reform periods. The results of the analysis are summarized in Exhibit I and described below.

Florida policy year claim frequency and total (indemnity plus medical) average benefit costs from the Florida 1/1/2016 approved rate filing, are displayed in columns (2) and (3) of Exhibit I, respectively. The premium and benefit level change adjustment factors embedded in these values are then adjusted to remove the impact of the attorney fee component of the SB 50A pricing[2]. Further, the premium used in determining the claim frequency values is further adjusted to remove all expense-related components. This step is necessary to facilitate a meaningful comparison between the observed changes in Florida and those in the surrounding region. The resulting figures are displayed in columns (4) and (5).

The product of the adjusted claim frequency (column (4)) and average claim severity (column (5)) is divided by $1M in order to estimate Florida's average pure loss cost in both pre- and post-reform years (column (6)). NCCI performed similar calculations to estimate the average pure loss cost for the group of southeastern states (Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee) shown in column (7) as well as a subset of regional states that abut the Gulf of Mexico (Alabama, Louisiana, and Mississippi) shown in column (8). The "Gulf states" region was specifically recognized as sharing some similarities with Florida.

During the analysis, the pre-reform period was defined to both include and exclude Policy Year 2000. The average pre-reform pure loss costs for Florida and the surrounding regions are shown on rows (9) and (10) of Exhibit I. The average pure loss costs in the post-reform period are displayed on row (11). The average pure loss cost declines for Florida and the surrounding regions are shown on rows (12) and (13). The Florida figures in rows (12) and (13) show that the average pure loss cost level decreased significantly in the state between the pre- and post-reform time periods—an observed decline between 32.1% and 34.1%.

Even after adjusting for approved rate level changes subsequent to the effective date of SB 50A, NCCI recognizes that observed changes in overall benefit costs after SB 50A may have resulted from influences unrelated to changes in attorney fees. Therefore, changes in overall benefit costs observed in regions surrounding Florida were also examined.

[2] The provision for the attorney fee change contained in the SB 50A rate filing needs to be removed since the *Castellanos* decision will extinguish both the quantified and unquantified impacts resulting from the elimination of hourly fees in SB 50A.

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As mentioned above, Florida's average pure loss cost decreased in excess of 32% between the pre- and post-SB 50A time periods. This is approximately 25% MORE of a decline than observed in the southeastern states region (see column (7), rows (14) and (15) in Exhibit I). Florida's 25% decline in average pure loss cost over and above that observed in the southeastern states region is likely attributed to several factors—not the least of which is the change in the attorney fee provisions contained in SB 50A.

Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most dramatic decreases in average pure loss cost level between the pre- and post-SB 50A time periods. As a region, these three states' average pure loss cost declined approximately 23% (column (8), rows (12) and (13)). Even though this is a notable percentage decline, it is still far less of a decline relative to the pure loss cost decline observed in Florida over this same time period (see column (8), rows (14) and (15)).

This analysis focused on the magnitude of the decline in Florida's pure loss cost (pre- to post-SB 50A) over and above that observed in the surrounding regions (rows (14) and (15) of Exhibit I). These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 13.8% and 37.5%.

Estimated Change in Average Claim Costs for Attorney-Represented Claims based on DCI data

The *Castellanos* decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation. Therefore, an additional analysis was performed which specifically focused on that portion of overall benefit costs. NCCI's DCI data as of a fifth report was used in conjunction with NCCI's Workers Compensation Statistical Plan (WCSP) data to estimate average claim costs (including claimant attorney fees) for claims with attorney representation. DCI data enables a separate analysis of claim information for claims with attorneys—allowing one to focus on the subset of claims directly impacted by a change in attorney fees.

Exhibit II-A displays the calculation of the impact on total average incurred (claim payments plus case reserves) benefit costs. Columns (1) and (4) display indemnity and medical average claim costs for claims with claimant attorney representation, respectively, for the pre- and post-SB 50A time periods. The individual DCI claims were linked to the WCSP claims database in order to incorporate the incurred loss amounts from the WCSP data into the analysis[3]. In this way, the impact of the SB 50A attorney fee changes can be analyzed based on the same data contained in the annually-approved Florida rate filings.

The average claim costs are adjusted to the current benefit level using values from the Florida 1/1/2016 approved rate filing and to remove the impact of the attorney fee component of the SB 50A pricing. These adjustment factors are shown in columns (2) and (5) of Exhibit II-A. The indemnity and medical benefit-adjusted average claim costs are displayed in columns (3) and (6), respectively. The final wage-adjusted average total benefit costs per claim for pre- and post-reform years are shown in column (8).

[3] Approximately 80% of the claims were linked between the DCI and WCSP databases. For the remaining claims, the DCI-reported incurred values were utilized.

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NCCI calculated changes in average total benefit costs for attorney-represented claims between years 2000 to 2002 (pre-reform) and years 2005 to 2006 (post-reform). The declines in attorney-represented claim costs pre- to post-SB 50A are displayed in row (11) of Exhibit II-A. Savings of more than 25% have been observed. As the *Castellanos* decision will effectively return Florida's attorney compensation structure to the pre-SB 50A, hourly fee-based system, it also indicates a return to the pre-SB 50A level of attorney-represented claim costs. Hence, the potential first-year impact of the *Castellanos* decision on overall workers compensation benefit costs is estimated to be between +15.0% and +16.1% (row (12)), which is the ratio of pre- to post-SB 50A average claim costs with attorney representation multiplied by the proportion of total claim costs that have claimant attorney representation during the post-reform period (43.6%[4]). Note that these estimated cost impacts do not reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the *Castellanos* decision.

In order to limit the impact that individual large claims may have on the analysis presented in Exhibit II-A, an additional supplemental analysis was performed. The largest one percent of claims based on reported DCI total incurred losses was excluded. The results of this additional analysis, consistent with that presented in Exhibit II-A, are shown in Exhibit II-B. These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 16.7% and 18.1% (see Exhibit II-B, row (12)).

Claimant Attorney Fees and Loss Adjustment Expenses

Claimant attorney fees are included in the indemnity loss data reported to NCCI, and defense attorney fees are included in the loss adjustment expense (LAE) data reported to NCCI. Therefore, since claimant attorney fees are included in the data on which all of the above-discussed cost estimates are based, no separate cost impact for claimant attorney fees has been included in this filing.

As *claimant* attorney behavior changed post-reform, there was a corresponding change in behavior related to *defense* attorneys. For example, there is qualitative input that as claimant attorneys worked fewer hours on cases and agreed to quicker settlements, defense attorneys also worked fewer hours on cases and earned reduced fees. The post-reform reduction in defense attorney costs has been reflected in the LAE component of the approved Florida workers compensation rates. The LAE component is a ratio of expenses to losses. It is anticipated that the *Castellanos* decision will result in both increased expenses and increased losses. At this time, NCCI expects that both will generally increase at the same rate. As such, no change to the current LAE provision is being proposed in this filing.

Background and Analysis of the *Miles* Decision (2016)

On April 20, 2016, the First District Court of Appeal (DCA) issued an opinion in the case of *Miles v. City of Edgewater Police Department et al.* (*Miles*) declaring the restrictions in Sections 440.105 and 440.34 as unconstitutional. Violation of Section 440.105(3)(c), Florida Statutes is a misdemeanor for an attorney to accept a fee not approved by a Judge of Compensation Claims

[4] Based on DCI and WCSP data.

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(JCC) and Section 440.34, Florida Statutes, prohibits a JCC from approving a fee that is not tied to benefits secured by the attorney.

In *Miles*, the claimant was a law enforcement officer alleging a claim for injuries related to chemical exposure. The claimant signed two retainer agreements with her attorney—one agreement provided for the payment of a $1,500 retainer by the claimant's union and the second agreement provided for the payment of an additional hourly fee by the claimant after exhaustion of the union-paid retainer. Prior to pursuing the claim, the claimant's attorney filed a motion for approval of the two retainer agreements. The JCC's first order denied approval of the two retainer agreements stating claimant paid legal fees are limited to the fee schedule in Section 440.34, Florida Statutes, which bases fees on benefits secured by the attorney. Given the claimant attorney had not yet secured benefits, the JCC concluded there was no authority to approve a fee. After the first order, claimant's counsel filed a motion to withdraw citing financial hardship. The claimant moved forward representing herself. The JCC's second order denied compensability of the chemical exposure claim based on insufficient evidence.

The First DCA found the restrictions in Sections 440.105 and 440.34, Florida Statutes, on claimant paid attorney fees to be unconstitutional. Both the JCC fee order and the order denying compensability were reversed and remanded for new hearings.

After *Miles*, it appears that claimant attorney fees may now be collected from the claimant regardless of whether benefits are secured. This likely increases the incentive for a claimant's attorney to take on claims regardless of whether such claims are likely to be found compensable, as long as the claimant has financial means. In discussions with system stakeholders, it has been suggested that there may be an increase in the number of retainer agreements that will require the claimant to pay attorney fees or, in the event that the claim is deemed compensable, attorney fees beyond those covered by the employer/carrier. Hence, if the First DCA decision remains in place, attorneys have the potential to earn greater compensation than that which would result from the *Castellanos* decision on its own, putting additional upward pressure on system costs in the state.

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Exhibit I

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Average Pure Loss Cost Changes Pre- and Post-SB 50A: Florida and the Region

	Florida						Region	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Policy Year	Avg. Claim Frequency per $1M of premium	Average Claim Severity	Avg. Claim Frequency per $1M of pure premium	Average Claim Severity	Average Pure Loss Cost	Southeastern States' Avg. Pure Loss Cost	Gulf States' Avg. Pure Loss Cost
Pre-SB 50A	2000	20.792	49,337	34.824	50,380	1.75	1.26	1.56
Pre-SB 50A	2001	19.221	49,450	32.156	50,468	1.62	1.29	1.64
Pre-SB 50A	2002	18.421	49,380	30.906	50,459	1.56	1.25	1.44
Post-SB 50A	2005	14.788	45,984	25.287	45,984	1.16	1.18	1.24
Post-SB 50A	2006	13.399	43,052	22.912	43,052	0.99	1.11	1.14
Pre-SB 50A			(9)	Avg. of 2000 - 2002:		1.64	1.27	1.55
Pre-SB 50A			(10)	Avg. of 2001 - 2002:		1.59	1.27	1.54
Post-SB 50A			(11)	Avg. of 2005 - 2006:		1.08	1.15	1.19
				Average Pure Loss Cost Decline:				
			(12)	'00/'02 to '05/'06		-34.1%	-9.4%	-23.1%
			(13)	'01/'02 to '05/'06		-32.1%	-9.4%	-22.7%
				DECLINE in Florida's average pure loss cost over and above that observed in the region:				
			(14)	'00/'02 to '05/'06			-27.3%	-14.3%
			(15)	'01/'02 to '05/'06			-25.1%	-12.2%
				REVERSAL of Florida's average pure loss cost decline over and above that observed in the region:				
			(16)	'00/'02 to '05/'06			**37.5%**	**16.7%**
			(17)	'01/'02 to '05/'06			**33.4%**	**13.8%**

Notes:
Figures are based on Aggregate Financial Call data
(2) and (3): Florida approved January 1, 2016 rate filing. Values are at current level and developed to an ultimate report
(4) and (5): Columns (2) and (3) adjusted to remove expenses and the impact of the attorney fee component of the SB 50A pricing
(6) = (4) x (5) / 1,000,000
(7): Regional states: AL, GA, LA, MS, NC, SC, and TN
(8): Regional states: AL, LA, and MS
(9)-(11): Averages of the figures in Columns (6), (7), and (8), respectively
(12) = (11) / (9) - 1.00
(13) = (11) / (10) - 1.00
(14): Using the figures in (12), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(15): Using the figures in (13), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(16): Using the figures in (12), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00
(17): Using the figures in (13), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00

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Exhibit II-A

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	36,437	0.811	29,550
2001	38,694	0.811	31,381
2002	32,562	0.811	26,408
2005	24,411	1.000	24,411
2006	23,580	1.000	23,580

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	35,708	0.988	35,280	1.460	94,652
2001	38,891	0.985	38,308	1.414	98,540
2002	33,298	0.970	32,299	1.379	80,957
2005	33,451	0.978	32,715	1.216	69,465
2006	32,518	0.970	31,542	1.161	63,997

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	91,383
	(b) Average of Column (8) for Accident Years 2001 to 2002	89,749
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	66,731
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-27.0%
	(ii) = (10) / (9b) - 1.0	-25.6%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 43.6%*	**+16.1%**
	(ii) = [((9b) / (10)) - 1.0] x 43.6%*	**+15.0%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 43.6% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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Exhibit II-B

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	31,074	0.811	25,201
2001	30,788	0.811	24,969
2002	29,207	0.811	23,687
2005	19,991	1.000	19,991
2006	19,523	1.000	19,523

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	28,731	0.988	28,386	1.460	78,237
2001	29,634	0.985	29,189	1.414	76,579
2002	27,837	0.970	27,002	1.379	69,900
2005	25,011	0.978	24,461	1.216	54,054
2006	24,909	0.970	24,162	1.161	50,718

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	74,905
	(b) Average of Column (8) for Accident Years 2001 to 2002	73,240
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	52,386
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-30.1%
	(ii) = (10) / (9b) - 1.0	-28.5%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 42.0%*	**+18.1%**
	(ii) = [((9b) / (10)) - 1.0] x 42.0%*	**+16.7%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 42.0% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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ANALYSIS OF CHANGES TO THE FLORIDA WORKERS' COMPENSATION HEALTH CARE PROVIDER REIMBURSEMENT MANUAL EFFECTIVE JULY 1, 2016

NCCI estimates that the update to the Florida Workers' Compensation Health Care Provider Reimbursement Manual (FWCRM) to the 2014 Medicare level, effective July 1, 2016, will result in an overall average Florida workers compensation system cost impact of +1.8%.

Summary of Changes

Senate Bill 1402 ratifies the Florida Division of Workers' Compensation updates to the FWCRM for professional health care providers, effective July 1, 2016.

The prior FWCRM, which became effective 2/4/2009, is based on 2008 Medicare Conversion Factor and Resource Based Relative Value Scale (RBRVS) geographic-specific reimbursement levels. The revised FWCRM is based on 2014 Medicare Conversion Factor and RBRVS geographic-specific reimbursement levels. Note that the Maximum Reimbursement Amounts in the prior and revised FWCRMs are limited to no less than the MRAs published in the 2003 FWCRM. The changes impact reimbursements for physician services as well as Category 1 hospital outpatient services.

The impacts due to the enacted changes to the FWCRM for professional health care providers are summarized in the following table:

	(A) **Impact on Type of Service**	**(B)** **Share of Medical Costs**	**(C)** **Impact on Medical Costs** **(A) x (B)**
Physician	+8.5%	29.4%	+2.5%
Hospital Outpatient	+0.4%	19.4%	+0.1%
(1) Impact on Florida Medical Costs			**+2.6%**
(2) Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs in Florida			69.7%
(3) Impact on Overall Workers Compensation System Costs in Florida = (1) x (2)			**+1.8%**

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *BRADLEY WESTPHAL V. CITY OF ST. PETERSBURG, ETC., ET AL. (2016)*

NCCI estimates that the cost impact due to the Florida Supreme Court's decision in *Bradley Westphal v. City of St. Petersburg*, etc., et al. (*Westphal*) will result in an overall impact on Florida workers compensation system costs of +2.2%. NCCI proposes that the impact of this court decision apply to new, renewal, and all in-force policies that are effective on or after August 1, 2016.

This analysis only addresses the expected increase in Florida workers compensation system costs for accidents occurring on or after August 1, 2016. However, *Westphal* is also expected to increase overall system costs in the state for all claims occurring on or after January 1, 1994 that remain open or are re-opened[1]. Therefore, NCCI expects that a significant unfunded liability may be created due to the retroactive impact of this court decision.

Summary of Florida Supreme Court Decision

Bradley Westphal was a firefighter who suffered severe injuries in the course of his employment and began receiving indemnification and medical benefits. Under section 440.15(2)(a) of the Florida statutes, Westphal was entitled to temporary total disability (TTD) benefits for a duration no greater than 104 weeks. When Westphal's entitlement to TTD benefits expired, he was incapable of working or obtaining employment and had not yet reached maximum medical improvement (MMI). As a result, he was denied permanent total disability (PTD) benefits due to the uncertainty of whether he would be found totally disabled when MMI was reached in the future. Westphal was ineligible for benefits under Florida's workers compensation law, yet he remained totally disabled and incapable of engaging in employment—creating a "statutory gap."

On June 9, 2016, the Florida Supreme Court issued an opinion in *Westphal*. The Court concluded that the maximum 104-week duration for TTD benefits, as applied to a worker like Westphal who falls into the statutory gap at the conclusion of those benefits, does not provide a reasonable alternative to tort litigation. As such, Florida Statutes 440.15(2)(a) was deemed unconstitutional as denial of the right of access to the courts. In its ruling, the Florida Supreme Court employed the remedy of statutory revival and directed that the pre-1994, 260-week TTD benefit limitation be re-established.

Actuarial Analysis

A summary of NCCI's actuarial analysis of the *Westphal* decision and its impact on workers compensation system costs is described below. This analysis is based on data from various sources, including NCCI and the Florida Division of Workers' Compensation (FDWC).

The calculations described below are also displayed in the enclosed Exhibit IV.

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[1] Note that NCCI's assumptions related to the significance of the unfunded liability are based upon the following filed and approved NCCI Statistical Plan definitions:
Open – Final payment not made
Closed – Company does not expect to make further payments
Reopened – Claim previously reported as closed; now company expects to make additional payments

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Indemnity—Impact on Temporary Disability Claims

The *Westphal* decision declared the 104-week maximum duration for TTD benefits unconstitutional because of the statutory gap that resulted. Although this particular case involved an injured employee who may have been deemed to be permanently disabled (either totally or partially) when reaching MMI, the decision increased the maximum TTD benefit duration from 104 to 260 weeks for all claimants due TTD benefits. Therefore, the change impacts both the healing period portion of permanent claims as well as those that are purely temporary disability claims. This section of the analysis focuses on the latter—purely temporary disability claims (i.e., claim with no associated permanent disability benefit payments).

In order to determine the average TTD claim duration, NCCI reviewed FDWC data for lost-time claims with dates of injury from 2008 through 2012, having no permanent disability benefit payments. Based on this review, an average TTD claim duration of 56.3 days was determined.

In order to estimate the potential impact on temporary disability claims, NCCI analyzed average TTD claim durations in other jurisdictions using summarized transactional data licensed to NCCI[2]. A comparison of the average TTD claim duration[3] limited to 104 weeks to the average TTD claim duration limited to 260 weeks was performed for NCCI jurisdictions. Jurisdictions with maximum claim durations less than 260 weeks were excluded from the analysis, along with jurisdictions where the date of MMI is not necessarily mandated or used to terminate TTD benefits[4]. The resulting median difference between capping durations at 104 and 260 weeks is 3.5 days. This represents the expected increase in the average claim duration for Florida TTD claims as a result of the *Westphal* decision. An increase of 3.5 days in the average TTD claim duration is equivalent to a +6.2% change (= 3.5 days / 56.3 days) in TTD benefit costs. This impact will apply to all temporary disability benefit costs, which comprise 47.7% of indemnity benefits in Florida[5]. Hence, the impact on indemnity benefit costs due to the expected increase in temporary disability claim durations is +3.0% (= +6.2% x 47.7%).

Indemnity—Impact on Permanent Disability Claims

Prior to *Westphal*, Florida law provided injured employees with TTD benefits during the continuance of the disability, not to exceed 104 weeks. When total disability is determined to be permanent in nature and the injured employee is unable to engage in at least sedentary employment, the claimant may be eligible for PTD benefits payable until age 75[6].

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[2] Based on data used in the *Workers Compensation Temporary Total Disability Indemnity Benefit Duration - 2013 Update* on ncci.com. The latest accident year included in the study is 2011. In this analysis, data from Accident Years 2003 to 2007 is employed since the maturities for these years are in excess of 260 weeks.
[3] Based on the difference in dates between the first and last TTD benefit payment.
[4] Jurisdictions included in the analysis are AK, AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, and VT.
[5] Based on NCCI Workers Compensation Statistical Plan (WCSP) data for Florida policies having effective dates during the 24-month period ending December 31, 2012.
[6] In some cases, PTD benefits can be extended beyond age 75. For example, for injuries suffered after the employee is age 70, PTD benefits may be payable for up to five years.

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An employee who is ineligible for PTD compensation, but still permanently disabled to some degree, may be eligible for permanent impairment benefits (PIB). In either case, the period during which temporary disability benefits are paid is referred to as the healing period (HP).

Cases involving PTD are relatively rare and typically involve only the most severe injuries. Since HP benefits constitute a small portion of total costs for PTD claims, NCCI estimates that the *Westphal* decision will only minimally impact PTD claim costs.

To estimate the impact on the HP for PIB claims, NCCI analyzed HP durations in an analogous manner to the calculation performed for purely TTD claims. That is, summarized transactional data licensed to NCCI was reviewed for the HP duration on PIB claims for Florida and permanent partial disability claims for other NCCI jurisdictions. The resulting median difference between capping HP durations at 104 and 260 weeks was 12.4 days. This represents the expected increase in the average HP duration for Florida PIB claims due to the *Westphal* decision. Using FDWC data for lost-time claims with PIB payments, NCCI calculated an average HP duration of 94.7 days. An increase of 12.4 days on the HP benefit duration is equivalent to a +13.1% change (= 12.4 days / 94.7 days) in HP benefit costs. As HP benefits on PIB claims represent 22.6% of Florida indemnity benefits[5], the impact on indemnity benefit costs due to the expected increase in HP durations on PIB claims is +3.0% (= +13.1% x 22.6%).

Indemnity—Impact on Overall Costs

As indemnity benefits comprise 29.7%[7] of total benefit costs in the state, the estimated impact on overall system costs in Florida due to the *Westphal* decision is +1.8% [= 29.7% x (+3.0% + 3.0%)].

Medical

The “statutory gap” described in the *Westphal* decision only applies to indemnity benefits; reimbursement for medical expenses does not expire under the Florida workers compensation system. Even though there is no change to the duration of medical benefits as a result of the *Westphal* decision, medical costs are still anticipated to be impacted. Specifically, claimants may alter their behavior and attempt to delay reaching MMI in order to continue receiving TTD benefits. To the extent claimants are successful at delaying a finding of MMI, in addition to the impacts on indemnity benefit costs described above, a different mix of medical services may be provided resulting in an increase in medical costs.

Before a claimant reaches MMI, much of the medical care he/she receives is remedial in nature—i.e., the goal is to treat the underlying cause of the injury and improve the claimant’s condition. Once MMI is reached, the bulk of medical care a claimant receives is palliative in nature, as medical treatments are primarily focused on alleviating symptoms and not necessarily treating the underlying cause. Remedial care costs are generally greater than palliative care costs because of the types of medical treatment used. To the

[7] Based on NCCI Financial Call data for Policy Years 2012 and 2013 projected to August 1, 2016.

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extent that the *Westphal* decision results in delayed MMI and the period of remedial medical care is extended, medical costs are expected to increase. NCCI anticipates this medical cost increase will most likely relate to a portion of medical services provided during the healing period in cases where PIB benefits are awarded.

To estimate the impact on medical costs for permanent impairment claims, FDWC data by service category for PIB claims was reviewed for accidents occurring from 2008 through 2012 for which the claimant reached MMI. NCCI assumed that costs associated with procedures performed at hospitals or ambulatory surgical centers, and procedures involving surgery, anesthesiology, radiology, and pathology would not be materially impacted by the *Westphal* decision. Based on the FDWC data, NCCI estimates that approximately 18% of pre-MMI medical costs on Florida PIB claims will be impacted and that 85% of medical payments on PIB claims (at a fifth report) occur prior to MMI. Further, based on NCCI WCSP data, 79.9% of medical costs on PIB claims occur prior to a fifth report. Altogether, this translates into 12.2% (=18% x 85% x 79.9%) of medical PIB costs in Florida being impacted by the *Westphal* decision.

As described above, the direct impact on the duration of HP benefits for PIB claims was estimated to be +13.1%. Assuming that 12.2% of medical PIB claim costs will increase by this amount, NCCI estimates that the impact of the *Westphal* decision on medical PIB claim costs will be +1.6% (= +13.1% x 12.2%). As PIB medical costs comprise 33.6%[5] of total medical costs, which comprise 70.3%[7] of total system costs, this translates into a +0.4% (= +1.6% x 33.6% x 70.3%) impact on overall Florida system costs.

Indemnity and Medical—Impact on Overall Costs

The estimated impact of the *Westphal* decision on overall Florida system costs is +2.2%. This is the sum the above-described separate indemnity (+1.8%) and medical (+0.4%) impacts on overall costs.

Additional Considerations

Temporary Partial Disability:

Effective January 1, 1994, the maximum benefits in Florida for TTD and temporary partial disability (TPD) were each reduced from 260 weeks to 104 weeks. Florida Statutes 440.15(4)(e), pertaining to the maximum number of weeks for TPD benefits, was also added at that time and reads as follows:

Such benefits shall be paid during the continuance of such disability, not to exceed a period of 104 weeks, as provided by this subsection and subsection (2).

As subsection (2) references the maximum duration for TTD benefits, this provision from the 1994 reform established a combined total TTD and TPD maximum benefit of 104 weeks, whereas previously the separate maximum for each benefit type was 260 weeks.

In the *Westphal* decision, the court deemed the 104-week maximum duration for TTD benefits in Florida Statutes 440.15(2)(a) unconstitutional and revived the corresponding

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section of the law in effect prior to 1994 (i.e., a 260-week maximum duration). This created a potential inconsistency in 440.15(4)(e) since subsection (2)(a) no longer provides for benefits not to exceed 104 weeks—serving to create some uncertainty as to what the applicable duration limitation is for TPD benefits.

This analysis assumes a 260-week maximum applied on a combined basis for TTD and TPD benefits. Note that this interpretation appears to be in-line with how the FDWC has initially indicated that they will apply the *Westphal* decision. Some alternative interpretations of the *Westphal* decision have been suggested[8] with respect to the limiting of TTD and TPD benefits and include:

- A maximum of 260 weeks of TTD benefits and 104 weeks of TPD benefits
- Separate maximums of 260 weeks for both TTD and TPD benefits

Of the above possible alternatives, the 260-week combined maximum on TTD and TPD benefits results in the minimum potential increase in Florida workers compensation system costs. If this provision of the law is subsequently interpreted to apply differently than the 260-week combined maximum for TTD and TPD benefits, NCCI would evaluate the change and reflect the impact, if any, in a future Florida rate filing.

Aggravating Factors:

While considerations for changes in claimant behavior are reflected in this analysis, additional influences may emerge over time resulting in an impact greater than the estimated +2.2%. The following are two examples of such potential factors:

- The recent Florida Supreme Court decision in *Castellanos vs. Next Door Company, et al.*, could result in a further lengthening of claim durations and higher medical costs than that currently contemplated in the pricing methodology for the *Westphal* decision described above.
- TTD benefits payable while an injured worker is obtaining training and education benefits is limited to 52 weeks in Florida, subject to the aggregate maximum duration for TTD. As the aggregate maximum duration for TTD will increase from 104 to 260 weeks as a result of the *Westphal* decision, it is possible that a greater amount of TTD may be sought either while the employee is participating in a training and education program, or through settlement negotiations.

To the extent such aggravating factors, over time, result in an impact due to the *Westphal* decision that is in excess of the estimated +2.2%, any additional increase in claim costs would be reflected in a future Florida rate filing.

[8] "Florida Workers' Comp Adjudication", Florida Deputy Chief Judge David Langham; http://flojcc.blogspot.com/2016/06/westphal-is-over-questions-remain.html

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Exhibit IV

Florida

Analysis of Florida Supreme Court Decision in *Westphal*

Indemnity Benefits

		(A) TTD Injuries	(B) Healing Period Portion of PIB Injuries	
(1)	Florida average claim duration (in days)	56.3	94.7	
(2)	Estimated increase in average claim duration due to *Westphal* (in days)	3.5	12.4	
(3)	Impact on indemnity benefit-type costs = [(1) + (2)] / (1) - 1.000	+6.2%	+13.1%	
(4)	Temporary disability benefits as a percentage of total indemnity benefits	47.7%	22.6%	
(5)	Impact on indemnity benefits by type of injury = (3) x (4)	+3.0%	+3.0%	
(6)	Impact on indemnity benefits = (5A) + (5B)			+6.0%
(7)	Indemnity benefits as a percentage of overall benefits			29.7%
(8)	Impact on overall benefit costs = (6) x (7)			**+1.8%**

Medical Benefits

(9)	Impact on pre-MMI medical costs due to increase in PIB healing period duration = (3B)	+13.1%
(10)	Estimated % of pre-MMI medical benefits impacted by the increase in average claim duration	18%
(11)	Estimated ratio of pre-MMI medical benefits to total medical benefits at fifth report	85%
(12)	Medical PIB paid fifth-to-ultimate loss development factor	1.252
(13)	Percentage of medical PIB costs impacted by *Westphal* = (10) x (11) / (12)	12.2%
(14)	Impact on medical PIB costs = (9) x (13)	+1.6%
(15)	Medical PIB costs as a percentage of total medical benefits	33.6%
(16)	Impact on medical benefits = (14) x (15)	0.5%
(17)	Medical benefits as a percentage of overall benefits = 100% - (7)	70.3%
(18)	Impact on overall benefit costs = (16) x (17)	**+0.4%**

Total

(19)	Impact on overall benefit costs = (8) + (18)	**+2.2%**

Notes:

PIB = Permanent Impairment Benefits

(1), (10), and (11): Based on Florida Division of Workers' Compensation data

(2): Based on summarized transactional data licensed to NCCI

(3B): The impact on indemnity PIB claims is +7.5% (= +13.1% x 57.4%), where 57.4% is the HP portion of indemnity PIB claim costs

(4), (12), and (15): Based on NCCI Workers Compensation Statistical Plan data

(7): Based on NCCI Financial Call data

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EXHIBIT V

Proposed Rates and Rating Values

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NCCI KEY CONTACTS

Chris Bailey, State Relations Executive
Regulatory Services Division
National Council on Compensation Insurance, Inc. (NCCI)
106 E. College Avenue, Suite 900
Tallahassee, FL 32301
Phone (850) 322-4047 Fax (561) 893-5106

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services Division
National Council on Compensation Insurance, Inc. (NCCI)
901 Peninsula Corporate Circle
Boca Raton, Florida 33487-1362
Phone (561) 893-3062 Fax (561) 893-5662

All NCCI employees can be contacted via e-mail using the following format:

First Name_Last Name@NCCI.com

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ACCIDENT FUND GENERAL INS CO
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ACCIDENT FUND NATIONAL INS CO
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ACE AMERICAN INSURANCE COMPANY
ACE FIRE UNDERWRITERS INSURANCE COMPANY
ACE PROPERTY & CASUALTY INSURANCE COMPANY
ACIG INS CO
ADVANTAGE WC INSURANCE CO
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AIG PROPERTY CASUALTY COMPANY
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ALEA NORTH AMERICA INS CO
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AMERICAN COMPENSATION INS CO
AMERICAN ECONOMY INS CO
AMERICAN FAMILY HOME INS CO
AMERICAN FIRE AND CASUALTY CO
AMERICAN GUARANTEE AND LIABILITY INS CO
AMERICAN HOME ASSUR CO-NATIONAL UNION FIRE OF PIT
AMERICAN INS CO
AMERICAN INTERSTATE INS CO
AMERICAN MINING INS CO
AMERICAN MODERN HOME INS CO
AMERICAN PROPERTY INSURANCE COMPANY
AMERICAN STATES INS CO A SAFECO COMPANY
AMERICAN ZURICH INS CO
AMERISURE INS CO
AMERISURE MUTUAL INS CO
AMERISURE PARTNERS INS CO
AMERITRUST INS CORP
AMGUARD INS CO
ANSUR AMERICA
ARCH INDEMNITY INSURANCE COMPANY
ARCH INSURANCE COMPANY
ARGONAUT GREAT CENTRAL INS CO
ARGONAUT INS CO
ARGONAUT MIDWEST INS CO
ARGONAUT SOUTHWEST INS CO
ASCENDANT COMMERCIAL INSURANCE INC
ASSOCIATED INDEMNITY CORP
ASSOCIATED INDUSTRIES INS CO INC
ATLANTIC SPECIALTY INS CO (ONEBEACON)
AUTO OWNERS INS CO
AUTOMOBILE INSURANCE CO OF HARTFORD
AXIS INSURANCE CO
AXIS REINSURANCE CO
BANKERS STANDARD FIRE AND MARINE CO
BANKERS STANDARD INS CO
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BERKLEY REGIONAL INS CO
BERKSHIRE HATHAWAY DIRECT INSURANCE COMPANY
BERKSHIRE HATHAWAY HOMESTATE INS CO
BERKSHIRE HATHAWAY SPECIALTY INSURANCE COMPANY
BITCO GENERAL INSURANCE CORPORATION
BITCO NATIONAL INSURANCE COMPANY
BRIDGEFIELD CASUALTY INS CO
BRIDGEFIELD EMPLOYERS INS CO
BROTHERHOOD MUTUAL INS CO
BUILDERS MUTUAL INS CO
BUSINESSFIRST INS COMPANY
CALIFORNIA INSURANCE COMPANY
CAROLINA CASUALTY INS CO
CHARTER OAK FIRE INS CO
CHEROKEE INS CO
CHUBB INDEMNITY INS CO
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CINCINNATI CASUALTY COMPANY
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EASTERN ALLIANCE INSURANCE COMPANY
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EMPIRE INDEMNITY INSURANCE CO
EMPLOYERS ASSURANCE COMPANY
EMPLOYERS COMPENSATION INS CO
EMPLOYERS INS CO OF WAUSAU
EMPLOYERS MUTUAL CASUALTY CO
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EVEREST NATIONAL INS CO
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FIDELITY & GUARANTY INSURANCE CO
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FIRST FINANCIAL INS CO
FIRST LIBERTY INS CORP
FIRST NATIONAL INS CO OF AMERICA
FIRST NONPROFIT INS CO
FIRSTCOMP INSURANCE CO
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FL RURAL ELECTRIC SI FUND
FLORIDA CITRUS BUSINESS AND INDUSTRIES FUND
FLORIDA MUNICIPAL INS TRUST
FLORIDA WC JUA
FLORISTS INS CO
FLORISTS MUTUAL INSURANCE CO
FOREMOST INS CO GRAND RAPIDS MICHIGAN
FOREMOST PROPERTY & CAS INS
FOREMOST SIGNATURE INS CO
FORESTRY MUTUAL INS CO
FRANK WINSTON CRUM INSURANCE CO
FRANKENMUTH MUTUAL INS CO
GENERAL CASUALTY COMPANY OF WISCONSIN
GENERAL INS CO OF AMERICA
GENESIS INS CO
GRANITE STATE INSURANCE COMPANY
GRAPHIC ARTS MUTUAL INS CO
GRAY INS CO
GREAT AMERICAN ALLIANCE INS CO
GREAT AMERICAN ASSURANCE COMPANY
GREAT AMERICAN INS CO OF NY
GREAT AMERICAN INSURANCE COMPANY
GREAT AMERICAN SECURITY INS CO
GREAT AMERICAN SPIRIT INS CO
GREAT DIVIDE INSURANCE COMPANY
GREAT MIDWEST INS CO
GREAT NORTHERN INS CO
GREAT WEST CASUALTY COMPANY
GREENWICH INS CO
GUARANTEE INS CO
GUIDEONE MUTUAL INS CO
HANOVER AMERICAN INS CO
HANOVER INS CO
HARTFORD ACCIDENT AND INDEMNITY CO
HARTFORD CASUALTY INS CO
HARTFORD FIRE INSURANCE CO
HARTFORD INS CO OF IL
HARTFORD INS CO OF MIDWEST
HARTFORD INS CO OF THE SOUTHEAST
HARTFORD UNDERWRITERS INS CO
HDI GLOBAL INSURANCE COMPANY
HIGHMARK CASUALTY INSURANCE COMPANY
HUDSON INS CO
ILLINOIS INSURANCE COMPANY
ILLINOIS NATIONAL INSURANCE COMPANY
IMPERIUM INSURANCE COMPANY
INDEMNITY INS CO OF N AMERICA (INA INS) (CT GEN)
INDIANA INSURANCE COMPANY
INS CO OF NORTH AMERICA
INS CO OF THE STATE PA
INS CO OF THE WEST
KEY RISK INS CO
LANCER INSURANCE COMPANY
LIBERTY INS CORP
LIBERTY INSURANCE UNDERWRITERS INC
LIBERTY MUTUAL FIRE INS CO
LIBERTY MUTUAL INS CO
LION INSURANCE COMPANY
LM INS CORP
MA BAY INS CO
MAG MUTUAL INS CO
MAIN STREET AMERICA ASSURANCE CO
MAIN STREET AMERICA PROTECTION INS CO
MANUFACTURERS ALLIANCE INS CO
MARKEL INSURANCE CO
ME EMPLOYERS MUTUAL INS CO
MEMIC CASUALTY COMPANY
MEMIC INDEMNITY CO
MERIDIAN SECURITY INSURANCE COMPANY
MICHIGAN COMMERCIAL INSURANCE MUTUAL
MID CENTURY INS CO
MIDDLESEX INS CO
MIDVALE INDEMNITY COMPANY
MIDWEST EMPLOYERS CASUALTY CO
MILBANK INSURANCE COMPANY
MITSUI SUMITOMO INS CO OF AMERICA
MITSUI SUMITOMO INS USA INC
MUNICH REINSURANCE AMERICA INC
NATIONAL AMERICAN INS CO
NATIONAL BUILDERS INSURANCE COMPANY
NATIONAL CASUALTY CO
NATIONAL FIRE INS CO OF HARTFORD
NATIONAL INDEMNITY CO
NATIONAL INDEMNITY CO OF THE SOUTH
NATIONAL INTERSTATE INS CO
NATIONAL LIABILITY & FIRE INSURANCE CO
NATIONAL SURETY CORP
NATIONAL TRUST INS CO
NATIONAL UNION FIRE INS CO OF LA
NATIONAL UNION FIRE INS CO OF PITTSBURG PA
NATIONWIDE AGRIBUSINESS INS CO
NATIONWIDE MUTUAL FIRE INS CO
NATIONWIDE MUTUAL INS CO
NATIONWIDE PROPERTY AND CASUALTY INS CO
NETHERLANDS INSURANCE COMPANY
NEW HAMPSHIRE INSURANCE COMPANY
NEW YORK MARINE AND GENERAL INSURANCE CO
NGM INSURANCE COMPANY
NORGUARD INS CO
NORMANDY INSURANCE COMPANY
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NORTH POINTE INS CO

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WORKERS COMPENSATION FILING — AUGUST 1, 2016

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OBI NATIONAL INSURANCE COMPANY
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OH FARMERS INS CO
OHIO SECURITY INS CO
OLD DOMINION INS CO
OLD REPUBLIC GENERAL INSURANCE CORPORATION
OLD REPUBLIC INS CO
OWNERS INSURANCE COMPANY
PA MANUFACTURERS ASSN INS CO
PA MANUFACTURERS INDEMNITY CO
PA NATIONAL MUTUAL CAS INS CO
PACIFIC EMPLOYERS INS CO
PACIFIC INDEMNITY CO
PATRIOT GENERAL INS CO
PATRONS MUTUAL INS CO OF CT
PEERLESS INSURANCE COMPANY
PENNSYLVANIA INSURANCE COMPANY
PETROLEUM CASUALTY CO
PHARMACISTS MUTUAL INS CO
PHOENIX INS CO
PRAETORIAN INSURANCE COMPANY
PREFERRED GOVERNMENTAL INS TRUST
PREFERRED PROFESSIONAL INSURANCE COMPANY
PREMIER GROUP INS CO
PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE
PROPERTY AND CASUALTY INS CO OF HARTFORD
PROTECTIVE INS CO
PUBLIC SERVICE INSURANCE COMPANY
QBE INSURANCE CORPORATION
REGENT INSURANCE COMPANY
REPUBLIC INDEMNITY CO OF CA
REPUBLIC INDEMNITY COMPANY OF AMERICA
RETAILFIRST INSURANCE COMPANY
RIVERPORT INSURANCE COMPANY
RLI INSURANCE COMPANY
ROCKWOOD CASUALTY INS CO
SAFECO INS CO OF AMERICA
SAFETY FIRST INS CO
SAFETY NATIONAL CASUALTY CORP
SAGAMORE INSURANCE CO
SAMSUNG FIRE AND MARINE INS CO LTD USB
SELECT INS CO
SELECTIVE INS CO OF SC
SELECTIVE INS CO OF THE SOUTHEAST
SELECTIVE INSURANCE COMPANY OF AMERICA
SELECTIVE WAY INS CO
SENECA INSURANCE CO
SENTINEL INS CO
SENTRY CASUALTY CO
SENTRY INSURANCE A MUTUAL CO
SENTRY SELECT INSURANCE COMPANY
SFM MUTUAL INS CO
SOMPO JAPAN INSURANCE CO OF AMERICA
SOUTHERN GUARANTY INSURANCE CO
SOUTHERN INS CO
SOUTHERN OWNERS INS CO
ST PAUL FIRE AND MARINE INS CO
ST PAUL GUARDIAN INS CO
ST PAUL MERCURY INS CO
ST PAUL PROTECTIVE INS CO
STANDARD FIRE INSURANCE COMPANY
STAR INS CO
STARNET INSURANCE COMPANY
STARR INDEMNITY AND LIABILITY CO
STARSTONE NATIONAL INSURANCE COMPANY
STATE AUTO PROPERTY AND CASUALTY INS CO
STATE AUTOMOBILE MUTUAL INS CO
STATE FARM FIRE AND CASUALTY CO
STATE NATIONAL INSURANCE COMPANY
STONINGTON INS CO
SUNZ INSURANCE COMPANY
SYNERGY INS CO
T H E INSURANCE COMPANY
TECHNOLOGY INSURANCE CO
THE TRAVELERS CASUALTY COMPANY
TNUS INSURANCE CO
TOKIO MARINE AMERICA INSURANCE CO
TRANS PACIFIC INS CO
TRANSGUARD INS CO OF AMERICA INC
TRANSPORTATION INS CO
TRAVELERS CASUALTY & SURETY CO OF AMERICA
TRAVELERS CASUALTY AND SURETY CO
TRAVELERS CASUALTY CO OF CONNECTICUT
TRAVELERS CASUALTY INS CO OF AMERICA
TRAVELERS COMMERCIAL CASUALTY CO
TRAVELERS COMMERCIAL INS CO
TRAVELERS INDEMNITY CO
TRAVELERS INDEMNITY CO OF AMERICA
TRAVELERS INDEMNITY CO OF CT
TRAVELERS INSURANCE CO
TRAVELERS PROPERTY CASUALTY CO OF AMERICA
TRIUMPHE CASUALTY COMPANY
TRUCK INSURANCE EXCHANGE
TRUMBULL INS CO
TWIN CITY FIRE INS CO
TX GENERAL INDEMNITY CO
UNION INSURANCE COMPANY
UNITED STATES FIDELITY AND GUARANTY CO
UNITED WI INS CO
US FIRE INS CO
UTICA MUTUAL INS CO
VALLEY FORGE INS CO
VANLINER INS CO
VIGILANT INS CO
WASHINGTON INTERNATIONAL INSURANCE COMPANY
WAUSAU UNDERWRITERS INSURANCE COMPANY
WESCO INSURANCE COMPANY (AMTRUST GROUP)
WEST AMERICAN INS CO
WESTCHESTER FIRE INSURANCE COMPANY
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Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
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Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Manual/Rate Pages	0		Amended Law Only Filing

Florida

Voluntary Workers Compensation Amended Law-Only Rate Filing Proposed Effective October 1, 2016

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

June 30, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: **Florida Workers Compensation Amended Law-Only Voluntary Rates and Rating Values Filing, Proposed Effective October 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of the state of Florida, we are filing for your consideration and approval workers compensation rates and rating values for the Florida voluntary market, to become effective October 1, 2016 for new, renewal, and all outstanding policies that are effective on or after that date. This is an amendment to the currently pending Florida filing dated May 27, 2016 and includes the estimated impact on workers compensation system costs resulting from the Florida Supreme Court's decision on June 9, 2016 in *Bradley Westphal v. City of St. Petersburg, etc., et al.* At the direction of the Office of Insurance Regulation, NCCI has also amended the proposed effective date to October 1, 2016.

This amended filing proposes an overall average voluntary rate level increase of 19.6% for the industrial classifications, and an overall average rate level increase of 3.6% for the federal classifications, except for class code 9077 (United States Armed Service Risk – All Employees & Drivers). There is no impact to class code 9077.

This proposed increase results from the combined impact of the Florida Supreme Court's decision on April 28, 2016 in *Marvin Castellanos v. Next Door Company, et al.*, No. SC13-2082, SB 1402 (2016) that ratified the Florida Division of Workers' Compensation's updates to the Florida Workers' Compensation Reimbursement Manual for professional health care providers, effective July 1, 2016, and the impact of the Florida Supreme Court's decision on June 9, 2016 in *Bradley Westphal v. City of St. Petersburg, etc., et al.,* No. SC13-1930.

This filing is made exclusively on behalf of the companies that have given valid consideration for the express purpose of fulfilling regulatory rate or pure premium filing requirements and other private use of this information. In the enclosed appendix is a list of companies which, as of the time this filing is submitted, are eligible to reference this information. The inclusion of a company on this list merely indicates that the company, or the group to which it belongs, is affiliated with NCCI in this state, or has licensed this information as a non-affiliate, and is not intended to indicate whether the company is currently writing business or is even licensed to write business in this state.

National Council on Compensation Insurance

Please contact me if you have any questions or need any further information.

Respectfully submitted,

Chris Bailey
State Relations Executive

106 E. College Ave, Suite 900
Tallahassee, FL 32301
www.ncci.com

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Actuarial Certification

I, Jay Rosen, am a Director and Senior Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

Jay Rosen

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services

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WORKERS COMPENSATION FILING – OCTOBER 1, 2016

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NCCI Key Contacts

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* Not included in this submission.

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SUMMARY OF PROPOSED CHANGES

Proposed Effective Date	**October 1, 2016**

I. Industrial Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+19.6%
By Component	
- First-Year Impact of the Florida Supreme Court's Decision in *Castellanos*	+15.0%
- Changes to the Florida WC Health Care Provider Reimbursement Manual	+1.8%
- Impact of the Florida Supreme Court's Decision in *Westphal*	+2.2%
By Industry Group	
Manufacturing	+19.6%
Contracting	+19.6%
Office & Clerical	+19.6%
Goods & Services	+19.6%
Miscellaneous	+19.6%

II. Federal Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+3.6%

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WORKERS COMPENSATION FILING – OCTOBER 1, 2016

Adjustment to Outstanding Policies In-Force on October 1, 2016
Due to the First-Year Impact of the Florida Supreme Court's Decision in *Castellanos,*
Changes to the Florida WC Health Care Provider Reimbursement Manual, and the
Impact of the Florida Supreme Court's Decision in *Westphal*

Full New and Renewal Impact: +19.6%

Effective Month	Unexpired Portion of Policy as of October 1, 2016	Impact
November 2015	1 month	1.6%
December 2015	2 months	3.3%
January 2016	3 months	4.9%
February 2016	4 months	6.5%
March 2016	5 months	8.2%
April 2016	6 months	9.8%
May 2016	7 months	11.4%
June 2016	8 months	13.1%
July 2016	9 months	14.7%
August 2016	10 months	16.3%
September 2016	11 months	18.0%

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

NCCI estimates that the cost impact due to the Florida Supreme Court's decision in *Castellanos vs. Next Door Company, et al.* (*Castellanos*) will result in an overall first-year impact on Florida workers compensation system costs of +15.0%. NCCI proposes that this filing apply to new, renewal, and all in-force policies that are effective on or after October 1, 2016. However, *Castellanos* is also expected to increase overall system costs in the state for all claims occurring on or after July 1, 2009 that remain open or are re-opened[1]. Therefore, NCCI expects that a significant unfunded liability will be created due to the retroactive impact of this court decision.

This estimate does <u>not</u> include the following:

- **Cost impacts related to the First District Court of Appeal's decision in *Miles v. City of Edgewater Police Department* (April 20, 2016), which addressed claimant-paid attorney fees.**
- **The entire unfunded liability created in the state due to the retroactive nature of the *Castellanos* decision.**
- **Unanticipated cost impacts not otherwise reflected in this filing that may emerge over time such as additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida.**

Aside from the unfunded liability, the resultant cost impacts of the above, if any, would be reflected in subsequent Florida rate filings.

Summary of Florida Supreme Court Decision and Resultant Cost Impact

On April 28, 2016, the Florida Supreme Court issued a decision in *Marvin Castellanos v. Next Door Company, et al.*, (*Castellanos*), No. SC13-2082. The Supreme Court concluded,

> *"…that the mandatory attorney fee schedule in section 440.34 of Florida Statutes, which creates an irrebuttable presumption that precludes any consideration of whether the fee award is reasonable to compensate the attorney, is unconstitutional under both the Florida and United States Constitutions as a violation of due process*."

The result of the Supreme Court's decision is to eliminate the statutory caps on claimant attorney fees and return Florida to the law as it was prior to July 1, 2009 when claimant attorney fees awarded under the fee schedule were required to be "reasonable."

NCCI estimates that the prospective first-year impact of the *Castellanos* decision will be +15.0**%** on overall Florida workers compensation system costs.

Note that the proposed rate level change for "F" classes, excluding code 9077 (United States Armed Service Risk – All Employees and Drivers), will be less than the rate level change applicable to industrial classes since federal benefits are applicable in many cases rather than state benefits, and the claimant attorney fee changes contained in SB 50A did not apply to

[1] Note that NCCI's assumptions related to the significance of the unfunded liability are based upon the following filed and approved NCCI Statistical Plan definitions:
Open – Final payment not made
Closed – Company does not expect to make further payments
Reopened – Claim previously reported as closed; now company expects to make additional payments

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cases involving federal benefits. Furthermore, the *Castellanos* decision does not impact the rate for class code 9077, since only federal benefits are applicable.

NCCI has filed for the proposed rates to apply to all policies in effect on October 1, 2016 on a pro-rata basis through the remainder of the term of those policies. Though the *Castellanos* decision was rendered on April 28, 2016, the decision has retroactive impacts on claims open or re-opened from July 1, 2009 (effective date of enacted House Bill 903, which addressed the decision in *Emma Murray vs. Mariner Health Inc. and ACE US)* and forward. Increased system costs which will result from the *Castellanos* decision were not contemplated in the development of workers compensation rates for all policies affected. Because workers compensation ratemaking is prospective only, insurers are not able to recoup premium to cover such unforeseen retroactive system cost increases. Even if the proposed rates are to apply to outstanding policies, a significant portion of the full retroactive impact and unfunded liability remains.

Actuarial Analysis of the Impact of the *Castellanos* Decision

In order to estimate the impact of the *Castellanos* decision on Florida workers compensation system costs, it is necessary to first analyze how the provisions in SB 50A (2003)—specifically those relating to changes in claimant attorney fees—impacted system costs.

The provisions relating to attorney compensation contained in SB 50A were as follows:

- Maintain the “20/15/10/5” attorney fee schedule.
- Alternative hourly fees were eliminated with one exception: an alternative fee of up to $1,500 may be awarded per accident for medical-only petitions.
- Fees are to be based on “benefits secured” above the offer, only if the employer/carrier makes an offer including attorney fees. Attorney fees are "taxed" against the losing party.

In general, the analyses of the *Castellanos* decision contained in this filing reflect changes in system costs and other metrics between pre- and post-SB 50A time periods (“pre-reform” and “post-reform”). Experience emerging subsequent to the implementation of SB 50A has revealed significant decreases in workers compensation costs—even after adjusting pre-reform values for the expected impacts incorporated in NCCI’s SB 50A rate filing (e.g., adjusting pre-reform losses to the current benefit level). The changes to the claimant attorney compensation provisions contained in SB 50A are credited with accounting for a material portion of these decreases. Thus, in general, NCCI is relying on the changes observed between the pre-SB 50A reform period (an hourly attorney fee system) and the post-reform period (a legislated, mandatory attorney fee schedule system) for the changes that are expected to occur due to the *Castellanos* decision—although the changes would occur in the reverse direction.

A summary of NCCI’s actuarial analyses of the *Castellanos* decision and its impact on workers compensation system costs is described below. In general, NCCI analyzed the changes in overall benefit costs between the pre- and post-reform periods using NCCI’s Financial Call data for both Florida and Florida relative to other states. In addition, NCCI’s Detailed Claim Information (DCI) data was analyzed to estimate the changes in average claim costs for claims with a claimant attorney over these same time periods.

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Recognizing that data for 2003 includes a mix of pre- and post-reform data, this year has been excluded from NCCI's calculations in order to avoid distortions. As the impact of SB 50A's attorney fee change was realized over several years, NCCI used 2005 and 2006 as the post-reform time period in these analyses. This two-year time period allows one to both observe how the impact of the attorney fee changes emerged over time and necessarily avoid the impact of events that occurred beginning in 2007, such as the Great Recession.

Estimated Change in Overall Benefit Costs based on Financial Call Data

Based on premium, loss, and claim count information contained in the Florida 1/1/16 approved workers compensation rate filing, NCCI calculated changes in overall benefit costs for Policy Years 2000 to 2002 (pre-reform) and Policy Years 2005 and 2006 (post-reform) using NCCI Financial Call data evaluated as of 12/31/2014. NCCI then analyzed the observed changes in overall benefit cost levels for both Florida and the surrounding region between the pre- and post-reform periods. The results of the analysis are summarized in Exhibit I and described below.

Florida policy year claim frequency and total (indemnity plus medical) average benefit costs from the Florida 1/1/2016 approved rate filing, are displayed in columns (2) and (3) of Exhibit I, respectively. The premium and benefit level change adjustment factors embedded in these values are then adjusted to remove the impact of the attorney fee component of the SB 50A pricing[2]. Further, the premium used in determining the claim frequency values is further adjusted to remove all expense-related components. This step is necessary to facilitate a meaningful comparison between the observed changes in Florida and those in the surrounding region. The resulting figures are displayed in columns (4) and (5).

The product of the adjusted claim frequency (column (4)) and average claim severity (column (5)) is divided by $1M in order to estimate Florida's average pure loss cost in both pre- and post-reform years (column (6)). NCCI performed similar calculations to estimate the average pure loss cost for the group of southeastern states (Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee) shown in column (7) as well as a subset of regional states that abut the Gulf of Mexico (Alabama, Louisiana, and Mississippi) shown in column (8). The "Gulf states" region was specifically recognized as sharing some similarities with Florida.

During the analysis, the pre-reform period was defined to both include and exclude Policy Year 2000. The average pre-reform pure loss costs for Florida and the surrounding regions are shown on rows (9) and (10) of Exhibit I. The average pure loss costs in the post-reform period are displayed on row (11). The average pure loss cost declines for Florida and the surrounding regions are shown on rows (12) and (13). The Florida figures in rows (12) and (13) show that the average pure loss cost level decreased significantly in the state between the pre- and post-reform time periods—an observed decline between 32.1% and 34.1%.

[2] The provision for the attorney fee change contained in the SB 50A rate filing needs to be removed since the *Castellanos* decision will extinguish both the quantified and unquantified impacts resulting from the elimination of hourly fees in SB 50A.

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Even after adjusting for approved rate level changes subsequent to the effective date of SB 50A, NCCI recognizes that observed changes in overall benefit costs after SB 50A may have resulted from influences unrelated to changes in attorney fees. Therefore, changes in overall benefit costs observed in regions surrounding Florida were also examined.

As mentioned above, Florida's average pure loss cost decreased in excess of 32% between the pre- and post-SB 50A time periods. This is approximately 25% MORE of a decline than observed in the southeastern states region (see column (7), rows (14) and (15) in Exhibit I). Florida's 25% decline in average pure loss cost over and above that observed in the southeastern states region is likely attributed to several factors—not the least of which is the change in the attorney fee provisions contained in SB 50A.

Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most dramatic decreases in average pure loss cost level between the pre- and post-SB 50A time periods. As a region, these three states' average pure loss cost declined approximately 23% (column (8), rows (12) and (13)). Even though this is a notable percentage decline, it is still far less of a decline relative to the pure loss cost decline observed in Florida over this same time period (see column (8), rows (14) and (15)).

This analysis focused on the magnitude of the decline in Florida's pure loss cost (pre- to post-SB 50A) over and above that observed in the surrounding regions (rows (14) and (15) of Exhibit I). These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 13.8% and 37.5%.

Estimated Change in Average Claim Costs for Attorney-Represented Claims based on DCI data

The *Castellanos* decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation. Therefore, an additional analysis was performed which specifically focused on that portion of overall benefit costs. NCCI's DCI data as of a fifth report was used in conjunction with NCCI's Workers Compensation Statistical Plan (WCSP) data to estimate average claim costs (including claimant attorney fees) for claims with attorney representation. DCI data enables a separate analysis of claim information for claims with attorneys—allowing one to focus on the subset of claims directly impacted by a change in attorney fees.

Exhibit II-A displays the calculation of the impact on total average incurred (claim payments plus case reserves) benefit costs. Columns (1) and (4) display indemnity and medical average claim costs for claims with claimant attorney representation, respectively, for the pre- and post-SB 50A time periods. The individual DCI claims were linked to the WCSP claims database in order to incorporate the incurred loss amounts from the WCSP data into the analysis[3]. In this way, the impact of the SB 50A attorney fee changes can be analyzed based on the same data contained in the annually-approved Florida rate filings.

[3] Approximately 80% of the claims were linked between the DCI and WCSP databases. For the remaining claims, the DCI-reported incurred values were utilized.

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The average claim costs are adjusted to the current benefit level using values from the Florida 1/1/2016 approved rate filing and to remove the impact of the attorney fee component of the SB 50A pricing. These adjustment factors are shown in columns (2) and (5) of Exhibit II-A. The indemnity and medical benefit-adjusted average claim costs are displayed in columns (3) and (6), respectively. The final wage-adjusted average total benefit costs per claim for pre- and post-reform years are shown in column (8).

NCCI calculated changes in average total benefit costs for attorney-represented claims between years 2000 to 2002 (pre-reform) and years 2005 to 2006 (post-reform). The declines in attorney-represented claim costs pre- to post-SB 50A are displayed in row (11) of Exhibit II-A. Savings of more than 25% have been observed. As the *Castellanos* decision will effectively return Florida's attorney compensation structure to the pre-SB 50A, hourly fee-based system, it also indicates a return to the pre-SB 50A level of attorney-represented claim costs. Hence, the potential first-year impact of the *Castellanos* decision on overall workers compensation benefit costs is estimated to be between +15.0% and +16.1% (row (12)), which is the ratio of pre- to post-SB 50A average claim costs with attorney representation multiplied by the proportion of total claim costs that have claimant attorney representation during the post-reform period (43.6%[4]). Note that these estimated cost impacts do <u>not</u> reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the *Castellanos* decision.

In order to limit the impact that individual large claims may have on the analysis presented in Exhibit II-A, an additional supplemental analysis was performed. The largest one percent of claims based on reported DCI total incurred losses was excluded. The results of this additional analysis, consistent with that presented in Exhibit II-A, are shown in Exhibit II-B. These results indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 16.7% and 18.1% (see Exhibit II-B, row (12)).

Claimant Attorney Fees and Loss Adjustment Expenses

Claimant attorney fees are included in the indemnity loss data reported to NCCI, and defense attorney fees are included in the loss adjustment expense (LAE) data reported to NCCI. Therefore, since claimant attorney fees are included in the data on which all of the above-discussed cost estimates are based, no separate cost impact for claimant attorney fees has been included in this filing.

As *claimant* attorney behavior changed post-reform, there was a corresponding change in behavior related to *defense* attorneys. For example, there is qualitative input that as claimant attorneys worked fewer hours on cases and agreed to quicker settlements, defense attorneys also worked fewer hours on cases and earned reduced fees. The post-reform reduction in defense attorney costs has been reflected in the LAE component of the approved Florida workers compensation rates. The LAE component is a ratio of expenses to losses. It is anticipated that the *Castellanos* decision will result in both increased expenses and increased losses. At this time, NCCI expects that both will generally increase at the same rate. As such, no change to the current LAE provision is being proposed in this filing.

[4] Based on DCI and WCSP data.

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *CASTELLANOS vs. NEXT DOOR COMPANY, ET AL. (2016)*

Background and Analysis of the *Miles* Decision (2016)

On April 20, 2016, the First District Court of Appeal (DCA) issued an opinion in the case of *Miles v. City of Edgewater Police Department et al.* (*Miles*) declaring the restrictions in Sections 440.105 and 440.34 as unconstitutional. Violation of Section 440.105(3)(c), Florida Statutes is a misdemeanor for an attorney to accept a fee not approved by a Judge of Compensation Claims (JCC) and Section 440.34, Florida Statutes, prohibits a JCC from approving a fee that is not tied to benefits secured by the attorney.

In *Miles*, the claimant was a law enforcement officer alleging a claim for injuries related to chemical exposure. The claimant signed two retainer agreements with her attorney—one agreement provided for the payment of a $1,500 retainer by the claimant's union and the second agreement provided for the payment of an additional hourly fee by the claimant after exhaustion of the union-paid retainer. Prior to pursuing the claim, the claimant's attorney filed a motion for approval of the two retainer agreements. The JCC's first order denied approval of the two retainer agreements stating claimant paid legal fees are limited to the fee schedule in Section 440.34, Florida Statutes, which bases fees on benefits secured by the attorney. Given the claimant attorney had not yet secured benefits, the JCC concluded there was no authority to approve a fee. After the first order, claimant's counsel filed a motion to withdraw citing financial hardship. The claimant moved forward representing herself. The JCC's second order denied compensability of the chemical exposure claim based on insufficient evidence.

The First DCA found the restrictions in Sections 440.105 and 440.34, Florida Statutes, on claimant paid attorney fees to be unconstitutional. Both the JCC fee order and the order denying compensability were reversed and remanded for new hearings.

After *Miles*, it appears that claimant attorney fees may now be collected from the claimant regardless of whether benefits are secured. This likely increases the incentive for a claimant's attorney to take on claims regardless of whether such claims are likely to be found compensable, as long as the claimant has financial means. In discussions with system stakeholders, it has been suggested that there may be an increase in the number of retainer agreements that will require the claimant to pay attorney fees or, in the event that the claim is deemed compensable, attorney fees beyond those covered by the employer/carrier. Hence, if the First DCA decision remains in place, attorneys have the potential to earn greater compensation than that which would result from the *Castellanos* decision on its own, putting additional upward pressure on system costs in the state.

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Exhibit I

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Average Pure Loss Cost Changes Pre- and Post-SB 50A: Florida and the Region

	Florida						Region	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Policy Year	Avg. Claim Frequency per $1M of premium	Average Claim Severity	Avg. Claim Frequency per $1M of pure premium	Average Claim Severity	Average Pure Loss Cost	Southeastern States' Avg. Pure Loss Cost	Gulf States' Avg. Pure Loss Cost
Pre-SB 50A	2000	20.792	49,337	34.824	50,380	1.75	1.26	1.56
Pre-SB 50A	2001	19.221	49,450	32.156	50,468	1.62	1.29	1.64
Pre-SB 50A	2002	18.421	49,380	30.906	50,459	1.56	1.25	1.44
Post-SB 50A	2005	14.788	45,984	25.287	45,984	1.16	1.18	1.24
Post-SB 50A	2006	13.399	43,052	22.912	43,052	0.99	1.11	1.14
Pre-SB 50A			(9)	Avg. of 2000 - 2002:		1.64	1.27	1.55
Pre-SB 50A			(10)	Avg. of 2001 - 2002:		1.59	1.27	1.54
Post-SB 50A			(11)	Avg. of 2005 - 2006:		1.08	1.15	1.19
				Average Pure Loss Cost Decline:				
			(12)	'00/'02 to '05/'06		-34.1%	-9.4%	-23.1%
			(13)	'01/'02 to '05/'06		-32.1%	-9.4%	-22.7%
				DECLINE in Florida's average pure loss cost over and above that observed in the region:				
			(14)	'00/'02 to '05/'06			-27.3%	-14.3%
			(15)	'01/'02 to '05/'06			-25.1%	-12.2%
				REVERSAL of Florida's average pure loss cost decline over and above that observed in the region:				
			(16)	'00/'02 to '05/'06			**37.5%**	**16.7%**
			(17)	'01/'02 to '05/'06			**33.4%**	**13.8%**

Notes:
Figures are based on Aggregate Financial Call data
(2) and (3): Florida approved January 1, 2016 rate filing. Values are at current level and developed to an ultimate report
(4) and (5): Columns (2) and (3) adjusted to remove expenses and the impact of the attorney fee component of the SB 50A pricing
(6) = (4) x (5) / 1,000,000
(7): Regional states: AL, GA, LA, MS, NC, SC, and TN
(8): Regional states: AL, LA, and MS
(9)-(11): Averages of the figures in Columns (6), (7), and (8), respectively
(12) = (11) / (9) - 1.00
(13) = (11) / (10) - 1.00
(14): Using the figures in (12), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(15): Using the figures in (13), ((6) + 1.00) / ((7) + 1.00) - 1.00 and ((6) + 1.00) / ((8) + 1.00) - 1.00
(16): Using the figures in (12), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00
(17): Using the figures in (13), ((7) + 1.00) / ((6) + 1.00) - 1.00 and ((8) + 1.00) / ((6) + 1.00) - 1.00

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Exhibit II-A

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	36,437	0.811	29,550
2001	38,694	0.811	31,381
2002	32,562	0.811	26,408
2005	24,411	1.000	24,411
2006	23,580	1.000	23,580

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	35,708	0.988	35,280	1.460	94,652
2001	38,891	0.985	38,308	1.414	98,540
2002	33,298	0.970	32,299	1.379	80,957
2005	33,451	0.978	32,715	1.216	69,465
2006	32,518	0.970	31,542	1.161	63,997

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	91,383
	(b) Average of Column (8) for Accident Years 2001 to 2002	89,749
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	66,731
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-27.0%
	(ii) = (10) / (9b) - 1.0	-25.6%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 43.6%*	**+16.1%**
	(ii) = [((9b) / (10)) - 1.0] x 43.6%*	**+15.0%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 43.6% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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Exhibit II-B

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1,2]	(2) Indemnity Benefit On-level Factor[3]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	31,074	0.811	25,201
2001	30,788	0.811	24,969
2002	29,207	0.811	23,687
2005	19,991	1.000	19,991
2006	19,523	1.000	19,523

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[3]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2015 Wage Level[3]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	28,731	0.988	28,386	1.460	78,237
2001	29,634	0.985	29,189	1.414	76,579
2002	27,837	0.970	27,002	1.379	69,900
2005	25,011	0.978	24,461	1.216	54,054
2006	24,909	0.970	24,162	1.161	50,718

(9)	Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	(a) Average of Column (8) for Accident Years 2000 to 2002	74,905
	(b) Average of Column (8) for Accident Years 2001 to 2002	73,240
(10)	Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
	Average of Column (8) for Accident Years 2005 to 2006	52,386
(11)	Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
	(i) = (10) / (9a) - 1.0	-30.1%
	(ii) = (10) / (9b) - 1.0	-28.5%
(12)	Potential Impact of *Castellanos* Decision on Average Benefit Costs	
	(i) = [((9a) / (10)) - 1.0] x 42.0%*	**+18.1%**
	(ii) = [((9b) / (10)) - 1.0] x 42.0%*	**+16.7%**

[1] Source of attorney-represented claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Includes claimant legal expenses paid

[3] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

* 42.0% = Benefit costs with claimant attorney representation as a percentage of total benefit costs based on NCCI Detailed Claim Information and NCCI Workers Compensation Statistical Plan data

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ANALYSIS OF CHANGES TO THE FLORIDA WORKERS' COMPENSATION HEALTH CARE PROVIDER REIMBURSEMENT MANUAL EFFECTIVE JULY 1, 2016

NCCI estimates that the update to the Florida Workers' Compensation Health Care Provider Reimbursement Manual (FWCRM) to the 2014 Medicare level, effective July 1, 2016, will result in an overall average Florida workers compensation system cost impact of +1.8%.

Summary of Changes

Senate Bill 1402 ratifies the Florida Division of Workers' Compensation updates to the FWCRM for professional health care providers, effective July 1, 2016.

The prior FWCRM, which became effective 2/4/2009, is based on 2008 Medicare Conversion Factor and Resource Based Relative Value Scale (RBRVS) geographic-specific reimbursement levels. The revised FWCRM is based on 2014 Medicare Conversion Factor and RBRVS geographic-specific reimbursement levels. Note that the Maximum Reimbursement Amounts in the prior and revised FWCRMs are limited to no less than the MRAs published in the 2003 FWCRM. The changes impact reimbursements for physician services as well as Category 1 hospital outpatient services.

The impacts due to the enacted changes to the FWCRM for professional health care providers are summarized in the following table:

	(A) **Impact on Type of Service**	**(B)** **Share of Medical Costs**	**(C)** **Impact on Medical Costs** **(A) x (B)**
Physician	+8.5%	29.4%	+2.5%
Hospital Outpatient	+0.4%	19.4%	+0.1%
(1) Impact on Florida Medical Costs			**+2.6%**
(2) Medical Costs as a Percentage of Overall Workers Compensation Benefit Costs in Florida			69.7%
(3) Impact on Overall Workers Compensation System Costs in Florida = (1) x (2)			**+1.8%**

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *BRADLEY WESTPHAL V. CITY OF ST. PETERSBURG, ETC., ET AL. (2016)*

NCCI estimates that the cost impact due to the Florida Supreme Court's decision in *Bradley Westphal v. City of St. Petersburg*, etc., et al. (*Westphal*) will result in an overall impact on Florida workers compensation system costs of +2.2%. NCCI proposes that the impact of this court decision apply to new, renewal, and all in-force policies that are effective on or after October 1, 2016.

This analysis only addresses the expected increase in Florida workers compensation system costs for accidents occurring on or after October 1, 2016. However, *Westphal* is also expected to increase overall system costs in the state for all claims occurring on or after January 1, 1994 that remain open or are re-opened[1]. Therefore, NCCI expects that a significant unfunded liability may be created due to the retroactive impact of this court decision.

Summary of Florida Supreme Court Decision

Bradley Westphal was a firefighter who suffered severe injuries in the course of his employment and began receiving indemnification and medical benefits. Under section 440.15(2)(a) of the Florida statutes, Westphal was entitled to temporary total disability (TTD) benefits for a duration no greater than 104 weeks. When Westphal's entitlement to TTD benefits expired, he was incapable of working or obtaining employment and had not yet reached maximum medical improvement (MMI). As a result, he was denied permanent total disability (PTD) benefits due to the uncertainty of whether he would be found totally disabled when MMI was reached in the future. Westphal was ineligible for benefits under Florida's workers compensation law, yet he remained totally disabled and incapable of engaging in employment—creating a "statutory gap."

On June 9, 2016, the Florida Supreme Court issued an opinion in *Westphal*. The Court concluded that the maximum 104-week duration for TTD benefits, as applied to a worker like Westphal who falls into the statutory gap at the conclusion of those benefits, does not provide a reasonable alternative to tort litigation. As such, Florida Statutes 440.15(2)(a) was deemed unconstitutional as denial of the right of access to the courts. In its ruling, the Florida Supreme Court employed the remedy of statutory revival and directed that the pre-1994, 260-week TTD benefit limitation be re-established.

Actuarial Analysis

A summary of NCCI's actuarial analysis of the *Westphal* decision and its impact on workers compensation system costs is described below. This analysis is based on data from various sources, including NCCI and the Florida Division of Workers' Compensation (FDWC).

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[1] Note that NCCI's assumptions related to the significance of the unfunded liability are based upon the following filed and approved NCCI Statistical Plan definitions:
Open – Final payment not made
Closed – Company does not expect to make further payments
Reopened – Claim previously reported as closed; now company expects to make additional payments

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ANALYSIS OF COST IMPACTS DUE TO THE FLORIDA SUPREME COURT DECISION in *BRADLEY WESTPHAL V. CITY OF ST. PETERSBURG, ETC., ET AL. (2016)*

The calculations described below are also displayed in the enclosed Exhibit IV.

Indemnity—Impact on Temporary Disability Claims

The *Westphal* decision declared the 104-week maximum duration for TTD benefits unconstitutional because of the statutory gap that resulted. Although this particular case involved an injured employee who may have been deemed to be permanently disabled (either totally or partially) when reaching MMI, the decision increased the maximum TTD benefit duration from 104 to 260 weeks for all claimants due TTD benefits. Therefore, the change impacts both the healing period portion of permanent claims as well as those that are purely temporary disability claims. This section of the analysis focuses on the latter—purely temporary disability claims (i.e., claim with no associated permanent disability benefit payments).

In order to determine the average TTD claim duration, NCCI reviewed FDWC data for lost-time claims with dates of injury from 2008 through 2012, having no permanent disability benefit payments. Based on this review, an average TTD claim duration of 56.3 days was determined.

In order to estimate the potential impact on temporary disability claims, NCCI analyzed average TTD claim durations in other jurisdictions using summarized transactional data licensed to NCCI[2]. A comparison of the average TTD claim duration[3] limited to 104 weeks to the average TTD claim duration limited to 260 weeks was performed for NCCI jurisdictions. Jurisdictions with maximum claim durations less than 260 weeks were excluded from the analysis, along with jurisdictions where the date of MMI is not necessarily mandated or used to terminate TTD benefits[4]. The resulting median difference between capping durations at 104 and 260 weeks is 3.5 days. This represents the expected increase in the average claim duration for Florida TTD claims as a result of the *Westphal* decision. An increase of 3.5 days in the average TTD claim duration is equivalent to a +6.2% change (= 3.5 days / 56.3 days) in TTD benefit costs. This impact will apply to all temporary disability benefit costs, which comprise 47.7% of indemnity benefits in Florida[5]. Hence, the impact on indemnity benefit costs due to the expected increase in temporary disability claim durations is +3.0% (= +6.2% x 47.7%).

Indemnity—Impact on Permanent Disability Claims

Prior to *Westphal*, Florida law provided injured employees with TTD benefits during the continuance of the disability, not to exceed 104 weeks. When total disability is determined to be permanent in nature and the injured employee is unable to engage in at least

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[2] Based on data used in the *Workers Compensation Temporary Total Disability Indemnity Benefit Duration - 2013 Update* on ncci.com. The latest accident year included in the study is 2011. In this analysis, data from Accident Years 2003 to 2007 is employed since the maturities for these years are in excess of 260 weeks.
[3] Based on the difference in dates between the first and last TTD benefit payment.
[4] Jurisdictions included in the analysis are AK, AL, AR, AZ, CO, CT, DC, HI, IA, ID, IL, IN, KS, KY, MD, MO, MS, MT, NE, NH, NM, NV, OK, OR, RI, SC, SD, TN, UT, and VT.
[5] Based on NCCI Workers Compensation Statistical Plan (WCSP) data for Florida policies having effective dates during the 24-month period ending December 31, 2012.

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sedentary employment, the claimant may be eligible for PTD benefits payable until age 75[6]. An employee who is ineligible for PTD compensation, but still permanently disabled to some degree, may be eligible for permanent impairment benefits (PIB). In either case, the period during which temporary disability benefits are paid is referred to as the healing period (HP).

Cases involving PTD are relatively rare and typically involve only the most severe injuries. Since HP benefits constitute a small portion of total costs for PTD claims, NCCI estimates that the *Westphal* decision will only minimally impact PTD claim costs.

To estimate the impact on the HP for PIB claims, NCCI analyzed HP durations in an analogous manner to the calculation performed for purely TTD claims. That is, summarized transactional data licensed to NCCI was reviewed for the HP duration on PIB claims for Florida and permanent partial disability claims for other NCCI jurisdictions. The resulting median difference between capping HP durations at 104 and 260 weeks was 12.4 days. This represents the expected increase in the average HP duration for Florida PIB claims due to the *Westphal* decision. Using FDWC data for lost-time claims with PIB payments, NCCI calculated an average HP duration of 94.7 days. An increase of 12.4 days on the HP benefit duration is equivalent to a +13.1% change (= 12.4 days / 94.7 days) in HP benefit costs. As HP benefits on PIB claims represent 22.6% of Florida indemnity benefits[5], the impact on indemnity benefit costs due to the expected increase in HP durations on PIB claims is +3.0% (= +13.1% x 22.6%).

Indemnity—Impact on Overall Costs

As indemnity benefits comprise 29.6%[7] of total benefit costs in the state, the estimated impact on overall system costs in Florida due to the *Westphal* decision is +1.8% [= 29.6% x (+3.0% + 3.0%)].

Medical

The “statutory gap” described in the *Westphal* decision only applies to indemnity benefits; reimbursement for medical expenses does not expire under the Florida workers compensation system. Even though there is no change to the duration of medical benefits as a result of the *Westphal* decision, medical costs are still anticipated to be impacted. Specifically, claimants may alter their behavior and attempt to delay reaching MMI in order to continue receiving TTD benefits. To the extent claimants are successful at delaying a finding of MMI, in addition to the impacts on indemnity benefit costs described above, a different mix of medical services may be provided resulting in an increase in medical costs.

Before a claimant reaches MMI, much of the medical care he/she receives is remedial in nature—i.e., the goal is to treat the underlying cause of the injury and improve the

[6] In some cases, PTD benefits can be extended beyond age 75. For example, for injuries suffered after the employee is age 70, PTD benefits may be payable for up to five years.
[7] Based on NCCI Financial Call data for Policy Years 2012 and 2013 projected to October 1, 2016.

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claimant's condition. Once MMI is reached, the bulk of medical care a claimant receives is palliative in nature, as medical treatments are primarily focused on alleviating symptoms and not necessarily treating the underlying cause. Remedial care costs are generally greater than palliative care costs because of the types of medical treatment used. To the extent that the *Westphal* decision results in delayed MMI and the period of remedial medical care is extended, medical costs are expected to increase. NCCI anticipates this medical cost increase will most likely relate to a portion of medical services provided during the healing period in cases where PIB benefits are awarded.

To estimate the impact on medical costs for permanent impairment claims, FDWC data by service category for PIB claims was reviewed for accidents occurring from 2008 through 2012 for which the claimant reached MMI. NCCI assumed that costs associated with procedures performed at hospitals or ambulatory surgical centers, and procedures involving surgery, anesthesiology, radiology, and pathology would not be materially impacted by the *Westphal* decision. Based on the FDWC data, NCCI estimates that approximately 18% of pre-MMI medical costs on Florida PIB claims will be impacted and that 85% of medical payments on PIB claims (at a fifth report) occur prior to MMI. Further, based on NCCI WCSP data, 79.9% of medical costs on PIB claims occur prior to a fifth report. Altogether, this translates into 12.2% (=18% x 85% x 79.9%) of medical PIB costs in Florida being impacted by the *Westphal* decision.

As described above, the direct impact on the duration of HP benefits for PIB claims was estimated to be +13.1%. Assuming that 12.2% of medical PIB claim costs will increase by this amount, NCCI estimates that the impact of the *Westphal* decision on medical PIB claim costs will be +1.6% (= +13.1% x 12.2%). As PIB medical costs comprise 33.6%[5] of total medical costs, which comprise 70.4%[7] of total system costs, this translates into a +0.4% (= +1.6% x 33.6% x 70.4%) impact on overall Florida system costs.

Indemnity and Medical—Impact on Overall Costs

The estimated impact of the *Westphal* decision on overall Florida system costs is +2.2%. This is the sum the above-described separate indemnity (+1.8%) and medical (+0.4%) impacts on overall costs.

Additional Considerations

Temporary Partial Disability:

Effective January 1, 1994, the maximum benefits in Florida for TTD and temporary partial disability (TPD) were each reduced from 260 weeks to 104 weeks. Florida Statutes 440.15(4)(e), pertaining to the maximum number of weeks for TPD benefits, was also added at that time and reads as follows:

Such benefits shall be paid during the continuance of such disability, not to exceed a period of 104 weeks, as provided by this subsection and subsection (2).

As subsection (2) references the maximum duration for TTD benefits, this provision from the 1994 reform established a combined total TTD and TPD maximum benefit of

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104 weeks, whereas previously the separate maximum for each benefit type was 260 weeks.

In the *Westphal* decision, the court deemed the 104-week maximum duration for TTD benefits in Florida Statutes 440.15(2)(a) unconstitutional and revived the corresponding section of the law in effect prior to 1994 (i.e., a 260-week maximum duration). This created a potential inconsistency in 440.15(4)(e) since subsection (2)(a) no longer provides for benefits not to exceed 104 weeks—serving to create some uncertainty as to what the applicable duration limitation is for TPD benefits.

This analysis assumes a 260-week maximum applied on a combined basis for TTD and TPD benefits. Note that this interpretation appears to be in-line with how the FDWC has initially indicated that they will apply the *Westphal* decision. Some alternative interpretations of the *Westphal* decision have been suggested[8] with respect to the limiting of TTD and TPD benefits and include:

- A maximum of 260 weeks of TTD benefits and 104 weeks of TPD benefits
- Separate maximums of 260 weeks for both TTD and TPD benefits

Of the above possible alternatives, the 260-week combined maximum on TTD and TPD benefits results in the minimum potential increase in Florida workers compensation system costs. If this provision of the law is subsequently interpreted to apply differently than the 260-week combined maximum for TTD and TPD benefits, NCCI would evaluate the change and reflect the impact, if any, in a future Florida rate filing.

Aggravating Factors:

While considerations for changes in claimant behavior are reflected in this analysis, additional influences may emerge over time resulting in an impact greater than the estimated +2.2%. The following are two examples of such potential factors:

- The recent Florida Supreme Court decision in *Castellanos vs. Next Door Company, et al.*, could result in a further lengthening of claim durations and higher medical costs than that currently contemplated in the pricing methodology for the *Westphal* decision described above.
- TTD benefits payable while an injured worker is obtaining training and education benefits is limited to 52 weeks in Florida, subject to the aggregate maximum duration for TTD. As the aggregate maximum duration for TTD will increase from 104 to 260 weeks as a result of the *Westphal* decision, it is possible that a greater amount of TTD may be sought either while the employee is participating in a training and education program, or through settlement negotiations.

To the extent such aggravating factors, over time, result in an impact due to the *Westphal* decision that is in excess of the estimated +2.2%, any additional increase in claim costs would be reflected in a future Florida rate filing.

[8] "Florida Workers' Comp Adjudication", Florida Deputy Chief Judge David Langham; http://flojcc.blogspot.com/2016/06/westphal-is-over-questions-remain.html

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Exhibit IV

Florida

Analysis of Florida Supreme Court Decision in *Westphal*

Indemnity Benefits

		(A) TTD Injuries	(B) Healing Period Portion of PIB Injuries	
(1)	Florida average claim duration (in days)	56.3	94.7	
(2)	Estimated increase in average claim duration due to *Westphal* (in days)	3.5	12.4	
(3)	Impact on indemnity benefit-type costs = [(1) + (2)] / (1) - 1.000	+6.2%	+13.1%	
(4)	Temporary disability benefits as a percentage of total indemnity benefits	47.7%	22.6%	
(5)	Impact on indemnity benefits by type of injury = (3) x (4)	+3.0%	+3.0%	
(6)	Impact on indemnity benefits = (5A) + (5B)			+6.0%
(7)	Indemnity benefits as a percentage of overall benefits			29.6%
(8)	Impact on overall benefit costs = (6) x (7)			**+1.8%**

Medical Benefits

(9)	Impact on pre-MMI medical costs due to increase in PIB healing period duration = (3B)	+13.1%
(10)	Estimated % of pre-MMI medical benefits impacted by the increase in average claim duration	18%
(11)	Estimated ratio of pre-MMI medical benefits to total medical benefits at fifth report	85%
(12)	Medical PIB paid fifth-to-ultimate loss development factor	1.252
(13)	Percentage of medical PIB costs impacted by *Westphal* = (10) x (11) / (12)	12.2%
(14)	Impact on medical PIB costs = (9) x (13)	+1.6%
(15)	Medical PIB costs as a percentage of total medical benefits	33.6%
(16)	Impact on medical benefits = (14) x (15)	0.5%
(17)	Medical benefits as a percentage of overall benefits = 100% - (7)	70.4%
(18)	Impact on overall benefit costs = (16) x (17)	**+0.4%**

Total

(19)	Impact on overall benefit costs = (8) + (18)	**+2.2%**

Notes:

PIB = Permanent Impairment Benefits

(1), (10), and (11): Based on Florida Division of Workers' Compensation data

(2): Based on summarized transactional data licensed to NCCI

(3B): The impact on indemnity PIB claims is +7.5% (= +13.1% x 57.4%), where 57.4% is the HP portion of indemnity PIB claim costs

(4), (12), and (15): Based on NCCI Workers Compensation Statistical Plan data

(7): Based on NCCI Financial Call data

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EXHIBIT V

Proposed Rates and Rating Values

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NCCI KEY CONTACTS

Chris Bailey, State Relations Executive
Regulatory Services Division
National Council on Compensation Insurance, Inc. (NCCI)
106 E. College Avenue, Suite 900
Tallahassee, FL 32301
Phone (850) 322-4047 Fax (561) 893-5106

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services Division
National Council on Compensation Insurance, Inc. (NCCI)
901 Peninsula Corporate Circle
Boca Raton, Florida 33487-1362
Phone (561) 893-3062 Fax (561) 893-5662

All NCCI employees can be contacted via e-mail using the following format:

First Name_Last Name@NCCI.com

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ACCIDENT FUND GENERAL INS CO
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ACCIDENT FUND NATIONAL INS CO
ACCIDENT INSURANCE COMPANY INC
ACE AMERICAN INSURANCE COMPANY
ACE FIRE UNDERWRITERS INSURANCE COMPANY
ACE PROPERTY & CASUALTY INSURANCE COMPANY
ACIG INS CO
ADVANTAGE WC INSURANCE CO
AIG ASSURANCE COMPANY
AIG PROPERTY CASUALTY COMPANY
AIU INSURANCE CO (NATIONAL UNION FIRE OF PITTS PA)
AK NATIONAL INS CO
ALEA NORTH AMERICA INS CO
ALLIED EASTERN IND CO
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AMERICAN ECONOMY INS CO
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AMERICAN HOME ASSUR CO-NATIONAL UNION FIRE OF PIT
AMERICAN INS CO
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AMERICAN MINING INS CO
AMERICAN MODERN HOME INS CO
AMERICAN PROPERTY INSURANCE COMPANY
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AUTO OWNERS INS CO
AUTOMOBILE INSURANCE CO OF HARTFORD
AXIS INSURANCE CO
AXIS REINSURANCE CO
BANKERS STANDARD FIRE AND MARINE CO
BANKERS STANDARD INS CO
BENCHMARK INSURANCE COMPANY
BERKLEY INSURANCE COMPANY
BERKLEY NATIONAL INSURANCE COMPANY
BERKLEY REGIONAL INS CO
BERKSHIRE HATHAWAY DIRECT INSURANCE COMPANY
BERKSHIRE HATHAWAY HOMESTATE INS CO
BERKSHIRE HATHAWAY SPECIALTY INSURANCE COMPANY
BITCO GENERAL INSURANCE CORPORATION
BITCO NATIONAL INSURANCE COMPANY
BRIDGEFIELD CASUALTY INS CO
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BROTHERHOOD MUTUAL INS CO
BUILDERS MUTUAL INS CO
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CAROLINA CASUALTY INS CO
CHARTER OAK FIRE INS CO
CHEROKEE INS CO
CHUBB INDEMNITY INS CO
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CINCINNATI INS CO
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EMPLOYERS INS CO OF WAUSAU
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SELECTIVE INS CO OF THE SOUTHEAST
SELECTIVE INSURANCE COMPANY OF AMERICA
SELECTIVE WAY INS CO
SENECA INSURANCE CO
SENTINEL INS CO
SENTRY CASUALTY CO
SENTRY INSURANCE A MUTUAL CO
SENTRY SELECT INSURANCE COMPANY
SFM MUTUAL INS CO
SOMPO JAPAN INSURANCE CO OF AMERICA
SOUTHERN GUARANTY INSURANCE CO
SOUTHERN INS CO
SOUTHERN OWNERS INS CO
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ST PAUL PROTECTIVE INS CO
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STATE AUTO PROPERTY AND CASUALTY INS CO
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TRAVELERS CASUALTY INS CO OF AMERICA
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UNITED STATES FIDELITY AND GUARANTY CO
UNITED WI INS CO
US FIRE INS CO
UTICA MUTUAL INS CO
VALLEY FORGE INS CO
VANLINER INS CO
VIGILANT INS CO
WASHINGTON INTERNATIONAL INSURANCE COMPANY
WAUSAU UNDERWRITERS INSURANCE COMPANY
WESCO INSURANCE COMPANY (AMTRUST GROUP)
WEST AMERICAN INS CO
WESTCHESTER FIRE INSURANCE COMPANY
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XL SPECIALTY INS CO
ZENITH INS CO
ZURICH AMERICAN INS CO
ZURICH AMERICAN INS CO OF IL

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Filing Details

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Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Manual/Rate Pages	0		Amended 10/01/2016 Filing

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

July 15, 2016

Ms. Cyndi Cooper, ACAS, MAAA
Actuary
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0330

Re: **National Council on Compensation Insurance, Inc.**
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500

Dear Ms. Cooper:

Please find enclosed responses to your letter of July 1, 2016 in connection with the above-referenced filing.

If you have any questions or need further information, please feel free to contact me.

Respectfully submitted,

Chris Bailey
State Relations Executive

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

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WORKERS COMPENSATION FILING – OCTOBER 1, 2016

Responses to Requests From the Office of Insurance Regulation Dated July 1, 2016

Request 1: You didn't address how the claimant attorney fees and employer attorney fees in the URE data are validated for accuracy as requested in question 1.c. Provide the requested information.

Response 1: We apologize for the inadvertent omission. Florida claimant attorney fee and employer attorney fee reporting requirements are based on Florida Statistical Plan state special rules. These rules require the reporting of these fields when attorney fees are applicable to a loss for policies effective April 1, 2009 and subsequent. This also requires the reporting of the claimant attorney fees in both the Incurred Claimant Attorney Fee field and in the indemnity loss.

Unit Statistical data is subjected to quality edits at time of submission, and validation tests on aggregated data on an annual basis. These steps verify the validity, accuracy, and completeness of the data. The unit statistical edits that are applied to the reporting of claimant attorney fees and employer attorney fees are provided in NCCI's Unit Statistical Reporting Guidebook—Part 12.A - Unit Edits Matrix in Production. The edits pertaining to these two fields ensure that the reported values are numeric and less than or equal to the incurred indemnity amount. In addition, the claim record is flagged as suspect when both fields are set to zero for claims with certain characteristics that suggest attorney involvement, such as a settlement or the payment of allocated loss adjustment expenses. As part of the unit statistical validation tests that are applied for the reporting of Claimant Attorney Fees and Employer Attorney Fees (see NCCI's Unit Statistical Reporting Guidebook—Part 12.B – Unit Statistical Validation Matrix—Validation Tests), data providers are notified of claims flagged as suspect. NCCI reviews submitted correction reports or data provider explanations for each suspect condition. If a response is not acceptable, NCCI requests additional information, clarification, or correction reports.

Request 2: As requested in question 1.b, you didn't explain why the "Claimant Legal Expenses Paid to Date" is an optional field or why, as of April 2014, the "Attorney or Authorized Representative" and the "Employer Legal Expenses Paid to Date" are no longer mandatory. Provide the requested information.

Response 2: In accordance with the respective reporting guidelines, the historical carrier reporting of claimant legal expense information was optional in both the Unit Statistical and DCI data prior to April and September 2009, respectively. A data element's optional status is based on NCCI discussions with carriers prior to the date it is established. If NCCI concludes, based on discussions with carriers, that the data may not be readily available to carriers or difficult for carriers to obtain, it is designated as optional.

The Unit Statistical reporting guidelines for Florida were modified at the instruction of the OIR to require the mandatory reporting of claimant and employer legal expense data for policies effective on or after April 1, 2009. In September 2009, NCCI updated the DCI reporting requirements and format to require the Employer Legal Amount Paid and Claimant Legal Amount Paid data elements for all states when a separate payment is made to the claimant attorney or authorized representative. The Attorney or Authorized Representative Indicator continues to be required in the new format (2009). In April 2014, the collection of DCI data for claims with reported-to-insurer dates prior to September 2009 ceased. The 2014 date is only referring to the runoff of the DCI format/elements/requirements of the DCI version prior to 2009.

Request 3: The responses to several questions (i.e. 2, 3, 4, 6) in the 6/7/2016 clarification letter are insufficient. It is not appropriate to limit the response to the Office's data requests to the "dataset on which the filing's analyses are based". The Office requested that you provide specific data and that data should be provided regardless if it was used in NCCI's analysis underlying the filing and should be provided from any data source available to NCCI. If you cannot provide some of the data which the Office is requesting, then an explanation as to why the data can't be provided should be given. Revise the responses and provide the data as previously requested. For example, in question 2, the Office requested attorney fees paid to claimant attorneys & employer/carrier attorneys which, as noted in the response, may not be separately identifiable in the Aggregate Financial Data or the DCI data but it is available in the WCSP data (as noted in the response to question 1). An additional example, in the response to question 3, you provided some data for 2000-2008, but the Office requested data for

1996-2016 and yet you failed to provide any explanation on why you didn't fully address the Office's request. If necessary, provide data at a more recent maturity (1st or 2nd report) in order to provide more years of data.

Response 3: Thank you for clarifying that your expectation with respect to previous requests was that NCCI would supply additional information outside that used in support of the pending rate filing. With respect to your comment on Request 2 from your 6/7/2016 letter, please see the attached exhibit titled "OIR-3," which displays Florida claimant attorney fee incurred data as-reported to NCCI in the WCSP data commencing in 2009. Please note while this data was available during the development of the rate filing, it was not used in ratemaking. We have not extracted or reviewed Florida employer legal paid data as-reported to NCCI in the WCSP data nor used it in ratemaking. NCCI respectfully requests that the OIR reconsider this request for information.

As to the other items 3, 4, and 6 from the 6/7/2016 letter, NCCI respectfully requests that the OIR reconsider these items for the reasons provided below. NCCI is committed to providing the OIR with information to facilitate its thorough review of the pending rate filing. As you know, the filing includes analyses based on two data sources. The first utilizes the Financial Call data which was reviewed by the OIR in connection with the approved Florida January 1, 2016 experience filing. The second analysis is based on Florida-only DCI data. The following provides further insight and highlights the challenges that exist with providing the additionally-requested DCI data for Florida and other jurisdictions.

NCCI's actuarial analysis of the *Castellanos* decision deviated from that performed in connection with the *Emma Murray* decision. More specifically, NCCI focused its *Castellanos* analysis to a relatively larger extent on the Financial Call data. As is well-documented, the Financial Call data is put through a rigorous validation process and underlies the annual Florida experience filings submitted to the OIR for review and approval. The Financial Call data-based analysis was also supported using information from NCCI's DCI Call. It is in this data source that claims with and without claimant legal representation can be identified. It is important to note that in September 2009 the DCI Call reporting requirements materially changed from those in effect prior to that time.

For example, the sampling of open and closed claims with reported-to-insurer dates prior September 2009 occurred at 6 months, while the current version of the DCI Call requires this sampling to occur at 18 months. In addition, the DCI claim sampling percentages were revised and the carrier-size thresholds for the reporting of DCI data were modified. These types of changes prevent one from making consistent, apples-to-apples comparisons across the two independent versions of the DCI data.

To ensure the quality and appropriateness of the DCI data included in the filing, considerable time and resources were devoted to securing both its availability and validation. Resource allocations of individuals still familiar with accessing the discontinued-DCI dataset were necessary to obtain the reported information. This was followed by an extensive manual review of the reported data—including a focused review on the largest one-percent of claims and a detailed cross-referencing of the DCI information with that reported in the WCSP. Concurrent with the manual review of individual claim data, NCCI also mapped claims between the DCI and WCSP databases—which involved several iterations of and modifications to the mapping process to ensure that a high percentage of claims were successfully linked. This resulted in NCCI being able to utilize the loss amounts from WCSP data in its analysis. The DCI data used in this analysis is better described as “enhanced DCI data” rather than raw DCI data. The available enhanced DCI data corresponds to Accident Years 2000 through 2008.

The only reason NCCI was able to use the enhanced DCI data was the fact that only one state and a limited number of years were utilized. Expanding the NCCI data validation and actuarial review process that was performed in connection with the *Castellanos* decision to additional years, states, and to different maturities would require a very significant amount of time and resources. In addition, the requested DCI data for claims with reported-to-insurer dates on or after September 1, 2009 would still not be comparable with claims prior to that date given the changes to the DCI claim reporting requirements. For these reasons, NCCI respectfully requests that the OIR reconsider this request for the additional years of data.

Request 4: Provide OIR-4 for all years requested in question 4 for data at a 2nd report. Provide this data for Florida only as well as for the southeastern states (AL, GA, LA, MS, NC, SC & TN), gulf states (AL, LA, & MS), & countrywide (excluding FL). Provide the percentage of claims with attorney involvement as well as the data underlying the calculations. Also provide the data underlying the information presented in the original OIR-4 (at 5th report).

Response 4: Please see attached exhibit titled "OIR-4." Note: The data provided is at a fifth report.

Request 5: The response to question 6 is insufficient. You are proposing a uniform impact of +15% across all industry groups for the *Castellanos* decision & the Office requested that you explain why you anticipate the impact to be equal across all industry groups. Stating that the impact "may or may not uniformly apply across all industry groups" doesn't support the proposal in the filing. You also failed to state whether or not you performed an analysis by industry group or if the proportion of claims with attorneys is equal across industry groups. The response simply states that industry group differences are not identifiable in certain datasets. Please revise the response to address all aspects of the Office's question.

Response 5: The intent of our previous response was to convey that NCCI does not have an opinion at this point as to whether the impact will be equal across all industry groups. Industry group differences are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based. The items in the various subparts of the above-referenced question 6 were, therefore, not performed. More importantly, it is unclear whether such analysis would have been useful given that stakeholder behavior post-*Castellanos* may shift any industry group differences on a go-forward basis. In this filing, NCCI uniformly applied the 15% impact across industry groups, which is consistent with the approach filed by NCCI and approved by the OIR in the *Emma Murray* rate filing. As future claims experience emerges, subsequent Florida rate filings will reflect the relative industry group impacts of the *Castellanos* decision, whether or not they differ.

Request 6: As a follow up to question 12, confirm that by stating in the response that "The above-referenced changes are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based." that you are asserting that no analysis was done to review the demographic changes, industry mix changes, system changes other than attorney fee schedule, etc. in the data from 2000-2002 to 2005-2006 that also could impact the pure loss costs & benefit costs as displayed in Exhibits I & II. It is unclear from the response if any analysis was conducted on alternate datasets.

Response 6: NCCI confirms that no analysis was done to review the demographic changes, industry mix changes, system changes other than attorney fee schedule, etc. in the data from 2000-2002 to 2005-2006 that also could impact the pure loss costs & benefit costs as displayed in Exhibits I & II. The filing's analyses are based on Aggregate Financial Call data and Detailed Claim Information, as described in the filing. The individual items in the various subparts of the above-referenced question 12 are not identifiable in these datasets and were, therefore, not specifically reviewed.

Request 7: Regarding the response to question 14, please provide a rationale for not performing the analysis at a countrywide level.

Response 7: One of the initial assumptions for this analysis was that the regions reviewed (Southeastern states, Gulf States) provided a sufficient comparison. During the analysis, no evaluation was made as to the merits of specifically including/excluding a countrywide region. Each of the regions reviewed as part of this year's analysis are described in the filing.

Request 8: Explain why data for 1998-1999 & 2014 was not provided in the response to question 15.

Response 8: The source of the information underlying the filing's Exhibit I analysis is Aggregate Financial Call data. Data was provided in response to the above-referenced question 15 for the years underlying that exhibit. Please see the attached exhibit titled "OIR-8" which includes

information for policy year 1999 and half-policy year 2014. NCCI was able to add these years fairly easily as they were present in the existing work papers. 1998 does not similarly exist. NCCI respectfully requests that the FL OIR reconsider this portion of the request.

Request 9: The footnote in OIR-18 states "The loss amounts and claim counts were adjusted using the DCI sampling weights." Please provide a detailed description of these adjustments & explain the DCI sampling weights.

Response 9: The DCI Call data provides more detailed information than that reported in URE data. Consequently, only a subset of claims for each NCCI jurisdiction is collected. As a result, a claim reported in DCI will generally represent more than one claim on a statewide basis; this is reflected through the application of DCI sampling weights. For example, if ten percent of claims remaining open at six months are specified to be sampled, each of these open claims will represent a total of 10 claims (= 1.0 / 10%) on a statewide basis. The sampling adjustment is necessary within a state due to different sampling rates for open and closed claims, and is also needed when comparing DCI information across states.

For Florida claims with reported-to-insurer dates prior to April 2002, the DCI sampling rate is 11% for claims remaining open at six months. The sampling rate for claims closed at six months is one-tenth of the open sampling ratio, or 1.1%. Therefore, the DCI sampling weights for claims with reported-to-insurer dates prior to April 2002 are 9.0909 (= 1.0 / 11%) and 90.9091 (= 1.0 / 1.1%) for open and closed claims at six months, respectively. The DCI sampling rate increased in Florida in April 2002 to 12%. As a result, the DCI sampling weights for claims with reported-to-insurer dates of April 2002 through August 2009 are 8.3333 and 83.3333 for open and closed claims at six months, respectively. The DCI sampling weights are applied to individual claim records, which then are aggregated.

Request 10: In regard to the response to question 19, does the revised Exhibit II presented in OIR-19 include med-only claims or lost-time claims only

(without attorney representation)? If med-only claims are included, please provide the exhibit for lost-time claims only.

Response 10: Per the DCI reporting guidelines, only data for lost-time claims is to be sampled. The data in Exhibit II excludes medical-only claims.

Request 11: Provide a revised OIR-19 and include AYs 1998, 1999, 2004, 2007-2015.

Response 11: Please refer to the response to Request 3.

Request 12: Explain why data for 1998-1999 & 2009-2015 was not provided in the response to question 20. Note that in order to include more years of data, please provide the data at a less mature report (i.e. second report).

Response 12: Please refer to the response to Request 3.

Request 13: As a follow up to question 21, does NCCI expect a change in lost-time claim frequency as a result of the *Castellanos* decision? If so, provide data to support the assertion.

Response 13: One may expect there to be an increase in claim frequency as a result of the decision in *Castellanos* for at least several reasons.

Firstly, the increase in claimant attorney advertising post-*Castellanos* will make injured workers more aware of their options to file a workers compensation claim. Secondly, injured employees seeking attorney assistance may be relatively more quickly able to locate an attorney willing to provide legal services in the new hourly attorney fee environment. In addition, the *Miles* decision, in combination with *Castellanos*, may incent attorneys to take on additional “marginal” cases—potentially further increasing Florida’s workers compensation claim frequency.

No data is available because none of the analyses performed by NCCI resulted in a separate claim frequency component.

Request 14: Provide an exhibit that demonstrates the change in Florida's lost-time claim frequency overtime by year, 1998-2016, and compare this to the change in claim frequency for the states defined in Southeastern Region and Gulf States Region as used in Exhibit I as well as the countrywide frequency change.

Response 14: Please see the attached exhibit titled "OIR-14" for the available information. A countrywide review was not performed. As an alternative, please see page 37 of the *2016 State of the Line Guide* (https://www.ncci.com/Articles/Documents/II_AIS-2016-SOL-Guide.pdf). It provides countrywide claim frequency information, however it is not comparable to the information in OIR-14.

Florida Workers Compensation Statistical Plan Data

Policy Years 2009 through 2013* as of first report

Policy Year	Claimant Attorney Fee Incurred > $0	Lost-Time Claim Count	Med-Only Claim Count	Claimant Attorney Fee Incurred	Indemnity Incurred	Medical Incurred	Total Incurred
2009	N	40,130	135,315	0	340,489,213	897,942,138	1,238,431,351
2009	Y	2,083	7	6,163,508	30,307,746	47,983,269	78,291,015
2010	N	39,691	133,129	0	325,864,812	907,462,659	1,233,327,471
2010	Y	2,904	19	8,485,543	41,361,789	68,592,678	109,954,467
2011	N	39,097	131,065	0	322,764,205	895,939,873	1,218,704,078
2011	Y	3,093	24	8,449,708	43,130,504	65,784,916	108,915,420
2012	N	37,771	131,667	0	307,364,330	903,703,003	1,211,067,333
2012	Y	4,094	17	11,040,124	56,897,770	84,162,537	141,060,307
2013	N	38,062	132,766	0	326,612,301	997,929,227	1,324,541,528
2013	Y	4,607	5	11,784,970	60,048,720	89,129,299	149,178,019

* Claimant attorney fee incurred data was required to be reported for Florida policies with effective dates beginning April 2009. Therefore, the information shown above for Policy Year 2009 contains a mix of optional and mandatory reporting for this field.

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National Council on Compensation Insurance
Detailed Claim Information Data

All Claims Valued 54 Months After Report to Insurer Date

	Florida			All DCI States (Excluding Florida)		
Accident Year	Claims with Claimant Attorney Involvement[1]	Claims without Claimant Attorney Involvement[1]	Claimant Attorney Percentage[2]	Claims with Claimant Attorney Involvement[1]	Claims without Claimant Attorney Involvement[1]	Claimant Attorney Percentage[2]
2000	6,369	27,235	19%	81,864	382,795	18%
2001	6,345	21,567	23%	73,457	378,434	16%
2002	7,480	22,539	25%	72,292	347,470	17%
2003	8,341	25,083	25%	76,384	328,127	19%
2004	7,958	22,141	26%	73,970	324,467	19%
2005	7,808	23,333	25%	74,642	345,557	18%
2006	7,833	24,716	24%	78,016	348,267	18%
2007	7,575	26,699	22%	74,963	349,286	18%
2008	7,083	22,083	24%	75,763	329,396	19%

	Southeastern States (AL,GA,LA,MS,NC,SC,TN)			Gulf States (AL,LA,MS)		
Accident Year	Claims with Claimant Attorney Involvement[1]	Claims without Claimant Attorney Involvement[1]	Claimant Attorney Percentage[2]	Claims with Claimant Attorney Involvement[1]	Claims without Claimant Attorney Involvement[1]	Claimant Attorney Percentage[2]
2000	11,170	57,166	16%	2,306	14,319	14%
2001	11,171	52,459	18%	2,194	13,183	14%
2002	9,725	42,749	19%	1,730	10,237	14%
2003	10,341	38,095	21%	1,514	9,514	14%
2004	11,931	41,499	22%	1,802	9,240	16%
2005	12,393	46,194	21%	1,760	11,274	14%
2006	13,193	50,041	21%	1,852	12,736	13%
2007	12,640	47,294	21%	2,006	11,918	14%
2008	12,977	45,545	22%	2,080	11,926	15%

[1] The number of lost-time claims with and without claimant attorney involvement were adjusted using the DCI sampling weights.
[2] The ratio of lost-time claims with claimant attorney involvement to total lost-time claims.

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Florida
Calculation of Regional Pure Loss Costs

Policy Year	AL	GA	LA	MS	NC	SC	TN	Southeastern* States' Avg. Pure Loss Cost	Gulf* States' Average Pure Loss Cost	FL
1999	1.55	1.37	1.75	1.55	0.98	1.18	1.27	1.27	1.64	1.80
2000	1.56	1.23	1.59	1.44	1.02	1.23	1.36	1.26	1.56	1.75
2001	1.70	1.20	1.57	1.79	1.06	1.40	1.30	1.29	1.64	1.62
2002	1.60	1.19	1.40	1.36	1.08	1.43	1.27	1.25	1.44	1.56
2004	1.22	1.17	1.35	1.30	1.12	1.34	1.32	1.22	1.30	1.28
2005	1.18	1.17	1.29	1.21	1.07	1.25	1.24	1.18	1.24	1.16
2006	1.34	1.05	1.03	1.21	1.02	1.23	1.29	1.11	1.14	0.99
2007	1.19	1.13	1.04	1.12	1.06	1.19	1.29	1.13	1.09	1.01
2008	1.06	1.12	1.08	1.10	1.02	1.14	1.19	1.09	1.08	1.01
2009	1.07	1.07	1.03	1.16	1.02	1.24	1.25	1.10	1.07	1.03
2010	1.17	1.03	1.13	1.19	1.03	1.11	1.21	1.09	1.15	1.07
2011	1.07	1.07	0.98	0.96	1.01	1.13	1.05	1.04	0.99	1.05
2012	0.99	1.00	1.01	1.02	0.95	1.09	1.07	1.01	1.01	1.00
2013	0.94	1.07	0.95	1.00	0.90	1.13	1.04	1.00	0.96	0.96
Half-2014	1.01	1.07	0.99	0.87	0.93	1.02	1.06	1.00	0.97	0.95

Weights: On-level, wage-adjusted, ultimate pure premium by State ($)

Policy Year	AL	GA	LA	MS	NC	SC	TN
1999	157,743,188	527,020,234	259,402,077	126,985,853	781,979,103	291,599,205	329,663,895
2000	146,366,408	529,667,773	323,399,819	115,004,008	734,740,947	288,710,739	299,172,309
2001	129,780,844	524,458,274	300,910,874	93,427,264	702,759,345	287,518,230	301,779,488
2002	118,194,822	583,396,713	283,195,269	113,595,456	741,186,242	320,981,142	332,814,793
2004	131,487,955	695,340,833	275,716,821	115,418,276	823,118,060	358,819,605	375,028,682
2005	138,785,171	738,471,723	287,397,365	127,148,988	850,363,838	383,259,317	398,253,143
2006	146,663,010	756,159,535	371,223,448	143,942,799	889,668,570	398,280,519	409,785,236
2007	156,028,374	745,247,253	408,495,952	170,026,565	937,779,413	391,978,575	413,010,495
2008	155,994,903	695,227,174	412,928,531	167,096,016	858,785,274	352,067,756	390,523,074
2009	156,523,000	653,577,800	393,087,932	166,271,446	788,441,345	319,483,083	369,891,962
2010	170,057,967	647,451,565	420,599,441	176,538,892	788,814,357	332,829,849	375,038,473
2011	161,295,847	643,344,423	411,122,954	179,280,213	803,522,990	323,789,013	382,839,469
2012	158,445,403	638,034,801	413,345,831	176,776,166	799,607,134	332,695,856	381,857,225
2013	160,342,202	649,511,701	408,807,840	177,554,779	813,717,807	334,832,329	394,417,564
Half-2014	166,534,582	680,947,072	421,193,480	189,966,263	817,070,928	330,028,909	417,886,291

* Southeastern States Region: AL. GA, LA, MS, NC, SC, and TN
Gulf States Region: AL, LA, and MS

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Florida
Annual Changes in Lost-time Claim Frequency

Policy Year	AL	FL	GA	LA	MS	NC	SC	TN
1999 to 2000	-6.2%	-2.3%	-6.1%	-11.9%	-8.0%	-2.8%	0.7%	-3.8%
2000 to 2001	-3.4%	-7.7%	-7.0%	-4.9%	-3.3%	-6.0%	-2.4%	1.7%
2001 to 2002	-10.7%	-3.9%	0.8%	-7.9%	-8.0%	-1.7%	-5.7%	-3.2%
2002 to 2003	-0.8%	-6.7%	-4.6%	-4.3%	1.5%	-0.5%	0.6%	-0.1%
2003 to 2004	-13.8%	-6.0%	1.1%	-7.7%	-11.6%	-2.4%	-10.0%	-4.2%
2004 to 2005	-0.9%	-6.7%	-3.3%	-7.0%	-7.7%	-3.1%	-2.6%	-3.5%
2005 to 2006	-8.3%	-9.4%	-2.5%	-9.5%	-5.5%	-3.5%	-5.5%	0.0%
2006 to 2007	0.2%	-6.2%	0.2%	4.3%	-3.8%	0.2%	4.2%	-1.6%
2007 to 2008	-5.6%	-3.3%	-2.2%	-7.4%	-0.4%	-2.3%	-5.3%	-4.5%
2008 to 2009	-3.7%	5.5%	1.2%	-5.0%	5.4%	2.3%	5.5%	4.0%
2009 to 2010	2.0%	1.8%	3.8%	3.7%	4.8%	2.1%	-0.8%	7.4%
2010 to 2011	-3.1%	0.0%	4.2%	-7.5%	-11.0%	1.0%	1.3%	-9.5%
2011 to 2012	-3.4%	-5.8%	-4.4%	-3.5%	-3.4%	-5.9%	-3.7%	-3.2%
2012 to 2013	-11.8%	-4.7%	0.2%	-6.2%	-4.1%	-2.6%	-4.6%	-6.6%
2013 to Half-2014	-4.4%	-5.8%	-2.5%	-3.6%	-6.7%	3.8%	4.3%	-0.3%

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Filing Details

Work Unit Number:	W16-1553927
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	7/15/2016 10:25:03 AM
Date Submitted:	7/15/2016 10:26:08 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Previous Correspondence	0		Response to Objection letter of 7/1/15

National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

July 18, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: **Florida Workers Compensation Amended Law-Only Voluntary Rates and Rating Values Filing, Proposed Effective October 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of the state of Florida, we have filed for your consideration and approval workers compensation rates and rating values for the Florida voluntary market, to become effective October 1, 2016 for new, renewal, and all outstanding policies that are effective on or after that date.

Please find enclosed a supplement to the amended filing submission dated June 30, 2016. This supplement contains the individual classification code rates and rating values, in addition to other information requested by your Staff.

Please contact me if you have any questions or need any further information.

Respectfully submitted,

Chris Bailey
State Relations Executive

FLORIDA

WORKERS COMPENSATION FILING – OCTOBER 1, 2016

EXHIBIT V

Proposed Rates and Rating Values

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Effective October 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
0005X	6.85	817	2.35	0.43	1924	2.90	461	1.03	0.46	2688	4.47	602	1.60	0.46
0008X	5.15	664	1.69	0.41	1925	8.21	939	2.68	0.40	2702X*	16.88	1200	4.26	0.31
0016X	13.68	1200	4.14	0.36	2003X	6.21	759	2.14	0.43	2710	15.75	1200	4.54	0.32
0030X	6.79	811	2.22	0.41	2014	8.48	963	2.56	0.36	2714	10.44	1140	3.72	0.45
0034	6.88	819	2.35	0.43	2016	3.78	540	1.34	0.46	2731	5.96	736	1.81	0.36
0035X	4.31	588	1.53	0.45	2021	3.95	556	1.29	0.41	2735	7.52	877	2.69	0.46
0036	7.04	834	2.40	0.43	2039	3.31	498	1.19	0.46	2759	9.25	1033	3.30	0.46
0037	7.09	838	2.32	0.41	2041	5.19	667	1.85	0.46	2790	2.96	466	1.04	0.45
0042X	10.25	1123	3.35	0.41	2065	3.82	544	1.31	0.43	2797	8.67	980	2.96	0.43
0050X	8.85	997	3.03	0.43	2070	7.02	832	2.43	0.44	2799	6.19	757	2.05	0.41
0052X	7.85	907	2.36	0.36	2081	6.10	749	2.08	0.43	2802X	8.54	969	2.80	0.41
0059D	0.13	–	0.02	0.31	2089	6.85	817	2.35	0.43	2812	–	–	2.54	0.43
0065D	0.04	–	0.01	0.36	2095	8.87	998	3.04	0.43	2835	3.79	541	1.44	0.51
0066D	0.04	–	0.01	0.36	2105	6.57	791	2.35	0.45	2836	3.07	476	1.15	0.50
0067D	0.04	–	0.01	0.36	2110	4.15	574	1.48	0.45	2841	5.78	720	2.07	0.45
0079X	5.99	739	1.81	0.36	2111	4.28	585	1.53	0.46	2881	4.78	630	1.80	0.50
0083	9.69	1072	3.27	0.43	2112	5.19	667	1.85	0.45	2883	7.38	864	2.54	0.43
0106	17.36	1200	5.00	0.32	2114	4.09	568	1.45	0.46	2913	6.46	781	2.42	0.50
0113	7.75	898	2.67	0.43	2119X	4.11	570	1.35	0.41	2915	3.65	529	1.21	0.41
0153X	8.23	941	2.50	0.37	2121	2.46	421	0.84	0.43	2916	6.32	769	1.82	0.32
0170	3.74	537	1.28	0.43	2130	3.31	498	1.13	0.43	2923	3.32	499	1.18	0.46
0173X	1.09	298	0.38	0.45	2131	3.32	499	1.14	0.43	2942	4.00	560	1.51	0.50
0251	6.37	773	2.18	0.43	2157	5.25	673	1.81	0.44	2960	8.57	971	2.95	0.43
0400	10.83	1175	3.57	0.41	2172	2.13	392	0.70	0.41	3004	3.34	501	1.02	0.37
0401	13.85	A	4.01	0.33	2174	4.75	628	1.70	0.46	3018	5.83	725	1.79	0.37
0771N	0.68	–	–	–	2211	12.84	1200	3.91	0.37	3022	5.82	724	2.08	0.46
0908P	215.00	415	74.08	0.43	2220	3.07	476	1.06	0.43	3027	7.96	916	2.41	0.36
0913P	1100.00	1200	373.28	0.43	2286	2.93	464	1.04	0.46	3028	3.65	529	1.26	0.43
0917	9.14	1023	3.22	0.45	2288	6.19	757	2.19	0.46	3030	10.94	1185	3.31	0.36
1005	7.49	874	1.91	0.31	2300	3.29	496	1.24	0.51	3040	9.36	1042	2.84	0.37
1164D	7.58	882	1.91	0.31	2302	3.18	486	1.09	0.43	3041	7.60	884	2.62	0.43
1165D	4.27	584	1.24	0.33	2305	2.13	392	0.70	0.41	3042	7.73	896	2.54	0.41
1218X	2.15	394	0.73	0.43	2361	3.31	498	1.13	0.43	3064	9.28	1035	3.17	0.43
1320X	2.66	439	0.77	0.32	2362	2.46	421	0.84	0.43	3069	–	–	2.20	0.45
1322	12.92	1200	3.75	0.33	2380	8.20	938	2.77	0.43	3076	6.18	756	2.20	0.45
1430	7.92	913	2.39	0.36	2386	3.84	546	1.37	0.45	3081D	7.63	887	2.29	0.36
1438	7.93	914	2.30	0.33	2388	2.49	424	0.89	0.45	3082D	6.64	798	2.00	0.36
1452	3.90	551	1.19	0.37	2402	4.15	574	1.26	0.36	3085D	7.59	883	2.28	0.36
1463	22.74	1200	6.56	0.32	2413	3.28	495	1.13	0.43	3110	7.49	874	2.57	0.43
1472	6.40	776	1.84	0.32	2416	2.95	466	1.01	0.43	3111	5.05	655	1.72	0.43
1473X	1.68	351	0.50	0.37	2417	5.71	714	1.93	0.43	3113	3.73	536	1.28	0.43
1624D	5.75	718	1.67	0.33	2501	3.51	516	1.20	0.43	3114	4.72	625	1.63	0.43
1642	3.98	558	1.21	0.37	2503	1.80	362	0.64	0.46	3118	2.74	447	0.98	0.46
1654	8.76	988	2.66	0.37	2534	2.88	459	1.03	0.45	3119	1.65	349	0.62	0.50
1655	6.16	754	1.86	0.36	2570	6.32	769	2.26	0.46	3122	2.21	399	0.79	0.45
1699	4.97	647	1.50	0.36	2585	5.88	729	2.11	0.46	3126	3.07	476	1.06	0.43
1701	5.93	734	1.80	0.37	2586	5.60	704	1.92	0.43	3131	2.49	424	0.86	0.43
1710D	15.34	1200	4.62	0.36	2587	4.59	613	1.65	0.46	3132	4.01	561	1.37	0.43
1741D	5.23	671	1.29	0.31	2589	3.23	491	1.11	0.43	3145	3.23	491	1.11	0.43
1747	2.87	458	0.88	0.37	2600	4.53	608	1.62	0.46	3146	3.92	553	1.34	0.43
1748	7.65	889	2.31	0.36	2623	10.67	1160	3.50	0.41	3169	4.28	585	1.47	0.43
1803D*	11.39	1200	3.22	0.32	2651	4.20	578	1.49	0.45	3175	5.93	734	2.02	0.43
1852D	4.36	592	1.09	0.30	2660	3.62	526	1.29	0.45	3179	2.68	441	0.96	0.46
1853	4.20	578	1.36	0.41	2670	2.98	468	1.12	0.50	3180	5.56	700	1.98	0.45
1860	2.95	466	1.06	0.46	2683	1.90	371	0.67	0.45	3188	2.63	437	0.94	0.46

* Refer to the Footnotes Page for additional information on this class code.

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Effective October 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
3220	1.88	369	0.65	0.43	4000	8.74	987	2.55	0.33	4635	4.80	632	1.21	0.31
3223	5.45	691	2.03	0.50	4021	8.51	966	2.57	0.36	4653	2.52	427	0.91	0.45
3224	4.95	646	1.79	0.46	4024D	5.05	655	1.53	0.37	4665	11.55	1200	3.51	0.37
3227	5.88	729	2.11	0.46	4034	12.18	1200	3.70	0.37	4670	11.87	1200	3.54	0.36
3240	4.12	571	1.47	0.45	4036	4.42	598	1.34	0.37	4683	5.63	707	1.95	0.43
3241	3.42	508	1.17	0.43	4038	4.77	629	1.79	0.51	4686	3.26	493	0.99	0.37
3255	2.57	431	0.97	0.51	4053	3.18	486	1.09	0.43	4692	0.94	285	0.34	0.46
3257	4.04	564	1.38	0.43	4061	5.20	668	1.86	0.46	4693	1.55	340	0.53	0.43
3270	3.26	493	1.12	0.43	4062	4.56	610	1.57	0.43	4703	3.26	493	1.13	0.43
3300	6.49	784	2.22	0.43	4101	4.89	640	1.61	0.41	4710X	5.09	658	1.82	0.45
3303	6.72	805	2.40	0.45	4109	0.88	279	0.32	0.46	4717	3.14	483	1.19	0.50
3307	4.25	583	1.46	0.43	4110	1.32	319	0.45	0.43	4720	3.82	544	1.30	0.43
3315	6.83	815	2.46	0.46	4111	2.85	457	1.03	0.46	4740	2.16	394	0.67	0.37
3334	4.73	626	1.64	0.44	4113	3.56	520	1.23	0.44	4741	4.94	645	1.68	0.43
3336	5.05	655	1.54	0.37	4114	3.95	556	1.36	0.43	4751	3.46	511	1.04	0.36
3365	12.61	1200	3.82	0.37	4130	8.07	926	2.76	0.43	4771N	3.84	607	0.96	0.30
3372	4.31	588	1.41	0.41	4131	6.14	753	2.22	0.46	4777	10.00	1100	2.57	0.33
3373	9.31	1038	3.16	0.43	4133	2.88	459	1.03	0.45	4825	1.96	376	0.60	0.36
3383	2.27	404	0.80	0.45	4149	0.96	286	0.36	0.50	4828	5.39	685	1.78	0.41
3385	1.07	296	0.38	0.46	4206	6.74	807	2.31	0.43	4829	3.17	485	0.92	0.32
3400	4.92	643	1.62	0.41	4207	3.37	503	1.02	0.37	4902	3.53	518	1.26	0.46
3507X	5.83	725	2.00	0.43	4239	2.76	448	0.84	0.37	4923	4.39	595	1.49	0.43
3515	3.23	491	1.11	0.43	4240	5.96	736	2.09	0.45	5020	12.91	1200	3.90	0.37
3548	2.45	421	0.83	0.43	4243	3.50	515	1.20	0.43	5022X	15.76	1200	4.55	0.33
3559	3.53	518	1.21	0.43	4244	3.84	546	1.32	0.43	5037	43.77	1200	11.15	0.31
3574	2.10	389	0.75	0.46	4250	2.85	457	0.96	0.43	5040	17.15	1200	4.34	0.31
3581	1.94	375	0.70	0.45	4251	4.23	581	1.45	0.43	5057X	9.85	1087	2.47	0.31
3612	3.95	556	1.29	0.41	4263	3.72	535	1.27	0.43	5059	44.33	1200	11.10	0.31
3620	6.24	762	1.90	0.37	4273	4.84	636	1.65	0.43	5069X	27.66	1200	7.07	0.32
3629X	2.51	426	0.90	0.46	4279	5.49	694	1.88	0.43	5102X	10.68	1161	3.09	0.33
3632X	5.67	710	1.86	0.41	4282	2.46	421	0.89	0.46	5146	8.98	1008	2.71	0.37
3634	2.23	401	0.80	0.46	4283	4.31	588	1.45	0.43	5160	3.19	487	0.92	0.33
3635	4.75	628	1.63	0.43	4299	2.66	439	0.95	0.46	5183	6.11	750	1.85	0.37
3638	2.59	433	0.93	0.46	4304	6.65	799	2.17	0.41	5188	7.66	889	2.31	0.37
3642	1.69	352	0.58	0.43	4307	3.76	538	1.42	0.50	5190	6.28	765	1.90	0.37
3643	2.79	451	0.96	0.43	4351X	2.01	381	0.67	0.43	5191	1.23	311	0.42	0.43
3647	2.96	466	0.97	0.41	4352	3.28	495	1.16	0.45	5192X	4.96	646	1.70	0.43
3648	2.85	457	1.02	0.46	4361	1.86	367	0.65	0.45	5213X	13.21	1200	3.81	0.33
3681	1.07	296	0.39	0.46	4410	7.45	871	2.55	0.43	5215X	16.22	1200	5.32	0.41
3685	1.38	324	0.50	0.45	4420	5.75	718	1.68	0.33	5221	8.39	955	2.54	0.37
3719	2.94	465	0.74	0.31	4431	1.99	379	0.75	0.50	5222	12.58	1200	3.64	0.33
3724	4.96	646	1.43	0.33	4432	1.94	375	0.74	0.50	5223X	7.93	914	2.40	0.37
3726	6.39	775	1.62	0.31	4452	4.98	648	1.71	0.43	5348	7.32	859	2.23	0.37
3803	4.37	593	1.51	0.43	4459	5.13	662	1.75	0.43	5402	8.07	926	2.87	0.46
3807	3.72	535	1.33	0.46	4470	3.32	499	1.14	0.43	5403X	11.61	1200	3.34	0.33
3808	3.64	528	1.20	0.41	4484	5.50	695	1.88	0.43	5437X	10.67	1160	3.23	0.37
3821	10.86	1177	3.55	0.41	4493	3.56	520	1.23	0.43	5443	6.00	740	2.06	0.43
3822	7.76	898	2.56	0.41	4511X	1.45	331	0.48	0.41	5445X	8.98	1008	2.60	0.33
3824	7.67	890	2.51	0.41	4557	3.43	509	1.22	0.45	5462	12.60	1200	3.81	0.37
3826	1.21	309	0.41	0.43	4558X	3.54	519	1.22	0.43	5472	17.13	1200	4.35	0.31
3827	3.35	502	1.09	0.41	4568	3.37	503	1.02	0.36	5473	18.89	1200	4.74	0.31
3830	1.65	349	0.54	0.41	4581	1.27	314	0.36	0.32	5474X	13.18	1200	3.80	0.33
3851	5.11	660	1.84	0.46	4583	10.74	1167	3.10	0.32	5478	6.14	753	1.87	0.37
3865	2.85	457	1.08	0.50	4586X	1.96	376	0.57	0.33	5479	11.84	1200	3.87	0.41
3881	4.92	643	1.69	0.43	4611	2.07	386	0.74	0.46	5480	10.61	1155	3.08	0.33

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CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
5491	4.47	602	1.30	0.33	6872F	12.66	1200	3.24	0.27	7538	11.82	1200	2.99	0.31
5506	11.07	1196	2.77	0.31	6874F	18.84	1200	4.81	0.27	7539	2.72	445	0.79	0.33
5507	7.84	906	2.27	0.33	6882	4.95	646	1.24	0.31	7540	3.81	543	0.96	0.31
5508D	21.71	1200	6.62	0.37	6884	4.75	628	1.20	0.31	7580	4.12	571	1.24	0.36
5509X	12.27	1200	3.52	0.32	7016M	8.82	994	2.25	0.31	7590	7.23	851	2.36	0.41
5535	11.45	1200	3.46	0.37	7024M	9.80	1082	2.50	0.31	7600	6.19	757	1.89	0.37
5537X	8.29	946	2.51	0.37	7038M	5.22	670	1.31	0.30	7605	3.91	552	1.19	0.37
5551	22.23	1200	5.56	0.31	7046M	9.44	1050	2.38	0.31	7610X	0.76	268	0.25	0.41
5606	2.21	399	0.64	0.33	7047M	16.79	1200	4.69	0.31	7704X	6.50	785	1.87	0.32
5610X	10.74	1167	3.67	0.43	7050M	9.98	1098	2.72	0.30	7705	6.38	774	2.09	0.41
5613X	20.48	1200	6.97	0.43	7090M	5.80	722	1.45	0.30	7720	4.96	646	1.50	0.36
5645X	20.25	1200	5.84	0.33	7098M	10.49	1144	2.64	0.31	7855	7.17	845	2.20	0.37
5651X	12.19	1200	3.51	0.33	7099M	18.01	1200	4.95	0.31	8001	6.43	779	2.29	0.46
5703	21.69	1200	6.58	0.37	7133	6.11	750	1.78	0.33	8002	3.26	493	1.11	0.43
5705	20.37	1200	6.15	0.37	7151M	7.42	868	2.16	0.33	8006X	3.95	556	1.35	0.43
5951	0.85	277	0.30	0.46	7152M	14.14	1200	4.51	0.33	8008	2.16	394	0.77	0.45
6004X	17.38	1200	5.31	0.37	7153M	8.25	943	2.40	0.33	8010	2.49	424	0.89	0.46
6006FX	18.26	1200	5.42	0.34	7201X	15.06	1200	5.14	0.43	8013	0.81	273	0.28	0.43
6017	8.90	1001	2.72	0.37	7204X	2.01	381	0.73	0.46	8015	1.53	338	0.52	0.43
6018	4.62	616	1.42	0.37	7205X	14.37	1200	4.90	0.43	8017	2.39	415	0.85	0.46
6045	6.52	787	1.99	0.37	7219X	8.80	992	2.56	0.33	8018	4.39	595	1.57	0.46
6204	15.47	1200	4.48	0.33	7222	8.01	921	2.45	0.37	8021	5.93	734	2.03	0.43
6206	5.40	686	1.36	0.31	7230	12.43	1200	4.08	0.41	8031	4.45	601	1.52	0.43
6213	3.99	559	1.16	0.33	7231	8.07	926	2.68	0.41	8032	3.93	554	1.40	0.46
6214	4.88	639	1.23	0.31	7232	12.90	1200	3.77	0.33	8033	2.93	464	1.00	0.43
6216X	8.78	990	2.22	0.31	7309F	16.21	1200	4.13	0.27	8037	2.54	429	0.90	0.46
6217	9.07	1016	2.61	0.33	7313F	3.05	475	0.79	0.27	8039	3.38	504	1.20	0.45
6229	8.69	982	2.51	0.33	7317FX	12.70	1200	3.23	0.28	8044	4.23	581	1.39	0.41
6233	5.14	663	1.49	0.33	7327FX	33.32	1200	8.54	0.27	8045	0.73	266	0.25	0.46
6235	14.04	1200	3.62	0.33	7333M	10.18	1116	2.59	0.31	8046	4.24	582	1.45	0.43
6236	19.14	1200	5.80	0.37	7335M	11.31	1200	2.87	0.31	8047	1.28	315	0.46	0.46
6237	2.61	435	0.80	0.37	7337M	19.38	1200	5.38	0.31	8058	3.95	556	1.34	0.43
6251D	8.37	953	2.46	0.33	7350FX	14.76	1200	4.27	0.30	8061X	4.59	613	1.57	0.43
6252D	7.27	854	1.83	0.31	7360X	7.40	866	2.25	0.37	8072	1.50	335	0.52	0.45
6260D	8.92	1003	2.25	0.31	7370	6.51	786	2.23	0.43	8102	2.80	452	1.01	0.46
6306	8.30	947	2.39	0.33	7380	7.29	856	2.40	0.41	8103	3.74	537	1.22	0.41
6319	6.91	822	1.99	0.33	7382	6.48	783	2.23	0.43	8105	4.71	624	1.69	0.46
6325	9.38	1044	2.72	0.33	7383X	7.31	858	2.19	0.36	8106	7.70	893	2.33	0.36
6400	13.31	1200	4.35	0.41	7390	6.81	813	2.34	0.43	8107	4.90	641	1.49	0.37
6503	3.81	543	1.36	0.46	7394MX	8.74	987	2.23	0.31	8111	3.30	497	1.13	0.43
6504	4.78	630	1.70	0.45	7395MX	9.71	1074	2.47	0.31	8116	4.17	575	1.42	0.43
6702M*	8.70	983	2.67	0.37	7398MX	16.67	1200	4.63	0.31	8203	8.20	938	2.82	0.43
6703M*	16.54	1200	5.57	0.37	7402	0.25	223	0.08	0.44	8204	8.11	930	2.41	0.36
6704M*	9.67	1070	2.97	0.37	7403	7.01	831	2.13	0.37	8209	7.13	842	2.43	0.43
6801F	3.22	490	0.96	0.34	7405N	2.12	493	0.65	0.37	8215	8.35	952	2.54	0.37
6811	6.07	746	1.85	0.37	7420	16.94	1200	4.31	0.32	8227	8.84	996	2.22	0.31
6824FX	9.28	1035	2.70	0.29	7421	1.21	309	0.35	0.33	8232X	6.38	774	1.94	0.37
6826FX	5.49	694	1.63	0.34	7422	3.02	472	0.76	0.31	8233	4.59	613	1.41	0.37
6828FX	5.87	728	1.75	0.34	7425	2.60	434	0.67	0.32	8235	6.82	814	2.34	0.43
6834X	3.84	546	1.26	0.41	7431N	1.05	346	0.27	0.31	8263	13.16	1200	4.29	0.40
6836X	5.71	714	1.73	0.36	7445N	1.14	–	–	–	8264	7.69	892	2.33	0.37
6838X	5.47	692	1.80	0.41	7453N	0.57	–	–	–	8265	8.20	938	2.37	0.33
6843F	12.86	1200	3.30	0.27	7502	3.18	486	0.96	0.37	8273X	6.03	743	2.07	0.43
6845F	8.74	987	2.25	0.28	7515	2.05	385	0.51	0.30	8274X	5.69	712	1.95	0.43
6854	4.90	641	1.23	0.31	7520	5.24	672	1.79	0.43	8279	9.85	1087	2.84	0.33

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CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
8288	8.78	990	2.64	0.36	8871	0.26	223	0.09	0.46					
8291	5.96	736	1.96	0.41	8901	0.40	236	0.13	0.41					
8292X	6.59	793	2.25	0.43	9012	1.90	371	0.62	0.41					
8293	14.79	1200	4.50	0.37	9014X	5.71	714	1.96	0.43					
8304	7.01	831	2.13	0.37	9015	5.78	720	1.98	0.43					
8350	7.54	879	2.16	0.33	9016	3.18	486	1.08	0.43					
8353X	7.38	864	2.23	0.36	9019	2.64	438	0.80	0.36					
8380	4.27	584	1.40	0.41	9033	3.17	485	1.09	0.43					
8381X	2.44	420	0.80	0.41	9040	5.37	683	1.91	0.45					
8385	3.90	551	1.18	0.37	9047X	4.42	598	1.51	0.43					
8392	4.15	574	1.42	0.43	9052	4.15	574	1.48	0.45					
8393X	2.74	447	0.94	0.43	9058	2.79	451	1.05	0.50					
8500	9.86	1087	2.98	0.36	9060	2.64	438	0.94	0.45					
8601X	0.73	266	0.23	0.41	9061	2.88	459	1.08	0.50					
8602X	1.48	333	0.48	0.41	9063	1.78	360	0.63	0.45					
8603	0.19	217	0.06	0.43	9077F	3.71	534	1.24	0.42					
8606	3.67	530	1.07	0.33	9082	2.64	438	1.00	0.50					
8709F	7.22	850	1.86	0.27	9083	2.71	444	1.02	0.50					
8719	8.82	994	2.18	0.30	9084	3.08	477	1.05	0.43					
8720X	2.48	423	0.76	0.37	9088a	a	a	a	a					
8721	0.43	239	0.13	0.37	9089	1.94	375	0.69	0.45					
8723X	0.26	223	0.09	0.43	9093	2.63	437	0.93	0.45					
8725	0.26	223	0.08	0.36	9101X	5.47	692	1.95	0.45					
8726F	2.80	452	0.83	0.34	9102X	5.38	684	1.83	0.43					
8728X	0.48	243	0.14	0.37	9154	2.36	412	0.81	0.43					
8734M	0.73	266	0.22	0.37	9156	4.84	636	1.58	0.41					
8737M	0.66	259	0.20	0.37	9170	11.24	1200	2.79	0.31					
8738M	1.24	312	0.41	0.37	9178	13.21	1200	4.89	0.50					
8742	0.54	249	0.16	0.37	9179	16.96	1200	6.10	0.46					
8745	8.03	923	2.59	0.40	9180	4.20	578	1.27	0.36					
8748	0.97	287	0.32	0.41	9182	3.83	545	1.30	0.43					
8755	0.82	274	0.24	0.37	9186	47.74	1200	13.62	0.32					
8799	1.10	299	0.37	0.43	9220	9.22	1030	3.01	0.41					
8800	1.95	376	0.73	0.50	9402	10.71	1164	3.24	0.37					
8803	0.12	211	0.04	0.36	9403	10.21	1119	2.96	0.33					
8805M	0.38	234	0.13	0.43	9410	2.74	447	0.94	0.43					
8810	0.28	225	0.09	0.43	9501X	4.81	633	1.58	0.41					
8814M	0.34	231	0.11	0.43	9505	4.97	647	1.63	0.41					
8815M	0.64	258	0.23	0.43	9516	4.53	608	1.38	0.37					
8820	0.22	220	0.07	0.41	9519	6.63	797	2.02	0.37					
8824	5.52	697	1.97	0.45	9521	8.17	935	2.45	0.37					
8825	2.98	468	1.13	0.50	9522	3.59	523	1.21	0.43					
8826	3.46	511	1.19	0.43	9534	8.26	943	2.39	0.33					
8829X	3.20	488	1.09	0.43	9554	12.88	1200	3.71	0.33					
8831	2.44	420	0.83	0.43	9586	1.35	322	0.51	0.50					
8832	0.49	244	0.17	0.43	9600	3.81	543	1.37	0.46					
8833	1.62	346	0.55	0.43	9620	1.82	364	0.60	0.41					
8835	2.92	463	1.00	0.43										
8841X	2.42	418	0.79	0.41										
8842	2.88	459	0.97	0.43										
8855	0.28	225	0.09	0.43										
8856	0.31	228	0.11	0.43										
8864	1.95	376	0.66	0.43										
8868X	0.60	254	0.21	0.45										
8869	1.90	371	0.67	0.45										

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FOOTNOTES

a Rate for each individual risk must be obtained from NCCI Customer Service or the Rating Organization having jurisdiction.

A Minimum Premium $100 per ginning location for policy minimum premium computation.

D Rate for classification already includes the specific disease loading shown in the table below. See Rule 3-A-7 of Manual supplement - Treatment of Disease Coverage.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.13	S	1710D	0.05	S	4024D	0.02	S
0065D	0.04	S	1741D	0.14	S	5508D	0.02	S
0066D	0.04	S	1803D*	0.14	S	6251D	0.01	S
0067D	0.04	S	1852D	0.03	Asb	6252D	0.01	S
1164D	0.02	S	3081D	0.03	S	6260D	0.02	S
1165D	0.01	S	3082D	0.03	S			
1624D	0.01	S	3085D	0.02	S			

Asb=Asbestos, S=Silica

F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rates include a provision for the USL&HW Assessment.

M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage.

N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

P Classification is computed on a per capita basis.

X Refer to special classification phraseology in these pages which is applicable in this state.

*** Class Codes with Specific Footnotes**

1803 See Florida Special Rules for Treatment of Disease Coverage.

2702 An upset payroll of $10.00 per cord has been established for use only when payroll records are not available and shall be used for premium computation purposes in accordance with the classification footnote.

6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.

6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.277 and elr x 2.531.

6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

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MISCELLANEOUS VALUES

Average Weekly Wage applicable only in connection with Rule 2-B-2 of the ***Basic Manual*** $30

Basis of premium applicable in accordance with ***Basic Manual*** footnote instructions for Code 7370 -- "Taxicab Co.":

Employee operated vehicle..... $65,700
Leased or rented vehicle..... $43,800

Expense Constant applicable in accordance with ***Basic Manual*** Rule 3-A-11..... $200

Maximum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 -- "Executive Officers" and the ***Basic Manual*** footnote instructions for Code 9178 -- "Athletic Sports or Park: Noncontact Sports" and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... $2,500

Minimum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 --

Executive Officers in the construction industry..... $400
All other executive officers..... $850

Premium Determination for Partners and Sole Proprietors in accordance with ***Basic Manual*** Rule 2-E-3 (Annual Payroll)..... $43,800

Note: If the actual remuneration received by the partner or sole proprietor as evidenced by IRS Schedule C forms is less than the amount shown above, the actual amount may be used.

Premium Discount Percentages - (See ***Basic Manual*** Rule 3-A-19-a.) The following premium discounts are applicable to Standard Premiums:

		Table A	Table B
First	$10,000	-	-
Next	190,000	9.1%	5.1%
Next	1,550,000	11.3%	6.5%
Over	1,750,000	12.3%	7.5%

Premium Reduction Percentages - The following percentages are applicable by deductible and/or coinsurance amount and hazard group for total losses on a per claim basis. They do include a safety factor.

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$5,000	3.0%	2.5%	2.3%	1.8%	1.4%	1.2%	0.9%
$10,000	4.3%	3.6%	3.3%	2.7%	2.2%	1.8%	1.5%
$15,000	5.2%	4.4%	4.1%	3.4%	2.8%	2.4%	1.9%
$20,000	6.0%	5.1%	4.7%	3.9%	3.3%	2.9%	2.3%
$21,000	6.1%	5.2%	4.8%	4.1%	3.4%	2.9%	2.4%

Deductible Amount	Deductible Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$500	3.3%	2.7%	2.4%	1.8%	1.4%	1.0%	0.8%
$1,000	5.6%	4.6%	4.2%	3.1%	2.4%	1.8%	1.4%
$1,500	7.4%	6.1%	5.5%	4.2%	3.2%	2.5%	1.9%
$2,000	8.9%	7.3%	6.7%	5.0%	3.9%	3.1%	2.4%
$2,500	10.2%	8.3%	7.6%	5.8%	4.5%	3.6%	2.8%

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MISCELLANEOUS VALUES(cont.)

Deductible Amount	Deductible with Coinsurance Program Premium Reduction Percentages						
	HAZARD GROUP						
	A	B	C	D	E	F	G
$500	8.7%	7.3%	6.8%	5.5%	4.5%	3.8%	3.0%
$1,000	10.6%	8.9%	8.1%	6.6%	5.3%	4.4%	3.5%
$1,500	12.0%	10.0%	9.2%	7.4%	6.0%	4.9%	3.9%
$2,000	13.2%	11.0%	10.1%	8.1%	6.5%	5.4%	4.3%
$2,500	14.3%	11.9%	10.9%	8.7%	7.1%	5.8%	4.6%

Deductible Amount	Intermediate Deductible Program+ Premium Reduction Percentages						
	HAZARD GROUP						
	A	B	C	D	E	F	G
$5,000	15.0%	12.3%	11.3%	8.9%	7.1%	5.8%	4.6%
$10,000	21.4%	17.8%	16.5%	13.3%	10.9%	9.1%	7.3%
$15,000	26.1%	21.9%	20.3%	16.8%	14.0%	11.9%	9.6%
$20,000	29.8%	25.3%	23.5%	19.7%	16.6%	14.3%	11.5%
$25,000	32.9%	28.2%	26.2%	22.3%	18.9%	16.4%	13.3%
$50,000	42.9%	37.8%	35.4%	31.4%	27.3%	24.3%	20.1%
$75,000	48.4%	43.5%	40.9%	37.1%	32.8%	29.7%	24.8%

+ Identifies a premium reduction percentage provided on an advisory basis. An insurer may deviate from such percentage reductions by filing with and obtaining approval from the Office of Insurance Regulation.

Terrorism (Voluntary Rates) …… 0.02

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Rule 3-A-4 -- U.S. Longshore and Harbor Workers' Compensation Act of the ***Basic Manual*** …… 84%

(Multiply a Non-F classification rate by a factor of 1.84 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.75) and the adjustment for differences in loss-based expenses (1.051).)

Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least $10,000. If more than two years, an average annual premium of at least $5,000 is required. The ***Experience Rating Plan Manual*** should be referenced for the latest approved eligibility amounts by state.

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1. Hazard Group Differentials

A	B	C	D	E	F	G
1.75	1.36	1.23	1.02	0.84	0.71	0.56

2. Tax Multipliers

a. State (non-F Classes)	1.033
b. Federal Classes, or non-F classes where rate is increased by the USL&HW Act Percentage	1.067

3.

Expected Loss Ratio	Expected Loss and Allocated Expense Ratio
Countrywide: 0.585	Countrywide: 0.660
Florida: 0.5848*	Florida: 0.6679*

4. Table of Expense Ratios

Type A: 2015-01
Type B: 2015-01

Type FL-A: 2015-01
Type FL-B: 2015-01

* The FL-specific Expected Loss Ratio (ELR) and Expected Loss and Allocated Expense Ratio (ELAER) are provided for optional use. If these options are chosen, the FL-specific expense ratio tables should also be used. If the countrywide ELR or ELAER are used, then the standard Type A and Type B tables should be used.

5. 2013 Table of Expected Loss Ranges
Effective January 1, 2013

6. Excess Loss Factors
(Applicable to New, Renewal, and All Outstanding Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.405	0.435	0.446	0.473	0.493	0.508	0.523
$15,000	0.365	0.400	0.414	0.443	0.467	0.484	0.504
$20,000	0.334	0.372	0.387	0.419	0.445	0.464	0.487
$25,000	0.308	0.348	0.365	0.397	0.425	0.447	0.472
$30,000	0.286	0.327	0.345	0.378	0.408	0.431	0.458
$35,000	0.268	0.309	0.328	0.362	0.393	0.416	0.446
$40,000	0.251	0.294	0.313	0.347	0.379	0.403	0.435
$50,000	0.224	0.267	0.287	0.321	0.355	0.379	0.415
$75,000	0.178	0.220	0.241	0.273	0.309	0.334	0.375
$100,000	0.149	0.188	0.210	0.240	0.277	0.301	0.345
$125,000	0.128	0.166	0.188	0.216	0.252	0.276	0.323
$150,000	0.113	0.149	0.171	0.197	0.233	0.256	0.304
$175,000	0.101	0.136	0.157	0.183	0.218	0.240	0.289
$200,000	0.092	0.125	0.147	0.170	0.206	0.227	0.276
$225,000	0.085	0.116	0.138	0.160	0.195	0.215	0.265
$250,000	0.078	0.109	0.130	0.152	0.186	0.205	0.256
$275,000	0.073	0.103	0.123	0.144	0.178	0.197	0.248
$300,000	0.068	0.097	0.118	0.138	0.171	0.189	0.240
$325,000	0.064	0.092	0.113	0.132	0.165	0.182	0.233
$350,000	0.061	0.088	0.108	0.127	0.160	0.176	0.227
$375,000	0.057	0.084	0.104	0.122	0.155	0.171	0.222
$400,000	0.055	0.081	0.100	0.118	0.150	0.166	0.217
$425,000	0.052	0.078	0.097	0.114	0.146	0.161	0.212
$450,000	0.050	0.075	0.094	0.111	0.142	0.157	0.208
$475,000	0.048	0.072	0.091	0.108	0.139	0.153	0.204
$500,000	0.046	0.070	0.089	0.105	0.135	0.150	0.200
$600,000	0.039	0.062	0.080	0.095	0.124	0.138	0.187
$700,000	0.035	0.056	0.073	0.087	0.115	0.128	0.177
$800,000	0.031	0.051	0.067	0.080	0.108	0.120	0.168
$900,000	0.028	0.047	0.062	0.075	0.101	0.113	0.160
$1,000,000	0.026	0.043	0.058	0.070	0.096	0.107	0.154
$2,000,000	0.013	0.025	0.035	0.043	0.063	0.073	0.111
$3,000,000	0.008	0.017	0.025	0.031	0.046	0.055	0.086
$4,000,000	0.006	0.012	0.018	0.023	0.036	0.043	0.070
$5,000,000	0.004	0.009	0.014	0.018	0.029	0.035	0.058
$6,000,000	0.003	0.007	0.011	0.015	0.024	0.029	0.049
$7,000,000	0.003	0.006	0.009	0.012	0.020	0.025	0.042
$8,000,000	0.002	0.005	0.007	0.010	0.016	0.021	0.036
$9,000,000	0.002	0.004	0.006	0.008	0.014	0.018	0.031
$10,000,000	0.001	0.003	0.005	0.007	0.012	0.016	0.027

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Excess Loss and
Allocated Expense Factors
(Applicable to New, Renewal, and All Outstanding Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.479	0.511	0.523	0.551	0.572	0.588	0.604
$15,000	0.436	0.474	0.488	0.520	0.545	0.564	0.584
$20,000	0.402	0.443	0.459	0.493	0.521	0.542	0.566
$25,000	0.373	0.416	0.434	0.470	0.500	0.523	0.550
$30,000	0.349	0.394	0.412	0.449	0.481	0.506	0.535
$35,000	0.327	0.374	0.393	0.431	0.464	0.490	0.522
$40,000	0.309	0.356	0.376	0.414	0.449	0.476	0.509
$50,000	0.278	0.325	0.347	0.385	0.422	0.450	0.487
$75,000	0.224	0.271	0.294	0.331	0.370	0.399	0.442
$100,000	0.190	0.234	0.258	0.293	0.333	0.361	0.409
$125,000	0.165	0.208	0.231	0.264	0.305	0.332	0.382
$150,000	0.147	0.188	0.211	0.242	0.283	0.309	0.361
$175,000	0.133	0.172	0.195	0.225	0.265	0.290	0.343
$200,000	0.121	0.159	0.182	0.210	0.250	0.274	0.328
$225,000	0.112	0.148	0.172	0.198	0.237	0.261	0.315
$250,000	0.104	0.139	0.162	0.188	0.226	0.249	0.304
$275,000	0.097	0.131	0.154	0.179	0.217	0.239	0.294
$300,000	0.091	0.124	0.147	0.171	0.208	0.230	0.286
$325,000	0.086	0.118	0.141	0.164	0.201	0.222	0.278
$350,000	0.081	0.113	0.135	0.158	0.194	0.214	0.270
$375,000	0.077	0.108	0.130	0.152	0.188	0.208	0.264
$400,000	0.073	0.104	0.126	0.147	0.183	0.202	0.258
$425,000	0.070	0.100	0.122	0.142	0.178	0.196	0.252
$450,000	0.067	0.096	0.118	0.138	0.173	0.191	0.247
$475,000	0.064	0.093	0.114	0.134	0.169	0.187	0.243
$500,000	0.061	0.090	0.111	0.130	0.165	0.182	0.238
$600,000	0.053	0.079	0.100	0.117	0.151	0.167	0.223
$700,000	0.047	0.072	0.091	0.107	0.140	0.155	0.210
$800,000	0.042	0.065	0.084	0.099	0.131	0.146	0.200
$900,000	0.038	0.060	0.078	0.093	0.123	0.137	0.191
$1,000,000	0.034	0.055	0.073	0.087	0.116	0.130	0.183
$2,000,000	0.018	0.032	0.044	0.054	0.077	0.088	0.132
$3,000,000	0.011	0.022	0.031	0.038	0.057	0.067	0.104
$4,000,000	0.008	0.016	0.023	0.029	0.044	0.053	0.085
$5,000,000	0.006	0.012	0.018	0.023	0.036	0.043	0.070
$6,000,000	0.005	0.010	0.014	0.019	0.029	0.036	0.060
$7,000,000	0.004	0.008	0.012	0.015	0.024	0.031	0.051
$8,000,000	0.003	0.006	0.010	0.013	0.021	0.026	0.044
$9,000,000	0.003	0.005	0.008	0.011	0.018	0.023	0.039
$10,000,000	0.002	0.005	0.007	0.009	0.015	0.020	0.034

7. **Retrospective Development Factors**

With Loss Limit			Without Loss Limit			
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	4th & Subsequent Adjustment
0.05	0.04	0.03	0.16	0.12	0.10	0.00

8. **Drug Free Workplace Premium Credit**

A 5% credit is available for employers with anniversary rating dates of January 1, 1992 or after who have complied with the provisions of the Department of Labor and Employment Security Rules.

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Filing Details

Work Unit Number:	W16-1554207
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	7/18/2016 01:44:55 PM
Date Submitted:	7/18/2016 01:46:17 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Cover Letter	0		cover letter
Manual/Rate Pages	0		Manual Rate Pages

From: Cooper, Cyndi
Sent: Tuesday, July 19, 2016 3:42 PM
To: PCFREDMS
Subject: 16-12500

Please attach to 16-12500. Thanks.

From: Chris Bailey [mailto:Chris_Bailey@ncci.com]
Sent: Tuesday, July 19, 2016 3:38 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>; Jay Rosen <Jay_Rosen@Ncci.Com>
Subject: RE: NCCI 7/18 additional submission

Hi Cyndi,

The statement of additional information was inadvertently carried over from a previous letter. Exhibit
V is all that was intended to be submitted as supplement to the filing.

Thank you,
Chris Bailey
State Relations Executive
National Council on
Compensation Insurance
106 E College Avenue, Suite 900
Tallahassee, FL 32301
(C) 850-322-4047
(F) 561-893-5106
chris_bailey@ncci.com

From: Cooper, Cyndi [mailto:Cyndi.Cooper@floir.com]
Sent: Tuesday, July 19, 2016 3:20 PM
To: Chris Bailey; Jay Rosen
Subject: NCCI 7/18 additional submission

Hi all,
The cover letter dated 7/18 states that This supplement contains the individual classification code
rates and rating values, in addition to other information requested by your Staff. but that the only
additional item submitted was Exhibit V for the proposed rates & rating values. Can you confirm what
other information was requested by OIR staff that should be included in the submission?

Thanks,
Cyndi

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865

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National Council on Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division

(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

August 1, 2016

Ms. Cyndi Cooper, ACAS, MAAA
Actuary
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0330

Re: **National Council on Compensation Insurance, Inc.**
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500

Dear Ms. Cooper:

Please find enclosed responses to your letter of July 21, 2016 in connection with the above-referenced filing.

If you have any questions or need further information, please feel free to contact me.

Respectfully submitted,

Chris Bailey
State Relations Executive

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.

FLORIDA
WORKERS COMPENSATION FILING – OCTOBER 1, 2016

Responses to Requests From the Office of Insurance Regulation Dated July 21, 2016

Request 1: Address the following regarding the datasets used in the *Westphal* analysis:

a. Was the data from the FDWC validated or reviewed for accuracy and completeness? Did NCCI exclude any data from the FDWC dataset? If so, explain why.
b. Provide the total TTD, total PTD, & total PIB claim counts, separately, by year for each year included in the FDWC dataset & include the number of claims excluded by year, if any, for each injury type.
c. Was the other jurisdiction "summarized transactional data licensed to NCCI" validated or reviewed for accuracy and completeness? Did NCCI exclude any data from this dataset? If so, explain why.
d. Provide the total TTD, total PTD, & total PIB claim count, separately, by year for each year included in the "summarized transactional data licensed to NCCI" & include the number of claims excluded by year, if any, for each injury type. Also include the number of claims with HP durations of 104 weeks or more & the number of claims with HP durations of 260 weeks or more.
e. Explain why the 2013 Update to the study was used to arrive at the estimated increase in average claim duration rather than performing a new study with more recent data.

Response 1: The data provided to NCCI by the FDWC was compared to both prior data provided by the FDWC as well as the summarized transactional data licensed to NCCI for reasonability. NCCI excluded any claim with TTD durations exceeding 1,000 weeks. This resulted in a total of six claims being excluded from the analysis.

The summarized transactional data licensed to NCCI was taken from the NCCI study titled "*Workers Compensation Temporary Total Disability Indemnity Benefit Duration – 2013 Update.*" This published analysis was based on validated data. Examples of the validation logic applied to the underlying claims data included verifying that the:

- injury date was on or after the report date
- date the claim was closed was not prior to the injury or report date
- claim closure date was prior to June 30, 2012 (the final evaluation date in the database used)

At this point, while the above-mentioned criteria and any other validation efforts performed may have resulted in exclusions to the dataset underlying the 2013 Update, we are unable to determine what, if any, data was excluded.

The 2013 Update was utilized in the *Westphal* analysis as it is the most recent iteration of the study. An additional update is not possible as the underlying database is no longer available or accessible.

Please see the attached exhibit titled "OIR-1" for the available information requested in subparts (b) and (d). Note that the information underlying the 2013 Update does not contain individual claim information. Therefore, total claim counts by state and year are provided.

Request 2: Provide the study *Workers Compensation Temporary Total Disability Indemnity Benefit Duration – 2013 Update*.

Response 2: Please find the requested information in the following location: https://www.ncci.com/Articles/Pages/II_Workers_Compensation_Temporary_Total_Disability_Indemnity_Benefit_Duration%E2%80%942013_Update.aspx

Request 3: Explain how the average durations of 56.3 days & 94.7 days were determined (i.e. days with payment, difference in first report date to closure, etc.) & note in your response how the waiting period was treated/accounted for. In your response address the following as well:

a. How does this compare to the method used to quantify the additional 3.5 & 12.4 days which the memo states is based on the difference in dates between the first and last TTD benefit payment.
b. Were any other methods considered for determining the average duration? If so, explain the method & why it was not used.

Response 3: The average durations of 56.3 and 94.7 days are based on a summation by claim of the number of days underlying each individual TTD benefit payment made on that claim. Average durations are calculated by aggregating these individual claim summations by year

and dividing by the corresponding claim count totals. This approach is similar to the methodology mentioned in subpart (a). Given this approach, the initial waiting period (during which TTD benefit payments have not yet been paid) does not affect the computed average durations; therefore, no adjustments to account for the waiting period were necessary. This approach for determining the average durations was the only one considered.

Request 4: For the indemnity analyses, explain why the median difference between capping durations at 104 and 260 weeks was used rather than a mean.

Response 4: The median was chosen versus the mean to limit the impact that extreme values may have on the resulting changes in duration.

Request 5: In general, for WCSP data, more claims are classified as TTD at earlier reports & then at later reports some of these claims are re-classified as different injury types, so it would seem that TTD would comprise a smaller proportion of total indemnity benefits at later reports. Similarly, the proportion of permanent partial claims also changes as policy periods mature. Explain & support why the 24-month period ending December 31, 2012 was used to develop the proportion of indemnity benefits assigned to TTD (47.7%) & HP benefits on PIB claims (22.6%).

Response 5: The underlying WCSP data used in determining the distribution of benefits by injury type is developed to an ultimate report. In this way, the possible movement of claims across injury types as they mature is recognized. The percentages referenced in this Request are based on the two most recently available years of statistical plan data contained in the approved Florida January 1, 2016 experience filing. Further, the use of two years of WCSP data in these calculations is consistent with the length of the financial data experience period in the above-mentioned rate filing.

Request 6: Provide justification for the statement that the *Westphal* decision will only minimally impact PTD claim costs.

Response 6: In the most extreme case, an increase in the time period during which TTD benefits are payable from 104 to 260 weeks could delay a PTD claim from being deemed PTD by at most 156 weeks. Based on (pre-*Westphal*) FDWC data, approximately 65% of PTD claims were deemed to be PTD prior to 104 weeks. There would be no PTD impact associated with these claims.

For the remaining minority of PTD claims, it is similarly likely that going forward a high percentage will be deemed PTD prior to the 260-week limitation—resulting in an impact less than the 156-week maximum. Also of materiality in determining the potential impact of *Westphal* on PTD claim costs is the limiting impact that the social security disability offset has on those costs. The minimal, if any, PTD workers compensation system cost impact will result due to the supplemental benefits that are available on PTD claims in Florida.

Request 7: Explain how the healing period days/benefit payments were distinguished from the remaining permanent impairment days/benefit payments in the datasets used in the PIB indemnity analysis.

Response 7: That information was identifiable in the FDWC data provided to NCCI.

Request 8: Confirm that the footnotes (2-5) for the TTD indemnity analysis indicating the study, years used (2003-2007), determination of duration, jurisdictions included, & WCSP data used apply to the indemnity analysis for PIB as well. It is unclear since only footnote 5 is used in the “Indemnity—Impact on Permanent Disability Claims” section of the memo, but the memo includes a statement that the HP for PIB analysis was performed in an “analogous manner” to the TTD analysis.

Response 8: It is confirmed that footnotes two through five also apply to permanent impairment benefits.

Request 9: The explanatory memo states that for the PIB indemnity analysis the “summarized transactional data licensed to NCCI was reviewed for the HP duration on PIB claims for Florida and permanent partial disability

claims for other NCCI jurisdictions". Explain why Florida was reviewed in the "summarized transactional data" & where this was used in the analysis. In particular, was Florida included in the data used to determine the 12.4 days? If so, explain why.

Response 9: Summarized transactional data for Florida was reviewed for reasonableness, but not used in the analysis or to determine the above-mentioned 12.4 days. The jurisdictions included in the analysis are listed in footnote four, as referenced in Request 8.

Request 10: Confirm which years of FDWC data were used to determine the 94.7 days.

Response 10: Consistent with the years used for TTD claims, Accident Years 2008 through 2012 were used to determine the 94.7-day figure.

Request 11: Regarding the medical analysis, NCCI assumed multiple procedures would not be impacted by the *Westphal* decision. Provide a list of procedures that NCCI assumed would be impacted & explain how these procedures could be used to delay reaching MMI.

Response 11: Before a claimant reaches MMI, much of the medical care he/she receives is remedial in nature—i.e., the goal is to treat the underlying cause of the injury and improve the claimant's condition. Once MMI is reached, the bulk of medical care a claimant receives is palliative in nature, as medical treatments are primarily focused on alleviating symptoms and not necessarily treating the underlying cause.

Specific medical service categories were not identified as being impacted/not impacted by the *Westphal* decision. Based on the FDWC information provided in response to Request 14(e), we believe costs associated with anesthesia, surgery, radiology and hospital stays may be relatively less impacted than the remaining categories. The estimated percentage of pre-MMI medical benefits impacted by the increase in average claim duration was judgmentally selected after reviewing the FDWC information.

The *Westphal* decision itself may delay MMI in a number of situations including at least the following. Pre-*Westphal*, MMI may have been determined more as a statutory concept for some cases approaching the 104-week TTD benefit limit. Such an evaluation may occur beyond 104 weeks post-*Westphal*. In addition, in those situations in which medical treatment is pursued by injured workers at or beyond 104 weeks, it may potentially delay the cessation of TTD benefits and extend remedial treatment until such time that MMI is reached.

Request 12: Confirm which years of FDWC data were used to determine the 18% & 85% used in the medical analysis. Also confirm which years of WCSP data were used to determine the 79.9%.

Response 12: The 18% figure is based on Accident Years 2008 through 2012. The 85% figure is based on Accident Years 2010 and 2011, which represents an approximate fifth-report maturity. The 79.9% figure is the reciprocal of the fifth-to-ultimate paid loss development factor for PIB injuries. It is based on five diagonals of data, to the extent available, rather than specific years.

Request 13: Explain why data at a 5th report was used for the medical analysis to develop the 85% & 79.9%.

Response 13: Fifth report was chosen as striking a balance between the maturity of the data and practical considerations related to the availability of WCSP, injury-type loss development factors.

Request 14: Regarding Exhibit IV:

a. For columns (A) & (B), line (1), provide the raw data (summarized by year) & any adjustment factors used to arrive at the average claim duration presented. Provide the derivation of the values in line (1).
b. For columns (A) & (B), line (2), provide the data by year, by state used to arrive at the estimated increase in average duration. Describe any adjustments made to the data. Provide the derivation of the values in line (2).

c. For columns (A) & (B), line (4), provide the underlying data used to arrive at the percentages used. In the response, provide the data summarized by injury type separately for Fatal, PTD, PPD or PIB, HP for PIB & TTD (should sum to 100%).
d. Lines (7) & (17), provide the data & any adjustment factors used to arrive at the percentage of indemnity benefits.
e. Line (10), provide the underlying data & calculations used to arrive at the percent of pre-MMI medical benefits impacted (note that data by procedure code doesn't have to be provided, but totals by year can be summarized by impacted and non-impacted codes).
f. For line (15), provide the underlying data used to arrive at the percentage used. In the response, provide the data summarized by injury type separately for Fatal, PTD, PPD or PIB, HP for PIB, TTD, Med Only, & Contract Med (should sum to 100%).

Response 14: Please see the attached exhibit titled "OIR-14" for the requested information.

Request 15: Provide the Florida premium distribution by month based on the latest data available.

Response 15: The requested information is as follows:

Month	Weight	Month	Weight
Jan	23.6%	Jul	8.0%
Feb	5.0%	Aug	5.1%
Mar	7.8%	Sep	5.2%
Apr	11.2%	Oct	9.8%
May	5.8%	Nov	5.1%
Jun	6.2%	Dec	7.2%

Request 16: Provide the TCFs for the proposed rates based on the proposed +19.6% rate change & +3.6% change for f-classes.

Response 16: The TCFs used in the calculation of the proposed rates are 1.0002 for the industrial classes and 0.9992 for the federal classes.

Request 17: Provide a detailed calculation for each of the following class codes: 1852, 2003, 6237, 7380, 8726 & 9170. In your response, identify any item filings that are used or were previously used to determine the rates for these class codes, if necessary.

Response 17: Please see the attached exhibit titled "OIR-17" for the requested information. Class code 6237 is loaded with a factor of 1.002 to account for the Florida Contracting Classification Premium Adjustment Program (CCPAP). This program was approved via Item 13-FL-2004. There are no item filings impacting the current or proposed rates for any of the other class codes provided.

Request 18: The response to question 4 from the clarification letter dated 6/14/2016 is not sufficient. The question asked you to explain why the expense provisions were not modified from the 1/1/2016 rate filing, and the response simply references the expenses that you considered for possible modification (claimant attorney fees and loss adjustment expenses) without addressing other expense provisions such as general expense, production expense, etc. Explain why these expenses were not modified.

Response 18: The intent of our previous response was to convey that NCCI does not have an opinion at this point as to whether other expenses provisions will be impacted by the recent Florida Supreme Court decisions. In this filing, NCCI's approach to the various expense components is consistent with the approach filed by NCCI and approved by the OIR in the *Emma Murray* rate filing.

Request 19: Address the following regarding the response to question 5 from the clarification letter dated 6/14/2016:

a. Explain why the Maritime Program 2, Option 2, USL Act codes were calculated as [(Current Rate) x (1.031 rate change)] versus the standard method of [(Source Code) x (EXPUSL)].
b. Explain why the FELA Program 2, Option 2, USL Act codes were calculated as [(Current Rate) x (1.031 rate change)] versus the standard method of [(Source Code) x (EXPUSL)x1.35].

Response 19: Often for a law filing, the impact is primarily on indemnity or medical benefits, but not both equally. Since the Program II, Option II classes adjust the source code using an overall weighted USL&HW adjustment factor, it is possible that, depending on the indemnity/medical split of the source code, the adjustment factor applied to the source code (which represents the adjustment from state to weighted state/federal benefits on an overall basis) is not comparable to the impact the state law had on the source code. As a result, the Program II, Option II classes in a law filing often move in the opposite direction from the proposed law increase or decrease. As a result, our standard practice for a law filing is to apply the state/federal weighted-impact of the overall benefit change to the currently-approved Program II, Option II rates.

Request 20: The response to question 7 from the clarification letter dated 6/14/2016 is not sufficient. Provide the data & underlying calculations to support the changes to the Premium Reduction Percentages. Please provide this support for the most recent manual pages submitted on 7/18/2016.

Response 20: Please see the attached exhibit titled “OIR-20” for the requested information.

Request 21: The response to question 8 from the clarification letter dated 6/14/2016 is not sufficient. Provide the data & underlying calculations to support the changes to the Retro Rating Plan factors. Please provide this support for the most recent manual pages submitted on 7/18/2016.

Response 21: Please see the attached exhibit titled “OIR-21” for the requested information.

Request 22: Provide an updated Excel spreadsheet containing the Proposed Rates by Class revised to reflect the most recent manual pages submitted on 7/18/2016.

Response 22: Please see the attached file titled “OIR-22.xlsx” for the requested information.

Claim Counts from the Florida Division of Workers Compensation

	Pure TTD Claims Only	
Accident Year	Claim Count	# of Claims Excluded
2008	19,398	1
2009	16,543	1
2010	16,258	0
2011	16,247	0
2012	15,864	0

	PIB Claims Only	
Accident Year	Claim Count	# of Claims Excluded
2008	12,164	1
2009	11,155	3
2010	10,941	0
2011	10,669	0
2012	10,169	0

	PTD Claims Only	
Accident Year	Claim Count	# of Claims Excluded
2008	345	0
2009	303	0
2010	281	0
2011	253	0
2012	236	0

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Florida

Claim Counts Underlying Summarized Transactional Data

Claim Count - Pure TTD Claims

State	AY 2007	AY 2006	AY 2005	AY 2004	AY 2003
AK	483	515	678	635	569
AL	1,019	1,067	1,046	1,060	1,040
AR	571	588	683	801	945
AZ	934	946	1,029	983	1,172
CO	1,017	938	951	955	1,050
CT	2,452	2,404	1,904	2,141	2,299
DC	357	354	345	329	387
HI	1,241	1,371	1,343	1,415	1,348
IA	858	856	894	965	990
ID	679	586	641	681	690
IL	4,648	4,640	4,765	5,266	5,728
IN	1,558	1,625	1,767	2,125	2,227
KS	490	513	618	703	766
KY	1,014	980	996	997	1,129
MD	1,885	1,787	1,842	1,946	2,182
MO	1,148	1,084	1,325	1,488	1,780
MS	790	868	853	931	990
MT	471	513	553	616	607
NE	364	316	288	352	321
NH	702	750	786	1,090	1,312
NM	409	375	385	377	459
NV	485	493	562	593	520
OK	948	816	777	908	1,173
OR	2,659	2,547	2,690	2,998	3,049
RI	83	87	65	73	49
SC	1,245	1,173	1,067	1,125	1,204
SD	195	198	204	196	169
TN	1,943	1,913	1,879	2,038	2,332
UT	599	654	659	692	748
VT	318	296	310	385	331

Claim Count - Permanent Partial Claims

State	AY 2007	AY 2006	AY 2005	AY 2004	AY 2003
AK	208	190	223	223	222
AL	260	251	330	373	429
AR	294	274	262	356	408
AZ	282	290	307	278	363
CO	760	737	697	763	765
CT	1,195	1,186	1,126	1,201	1,203
DC	50	35	47	59	59
HI	512	517	515	515	589
IA	623	678	695	727	724
ID	377	372	364	396	373
IL	2,771	2,923	3,053	3,021	2,955
IN	702	777	898	959	827
KS	552	500	557	720	686
KY	349	262	309	321	348
MD	577	521	574	603	679
MO	931	1,092	1,164	1,323	1,414
MS	299	359	335	396	415
MT	314	294	339	367	400
NE	389	347	313	376	343
NH	159	152	171	230	264
NM	211	209	209	227	260
NV	350	307	300	360	296
OK	842	770	765	929	972
OR	1,050	1,212	1,277	1,403	1,398
RI	51	29	27	31	37
SC	419	450	492	507	422
SD	103	86	86	82	78
TN	1,185	1,088	1,197	1,325	1,453
UT	308	262	266	289	326
VT	149	147	138	174	157

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Florida

Average Duration Data from the Florida Division of Workers Compensation

Pure TTD Claims Only

Accident Year	Total TTD Duration (in Days)	Claim Count	Duration (in Days)
2008	1,089,478	19,398	
2009	922,391	16,543	
2010	903,030	16,258	
2011	920,161	16,247	
2012	909,445	15,864	
Total	4,744,505	84,310	56.3

Permanent Impairment Claims Only

Accident Year	Total HP Duration (in Days)	Claim Count	Duration (in Days)
2008	1,283,591	12,164	
2009	1,102,355	11,155	
2010	1,028,728	10,941	
2011	942,577	10,669	
2012	861,177	10,169	
Total	5,218,428	55,098	94.7

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Florida

Duration Impacts from Summarized Transactional Data Licensed to NCCI - Increasing from 104 to 260 Weeks

Pure TTD Duration Impacts (in days)

State	2007	2006	2005	2004	2003	Average
AK	4.5	2.4	0.5	3.4	0.0	2.2
AL	4.3	4.6	2.0	2.6	3.2	3.3
AR	1.8	2.4	2.3	0.7	2.2	1.9
AZ	1.8	0.6	1.0	0.7	0.6	1.0
CO	5.6	3.0	2.9	6.0	7.3	4.9
CT	9.5	8.6	11.2	9.0	7.6	9.2
DC	21.4	25.7	21.4	26.6	33.7	25.7
HI	9.4	4.3	3.8	3.8	2.0	4.7
IA	2.4	0.0	0.0	1.2	0.4	0.8
ID	3.8	0.0	0.0	0.0	0.0	0.8
IL	23.6	21.4	19.0	20.2	16.8	20.2
IN	1.3	1.7	2.4	1.9	0.8	1.6
KS	6.5	2.3	3.4	3.6	2.6	3.7
KY	3.8	4.9	1.7	3.1	2.6	3.2
MD	15.3	14.8	14.6	5.6	12.7	12.6
MO	5.5	3.1	1.9	4.9	2.8	3.6
MS	6.9	13.8	6.8	6.7	9.0	8.7
MT	4.2	4.3	0.8	2.3	1.6	2.6
NE	7.9	5.9	3.8	5.9	3.4	5.4
NH	5.3	3.8	6.8	2.2	5.3	4.7
NM	4.8	3.4	2.8	8.5	0.3	4.0
NV	4.6	0.3	0.9	4.5	0.3	2.1
OK	14.2	18.7	9.5	9.1	5.9	11.5
OR	1.8	2.8	2.0	1.1	1.1	1.8
RI	3.1	0.0	0.0	0.0	0.0	0.6
SC	39.9	37.7	34.8	42.5	29.8	36.9
SD	0.0	2.0	0.0	4.1	0.0	1.2
TN	3.8	0.3	1.7	0.5	1.4	1.5
UT	1.1	0.0	1.3	0.0	0.2	0.5
VT	12.2	2.4	11.4	2.6	0.0	5.7

Median: 3.5 days

PPD HP Duration Impacts (in days)

State	2007	2006	2005	2004	2003	Average
AK	8.4	11.4	8.7	21.4	17.4	13.5
AL	12.4	7.1	2.2	5.3	2.3	5.9
AR	3.8	8.7	7.0	7.8	8.3	7.1
AZ	9.5	3.7	16.4	18.2	26.4	14.8
CO	7.0	11.1	8.8	8.9	18.9	10.9
CT	11.8	18.4	21.5	25.8	27.6	21.0
DC	95.2	55.6	74.7	114.0	90.1	85.9
HI	45.5	42.7	45.8	35.0	34.0	40.6
IA	4.6	7.1	8.1	8.5	7.4	7.1
ID	4.9	4.5	2.9	10.4	7.4	6.0
IL	17.1	14.4	18.9	21.5	16.2	17.6
IN	2.8	3.7	3.1	2.1	7.1	3.8
KS	3.0	6.5	7.3	3.6	4.3	5.0
KY	7.0	7.6	9.2	11.8	9.6	9.0
MD	46.2	47.6	59.9	73.7	71.2	59.7
MO	1.7	1.6	0.7	2.6	4.0	2.1
MS	13.5	28.2	20.4	8.3	30.8	20.2
MT	15.6	16.2	19.2	19.8	37.0	21.6
NE	12.5	5.4	1.8	9.3	6.7	7.1
NH	21.1	31.7	33.3	62.4	65.0	42.7
NM	20.4	30.2	27.1	17.2	18.5	22.7
NV	7.3	10.0	11.5	17.5	4.0	10.1
OK	15.6	17.1	13.1	16.6	25.6	17.6
OR	9.0	8.6	9.2	12.9	16.7	11.3
RI	44.5	15.9	57.4	117.7	9.0	48.9
SC	11.1	9.2	22.1	21.7	20.7	16.9
SD	14.1	12.5	5.9	6.1	3.1	8.3
TN	8.1	8.9	5.0	5.3	2.3	5.9
UT	8.8	5.6	5.1	6.7	3.6	6.0
VT	22.4	36.5	22.5	14.4	27.5	24.6

Median: 12.4 days

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Florida

Distribution of Indemnity and Medical Costs by Injury Type
Source: NCCI WCSP data

Indemnity Losses:

Injury Type	@1st Report Ultimate Losses	@2nd Report Ultimate Losses	Combined Losses	Percentage of Indemnity			
Fatal	11,823,913	12,648,838	24,472,751	2.1%			
Permanent Total	60,178,399	67,758,128	127,936,527	10.8%			
Permanent Impairment	234,577,176	231,575,825	466,153,001	39.4%	x	57.4%*	= 22.6%
Temporary Total	282,816,225	282,380,469	565,196,694	47.7%			
Total Indemnity	589,395,713	594,363,260	1,183,758,973	100.0%			

Medical Losses:

Injury Type	@1st Report Ultimate Losses	@2nd Report Ultimate Losses	Combined Losses	Percentage of Medical
Fatal	6,362,298	5,225,137	11,587,435	0.5%
Permanent Total	142,732,566	170,985,613	313,718,179	12.3%
Permanent Impairment	428,928,876	427,497,238	856,426,114	33.6%
Temporary Total	518,811,080	491,342,507	1,010,153,587	39.7%
Medical Only	182,718,570	171,535,499	354,254,069	13.9%
Total Medical	1,279,553,390	1,266,585,994	2,546,139,384	100.0%

*Estimated healing period portion of permanent impairment benefits

Years	HP Benefits	Total PPD Benefits	HP % of PIB
2004-2010	276,298,691	481,046,290	57.4%

Source: Summarized transactional data licensed to NCCI

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Florida

Derivation of Indemnity/Medical Split
Source: NCCI Financial Call data

Policy Year	Ultimate, On-leveled Indemnity Losses (With LAE&Assess)	Benefit Changes Subsequent to 1/1/2015 Law Level	Annual Trend	Trend Length*	Full Trend	Final Indemnity Losses
2012	428,413,396	1.000	0.980	3.875	0.925	396,282,391
2013	434,511,646	1.000	0.980	2.875	0.944	410,178,994
Total						806,461,385

Policy Year	Ultimate, On-leveled Medical Losses (With LAE&Assess)	Benefit Changes Subsequent to 1/1/2015 Law Level	Annual Trend	Trend Length*	Full Trend	Final Medical Losses
2012	921,220,898	1.024	1.000	3.875	1.000	943,330,200
2013	948,368,059	1.024	1.000	2.875	1.000	971,128,892
Total						1,914,459,092

Indemnity Losses	806,461,385	29.6%
Medical Losses	1,914,459,092	70.4%
Total	2,720,920,477	100.0%

* Years from the average accident date of the policy year to 10/1/2016

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Florida

Percentage of Medical Payments by Service Category for Pre-MMI Treatments
Source: Florida Division of Workers Compensation data

Category	2008	2009	2010	2011	2012	Weighted Average
Anesthesia	1.7%	1.6%	1.5%	1.4%	1.4%	1.5%
Surgery	19.9%	17.8%	11.1%	9.4%	8.6%	13.3%
Radiology	3.4%	3.4%	3.1%	3.1%	3.0%	3.2%
Evaluation & Management	5.3%	5.3%	5.0%	4.8%	4.6%	5.0%
Medicine	12.0%	10.8%	9.7%	9.7%	9.2%	10.3%
Laboratory	0.4%	0.5%	0.6%	0.5%	0.6%	0.5%
HCPCS	2.6%	3.3%	4.2%	4.0%	4.1%	3.6%
Prescription Drugs	3.5%	3.4%	2.8%	2.5%	2.7%	3.0%
Supplies	3.1%	2.9%	3.0%	3.0%	2.7%	2.9%
Dental	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Hospital	47.9%	51.0%	58.9%	61.5%	63.2%	56.5%

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 1852
Industry Group - Manufacturing. Hazard Group - G.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	0.585	1.725	2.31
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	0.714	2.046	2.76
4.	Ratio of Manual to Standard Premium			1.112
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			4.33

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
592	1.09	0.30	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.03
8.	Final Loaded Rate	4.36

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 2003
Industry Group - Manufacturing. Hazard Group - C.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	1.084	2.226	3.31
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	1.320	2.640	3.96
4.	Ratio of Manual to Standard Premium			1.112
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			6.21

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
759	2.14	0.43	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	6.21

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 6237
Industry Group - Contracting. Hazard Group - E.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	0.512	0.898	1.41
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	0.625	1.065	1.69
4.	Ratio of Manual to Standard Premium			1.090
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			2.60

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
435	0.80	0.37	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.01
8.	Final Loaded Rate	2.61

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 7380
Industry Group - Miscellaneous. Hazard Group - D.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	1.278	2.802	4.08
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	1.556	3.324	4.88
4.	Ratio of Manual to Standard Premium			1.060
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			7.29

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
856	2.40	0.41	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	7.29

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 8726
Industry Group - F-Class. Hazard Group - E.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	0.805	0.975	1.78
2.	Composite Factor	1.0392	1.0332	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	0.833	1.007	1.84
4.	Ratio of Manual to Standard Premium			1.078
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			2.80

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
452	0.83	0.34	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	2.80

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 9170
Industry Group - Goods and Services. Hazard Group - G.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	1.703	4.707	6.41
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	2.077	5.583	7.66
4.	Ratio of Manual to Standard Premium			1.041
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			11.24

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
1200	2.79	0.31	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	11.24

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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Development of Deductible/Coinsurance Credit
Deductible with $21,000 Coinsurance using the standard NCCI method
Florida - Program 1

Assumptions:

(1) Safety Factor 0.9

(2) Target Cost Ratio 0.7094

(3) Claim Adjustment Expense as a Percentage of Incurred Losses 0.213

(4) Permissible Loss Ratio { (2) / (1.0 + (3)) } 0.5848

(5) Loss Adjustment Expense Ratio to Premium { (2) - (4) } 0.1246

(6) Other Expenses 0.052

Loss Elimination Ratio:

(7) = 0.2 x LER(Coinsurance) + 0.8 x LER(Deductible)

Premium Credit:

(8) = 1.0 - {{[1.0 - (7) x (1)] x (4) + (5) + (6)} / {(4) + (5) + (6)}}

(7) Loss Elimination Ratios

Deductible Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$500	0.126	0.106	0.098	0.080	0.065	0.054	0.043
$1,000	0.153	0.128	0.118	0.095	0.077	0.064	0.051
$1,500	0.174	0.145	0.134	0.107	0.086	0.071	0.057
$2,000	0.191	0.159	0.147	0.117	0.095	0.078	0.062
$2,500	0.206	0.172	0.158	0.126	0.102	0.084	0.067

(8) Premium Credits

Deductible Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$500	0.087	0.073	0.068	0.055	0.045	0.038	0.030
$1,000	0.106	0.089	0.081	0.066	0.053	0.044	0.035
$1,500	0.120	0.100	0.092	0.074	0.060	0.049	0.039
$2,000	0.132	0.110	0.101	0.081	0.065	0.054	0.043
$2,500	0.143	0.119	0.109	0.087	0.071	0.058	0.046

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Development of Deductible/Coinsurance Credit
Coinsurance without Deductible using the standard NCCI method
Florida - Program 2

Assumptions:

(1) Safety Factor 0.9

(2) Target Cost Ratio 0.7094

(3) Claim Adjustment Expense as a Percentage of Incurred Losses 0.213

(4) Permissible Loss Ratio { (2) / (1.0 + (3)) } 0.5848

(5) Loss Adjustment Expense Ratio to Premium { (2) - (4) } 0.1246

(6) Other Expenses 0.052

Loss Elimination Ratio:

(7) = 0.2 x LER(Coinsurance)

Premium Credit:

(8) = 1.0 - {{[1.0 - (7) x (1)] x (4) + (5) + (6)} / {(4) + (5) + (6)}}

(7) Loss Elimination Ratios

Coinsurance Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$5,000	0.043	0.036	0.033	0.026	0.021	0.017	0.013
$10,000	0.062	0.052	0.048	0.038	0.032	0.026	0.021
$15,000	0.076	0.063	0.059	0.049	0.040	0.034	0.028
$20,000	0.086	0.073	0.068	0.057	0.048	0.041	0.033
$21,000	0.088	0.075	0.070	0.059	0.049	0.043	0.034

(8) Premium Credits

Coinsurance Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$5,000	0.030	0.025	0.023	0.018	0.014	0.012	0.009
$10,000	0.043	0.036	0.033	0.027	0.022	0.018	0.015
$15,000	0.052	0.044	0.041	0.034	0.028	0.024	0.019
$20,000	0.060	0.051	0.047	0.039	0.033	0.029	0.023
$21,000	0.061	0.052	0.048	0.041	0.034	0.029	0.024

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Development of Deductible/Coinsurance Credit
Deductible without coinsurance using the standard NCCI method
Florida - Program 3

Assumptions:

(1) Safety Factor 0.9

(2) Target Cost Ratio 0.7094

(3) Claim Adjustment Expense as a Percentage of Incurred Losses 0.213

(4) Permissible Loss Ratio { (2) / (1.0 + (3)) } 0.5848

(5) Loss Adjustment Expense Ratio to Premium { (2) - (4) } 0.1246

(6) Other Expenses 0.052

Loss Elimination Ratio:

(7) = LER(Deductible)

Premium Credit:

(8) = 1.0 - {{[1.0 - (7) x (1)] x (4) + (5) + (6)} / {(4) + (5) + (6)}}

(7) Loss Elimination Ratios

Deductible Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$500	0.048	0.039	0.035	0.026	0.020	0.015	0.011
$1,000	0.081	0.066	0.060	0.045	0.034	0.026	0.020
$1,500	0.107	0.088	0.080	0.060	0.046	0.036	0.028
$2,000	0.129	0.105	0.096	0.073	0.057	0.044	0.034
$2,500	0.147	0.121	0.110	0.084	0.066	0.052	0.040
$5,000	0.217	0.179	0.164	0.128	0.103	0.084	0.066
$10,000	0.310	0.258	0.238	0.192	0.158	0.132	0.105
$15,000	0.378	0.317	0.294	0.243	0.202	0.172	0.138
$20,000	0.432	0.366	0.340	0.285	0.240	0.206	0.167
$25,000	0.476	0.407	0.379	0.322	0.274	0.237	0.193
$50,000	0.621	0.547	0.512	0.454	0.395	0.352	0.291
$75,000	0.701	0.629	0.592	0.536	0.474	0.430	0.359

(8) Premium Credits

Deductible Amount	HG A	HG B	HG C	HG D	HG E	HG F	HG G
$500	0.033	0.027	0.024	0.018	0.014	0.010	0.008
$1,000	0.056	0.046	0.042	0.031	0.024	0.018	0.014
$1,500	0.074	0.061	0.055	0.042	0.032	0.025	0.019
$2,000	0.089	0.073	0.067	0.050	0.039	0.031	0.024
$2,500	0.102	0.083	0.076	0.058	0.045	0.036	0.028
$5,000	0.150	0.123	0.113	0.089	0.071	0.058	0.046
$10,000	0.214	0.178	0.165	0.133	0.109	0.091	0.073
$15,000	0.261	0.219	0.203	0.168	0.140	0.119	0.096
$20,000	0.298	0.253	0.235	0.197	0.166	0.143	0.115
$25,000	0.329	0.282	0.262	0.223	0.189	0.164	0.133
$50,000	0.429	0.378	0.354	0.314	0.273	0.243	0.201
$75,000	0.484	0.435	0.409	0.371	0.328	0.297	0.248

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EXCESS LOSS FACTORS

Florida

10/01/16

Calculation of Claim Count and Average Cost Per Case for Model Input

Exhibit 1.A

Report: FIRST

Policy Period: 1/1/11-12/31/11

Injury Type	(1) Indemnity Losses	(2) On-level Factor	(3) Trend in Ind. Cost Per Case	(4) Indemnity Development To Ult	(5) Medical Losses	(6) On-level Factor	(7) Trend in Med. Cost Per Case	(8) Medical Development To Ult	(9) Claim Count	(10) Claim Count Development To Ult
Fatal	10,135,591	1.150	1.077	1.281	4,677,084	1.161	1.188	1.406	102	1.185
PT*	6,086,658	1.150	1.077	8.342	32,606,025	1.161	1.188	4.340	29	3.761
Likely PP	31,020,951	1.236	1.077	3.012	72,565,487	1.161	1.188	2.308	1,517	1.725
Likely TT	77,082,891	1.221	1.077	1.241	180,976,236	1.161	1.188	0.960	5,022	0.866
Not Likely PP	60,069,442	1.236	1.077	2.000	130,575,046	1.161	1.188	1.744	6,192	1.383
Not Likely TT	174,350,935	1.221	1.077	1.076	357,366,026	1.161	1.188	0.954	28,835	0.952
Med-Only*	xx	xx	xx	xx	174,741,795	1.161	1.188	1.004	130,202	1.003

Claim Group	(11) Trended On-Leveled Developed Ind. Loss (1) x (2) x (3) x (4)	(12) Trended On-Leveled Developed Med. Loss (5) x (6) x (7) x (8)	(13) Total Losses (11) + (12)	(14) Developed Claim Count (9) x (10)	(15) Average Cost Per Case (13) / (14)
Fatal	16,080,952	9,070,039	25,150,991	**121**	**208,083**
PT*	62,887,254	195,180,420	258,067,673	**109**	**2,366,096**
Likely PP/TT	250,172,547	470,631,524	720,804,071	**6,966**	**103,476**
Not Likely PP/TT	406,624,820	784,320,843	1,190,945,663	**36,014**	**33,069**
Med-Only*	xx	241,979,829	241,979,829	**130,593**	**1,853**

The values in Columns (14) and (15) are summarized across hazard groups.
Actual model inputs by hazard group are shown in Exhibit 2.
Outputs from the multilevel model are shown in Exhibits 3.A-3.D, 4.A-4.H.

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida

10/01/16

Calculation of Claim Count and Average Cost Per Case for Model Input

Exhibit 1.B

Report: SECOND

Policy Period: 1/1/10-12/31/10

Injury Type	(1) Indemnity Losses	(2) On-level Factor	(3) Trend in Ind. Cost Per Case	(4) Indemnity Development To Ult	(5) Medical Losses	(6) On-level Factor	(7) Trend in Med. Cost Per Case	(8) Medical Development To Ult	(9) Claim Count	(10) Claim Count Development To Ult
Fatal	9,132,836	1.150	1.093	1.202	6,187,126	1.161	1.229	1.237	84	1.105
PT*	17,466,781	1.150	1.093	4.267	68,140,769	1.161	1.229	2.811	83	2.120
Likely PP	69,165,010	1.236	1.093	1.550	121,914,658	1.161	1.229	1.486	2,792	1.117
Likely TT	88,348,209	1.221	1.093	1.092	166,903,688	1.161	1.229	1.029	4,466	0.964
Not Likely PP	94,508,419	1.236	1.093	1.365	182,263,410	1.161	1.229	1.295	8,509	1.100
Not Likely TT	181,049,248	1.221	1.093	1.033	342,310,840	1.161	1.229	0.993	27,592	0.980
Med-Only*	xx	xx	xx	xx	167,189,689	1.161	1.229	1.015	132,405	1.001

Claim Group	(11) Trended On-Leveled Developed Ind. Loss (1) x (2) x (3) x (4)	(12) Trended On-Leveled Developed Med. Loss (5) x (6) x (7) x (8)	(13) Total Losses (11) + (12)	(14) Developed Claim Count (9) x (10)	(15) Average Cost Per Case (13) / (14)
Fatal	13,798,381	10,920,506	24,718,887	**93**	**266,310**
PT*	93,681,432	273,307,770	366,989,202	**176**	**2,085,640**
Likely PP/TT	273,582,076	503,555,021	777,137,097	**7,424**	**104,681**
Not Likely PP/TT	423,870,956	821,799,179	1,245,670,135	**36,400**	**34,222**
Med-Only*	xx	242,136,151	242,136,151	**132,537**	**1,827**

The values in Columns (14) and (15) are summarized across hazard groups.
Actual model inputs by hazard group are shown in Exhibit 2.
Outputs from the multilevel model are shown in Exhibits 3.A-3.D, 4.A-4.H.

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida

10/01/16

Calculation of Claim Count and Average Cost Per Case for Model Input

Exhibit 1.C

Report: THIRD

Policy Period: 1/1/09-12/31/09

Injury Type	(1) Indemnity Losses	(2) On-level Factor	(3) Trend in Ind. Cost Per Case	(4) Indemnity Development To Ult	(5) Medical Losses	(6) On-level Factor	(7) Trend in Med. Cost Per Case	(8) Medical Development To Ult	(9) Claim Count	(10) Claim Count Development To Ult
Fatal	9,930,026	1.135	1.110	1.122	3,731,544	1.146	1.272	1.130	103	1.058
PT*	30,033,810	1.135	1.110	2.519	98,956,811	1.146	1.272	2.154	133	1.438
Likely PP	89,078,461	1.220	1.110	1.253	137,658,658	1.146	1.272	1.292	3,062	1.058
Likely TT	92,803,692	1.205	1.110	1.052	150,831,510	1.146	1.272	1.070	4,602	0.978
Not Likely PP	120,332,572	1.220	1.110	1.197	209,661,391	1.146	1.272	1.192	9,486	1.058
Not Likely TT	172,305,172	1.205	1.110	1.011	306,394,993	1.146	1.272	1.006	26,208	0.986
Med-Only*	xx	xx	xx	xx	161,338,099	1.146	1.272	1.017	134,199	1.001

Claim Group	(11) Trended On-Leveled Developed Ind. Loss (1) x (2) x (3) x (4)	(12) Trended On-Leveled Developed Med. Loss (5) x (6) x (7) x (8)	(13) Total Losses (11) + (12)	(14) Developed Claim Count (9) x (10)	(15) Average Cost Per Case (13) / (14)
Fatal	14,036,605	6,146,654	20,183,259	**109**	**185,212**
PT*	95,314,163	310,715,644	406,029,806	**191**	**2,122,987**
Likely PP/TT	281,733,771	494,521,073	776,254,844	**7,740**	**100,287**
Not Likely PP/TT	428,058,297	813,621,575	1,241,679,872	**35,877**	**34,609**
Med-Only*	xx	239,182,619	239,182,619	**134,333**	**1,781**

The values in Columns (14) and (15) are summarized across hazard groups.

Actual model inputs by hazard group are shown in Exhibit 2.

Outputs from the multilevel model are shown in Exhibits 3.A-3.D, 4.A-4.H.

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida

10/01/16

Calculation of Claim Count and Average Cost Per Case for Model Input

Exhibit 1.D

Report: FOURTH

Policy Period: 1/1/08-12/31/08

Injury Type	(1) Indemnity Losses	(2) On-level Factor	(3) Trend in Ind. Cost Per Case	(4) Indemnity Development To Ult	(5) Medical Losses	(6) On-level Factor	(7) Trend in Med. Cost Per Case	(8) Medical Development To Ult	(9) Claim Count	(10) Claim Count Development To Ult
Fatal	12,034,474	1.116	1.126	1.098	5,966,665	1.129	1.317	1.112	127	1.038
PT*	61,882,228	1.116	1.126	1.942	127,781,847	1.129	1.317	1.939	215	1.218
Likely PP	102,447,044	1.200	1.126	1.156	150,606,329	1.129	1.317	1.220	3,121	1.036
Likely TT	101,783,019	1.185	1.126	1.040	150,801,125	1.129	1.317	1.068	4,717	0.987
Not Likely PP	133,199,581	1.200	1.126	1.137	208,999,223	1.129	1.317	1.160	9,679	1.041
Not Likely TT	179,229,064	1.185	1.126	0.997	305,548,501	1.129	1.317	1.008	26,814	0.990
Med-Only*	xx	xx	xx	xx	158,084,048	1.129	1.317	1.015	139,823	1.001

Claim Group	(11) Trended On-Leveled Developed Ind. Loss (1) x (2) x (3) x (4)	(12) Trended On-Leveled Developed Med. Loss (5) x (6) x (7) x (8)	(13) Total Losses (11) + (12)	(14) Developed Claim Count (9) x (10)	(15) Average Cost Per Case (13) / (14)
Fatal	16,604,738	9,865,433	26,470,172	**132**	**200,796**
PT*	151,014,188	368,405,994	519,420,182	**262**	**1,983,504**
Likely PP/TT	301,263,475	512,673,752	813,937,228	**7,889**	**103,173**
Not Likely PP/TT	443,066,125	818,433,469	1,261,499,595	**36,622**	**34,447**
Med-Only*	xx	238,579,875	238,579,875	**139,963**	**1,705**

The values in Columns (14) and (15) are summarized across hazard groups.

Actual model inputs by hazard group are shown in Exhibit 2.

Outputs from the multilevel model are shown in Exhibits 3.A-3.D, 4.A-4.H.

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida

10/01/16

Calculation of Claim Count and Average Cost Per Case for Model Input

Exhibit 1.E

Report: FIFTH

Policy Period: 1/1/07-12/31/07

Injury Type	(1) Indemnity Losses	(2) On-level Factor	(3) Trend in Ind. Cost Per Case	(4) Indemnity Development To Ult	(5) Medical Losses	(6) On-level Factor	(7) Trend in Med. Cost Per Case	(8) Medical Development To Ult	(9) Claim Count	(10) Claim Count Development To Ult
Fatal	17,979,608	1.150	1.143	1.075	11,005,780	1.159	1.363	1.070	165	1.023
PT*	65,958,981	1.150	1.143	1.640	147,798,486	1.159	1.363	1.774	224	1.131
Likely PP	121,576,552	1.236	1.143	1.117	170,567,731	1.159	1.363	1.184	3,576	1.024
Likely TT	111,308,872	1.221	1.143	1.029	174,398,586	1.159	1.363	1.076	5,600	0.988
Not Likely PP	144,762,566	1.236	1.143	1.101	233,588,249	1.159	1.363	1.133	10,200	1.030
Not Likely TT	192,929,637	1.221	1.143	0.995	320,416,126	1.159	1.363	1.012	31,589	0.992
Med-Only*	xx	xx	xx	xx	177,089,547	1.159	1.363	1.015	167,355	1.001

Claim Group	(11) Trended On-Leveled Developed Ind. Loss (1) x (2) x (3) x (4)	(12) Trended On-Leveled Developed Med. Loss (5) x (6) x (7) x (8)	(13) Total Losses (11) + (12)	(14) Developed Claim Count (9) x (10)	(15) Average Cost Per Case (13) / (14)
Fatal	25,405,793	18,603,039	44,008,832	**169**	**260,724**
PT*	142,187,643	414,193,131	556,380,775	**253**	**2,196,147**
Likely PP/TT	351,700,546	615,465,756	967,166,301	**9,195**	**105,188**
Not Likely PP/TT	493,075,755	930,321,573	1,423,397,329	**41,842**	**34,018**
Med-Only*	xx	283,947,638	283,947,638	**167,522**	**1,695**

The values in Columns (14) and (15) are summarized across hazard groups.

Actual model inputs by hazard group are shown in Exhibit 2.

Outputs from the multilevel model are shown in Exhibits 3.A-3.D, 4.A-4.H.

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Claim Count and Average Cost Per Case for Model Input

Exhibit 2.A
Report: FIRST
Policy Period: 1/1/11-12/31/11

Trended On-Leveled Developed Ind Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	376,444	1,018,759	2,468,876	2,346,683	2,970,241	5,155,460	1,744,489	16,080,952
PT*	0	42,320	25,274,131	8,598,442	9,626,764	13,557,299	5,788,298	62,887,254
Likely PP/TT	13,153,616	30,615,663	74,293,535	30,318,642	52,279,770	42,133,244	7,378,076	250,172,547
Not Likely PP/TT	28,060,985	57,353,204	114,150,834	55,086,113	84,152,287	58,226,239	9,595,158	406,624,820
Med-Only*	0	0	0	0	0	0	0	0
Total	41,591,044	89,029,947	216,187,376	96,349,880	149,029,062	119,072,243	24,506,021	735,765,572

Trended On-Leveled Developed Med Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	16,499	601,990	1,450,416	698,728	3,031,939	2,504,554	765,913	9,070,039
PT*	0	911,881	87,386,462	8,249,662	44,861,616	39,242,195	14,528,605	195,180,420
Likely PP/TT	24,639,285	60,888,389	128,793,890	60,434,159	97,543,135	77,691,859	20,640,806	470,631,524
Not Likely PP/TT	59,852,175	125,295,202	234,848,587	100,977,835	141,372,896	103,215,384	18,758,764	784,320,843
Med-Only*	24,600,225	49,263,121	85,605,487	26,783,478	34,095,155	18,295,524	3,336,839	241,979,829
Total	109,108,185	236,960,583	538,084,842	197,143,862	320,904,740	240,949,516	58,030,927	1,701,182,655

Developed Claim Count	Hazard Group A	B	C	D	E	F	G	Total
Fatal	3.555	8.295	23.700	14.220	26.070	34.365	10.665	121
PT*	0.000	3.761	33.849	18.805	26.327	18.805	7.522	109
Likely PP/TT	531	1,177	2,261	890	1,218	731	157	6,966
Not Likely PP/TT	3,395	6,604	10,729	4,646	6,392	3,588	661	36,014
Med-Only*	13,889	27,411	46,972	15,631	17,296	7,979	1,415	130,593
Total	17,818	35,204	60,020	21,200	24,958	12,351	2,252	173,803

Average Cost Per Case	Hazard Group A	B	C	D	E	F	G	Total
Fatal	110,532	195,389	165,371	214,164	230,233	222,902	235,387	208,083
PT*	–	253,709	3,328,329	895,937	2,069,677	2,807,737	2,700,997	2,366,096
Likely PP/TT	71,189	77,753	89,824	101,915	122,958	163,963	177,993	103,476
Not Likely PP/TT	25,898	27,658	32,529	33,590	35,284	44,991	42,887	33,069
Med-Only*	1,771	1,797	1,822	1,714	1,971	2,293	2,358	1,853
Total	8,458	9,260	12,567	13,844	18,829	29,149	36,651	14,021

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Claim Count and Average Cost Per Case for Model Input

Exhibit 2.B
Report: SECOND
Policy Period: 1/1/10-12/31/10

Trended On-Leveled Developed Ind Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	157,818	996,129	2,699,245	1,572,276	4,293,608	1,784,133	2,295,173	13,798,381
PT*	1,641,197	5,923,715	21,326,038	13,513,707	20,590,672	28,610,117	2,075,987	93,681,432
Likely PP/TT	12,498,106	37,425,945	74,436,214	37,007,915	58,595,476	45,235,599	8,382,819	273,582,076
Not Likely PP/TT	26,894,368	65,138,882	117,707,140	55,676,956	84,184,386	64,122,603	10,146,623	423,870,956
Med-Only*	0	0	0	0	0	0	0	0
Total	41,191,488	109,484,671	216,168,637	107,770,854	167,664,142	139,752,451	22,900,602	804,932,844

Trended On-Leveled Developed Med Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	14,339	391,697	1,726,969	1,675,483	4,610,333	468,398	2,033,287	10,920,506
PT*	30,989,791	22,460,098	63,035,901	18,979,968	38,654,965	97,497,745	1,689,303	273,307,770
Likely PP/TT	25,773,731	74,941,795	131,077,285	61,619,085	99,637,098	89,671,393	20,834,635	503,555,021
Not Likely PP/TT	55,441,677	147,971,795	242,517,333	103,901,182	144,649,383	105,554,236	21,763,574	821,799,179
Med-Only*	26,109,983	48,704,192	86,252,801	27,296,850	32,727,750	17,903,259	3,141,315	242,136,151
Total	138,329,522	294,469,577	524,610,288	213,472,567	320,279,529	311,095,031	49,462,114	1,851,718,628

Developed Claim Count	Hazard Group A	B	C	D	E	F	G	Total
Fatal	2.210	8.840	22.100	9.945	28.730	11.050	9.945	93
PT*	4.240	14.840	44.520	29.680	40.280	38.160	4.240	176
Likely PP/TT	549	1,365	2,324	976	1,263	809	138	7,424
Not Likely PP/TT	3,435	6,761	11,072	4,591	6,143	3,703	695	36,400
Med-Only*	14,018	28,507	47,130	16,105	16,970	8,419	1,387	132,537
Total	18,008	36,658	60,593	21,712	24,445	12,980	2,235	176,630

Average Cost Per Case	Hazard Group A	B	C	D	E	F	G	Total
Fatal	77,899	156,994	200,281	326,572	309,918	203,849	435,240	266,310
PT*	7,695,988	1,912,656	1,894,922	1,094,800	1,470,845	3,304,713	888,040	2,085,640
Likely PP/TT	69,741	82,297	88,423	101,098	125,286	166,826	211,269	104,681
Not Likely PP/TT	23,970	31,518	32,535	34,757	37,250	45,827	45,931	34,222
Med-Only*	1,863	1,708	1,830	1,695	1,929	2,126	2,264	1,827
Total	9,969	11,020	12,226	14,796	19,961	34,734	32,383	15,041

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Claim Count and Average Cost Per Case for Model Input

Exhibit 2.C
Report: THIRD
Policy Period: 1/1/09-12/31/09

Trended On-Leveled Developed Ind Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	247,372	122,064	3,386,614	1,036,225	3,885,623	4,061,954	1,296,753	14,036,605
PT*	3,298,048	5,423,066	18,666,099	12,321,647	21,566,951	28,041,579	5,996,773	95,314,163
Likely PP/TT	17,640,682	44,905,092	76,923,252	32,713,852	55,029,820	46,823,935	7,697,139	281,733,771
Not Likely PP/TT	25,335,697	66,322,208	118,069,106	57,216,106	86,032,914	64,732,653	10,349,613	428,058,297
Med-Only*	0	0	0	0	0	0	0	0
Total	46,521,799	116,772,429	217,045,071	103,287,831	166,515,309	143,660,120	25,340,277	819,142,836

Trended On-Leveled Developed Med Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	28,826	46	2,277,277	92,262	1,175,233	2,370,671	202,337	6,146,654
PT*	11,007,635	19,139,234	52,254,391	51,076,330	57,950,718	91,639,420	27,647,914	310,715,644
Likely PP/TT	31,380,968	87,396,543	136,270,117	65,731,522	97,547,746	62,664,575	13,529,602	494,521,073
Not Likely PP/TT	56,038,717	142,623,022	240,846,235	102,709,337	143,584,347	108,759,598	19,060,319	813,621,575
Med-Only*	22,579,377	49,594,690	86,636,812	27,590,737	32,694,086	17,278,533	2,808,385	239,182,619
Total	121,035,523	298,753,535	518,284,832	247,200,188	332,952,130	282,712,798	63,248,557	1,864,187,564

Developed Claim Count	Hazard Group A	B	C	D	E	F	G	Total
Fatal	2.116	3.174	23.276	11.638	31.740	31.740	5.290	109
PT*	11.504	15.818	60.396	21.570	31.636	40.264	10.066	191
Likely PP/TT	616	1,459	2,406	982	1,282	835	162	7,740
Not Likely PP/TT	3,271	6,666	10,945	4,572	6,003	3,769	651	35,877
Med-Only*	13,614	29,222	48,020	15,850	17,548	8,740	1,340	134,333
Total	17,514	37,366	61,454	21,437	24,896	13,416	2,168	178,251

Average Cost Per Case	Hazard Group A	B	C	D	E	F	G	Total
Fatal	130,528	38,472	243,336	96,966	159,447	202,666	283,382	185,212
PT*	1,243,540	1,552,807	1,174,258	2,939,174	2,513,518	2,972,407	3,342,409	2,122,987
Likely PP/TT	79,638	90,677	88,626	100,298	119,010	131,111	131,419	100,287
Not Likely PP/TT	24,876	31,347	32,792	34,977	38,251	46,028	45,191	34,609
Med-Only*	1,659	1,697	1,804	1,741	1,863	1,977	2,095	1,781
Total	9,567	11,121	11,965	16,350	20,062	31,781	40,862	15,054

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Claim Count and Average Cost Per Case for Model Input

Exhibit 2.D
Report: FOURTH
Policy Period: 1/1/08-12/31/08

Trended On-Leveled Developed Ind Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	61,249	1,101,689	3,345,573	1,109,987	5,564,140	3,884,369	1,537,731	16,604,738
PT*	3,499,086	19,728,422	38,172,025	18,417,184	29,449,179	34,642,720	7,105,572	151,014,188
Likely PP/TT	15,208,963	45,504,977	72,273,891	40,873,923	62,068,472	56,664,081	8,669,168	301,263,475
Not Likely PP/TT	27,669,298	60,818,547	115,792,597	58,465,435	96,200,850	70,205,967	13,913,431	443,066,125
Med-Only*	0	0	0	0	0	0	0	0
Total	46,438,596	127,153,636	229,584,086	118,866,529	193,282,641	165,397,137	31,225,902	911,948,527

Trended On-Leveled Developed Med Loss	Hazard Group A	B	C	D	E	F	G	Total
Fatal	118,420	182,904	914,033	35,294	3,463,681	1,280,902	3,870,200	9,865,433
PT*	15,936,518	38,992,604	131,193,227	34,082,456	69,880,740	60,018,613	18,301,836	368,405,994
Likely PP/TT	27,503,527	87,414,179	132,576,069	64,389,253	102,845,568	83,962,155	13,983,002	512,673,752
Not Likely PP/TT	59,180,481	126,587,301	226,628,386	109,252,163	161,685,365	111,376,246	23,723,528	818,433,469
Med-Only*	24,128,212	47,717,888	79,046,780	27,220,562	36,023,445	21,126,548	3,316,441	238,579,875
Total	126,867,158	300,894,875	570,358,494	234,979,727	373,898,799	277,764,463	63,195,007	1,947,958,524

Developed Claim Count	Hazard Group A	B	C	D	E	F	G	Total
Fatal	3.114	10.380	23.874	10.380	45.672	25.950	12.456	132
PT*	8.526	38.976	71.862	34.104	51.156	43.848	13.398	262
Likely PP/TT	588	1,463	2,353	1,003	1,361	939	182	7,889
Not Likely PP/TT	3,514	6,462	10,466	4,604	6,687	4,159	730	36,622
Med-Only*	14,692	28,843	46,945	16,835	20,217	10,719	1,713	139,963
Total	18,806	36,817	59,860	22,486	28,362	15,886	2,650	184,867

Average Cost Per Case	Hazard Group A	B	C	D	E	F	G	Total
Fatal	57,697	123,757	178,420	110,335	197,666	199,047	434,163	200,796
PT*	2,279,569	1,506,594	2,356,812	1,539,398	1,941,706	2,158,852	1,896,358	1,983,504
Likely PP/TT	72,620	90,840	87,054	104,918	121,200	149,798	124,611	103,173
Not Likely PP/TT	24,712	29,001	32,717	36,430	38,564	43,664	51,591	34,447
Med-Only*	1,642	1,654	1,684	1,617	1,782	1,971	1,936	1,705
Total	9,215	11,626	13,364	15,736	19,998	27,896	35,632	15,470

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Claim Count and Average Cost Per Case for Model Input

Exhibit 2.E
Report: FIFTH
Policy Period: 1/1/07-12/31/07

Trended On-Leveled Developed Ind Loss	A	B	C	D	E	F	G	Total
				Hazard Group				
Fatal	388,437	1,460,263	5,772,852	3,872,711	6,842,092	5,433,881	1,635,557	25,405,793
PT*	836,055	13,081,414	33,522,561	8,694,853	28,322,308	48,325,457	9,404,996	142,187,643
Likely PP/TT	16,943,428	41,030,554	94,611,858	41,540,782	78,274,765	69,875,766	9,423,393	351,700,546
Not Likely PP/TT	29,201,298	67,576,603	133,757,293	56,133,729	106,186,762	85,168,188	15,051,883	493,075,755
Med-Only*	0	0	0	0	0	0	0	0
Total	47,369,218	123,148,834	267,664,564	110,242,075	219,625,927	208,803,292	35,515,828	1,012,369,738

Trended On-Leveled Developed Med Loss	A	B	C	D	E	F	G	Total
				Hazard Group				
Fatal	6,979	983,369	2,493,552	3,733,513	9,610,783	1,532,434	242,409	18,603,039
PT*	3,417,832	51,300,915	108,466,211	17,408,917	99,924,312	119,690,559	13,984,385	414,193,131
Likely PP/TT	34,970,328	82,663,549	164,544,371	73,545,805	123,468,823	120,921,878	15,351,001	615,465,756
Not Likely PP/TT	61,338,183	141,845,949	260,657,867	107,770,042	181,477,621	143,821,243	33,410,669	930,321,573
Med-Only*	26,228,247	56,444,712	91,990,334	32,519,651	43,740,133	28,398,377	4,626,184	283,947,638
Total	125,961,569	333,238,493	628,152,335	234,977,928	458,221,673	414,364,491	67,614,648	2,262,531,138

Developed Claim Count	A	B	C	D	E	F	G	Total
				Hazard Group				
Fatal	4.092	14.322	29.667	28.644	42.966	39.897	9.207	169
PT*	4.524	30.537	59.943	15.834	53.157	74.646	14.703	253
Likely PP/TT	678	1,433	2,805	1,200	1,645	1,246	188	9,195
Not Likely PP/TT	3,661	6,916	12,173	5,104	7,791	5,340	858	41,842
Med-Only*	16,805	34,080	54,800	20,320	25,097	14,335	2,085	167,522
Total	21,152	42,474	69,867	26,669	34,629	21,035	3,155	218,981

Average Cost Per Case	A	B	C	D	E	F	G	Total
				Hazard Group				
Fatal	96,632	170,621	278,640	265,543	382,928	174,607	203,972	260,724
PT*	940,293	2,108,338	2,368,730	1,648,590	2,412,601	2,250,838	1,590,790	2,196,147
Likely PP/TT	76,607	86,317	92,402	95,898	122,647	153,134	131,544	105,188
Not Likely PP/TT	24,733	30,279	32,401	32,114	36,923	42,886	56,480	34,018
Med-Only*	1,561	1,656	1,679	1,600	1,743	1,981	2,219	1,695
Total	8,195	10,745	12,822	12,945	19,575	29,625	32,684	14,955

*Permanent Total and Med-Only values are not used in the multilevel model.

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of State Average Cost per Case

Exhibit 3.A
Fitted Base Average Cost Per Case

Claim Group	
Fatal	288,179
Likely PP/TT	91,659
Not Likely PP/TT	25,673

Exhibit 3.B

State Relativity	0.776

Exhibit 3.C
Claim Group-Hazard Group Relativities

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	1.000	1.094	1.119	1.203	1.273	1.372	1.424
Likely PP/TT	1.000	1.259	1.333	1.603	1.851	2.234	2.452
Not Likely PP/TT	1.000	1.215	1.275	1.490	1.683	1.973	2.134

Exhibit 3.D
State-Claim Group Relativities

Claim Group	
Fatal	0.815
Likely PP/TT	0.981
Not Likely PP/TT	1.251

Exhibit 3.E
Fitted State Average Cost Per Case

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	182,313	199,456	204,018	219,351	232,143	250,072	259,541
PT*	1,103,635	1,527,407	1,675,657	1,949,069	2,350,314	2,851,277	3,327,114
Likely PP/TT	69,783	87,836	93,049	111,894	129,161	155,893	171,134
Not Likely PP/TT	24,917	30,266	31,778	37,137	41,926	49,151	53,182
Med-Only**	1,693	1,700	1,761	1,669	1,846	2,052	2,170

* Permanent Total values are calculated in Exhibits 8.A-8.E.
** Medical Only average values are based on observed non-fitted data.

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of State Claim Counts

Exhibit 4.A
Payroll ($ million)

	Hazard Group						
Policy Period	**A**	**B**	**C**	**D**	**E**	**F**	**G**
1/1/11-12/31/11	9,133	25,766	106,711	21,961	30,717	7,634	1,346
1/1/10-12/31/10	8,741	25,671	105,125	21,061	29,798	7,819	1,304
1/1/09-12/31/09	8,440	26,136	101,765	20,546	29,625	8,066	1,319
1/1/08-12/31/08	8,664	25,583	100,755	20,921	31,442	9,479	1,535
1/1/07-12/31/07	8,770	25,387	105,468	22,129	33,435	11,148	1,631

Exhibit 4.B

Policy Period	Relativity
1/1/11-12/31/11	1.000
1/1/10-12/31/10	1.051
1/1/09-12/31/09	1.089
1/1/08-12/31/08	1.102
1/1/07-12/31/07	1.205

Exhibit 4.C

	Hazard Group						
	A	**B**	**C**	**D**	**E**	**F**	**G**
Adjusted Payroll ($ million)	47,626	139,990	566,123	116,189	169,230	48,514	7,809

Exhibit 4.D

State Relativity	1.056

Exhibit 4.E
State-Hazard Group Relativities

	Hazard Group						
	A	**B**	**C**	**D**	**E**	**F**	**G**
Relativity	1.123	1.022	0.845	0.925	0.986	0.990	1.141

Exhibit 4.F
Claim Group Frequency

Claim Group	Claims per $ million Payroll
Fatal	0.00032
Likely PP/TT	0.05770
Not Likely PP/TT	0.29446

Exhibit 4.G
Claim Group-Hazard Group Relativities

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	1.000	0.984	0.769	2.459	3.224	10.672	16.531
Likely PP/TT	1.000	0.741	0.371	0.699	0.628	1.390	1.313
Not Likely PP/TT	1.000	0.743	0.374	0.701	0.631	1.386	1.310

Exhibit 4.H
State-Claim Group Relativities

Claim Group	
Fatal	0.925
Likely PP/TT	1.073
Not Likely PP/TT	1.008

Exhibit 4.I
Fitted State Claim Counts

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	16.479	43.374	113.229	81.380	165.757	157.830	45.380
PT*	40.612	122.336	293.443	136.784	255.911	161.369	45.676
Likely PP/TT	3,497	6,933	11,585	4,909	6,851	4,362	765
Not Likely PP/TT	16,764	33,322	56,011	23,607	32,977	20,857	3,659
Med-Only**	73,017	148,064	243,867	84,741	97,127	50,192	7,941

* Permanent Total values are calculated in Exhibits 7.A-7.D.
** Medical Only average values are based on observed non-fitted data.

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EXCESS LOSS FACTORS

Florida
10/01/16

Fitted State Loss Weights

Exhibit 5.A
Fitted State Average Cost per Case

Claim Group	Hazard Group A	B	C	D	E	F	G	Weighted Average
Fatal	182,313	199,456	204,018	219,351	232,143	250,072	259,541	228,307
PT*	1,103,635	1,527,407	1,675,657	1,949,069	2,350,314	2,851,277	3,327,114	2,086,424
Likely PP/TT	69,783	87,836	93,049	111,894	129,161	155,893	171,134	107,348
Not Likely PP/TT	24,917	30,266	31,778	37,137	41,926	49,151	53,182	35,712
Med-Only**	1,693	1,700	1,761	1,669	1,846	2,052	2,170	1,767

Exhibit 5.B
Fitted State Claim Count

Claim Group	Hazard Group A	B	C	D	E	F	G	Total
Fatal	16.479	43.374	113.229	81.380	165.757	157.830	45.380	623
PT*	40.612	122.336	293.443	136.784	255.911	161.369	45.676	1,056
Likely PP/TT	3,497	6,933	11,585	4,909	6,851	4,362	765	38,902
Not Likely PP/TT	16,764	33,322	56,011	23,607	32,977	20,857	3,659	187,197
Med-Only**	73,017	148,064	243,867	84,741	97,127	50,192	7,941	704,949

* Permanent Total values are calculated in Exhibit 7.A-7.D, 8.A-8.D.
** Medical Only average values are based on observed non-fitted data.

Exhibit 5.C
State Total Losses

Claim Group	Hazard Group A	B	C	D	E	F	G	Total
Fatal	3,004,257	8,651,184	23,100,757	17,850,754	38,479,249	39,468,815	11,777,978	142,332,993
PT	44,820,366	186,856,804	491,709,468	266,600,477	601,469,977	460,107,259	151,968,344	2,203,532,694
Likely PP/TT	244,029,889	608,964,755	1,077,977,948	549,285,694	884,882,530	680,005,111	130,917,164	4,176,063,091
Not Likely PP/TT	417,704,693	1,008,531,784	1,779,909,877	876,694,723	1,382,595,592	1,025,136,110	194,594,286	6,685,167,066
Med-Only	123,646,704	251,725,420	429,531,873	141,411,624	179,279,676	103,002,167	17,229,702	1,245,827,166

Exhibit 5.D
State Loss Weights

Claim Group	Hazard Group A	B	C	D	E	F	G	Total
Fatal	0.004	0.004	0.006	0.010	0.012	0.017	0.023	0.010
PT	0.054	0.090	0.129	0.144	0.195	0.199	0.300	0.152
Likely PP/TT	0.293	0.295	0.284	0.297	0.287	0.295	0.258	0.289
Not Likely PP/TT	0.501	0.488	0.468	0.473	0.448	0.444	0.384	0.463
Med-Only	0.148	0.122	0.113	0.076	0.058	0.045	0.034	0.086

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EXCESS LOSS FACTORS

Florida
10/01/16

State Loss Average Cost per Case and Weights Including ALAE

Exhibit 6.A
State ALAE Adjustment by Claim Group

Claim Group	Statewide ALAE Factor (1)	Average Cost per Case (2)	Claim Count (3)	Total Loss (4) = (2) x (3)	Loss Weight (5) = (4) / Overall(4)	Claim Count Weight (6) = (3) / Overall(3)	Countrywide ALAE Adjustment (7)	Off-Balance Factor (8) = (1) / Overall(7)	State ALAE Adjustment (9) = (7) x Overall (8)
Fatal		228,307	623	142,332,993	0.010	0.001	0.0590		0.0785
PT		2,086,424	1,056	2,203,532,694	0.152	0.001	0.0782		0.1041
Likely PP/TT		107,348	38,902	4,176,063,091	0.289	0.042	0.1188		0.1581
Not Likely PP/TT		35,712	187,197	6,685,167,066	0.463	0.201	0.1132		0.1507
Med-Only		1,767	704,949	1,245,827,166	0.086	0.756	0.1320		0.1757
Total	0.142	15,495	932,728	14,452,923,010	1.000	1.000	0.1067	1.331	0.1420

Exhibit 6.B
State Total Losses Including ALAE

	Hazard Group						
Claim Group	A	B	C	D	E	F	G
Fatal	3,240,149	9,330,468	24,914,611	19,252,381	41,500,609	42,567,875	12,702,775
PT	49,484,876	206,303,221	542,882,276	294,345,916	664,065,696	507,991,186	167,783,876
Likely PP/TT	282,611,769	705,243,966	1,248,409,595	636,129,461	1,024,785,194	787,516,022	151,615,572
Not Likely PP/TT	480,632,081	1,160,467,523	2,048,054,051	1,008,769,153	1,590,884,201	1,179,573,297	223,909,997
Med-Only	145,367,734	295,946,051	504,987,781	166,253,419	210,773,755	121,096,568	20,256,445

Exhibit 6.C
State Average Cost per Case Including ALAE

	Hazard Group						
Claim Group	A	B	C	D	E	F	G
Fatal	196,628	215,117	220,037	236,574	250,370	269,707	279,920
PT	1,218,492	1,686,366	1,850,044	2,151,911	2,594,914	3,148,012	3,673,370
Likely PP/TT	80,815	101,723	107,761	129,584	149,582	180,540	198,190
Not Likely PP/TT	28,670	34,826	36,565	42,732	48,242	56,555	61,194
Med-Only	1,991	1,999	2,071	1,962	2,170	2,413	2,551

Exhibit 6.D
State Loss Weight Including ALAE

	Hazard Group						
Claim Group	A	B	C	D	E	F	G
Fatal	0.003	0.004	0.006	0.009	0.012	0.016	0.022
PT	0.051	0.087	0.124	0.139	0.188	0.193	0.291
Likely PP/TT	0.294	0.297	0.286	0.299	0.290	0.298	0.263
Not Likely PP/TT	0.500	0.488	0.469	0.475	0.450	0.447	0.389
Med-Only	0.151	0.124	0.116	0.078	0.060	0.046	0.035

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EXCESS LOSS FACTORS

Florida

10/01/16

Indicated Permanent Total Claim Count

Exhibit 7.A

State Claim Count - Base Time Period - 1/1/2004 to 12/31/2005

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	9.304	29.600	68.304	49.445	96.304	105.205	29.427
PT	18.734	57.355	148.433	78.357	141.090	107.561	24.575
Likely PP/TT	1,874	3,803	6,959	3,292	4,433	3,349	473
Not Likely PP/TT	7,470	15,060	27,222	13,041	17,521	13,461	1,902
Non-PT Total Indemnity	9,354	18,893	34,250	16,382	22,050	16,915	2,405

Exhibit 7.B

Initial Proportion of	Hazard Group						
PT claim count to Non-PT Total	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Indemnity claim count	0.00200	0.00304	0.00433	0.00478	0.00640	0.00636	0.01022

Exhibit 7.C

Fitted State Claim Counts

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
Fatal	16.479	43.374	113.229	81.380	165.757	157.830	45.380
Likely PP/TT	3,497	6,933	11,585	4,909	6,851	4,362	765
Not Likely PP/TT	16,764	33,322	56,011	23,607	32,977	20,857	3,659
Non-PT Total Indemnity	20,277	40,298	67,709	28,597	39,994	25,377	4,469

Exhibit 7.D

	Hazard Group						
	A	**B**	**C**	**D**	**E**	**F**	**G**
Indicated PT Claim Count	40.612	122.336	293.443	136.784	255.911	161.369	45.676

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EXCESS LOSS FACTORS

Florida
10/01/16

Indicated Permanent Total Average Cost per Case

Exhibit 8.A
State Average Cost per Case - Base Time Period - 1/1/2004 to 12/31/2005

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
PT	590,006	816,555	895,810	1,041,977	1,256,484	1,524,300	1,778,683

Exhibit 8.B

	Annual Indemnity Trend	Annual Medical Trend	Trend Period Start Date	Trend Period End Date	Number of Years	Indemnity Trend Factor	Medical Trend Factor
First Stage Trend	1.050	1.067	05/17/2005	11/16/2009	4.504	1.246	1.339
Second Stage Trend	1.015	1.035	11/16/2009	11/16/2016	7.005	1.110	1.273

Exhibit 8.C

	Indemnity	Medical
Combined Trend Factor	1.383	1.704
On-Level Factor	1.150	1.163
PT Loss Weight	0.285	0.715

Exhibit 8.D

	Indemnity	Medical	Total
Combined Trend and On-Level Factors	1.590	1.982	1.871

Exhibit 8.E
Indicated Average Cost per Case

	Hazard Group						
Claim Group	**A**	**B**	**C**	**D**	**E**	**F**	**G**
PT	1,103,635	1,527,407	1,675,657	1,949,069	2,350,314	2,851,277	3,327,114

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.A

HAZARD GROUP A

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.05	0.949	0.01	0.991	0.14	0.868	0.40	0.715	5.91	0.141	0.690	0.692	0.692	0.690	0.405	n/a
$15,000	0.08	0.925	0.01	0.986	0.21	0.812	0.60	0.624	8.86	0.104	0.622	0.625	0.625	0.622	0.365	n/a
$20,000	0.11	0.901	0.02	0.982	0.29	0.762	0.80	0.552	11.81	0.086	0.568	0.571	0.571	0.568	0.334	n/a
$25,000	0.14	0.878	0.02	0.977	0.36	0.716	1.00	0.493	14.76	0.075	0.524	0.527	0.527	0.524	0.308	n/a
$30,000	0.16	0.856	0.03	0.973	0.43	0.675	1.20	0.445	17.72	0.068	0.486	0.490	0.490	0.486	0.286	n/a
$35,000	0.19	0.834	0.03	0.968	0.50	0.637	1.40	0.404	20.67	0.063	0.454	0.458	0.458	0.453	0.268	n/a
$40,000	0.22	0.813	0.04	0.964	0.57	0.603	1.61	0.370	23.62	0.059	0.426	0.430	0.430	0.425	0.251	n/a
$50,000	0.27	0.772	0.05	0.955	0.72	0.542	2.01	0.316	29.53	0.053	0.379	0.384	0.384	0.379	0.224	n/a
$75,000	0.41	0.678	0.07	0.933	1.07	0.428	3.01	0.228	44.29	0.045	0.299	0.305	0.305	0.299	0.178	n/a
$100,000	0.55	0.598	0.09	0.912	1.43	0.350	4.01	0.177	59.05	0.040	0.248	0.255	0.254	0.248	0.149	n/a
$125,000	0.69	0.529	0.11	0.892	1.79	0.294	5.02	0.143	73.82	0.037	0.213	0.220	0.219	0.213	0.128	n/a
$150,000	0.82	0.471	0.14	0.872	2.15	0.251	6.02	0.119	88.58	0.034	0.187	0.194	0.193	0.187	0.113	n/a
$175,000	0.96	0.421	0.16	0.852	2.51	0.219	7.02	0.101	103.34	0.032	0.167	0.174	0.173	0.167	0.101	n/a
$200,000	1.10	0.377	0.18	0.834	2.87	0.193	8.03	0.088	118.11	0.030	0.151	0.158	0.158	0.151	0.092	n/a
$225,000	1.23	0.340	0.20	0.816	3.22	0.171	9.03	0.077	132.87	0.028	0.138	0.145	0.145	0.138	0.085	n/a
$250,000	1.37	0.308	0.23	0.798	3.58	0.154	10.03	0.068	147.63	0.027	0.127	0.134	0.134	0.127	0.078	n/a
$275,000	1.51	0.280	0.25	0.781	3.94	0.139	11.04	0.061	162.40	0.026	0.118	0.125	0.124	0.118	0.073	n/a
$300,000	1.65	0.255	0.27	0.765	4.30	0.127	12.04	0.055	177.16	0.025	0.110	0.117	0.116	0.110	0.068	n/a
$325,000	1.78	0.233	0.29	0.749	4.66	0.116	13.04	0.050	191.92	0.024	0.103	0.110	0.110	0.103	0.064	n/a
$350,000	1.92	0.214	0.32	0.734	5.02	0.106	14.05	0.045	206.69	0.023	0.097	0.104	0.103	0.097	0.061	n/a
$375,000	2.06	0.197	0.34	0.719	5.37	0.098	15.05	0.041	221.45	0.022	0.092	0.098	0.098	0.092	0.057	n/a
$400,000	2.19	0.182	0.36	0.704	5.73	0.091	16.05	0.038	236.21	0.021	0.087	0.094	0.093	0.087	0.055	n/a
$425,000	2.33	0.169	0.39	0.690	6.09	0.084	17.06	0.035	250.97	0.021	0.083	0.089	0.089	0.083	0.052	n/a
$450,000	2.47	0.157	0.41	0.677	6.45	0.078	18.06	0.032	265.74	0.020	0.079	0.085	0.085	0.079	0.050	n/a
$475,000	2.61	0.146	0.43	0.664	6.81	0.073	19.06	0.030	280.50	0.019	0.076	0.082	0.081	0.075	0.048	n/a
$500,000	2.74	0.137	0.45	0.651	7.17	0.069	20.07	0.028	295.26	0.019	0.072	0.079	0.078	0.072	0.046	n/a
$600,000	3.29	0.106	0.54	0.604	8.60	0.054	24.08	0.021	354.32	0.017	0.062	0.068	0.067	0.061	0.039	n/a
$700,000	3.84	0.085	0.63	0.562	10.03	0.043	28.09	0.017	413.37	0.016	0.054	0.060	0.059	0.054	0.035	n/a
$800,000	4.39	0.070	0.72	0.524	11.46	0.035	32.11	0.014	472.42	0.014	0.048	0.053	0.053	0.047	0.031	n/a
$900,000	4.94	0.059	0.82	0.491	12.90	0.030	36.12	0.011	531.48	0.013	0.043	0.048	0.048	0.043	0.028	n/a
$1,000,000	5.49	0.051	0.91	0.460	14.33	0.025	40.13	0.010	590.53	0.012	0.039	0.044	0.044	0.038	0.026	n/a
$2,000,000	10.97	0.018	1.81	0.266	28.66	0.007	80.27	0.003	1181.06	0.008	0.019	0.023	0.022	0.019	0.013	n/a
$3,000,000	16.46	0.010	2.72	0.172	42.99	0.003	120.40	0.001	1771.59	0.005	0.012	0.015	0.014	0.011	0.008	n/a
$4,000,000	21.94	0.007	3.62	0.120	57.32	0.002	160.53	0.001	2362.12	0.004	0.008	0.010	0.010	0.007	0.006	n/a
$5,000,000	27.43	0.005	4.53	0.087	71.65	0.001	200.67	0.000	2952.65	0.003	0.006	0.008	0.007	0.005	0.004	n/a
$6,000,000	32.91	0.004	5.44	0.066	85.98	0.001	240.80	0.000	3543.18	0.003	0.004	0.006	0.006	0.004	0.003	n/a
$7,000,000	38.40	0.003	6.34	0.051	100.31	0.001	280.94	0.000	4133.70	0.002	0.003	0.005	0.004	0.003	0.003	n/a
$8,000,000	43.88	0.002	7.25	0.040	114.64	0.000	321.07	0.000	4724.23	0.002	0.003	0.004	0.004	0.002	0.002	n/a
$9,000,000	49.37	0.002	8.15	0.033	128.97	0.000	361.20	0.000	5314.76	0.002	0.002	0.003	0.003	0.002	0.002	n/a
$10,000,000	54.85	0.002	9.06	0.028	143.30	0.000	401.34	0.000	5905.29	0.002	0.002	0.003	0.003	0.002	0.001	n/a

	Average Cost/Case	Loss Weight
Fatal	$182,313	0.004
PT	$1,103,635	0.054
Likely PP/TT	$69,783	0.293
Not Likely PP/TT	$24,917	0.501
Med Only	$1,693	0.148

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.B

HAZARD GROUP B

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.05	0.953	0.01	0.993	0.11	0.893	0.33	0.753	5.88	0.141	0.742	0.743	0.743	0.742	0.435	n/a
$15,000	0.08	0.931	0.01	0.990	0.17	0.846	0.50	0.669	8.82	0.105	0.683	0.684	0.684	0.682	0.400	n/a
$20,000	0.10	0.909	0.01	0.987	0.23	0.802	0.66	0.601	11.76	0.086	0.634	0.636	0.636	0.634	0.372	n/a
$25,000	0.13	0.888	0.02	0.984	0.28	0.763	0.83	0.544	14.70	0.075	0.593	0.595	0.595	0.592	0.348	n/a
$30,000	0.15	0.867	0.02	0.980	0.34	0.726	0.99	0.496	17.65	0.068	0.557	0.560	0.560	0.557	0.327	n/a
$35,000	0.18	0.847	0.02	0.977	0.40	0.692	1.16	0.455	20.59	0.063	0.526	0.530	0.529	0.526	0.309	n/a
$40,000	0.20	0.827	0.03	0.974	0.46	0.661	1.32	0.420	23.53	0.059	0.499	0.503	0.502	0.499	0.294	n/a
$50,000	0.25	0.789	0.03	0.967	0.57	0.604	1.65	0.363	29.41	0.053	0.453	0.457	0.457	0.452	0.267	n/a
$75,000	0.38	0.701	0.05	0.951	0.85	0.493	2.48	0.268	44.11	0.045	0.371	0.376	0.375	0.370	0.220	n/a
$100,000	0.50	0.624	0.07	0.936	1.14	0.412	3.30	0.210	58.82	0.040	0.317	0.322	0.322	0.316	0.188	n/a
$125,000	0.63	0.558	0.08	0.920	1.42	0.352	4.13	0.172	73.52	0.037	0.278	0.284	0.283	0.277	0.166	n/a
$150,000	0.75	0.500	0.10	0.905	1.71	0.305	4.96	0.145	88.23	0.034	0.249	0.255	0.255	0.248	0.149	n/a
$175,000	0.88	0.450	0.11	0.890	1.99	0.268	5.78	0.124	102.93	0.032	0.226	0.233	0.232	0.225	0.136	n/a
$200,000	1.00	0.406	0.13	0.876	2.28	0.239	6.61	0.108	117.64	0.030	0.208	0.215	0.214	0.207	0.125	n/a
$225,000	1.13	0.368	0.15	0.862	2.56	0.214	7.43	0.095	132.34	0.028	0.193	0.200	0.199	0.192	0.116	n/a
$250,000	1.25	0.335	0.16	0.848	2.85	0.194	8.26	0.085	147.05	0.027	0.180	0.187	0.186	0.179	0.109	n/a
$275,000	1.38	0.306	0.18	0.835	3.13	0.177	9.09	0.076	161.75	0.026	0.169	0.176	0.176	0.169	0.103	n/a
$300,000	1.50	0.280	0.20	0.821	3.42	0.162	9.91	0.069	176.46	0.025	0.160	0.167	0.166	0.159	0.097	n/a
$325,000	1.63	0.258	0.21	0.809	3.70	0.149	10.74	0.063	191.16	0.024	0.152	0.159	0.158	0.151	0.092	n/a
$350,000	1.75	0.238	0.23	0.796	3.98	0.137	11.56	0.057	205.87	0.023	0.144	0.151	0.151	0.144	0.088	n/a
$375,000	1.88	0.220	0.25	0.784	4.27	0.128	12.39	0.053	220.57	0.022	0.138	0.145	0.144	0.137	0.084	n/a
$400,000	2.01	0.203	0.26	0.772	4.55	0.119	13.22	0.049	235.28	0.021	0.132	0.139	0.138	0.131	0.081	n/a
$425,000	2.13	0.189	0.28	0.760	4.84	0.111	14.04	0.045	249.98	0.021	0.127	0.134	0.133	0.126	0.078	n/a
$450,000	2.26	0.176	0.29	0.749	5.12	0.104	14.87	0.042	264.69	0.020	0.122	0.129	0.128	0.121	0.075	n/a
$475,000	2.38	0.164	0.31	0.738	5.41	0.097	15.69	0.039	279.39	0.019	0.118	0.124	0.124	0.117	0.072	n/a
$500,000	2.51	0.154	0.33	0.727	5.69	0.091	16.52	0.036	294.10	0.019	0.114	0.120	0.119	0.113	0.070	n/a
$600,000	3.01	0.120	0.39	0.686	6.83	0.073	19.82	0.028	352.92	0.017	0.100	0.107	0.106	0.099	0.062	n/a
$700,000	3.51	0.097	0.46	0.648	7.97	0.060	23.13	0.023	411.74	0.016	0.090	0.096	0.095	0.089	0.056	n/a
$800,000	4.01	0.080	0.52	0.614	9.11	0.050	26.43	0.019	470.56	0.014	0.081	0.088	0.087	0.081	0.051	n/a
$900,000	4.51	0.067	0.59	0.582	10.25	0.042	29.74	0.016	529.38	0.013	0.075	0.081	0.080	0.074	0.047	n/a
$1,000,000	5.01	0.058	0.65	0.553	11.38	0.036	33.04	0.013	588.20	0.012	0.069	0.075	0.074	0.068	0.043	n/a
$2,000,000	10.03	0.021	1.31	0.354	22.77	0.011	66.08	0.004	1176.39	0.008	0.038	0.043	0.043	0.037	0.025	n/a
$3,000,000	15.04	0.012	1.96	0.246	34.15	0.005	99.12	0.002	1764.59	0.005	0.025	0.030	0.029	0.025	0.017	n/a
$4,000,000	20.05	0.008	2.62	0.180	45.54	0.003	132.16	0.001	2352.79	0.004	0.018	0.022	0.021	0.017	0.012	n/a
$5,000,000	25.07	0.005	3.27	0.137	56.92	0.002	165.20	0.001	2940.98	0.003	0.014	0.017	0.016	0.013	0.009	n/a
$6,000,000	30.08	0.004	3.93	0.107	68.31	0.001	198.24	0.000	3529.18	0.003	0.011	0.014	0.013	0.010	0.007	n/a
$7,000,000	35.10	0.003	4.58	0.086	79.69	0.001	231.28	0.000	4117.38	0.002	0.008	0.011	0.010	0.008	0.006	n/a
$8,000,000	40.11	0.003	5.24	0.070	91.08	0.001	264.32	0.000	4705.57	0.002	0.007	0.009	0.008	0.006	0.005	n/a
$9,000,000	45.12	0.002	5.89	0.058	102.46	0.000	297.36	0.000	5293.77	0.002	0.006	0.008	0.007	0.005	0.004	n/a
$10,000,000	50.14	0.002	6.55	0.048	113.85	0.000	330.40	0.000	5881.96	0.002	0.005	0.007	0.006	0.004	0.003	n/a

	Average Cost/Case	Loss Weight
Fatal	$199,456	0.004
PT	$1,527,407	0.090
Likely PP/TT	$87,836	0.295
Not Likely PP/TT	$30,266	0.488
Med Only	$1,700	0.122

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.C

HAZARD GROUP C

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.05	0.954	0.01	0.994	0.11	0.898	0.31	0.762	5.68	0.145	0.762	0.763	0.763	0.762	0.446	n/a
$15,000	0.07	0.932	0.01	0.991	0.16	0.853	0.47	0.680	8.52	0.107	0.706	0.708	0.707	0.706	0.414	n/a
$20,000	0.10	0.911	0.01	0.988	0.21	0.812	0.63	0.613	11.36	0.088	0.660	0.662	0.662	0.660	0.387	n/a
$25,000	0.12	0.890	0.01	0.985	0.27	0.774	0.79	0.557	14.19	0.077	0.622	0.624	0.623	0.621	0.365	n/a
$30,000	0.15	0.870	0.02	0.982	0.32	0.738	0.94	0.509	17.03	0.069	0.588	0.590	0.590	0.587	0.345	n/a
$35,000	0.17	0.850	0.02	0.979	0.38	0.705	1.10	0.468	19.87	0.064	0.558	0.561	0.561	0.558	0.328	n/a
$40,000	0.20	0.831	0.02	0.976	0.43	0.675	1.26	0.433	22.71	0.060	0.532	0.535	0.535	0.531	0.313	n/a
$50,000	0.25	0.793	0.03	0.970	0.54	0.620	1.57	0.375	28.39	0.054	0.488	0.491	0.491	0.487	0.287	n/a
$75,000	0.37	0.707	0.04	0.956	0.81	0.509	2.36	0.279	42.58	0.046	0.408	0.413	0.412	0.407	0.241	n/a
$100,000	0.49	0.631	0.06	0.941	1.07	0.428	3.15	0.220	56.78	0.041	0.354	0.360	0.359	0.354	0.210	n/a
$125,000	0.61	0.565	0.07	0.927	1.34	0.367	3.93	0.180	70.97	0.037	0.316	0.322	0.321	0.315	0.188	n/a
$150,000	0.74	0.507	0.09	0.913	1.61	0.320	4.72	0.152	85.16	0.034	0.287	0.293	0.292	0.286	0.171	n/a
$175,000	0.86	0.457	0.10	0.900	1.88	0.282	5.51	0.130	99.36	0.032	0.264	0.270	0.269	0.263	0.157	n/a
$200,000	0.98	0.414	0.12	0.886	2.15	0.251	6.29	0.114	113.55	0.030	0.245	0.252	0.251	0.244	0.147	n/a
$225,000	1.10	0.376	0.13	0.873	2.42	0.226	7.08	0.100	127.74	0.029	0.230	0.236	0.235	0.229	0.138	n/a
$250,000	1.23	0.342	0.15	0.860	2.69	0.205	7.87	0.090	141.94	0.027	0.216	0.223	0.222	0.215	0.130	n/a
$275,000	1.35	0.313	0.16	0.848	2.96	0.187	8.65	0.081	156.13	0.026	0.205	0.212	0.211	0.204	0.123	n/a
$300,000	1.47	0.287	0.18	0.835	3.22	0.171	9.44	0.073	170.33	0.025	0.195	0.202	0.201	0.194	0.118	n/a
$325,000	1.59	0.264	0.19	0.823	3.49	0.158	10.23	0.067	184.52	0.024	0.187	0.194	0.193	0.186	0.113	n/a
$350,000	1.72	0.244	0.21	0.812	3.76	0.146	11.01	0.061	198.71	0.023	0.179	0.186	0.185	0.178	0.108	n/a
$375,000	1.84	0.225	0.22	0.800	4.03	0.136	11.80	0.056	212.91	0.023	0.172	0.179	0.178	0.171	0.104	n/a
$400,000	1.96	0.209	0.24	0.789	4.30	0.127	12.59	0.052	227.10	0.022	0.166	0.173	0.172	0.165	0.100	n/a
$425,000	2.08	0.194	0.25	0.778	4.57	0.118	13.37	0.048	241.29	0.021	0.160	0.167	0.166	0.159	0.097	n/a
$450,000	2.21	0.181	0.27	0.767	4.84	0.111	14.16	0.045	255.49	0.020	0.155	0.162	0.161	0.154	0.094	n/a
$475,000	2.33	0.169	0.28	0.757	5.10	0.104	14.95	0.042	269.68	0.020	0.150	0.157	0.156	0.149	0.091	n/a
$500,000	2.45	0.158	0.30	0.746	5.37	0.098	15.73	0.039	283.88	0.019	0.146	0.153	0.151	0.145	0.089	n/a
$600,000	2.94	0.124	0.36	0.707	6.45	0.078	18.88	0.030	340.65	0.017	0.131	0.137	0.136	0.130	0.080	n/a
$700,000	3.43	0.100	0.42	0.671	7.52	0.064	22.03	0.024	397.43	0.016	0.119	0.126	0.125	0.118	0.073	n/a
$800,000	3.92	0.083	0.48	0.638	8.60	0.054	25.17	0.020	454.20	0.015	0.109	0.116	0.115	0.108	0.067	n/a
$900,000	4.41	0.069	0.54	0.607	9.67	0.045	28.32	0.017	510.98	0.014	0.101	0.108	0.107	0.100	0.062	n/a
$1,000,000	4.90	0.060	0.60	0.579	10.75	0.039	31.47	0.014	567.75	0.013	0.094	0.101	0.100	0.093	0.058	n/a
$2,000,000	9.80	0.022	1.19	0.380	21.49	0.012	62.94	0.004	1135.50	0.008	0.056	0.061	0.060	0.055	0.035	n/a
$3,000,000	14.70	0.012	1.79	0.269	32.24	0.006	94.41	0.002	1703.25	0.006	0.038	0.043	0.042	0.037	0.025	n/a
$4,000,000	19.61	0.008	2.39	0.200	42.99	0.003	125.87	0.001	2271.00	0.004	0.028	0.032	0.031	0.027	0.018	n/a
$5,000,000	24.51	0.006	2.98	0.154	53.73	0.002	157.34	0.001	2838.75	0.004	0.021	0.025	0.024	0.020	0.014	n/a
$6,000,000	29.41	0.004	3.58	0.122	64.48	0.001	188.81	0.000	3406.50	0.003	0.017	0.020	0.019	0.016	0.011	n/a
$7,000,000	34.31	0.003	4.18	0.098	75.23	0.001	220.28	0.000	3974.25	0.003	0.013	0.017	0.015	0.012	0.009	n/a
$8,000,000	39.21	0.003	4.77	0.080	85.98	0.001	251.75	0.000	4542.01	0.002	0.011	0.014	0.013	0.010	0.007	n/a
$9,000,000	44.11	0.002	5.37	0.067	96.72	0.001	283.22	0.000	5109.76	0.002	0.009	0.012	0.011	0.008	0.006	n/a
$10,000,000	49.02	0.002	5.97	0.056	107.47	0.000	314.68	0.000	5677.51	0.002	0.008	0.010	0.009	0.007	0.005	n/a

	Average Cost/Case	Loss Weight
Fatal	$204,018	0.006
PT	$1,675,657	0.129
Likely PP/TT	$93,049	0.284
Not Likely PP/TT	$31,778	0.468
Med Only	$1,761	0.113

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.D

HAZARD GROUP D

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.05	0.957	0.01	0.995	0.09	0.914	0.27	0.789	5.99	0.139	0.808	0.809	0.808	0.807	0.473	n/a
$15,000	0.07	0.937	0.01	0.992	0.13	0.875	0.40	0.714	8.99	0.103	0.757	0.758	0.758	0.757	0.443	n/a
$20,000	0.09	0.917	0.01	0.990	0.18	0.839	0.54	0.650	11.99	0.085	0.715	0.716	0.716	0.714	0.419	n/a
$25,000	0.11	0.898	0.01	0.987	0.22	0.806	0.67	0.596	14.98	0.074	0.678	0.680	0.679	0.677	0.397	n/a
$30,000	0.14	0.879	0.02	0.985	0.27	0.774	0.81	0.550	17.98	0.067	0.645	0.647	0.647	0.645	0.378	n/a
$35,000	0.16	0.860	0.02	0.982	0.31	0.744	0.94	0.510	20.97	0.062	0.617	0.619	0.618	0.616	0.362	n/a
$40,000	0.18	0.842	0.02	0.980	0.36	0.716	1.08	0.474	23.97	0.058	0.591	0.593	0.593	0.590	0.347	n/a
$50,000	0.23	0.806	0.03	0.974	0.45	0.665	1.35	0.415	29.96	0.053	0.546	0.549	0.548	0.545	0.321	n/a
$75,000	0.34	0.724	0.04	0.962	0.67	0.561	2.02	0.314	44.94	0.045	0.464	0.468	0.467	0.463	0.273	n/a
$100,000	0.46	0.651	0.05	0.949	0.89	0.480	2.69	0.250	59.93	0.040	0.407	0.412	0.411	0.406	0.240	n/a
$125,000	0.57	0.587	0.06	0.937	1.12	0.418	3.37	0.207	74.91	0.036	0.365	0.370	0.369	0.364	0.216	n/a
$150,000	0.68	0.530	0.08	0.925	1.34	0.368	4.04	0.176	89.89	0.034	0.333	0.339	0.338	0.332	0.197	n/a
$175,000	0.80	0.481	0.09	0.913	1.56	0.327	4.71	0.152	104.87	0.032	0.307	0.313	0.312	0.306	0.183	n/a
$200,000	0.91	0.437	0.10	0.901	1.79	0.294	5.39	0.133	119.85	0.030	0.287	0.293	0.291	0.285	0.170	n/a
$225,000	1.03	0.399	0.12	0.890	2.01	0.266	6.06	0.118	134.83	0.028	0.269	0.275	0.274	0.268	0.160	n/a
$250,000	1.14	0.365	0.13	0.878	2.23	0.243	6.73	0.106	149.81	0.027	0.254	0.261	0.259	0.253	0.152	n/a
$275,000	1.25	0.335	0.14	0.867	2.46	0.223	7.41	0.096	164.79	0.026	0.241	0.248	0.247	0.240	0.144	n/a
$300,000	1.37	0.309	0.15	0.856	2.68	0.205	8.08	0.087	179.78	0.025	0.230	0.237	0.236	0.229	0.138	n/a
$325,000	1.48	0.285	0.17	0.846	2.90	0.190	8.75	0.080	194.76	0.024	0.220	0.227	0.226	0.219	0.132	n/a
$350,000	1.60	0.264	0.18	0.835	3.13	0.177	9.42	0.073	209.74	0.023	0.212	0.218	0.217	0.210	0.127	n/a
$375,000	1.71	0.245	0.19	0.825	3.35	0.165	10.10	0.068	224.72	0.022	0.204	0.210	0.209	0.202	0.122	n/a
$400,000	1.82	0.227	0.21	0.815	3.57	0.154	10.77	0.063	239.70	0.021	0.196	0.203	0.202	0.195	0.118	n/a
$425,000	1.94	0.212	0.22	0.805	3.80	0.145	11.44	0.058	254.68	0.020	0.190	0.197	0.195	0.189	0.114	n/a
$450,000	2.05	0.198	0.23	0.795	4.02	0.136	12.12	0.054	269.66	0.020	0.184	0.191	0.190	0.183	0.111	n/a
$475,000	2.17	0.185	0.24	0.785	4.25	0.128	12.79	0.051	284.64	0.019	0.178	0.185	0.184	0.177	0.108	n/a
$500,000	2.28	0.174	0.26	0.776	4.47	0.121	13.46	0.048	299.63	0.019	0.173	0.180	0.179	0.172	0.105	n/a
$600,000	2.74	0.137	0.31	0.740	5.36	0.098	16.16	0.038	359.55	0.017	0.156	0.163	0.162	0.155	0.095	n/a
$700,000	3.19	0.111	0.36	0.706	6.26	0.081	18.85	0.030	419.48	0.015	0.143	0.149	0.148	0.141	0.087	n/a
$800,000	3.65	0.092	0.41	0.675	7.15	0.069	21.54	0.025	479.40	0.014	0.132	0.138	0.137	0.130	0.080	n/a
$900,000	4.10	0.077	0.46	0.646	8.04	0.059	24.23	0.021	539.33	0.013	0.122	0.129	0.128	0.121	0.075	n/a
$1,000,000	4.56	0.066	0.51	0.619	8.94	0.051	26.93	0.018	599.25	0.012	0.114	0.121	0.120	0.113	0.070	n/a
$2,000,000	9.12	0.024	1.03	0.424	17.87	0.017	53.85	0.006	1198.50	0.007	0.070	0.076	0.074	0.068	0.043	n/a
$3,000,000	13.68	0.013	1.54	0.309	26.81	0.008	80.78	0.003	1797.75	0.005	0.049	0.054	0.053	0.047	0.031	n/a
$4,000,000	18.24	0.009	2.05	0.235	35.75	0.005	107.71	0.002	2397.00	0.004	0.036	0.041	0.040	0.035	0.023	n/a
$5,000,000	22.79	0.006	2.57	0.184	44.69	0.003	134.64	0.001	2996.25	0.003	0.028	0.033	0.031	0.027	0.018	n/a
$6,000,000	27.35	0.005	3.08	0.148	53.62	0.002	161.56	0.001	3595.50	0.003	0.022	0.027	0.025	0.021	0.015	n/a
$7,000,000	31.91	0.004	3.59	0.121	62.56	0.001	188.49	0.000	4194.75	0.002	0.018	0.022	0.021	0.017	0.012	n/a
$8,000,000	36.47	0.003	4.10	0.101	71.50	0.001	215.42	0.000	4794.00	0.002	0.015	0.019	0.017	0.014	0.010	n/a
$9,000,000	41.03	0.003	4.62	0.085	80.43	0.001	242.35	0.000	5393.26	0.002	0.013	0.016	0.014	0.011	0.008	n/a
$10,000,000	45.59	0.002	5.13	0.072	89.37	0.001	269.27	0.000	5992.51	0.002	0.011	0.014	0.012	0.009	0.007	n/a

	Average Cost/Case	Loss Weight
Fatal	$219,351	0.010
PT	$1,949,069	0.144
Likely PP/TT	$111,894	0.297
Not Likely PP/TT	$37,137	0.473
Med Only	$1,669	0.076

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.E

HAZARD GROUP E

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.04	0.959	0.00	0.996	0.08	0.925	0.24	0.808	5.42	0.151	0.842	0.843	0.842	0.842	0.493	n/a
$15,000	0.06	0.940	0.01	0.994	0.12	0.891	0.36	0.738	8.13	0.111	0.798	0.799	0.798	0.797	0.467	n/a
$20,000	0.09	0.921	0.01	0.991	0.15	0.858	0.48	0.678	10.84	0.091	0.760	0.761	0.760	0.759	0.445	n/a
$25,000	0.11	0.903	0.01	0.989	0.19	0.828	0.60	0.626	13.54	0.079	0.726	0.728	0.727	0.726	0.425	n/a
$30,000	0.13	0.885	0.01	0.987	0.23	0.799	0.72	0.581	16.25	0.071	0.697	0.699	0.698	0.696	0.408	n/a
$35,000	0.15	0.867	0.01	0.985	0.27	0.772	0.83	0.542	18.96	0.066	0.670	0.672	0.671	0.670	0.393	n/a
$40,000	0.17	0.850	0.02	0.983	0.31	0.746	0.95	0.506	21.67	0.061	0.647	0.649	0.648	0.646	0.379	n/a
$50,000	0.22	0.816	0.02	0.979	0.39	0.699	1.19	0.447	27.09	0.055	0.605	0.607	0.606	0.604	0.355	n/a
$75,000	0.32	0.737	0.03	0.968	0.58	0.599	1.79	0.343	40.63	0.047	0.526	0.529	0.528	0.525	0.309	n/a
$100,000	0.43	0.666	0.04	0.958	0.77	0.521	2.39	0.276	54.18	0.042	0.470	0.474	0.473	0.469	0.277	n/a
$125,000	0.54	0.604	0.05	0.947	0.97	0.458	2.98	0.230	67.72	0.038	0.429	0.433	0.432	0.427	0.252	n/a
$150,000	0.65	0.548	0.06	0.937	1.16	0.407	3.58	0.196	81.26	0.035	0.396	0.401	0.399	0.394	0.233	n/a
$175,000	0.75	0.499	0.07	0.927	1.35	0.365	4.17	0.170	94.81	0.033	0.370	0.375	0.373	0.368	0.218	n/a
$200,000	0.86	0.456	0.09	0.917	1.55	0.330	4.77	0.150	108.35	0.031	0.348	0.353	0.352	0.346	0.206	n/a
$225,000	0.97	0.417	0.10	0.907	1.74	0.300	5.37	0.134	121.90	0.029	0.330	0.335	0.334	0.328	0.195	n/a
$250,000	1.08	0.383	0.11	0.898	1.94	0.275	5.96	0.120	135.44	0.028	0.314	0.320	0.318	0.312	0.186	n/a
$275,000	1.18	0.353	0.12	0.888	2.13	0.253	6.56	0.109	148.98	0.027	0.301	0.306	0.305	0.299	0.178	n/a
$300,000	1.29	0.326	0.13	0.879	2.32	0.235	7.16	0.099	162.53	0.026	0.289	0.295	0.293	0.287	0.171	n/a
$325,000	1.40	0.302	0.14	0.870	2.52	0.218	7.75	0.091	176.07	0.025	0.278	0.284	0.282	0.276	0.165	n/a
$350,000	1.51	0.280	0.15	0.861	2.71	0.203	8.35	0.084	189.62	0.024	0.268	0.275	0.273	0.267	0.160	n/a
$375,000	1.62	0.260	0.16	0.852	2.90	0.190	8.94	0.078	203.16	0.023	0.260	0.266	0.264	0.258	0.155	n/a
$400,000	1.72	0.242	0.17	0.843	3.10	0.178	9.54	0.072	216.70	0.022	0.252	0.258	0.257	0.250	0.150	n/a
$425,000	1.83	0.226	0.18	0.834	3.29	0.168	10.14	0.067	230.25	0.022	0.245	0.251	0.250	0.243	0.146	n/a
$450,000	1.94	0.212	0.19	0.825	3.48	0.158	10.73	0.063	243.79	0.021	0.238	0.245	0.243	0.236	0.142	n/a
$475,000	2.05	0.199	0.20	0.817	3.68	0.150	11.33	0.059	257.34	0.020	0.232	0.239	0.237	0.230	0.139	n/a
$500,000	2.15	0.187	0.21	0.809	3.87	0.142	11.93	0.055	270.88	0.020	0.226	0.233	0.231	0.225	0.135	n/a
$600,000	2.58	0.148	0.26	0.777	4.65	0.116	14.31	0.044	325.06	0.018	0.207	0.214	0.212	0.205	0.124	n/a
$700,000	3.02	0.120	0.30	0.747	5.42	0.097	16.70	0.036	379.23	0.016	0.192	0.199	0.197	0.190	0.115	n/a
$800,000	3.45	0.099	0.34	0.718	6.19	0.082	19.08	0.030	433.41	0.015	0.179	0.186	0.184	0.177	0.108	n/a
$900,000	3.88	0.084	0.38	0.692	6.97	0.071	21.47	0.025	487.59	0.014	0.168	0.175	0.173	0.166	0.101	n/a
$1,000,000	4.31	0.072	0.43	0.667	7.74	0.062	23.85	0.022	541.76	0.013	0.159	0.166	0.164	0.157	0.096	n/a
$2,000,000	8.62	0.026	0.85	0.478	15.48	0.022	47.70	0.007	1083.52	0.008	0.104	0.110	0.108	0.101	0.063	n/a
$3,000,000	12.92	0.015	1.28	0.361	23.23	0.011	71.55	0.003	1625.29	0.006	0.075	0.082	0.079	0.073	0.046	n/a
$4,000,000	17.23	0.010	1.70	0.282	30.97	0.006	95.41	0.002	2167.05	0.005	0.058	0.064	0.061	0.056	0.036	n/a
$5,000,000	21.54	0.007	2.13	0.226	38.71	0.004	119.26	0.001	2708.81	0.004	0.046	0.052	0.049	0.044	0.029	n/a
$6,000,000	25.85	0.005	2.55	0.185	46.45	0.003	143.11	0.001	3250.57	0.003	0.038	0.043	0.040	0.035	0.024	n/a
$7,000,000	30.15	0.004	2.98	0.154	54.20	0.002	166.96	0.001	3792.34	0.003	0.031	0.036	0.033	0.029	0.020	n/a
$8,000,000	34.46	0.003	3.40	0.130	61.94	0.001	190.81	0.000	4334.10	0.002	0.026	0.031	0.028	0.024	0.016	n/a
$9,000,000	38.77	0.003	3.83	0.111	69.68	0.001	214.66	0.000	4875.86	0.002	0.022	0.026	0.024	0.020	0.014	n/a
$10,000,000	43.08	0.002	4.25	0.096	77.42	0.001	238.52	0.000	5417.62	0.002	0.019	0.023	0.021	0.017	0.012	n/a

	Average Cost/Case	Loss Weight
Fatal	$232,143	0.012
PT	$2,350,314	0.195
Likely PP/TT	$129,161	0.287
Not Likely PP/TT	$41,926	0.448
Med Only	$1,846	0.058

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.F

HAZARD GROUP F

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.04	0.962	0.00	0.996	0.06	0.937	0.20	0.831	4.87	0.164	0.868	0.868	0.868	0.868	0.508	n/a
$15,000	0.06	0.944	0.01	0.995	0.10	0.908	0.31	0.767	7.31	0.120	0.828	0.829	0.828	0.828	0.484	n/a
$20,000	0.08	0.927	0.01	0.993	0.13	0.880	0.41	0.712	9.75	0.098	0.794	0.795	0.794	0.793	0.464	n/a
$25,000	0.10	0.909	0.01	0.991	0.16	0.854	0.51	0.664	12.18	0.084	0.763	0.764	0.764	0.763	0.447	n/a
$30,000	0.12	0.893	0.01	0.989	0.19	0.829	0.61	0.621	14.62	0.076	0.736	0.737	0.736	0.735	0.431	n/a
$35,000	0.14	0.876	0.01	0.988	0.22	0.805	0.71	0.582	17.06	0.069	0.711	0.712	0.711	0.710	0.416	n/a
$40,000	0.16	0.860	0.01	0.986	0.26	0.782	0.81	0.548	19.49	0.065	0.688	0.690	0.689	0.687	0.403	n/a
$50,000	0.20	0.828	0.02	0.982	0.32	0.739	1.02	0.489	24.36	0.058	0.648	0.650	0.649	0.647	0.379	n/a
$75,000	0.30	0.753	0.03	0.974	0.48	0.647	1.53	0.383	36.55	0.049	0.570	0.573	0.572	0.569	0.334	n/a
$100,000	0.40	0.686	0.04	0.965	0.64	0.573	2.03	0.312	48.73	0.043	0.514	0.517	0.515	0.512	0.301	n/a
$125,000	0.50	0.625	0.04	0.957	0.80	0.511	2.54	0.262	60.91	0.040	0.470	0.474	0.472	0.469	0.276	n/a
$150,000	0.60	0.571	0.05	0.948	0.96	0.460	3.05	0.225	73.09	0.037	0.436	0.440	0.438	0.434	0.256	n/a
$175,000	0.70	0.523	0.06	0.940	1.12	0.416	3.56	0.197	85.28	0.034	0.408	0.413	0.411	0.406	0.240	n/a
$200,000	0.80	0.480	0.07	0.931	1.28	0.380	4.07	0.174	97.46	0.033	0.385	0.390	0.388	0.383	0.227	n/a
$225,000	0.90	0.442	0.08	0.923	1.44	0.348	4.58	0.156	109.64	0.031	0.365	0.370	0.368	0.363	0.215	n/a
$250,000	1.00	0.407	0.09	0.915	1.60	0.321	5.09	0.141	121.82	0.029	0.348	0.353	0.351	0.346	0.205	n/a
$275,000	1.10	0.377	0.10	0.907	1.76	0.297	5.60	0.128	134.00	0.028	0.333	0.339	0.336	0.331	0.197	n/a
$300,000	1.20	0.349	0.11	0.899	1.92	0.277	6.10	0.117	146.19	0.027	0.320	0.326	0.324	0.318	0.189	n/a
$325,000	1.30	0.324	0.11	0.891	2.08	0.258	6.61	0.108	158.37	0.026	0.308	0.314	0.312	0.306	0.182	n/a
$350,000	1.40	0.302	0.12	0.883	2.25	0.242	7.12	0.100	170.55	0.025	0.298	0.304	0.302	0.296	0.176	n/a
$375,000	1.50	0.281	0.13	0.875	2.41	0.227	7.63	0.093	182.73	0.024	0.289	0.295	0.292	0.286	0.171	n/a
$400,000	1.60	0.263	0.14	0.868	2.57	0.214	8.14	0.086	194.92	0.024	0.280	0.286	0.284	0.278	0.166	n/a
$425,000	1.70	0.246	0.15	0.860	2.73	0.202	8.65	0.081	207.10	0.023	0.272	0.278	0.276	0.270	0.161	n/a
$450,000	1.80	0.231	0.16	0.853	2.89	0.191	9.16	0.076	219.28	0.022	0.265	0.271	0.269	0.263	0.157	n/a
$475,000	1.90	0.217	0.17	0.846	3.05	0.181	9.66	0.071	231.46	0.022	0.258	0.265	0.262	0.256	0.153	n/a
$500,000	2.00	0.204	0.18	0.838	3.21	0.172	10.17	0.067	243.65	0.021	0.252	0.259	0.256	0.250	0.150	n/a
$600,000	2.40	0.163	0.21	0.810	3.85	0.143	12.21	0.054	292.37	0.019	0.231	0.238	0.235	0.229	0.138	n/a
$700,000	2.80	0.133	0.25	0.784	4.49	0.121	14.24	0.044	341.10	0.017	0.215	0.221	0.219	0.212	0.128	n/a
$800,000	3.20	0.110	0.28	0.759	5.13	0.103	16.28	0.037	389.83	0.016	0.201	0.208	0.205	0.198	0.120	n/a
$900,000	3.60	0.093	0.32	0.735	5.77	0.090	18.31	0.032	438.56	0.015	0.189	0.196	0.194	0.187	0.113	n/a
$1,000,000	4.00	0.080	0.35	0.712	6.41	0.079	20.35	0.027	487.29	0.014	0.179	0.186	0.184	0.177	0.107	n/a
$2,000,000	8.00	0.029	0.70	0.534	12.83	0.030	40.69	0.009	974.58	0.009	0.120	0.127	0.124	0.117	0.073	n/a
$3,000,000	12.00	0.016	1.05	0.416	19.24	0.015	61.04	0.005	1461.87	0.006	0.090	0.097	0.094	0.087	0.055	n/a
$4,000,000	16.00	0.011	1.40	0.334	25.66	0.009	81.38	0.003	1949.16	0.005	0.071	0.077	0.074	0.068	0.043	n/a
$5,000,000	19.99	0.008	1.75	0.274	32.07	0.006	101.73	0.002	2436.45	0.004	0.058	0.063	0.060	0.055	0.035	n/a
$6,000,000	23.99	0.006	2.10	0.229	38.49	0.004	122.07	0.001	2923.74	0.003	0.048	0.053	0.050	0.045	0.029	n/a
$7,000,000	27.99	0.005	2.46	0.194	44.90	0.003	142.42	0.001	3411.04	0.003	0.040	0.045	0.042	0.037	0.025	n/a
$8,000,000	31.99	0.004	2.81	0.166	51.32	0.002	162.76	0.001	3898.33	0.003	0.034	0.039	0.036	0.031	0.021	n/a
$9,000,000	35.99	0.003	3.16	0.143	57.73	0.002	183.11	0.000	4385.62	0.002	0.029	0.034	0.031	0.027	0.018	n/a
$10,000,000	39.99	0.003	3.51	0.125	64.15	0.001	203.46	0.000	4872.91	0.002	0.026	0.030	0.027	0.023	0.016	n/a

	Average Cost/Case	Loss Weight
Fatal	$250,072	0.017
PT	$2,851,277	0.199
Likely PP/TT	$155,893	0.295
Not Likely PP/TT	$49,151	0.444
Med Only	$2,052	0.045

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss Factors (non-catastrophe)

Exhibit 9.G

HAZARD GROUP G

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELF (Vol. Rate)	FINAL* ELPPF (Adv. L/C)
$10,000	0.04	0.963	0.00	0.997	0.06	0.943	0.19	0.842	4.61	0.171	0.895	0.895	0.894	0.894	0.523	n/a
$15,000	0.06	0.946	0.00	0.995	0.09	0.916	0.28	0.781	6.91	0.125	0.862	0.862	0.862	0.861	0.504	n/a
$20,000	0.08	0.929	0.01	0.994	0.12	0.890	0.38	0.728	9.22	0.101	0.833	0.834	0.833	0.832	0.487	n/a
$25,000	0.10	0.913	0.01	0.992	0.15	0.865	0.47	0.681	11.52	0.087	0.807	0.808	0.807	0.806	0.472	n/a
$30,000	0.12	0.896	0.01	0.991	0.18	0.842	0.56	0.639	13.83	0.078	0.784	0.785	0.784	0.783	0.458	n/a
$35,000	0.13	0.880	0.01	0.989	0.20	0.820	0.66	0.602	16.13	0.071	0.763	0.764	0.763	0.762	0.446	n/a
$40,000	0.15	0.864	0.01	0.988	0.23	0.798	0.75	0.568	18.44	0.067	0.744	0.745	0.743	0.742	0.435	n/a
$50,000	0.19	0.833	0.02	0.985	0.29	0.758	0.94	0.510	23.04	0.060	0.709	0.710	0.709	0.707	0.415	n/a
$75,000	0.29	0.761	0.02	0.978	0.44	0.670	1.41	0.403	34.57	0.050	0.641	0.643	0.641	0.639	0.375	n/a
$100,000	0.39	0.695	0.03	0.970	0.58	0.598	1.88	0.331	46.09	0.044	0.590	0.593	0.591	0.588	0.345	n/a
$125,000	0.48	0.636	0.04	0.963	0.73	0.537	2.35	0.280	57.61	0.041	0.551	0.554	0.552	0.549	0.323	n/a
$150,000	0.58	0.582	0.05	0.955	0.88	0.486	2.82	0.241	69.13	0.038	0.520	0.523	0.520	0.517	0.304	n/a
$175,000	0.67	0.535	0.05	0.948	1.02	0.442	3.29	0.211	80.66	0.035	0.494	0.497	0.494	0.491	0.289	n/a
$200,000	0.77	0.492	0.06	0.941	1.17	0.405	3.76	0.187	92.18	0.033	0.472	0.475	0.473	0.469	0.276	n/a
$225,000	0.87	0.454	0.07	0.934	1.31	0.373	4.23	0.168	103.70	0.032	0.453	0.457	0.454	0.450	0.265	n/a
$250,000	0.96	0.419	0.08	0.927	1.46	0.345	4.70	0.152	115.22	0.030	0.436	0.441	0.438	0.433	0.256	n/a
$275,000	1.06	0.389	0.08	0.920	1.61	0.320	5.17	0.139	126.74	0.029	0.422	0.426	0.423	0.419	0.248	n/a
$300,000	1.16	0.361	0.09	0.913	1.75	0.299	5.64	0.127	138.27	0.028	0.409	0.414	0.411	0.406	0.240	n/a
$325,000	1.25	0.336	0.10	0.906	1.90	0.280	6.11	0.117	149.79	0.027	0.398	0.403	0.399	0.394	0.233	n/a
$350,000	1.35	0.313	0.11	0.899	2.05	0.263	6.58	0.109	161.31	0.026	0.387	0.392	0.389	0.384	0.227	n/a
$375,000	1.44	0.292	0.11	0.892	2.19	0.247	7.05	0.101	172.83	0.025	0.378	0.383	0.379	0.374	0.222	n/a
$400,000	1.54	0.273	0.12	0.885	2.34	0.233	7.52	0.094	184.36	0.024	0.369	0.374	0.371	0.366	0.217	n/a
$425,000	1.64	0.256	0.13	0.879	2.48	0.221	7.99	0.088	195.88	0.023	0.361	0.367	0.363	0.358	0.212	n/a
$450,000	1.73	0.241	0.14	0.872	2.63	0.209	8.46	0.083	207.40	0.023	0.354	0.359	0.356	0.350	0.208	n/a
$475,000	1.83	0.226	0.14	0.866	2.78	0.199	8.93	0.078	218.92	0.022	0.347	0.352	0.349	0.343	0.204	n/a
$500,000	1.93	0.213	0.15	0.859	2.92	0.189	9.40	0.073	230.45	0.022	0.341	0.346	0.342	0.337	0.200	n/a
$600,000	2.31	0.171	0.18	0.834	3.51	0.157	11.28	0.059	276.53	0.020	0.318	0.324	0.320	0.315	0.187	n/a
$700,000	2.70	0.140	0.21	0.811	4.09	0.134	13.16	0.049	322.62	0.018	0.300	0.306	0.302	0.296	0.177	n/a
$800,000	3.08	0.116	0.24	0.788	4.67	0.115	15.04	0.041	368.71	0.017	0.285	0.291	0.287	0.281	0.168	n/a
$900,000	3.47	0.099	0.27	0.766	5.26	0.101	16.92	0.035	414.80	0.016	0.272	0.278	0.274	0.268	0.160	n/a
$1,000,000	3.85	0.085	0.30	0.745	5.84	0.089	18.80	0.031	460.89	0.015	0.261	0.267	0.263	0.256	0.154	n/a
$2,000,000	7.71	0.031	0.60	0.577	11.69	0.034	37.61	0.011	921.78	0.009	0.187	0.194	0.189	0.183	0.111	n/a
$3,000,000	11.56	0.017	0.90	0.461	17.53	0.018	56.41	0.005	1382.67	0.007	0.146	0.153	0.148	0.141	0.086	n/a
$4,000,000	15.41	0.011	1.20	0.378	23.37	0.011	75.21	0.003	1843.56	0.005	0.118	0.125	0.120	0.113	0.070	n/a
$5,000,000	19.26	0.008	1.50	0.316	29.22	0.007	94.02	0.002	2304.45	0.004	0.098	0.104	0.099	0.093	0.058	n/a
$6,000,000	23.12	0.006	1.80	0.267	35.06	0.005	112.82	0.001	2765.34	0.004	0.082	0.089	0.083	0.077	0.049	n/a
$7,000,000	26.97	0.005	2.10	0.229	40.90	0.004	131.62	0.001	3226.23	0.003	0.070	0.076	0.071	0.065	0.042	n/a
$8,000,000	30.82	0.004	2.40	0.198	46.75	0.003	150.43	0.001	3687.12	0.003	0.061	0.067	0.061	0.056	0.036	n/a
$9,000,000	34.68	0.003	2.71	0.173	52.59	0.002	169.23	0.001	4148.01	0.002	0.053	0.059	0.053	0.048	0.031	n/a
$10,000,000	38.53	0.003	3.01	0.153	58.43	0.002	188.03	0.000	4608.90	0.002	0.047	0.052	0.047	0.041	0.027	n/a

	Average Cost/Case	Loss Weight
Fatal	$259,541	0.023
PT	$3,327,114	0.300
Likely PP/TT	$171,134	0.258
Not Likely PP/TT	$53,182	0.384
Med Only	$2,170	0.034

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Assessment Factor	1.0000	n/a
(D) Expected Loss Ratio (ELR) = (A)/[(B)+(C)-1.000]	0.5848	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio (D).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.A

HAZARD GROUP A

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.05	0.951	0.01	0.992	0.12	0.883	0.35	0.746	5.02	0.193	0.716	0.718	0.717	0.716	0.479	n/a
$15,000	0.08	0.928	0.01	0.988	0.19	0.831	0.52	0.661	7.53	0.150	0.652	0.654	0.653	0.651	0.436	n/a
$20,000	0.10	0.906	0.02	0.984	0.25	0.784	0.70	0.592	10.05	0.127	0.599	0.602	0.602	0.599	0.402	n/a
$25,000	0.13	0.884	0.02	0.980	0.31	0.740	0.87	0.536	12.56	0.113	0.556	0.559	0.559	0.556	0.373	n/a
$30,000	0.15	0.863	0.02	0.976	0.37	0.700	1.05	0.488	15.07	0.104	0.519	0.522	0.522	0.519	0.349	n/a
$35,000	0.18	0.842	0.03	0.971	0.43	0.664	1.22	0.449	17.58	0.097	0.487	0.491	0.490	0.487	0.327	n/a
$40,000	0.20	0.821	0.03	0.967	0.49	0.630	1.40	0.414	20.09	0.092	0.459	0.463	0.463	0.459	0.309	n/a
$50,000	0.25	0.781	0.04	0.959	0.62	0.570	1.74	0.360	25.11	0.084	0.412	0.417	0.416	0.412	0.278	n/a
$75,000	0.38	0.691	0.06	0.940	0.93	0.456	2.62	0.270	37.67	0.073	0.331	0.336	0.336	0.330	0.224	n/a
$100,000	0.51	0.612	0.08	0.921	1.24	0.377	3.49	0.216	50.23	0.066	0.278	0.284	0.284	0.278	0.190	n/a
$125,000	0.64	0.544	0.10	0.902	1.55	0.319	4.36	0.180	62.79	0.061	0.241	0.248	0.247	0.241	0.165	n/a
$150,000	0.76	0.485	0.12	0.884	1.86	0.276	5.23	0.153	75.34	0.057	0.214	0.220	0.220	0.213	0.147	n/a
$175,000	0.89	0.435	0.14	0.866	2.17	0.242	6.10	0.134	87.90	0.054	0.192	0.199	0.198	0.192	0.133	n/a
$200,000	1.02	0.391	0.16	0.849	2.47	0.215	6.98	0.118	100.46	0.051	0.175	0.182	0.181	0.174	0.121	n/a
$225,000	1.14	0.353	0.18	0.832	2.78	0.192	7.85	0.105	113.02	0.049	0.161	0.168	0.167	0.160	0.112	n/a
$250,000	1.27	0.320	0.21	0.816	3.09	0.173	8.72	0.095	125.57	0.047	0.149	0.156	0.155	0.148	0.104	n/a
$275,000	1.40	0.291	0.23	0.800	3.40	0.158	9.59	0.086	138.13	0.045	0.138	0.145	0.145	0.138	0.097	n/a
$300,000	1.53	0.266	0.25	0.785	3.71	0.144	10.46	0.079	150.69	0.043	0.130	0.136	0.136	0.129	0.091	n/a
$325,000	1.65	0.244	0.27	0.770	4.02	0.132	11.34	0.072	163.24	0.042	0.122	0.129	0.128	0.121	0.086	n/a
$350,000	1.78	0.224	0.29	0.756	4.33	0.122	12.21	0.067	175.80	0.041	0.115	0.122	0.121	0.114	0.081	n/a
$375,000	1.91	0.206	0.31	0.742	4.64	0.113	13.08	0.062	188.36	0.039	0.109	0.116	0.115	0.108	0.077	n/a
$400,000	2.03	0.190	0.33	0.728	4.95	0.105	13.95	0.058	200.92	0.038	0.103	0.110	0.110	0.103	0.073	n/a
$425,000	2.16	0.176	0.35	0.715	5.26	0.098	14.82	0.054	213.47	0.037	0.099	0.105	0.105	0.098	0.070	n/a
$450,000	2.29	0.164	0.37	0.702	5.57	0.091	15.70	0.050	226.03	0.036	0.094	0.101	0.100	0.094	0.067	n/a
$475,000	2.42	0.153	0.39	0.689	5.88	0.085	16.57	0.047	238.59	0.035	0.090	0.096	0.096	0.089	0.064	n/a
$500,000	2.54	0.142	0.41	0.677	6.19	0.080	17.44	0.044	251.15	0.034	0.086	0.093	0.092	0.086	0.061	n/a
$600,000	3.05	0.110	0.49	0.631	7.42	0.063	20.93	0.035	301.37	0.032	0.074	0.080	0.080	0.073	0.053	n/a
$700,000	3.56	0.088	0.57	0.590	8.66	0.051	24.42	0.029	351.60	0.029	0.065	0.071	0.070	0.064	0.047	n/a
$800,000	4.07	0.072	0.66	0.553	9.90	0.042	27.90	0.024	401.83	0.027	0.057	0.063	0.063	0.057	0.042	n/a
$900,000	4.58	0.060	0.74	0.520	11.14	0.035	31.39	0.021	452.06	0.026	0.052	0.057	0.057	0.051	0.038	n/a
$1,000,000	5.09	0.051	0.82	0.489	12.37	0.030	34.88	0.018	502.29	0.024	0.047	0.052	0.052	0.046	0.034	n/a
$2,000,000	10.17	0.018	1.64	0.291	24.75	0.009	69.76	0.006	1004.58	0.016	0.023	0.027	0.027	0.023	0.018	n/a
$3,000,000	15.26	0.010	2.46	0.192	37.12	0.004	104.64	0.003	1506.87	0.012	0.014	0.018	0.017	0.014	0.011	n/a
$4,000,000	20.34	0.006	3.28	0.135	49.50	0.002	139.52	0.002	2009.17	0.010	0.010	0.013	0.012	0.009	0.008	n/a
$5,000,000	25.43	0.005	4.10	0.099	61.87	0.001	174.40	0.001	2511.46	0.008	0.007	0.010	0.009	0.007	0.006	n/a
$6,000,000	30.51	0.003	4.92	0.075	74.24	0.001	209.27	0.001	3013.75	0.007	0.006	0.008	0.007	0.005	0.005	n/a
$7,000,000	35.60	0.003	5.74	0.059	86.62	0.001	244.15	0.001	3516.04	0.006	0.004	0.006	0.006	0.004	0.004	n/a
$8,000,000	40.69	0.002	6.57	0.047	98.99	0.000	279.03	0.000	4018.33	0.005	0.004	0.005	0.005	0.003	0.003	n/a
$9,000,000	45.77	0.002	7.39	0.038	111.36	0.000	313.91	0.000	4520.62	0.005	0.003	0.004	0.004	0.002	0.003	n/a
$10,000,000	50.86	0.002	8.21	0.032	123.74	0.000	348.79	0.000	5022.92	0.004	0.003	0.004	0.003	0.002	0.002	n/a

	Average Cost/Case	Loss Weight
Fatal	$196,628	0.003
PT	$1,218,492	0.051
Likely PP/TT	$80,815	0.294
Not Likely PP/TT	$28,670	0.500
Med Only	$1,991	0.151

		Voluntary	Loss Cost
(A)	**Target Cost Ratio**	0.7094	n/a
(B)	**Loss Adjustment Expense**	1.2130	n/a
(C)	**Allocated Loss Adjustment Expense**	1.1420	n/a
(D)	**Assessment Factor**	1.0000	n/a
(E)	**Expected Loss Ratio x ALAE**	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.B

HAZARD GROUP B

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.05	0.956	0.01	0.994	0.10	0.905	0.29	0.781	5.00	0.194	0.764	0.765	0.765	0.764	0.511	n/a
$15,000	0.07	0.934	0.01	0.991	0.15	0.863	0.43	0.704	7.50	0.150	0.708	0.709	0.709	0.708	0.474	n/a
$20,000	0.09	0.914	0.01	0.988	0.20	0.822	0.57	0.639	10.01	0.128	0.661	0.663	0.663	0.661	0.443	n/a
$25,000	0.12	0.893	0.01	0.985	0.25	0.785	0.72	0.585	12.51	0.114	0.622	0.624	0.624	0.621	0.416	n/a
$30,000	0.14	0.874	0.02	0.982	0.29	0.750	0.86	0.539	15.01	0.104	0.587	0.590	0.589	0.587	0.394	n/a
$35,000	0.16	0.854	0.02	0.979	0.34	0.718	1.01	0.499	17.51	0.097	0.557	0.560	0.559	0.556	0.374	n/a
$40,000	0.19	0.835	0.02	0.976	0.39	0.687	1.15	0.464	20.01	0.092	0.530	0.533	0.533	0.529	0.356	n/a
$50,000	0.23	0.798	0.03	0.971	0.49	0.632	1.44	0.407	25.02	0.084	0.484	0.488	0.487	0.484	0.325	n/a
$75,000	0.35	0.713	0.04	0.956	0.74	0.521	2.15	0.311	37.52	0.073	0.401	0.406	0.405	0.401	0.271	n/a
$100,000	0.46	0.638	0.06	0.942	0.98	0.440	2.87	0.251	50.03	0.066	0.346	0.351	0.350	0.345	0.234	n/a
$125,000	0.58	0.572	0.07	0.928	1.23	0.379	3.59	0.211	62.54	0.061	0.306	0.312	0.311	0.305	0.208	n/a
$150,000	0.70	0.514	0.09	0.914	1.47	0.331	4.31	0.181	75.05	0.057	0.275	0.282	0.281	0.275	0.188	n/a
$175,000	0.81	0.464	0.10	0.901	1.72	0.294	5.03	0.159	87.55	0.054	0.251	0.258	0.257	0.251	0.172	n/a
$200,000	0.93	0.421	0.12	0.888	1.97	0.263	5.74	0.141	100.06	0.051	0.232	0.239	0.238	0.231	0.159	n/a
$225,000	1.05	0.382	0.13	0.875	2.21	0.237	6.46	0.127	112.57	0.049	0.216	0.223	0.222	0.215	0.148	n/a
$250,000	1.16	0.348	0.15	0.862	2.46	0.216	7.18	0.115	125.08	0.047	0.202	0.209	0.208	0.201	0.139	n/a
$275,000	1.28	0.319	0.16	0.850	2.70	0.198	7.90	0.105	137.58	0.045	0.190	0.197	0.196	0.189	0.131	n/a
$300,000	1.39	0.292	0.18	0.838	2.95	0.182	8.61	0.096	150.09	0.043	0.180	0.187	0.186	0.179	0.124	n/a
$325,000	1.51	0.269	0.19	0.826	3.19	0.168	9.33	0.089	162.60	0.042	0.171	0.178	0.177	0.170	0.118	n/a
$350,000	1.63	0.248	0.21	0.814	3.44	0.156	10.05	0.082	175.11	0.041	0.163	0.170	0.169	0.162	0.113	n/a
$375,000	1.74	0.229	0.22	0.803	3.69	0.145	10.77	0.076	187.62	0.039	0.156	0.163	0.162	0.155	0.108	n/a
$400,000	1.86	0.213	0.24	0.792	3.93	0.135	11.49	0.071	200.12	0.038	0.149	0.156	0.155	0.148	0.104	n/a
$425,000	1.98	0.197	0.25	0.781	4.18	0.127	12.20	0.067	212.63	0.037	0.143	0.150	0.149	0.143	0.100	n/a
$450,000	2.09	0.184	0.27	0.770	4.42	0.119	12.92	0.063	225.14	0.036	0.138	0.145	0.144	0.137	0.096	n/a
$475,000	2.21	0.172	0.28	0.759	4.67	0.112	13.64	0.059	237.65	0.035	0.133	0.140	0.139	0.132	0.093	n/a
$500,000	2.32	0.161	0.30	0.749	4.92	0.106	14.36	0.056	250.15	0.035	0.128	0.135	0.134	0.128	0.090	n/a
$600,000	2.79	0.125	0.36	0.710	5.90	0.085	17.23	0.045	300.18	0.032	0.113	0.120	0.119	0.112	0.079	n/a
$700,000	3.25	0.100	0.42	0.674	6.88	0.070	20.10	0.037	350.22	0.029	0.101	0.108	0.107	0.101	0.072	n/a
$800,000	3.72	0.082	0.47	0.641	7.86	0.059	22.97	0.031	400.25	0.027	0.092	0.099	0.098	0.091	0.065	n/a
$900,000	4.18	0.069	0.53	0.610	8.85	0.050	25.84	0.027	450.28	0.026	0.084	0.091	0.090	0.083	0.060	n/a
$1,000,000	4.65	0.059	0.59	0.582	9.83	0.043	28.71	0.023	500.31	0.024	0.078	0.084	0.083	0.077	0.055	n/a
$2,000,000	9.30	0.021	1.19	0.382	19.66	0.014	57.43	0.008	1000.61	0.016	0.043	0.049	0.048	0.042	0.032	n/a
$3,000,000	13.95	0.011	1.78	0.270	29.49	0.006	86.14	0.004	1500.92	0.012	0.029	0.034	0.033	0.028	0.022	n/a
$4,000,000	18.59	0.007	2.37	0.200	39.32	0.004	114.86	0.002	2001.23	0.010	0.021	0.025	0.024	0.020	0.016	n/a
$5,000,000	23.24	0.005	2.96	0.154	49.15	0.002	143.57	0.002	2501.54	0.008	0.016	0.019	0.018	0.015	0.012	n/a
$6,000,000	27.89	0.004	3.56	0.121	58.98	0.001	172.29	0.001	3001.84	0.007	0.012	0.016	0.015	0.011	0.010	n/a
$7,000,000	32.54	0.003	4.15	0.098	68.81	0.001	201.00	0.001	3502.15	0.006	0.010	0.013	0.012	0.009	0.008	n/a
$8,000,000	37.19	0.003	4.74	0.080	78.65	0.001	229.71	0.001	4002.46	0.005	0.008	0.011	0.010	0.007	0.006	n/a
$9,000,000	41.84	0.002	5.34	0.066	88.48	0.001	258.43	0.001	4502.77	0.005	0.007	0.009	0.008	0.006	0.005	n/a
$10,000,000	46.49	0.002	5.93	0.056	98.31	0.000	287.14	0.000	5003.07	0.004	0.006	0.008	0.007	0.005	0.005	n/a

	Average Cost/Case	Loss Weight
Fatal	$215,117	0.004
PT	$1,686,366	0.087
Likely PP/TT	$101,723	0.297
Not Likely PP/TT	$34,826	0.488
Med Only	$1,999	0.124

		Voluntary	Loss Cost
(A)	**Target Cost Ratio**	0.7094	n/a
(B)	**Loss Adjustment Expense**	1.2130	n/a
(C)	**Allocated Loss Adjustment Expense**	1.1420	n/a
(D)	**Assessment Factor**	1.0000	n/a
(E)	**Expected Loss Ratio x ALAE**	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.C

HAZARD GROUP C

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.05	0.956	0.01	0.995	0.09	0.910	0.27	0.789	4.83	0.198	0.782	0.783	0.783	0.782	0.523	n/a
$15,000	0.07	0.936	0.01	0.992	0.14	0.870	0.41	0.714	7.24	0.153	0.729	0.731	0.730	0.729	0.488	n/a
$20,000	0.09	0.916	0.01	0.989	0.19	0.831	0.55	0.651	9.66	0.130	0.686	0.687	0.687	0.685	0.459	n/a
$25,000	0.11	0.896	0.01	0.987	0.23	0.795	0.68	0.597	12.07	0.116	0.648	0.650	0.650	0.648	0.434	n/a
$30,000	0.14	0.876	0.02	0.984	0.28	0.762	0.82	0.551	14.49	0.106	0.615	0.618	0.617	0.615	0.412	n/a
$35,000	0.16	0.857	0.02	0.981	0.32	0.730	0.96	0.511	16.90	0.099	0.587	0.589	0.589	0.586	0.393	n/a
$40,000	0.18	0.838	0.02	0.978	0.37	0.700	1.09	0.477	19.32	0.093	0.561	0.564	0.563	0.560	0.376	n/a
$50,000	0.23	0.802	0.03	0.973	0.46	0.647	1.37	0.420	24.15	0.085	0.517	0.520	0.519	0.516	0.347	n/a
$75,000	0.34	0.718	0.04	0.960	0.70	0.538	2.05	0.322	36.22	0.074	0.436	0.441	0.440	0.436	0.294	n/a
$100,000	0.45	0.644	0.05	0.947	0.93	0.456	2.73	0.261	48.29	0.067	0.382	0.387	0.386	0.381	0.258	n/a
$125,000	0.57	0.579	0.07	0.934	1.16	0.395	3.42	0.219	60.36	0.062	0.342	0.347	0.347	0.341	0.231	n/a
$150,000	0.68	0.522	0.08	0.922	1.39	0.346	4.10	0.189	72.44	0.058	0.312	0.317	0.316	0.311	0.211	n/a
$175,000	0.80	0.472	0.09	0.909	1.62	0.308	4.79	0.166	84.51	0.055	0.288	0.294	0.293	0.286	0.195	n/a
$200,000	0.91	0.428	0.11	0.897	1.86	0.276	5.47	0.147	96.58	0.052	0.268	0.274	0.273	0.267	0.182	n/a
$225,000	1.02	0.389	0.12	0.885	2.09	0.250	6.15	0.133	108.66	0.050	0.251	0.258	0.257	0.250	0.172	n/a
$250,000	1.14	0.355	0.14	0.873	2.32	0.228	6.84	0.120	120.73	0.048	0.237	0.244	0.243	0.236	0.162	n/a
$275,000	1.25	0.326	0.15	0.862	2.55	0.209	7.52	0.110	132.80	0.046	0.225	0.232	0.231	0.224	0.154	n/a
$300,000	1.36	0.299	0.16	0.851	2.78	0.192	8.20	0.101	144.87	0.044	0.215	0.221	0.220	0.214	0.147	n/a
$325,000	1.48	0.275	0.18	0.839	3.02	0.178	8.89	0.093	156.95	0.043	0.205	0.212	0.211	0.204	0.141	n/a
$350,000	1.59	0.254	0.19	0.829	3.25	0.165	9.57	0.086	169.02	0.041	0.197	0.204	0.203	0.196	0.135	n/a
$375,000	1.70	0.235	0.20	0.818	3.48	0.154	10.26	0.080	181.09	0.040	0.189	0.196	0.195	0.188	0.130	n/a
$400,000	1.82	0.218	0.22	0.807	3.71	0.144	10.94	0.075	193.17	0.039	0.182	0.189	0.188	0.181	0.126	n/a
$425,000	1.93	0.203	0.23	0.797	3.94	0.135	11.62	0.070	205.24	0.038	0.176	0.183	0.182	0.175	0.122	n/a
$450,000	2.05	0.189	0.24	0.787	4.18	0.127	12.31	0.066	217.31	0.037	0.170	0.177	0.176	0.169	0.118	n/a
$475,000	2.16	0.177	0.26	0.777	4.41	0.120	12.99	0.062	229.39	0.036	0.165	0.172	0.171	0.164	0.114	n/a
$500,000	2.27	0.165	0.27	0.768	4.64	0.113	13.67	0.059	241.46	0.035	0.160	0.167	0.166	0.159	0.111	n/a
$600,000	2.73	0.129	0.32	0.731	5.57	0.091	16.41	0.048	289.75	0.032	0.144	0.151	0.149	0.142	0.100	n/a
$700,000	3.18	0.104	0.38	0.696	6.50	0.075	19.14	0.040	338.04	0.030	0.131	0.137	0.136	0.129	0.091	n/a
$800,000	3.64	0.085	0.43	0.664	7.42	0.063	21.88	0.034	386.33	0.028	0.120	0.127	0.125	0.119	0.084	n/a
$900,000	4.09	0.071	0.49	0.635	8.35	0.054	24.61	0.029	434.62	0.026	0.111	0.118	0.117	0.110	0.078	n/a
$1,000,000	4.54	0.061	0.54	0.607	9.28	0.046	27.35	0.025	482.92	0.025	0.104	0.110	0.109	0.102	0.073	n/a
$2,000,000	9.09	0.021	1.08	0.409	18.56	0.015	54.70	0.009	965.83	0.016	0.061	0.067	0.066	0.060	0.044	n/a
$3,000,000	13.63	0.012	1.62	0.294	27.84	0.007	82.05	0.005	1448.75	0.012	0.042	0.048	0.046	0.041	0.031	n/a
$4,000,000	18.18	0.007	2.16	0.221	37.12	0.004	109.39	0.003	1931.67	0.010	0.031	0.036	0.034	0.030	0.023	n/a
$5,000,000	22.72	0.005	2.70	0.172	46.40	0.002	136.74	0.002	2414.58	0.008	0.024	0.028	0.027	0.023	0.018	n/a
$6,000,000	27.27	0.004	3.24	0.137	55.68	0.002	164.09	0.001	2897.50	0.007	0.019	0.023	0.021	0.018	0.014	n/a
$7,000,000	31.81	0.003	3.78	0.111	64.96	0.001	191.44	0.001	3380.42	0.006	0.015	0.019	0.017	0.014	0.012	n/a
$8,000,000	36.36	0.003	4.32	0.092	74.24	0.001	218.79	0.001	3863.33	0.005	0.013	0.016	0.014	0.011	0.010	n/a
$9,000,000	40.90	0.002	4.86	0.077	83.52	0.001	246.14	0.001	4346.25	0.005	0.011	0.014	0.012	0.009	0.008	n/a
$10,000,000	45.45	0.002	5.41	0.065	92.80	0.001	273.48	0.000	4829.17	0.004	0.009	0.012	0.010	0.008	0.007	n/a

	Average Cost/Case	Loss Weight
Fatal	$220,037	0.006
PT	$1,850,044	0.124
Likely PP/TT	$107,761	0.286
Not Likely PP/TT	$36,565	0.469
Med Only	$2,071	0.116

		Voluntary	Loss Cost
(A)	**Target Cost Ratio**	0.7094	n/a
(B)	**Loss Adjustment Expense**	1.2130	n/a
(C)	**Allocated Loss Adjustment Expense**	1.1420	n/a
(D)	**Assessment Factor**	1.0000	n/a
(E)	**Expected Loss Ratio x ALAE**	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.D

HAZARD GROUP D

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.04	0.959	0.00	0.995	0.08	0.925	0.23	0.814	5.10	0.191	0.825	0.826	0.825	0.825	0.551	n/a
$15,000	0.06	0.940	0.01	0.993	0.12	0.890	0.35	0.745	7.65	0.149	0.778	0.779	0.778	0.777	0.520	n/a
$20,000	0.08	0.921	0.01	0.991	0.15	0.857	0.47	0.686	10.19	0.126	0.738	0.739	0.739	0.737	0.493	n/a
$25,000	0.11	0.903	0.01	0.988	0.19	0.825	0.59	0.635	12.74	0.113	0.703	0.704	0.704	0.702	0.470	n/a
$30,000	0.13	0.884	0.01	0.986	0.23	0.796	0.70	0.591	15.29	0.103	0.671	0.673	0.673	0.671	0.449	n/a
$35,000	0.15	0.866	0.02	0.984	0.27	0.768	0.82	0.552	17.84	0.096	0.643	0.645	0.645	0.643	0.431	n/a
$40,000	0.17	0.849	0.02	0.981	0.31	0.741	0.94	0.517	20.39	0.091	0.618	0.620	0.620	0.617	0.414	n/a
$50,000	0.21	0.815	0.02	0.977	0.39	0.691	1.17	0.459	25.49	0.084	0.574	0.577	0.576	0.574	0.385	n/a
$75,000	0.32	0.735	0.03	0.965	0.58	0.588	1.76	0.358	38.23	0.072	0.492	0.496	0.495	0.491	0.331	n/a
$100,000	0.42	0.664	0.05	0.954	0.77	0.509	2.34	0.293	50.97	0.065	0.435	0.439	0.438	0.434	0.293	n/a
$125,000	0.53	0.601	0.06	0.943	0.96	0.446	2.93	0.248	63.71	0.060	0.392	0.397	0.396	0.391	0.264	n/a
$150,000	0.63	0.545	0.07	0.932	1.16	0.395	3.51	0.215	76.46	0.057	0.359	0.364	0.363	0.358	0.242	n/a
$175,000	0.74	0.495	0.08	0.921	1.35	0.354	4.10	0.189	89.20	0.053	0.332	0.338	0.337	0.331	0.225	n/a
$200,000	0.85	0.452	0.09	0.911	1.54	0.320	4.68	0.169	101.94	0.051	0.310	0.316	0.315	0.309	0.210	n/a
$225,000	0.95	0.413	0.10	0.900	1.74	0.291	5.27	0.153	114.68	0.048	0.292	0.298	0.297	0.291	0.198	n/a
$250,000	1.06	0.379	0.12	0.890	1.93	0.267	5.85	0.139	127.43	0.046	0.276	0.282	0.281	0.275	0.188	n/a
$275,000	1.16	0.348	0.13	0.880	2.12	0.246	6.44	0.127	140.17	0.045	0.263	0.269	0.268	0.261	0.179	n/a
$300,000	1.27	0.321	0.14	0.870	2.32	0.228	7.02	0.117	152.91	0.043	0.251	0.257	0.256	0.249	0.171	n/a
$325,000	1.37	0.297	0.15	0.860	2.51	0.212	7.61	0.109	165.66	0.042	0.240	0.247	0.245	0.239	0.164	n/a
$350,000	1.48	0.275	0.16	0.850	2.70	0.198	8.19	0.101	178.40	0.040	0.231	0.237	0.236	0.229	0.158	n/a
$375,000	1.59	0.255	0.17	0.841	2.89	0.185	8.78	0.094	191.14	0.039	0.222	0.229	0.227	0.221	0.152	n/a
$400,000	1.69	0.237	0.19	0.831	3.09	0.174	9.36	0.088	203.88	0.038	0.214	0.221	0.220	0.213	0.147	n/a
$425,000	1.80	0.221	0.20	0.822	3.28	0.164	9.95	0.083	216.63	0.037	0.207	0.214	0.213	0.206	0.142	n/a
$450,000	1.90	0.207	0.21	0.813	3.47	0.154	10.53	0.078	229.37	0.036	0.201	0.208	0.206	0.199	0.138	n/a
$475,000	2.01	0.194	0.22	0.804	3.67	0.146	11.12	0.074	242.11	0.035	0.195	0.202	0.200	0.193	0.134	n/a
$500,000	2.11	0.182	0.23	0.795	3.86	0.138	11.70	0.070	254.85	0.034	0.189	0.196	0.195	0.188	0.130	n/a
$600,000	2.54	0.143	0.28	0.761	4.63	0.113	14.04	0.057	305.83	0.031	0.170	0.177	0.176	0.169	0.117	n/a
$700,000	2.96	0.115	0.33	0.730	5.40	0.095	16.38	0.048	356.80	0.029	0.155	0.162	0.161	0.154	0.107	n/a
$800,000	3.38	0.095	0.37	0.700	6.17	0.080	18.72	0.041	407.77	0.027	0.143	0.150	0.149	0.142	0.099	n/a
$900,000	3.80	0.080	0.42	0.672	6.95	0.069	21.06	0.035	458.74	0.025	0.133	0.140	0.139	0.132	0.093	n/a
$1,000,000	4.23	0.068	0.46	0.646	7.72	0.060	23.40	0.031	509.71	0.024	0.125	0.131	0.130	0.123	0.087	n/a
$2,000,000	8.45	0.024	0.93	0.453	15.43	0.021	46.80	0.012	1019.42	0.016	0.076	0.082	0.080	0.074	0.054	n/a
$3,000,000	12.68	0.013	1.39	0.336	23.15	0.010	70.21	0.006	1529.13	0.012	0.053	0.059	0.057	0.052	0.038	n/a
$4,000,000	16.91	0.008	1.86	0.259	30.87	0.006	93.61	0.004	2038.84	0.009	0.040	0.045	0.044	0.038	0.029	n/a
$5,000,000	21.14	0.006	2.32	0.205	38.58	0.004	117.01	0.002	2548.55	0.008	0.031	0.036	0.034	0.030	0.023	n/a
$6,000,000	25.36	0.005	2.79	0.166	46.30	0.002	140.41	0.002	3058.26	0.007	0.025	0.029	0.028	0.023	0.019	n/a
$7,000,000	29.59	0.004	3.25	0.137	54.02	0.002	163.81	0.001	3567.97	0.006	0.021	0.025	0.023	0.019	0.015	n/a
$8,000,000	33.82	0.003	3.72	0.114	61.74	0.001	187.21	0.001	4077.68	0.005	0.017	0.021	0.019	0.015	0.013	n/a
$9,000,000	38.04	0.002	4.18	0.097	69.45	0.001	210.62	0.001	4587.39	0.005	0.014	0.018	0.016	0.013	0.011	n/a
$10,000,000	42.27	0.002	4.65	0.082	77.17	0.001	234.02	0.001	5097.10	0.004	0.012	0.016	0.014	0.011	0.009	n/a

	Average Cost/Case	Loss Weight
Fatal	$236,574	0.009
PT	$2,151,911	0.139
Likely PP/TT	$129,584	0.299
Not Likely PP/TT	$42,732	0.475
Med Only	$1,962	0.078

		Voluntary	Loss Cost
(A)	**Target Cost Ratio**	0.7094	n/a
(B)	**Loss Adjustment Expense**	1.2130	n/a
(C)	**Allocated Loss Adjustment Expense**	1.1420	n/a
(D)	**Assessment Factor**	1.0000	n/a
(E)	**Expected Loss Ratio x ALAE**	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.E

HAZARD GROUP E

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.04	0.962	0.00	0.996	0.07	0.935	0.21	0.831	4.61	0.204	0.856	0.857	0.857	0.856	0.572	n/a
$15,000	0.06	0.943	0.01	0.994	0.10	0.904	0.31	0.767	6.91	0.158	0.815	0.816	0.816	0.815	0.545	n/a
$20,000	0.08	0.925	0.01	0.992	0.13	0.874	0.41	0.712	9.22	0.133	0.780	0.781	0.780	0.779	0.521	n/a
$25,000	0.10	0.908	0.01	0.990	0.17	0.846	0.52	0.663	11.52	0.118	0.748	0.749	0.749	0.748	0.500	n/a
$30,000	0.12	0.890	0.01	0.988	0.20	0.819	0.62	0.620	13.82	0.108	0.720	0.721	0.721	0.719	0.481	n/a
$35,000	0.14	0.873	0.01	0.987	0.23	0.794	0.73	0.582	16.13	0.101	0.694	0.696	0.695	0.694	0.464	n/a
$40,000	0.16	0.857	0.02	0.985	0.27	0.769	0.83	0.549	18.43	0.095	0.671	0.673	0.672	0.670	0.449	n/a
$50,000	0.20	0.824	0.02	0.981	0.33	0.724	1.04	0.491	23.04	0.087	0.630	0.633	0.632	0.629	0.422	n/a
$75,000	0.30	0.748	0.03	0.971	0.50	0.627	1.55	0.388	34.56	0.075	0.552	0.555	0.554	0.551	0.370	n/a
$100,000	0.40	0.679	0.04	0.962	0.67	0.549	2.07	0.320	46.08	0.068	0.496	0.500	0.498	0.495	0.333	n/a
$125,000	0.50	0.617	0.05	0.953	0.84	0.486	2.59	0.272	57.60	0.063	0.454	0.458	0.456	0.452	0.305	n/a
$150,000	0.60	0.562	0.06	0.943	1.00	0.435	3.11	0.236	69.12	0.059	0.420	0.425	0.423	0.419	0.283	n/a
$175,000	0.70	0.514	0.07	0.934	1.17	0.392	3.63	0.209	80.64	0.055	0.393	0.398	0.396	0.391	0.265	n/a
$200,000	0.80	0.470	0.08	0.925	1.34	0.357	4.15	0.187	92.16	0.053	0.370	0.376	0.374	0.369	0.250	n/a
$225,000	0.90	0.432	0.09	0.916	1.50	0.326	4.66	0.170	103.68	0.050	0.351	0.357	0.355	0.350	0.237	n/a
$250,000	1.00	0.397	0.10	0.908	1.67	0.301	5.18	0.155	115.20	0.048	0.335	0.341	0.339	0.333	0.226	n/a
$275,000	1.10	0.366	0.11	0.899	1.84	0.278	5.70	0.142	126.72	0.047	0.321	0.326	0.325	0.319	0.217	n/a
$300,000	1.20	0.339	0.12	0.890	2.01	0.258	6.22	0.131	138.24	0.045	0.308	0.314	0.312	0.306	0.208	n/a
$325,000	1.30	0.314	0.13	0.882	2.17	0.241	6.74	0.122	149.76	0.043	0.297	0.303	0.301	0.295	0.201	n/a
$350,000	1.40	0.291	0.13	0.874	2.34	0.226	7.26	0.114	161.28	0.042	0.287	0.293	0.291	0.285	0.194	n/a
$375,000	1.50	0.271	0.14	0.865	2.51	0.212	7.77	0.106	172.80	0.041	0.278	0.284	0.282	0.276	0.188	n/a
$400,000	1.60	0.253	0.15	0.857	2.67	0.200	8.29	0.100	184.32	0.040	0.269	0.276	0.274	0.267	0.183	n/a
$425,000	1.70	0.236	0.16	0.849	2.84	0.188	8.81	0.094	195.84	0.039	0.262	0.268	0.266	0.260	0.178	n/a
$450,000	1.80	0.221	0.17	0.841	3.01	0.178	9.33	0.089	207.37	0.038	0.255	0.261	0.259	0.253	0.173	n/a
$475,000	1.90	0.207	0.18	0.834	3.18	0.169	9.85	0.084	218.89	0.037	0.248	0.255	0.253	0.246	0.169	n/a
$500,000	2.00	0.195	0.19	0.826	3.34	0.161	10.36	0.080	230.41	0.036	0.242	0.249	0.247	0.240	0.165	n/a
$600,000	2.40	0.154	0.23	0.796	4.01	0.133	12.44	0.065	276.49	0.033	0.221	0.228	0.226	0.219	0.151	n/a
$700,000	2.80	0.125	0.27	0.768	4.68	0.112	14.51	0.055	322.57	0.030	0.205	0.212	0.210	0.203	0.140	n/a
$800,000	3.20	0.103	0.31	0.741	5.35	0.096	16.58	0.047	368.65	0.028	0.191	0.198	0.196	0.189	0.131	n/a
$900,000	3.59	0.087	0.35	0.716	6.02	0.083	18.66	0.041	414.73	0.027	0.180	0.187	0.184	0.177	0.123	n/a
$1,000,000	3.99	0.074	0.39	0.692	6.69	0.073	20.73	0.036	460.81	0.025	0.170	0.177	0.174	0.167	0.116	n/a
$2,000,000	7.99	0.026	0.77	0.508	13.37	0.027	41.46	0.014	921.62	0.017	0.111	0.117	0.115	0.108	0.077	n/a
$3,000,000	11.98	0.014	1.16	0.389	20.06	0.013	62.19	0.007	1382.43	0.013	0.081	0.088	0.085	0.079	0.057	n/a
$4,000,000	15.98	0.009	1.54	0.308	26.74	0.008	82.91	0.005	1843.25	0.010	0.063	0.069	0.066	0.060	0.044	n/a
$5,000,000	19.97	0.006	1.93	0.249	33.43	0.005	103.64	0.003	2304.06	0.009	0.050	0.056	0.053	0.048	0.036	n/a
$6,000,000	23.96	0.005	2.31	0.206	40.11	0.003	124.37	0.002	2764.87	0.007	0.041	0.046	0.044	0.039	0.029	n/a
$7,000,000	27.96	0.004	2.70	0.173	46.80	0.002	145.10	0.002	3225.68	0.006	0.034	0.039	0.037	0.032	0.024	n/a
$8,000,000	31.95	0.003	3.08	0.146	53.48	0.002	165.83	0.001	3686.49	0.006	0.029	0.034	0.031	0.026	0.021	n/a
$9,000,000	35.95	0.003	3.47	0.125	60.17	0.001	186.56	0.001	4147.30	0.005	0.025	0.029	0.026	0.022	0.018	n/a
$10,000,000	39.94	0.002	3.85	0.109	66.85	0.001	207.29	0.001	4608.12	0.005	0.021	0.026	0.023	0.019	0.015	n/a

	Average Cost/Case	Loss Weight
Fatal	$250,370	0.012
PT	$2,594,914	0.188
Likely PP/TT	$149,582	0.290
Not Likely PP/TT	$48,242	0.450
Med Only	$2,170	0.060

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Allocated Loss Adjustment Expense	1.1420	n/a
(D) Assessment Factor	1.0000	n/a
(E) Expected Loss Ratio x ALAE	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.F

HAZARD GROUP F

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.04	0.964	0.00	0.997	0.06	0.945	0.18	0.852	4.14	0.219	0.881	0.881	0.881	0.880	0.588	n/a
$15,000	0.06	0.947	0.00	0.995	0.08	0.919	0.27	0.794	6.22	0.169	0.844	0.845	0.844	0.844	0.564	n/a
$20,000	0.07	0.930	0.01	0.994	0.11	0.894	0.35	0.744	8.29	0.142	0.812	0.813	0.812	0.811	0.542	n/a
$25,000	0.09	0.914	0.01	0.992	0.14	0.870	0.44	0.698	10.36	0.125	0.783	0.784	0.784	0.783	0.523	n/a
$30,000	0.11	0.898	0.01	0.990	0.17	0.847	0.53	0.658	12.43	0.114	0.757	0.758	0.758	0.756	0.506	n/a
$35,000	0.13	0.882	0.01	0.989	0.19	0.825	0.62	0.622	14.51	0.106	0.733	0.735	0.734	0.732	0.490	n/a
$40,000	0.15	0.866	0.01	0.987	0.22	0.803	0.71	0.589	16.58	0.100	0.712	0.713	0.712	0.711	0.476	n/a
$50,000	0.19	0.836	0.02	0.984	0.28	0.763	0.88	0.532	20.72	0.091	0.673	0.674	0.673	0.671	0.450	n/a
$75,000	0.28	0.763	0.02	0.976	0.42	0.674	1.33	0.427	31.09	0.078	0.596	0.598	0.597	0.595	0.399	n/a
$100,000	0.37	0.698	0.03	0.968	0.55	0.600	1.77	0.356	41.45	0.070	0.539	0.542	0.541	0.538	0.361	n/a
$125,000	0.46	0.639	0.04	0.961	0.69	0.539	2.21	0.305	51.81	0.065	0.496	0.499	0.497	0.494	0.332	n/a
$150,000	0.56	0.585	0.05	0.953	0.83	0.488	2.65	0.267	62.17	0.061	0.461	0.465	0.463	0.459	0.309	n/a
$175,000	0.65	0.537	0.06	0.945	0.97	0.444	3.09	0.237	72.53	0.058	0.432	0.436	0.434	0.430	0.290	n/a
$200,000	0.74	0.495	0.06	0.938	1.11	0.407	3.54	0.213	82.90	0.055	0.408	0.413	0.411	0.406	0.274	n/a
$225,000	0.83	0.456	0.07	0.930	1.25	0.375	3.98	0.194	93.26	0.053	0.388	0.392	0.390	0.385	0.261	n/a
$250,000	0.93	0.421	0.08	0.923	1.38	0.348	4.42	0.177	103.62	0.050	0.370	0.375	0.373	0.368	0.249	n/a
$275,000	1.02	0.390	0.09	0.916	1.52	0.323	4.86	0.164	113.98	0.049	0.354	0.360	0.357	0.352	0.239	n/a
$300,000	1.11	0.362	0.10	0.909	1.66	0.302	5.30	0.152	124.34	0.047	0.341	0.346	0.344	0.338	0.230	n/a
$325,000	1.21	0.337	0.10	0.901	1.80	0.283	5.75	0.141	134.71	0.045	0.329	0.334	0.332	0.326	0.222	n/a
$350,000	1.30	0.314	0.11	0.894	1.94	0.266	6.19	0.132	145.07	0.044	0.318	0.323	0.321	0.315	0.214	n/a
$375,000	1.39	0.293	0.12	0.887	2.08	0.251	6.63	0.124	155.43	0.043	0.308	0.314	0.311	0.305	0.208	n/a
$400,000	1.48	0.274	0.13	0.880	2.22	0.237	7.07	0.116	165.79	0.042	0.299	0.305	0.302	0.296	0.202	n/a
$425,000	1.58	0.257	0.14	0.873	2.35	0.225	7.51	0.110	176.15	0.041	0.290	0.296	0.294	0.288	0.196	n/a
$450,000	1.67	0.241	0.14	0.867	2.49	0.213	7.96	0.104	186.52	0.040	0.283	0.289	0.286	0.280	0.191	n/a
$475,000	1.76	0.227	0.15	0.860	2.63	0.203	8.40	0.099	196.88	0.039	0.276	0.282	0.279	0.273	0.187	n/a
$500,000	1.85	0.213	0.16	0.853	2.77	0.193	8.84	0.094	207.24	0.038	0.269	0.275	0.273	0.266	0.182	n/a
$600,000	2.22	0.170	0.19	0.827	3.32	0.161	10.61	0.078	248.69	0.035	0.247	0.253	0.250	0.244	0.167	n/a
$700,000	2.60	0.138	0.22	0.803	3.88	0.138	12.38	0.066	290.14	0.032	0.229	0.235	0.233	0.226	0.155	n/a
$800,000	2.97	0.115	0.25	0.779	4.43	0.119	14.15	0.057	331.58	0.030	0.214	0.221	0.218	0.211	0.146	n/a
$900,000	3.34	0.097	0.29	0.757	4.99	0.104	15.91	0.049	373.03	0.028	0.202	0.208	0.206	0.199	0.137	n/a
$1,000,000	3.71	0.083	0.32	0.735	5.54	0.092	17.68	0.044	414.48	0.027	0.191	0.198	0.195	0.188	0.130	n/a
$2,000,000	7.42	0.029	0.64	0.563	11.08	0.036	35.36	0.017	828.96	0.018	0.128	0.135	0.132	0.125	0.088	n/a
$3,000,000	11.12	0.016	0.95	0.446	16.62	0.019	53.05	0.009	1243.44	0.014	0.096	0.103	0.100	0.093	0.067	n/a
$4,000,000	14.83	0.010	1.27	0.362	22.16	0.011	70.73	0.006	1657.92	0.011	0.076	0.083	0.079	0.073	0.053	n/a
$5,000,000	18.54	0.007	1.59	0.300	27.69	0.007	88.41	0.004	2072.40	0.009	0.062	0.068	0.065	0.059	0.043	n/a
$6,000,000	22.25	0.006	1.91	0.252	33.23	0.005	106.09	0.003	2486.87	0.008	0.052	0.057	0.054	0.049	0.036	n/a
$7,000,000	25.95	0.004	2.22	0.215	38.77	0.004	123.77	0.002	2901.35	0.007	0.044	0.049	0.046	0.041	0.031	n/a
$8,000,000	29.66	0.004	2.54	0.185	44.31	0.003	141.45	0.002	3315.83	0.006	0.038	0.043	0.039	0.034	0.026	n/a
$9,000,000	33.37	0.003	2.86	0.161	49.85	0.002	159.14	0.001	3730.31	0.006	0.032	0.037	0.034	0.029	0.023	n/a
$10,000,000	37.08	0.003	3.18	0.141	55.39	0.002	176.82	0.001	4144.79	0.005	0.028	0.033	0.030	0.025	0.020	n/a

	Average Cost/Case	Loss Weight
Fatal	$269,707	0.016
PT	$3,148,012	0.193
Likely PP/TT	$180,540	0.298
Not Likely PP/TT	$56,555	0.447
Med Only	$2,413	0.046

		Voluntary	Loss Cost
(A)	**Target Cost Ratio**	0.7094	n/a
(B)	**Loss Adjustment Expense**	1.2130	n/a
(C)	**Allocated Loss Adjustment Expense**	1.1420	n/a
(D)	**Assessment Factor**	1.0000	n/a
(E)	**Expected Loss Ratio x ALAE**	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS

Florida
10/01/16

Calculation of Excess Loss and Allocated Loss Adjustment Expense Factors (non-catastrophe)

Exhibit 10.G

HAZARD GROUP G

LOSS LIMIT	Fatal ENTRY RATIO	Fatal EXCESS RATIO	PT ENTRY RATIO	PT EXCESS RATIO	Likely PP/TT ENTRY RATIO	Likely PP/TT EXCESS RATIO	Not Likely PP/TT ENTRY RATIO	Not Likely PP/TT EXCESS RATIO	Med Only ENTRY RATIO	Med Only EXCESS RATIO	PER CLAIM AVERAGE EXCESS RATIO	PER OCC. EXCESS RATIO	PER OCC. EXCESS RATIO LIMITED TO $50M	PER CLAIM EXCESS RATIO LIMITED TO $50M	FINAL* ELAEF (Vol. Rate)	FINAL* ELAEPPF (Adv. L/C)
$10,000	0.04	0.966	0.00	0.997	0.05	0.950	0.16	0.862	3.92	0.227	0.904	0.905	0.904	0.904	0.604	n/a
$15,000	0.05	0.949	0.00	0.996	0.08	0.926	0.25	0.807	5.88	0.175	0.874	0.875	0.874	0.873	0.584	n/a
$20,000	0.07	0.933	0.01	0.995	0.10	0.903	0.33	0.758	7.84	0.146	0.848	0.848	0.847	0.847	0.566	n/a
$25,000	0.09	0.917	0.01	0.993	0.13	0.881	0.41	0.715	9.80	0.129	0.823	0.824	0.823	0.822	0.550	n/a
$30,000	0.11	0.901	0.01	0.992	0.15	0.859	0.49	0.676	11.76	0.117	0.801	0.802	0.801	0.800	0.535	n/a
$35,000	0.13	0.886	0.01	0.990	0.18	0.838	0.57	0.640	13.72	0.109	0.781	0.782	0.781	0.780	0.522	n/a
$40,000	0.14	0.871	0.01	0.989	0.20	0.818	0.65	0.608	15.68	0.102	0.762	0.764	0.762	0.761	0.509	n/a
$50,000	0.18	0.841	0.01	0.986	0.25	0.780	0.82	0.552	19.60	0.093	0.729	0.730	0.729	0.727	0.487	n/a
$75,000	0.27	0.771	0.02	0.980	0.38	0.696	1.23	0.447	29.40	0.079	0.662	0.664	0.662	0.660	0.442	n/a
$100,000	0.36	0.707	0.03	0.973	0.50	0.625	1.63	0.375	39.20	0.072	0.612	0.614	0.612	0.609	0.409	n/a
$125,000	0.45	0.649	0.03	0.966	0.63	0.565	2.04	0.323	49.00	0.066	0.572	0.575	0.572	0.569	0.382	n/a
$150,000	0.54	0.596	0.04	0.960	0.76	0.514	2.45	0.283	58.80	0.062	0.540	0.543	0.540	0.537	0.361	n/a
$175,000	0.63	0.549	0.05	0.953	0.88	0.470	2.86	0.252	68.60	0.059	0.513	0.517	0.514	0.510	0.343	n/a
$200,000	0.71	0.507	0.05	0.947	1.01	0.433	3.27	0.227	78.40	0.056	0.491	0.495	0.491	0.488	0.328	n/a
$225,000	0.80	0.468	0.06	0.940	1.14	0.400	3.68	0.207	88.21	0.054	0.472	0.475	0.472	0.468	0.315	n/a
$250,000	0.89	0.434	0.07	0.934	1.26	0.372	4.09	0.190	98.01	0.052	0.455	0.459	0.455	0.451	0.304	n/a
$275,000	0.98	0.402	0.07	0.927	1.39	0.347	4.49	0.175	107.81	0.050	0.440	0.444	0.441	0.436	0.294	n/a
$300,000	1.07	0.374	0.08	0.921	1.51	0.325	4.90	0.162	117.61	0.048	0.427	0.431	0.428	0.423	0.286	n/a
$325,000	1.16	0.349	0.09	0.915	1.64	0.305	5.31	0.151	127.41	0.046	0.415	0.419	0.416	0.411	0.278	n/a
$350,000	1.25	0.325	0.10	0.909	1.77	0.287	5.72	0.142	137.21	0.045	0.404	0.409	0.405	0.400	0.270	n/a
$375,000	1.34	0.304	0.10	0.902	1.89	0.272	6.13	0.133	147.01	0.044	0.394	0.399	0.395	0.390	0.264	n/a
$400,000	1.43	0.285	0.11	0.896	2.02	0.257	6.54	0.125	156.81	0.043	0.385	0.390	0.386	0.381	0.258	n/a
$425,000	1.52	0.267	0.12	0.890	2.14	0.244	6.95	0.118	166.61	0.042	0.377	0.382	0.378	0.373	0.252	n/a
$450,000	1.61	0.251	0.12	0.884	2.27	0.232	7.35	0.112	176.41	0.041	0.369	0.374	0.370	0.365	0.247	n/a
$475,000	1.70	0.236	0.13	0.878	2.40	0.221	7.76	0.106	186.21	0.040	0.362	0.367	0.363	0.358	0.243	n/a
$500,000	1.79	0.223	0.14	0.873	2.52	0.211	8.17	0.101	196.01	0.039	0.355	0.360	0.356	0.351	0.238	n/a
$600,000	2.14	0.178	0.16	0.850	3.03	0.177	9.80	0.084	235.21	0.036	0.332	0.337	0.333	0.328	0.223	n/a
$700,000	2.50	0.146	0.19	0.827	3.53	0.152	11.44	0.072	274.42	0.033	0.313	0.319	0.315	0.309	0.210	n/a
$800,000	2.86	0.121	0.22	0.806	4.04	0.132	13.07	0.062	313.62	0.031	0.297	0.303	0.299	0.293	0.200	n/a
$900,000	3.22	0.102	0.25	0.786	4.54	0.116	14.71	0.054	352.82	0.029	0.284	0.290	0.285	0.279	0.191	n/a
$1,000,000	3.57	0.088	0.27	0.766	5.05	0.102	16.34	0.048	392.02	0.028	0.272	0.278	0.273	0.267	0.183	n/a
$2,000,000	7.14	0.031	0.54	0.605	10.09	0.041	32.68	0.020	784.05	0.019	0.196	0.203	0.198	0.191	0.132	n/a
$3,000,000	10.72	0.017	0.82	0.491	15.14	0.022	49.02	0.011	1176.07	0.014	0.154	0.161	0.155	0.148	0.104	n/a
$4,000,000	14.29	0.011	1.09	0.407	20.18	0.013	65.37	0.007	1568.09	0.012	0.125	0.132	0.127	0.120	0.085	n/a
$5,000,000	17.86	0.008	1.36	0.342	25.23	0.009	81.71	0.005	1960.12	0.010	0.104	0.111	0.105	0.099	0.070	n/a
$6,000,000	21.43	0.006	1.63	0.292	30.27	0.006	98.05	0.003	2352.14	0.008	0.088	0.095	0.089	0.083	0.060	n/a
$7,000,000	25.01	0.005	1.91	0.252	35.32	0.004	114.39	0.003	2744.16	0.007	0.076	0.082	0.076	0.070	0.051	n/a
$8,000,000	28.58	0.004	2.18	0.220	40.37	0.003	130.73	0.002	3136.19	0.007	0.066	0.072	0.066	0.060	0.044	n/a
$9,000,000	32.15	0.003	2.45	0.193	45.41	0.003	147.07	0.002	3528.21	0.006	0.058	0.064	0.058	0.052	0.039	n/a
$10,000,000	35.72	0.003	2.72	0.171	50.46	0.002	163.41	0.001	3920.23	0.005	0.051	0.057	0.051	0.045	0.034	n/a

	Average Cost/Case	Loss Weight
Fatal	$279,920	0.022
PT	$3,673,370	0.291
Likely PP/TT	$198,190	0.263
Not Likely PP/TT	$61,194	0.389
Med Only	$2,551	0.035

	Voluntary	Loss Cost
(A) Target Cost Ratio	0.7094	n/a
(B) Loss Adjustment Expense	1.2130	n/a
(C) Allocated Loss Adjustment Expense	1.1420	n/a
(D) Assessment Factor	1.0000	n/a
(E) Expected Loss Ratio x ALAE	0.6679	n/a

*** The final excess factors are equal to the per occurrence excess ratios limited to $50M multiplied by the appropriate Expected Loss Ratio x ALAE (E).**

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EXCESS LOSS FACTORS **Florida**

10/01/16

Calculation of Florida Hazard Group Differentials

Exhibit 11

Five years of historical experience is trended, on-leveled, and developed to estimate the severities for each state, hazard group, and claim group. The observed data for 37 states is input into a Bayesian multilevel model which produces fitted severities by state, hazard group, and claim group. Similarly, a second Bayesian multilevel model produces fitted claim counts from the same observed data by state, hazard group, and claim group. For a given hazard group, state severities are calculated by weighting the fitted severities by claim group together using fitted claim counts. The fitted severities and fitted claim counts by state are consistent with the values underlying NCCI's excess loss factor methodology.

The severities for all states are weighted together to calculate the average countrywide severity. The state and hazard group differentials are calculated by dividing the countrywide severity by the individual state hazard group severities.

(1)	(2)	(3)	(4) = (3) / (2)
Hazard Group	**Florida Fitted Severities**	**Countrywide Average Severity**	**Proposed State and Hazard Group Differentials**
A	35,048		1.75
B	45,014		1.36
C	49,774		1.23
D	59,739		1.02
E	72,494		0.84
F	86,640		0.71
G	108,750		0.56
All		61,192	

Note: The underlying data source for the above calculations is NCCI's Unit Statistical data, excluding medical-only claims. The Unit Statistical data for each state is adjusted accordingly, as reflected in the data underlying the Excess Loss Factor (ELF) calculation.

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Florida Voluntary 10/1/2016 Rates

Industrial Classes															
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
0005	6.85	1699	4.97	2386	3.84	3027	7.96	3373	9.31	4061	5.20	4583	10.74	5348	7.32
0008	5.15	1701	5.93	2388	2.49	3028	3.65	3383	2.27	4062	4.56	4586	1.96	5402	8.07
0016	13.68	1710	15.34	2402	4.15	3030	10.94	3385	1.07	4101	4.89	4611	2.07	5403	11.61
0030	6.79	1741	5.23	2413	3.28	3040	9.36	3400	4.92	4109	0.88	4635	4.80	5437	10.67
0034	6.88	1747	2.87	2416	2.95	3041	7.60	3507	5.83	4110	1.32	4653	2.52	5443	6.00
0035	4.31	1748	7.65	2417	5.71	3042	7.73	3515	3.23	4111	2.85	4665	11.55	5445	8.98
0036	7.04	1803	11.39	2501	3.51	3064	9.28	3548	2.45	4113	3.56	4670	11.87	5462	12.60
0037	7.09	1852	4.36	2503	1.80	3076	6.18	3559	3.53	4114	3.95	4683	5.63	5472	17.13
0042	10.25	1853	4.20	2534	2.88	3081	7.63	3574	2.10	4130	8.07	4686	3.26	5473	18.89
0050	8.85	1860	2.95	2570	6.32	3082	6.64	3581	1.94	4131	6.14	4692	0.94	5474	13.18
0052	7.85	1924	2.90	2585	5.88	3085	7.59	3612	3.95	4133	2.88	4693	1.55	5478	6.14
0059	0.13	1925	8.21	2586	5.60	3110	7.49	3620	6.24	4149	0.96	4703	3.26	5479	11.84
0065	0.04	2003	6.21	2587	4.59	3111	5.05	3629	2.51	4206	6.74	4710	5.09	5480	10.61
0066	0.04	2014	8.48	2589	3.23	3113	3.73	3632	5.67	4207	3.37	4717	3.14	5491	4.47
0067	0.04	2016	3.78	2600	4.53	3114	4.72	3634	2.23	4239	2.76	4720	3.82	5506	11.07
0079	5.99	2021	3.95	2623	10.67	3118	2.74	3635	4.75	4240	5.96	4740	2.16	5507	7.84
0083	9.69	2039	3.31	2651	4.20	3119	1.65	3638	2.59	4243	3.50	4741	4.94	5508	21.71
0106	17.36	2041	5.19	2660	3.62	3122	2.21	3642	1.69	4244	3.84	4751	3.46	5509	12.27
0113	7.75	2065	3.82	2670	2.98	3126	3.07	3643	2.79	4250	2.85	4771	3.84	5535	11.45
0153	8.23	2070	7.02	2683	1.90	3131	2.49	3647	2.96	4251	4.23	4777	10.00	5537	8.29
0170	3.74	2081	6.10	2688	4.47	3132	4.01	3648	2.85	4263	3.72	4825	1.96	5551	22.23
0173	1.09	2089	6.85	2702	16.88	3145	3.23	3681	1.07	4273	4.84	4828	5.39	5606	2.21
0251	6.37	2095	8.87	2710	15.75	3146	3.92	3685	1.38	4279	5.49	4829	3.17	5610	10.74
0400	10.83	2105	6.57	2714	10.44	3169	4.28	3719	2.94	4282	2.46	4902	3.53	5613	20.48
0401	13.85	2110	4.15	2731	5.96	3175	5.93	3724	4.96	4283	4.31	4923	4.39	5645	20.25
0771	0.68	2111	4.28	2735	7.52	3179	2.68	3726	6.39	4299	2.66	5020	12.91	5651	12.19
0908	215.00	2112	5.19	2759	9.25	3180	5.56	3803	4.37	4304	6.65	5022	15.76	5703	21.69
0913	1100.00	2114	4.09	2790	2.96	3188	2.63	3807	3.72	4307	3.76	5037	43.77	5705	20.37
0917	9.14	2119	4.11	2797	8.67	3220	1.88	3808	3.64	4351	2.01	5040	17.15	5951	0.85
1005	7.49	2121	2.46	2799	6.19	3223	5.45	3821	10.86	4352	3.28	5057	9.85	6004	17.38
1164	7.58	2130	3.31	2802	8.54	3224	4.95	3822	7.76	4361	1.86	5059	44.33	6017	8.90
1165	4.27	2131	3.32	2835	3.79	3227	5.88	3824	7.67	4410	7.45	5069	27.66	6018	4.62
1218	2.15	2157	5.25	2836	3.07	3240	4.12	3826	1.21	4420	5.75	5102	10.68	6045	6.52
1320	2.66	2172	2.13	2841	5.78	3241	3.42	3827	3.35	4431	1.99	5146	8.98	6204	15.47
1322	12.92	2174	4.75	2881	4.78	3255	2.57	3830	1.65	4432	1.94	5160	3.19	6206	5.40
1430	7.92	2211	12.84	2883	7.38	3257	4.04	3851	5.11	4452	4.98	5183	6.11	6213	3.99
1438	7.93	2220	3.07	2913	6.46	3270	3.26	3865	2.85	4459	5.13	5188	7.66	6214	4.88
1452	3.90	2286	2.93	2915	3.65	3300	6.49	3881	4.92	4470	3.32	5190	6.28	6216	8.78
1463	22.74	2288	6.19	2916	6.32	3303	6.72	4000	8.74	4484	5.50	5191	1.23	6217	9.07
1472	6.40	2300	3.29	2923	3.32	3307	4.25	4021	8.51	4493	3.56	5192	4.96	6229	8.69
1473	1.68	2302	3.18	2942	4.00	3315	6.83	4024	5.05	4511	1.45	5213	13.21	6233	5.14
1624	5.75	2305	2.13	2960	8.57	3334	4.73	4034	12.18	4557	3.43	5215	16.22	6235	14.04
1642	3.98	2361	3.31	3004	3.34	3336	5.05	4036	4.42	4558	3.54	5221	8.39	6236	19.14
1654	8.76	2362	2.46	3018	5.83	3365	12.61	4038	4.77	4568	3.37	5222	12.58	6237	2.61
1655	6.16	2380	8.20	3022	5.82	3372	4.31	4053	3.18	4581	1.27	5223	7.93	6251	8.37

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Florida Voluntary 10/1/2016 Rates

Industrial Classes										F Classes		Maritimes	
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
6252	7.27	7540	3.81	8233	4.59	8832	0.49	9501	4.81	6006	18.26	6702	8.70
6260	8.92	7580	4.12	8235	6.82	8833	1.62	9505	4.97	6801	3.22	6703	16.54
6306	8.30	7590	7.23	8263	13.16	8835	2.92	9516	4.53	6824	9.28	6704	9.67
6319	6.91	7600	6.19	8264	7.69	8841	2.42	9519	6.63	6826	5.49	7016	8.82
6325	9.38	7605	3.91	8265	8.20	8842	2.88	9521	8.17	6828	5.87	7024	9.80
6400	13.31	7610	0.76	8273	6.03	8855	0.28	9522	3.59	6843	12.86	7038	5.22
6503	3.81	7704	6.50	8274	5.69	8856	0.31	9534	8.26	6845	8.74	7046	9.44
6504	4.78	7705	6.38	8279	9.85	8864	1.95	9554	12.88	6872	12.66	7047	16.79
6811	6.07	7720	4.96	8288	8.78	8868	0.60	9586	1.35	6874	18.84	7050	9.98
6834	3.84	7855	7.17	8291	5.96	8869	1.90	9600	3.81	7309	16.21	7090	5.80
6836	5.71	8001	6.43	8292	6.59	8871	0.26	9620	1.82	7313	3.05	7098	10.49
6838	5.47	8002	3.26	8293	14.79	8901	0.40			7317	12.70	7099	18.01
6854	4.90	8006	3.95	8304	7.01	9012	1.90			7327	33.32	7151	7.42
6882	4.95	8008	2.16	8350	7.54	9014	5.71			7350	14.76	7152	14.14
6884	4.75	8010	2.49	8353	7.38	9015	5.78			8709	7.22	7153	8.25
7133	6.11	8013	0.81	8380	4.27	9016	3.18			8726	2.80	7333	10.18
7201	15.06	8015	1.53	8381	2.44	9019	2.64			9077	3.71	7335	11.31
7204	2.01	8017	2.39	8385	3.90	9033	3.17					7337	19.38
7205	14.37	8018	4.39	8392	4.15	9040	5.37					7394	8.74
7219	8.80	8021	5.93	8393	2.74	9047	4.42					7395	9.71
7222	8.01	8031	4.45	8500	9.86	9052	4.15					7398	16.67
7230	12.43	8032	3.93	8601	0.73	9058	2.79					8734	0.73
7231	8.07	8033	2.93	8602	1.48	9060	2.64					8737	0.66
7232	12.90	8037	2.54	8603	0.19	9061	2.88					8738	1.24
7360	7.40	8039	3.38	8606	3.67	9063	1.78					8805	0.38
7370	6.51	8044	4.23	8719	8.82	9082	2.64					8814	0.34
7380	7.29	8045	0.73	8720	2.48	9083	2.71					8815	0.64
7382	6.48	8046	4.24	8721	0.43	9084	3.08						
7383	7.31	8047	1.28	8723	0.26	9088 a							
7390	6.81	8058	3.95	8725	0.26	9089	1.94						
7402	0.25	8061	4.59	8728	0.48	9093	2.63						
7403	7.01	8072	1.50	8742	0.54	9101	5.47						
7405	2.12	8102	2.80	8745	8.03	9102	5.38						
7420	16.94	8103	3.74	8748	0.97	9154	2.36						
7421	1.21	8105	4.71	8755	0.82	9156	4.84						
7422	3.02	8106	7.70	8799	1.10	9170	11.24						
7425	2.60	8107	4.90	8800	1.95	9178	13.21						
7431	1.05	8111	3.30	8803	0.12	9179	16.96						
7445	1.14	8116	4.17	8810	0.28	9180	4.20						
7453	0.57	8203	8.20	8820	0.22	9182	3.83						
7502	3.18	8204	8.11	8824	5.52	9186	47.74						
7515	2.05	8209	7.13	8825	2.98	9220	9.22						
7520	5.24	8215	8.35	8826	3.46	9402	10.71						
7538	11.82	8227	8.84	8829	3.20	9403	10.21						
7539	2.72	8232	6.38	8831	2.44	9410	2.74						

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Filing Details

Work Unit Number:	W16-1556240
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	8/1/2016 10:55:11 AM
Date Submitted:	8/1/2016 10:56:53 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Previous Correspondence	0		Response
Manual/Rate Pages	0		Rates

From: Cooper, Cyndi
Sent: Monday, August 08, 2016 3:05 PM
To: PCFREDMS
Subject: 16-12500

Please attach the following email & PDF to 16-12500. Thanks!

From: Jay Rosen [mailto:Jay_Rosen@Ncci.Com]
Sent: Monday, August 08, 2016 3:01 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: Chris Bailey <Chris_Bailey@ncci.com>
Subject: Re: Follow up question

Hey Cyndi!
Here s the requested information. It is provided in a similar format to the originally-provided OIR-19.

Thanks!

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
National Council on
Compensation Insurance
901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
(P) 561-893-3062 (F) 561-893-5662
Jay_Rosen@ncci.com

From: Cooper, Cyndi [mailto:Cyndi.Cooper@floir.com]
Sent: Monday, August 08, 2016 1:33 PM
To: Chris Bailey; Jay Rosen
Subject: Follow up question

Hi Jay,
In the response to question 11 from the clarification letter dated 7/1/2016 (Provide a revised OIR-19 and
include AYs 1998, 1999, 2004, 2007-2015), you refer to the response to Request 3. The Request 3
response provides an explanation why NCCI doesn t want to provide data for years outside of 2000-
2008. Why weren t the other years included in the 2000-2008 range provided in a revised Exhibit II
showing the data for claims without claimant attorney representation?

Please provide a response asap.

Thanks,
Cyndi

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865

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Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims without Claimant Attorney Representation

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	6,513	0.811	5,282
2001	6,643	0.811	5,387
2002	8,952	0.811	7,260
2004	7,108	1.000	7,108
2005	9,666	1.000	9,666
2006	6,334	1.000	6,334
2007	6,772	1.000	6,772
2008	6,197	0.988	6,123

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	7,869	0.988	7,775	1.460	19,063
2001	8,562	0.985	8,434	1.414	19,543
2002	10,777	0.970	10,454	1.379	24,428
2004	14,089	0.993	13,990	1.275	26,900
2005	11,899	0.978	11,637	1.216	25,904
2006	13,356	0.970	12,955	1.161	22,395
2007	12,572	0.974	12,245	1.127	21,432
2008	11,841	0.969	11,474	1.108	19,497

[1] Source of non-attorney claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

Florida

Analysis of Florida Supreme Court Decision in *Castellanos*

Change in Average Benefit Costs for Claims without Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

Accident Year	(1) Average Indemnity Incurred Benefit Costs[1]	(2) Indemnity Benefit On-level Factor[2]	(3) = ((1) x (2)) Average Indemnity Incurred Benefit Costs at Current Level
2000	5,939	0.811	4,817
2001	6,309	0.811	5,117
2002	8,341	0.811	6,765
2004	5,924	1.000	5,924
2005	6,521	1.000	6,521
2006	5,734	1.000	5,734
2007	6,393	1.000	6,393
2008	5,516	0.988	5,450

Accident Year	(4) Average Medical Incurred Benefit Costs[1]	(5) Medical Benefit On-level Factor[2]	(6) = ((4) x (5)) Average Medical Incurred Benefit Costs at Current Level	(7) Factor to Adjust to 2014 Wage Level[2]	(8) = [(3)+(6)] x (7) Wage-Adjusted Average Total Benefit Costs at Current Level
2000	7,392	0.988	7,303	1.460	17,695
2001	8,416	0.985	8,290	1.414	18,957
2002	10,419	0.970	10,106	1.379	23,265
2004	10,158	0.993	10,087	1.275	20,414
2005	10,965	0.978	10,724	1.216	20,970
2006	11,139	0.970	10,805	1.161	19,202
2007	11,638	0.974	11,335	1.127	19,979
2008	11,033	0.969	10,691	1.108	17,884

[1] Source of non-attorney claims: NCCI Detailed Claim Information. Benefit cost information is based on NCCI Workers Compensation Statistical Plan data, as supplemented with NCCI Detailed Claim Information

[2] Source: Florida approved January 1, 2016 rate filing. Values in (2) and (5) have been adjusted to remove the impact of the attorney fee component of the SB 50A pricing

From: Cooper, Cyndi
Sent: Tuesday, August 09, 2016 3:41 PM
To: PCFREDMS
Subject: 16-12500
Attachments: Alexander Pre-Filed Testimony with Attachments 8-9-16.pdf

Please attach the PDF & email to filing 16-12500. Thanks!

From: Steve Alexander [mailto:salex.actuary@gmail.com]
Sent: Tuesday, August 09, 2016 3:30 PM
To: Rate Hearings <RateHearings@myfloridacfo.com>
Cc: 'Christopher Smith' <chris@cjsmithlaw.com>; 'James Fee' <jfeedfc@bellsouth.net>;
salex.actuary@gmail.com; Cooper, Cyndi <Cyndi.Cooper@floir.com>
Subject: NCCI Rate Hearing August 16 Pre-Filed Written Testimony

Attached please find my pre-filed written testimony for the NCCI rate hearing on Tuesday, August 16,
2016.

Stephen A. Alexander, FCAS, FSA, MAAA
84 Pimlico Dr.
Crawfordville, FL 32327
850-339-5233
mailto:salex.actuary@gmail.com

State of Tennessee
County of Sevier

BEFORE ME, the undersigned Notary, Regina Tugate (name of notary before whom affidavit is sworn), on this 9th (day of month) of August, 2016, personally appeared Stephen A. Alexander, known to me to be a credible person and of lawful age, who being by me first duly sworn on his oath, deposes and says:

I declare the following information herein is true, accurate, complete, and correct:

My name is Stephen A. Alexander. My address is 84 Pimlico Dr., Crawfordville, Florida. I am an actuary based in Crawfordville, Florida with the credentials set forth in attachment A.

I was retained by James Fee, Jr., Esq. of the law firm of Druckman and Fee, P. A. for the purposes of reviewing the entire 17.1%/19.6% 2016 workers' compensation rate filings submitted by NCCI to the Florida Office of Insurance Regulation.

In the above capacity, I conducted an in – person review of NCCI's filings at the Florida Office of Insurance Regulation offices on June 9, 2016 and July 15, 2016.

In addition, I reviewed on August 3, 2016 the 259 pages of rate filing OIR number 16-12500 documentation made available on the OIR website, effective August 3, 2016 subsequent to which I prepared a data request attached herein as Attachment B.

In accordance with the filing reviews referenced above, I was able to formulate my actuarial opinion set forth in the document entitled "Actuarial Expert Testimony, prepared by: Stephen A. Alexander, FCAS, FSA, MAAA, August 7, 2016", attached herein as Attachment C.

The opinions expressed by me in that document are true, correct, and consistent with generally accepted actuarial standards of practice.

A. Alexander
(signature)

Stephen A. Alexander

84 Pimlico Dr.
Address of affiant, line 1

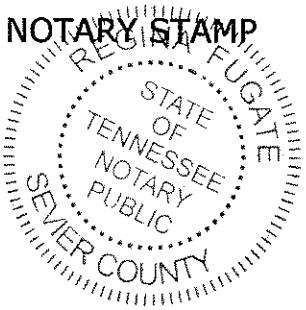
Crawfordville, FL 32327
Address of Affiant, line 2

State of Tennessee
County of Sevier

Sworn to (or affirmed), and subscribed before me this 9th day of August, 2016, by Stephen A. Alexander.

Regina Fugate
(Signature of Notary Public – State of Tennessee)
expires March 4, 2019

NOTARY STAMP



STEPHEN A. ALEXANDER, FCAS, FSA, MAAA
84 Pimlico Drive
Crawfordville, Florida 32327
(850) 339-5233

Employment:

2015-Present **Alexander Actuarial Consulting**
Allegiant Actuarial Group

- Provides actuarial expert testimony.
- Reviews rate filings.
- Conducts pricing and reserve reviews for insurance companies.

2005-2015 **State of Florida**
Office of the Insurance Consumer Advocate and
Office of Insurance Regulation
Actuary
Tallahassee, Florida

- Developed a predictive model of sinkhole frequency for the sinkhole prone counties in Florida using R open source statistical software.
- Examined private passenger and commercial auto, homeowners, medical malpractice, workers compensation, general liability and other property and casualty rate filings.
- Testified at rate hearings and before legislative committees.
- Prepared a comprehensive review of the Florida title insurance industry.
- Developed a proposal to reform the Florida property insurance market.
- Prepared analyses of various legislative proposals to modify the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation.
- Developed an Annual Report Card to grade residential property insurance companies in Florida.

2003-2004 **Mercer Oliver Wyman**
Senior Consultant
Atlanta, Georgia

- Performed reserve and funding studies for self-insurers and captive insurance companies.
- Areas of involvement included hospital and nursing home professional liability, workers compensation, product and product recall liability, commercial auto liability and commercial property.
- Completed an alternative retention analysis for a large self-insurer with extensive property and liability exposures in the state of Florida.

1999-2003 **Ernst & Young**
Manager
Atlanta, Georgia

- Conducted numerous actuarial audits of insurers and self-insurers.
- Conducted several medical malpractice reserve and funding studies for self-insureds, a large physician and surgeon trust fund and a mutual insurer.
- Completed a feasibility study for the formation of a lawyer's professional liability insurance company including recommended marketing strategy, policy forms and rates.
- Reviewed the adequacy of the reinsurance program of a large property insurer in the state of Florida.
- Conducted a statistical analysis of the workers compensation closed claim data of a large railroad.
- Completed reserve and funding studies for a state petroleum storage tank pollution liability insurance program.
- Conducted a reserve review of a large insurer with extensive product liability exposures.
- Developed IBNR reserves for a large Japanese reinsurer.

Prior Prior work history includes employment in the insurance industry and state government as an agent, risk manager and actuary.

Education:

- MBA - University of Utah, 1978
- BS Meteorology - University of Utah, 1967
- BS Mathematics - University of Michigan, 1965

Professional:

- Fellow - Casualty Actuarial Society, 2001
- Fellow – Society of Actuaries, 2014
- Member - American Academy of Actuaries, 2000

Attachment B

Stephen A. Alexander, FCAS, FSA, MAAA
Alexander Actuarial Consulting
84 Pimlico Dr., Crawfordville, FL 32327
(850) 339-5233
salex.actuary@gmail.com

8/3/2016

David Altmaier, Commissioner
Mrs. Cynthia Rachel Cooper, ACAS, Actuary
Anoush Arakalian Brangaccio, General Counsel
Florida Office of Insurance Regulation
200 East Gaines Street
Larson Building, Suite 238C
Tallahassee, FL 32399

I have been retained by James Fee of Druckman & Fee, P.A. to review Florida Office of Insurance Regulation rate filing number 16-12500 made by the National Council for Compensation Insurance on May 27, 2016. In order to do a comprehensive independent actuarial review of the filing, the following data, information and answers to interrogatories are requested (all exhibits, data, analyses and text to be provided in Excel or Word format).

These formats are necessary so that my analysis can be performed without having to rekey or reenter the information and data into Excel spreadsheets and Word documents. It is recognized that you may not have the requested data, information and responses to interrogatories, and therefore it is requested that you request on my behalf from the NCCI any such data, information and responses to interrogatories that you cannot provide.

It is believed the requested information and data is available in the proper formats or can easily be converted. Not providing the information and data in the proper formats (for example only providing data in pdf format) severely limits my ability to do my analysis. For the record, it should be noted that in order to have sufficient time to do an appropriate independent actuarial analysis, the following information, data and satisfactory answers to interrogatories should be provided at least 15 days in advance of my rendering an unqualified opinion.

Beginning today, the public has access to NCCI rate filings on the OIR's EDMS rate filing system, and consequently, I was able to download all 259 pages of rate filing 16-12500 in pdf format. At the time of my last review on 7/15/16, the file materials consisted of far fewer pages. The items requested below were based upon information I believed to be essential, but missing, at the time of the 7/15/16 review. Therefore, I cannot determine whether all of the following requests for additional information and interrogatories are now included in the filing. However, I am confident that my requests for additional data, information and interrogatories related to *Castellanos* for the time period 2008 through 2011 are not included.

1. All of the Aggregate Data Call and Detailed Claim Information (DCI) data used by NCCI to produce its pre- and post-reform indemnity and medical severity and frequency estimates. Such data to separately display paid and incurred losses, Defense and Cost Containment Expense (DCCE) and claimant attorney fees as well as any loss development factors to bring such data to their ultimate values.

2. The NCCI applied several adjustments to the data displayed in the exhibits in filing number 16-12500 to bring the data to current wage, cost, rate and benefit levels. Please provide the reasoning underlying such adjustments, all assumptions made and the specific adjustments and adjustment factors applied as well as the underlying data and supporting exhibits used to derive such adjustments and adjustment factors.

3. How did the NCCI audit for accuracy, lack of bias and completeness each individual insurer's reported loss reserves, defense and cost containment expenses and all other data provided in the Aggregate Data Call and DCI data used in filing 16-12500?

4. The NCCI's review of the 2003 reforms estimated a 12.35% overall impact with a 2.0% impact for attorney fees. In filing 16-12500, why is it reasonable and appropriate to assume that the NCCI's initial estimate of 10.15% (1.1235/1.02-1) for all the other reforms was correct and the only estimate that was incorrect was the 2.0% estimate for attorney fees?

5. All the NCCI's evaluations of the 2003 reforms provided to Florida legislators and the associated rate filing made with the OIR including all supporting exhibits, analyses and data in support of the 12.35% overall impact and 2.0% impact for attorney fees of the 2003 reforms.

6. All of the data used by NCCI to produce its estimate of an overall average rate increase of 1.8% to update the Florida Workers Compensation Health Care Provider Reimbursement Manual. Additionally, please provide the reasoning and methodology underlying such estimate, all assumptions made and the supporting exhibits used to derive the estimated 1.8% rate increase.

<u>Supplemental interrogatories related to Westphal</u>

7. In reference to the Amended Law Filing (OIR filing # 16-12500), Exhibit IV, please provide the following data referenced in the footnotes of this exhibit as well as all intermediate exhibits and calculations resulting in the numbers that appear on Exhibit IV. All data and exhibits to be provided in Excel format:

1. Division of Florida Workers Compensation data used to derive Rows (1), (10) and (11).
2. Transactional data licensed to the NCCI to derive Row (3).
3. NCCI Workers Compensation Statistical Plan data in support of Rows (4), (12) and (15).
4. All NCCI Financial Call Data in support of Row (7).

Supplemental interrogatories related to the NCCI's response to the OIR interrogatories dated 2016-06-07

8. The OIR Request 15 is: "provide a revised Exhibit 1 which includes PYs 1998, 1999, 2004 and 2007 - 2014. The NCCI referred OIR to its Response 14 and exhibit OIR-14 and also provided OIR-20. However, both these exhibits are limited to 2008 and prior years. It is believed critical that the NCCI prepare a revised Exhibit 1 for the years 2007, 2008, 2009, 2010 and 2011 as requested by OIR, because the Murray decision introduced an 8 month period of reasonable attorney fees that could have been used by the NCCI to assess the impact of a return to the fee schedule effective July 1, 2009 based upon HB930. Why did the NCCI limit its response to years 2008 and prior?

10. In reference to 8. above, Actuarial Standard of Practice 23, Data Quality specifies that an actuary should consider "whether the data are sufficiently current":

> 3.2 SELECTION OF DATA
>
> In undertaking an analysis, the actuary should consider what data to use. The actuary should consider the scope of the assignment and the intended use of the analysis being performed in order to determine the nature of the data needed and the number of alternative data sets or data sources, if any, to be considered. The actuary should do the following:
>
> a. consider the data elements that are desired and possible alternative data elements; and
>
> b. select the data with due consideration of the following:
>
> 1. appropriateness for the intended purpose of the analysis, including whether the data are sufficiently current [emphasis added];
>
> 2. reasonableness and comprehensiveness of the necessary data elements, with particular attention to internal and external consistency;
>
> 3. any known, material limitations of the data;
>
> 4. the cost and feasibility of obtaining alternative data, including the ability to obtain the information in a reasonable time frame;
>
> 5. the benefit to be gained from an alternative data set or data source as balanced against its availability and the time and cost to collect and compile it; and
>
> 6. sampling methods, if used to collect the data.

Why is data pre- and post- the 2003 reforms deemed "sufficiently current" and more appropriate by the NCCI when more recent data from 2008 through 2011 related to Murray is available for the same purpose and is not confounded by other reforms?

Sincerely,

Steve Alexander

Attachment C

THE OFFICE OF INSURANCE REGULATION

National Council on Compensation Insurance (NCCI) Public Rate Hearing

August 16, 2016

Actuarial Expert Testimony

Prepared by: Stephen A. Alexander, FCAS, FSA, MAAA

August 9, 2016

Stephen A. Alexander, FCAS, FSA, MAAA

I represent James F. Fee, Jr. of the law firm Druckman & Fee, P.A. in conjunction with his status as a workers compensation policyholder. Mr. Fee's workers compensation insurance carrier is Technology Insurance Company, policy numbers TWC3473081 and TWC3546391. My qualifications to provide my testimony are attached in my resume.

The basic assumption underlying the NCCI's analysis of *Castellanos* is that its initial estimate of 10.15% for all of the 2003 reforms except for attorney fees was correct and the only estimate that was incorrect was its initial estimate of 2.0% for the attorney fee schedule. Senate Bill 50A, The Workers Compensation Reform Act of 2003 was a comprehensive reform with many changes.

It is only known what happened to workers compensation losses in total after these reforms. In my opinion, there is no actuarially sound way of quantifying the effect of any individual reform such as the attorney fee schedule, because all these reforms are inextricably intertwined, and the NCCI's attempt to do so is misleading and deceptive.

This was made clear at the OIR hearing on December 16, 2008 subsequent to the Murray decision as reported by WorkCompCentral:

> "The greater than 60% rate decrease experienced by industry since 2003 could be attributed to many reasons including improved claims closure rates, improved return to work procedures, declines in accident frequency, increased emphasis on compliance, redefinitions of permanent to[tal] compensable accidents, increased emphasis on fraud detection, and changes in attorney fees payable to injured workers attorneys.
>
> The difficulty in determining whether there should be a rate increase based only on the Emma Murray decision is quantifying the impact of reducing attorney fees payable as a component of the experienced rate decreases since 2003. Surveys of insurance carriers indicated the substantial cost reductions realized were in significant part as a result of the changed provisions relating to how much attorney fees were paid to injured workers attorneys."[1]

Actuarial Standard of Practice 23, Data Quality specifies that an actuary should consider "whether the data are sufficiently current". The NCCI has disregarded more recent experience data reflective of the change from a fee schedule to reasonable fees and back again as a result of the Florida Supreme Court decision in the *Emma Murray* case and HB930 effective July 1, 2009.

The NCCI's justification for not reviewing this time period is based on the assumption that stakeholder's adopted a "wait and see attitude" after *Murray* assuming that “stakeholders knew that the Legislature could easily address the *Emma Murray* decision by removing the word “reasonable” and restore the sliding scale of attorney fees based on benefits secured."[2]

However, the NCCI did not offer any objective evidence to support this assumption. In my opinion, the analysis of industry and individual company experience impacted by *Murray* is absolutely essential, because it is more recent and is not confounded by multiple other reforms.

---

[1] "Emma Murray" Decision Will Spark Work Comp Changes in Florida: [2009-01-17], WorkCompCentral.

[2] Response 23 To Requests from The Office of Insurance Regulation, June 7, 2016. National Council On Compensation Insurance, Inc., Florida, Workers Compensation Filing, August 1, 2016, OIR Filing 16-12500.

Moreover, the uncertainty surrounding the impact of *Castellanos* presents the OIR with the opportunity to encourage members and subscribers to NCCI rates to file rate deviations based upon their independent evaluations of their own and industry experience. Florida law provides that any NCCI member or subscriber company may file for a deviation from NCCI approved rates:

> "Every member or subscriber to a rating organization shall, as to workers' compensation or employer's liability insurance, adhere to the filings made on its behalf by such organization; except that any such insurer may make written application to the office for permission to file a uniform percentage decrease or increase to be applied to the premiums produced by the rating system so filed for a kind of insurance, for a class of insurance which is found by the office to be a proper rating unit for the application of such uniform percentage decrease or increase, or for a subdivision of workers' compensation or employer's liability insurance."[3]

The NCCI attempts to buttress its rate need by including in its rate filing the following statement: "Increased system costs which will result from the *Castellanos* decision were not contemplated in the development of workers compensation rates for all policies affected." This statement is disingenuous, because the essence of the insurance business is to assume risk and not all risks can be known in advance of setting rates.

For this reason, the OIR includes a profit and contingency provision in the NCCI's approved rates, which is intended to compensate insurers for the assumption of known and unknown risks. Furthermore, my analysis of the profitability of Florida workers compensation for the last ten years shows that it has been significantly more profitable than countrywide (see attached exhibit).

Florida workers compensation insurers' excess profits were approximately $1.8 billion (8.0% of $23 billion of direct earned premium over the last ten years). Therefore, the potential for increased and decreased system costs has historically been included in NCCI rates, and historically favorable system costs are reflected in the substantially greater profits of Florida insurers.

Before August 3, 2016, I was only permitted to view filings on a computer terminal at the OIR offices in the Larsen Building on two separate occasions on June 9, 2016 and July 15, 2016. I was not allowed to copy any of the data or information. I did not have any data in the proper formats to perform an analysis as detailed in my attached data request. It would have been extremely difficult for any actuary to conduct a fair and complete analysis under these circumstances.

Additionally, such data and analyses that was available for viewing for the purpose of evaluating NCCI's proposed 15.0% increase regarding *Castellanos* was too old and inappropriate, as detailed above, to be of any value in forming an opinion as to the reasonability of the NCCI's requested 15.0% portion of its total rate need. On August 3, 2016 I was able to download into pdf format 259 pages of filing 16-12500.

---

[3] 627.211(1), F.S.

The attached data request lists all of the data that appeared to be missing from the filing as of August 3, 2016. In my opinion, it cannot be determined based on the data and information in the filing that the NCCI's requested rate need is either '...excessive, inadequate, or unfairly discriminatory under the law," as per 627.031(2) FS. specifically, as it pertains to the 15.0% requested rate increase for *Castellanos* with the possible exception of as much as a 2.0% increase as noted below.

I have reviewed all the data, information, interrogatories and responses to interrogatories in support of the requested 2.2% rate increase for *Westphal* and the 1.8% proposed rate increase to update the Florida Workers Compensation Health Care Provider Reimbursement Manual (Manual). In my opinion, the requested rate increase for the Manual appears to be adequately supported. For Westphal, the NCCI speculates that:

> "claimants <u>may</u> [emphasis added] alter their behavior and attempt to delay reaching MMI in order to continue receiving TTD benefits. To the extent claimants are successful at delaying a finding of MMI, in addition to the impacts on indemnity benefit costs described above, a different mix of medical services may be provided resulting in an increase in medical costs."

It is my understanding that insurers uniformly choose Florida physicians who will restrict the number of days the claimant is kept on temporary disability. Even the most moderate physicians recognize that they are under constant pressure to return claimants to a point of maximum medical improvement as quickly as possible.

In my opinion, Westphal will have no effect on increased medical costs, because every medical service has to be specifically approved by the insurer. An insurance company is not going to be any more willing to authorize an injection, MRI, x-ray, diagnostic study, surgery, etc. at the 110th week of temporary disability than they would have at the 90th week merely because of Westphal. All medical services have to be approved as being medically necessary. Therefore, no more than 1.8% should be approved for Westphal (1.022/1.004 -1).

If the OIR feels compelled to approve some rate increase at this time, it would be reasonable to approve no more than a 2.0% rate increase for Castellanos based upon the NCCI's initial estimate of a 2.0% rate impact and in consideration of the OIR's prior approval of a 14.0% decrease in rates effective October 1, 2003. The OIR's prior approval of a 6.4% rate increase in December, 2008 for Murray, in my opinion, is not relevant, because actual experience now exists for the eight-month period of reasonable fees following Murray.

Given the lack of transparency in this process related to *Castellanos*, I see no need to rush to judgment, and it is my opinion that the OIR should not approve any increase in rates related to *Castellanos* until a full and complete disclosure has been made as I have outlined in my testimony and attached data request for the Murray impacted 2008 through 2011 years. Furthermore, in my opinion, the OIR should encourage individual insurers to file deviations from NCCI approved rates based upon their independent evaluations of the impact of *Castellanos*.

Therefore, in conclusion, if the OIR feels compelled to approve some rate increase at this time to account for all three components of the overall 19.6% rate increase, it would be reasonable in my opinion to approve no more than a 5.7% rate increase (1.02 x 1.018 x 1.018 - 1) to account for all aspects of the proposed rate increase, i.e. the impact of the Florida Supreme Court's decision in Castellanos, to account for the Florida Supreme Court's decision in Westphal and to update the Florida Worker's Compensation Health Care Provider Reimbursement Manual.

Florida versus Countrywide
Net Profit Before Federal Income Taxes
Workers Compensation Insurance
2006 - 2015

	Countrywide				Florida				
	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Profit Difference
2006	-3.1%	12.2%	5.6%	14.8%	10.3%	12.2%	5.6%	28.1%	13.4%
2007	1.2%	12.5%	7.1%	20.8%	9.0%	12.5%	7.1%	28.6%	7.8%
2008	-3.9%	15.2%	9.5%	20.8%	4.6%	15.2%	9.5%	29.3%	8.5%
2009	-4.5%	11.8%	6.8%	14.1%	-3.5%	11.8%	6.8%	15.1%	1.0%
2010	-10.0%	15.8%	9.2%	15.0%	-15.3%	15.8%	9.2%	9.7%	-5.3%
2011	-18.9%	23.0%	11.8%	16.0%	10.4%	23.0%	11.8%	45.3%	29.3%
2012	-17.9%	17.6%	10.9%	10.6%	-5.3%	17.6%	10.9%	23.2%	12.6%
2013	-11.3%	17.2%	11.0%	16.9%	4.4%	17.2%	11.0%	32.6%	15.6%
2014	-2.4%	13.4%	9.5%	20.4%	-3.0%	13.4%	9.5%	19.9%	-0.5%
2015	3.6%	12.7%	8.5%	24.8%	0.0%	12.7%	8.5%	21.2%	-3.6%
Total	-6.0%	14.8%	8.8%	17.7%	2.5%	14.6%	8.6%	25.7%	8.0%

Notes:

Data sources are the state pages of the statutory annual statements and insurance expense exhibits. Includes all sources of net profit as percentage of net earned premium. Net underwriting profits for Florida estimated based upon Florida direct experience and countrywide direct and net experience. Investment income percentages for Florida assumed to be equal to countrywide percentages. Since Florida underwriting profits averaged 8.5% more than countrywide, the assumption that Florida net investment income from insurance transactions equals countrywide likely understates this source of Florida income.

From: Cooper, Cyndi
Sent: Monday, August 15, 2016 12:03 PM
To: PCFREDMS
Subject: 16-12500
Attachments: NCCI Rate Filing Letter 2016-10-01.pdf

Please attach the following email & PDF to 16-12500. Thanks!

From: Talbot, Gregory [mailto:Greg.Talbot@summitholdings.com]
Sent: Monday, August 15, 2016 11:46 AM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: Ritter, Brad <Brad.Ritter@summitholdings.com>; Chris Bailey (Chris_Bailey@ncci.com)
<Chris_Bailey@ncci.com>
Subject: NCCI Rate Filing Letter

Cyndi,

Please see the attached letter in reference to the NCCI Rate Filing Effective 10/1/2016.

Please let us know if you have any questions.

Greg

The content of this e-mail message and any attachments are confidential and may be legally privileged,
intended solely for the addressee. If you are not the intended recipient, be advised that any use,
dissemination, distribution, or copying of this e-mail is strictly prohibited. If you receive this message in
error, please notify the sender immediately by reply email and destroy the message and its attachments.

August 15, 2016

Mrs. Cyndi Cooper, Actuary
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0329

RE: NCCI Florida Workers Compensation Rate Filing Effective 10/1/2016

Dear Mrs. Cooper:

On behalf of Bridgefield Employers, Bridgefield Casualty, RetailFirst and BusinessFirst Insurance Companies, we would like to provide information on the record to the Office of Insurance Regulation in regards to the above captioned rate filing.

In an effort not to duplicate comments already pre-filed by NCCI and those that will be discussed during the rate hearing, we are focusing our comments on information that is not explicitly included in NCCI's filing as well as provide data subsequent to the April 28th Florida Supreme Court decision in *Marvin Castellanos v Next Door Company, et al*. Below are metrics we have been monitoring since the decision:

Percentage of Lost-Time Claims with Representation – this metric shows the timing of when we are notified that a claimant is represented. During the time period between 7/1/2009 and the Castellanos decision, 8.4% of lost-time claims were represented at the first quarterly valuation point. The second quarter of 2016 shows 15.1% at the same age. Earlier involvement of claimant attorneys will drive up the average cost of a claim, one of which is defense costs.

Percentage of Lost-Time Claims with Defense Attorney Payment – this metric shows the timing of the first defense attorney payment made on a lost-time claim. During the time period between 7/1/2009 and the Castellanos decision, 1.1% of lost-time claims have at least one defense attorney payment at the first quarterly valuation point. The second accident quarter of 2016 shows 7.2% at the same age.

Average Settlement – roughly half of our lost-time claims in Florida utilize a settlement in one way or another. Settlements have always been a valued tool for all parties to resolve a claim. We looked at the average settlement value over the past year and a half. Settlements

subsequent to the Castellanos decision shows to be 6.9% higher than year-to-date settlements through April; and are 11.2% higher than all of 2015.

Average Claimant Attorney Fees – since the Castellanos decision, the average claimant attorney fee shows 28.4% higher than the average fee paid through year-to-date April; and is 10.5% higher than the average fee paid in all of 2015.

Petition for Benefits – since the Castellanos decision, the average monthly number of petition for benefits is 73% higher than the average through year-to-date April; and 65% higher than all of 2015.

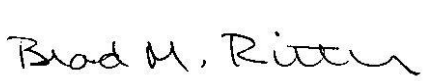
Depositions – based on feedback from our Florida adjustors, the number of scheduled depositions subsequent to the Castellanos decision has significantly increased. We estimate that there has already been a 25-40% increase in scheduled depositions.

In addition to the above noted increase in activity related to litigated claims, there has been a concerning trend in the average cost of claims that has not yet influenced NCCI's rate making in Florida. The latest experience point available in NCCI's most recent experience filing (1/1/2016) is policy year 2013. Per NCCI's 2015 Florida State Advisory Forum, slide 63 shows accident year 2014 is 7.3% higher than policy year 2013. Since this change is in excess of wage growth, the medical severity increase is around a double digit change. Our data is consistent with this, and we believe the adverse trend is continuing in 2015 and 2016.

The primary contributor to these large medical changes is hospital costs. These increases are in spite of two medical fee changes in which NCCI priced to reduce overall medical cost. Although NCCI estimated the cost reductions per the fee schedule changes, they did not anticipate the behavioral changes that are occurring and have more than offset the lowered service costs.

These issues are of great concern to all involved stakeholders and could potentially impact the stability of the Florida marketplace. We thank you for your consideration in this matter and are available to discuss upon your request.

Sincerely,



Brad M. Ritter, FCAS, MAAA
Senior Vice President and Chief Actuary

Greg Talbot, FCAS, MAAA
Asst Vice President, Actuarial

cc: Chris Bailey, NCCI

From: Cooper, Cyndi
Sent: Monday, August 15, 2016 12:56 PM
To: PCFREDMS
Subject: 16-12500
Attachments: FRSA Exhibit 1 Hearing081616.pdf; FRSA Exhibit 2 Hearing081616.pdf; FRSA Exhibit 3 Hearing081616.pdf

Please attach the following email & PDFs to 16-12500. Thanks!

From: Anna Fentriss [mailto:afentriss@aol.com]
Sent: Monday, August 15, 2016 12:12 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: brett@frsasif.com
Subject: FRSA Exhibits for Workers' Compensation Rate Hearing

Cyndi -

Thank you for calling me back.

Attached are our three exhibits. I will email you the testimony of FRSA President George Ebersold as soon as I make sure I have the final version of that. It should be within an hour.

Thank you for making paper copies for all the panel members.

Please contact me with any questions.

Thank you.

Regards,
Cam Fentriss, FRSA Legislative Counsel

cc: Brett Stiegel

FRSA PRESIDENT GEORGE EBERSOLD
WORKERS' COMPENSATION SPECIAL RATE HEARING
FOR THE RATE CHANGES DUE TO THE SUPREME COURT
CASTELLANOS AND WESTPHAL DECISIONS

August 16, 2016 – Tallahassee, FL

Good morning Commissioner Altmaier, ladies and gentlemen. My name is George Ebersold. I am the current President of the Florida Roofing and Sheet Metal Contractors Association – the FRSA – an association of employers that has been in existence for 94 years. We always appreciate the opportunity that is given to us to speak each year, and I am pleased to be here representing the Associations' membership.

FRSA is also the sponsoring organization of the FRSA Self Insurers Fund which has provided stable and affordable workers' compensation insurance for the FRSA Membership for over 60 years.

First, we would like to congratulate you on your new post as Insurance Commissioner. I guess you could say there's nothing like getting adverse Supreme Court decisions to get you thrown to the wolves right when you've just started your new job! We know you will handle it well!

We would also like to take this opportunity to thank CFO Atwater, thank you and all DFS staff for all the great work done by the Division of Workers' Compensation, the Compliance Division, and the Fraud Division. We support all efforts in making sure Florida's employers and employees are properly covered.

We are <u>not</u> speaking specifically in opposition to the NCCI's rate filing, because who really knows how high the rates might ultimately go, or what they should be today because of these rulings. Instead I'd like to explain our concerns on what we fear will ultimately result from these adverse Supreme Court decisions.

I have provided a few graphs that will illustrate our concerns. If you look at the first graph you will see that we were paying a rate for roofing of $53 in 2003 before the workers' compensation reforms. You will then see that the rates dropped dramatically over the next several years to around $18 and remained very stable at about 65% <u>less</u> than what we had been paying. We had a stable marketplace and it was beneficial to our businesses, especially during the great recession.

Now we are looking at about a 19.6% first year increase, and we fear that will be just the beginning. I would also like to point out that if we ultimately go back to the

days of $53 roofing rates, that would be a <u>200%</u> increase over what we are paying today! To give you an idea on how much we are talking about per employee, for an employee earning $40,000 in 2003 we paid $21,500 in premium. Today that premium is $7,400. That cost will go up $1,500 per employee to $8,900 based on this filing. We will be required to pass along some of that expense to the consumer, but it will also mean that we hire fewer employees in the future.

We are very concerned that as rates go up, cheaters and fraudsters will flock to the PEO industry where they can hide their illegal activities under their PEO policies. PEO's also expose Florida employees to the possibility of having legitimate workers' compensation claims denied, true lack of due process that the Supreme Court was so concerned about, and we think the lesser standards that apply to PEO's allowing this deplorable action must be addressed to prevent further damage to the workers' comp system.

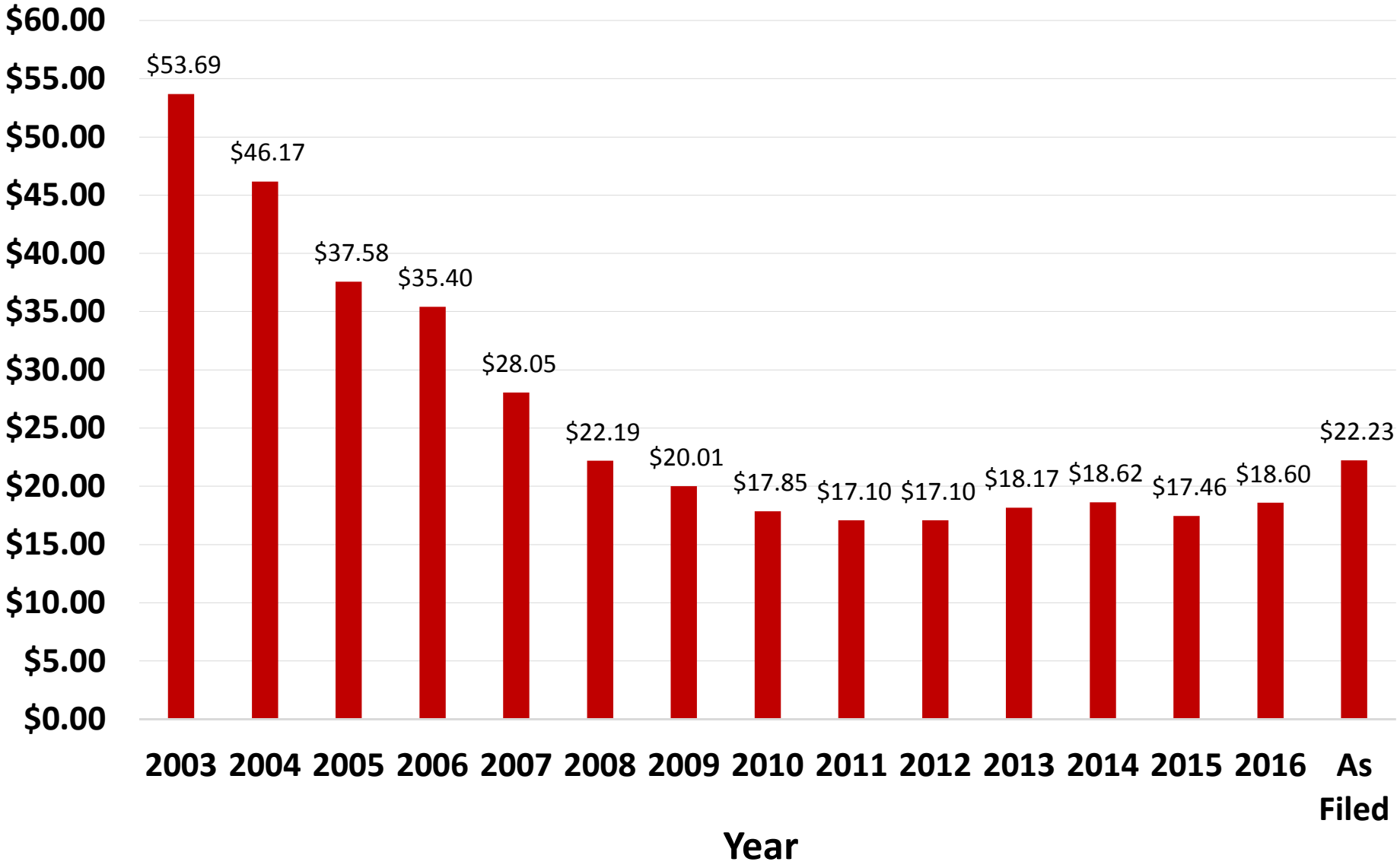
In conclusion, we appreciate the expertise held by you and your staff and we feel like we are not telling you anything you do not already know. I guess our comments may have been more beneficial if shared with the Supreme Court Justices before their decisions so negatively impacted a law that had operated very efficiently for over 13 years. Instead, we hope that the Legislature will listen and act to correct

these injustices, and get us back to a stable and affordable Workers' Compensation marketplace.

FRSA has always played an active role in developing and supporting positive legislation to make and keep Florida's SELF EXECUTING workers' compensation strong for employers and employees. We will support any smart legislation filed to get these problems fixed to protect Florida employers and their employees.

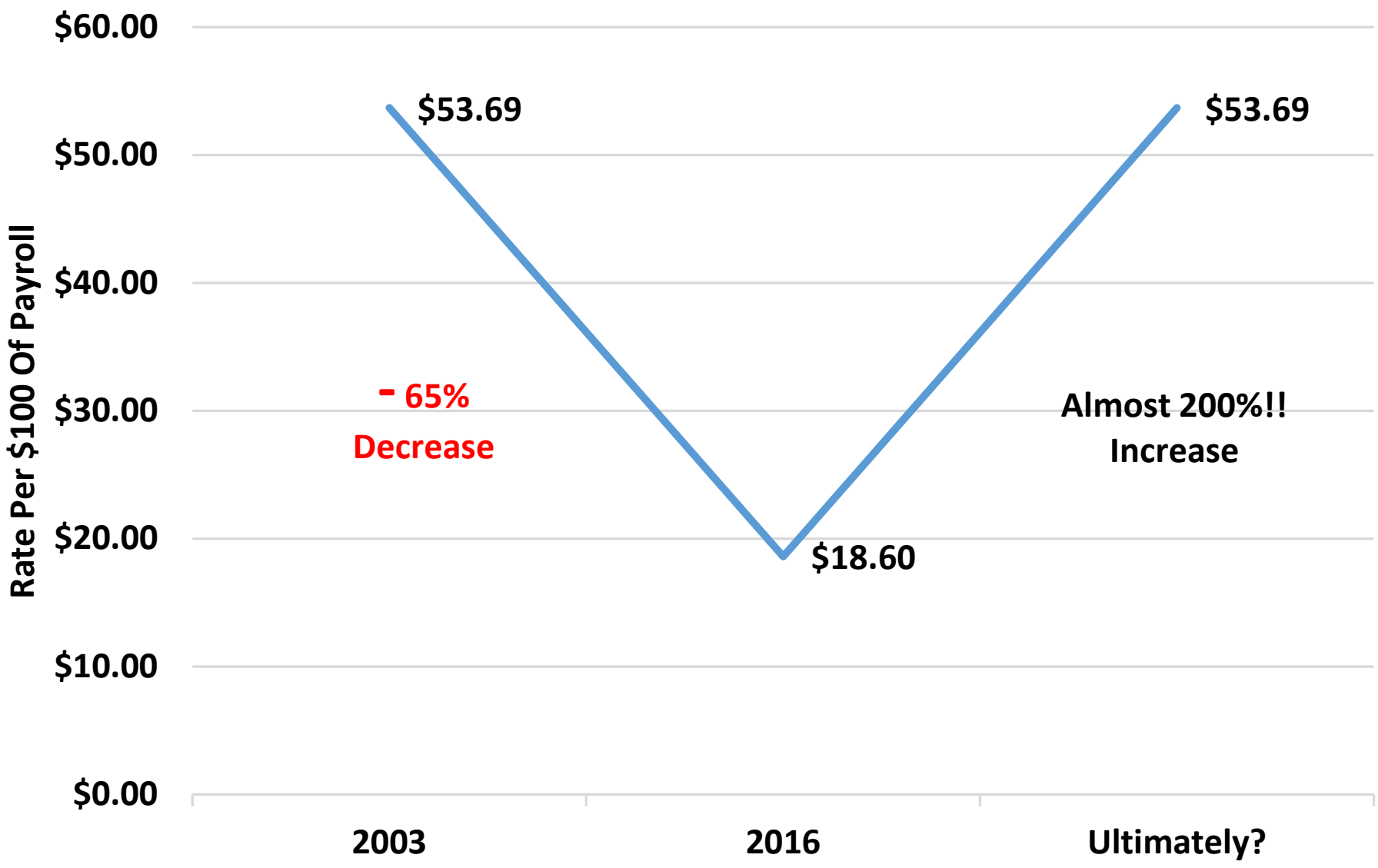
Again Commissioner Altmaier, on behalf of the FRSA Membership, we thank you for this opportunity to speak at this hearing!

Roofing Rate History Since SB 50A



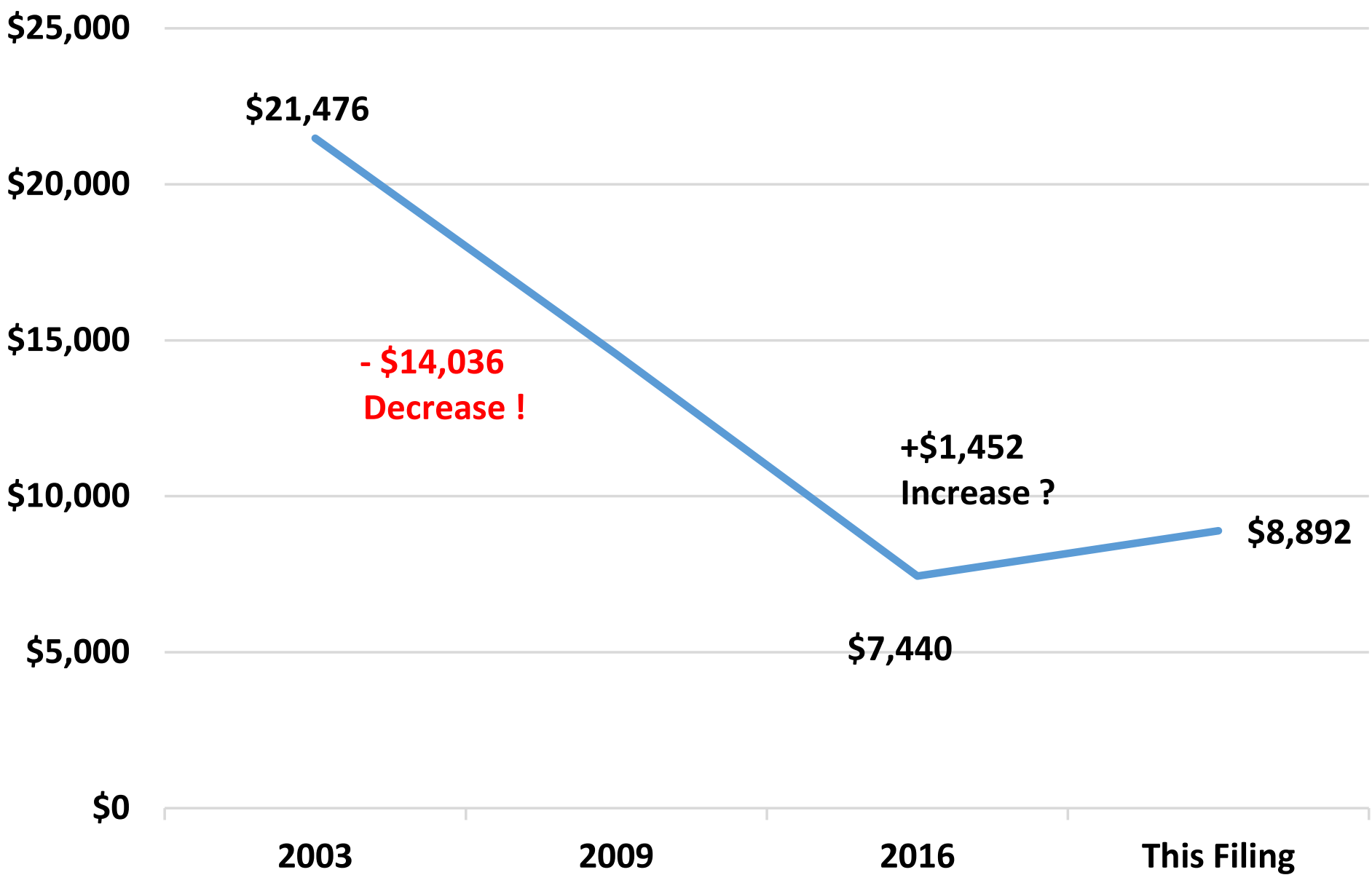
FRSA Exhibit 1

Roofing Rate - Where Will It Go?



FRSA Exhibit 2

Roofing Manual Premium On A $40,000/Yr. Employee



FRSA Exhibit 3

FOLEY

ATTORNEYS AT LAW
106 EAST COLLEGE AVENUE, SUITE 900
TALLAHASSEE, FL 32301-7732
850.222.6100 TEL
850.561.6475 FAX
www.foley.com

WRITER'S DIRECT LINE
850.513.3377
tmaida@foley.com EMAIL

CLIENT/MATTER NUMBER
086005-0102

August 9, 2016

VIA HAND DELIVERY

Ms. Anoush Brangaccio
General Counsel
Florida Office of Insurance Regulation
Division of Legal Services
200 East Gaines Street
Tallahassee FL 32399

Re: In the Matter of National Council on Compensation Insurance, Inc.
Revised Workers' Compensation Rates and Rating Values
Case No. 191880-16

Dear Ms. Bangaccio:

Pursuant to the requirements set forth in the Notice of Hearing dated July 1, 2016 (the "Order"), we herewith pre-file with the Office of Insurance Regulation all of the expert testimony which will be offered by the National Council on Compensation Insurance at the hearing scheduled in the above-referenced matter on August 16, 2016. We have therefore enclosed the following documents:

- The testimony of Jay Rosen;
- The testimony of Steven Lattanzio;
- The testimony of Claude Revels; and
- Slides from Lori Lovgren

We look forward to seeing you at the hearing on Tuesday, August 16th. Meanwhile, please let me know if we can provide you with any additional information in advance of the hearing.

Sincerely yours,

Thomas J. Maida

cc: Mr. Stephen C. Fredrickson
Ms. Sha'Ron James
Ms. Lori Lovgren
Mr. Chris Bailey

FLORIDA

WORKERS COMPENSATION FILING – OCTOBER 1, 2016

Direct Testimony of Jay A. Rosen

1. Q. Please state your name, title, employer, and position you hold.

A. My name is Jay Rosen and I am a Director and Senior Actuary for the National Council on Compensation Insurance, Inc. (NCCI) in Boca Raton, Florida. My current responsibilities include the preparation of rate filings and the presentation of expert actuarial testimony for five states in NCCI's Eastern Region—one of which is Florida.

2. Q. Please outline your academic and professional training.

A. I have a Bachelor of Science degree and a Master of Science degree, both in Mathematics, from the University of Florida, in Gainesville, Florida. I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. A copy of my vitae is attached as Exhibit JR-1.

3. Q. How long have you been employed by the National Council?

A. I have been employed by NCCI since June of 1992.

4. Q. Did you supervise the production of the pending Florida filing?

A. Yes.

5. Q. What is the purpose and scope of your testimony?

A. I will provide testimony on key actuarial issues in connection with NCCI's proposed revision to Florida's workers compensation rate level. Specifically, my testimony will discuss the development of the proposed overall average voluntary market rate level change via a description of the actuarial analyses performed in connection with the pending rate filing.

6. Q. What overall average change to the current voluntary market rate level does the filing propose?

A. For the industrial classifications, an overall average rate level change of +19.6% from the current rate level is requested. For the federal classifications, an overall average rate level change of +3.6% is being proposed.

7. Q. What is the proposed effective date of the revised voluntary market rates?

A. The revised rates would apply to new, renewal, and all in-force policies that are effective on or after October 1, 2016.

8. Q. Please summarize the components of the proposed overall average rate level change.

A. The components of the overall average rate level change for the voluntary market are as follows:

First-year impact of the Florida Supreme Court's Decision in *Castellanos*[1]	+15.0%
Changes to the *Florida WC Health Care Provider Reimbursement Manual*	+1.8%
Impact of the Florida Supreme Court's Decision in *Westphal* [2]	+2.2%
Overall Average Rate Level Change	+19.6%

(Components are multiplicative)

9. Q. Please provide a high-level summary of the three above-mentioned filing components.

A. The first component quantifies the expected first-year impact on Florida's workers compensation system costs due to the Florida Supreme Court's decision in *Castellanos*. The result of this April 28, 2016 decision is to eliminate the statutory caps on claimant attorney fees and return Florida to the law as it was when claimant attorney fees awarded under the fee schedule were required to be "reasonable"—in effect, a return to the 2003 hourly attorney fee environment in effect prior to Senate Bill 50A (SB 50A). Additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida post-year one will be reflected in future Florida rate filings.

The second component reflects the impact of the July 1, 2016 Florida Division of Workers' Compensation updates to the *Florida Workers'*

[1] *Marvin Castellanos v. Next Door Company, et al.*, ("*Castellanos*")
[2] *Westphal v. City of St. Petersburg, etc., et al ("Westphal")*

Compensation Health Care Provider Reimbursement Manual, as ratified by Senate Bill 1402.

The final component quantifies the impact on Florida's workers compensation system costs due to the Florida Supreme Court's decision in *Westphal*. On June 9, 2016, the Florida Supreme Court concluded that the 104-week limitation on temporary total disability (TTD) benefits is unconstitutional as it results in a statutory gap in benefits, in violation of the constitutional right of access to courts. At a minimum, the decision revives the prior 260-week limitation on temporary total disability benefits.

10. Q. Does the filing contain a summary and description of the respective cost impacts for each of the filing components?

A. Yes.

11. Q. Will you please describe the actuarial analyses included in the filing in support of the proposed first-year impact on Florida workers compensation costs resulting from *Castellanos*?

A. Sure. An examination of system costs pre- and post-SB 50A was completed based on each of two independent data sources. The proposed first-year overall average rate change was selected after a collective review of the results of all of the analyses presented in the filing.

The first analysis relied on Aggregate Financial Call data—utilizing the same source data underlying the approved January 1, 2016 Florida rate filing. This comparative analysis reviewed the observed changes in average pure loss costs over time—Florida relative to that in surrounding regions.

The second analysis was based on Detailed Claim Information (DCI) data. DCI data enables a separate analysis of claim information for claims with attorneys—allowing one to focus on the subset of claims directly impacted by the attorney fee changes resulting from the *Castellanos* decision.

12. Q. What were the pre- and post-SB 50A time periods used in the *Castellanos* analyses and how were they determined?

A. Two different groups of years served at the "pre-SB 50A" time period in the analyses: (i) 2000 to 2002 and (ii) 2001 to 2002. These were selected in order to objectively determine baselines for the average pure loss cost and the average cost per claim in the time period immediately prior to the enactment of SB 50A.

In the analyses, 2005 to 2006 constituted the "post-SB 50A" time period in order to recognize that SB 50A's attorney fee change was realized over several years subsequent to its effective date in 2003. More specifically, this time period allows one to both observe how the impact of the attorney fee changes emerged over time while avoiding the impact of events that

occurred in 2007 and after that would serve to unnecessarily complicate one's ability to reasonably attribute changes in Florida's workers compensation system to SB 50A (e.g., the Great Recession).

13. Q. Please describe the results of the analysis based on Aggregate Financial Call data.

A. Average pure loss costs (i.e., the portion of the full rate that provides for indemnity and medical benefits) for Florida and surrounding regions were the focus of the Financial Call analysis. Florida experience emerging subsequent to the implementation of SB 50A has revealed significant decreases in workers compensation costs—even after adjusting pre-reform values for the expected impacts incorporated in NCCI's SB 50A rate filing (e.g., adjusting pre-reform losses to the current benefit level).

Comparing the pre- and post-SB 50A time periods, Florida's average pure loss cost decreased in excess of 32%. This is approximately 25% MORE of a decline than observed in the southeastern states region. Florida's approximate 25% decline in average pure loss cost over and above that observed in the southeastern states region is likely attributed to several factors—not the least of which is the change in the attorney fee provisions contained in SB 50A.

Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most extreme decreases in average pure loss cost level between the pre- and post-SB 50A time periods. Whether or not the significant drop in pure loss costs for these three states was caused by random chance or if a portion of the decrease is correlated with factors present in Florida, it should be noted that over this same time period, the drop in Florida's average pure loss cost was still considerably more than the dramatic declines observed in three-Gulf state-region.

The results of the Aggregate Financial Call data analysis indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 13.8% and 37.5%.

14. Q. Please describe the results of the average cost per case (severity) analysis based on Detailed Claim Information data.

A. The DCI review specifically analyzed the average cost per case for claims with claimant attorney representation. Where possible, the individual DCI claims were linked to the Workers Compensation Statistical Plan (WCSP) claims database in order to incorporate the incurred loss amounts from the WCSP data into the review. In this way, the impact of the SB 50A attorney

fee changes can be analyzed based on the same data source contained in the annually-approved Florida rate filings.

Declines of more than 25% in Florida attorney-represented claim costs pre- to post-SB 50A were observed. This decline, in light of the *Castellanos* decision, suggests an increase in workers compensation benefit costs between 15.0% and 16.1%.

In order to limit the impact that individual large claims may have on the above-described results, a supplemental DCI analysis was performed which uniformly excluded the largest one percent of claims based on reported DCI total incurred losses. The results of this additional analysis indicate that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase overall Florida workers compensation system costs between 16.7% and 18.1%.

It should be noted that all of the above-mentioned estimated cost impacts based on DCI data do not reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the *Castellanos* decision.

15. Q. Please explain why the DCI data analyses do not reflect changes in lost-time claim frequency.

A. Claim frequency is calculated as the number of claims per unit of exposure, which is typically $100 of payroll in workers compensation insurance. Since exposure information is not reported to NCCI in the Detailed Claim Information data, claim frequency cannot be reviewed based on this data source.

16. Q. Do you anticipate that the *Castellanos* decision will have an impact on claims without claimant attorney representation?

A. Yes; and the expected increase in system costs with respect to these claims was not included in NCCI's filing analysis—providing evidence that NCCI's proposed first-year overall average rate impact may understate the ultimate system impact due to the *Castellanos* decision.

The attorney fee provisions of SB 50A resulted in a reduction in the number of claims with claimant attorney representation. It is likely that some claimants that would have previously contracted with an attorney pursued a claim for compensation without legal representation in years subsequent to SB 50A's enactment. The prevalence of attorney-represented workers compensation claims is expected to increase as a result of the *Castellanos* decision. For illustrative purposes, consider a group of employees with dates of injury pre-*Castellanos* and an otherwise identical group of employees with dates of injury post-*Castellanos*. It is anticipated that whereas some employees in the pre-*Castellanos* group pursued

compensation claims without attorney representation, similar members of the post-*Castellanos* group will now contract with an attorney going forward—serving to increase system costs in the post-*Castellanos* years. As mentioned above, the increase in costs associated with this latter group of claims was not included in NCCI's filing analysis.

17. Q. Would you expect claim frequency to be impacted as a result of the *Castellanos* decision?

A. Yes, I would expect there to be an increase in claim frequency as a result of the Florida Supreme Court's decision in *Castellanos* for at least several reasons. Firstly, the increase in claimant attorney advertising post-*Castellanos* will make injured workers more aware of their options to file a workers compensation claim. Secondly, injured employees seeking attorney assistance may be relatively more quickly able to locate an attorney willing to provide legal services in the new hourly attorney fee environment. In addition, the *Miles* decision, in combination with *Castellanos*, may incent attorneys to take on additional "marginal" cases—further increasing Florida's workers compensation claim frequency. Independently, each of these would place upward pressure on the number of claims filed. In combination, their impact would be amplified.

18. Q. In addition to claim frequency increases, please explain why Florida's average cost per case (severity) will increase as a result of the *Castellanos* decision.

A. There are a number of reasons why Florida's workers compensation claim severity will increase as a result of *Castellanos*. Firstly, claims will remain open longer in the post-*Castellanos* hourly attorney fee environment. Increased claim durations correlate with increased workers compensation claim costs. Secondly, the increase in the average amount of time/effort spent by a claimant attorney going forward on a workers compensation claim will necessarily result in higher overall claim costs. Thirdly, in order to limit the by-hour increase in the attorney fee portion of the claim, carriers may be more apt to settle claims at relatively higher values post-*Castellanos* than they would have considered in the prior mandated fee-schedule environment.

19. Q. Were specific frequency and severity component impacts identified that underlie the proposed +15.0% first-year overall impact of the *Castellanos* decision?

A. No.

20. Q. Please briefly describe the provision included in the filing due to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual* (FWCRM) updates.

A. Senate Bill 1402 ratified the Florida Division of Workers' Compensation (FDWC) updates to the FWCRM for professional health care providers, effective July 1, 2016. The new Manual replaces the prior version that had been in effect since 2009 and updates reimbursements for physician services as well as a portion of hospital outpatient services.

The actuarial analysis underlying the estimated impact of the FWCRM update was based on data provided to NCCI by the FDWC. After comparing the prior and revised maximum reimbursements by individual procedure code, a weighted-average percentage change in maximum reimbursements was calculated using medical payments by procedure code as weights. The estimated impacts by type of service due to the change in the fee schedule were multiplied by the share of total workers compensation costs that the respective types of service represent in order to calculate overall system cost impacts. NCCI estimates that the FWCRM update will result in an overall increase of 1.8% on Florida workers compensation system costs.

21. Q. Please describe the actuarial analysis underlying the estimated impact on indemnity benefits due to the Florida Supreme Court's decision in *Westphal*.

A. The analysis of the *Westphal* decision focused on estimating the resulting impact on Florida workers compensation system costs due to an increase in the maximum TTD benefit duration from 104 to 260 weeks.

With respect to indemnity benefits, the impact of *Westphal* was analyzed for both (i) purely temporary disability claims (i.e., claims with no associated permanent disability benefit payments) and (ii) the healing period portion of permanent claims. In each of these individual reviews, data provided to NCCI from the FDWC was utilized in order to determine current average claim durations.

As the FDWC data reflects the 104-week TTD benefit duration limitation, average benefit durations exceeding 104 weeks are necessarily unavailable from this data source. Therefore, as described in the filing, data from other NCCI jurisdictions with TTD benefit durations of at least 260 weeks were reviewed in order to assess the impact of increasing the TTD-duration cap from 104 to 260 weeks. The resulting median benefit duration differences between the 104- and 260-week caps represented the expected increase in Florida's average claim durations pre- and post-*Westphal*. This analysis of indemnity benefits supports an overall average impact of +1.8% on Florida's workers compensation system costs.

22. Q. Please describe the actuarial analysis underlying the estimated impact on medical benefits due to the Florida Supreme Court's decision in *Westphal*.

A. The increase in Florida's maximum TTD benefit duration is also expected to increase overall medical costs in the state—simply due to an increase in the

average time between the date of injury and the date of maximum medical improvement (MMI).

Before a claimant reaches MMI, much of the medical care he/she receives is remedial in nature—i.e., the goal is to treat the underlying cause of the injury and improve the claimant's condition. Once MMI is reached, the bulk of medical care a claimant receives is palliative in nature, as medical treatments are primarily focused on alleviating symptoms and not necessarily treating the underlying cause. Generally, the pre-MMI remedial care costs are relatively higher than palliative care costs because of the types of medical treatments utilized. NCCI anticipates that this medical cost increase will most likely relate to a portion of medical services provided during the healing period in cases where permanent impairment benefits (PIB) are awarded.

To estimate the impact on medical costs for permanent impairment claims, FDWC data by service category for PIB claims was reviewed for accidents for which the claimant reached MMI. Based on that data, estimates were made for both the percentage of pre-MMI medical costs on Florida PIB claims that will be impacted by the change in maximum benefit durations and the percentage of medical payments on PIB claims that occur prior to MMI. These values and the expected impact on the duration of healing

period benefits for PIB claims support an overall increase of 0.4% on Florida's workers compensation system costs.

23. Q. Please describe the expected impact of the Supreme Court decisions on the currently-approved Florida loss adjustment expense (LAE) provision.

A. The LAE component is a ratio of expenses to losses. At this time, it is anticipated that the Supreme Court decisions will result in similar percentage increases to both the numerator and denominator of this ratio. Therefore, no change to the currently-approved LAE provision is being proposed.

24. Q. Please provide background information and explain why the system cost impact related to the Florida Supreme Court's decision in *Miles v. City of Edgewater Police Department* ("*Miles*") has not been included in the filing.

A. In *Miles*, the Florida Supreme Court declared certain restrictions on claimant-paid attorney fees unconstitutional. After *Miles*, claimant attorney fees can be earned regardless of whether benefits are secured and depending on the scenario, the source of claimant attorney fees could be the claimant, the employer/carrier, or both. In addition, it may be expected that *Miles* could result in attorney involvement on more cases, result in higher average claim severities, and serve as an aggravating factor to *Castellanos*. However, there is insufficient evidence at this time to estimate the standalone impact of *Miles* separate from *Castellanos*—especially given

the lack of Florida history/data on claimant-paid attorney fees and the unknown behavioral dynamics which may develop over time based on the dual sources of fees.

25. Q. Please comment on the interaction between the *Castellanos* and *Westphal* decisions with respect to the estimated cost impacts included in this filing.

A. This filing reflects the expected first-year impact on Florida's workers compensation system costs due to the Florida Supreme Court's decision in *Castellanos*. As mentioned above, additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida post-year one will be reflected in future Florida rate filings.

While some considerations for changes in claimant behavior have been reflected in the *Westphal* pricing analysis included in this filing, additional influences may emerge over time resulting in an impact greater than the currently-estimated +2.2%. For example, behavioral changes related to the *Castellanos* decision could result in a further lengthening of claim durations and higher medical costs than are currently contemplated in the filing's *Westphal* pricing. To the extent aggravating factors, over time, result in an impact due to the *Westphal* decision in excess of the estimated +2.2%, any additional increase in claim costs would be reflected in future Florida rate filings.

26. Q. Do you have any other comments that are relevant to this filing?

A. Yes. It is my opinion that the currently-approved workers compensation rates in Florida are inadequate and that the proposed rates are both appropriate and necessary to maintain a stable, well-functioning workers compensation market in the state.

27. Q. Is it your testimony that this filing results in rates that are not excessive, inadequate, or unfairly discriminatory?

A. Yes.

28 Q. Does this conclude your testimony?

A. Yes, it does.

JAY A. ROSEN

National Council on Compensation Insurance, Inc.
901 Peninsula Corporate Cir
Boca Raton, FL 33487

PROFESSIONAL DESIGNATIONS

Fellow of the Casualty Actuarial Society (FCAS)	1996
Member of the American Academy of Actuaries (MAAA)	1995

EDUCATION

M.S., Mathematics, University of Florida	1992
B.S., Mathematics, University of Florida	1989

PROFESSIONAL EXPERIENCE

National Council on Compensation Insurance (NCCI) 1992 to present
Director & Senior Actuary

- Oversight of the actuarial function including the preparation of rate filings and the presentation of expert actuarial testimony
- Aggregate Ratemaking Focus Lead
- Products/Results Focus Lead

PROFESSIONAL ACTIVITIES

Casualty Actuarial Society 2008 to present
Ratemaking and Product Management Seminar Planning Committee Member

Casualty Actuarial Society 2000 to 2008
Seminar on Ratemaking Committee Member

Casualty Actuarial Society 1996 to 1999
Examination Committee Member

EXPERT TESTIMONY

NCCI Workers Compensation State Rate Filings by Effective Year

Alabama (Montgomery)	2000, 2001, 2002, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016
North Carolina (Raleigh)	1998, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016
Oklahoma (Oklahoma City)	2002, 2003, 2004, 2005
South Carolina (Columbia)	2006, 2008, 2012
Virginia (Richmond)	2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016

PUBLIC PRESENTATIONS

NCCI State Advisory Forums

Alabama (Birmingham)	2000, 2001, 2004
Alabama (Montgomery)	2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015
Arkansas (Little Rock)	2015
Georgia (Atlanta)	2001, 2002, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015
Louisiana (Baton Rouge)	2006, 2009
Mississippi (Jackson)	2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015
Oklahoma (Oklahoma City)	2001, 2002, 2003, 2004, 2005, 2006
South Carolina (Columbia)	2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016
Virginia (Richmond)	2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015

Ratemaking and Product Management Seminar

Texas (Dallas)	2015
Washington, DC	2014
California (Huntington Beach)	2013
Pennsylvania (Philadelphia)	2012
Louisiana (New Orleans)	2011
Illinois (Chicago)	2010
Nevada (Las Vegas)	2009

Seminar on Ratemaking

Massachusetts (Boston)	2008
Georgia (Atlanta)	2007
Utah (Salt Lake City)	2006
Louisiana (New Orleans)	2005
Pennsylvania (Philadelphia)	2004
Texas (San Antonio)	2003

Conference of Consulting Actuaries Annual Meeting

Texas (San Antonio)	2001

Florida Workers Compensation 10/1/2016 Law-Only Rate Filing Overview—Actuarial Analysis

Jay Rosen, FCAS, MAAA
Director and Senior Actuary

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Components of the Rate Indication

Component	Impact
Castellanos (First-Year Impact)	+15.0%
Medical fee change (SB 1402)	+1.8%
Westphal	+2.2%
Overall:	**+19.6%**

Note: Figures are multiplicative, not additive

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Proposed Implementation of the October 1, 2016 Rate Filing

- The combined impact of the filing components is +19.6%
- NCCI proposes that the increased rates will apply to new and renewal policies that are effective on or after October 1, 2016
- Additionally, NCCI proposes that the increased rates will apply to all policies in effect on October 1, 2016 on a pro-rata basis through the remainder of the term of these policies

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Actuarial Analysis—*Castellanos*

- An examination of system costs pre- and post-SB 50A was completed
- Two independent data sources underlie the actuarial analysis:
  - Financial Call data
  - Detailed Claim Information data

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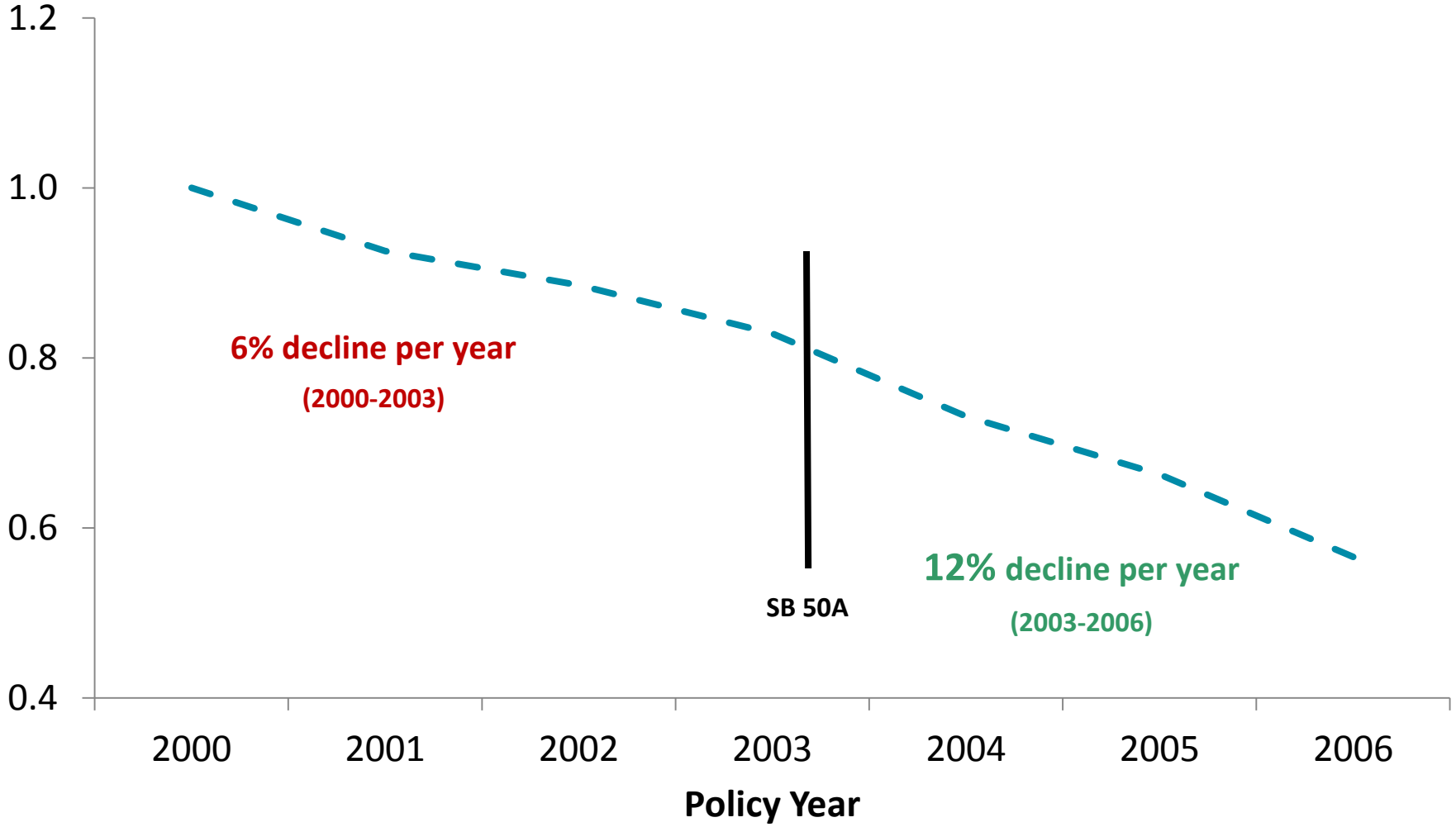
Change in Florida's Average Pure Loss Cost

(Values for Policy Year 2000 Are Indexed to 1.0)



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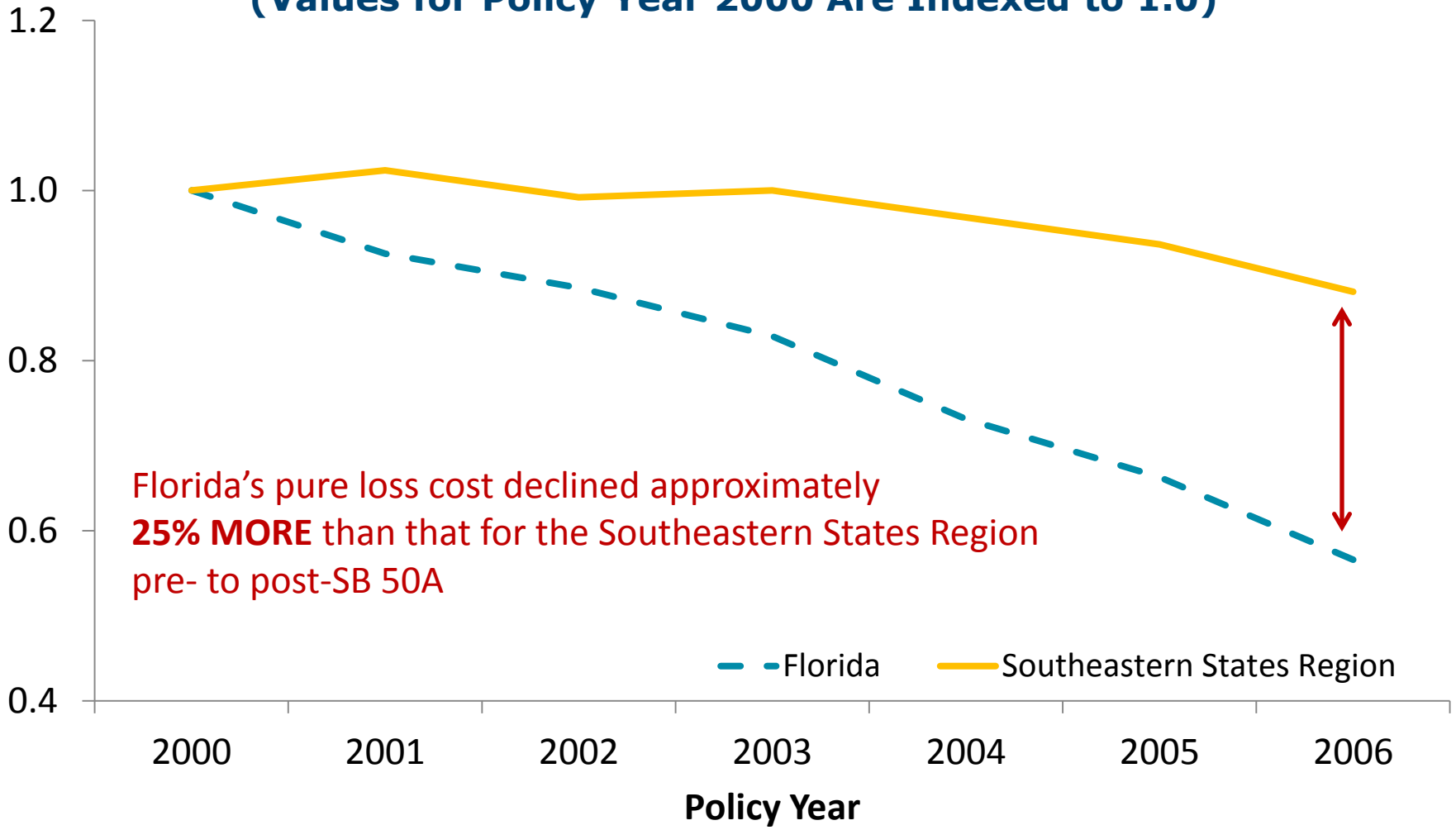
Relative Changes in Average Pure Loss Costs

Florida vs. Southeastern States Region*

(Values for Policy Year 2000 Are Indexed to 1.0)



*Southeastern states are: AL, GA, LA, MS, NC, SC, and TN.

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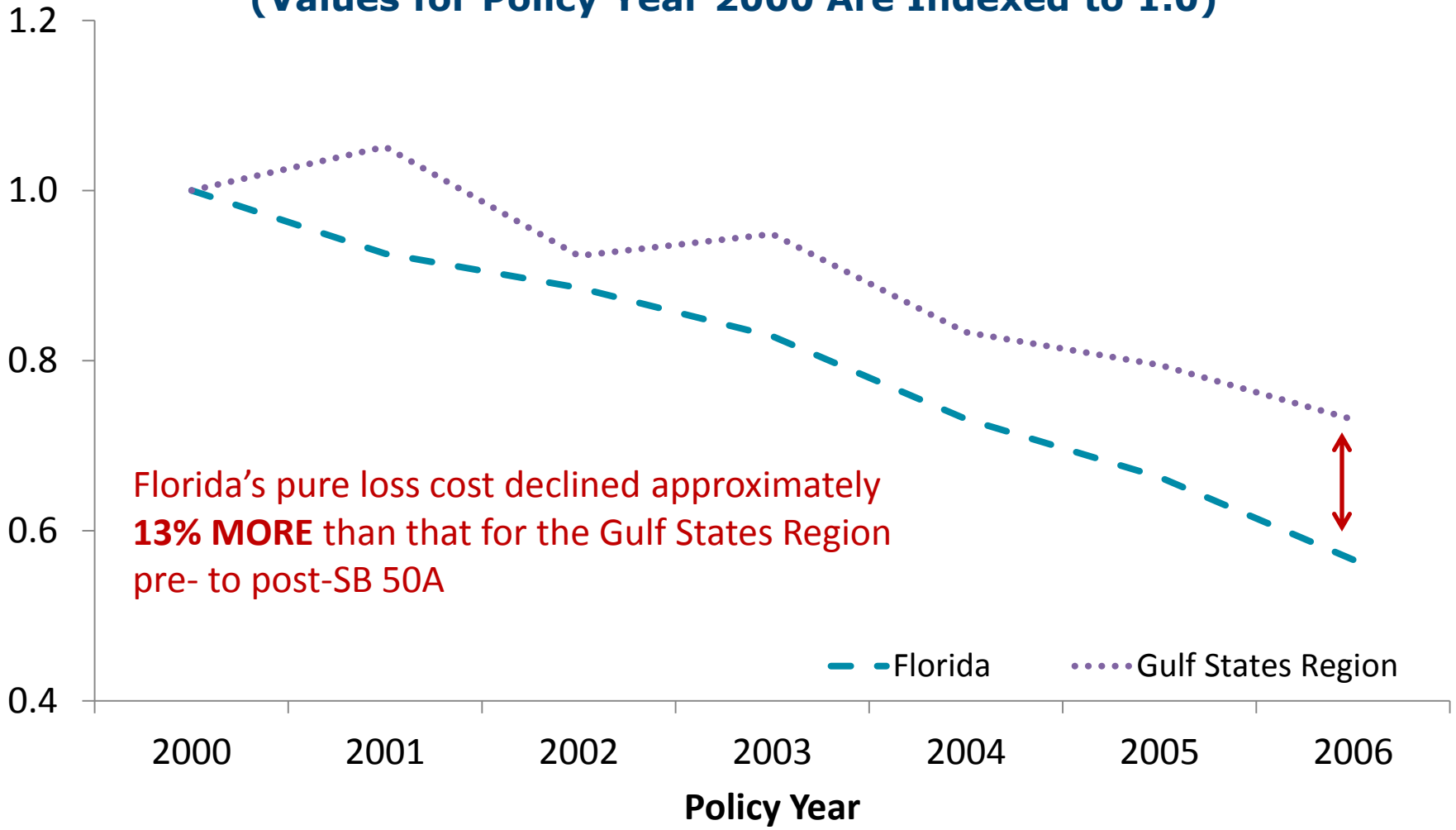
Relative Changes in Average Pure Loss Costs

Florida vs. Gulf States Region*

(Values for Policy Year 2000 Are Indexed to 1.0)



*Gulf states are AL, LA, and MS.

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Actuarial Analysis—*Castellanos* Financial Data

- Florida's average pure loss cost declined more than 30% pre- to post-SB 50A, over and above the originally-estimated impact of SB 50A (excluding the attorney fee provision)

- The decline in Florida's average pure loss cost OVER AND ABOVE that observed in the region:
  - Florida's pure loss cost declined approximately 25% MORE than the Southeastern States* Region
  - Florida's pure loss cost declined approximately 13% MORE than the Gulf States* Region

*Southeastern states are: AL, GA, LA, MS, NC, SC, and TN.
Gulf states are AL, LA, and MS.

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Actuarial Analysis—*Castellanos* Financial Data

Returning to a pre-SB 50A attorney fee environment and reversing these observed declines, would increase Florida's workers compensation rates by the following percentages:

Pre- to Post-SB 50A	Southeastern States* Comparison Rate Impact	Gulf States* Comparison Rate Impact
'00/'02 to '05/'06	**+37.5%**	**+16.7%**
'01/'02 to '05/'06	**+33.4%**	**+13.8%**

*Southeastern states are: AL, GA, LA, MS, NC, SC, and TN.
Gulf states are AL, LA, and MS.

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Actuarial Analysis—*Castellanos* Detailed Claim Information Data

- Florida's average benefit costs for claims with attorneys declined more than 25% pre- to post-SB 50A
- Returning to a pre-SB 50A attorney fee environment and reversing these observed declines, would increase Florida's workers compensation rates by the following percentages:

Pre- to Post-SB 50A	Rate Impact (excluding expected impact on lost-time claim frequency)
'00/'02 to '05/'06	**+16.1%**
'01/'02 to '05/'06	**+15.0%**

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Actuarial Analysis—*Castellanos* Detailed Claim Information Data

- In order to limit the impact that individual large claims may have on the results, a supplemental analysis was performed. The largest one percent of claims based on total incurred losses were uniformly excluded.
- Returning to a pre-SB 50A attorney fee environment and reversing these observed declines, would increase Florida's workers compensation rates by the following percentages:

Pre- to Post-SB 50A	Rate Impact (excluding expected impact on lost-time claim frequency)
'00/'02 to '05/'06	**+18.1%**
'01/'02 to '05/'06	**+16.7%**

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Actuarial Analysis—*Castellanos* Summary

The proposed +15.0% first-year impact of the *Castellanos* decision was judgmentally selected after collectively reviewing the indicated rate impacts discussed earlier:

	Financial Data Rate Impacts		DCI Data Rate Impacts	
Pre- to Post-SB 50A	Southeastern States* Comparison	Gulf States* Comparison	All claims	All claims after excluding the largest one percent
'00/'02 to '05/'06	**+37.5%**	**+16.7%**	**+16.1%** (still need to add in frequency impact)	**+18.1%** (still need to add in frequency impact)
'01/'02 to '05/'06	**+33.4%**	**+13.8%**	**+15.0%** (still need to add in frequency impact)	**+16.7%** (still need to add in frequency impact)

*Southeastern states are: AL, GA, LA, MS, NC, SC, and TN.
Gulf states are AL, LA, and MS.

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Update to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual*

(Ratified by Senate Bill 1402, Effective July 1, 2016)

The estimated impact is based on data provided by the Florida Division of Workers' Compensation

Type of Service	Impact
Physician	+2.5%
Hospital Outpatient	+0.1%
Impact on Medical Costs	+2.6%
Overall Impact on Florida Workers Compensation System Costs	**+1.8%**

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Actuarial Analysis—*Westphal*

- The impact on Florida workers compensation costs due to an increase in the maximum temporary total disability (TTD) duration from 104 to 260 weeks was estimated
- The analysis was based on data provided by the Florida Division of Workers' Compensation as well data collected by NCCI
- Separate analyses were completed for
  - TTD claim durations having no permanent disability benefit payments
  - The healing period portion of permanent impairment benefits (PIBs)
  - Medical benefits

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Actuarial Analysis—*Westphal*
Indemnity Benefits

	TTD Injuries	Healing Period Portion of PIB Injuries	Total
Florida average claim duration	56.3 days	94.7 days	
Estimated increase in avg. claim duration	3.5 days	12.4 days	
Impact on indemnity benefit-type costs	+6.2%	+13.1%	
Impact on indemnity benefits	+3.0%	+3.0%	+6.0%
Impact on overall benefits			**+1.8%**

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Actuarial Analysis—*Westphal* Medical Benefits

- Generally, before a claimant reaches maximum medical improvement (MMI), the goal for much of the medical care provided is to treat the underlying cause of the injury and improve the claimant's condition to MMI
  - Hospital stays, surgeries, anesthesia, etc. are relatively more prevalent pre- versus post-MMI
- Generally, once MMI is reached, the bulk of the medical care a claimant receives is focused on alleviating symptoms and not necessarily treating the underlying cause
  - Evaluation and management costs, prescription drugs, etc. are relatively more prevalent post-MMI
- With a delayed determination of MMI, medical costs would be expected to increase

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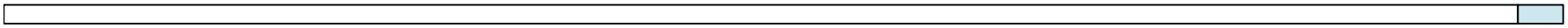
Actuarial Analysis—*Westphal* Medical Benefits

- As a percentage of total costs, the share of medical costs expected to be impacted by an increase in the maximum TTD duration is small



- This is comprised of only a fraction of the total permanent impairment benefits that are provided prior to MMI
- Assuming there would be no medical cost impact on TTD claims without permanent disability benefit payments, the estimated increase in medical benefits due to the *Westphal* decision is 0.5%, or +0.4% on overall costs

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Actuarial Analysis—*Westphal* Summary

- The estimated impact of the *Westphal* decision on overall Florida system costs is +2.2%. This is the sum of the above-described separate indemnity (+1.8%) and medical (+0.4%) component impacts.
- The *Castellanos* and *Miles* decisions could result in a further lengthening of claim durations and higher medical costs than currently contemplated in the *Westphal* pricing. Any additional increase in claim costs would be reflected in a future Florida rate filing.

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Components of the Rate Indication

Component	Impact
Castellanos (First-Year Impact)	+15.0%
Medical fee change (SB 1402)	+1.8%
Westphal	+2.2%
Overall:	**+19.6%**

Note: Figures are multiplicative, not additive

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PRE-FILED TESTIMONY
OF
STEVEN P. LATTANZIO
REVIEW OF NCCI's OCTOBER 1, 2016 WORKERS COMPENSATION FILING IN FLORIDA

Qualifications:

Q: What is your name and business address?

A: My name is Steven P. Lattanzio and my current business address is 3900 Veterans Memorial Highway, Suite 300, Bohemia, New York, 11716.

Q: Who is your employer and in what capacity are you employed?

A: I have been employed by Actuarial & Technical Solutions, Inc. as a consulting actuary since the founding of this company in April of 1990.

Q: What was your previous employment history?

A: I have been employed in the casualty actuarial profession for over 40 years. I started my career at Travelers Insurance Company in February of 1974; I worked at American International Group from May of 1975 to August of 1978. From August of 1978 to April of 1988 I was employed by the National Council on Compensation Insurance (NCCI); approximately half of this time I worked for the NCCI's for-profit consulting subsidiary, Insurance Technical & Actuarial Consultants, Inc. (ITAC). From August of 1988 through March of 1990, I worked as an actuarial consultant for Presley & Associates, Inc.

Q: What are your professional credentials?

A: I have been a Fellow of the Casualty Actuarial Society since 1979, a Member of the American Academy of Actuaries since 1980, and a Fellow of the Conference of Consulting Actuaries since 1997. I have a Bachelor of Science degree in Engineering from New York University (1974) and a Bachelor of Arts degree from Adelphi University (1973).

Q: In your consulting work, have you had an opportunity to do much work with workers compensation?

A: Yes, in the over 30 years I have been a consultant, the time spent consulting on workers compensation assignments far exceeds the time spent in consulting on all other lines of business combined.

Q: Have you had an opportunity to provide workers compensation actuarial consulting services to any large firms?

A: Yes. I have done a considerable amount of work for General Electric. In addition, with regard to workers compensation consulting, I have worked for the Kentucky Workers Compensation Funding Commission, Bankers Trust, the Port Authority of New York and New Jersey, H&R Block, the Washington Redskins and the United States Navy. Also, I had been involved in the analysis of statewide workers compensation loss experience for Minnesota each year for more than 25 years and had been involved in making an annual recommendation on the level of Minnesota's statewide loss costs to the Actuarial Committee of the Minnesota Workers' Compensation Insurers Association.

Q: Do the companies that are mentioned above represent a comprehensive list of clients for which you have provided workers compensation consulting?

A: No, there are many other clients for whom I have provided workers compensation actuarial consulting services.

Q: Have you included a copy of your CV with this testimony?

A: Yes, the CV can be found as Exhibit SPL-6.

NCCI's August 1, 2016 Florida Filing:

Q: Were you retained by Foley and Lardner on behalf of NCCI to review the filing NCCI made in Florida to change voluntary rates effective August 1, 2016?

A: Yes, I was asked to review this filing.

Q: What is the nature of this filing?

A: The NCCI filing proposed an average overall voluntary rate level increase of 17.1% for industrial classifications and an overall average rate increase of 3.1% for federal classifications. The proposed increase is the combined impact of two considerations.

Q: What is the first issue considered?

A: On April 28, 2016, the Supreme Court of Florida issued a ruling in Marvin Castellanos vs. Next Door Company, et al. (Castellanos). This filing estimates the impact of this decision on future costs of the Florida workers compensation system. The NCCI estimates the first year impact of the Castellanos decision to be an increase of 15.0%.

Q: What is the second consideration in this filing?

A: SB 1402 ratified the Florida Division of Workers' Compensation's updates to the Florida Workers' Compensation Reimbursement Manual for professional health care providers. This change was effective on July 1, 2016 and is estimated to increase costs by 1.8% by the NCCI.

Q: What is the overall impact that the NCCI has filed for in this filing?

A: It is an increase of 17.1% (1.171 = 1.150 x 1.018).

NCCI's Amended Filing with an October 1, 2016 Proposed Effective Date

Q: Was this filing amended?

A: Yes, it was amended on June 30, 2016 to include the estimated impact on Florida workers compensation system costs resulting from the Florida Supreme Court's decision on June 9, 2016 in Bradley Westphal v. City of St. Petersburg, etc., et al. (Westphal).

Q: Was the effective date of the filing amended?

A: Yes. The NCCI amended the proposed effective date to October 1, 2016 and indicated this was done at the direction of the Office of Insurance Regulation (OIR).

Q: What has the NCCI estimated as the cost impact due to the Westphal decision?

A: The NCCI estimated the impact of the Westphal decision to be an increase of 2.2%.

Q: What is the overall change that the NCCI seeks in its amended filing?

A: The filing is for an increase of 19.6% applicable to new and renewal policies effective on or after October 1, 2016. The 19.6% is the result of considering the three components mentioned earlier: i) Castellanos decision (+15.0%), ii) medical fee change (+1.8%) and iii) Westphal decision (+2.2%) [1.196 = 1.150 x 1.018 x 1.022]. Additionally, a pro-rated portion of this increase will be applicable to inforce policies on October 1, 2016, depending on the effective date of the policy.

Q: What is the essence of the Castellanos decision?

A: Section 440.34 of the Florida workers compensation statute calls for the following mandatory attorney fee schedule for payment to claimant's attorneys:

"The fee for benefits secured is limited to 20% of the first $5,000 of benefits secured, and 15% of the next $5,000 of the benefits secured, 10% of the remaining amount of benefits secured to be provided during the first 10 years after the claim is filed, and 5% of the benefits secured after 10 years."

This provision was ruled to be unconstitutional by the Supreme Court of Florida.

Q: When were the provisions of Section 440.34 enacted?

A: They were part of the comprehensive Senate Bill 50A legislation which became effective October 1, 2003.

Q: What was the overall impact of SB 50A?

A: The initial pricing was for a 14% decrease in Florida workers compensation costs.

Q: In retrospect, what was the effect of SB 50A?

A: The impact of SB 50A is unknown, however, it can be noted that in 2010 the average rate level in Florida was roughly 65% lower than it had been prior to SB 50A.

In 2016, the average rate level in Florida is roughly 61% lower than it had been prior to SB 50A.

It is my belief that a significant portion of this decrease is due to the changes made by SB 50A.

Q: Was the overall impact of SB 50A realized immediately?

A: I believe the overall impact was realized over a period of years.

Q: Why wasn't the full impact of SB 50A felt immediately?

A: As is sometimes the case with major legislation changes, the reform can have an impact on the behavior of those participating in the system. Participants could include insurers, claimants and attorneys. These behavioral changes can occur over time, explaining why the full impact of the change is not felt immediately.

Q: Which claims are impacted by the Castellanos decision?

A: All claims with accident dates on and after April 28, 2016 are subject to this ruling. In addition, all claims occurring on or after July 1, 2009 that remain open or are reopened are subject to this ruling.

Q: Is the 15.0% increase proposed by the NCCI for the Castellanos decision intended to adequately fund the increased cost of all of these claims?

A: No. This increase is intended to fund the increased costs associated with the Castellanos decision for accidents occurring on and after October 1, 2016.

According to the NCCI filing, the increased cost from the Castellanos decision for accidents that are described above as occurring prior to October 1, 2016 that were open as of April 28, 2016 or that reopen on or after April 28, 2016 is an unfunded liability.

Q: What is the essence of the Westphal decision?

A: The Florida Supreme Court found the 104 week maximum duration for temporary total disability (TTD) benefits to be unconstitutional. The decision increased the maximum TTD benefit duration from 104 weeks to 260 weeks.

Q: Which claims are impacted by the Westphal decision?

A: All claims occurring on and after June 9, 2016 are subject to this ruling. In addition, all claims occurring on or after January 1, 1994 that remain open or are reopened are subject to this ruling.

Q: Is the 2.2% increase proposed by the NCCI for the Westphal decision intended to adequately fund the increased cost for all of these claims.

A: No. This increase is intended to fund the increased costs associated with the Westphal decision for accidents occurring on and after October 1, 2016. According to the NCCI filing, the increased cost from the Westphal decision for accidents that occurred prior to October 1, 2016 that were open as of June 9, 2016 or that reopen on or after June 9, 2016 is an unfunded liability.

Q: What documents were utilized in your review of the NCCI's filing?

A: The original filing as well as the amended filing were reviewed. In addition, I reviewed supporting calculations for this filing provided by the NCCI, two sets of interrogatories from the OIR (along with the NCCI's responses) as well as the Emma Murray and January 1, 2016 filings.

Q: What policies does the proposed increase apply to?

A: If the filed rate change of 19.6% is approved by the OIR for an effective date of October 1, 2016 it will apply to policies newly written or renewed on and after October 1, 2016.

For policies that are in-force as of October 1, 2016, the filing seeks the approved rate change to be pro-rated based upon the portion of each policy's exposure which occurs after October 1, 2016. For example, the NCCI is proposing a 1.6% rate increase for annual policies that became effective during November 2015. Each of these policies would have at least one month of exposure under the provisions of the Castellanos and Westphal decisions as well as under the revised medical fee schedule.

Q: Why did you say "at least one month of exposure"?

A: We are dealing with annual policies that became effective in November 2015. Policies that became effective on November 30, 2015 would have nearly two full months (October and November of 2016) under the Castellanos and Westphal decisions and medical fee change. The NCCI is proposing the recognition of a single month of exposure; one-twelfth of 19.6% is 1.6% which is the proposed rate increase for policies that became effective in November of 2015. Policies that are in-force as of October 1, 2016 that incept in months other than November 2015 (December 2015 through September 2016) are treated in a similar manner.

The Pricing of the Castellanos Decision

Q: How did the NCCI approach the pricing of the impact of the Castellanos decision?

A: As indicated, since the implementation of SB 50A, Florida has experienced a very significant decrease in benefit costs. The NCCI states in the filing that "changes to the claimant attorney compensation provisions contained in SB 50A are credited with accounting for a material portion of these decreases." The NCCI's analysis involved two approaches that reviewed the decreases in cost observed between the pre-SB 50A reform period and the post-reform period to estimate the increases in costs that would occur due to the Castellanos decision.

Q: Please describe the two approaches in general terms.

A: First, the NCCI analyzed the changes in overall benefit costs between pre and post-reform periods using its Financial Call data for Florida and for other southeastern states in order to allow a comparison. The NCCI also compared the Florida changes, pre and post-SB 50A, to changes for other states bordering the Gulf of Mexico (for the same time periods). I will refer to this as Method 1.

Second, the NCCI analyzed Workers Compensation Statistical Plan (WCSP) and Detailed Claim Information (DCI) data to estimate the changes in average claim costs pre and post-reform for claims with a claimant attorney. I will refer to this as Method 2.

Q: What pre-reform period did the NCCI analyze?

A: As the provision of SB 50A occurred during 2003, the NCCI recognized that 2003 was a blend of pre and post-reform data; accordingly, the NCCI excluded 2003 from consideration. The NCCI reviewed policy years 2000 through 2002 to gauge the pre-reform costs.

Q: What period did the NCCI use to analyze the post-reform costs?

A: The NCCI states in its filing that the impact of SB 50A's attorney fee change was realized over several years. Accordingly, the NCCI analyzed costs from the 2005 and 2006 policy years to reflect post-reform costs.

Q: Why did the NCCI not consider costs from 2004 in the comparison?

A: The NCCI indicated that immediately following the enactment of SB 50A, claimants' attorneys were generally slow to modify their behavior toward litigating workers compensation claims on behalf of potential claimants, as there was an expectation that the provisions involving claimant attorney fees would be challenged. For this reason, the NCCI felt that 2004 would not be indicative of the true impact of SB 50A.

Q: Why did the NCCI choose not to analyze data from the 2007 policy year?

A: The NCCI stated it wanted to avoid the impact of events that occurred beginning in 2007; these events included the Great Recession.

Q: Can you provide some detail as to the nature of the NCCI calculation using financial data to estimate the impact of the Castellanos decision?

A: Yes, essentially the NCCI compared pre and post-reform loss costs for Florida in order to gauge the change. Recognizing that workers compensation loss costs were decreasing for other states in the southeast (Alabama, Georgia, Louisiana, Mississippi, North Carolina, South Carolina and Tennessee) the NCCI compared the decrease in Florida's loss costs (pre and post-reform) to the decrease shown over a comparable time period for other states in the southeast. More specifically, the NCCI computed an average decrease of 32.1% in Florida in moving from pre-reform years 2001 and 2002 to post-reform years of 2005 and 2006. The same comparison for other states in the southeast produced a 9.4% decline in loss costs. Therefore, the NCCI observed that Florida's average pure loss cost declined by 25.1% more than it did for the other states in the southeast. (See Columns (6) and (7) of Exhibit 1 of the amended filing.)

The NCCI additionally compared the Florida decline in loss costs to the change for the states of Alabama, Louisiana and Mississippi that also border the Gulf of Mexico. (See Column (9) of Exhibit 1 of the amended filing.)

Q: What did the NCCI observe with regard to the analysis it performed using financial data?

A: It observed based upon the analysis in Method 1 that returning to the hourly-based attorney fee environment that existed pre-SB 50A could increase Florida workers compensation system costs between 13.8% and 37.5% depending on which region Florida is compared to as well as the years considered in the pre-SB 50A period.

Q: Can you explain the pricing calculation that the NCCI developed using WCSP and DCI data (i.e., Method 2) to estimate the impact of the Castellanos decision?

A: The NCCI indicated that the Castellanos decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation. The NCCI's second analysis of the impact of the Castellanos decision focused on that portion of overall benefit costs. Using the NCCI's DCI data in conjunction with the NCCI's WCSP data, the NCCI estimated average claims costs (including attorney fees) for claims with claimant attorney representation.

The average incurred indemnity (and medical separately) benefit cost was adjusted to the current benefit level. The pre and post-reform periods were defined in the same manner as had been the case in the analysis based on financial data. An adjustment was made to each accident year to reflect the current wage level. This adjustment was applied to the sum of indemnity and medical average cost per case.

Q: How did the NCCI utilize these wage adjusted average benefit costs?

A: The NCCI compared the pre-reform average cost per case to the post-reform average cost per case to estimate the change in benefit costs on claims for which the claimant had attorney-representation.

Q: What did these comparisons show?

A: The filing presents decreases in post-reform average cost per case in a range of 25.6% to 27.0% depending on whether the pre-reform period included accident years 2000 through 2002 or 2001 and 2002, respectively. The NCCI recognized that benefit costs with claimant attorney representation account for 43.6% of the total benefit cost.

Q: What is this 43.6% based upon?

A: 43.6% is the portion of total incurred benefit costs that are accounted for by claims with a claimant attorney representative for the 2005 and 2006 years.

Q: What is the result of reflecting the portion of total loss accounted for by claims with claimant-attorney representation?

A: The NCCI quantified the potential impact of the Castellanos decision, based on use of DCI and WCSP data, ranging from an increase of 15.0% to 16.1% based upon the years included in the pre-SB 50A period (i.e., 2000 to 2002 versus 2001 and 2002). The 15.0% and 16.1% are the results of applying 43.6% to the reversal of the decreases of 25.6% and 27.0% in average benefit costs in attorney represented claims, respectively.

Q: Did the NCCI present any further analysis in its pricing of the Castellanos decision?

A: Yes, it also presented an alternative calculation for Method 2 using WCSP and DCI data; this calculation is analogous to the previously described method using WCSP and DCI data but has eliminated the impact of the top 1% of claims based upon total incurred loss. I will refer to the original as Method 2A and the alternative as Method 2B.

Q: How do the results from the second calculation compare to the results of the first calculation?

A: The impact of the Castellanos decision from this alternative (Method 2B) is an indicated increase falling in a range of 16.7% to 18.1% as compared to the original (Method 2A) producing a range for the increase from 15.0% to 16.1%.

Q: What did the NCCI do next in its pricing of the Castellanos decision?

A: The NCCI reviewed the results of its two pricing approaches (and alternative scenarios for the second approach) and selected 15.0% as the overall first year impact of the Castellanos decision on the Florida workers compensation system.

Q: Do you believe the increase of 15% is the most appropriate impact of the Castellanos decision on the Florida workers compensation system?

A: I believe the impact of the Castellanos decision will cause an increase in benefit costs of at least 15%.

Q: Would you explain your position?

A: After reviewing the NCCI calculations, I utilized the basic approaches reflected in the NCCI's pricing but undertook some computations of my own.

Q: What did you do in your review of the NCCI's pricing of the Castellanos decision?

A: I reviewed the two methods the NCCI used to support its judgmentally selected +15.0% as the first year impact of the Castellanos decision and made several adjustments to these methods in my analysis.

Q: What were these adjustments?

A: To understand the adjustments I made to the NCCI's first approach, it would be helpful if I describe the NCCI's first approach in greater detail, and the financial data it relies upon. The NCCI estimates the impact of the provisions of SB 50A that changed claimant attorney fee compensation by comparing the change in Florida's workers compensation costs to the change in a group of the other states in the southeastern United States. Florida's cost change was also compared to the cost change in a group of other states bordering the Gulf of Mexico.

Q: Please describe how this comparison was made.

A: SB 50A became effective in 2003. The NCCI noted frequency and severity figures for Florida both pre-SB 50A (based upon costs during policy years 2000, 2001 and 2002) and post-SB 50A (for which the NCCI noted costs during policy years 2005 and 2006).

Q: You mentioned that financial data was relied upon for this comparison. Can you describe the data utilized in more detail and explain if it was adjusted in any way?

A: Yes, and in doing so I will discuss frequency first and then severity.

For frequency, the NCCI began with the estimated number of ultimate lost time claims. This number, for each policy year, was derived by applying a claim development factor to the number of lost time claims as of the December 31, 2014 evaluation. The estimated number of ultimate lost time claims was divided by wage-adjusted ultimate pure premium to produce the frequency of lost time claims per $1.0 million of pure premium. The pure premium in this denominator reflects development to an ultimate basis, an on-leveling to the January 1, 2015 rate level, adjustment to the 2013 wage level as well as an adjustment to remove the expense portion of premium. Additionally, this means that all of the loss costs calculated by the NCCI (and myself) are pure loss costs.

For severity, the NCCI calculated an average severity for indemnity loss and medical loss separately and then added the two to produce an indemnity plus medical severity.

Q: How did the NCCI compute the indemnity severity?

A: The NCCI used two approaches to project loss to an ultimate basis: a paid loss development approach and a paid plus case (incurred) loss development approach. These were ultimately blended by giving each equal weight. The NCCI applied the selected paid loss development factors (LDFs) taken from the January 1, 2016 rate filing to paid loss as of December 31, 2014 and similarly applied the selected paid plus case LDFs taken from the January 1, 2016 filing to paid plus case loss evaluated as of December 31, 2014.

The NCCI applied two adjustments to each of the projected ultimate loss figures based upon paid LDFs or paid plus case LDFs: the first adjustment was to state loss on the January 1, 2015 benefit level; the second adjustment was to reflect the 2013 wage level. For policy years that occurred prior to SB 50A it should be pointed out that in adjusting to the January 1, 2015 benefit level, the NCCI's on-leveling excludes the estimated impact of the change in the manner in which claimant attorney fees would be determined due to SB 50A. This was done since the NCCI is measuring the impact of SB 50A on claimant attorney fee compensation in its comparison of post-SB 50A to pre-SB 50A loss costs.

Q: What is done with the frequency and severity figures that have been calculated?

A: For each policy year, the NCCI multiplies the frequency and the severity to produce a pure loss cost for that year. For Florida the post-SB 50A years used in the NCCI calculations are policy years 2005 and 2006; a loss cost was computed by the NCCI for each year and the loss costs of the two years were then averaged to produce the post-SB 50A loss cost of $1.08 (per $100 of payroll).

Similarly, a loss cost was also computed for Florida for each of policy years 2000, 2001 and 2002. The NCCI looked at the pre-SB 50A period in two ways: one view considered 2000, 2001 and 2002 as the pre-SB 50A period while the other looked at 2001 and 2002 as being the pre-SB 50A period.

By comparing the Florida post-SB 50A loss cost to its pre-SB 50A loss cost (for both pre-SB 50A groupings), a change in loss cost is derived. By then comparing this change in loss cost to the corresponding change in loss cost using the same years in other southeastern states (or other gulf states), an estimate of the impact of the change in costs due to SB 50A's attorney fee provisions can be obtained.

Q: Can you provide an idea of this estimated impact from the NCCI calculations you have just described?

A: Yes. The NCCI has determined that if the 2000 to 2002 years are considered the pre-SB 50A years that there was a 34.1% decrease in loss costs post-SB 50A. For other southeastern states, a comparison of similar time periods produces a decrease in loss cost of 9.4%. Since the decrease in Florida is 34.1% and the decrease over the same period of time is 9.4%, for other states of the southeast, there was a decrease of 27.3% [0.727 = (1.0-0.341) / (1.0-0.094)] over and above what was experienced in other states in the southeastern United States over a comparable time period.

Q: Why does the difference for the pre to post-SB 50A periods of 27.3% between Florida versus other states in the southeastern United States provide a measure of the impact of SB 50A's claimant attorney fee determination?

A: The calculation of the pure loss costs works to explicitly eliminate a number of factors from impacting the comparison of pre to post-SB 50A periods. For instance, since the policy years are at different maturities, the loss for each policy year is adjusted to an ultimate basis to eliminate this as a cause of differences in pure loss cost, pre versus post-SB 50A. Similarly, the differences caused by benefit changes have been recognized so that all years reflect a common benefit level; in this case the January 1, 2015 benefit level is the common level all years were adjusted to. Another example of an explicit adjustment is recognition of changing wage levels from one policy year to the next; all years in the NCCI calculation were adjusted to the 2013 wage level. In addition, all years are adjusted to the same rate level. Even after these adjustments are made, there exists the possibility that there are other influences, beyond those that have been explicitly adjusted for, that may have had a part in causing the decrease observed for Florida as well as the southeastern and Gulf states from a pre to post-SB 50A period. Specifically, since there has not been an adjustment made to reflect the changes in the attorney fee determination as a result of SB 50A for Florida, it follows that the decrease observed in pure loss costs for Florida will be influenced by this change; however, this is not the only additional influence that may be driving the decrease. To isolate the impact of the attorney fee portion of SB 50A, the first approach compares the decrease for Florida over and above the decrease observed for other states which potentially have similar additional influences.

The rationale is that if the same explicit influences that are adjusted for in Florida are adjusted for in other states, then the change from the pre-SB 50A period to the post-SB 50A period in other states will reflect these other influences. As mentioned before, the other southeastern states showed a 9.4% decrease in loss costs from the pre-SB 50A years to the post-SB 50A years. By comparing Florida's decrease over and above the decrease observed for other southeastern states, the NCCI therefore assumed that 9.4% of the Florida indicated decrease might be caused by factors other than the change in the way claimant attorneys would be compensated under SB 50A.

Q: What is the significance of the -27.3%?

A: This is an estimate of the impact of changing how the claimant's attorneys' fees were determined from pre to post-SB 50A. Since the Castellanos decision causes the manner in which the claimant's attorney fee is determined to revert to the pre-SB 50A situation, the beneficial impact on rates of this provision is felt to be undone; therefore, if moving from pre-SB 50A to post-SB 50A in terms of how claimants' attorney fees are determined was felt to decrease rates by 27.3%, then a revision to pre-SB 50A claimant fee arrangements would, under this estimate, cause an increase of 37.5% [1.0/(1.00-0.273)]

Q: What other estimates of the impact of the Castellanos decision has the NCCI computed under this approach?

A: If the 2001 and 2002 years are used as the pre-SB 50A period, then an increase of 33.4% due to the Castellanos decision is estimated when Florida is compared with other southeastern states.

If Florida is compared to other Gulf states, then the estimated increase due to the Castellanos decision is 16.7% or 13.8%, depending upon the use of either a pre-SB 50A period of 2000 to 2002 or 2001 and 2002, respectively.

Q: What, if anything, have you done in your review for this first method of estimating the impact of the Castellanos decision on costs?

A: We mentioned earlier that for the severity component of the calculation that both paid loss as well as paid plus case loss were projected to ultimate using LDFs.

Q: Is the use of both paid loss and paid plus case development approaches typical for the NCCI in Florida?

A: Yes. The NCCI also used both approaches, giving equal weight to each, in the January 1, 2016 filing.

Q: How were the age-to-age loss development factors chosen?

A: The NCCI selected an average of the latest three development factors for each age-to-age period.

Q: Are all of the selected factors used to compute the age-to-ultimate loss development factors based upon the use of a three-year average?

A: No. The indemnity and medical paid plus case loss development factors from the 19th report to ultimate are based upon an averaging of the most recent ten factors.

Q: Is the NCCI's approach to deriving paid plus case reserve loss development factors from the 19th report to ultimate acceptable?

A: Yes, I do find it acceptable.

Q: What is your opinion on using a three-year average to select the age-to age loss development factors as well as the age-to-age premium development factors?

A: None of the rules used by the NCCI for selection of LDFs seem unreasonable given the current environment in Florida. I would, however, rather select the loss development factors and the premium development factors based on judgment. This is consistent with the manner in which I have approached selecting development factors for any Florida filings that I have reviewed.

Q: You mentioned earlier that over recent years you have reviewed a number of the NCCI Florida filings. Have you reviewed the NCCI's selected LDFs in those filings?

A: Yes, in each filing reviewed, I have selected my own loss and premium development factors.

My selected age-to-age factors are presented on Pages 3 and 4 of Exhibit SPL - 1. The NCCI's selected age-to-age factors are shown on Pages 1 and 2 of Exhibit SPL-1. In addition, on each of these four pages, the age-to-ultimate loss development factors that would be used to develop policy years 2000, 2001, 2002, 2005 and 2006 to an ultimate basis are also shown. If one compares the NCCI age-to-ultimate loss development factor selected to Actuarial Solutions age-to-ultimate loss development factor for a given maturity and type of development (paid versus paid plus case as well as indemnity versus medical) it can be seen that differences are quite small. In some cases, the NCCI age-to-ultimate factor is smaller and in others it is larger than my analogous factor. In no case is the difference between the two greater than 0.3%.

Q: In the past, when you have reviewed the NCCI's rate filings, did you replace the NCCI's loss development selections with your selections?

A: Yes. For each rate filing I reviewed, I projected ultimate loss using my selected development factors. In addition, I utilized my development factors when determining indemnity and medical severities to be used in the filing's trend calculations.

Q: Do you feel it necessary to replace the NCCI's development factors with your selections in this filing?

A: No I do not. First of all, I feel that the differences between my and the NCCI selected age-to-ultimate LDFs are very small. Second, if I was going to utilize my selected LDFs for Florida then I would need to select LDFs for each of the states in the southeastern United States to ensure consistency. Given that I have reviewed a number of the NCCI Florida rate filings as part of previous assignments and have consistently found my selections based upon judgment to produce results that are very close to those produced using the NCCI LDF selections, and given that loss costs are not being computed for Florida as a stand-alone state but rather for Florida in comparison to southeastern states and Gulf states, I feel it is important to have the LDFs selected in a consistent manner. Accordingly, I have utilized the development factors selected by NCCI for Florida and other states to project ultimate loss.

Q: Does this first method that the NCCI presents, utilize premium development factors and claim development factors?

A: Yes, however, due to the age of the five years reflected in this calculation (2000, 2001, 2002, 2005 and 2006), all premium and all claim development factors are 1.000.

Q: What else have you considered in your review of the NCCI Method 1 pricing?

A: I also considered the adjustments made to bring wage, premium and loss to a common level. Specifically, wage has been adjusted to the 2013 level while premium and loss have each been adjusted to the current level in the NCCI's calculations. (Since the current level for Florida is the 2015 level, I have referred to the current level as the 2015 level for ease of reference).

Q: What have you learned in your review of these adjustments?

A: I found that the level to which these components are adjusted has the potential to impact the observed percentage change from pre to post-SB 50A.

Q: Can you expand on this?

A: Yes. In particular, on-leveling adjustments fall into one of two categories with regard to the impact on the percentage change from pre to post-SB 50A periods: 1) those which can impact the observed percentage change of an individual state depending on the level all years are adjusted to and 2) those which do not impact a single state but have the potential to impact a group of states. Adjustments to a common loss level by component (indemnity loss versus medical loss) fall into the first category while adjustments to a common wage level or common premium level fall into the second category.

Q: Why do adjustments to wage or premium not fall into the first category?

A: Adjustments to reflect the on-leveling for wage are made to both loss and premium. Thus, the adjustments to reflect the on-leveling for wage impact both the frequency and severity for a given year. However, since severity is equal to loss divided by claims and frequency is equal to claims divided by millions of dollars of pure premium, these adjustments impact severity and frequency by reciprocal factors. Therefore, when one derives loss costs for each year by taking the product of severity and frequency (and dividing by $1.0 million) the factors offset producing the exact same loss cost. For this reason, adjustments to reflect the on-leveling of wage cannot impact

the observed percentage change in loss cost for a comparison of loss cost for one group of years to another group of years within a state.

Q: Have you produced calculations that demonstrate this observation?

A: Yes. A comparison of Exhibit SPL-2, Pages 1 and 2 verifies that although adjusting the wage level impacts both the frequency and severity components for an individual state, the loss cost remains within a .001 difference; I should note that the only cause of these small differences is rounding. Page 1 adjusts the wage to the 2013 level and adjusts the premium and losses to the 2015 level. Page 2 adjusts the wage to the 2006 level while maintaining all other adjustments included on Page 1. A comparison of the loss costs derived for each state shows that for each of policy years 2000, 2001, 2002, 2005 and 2006, the loss costs are nearly identical from Page 1, Sheets 2 through 4 to Page 2, Sheets 2 through 4.

Q: How can the on-leveling to reflect a common wage level effect a group of states with regard to the pure loss cost percentage change from a pre to post-SB 50A period?

A: In short, it can effect a group of states because the adjustment factors to reflect the on-leveling for wage may vary among states. Since the lost costs derived for a group of states (e.g., southeastern states or Gulf states) reflect weighted averages, the adjusting of the wage level can impact the weight given to each state.

Q: Have you included exhibits to demonstrate this observation?

A: Yes. As previously discussed, a comparison of any individual state's loss cost for a given year on the 2013 versus 2006 wage level shows the loss costs are equal aside from rounding differences. More specifically, this is the case for Louisiana, Alabama and Mississippi when each state is considered separately.

However, when one looks at the weighted average loss cost for a given year for the three other Gulf states on a combined basis (see either Sheet 1 or Sheet 3 of Page 1 versus the comparable sheet for Page 2) the group's loss costs show differences beyond what would be expected solely from rounding. The wage adjustment from the 2006 to the 2013 level is +19.9% for Louisiana, +16.1% for Alabama and +16.3% for Mississippi. If these factors were all the same then there would be no impact of adjusting the wage to the 2006 level versus the 2013 level for other Gulf states. However, because these numbers are somewhat different there is a small impact on the result of wages adjusted to the 2006 level versus the 2013 level. It is also important to note that this change has the <u>potential</u> to impact the change in loss cost for a group of states; as can be seen, there are some cases for which the pure loss cost is not affected beyond what would be expected solely from rounding.

Q: Please explain why adjustments to reflect the on-leveling of premium also fall into the category of only being impactful for a group of states with regard to the percentage change from pre to post-SB 50A.

A: By way of example, let us consider the premium for an individual state on the 2006 versus the 2015 level. The factor to reflect the on-leveling of premium from 2006 to 2015 is identical for each year. Therefore, the adjusting of premium to the 2006 level compared to the 2015 level will not affect the relationship in a comparison between premium for years in pre to post-SB 50A periods for an individual state. Furthermore, recalling that on-level premium is a component of the frequency calculation, the fact that the premium relationship stays intact implies that the relationship between the frequency of various years remains intact, whether premium is adjusted to the 2006 or the 2015 premium level. Since severity is unaffected by changes in premium, the relationship of the loss costs from pre to post-SB 50A will remain the same which means the observed percentage change should as well. This is the case for any particular state.

However, when we consider a group of states, an impact can be realized for the same reasons previously discussed for wage adjustments; namely, since the loss cost for a group of states reflects a weighted average, the adjustments for on-leveling premium to different years have potential to alter the weights given to each state and, thus, to alter the observed percentage change.

Q: Have you prepared calculations which demonstrate this observation?

A: Yes. The sole difference between Pages 1 and 3 of Exhibit SPL-2, is that Page 1 reflects premium adjusted to the 2015 level while Page 3 reflects premium adjusted to the 2006 level. Page 3, Sheet 3 shows that for each year, the loss costs produced for Louisiana are equal to the loss costs produced on Page 1, Sheet 3 for that particular year multiplied by a factor which is nearly constant, with the only differences being caused by rounding. A similar comparison for Alabama and Mississippi (or any other state) produces similar results. Looking at Columns (8) and (9) for Lines (15), (16) and (17) from Sheet 1 of Page 1 versus Page 3, we note that the percentage change from pre to post-SB 50A periods has the potential to differ. Please note that the comparison of 2000 to 2002 versus 2005 and 2006 produces a change in loss costs for southeastern states of -9.7% on the 2015 premium level while it is -9.2% on the 2006 premium level. [I would also like to point out that two of the observed pure loss cost decreases from pre to post-SB 50A for Florida when considering premium on the 2015 versus 2006 level are off by 0.1%; these differences are due entirely to rounding.]

Q: How do the adjustments to bring loss for all years to a common benefit level impact the observed percentage change from pre to post-SB 50A within an individual state?

A: There are two components to loss: indemnity loss and medical loss. These two components have separate adjustment factors to reflect on-leveling. As a result, the benefit level to which losses are adjusted can affect the percentage split of loss between indemnity and medical components. This ultimately has the potential to impact the observed percentage change within an individual state.

Q: Have you prepared calculations which demonstrate this observation?

A: Yes. Exhibit SPL-2, Page 4, Sheets 2 through 4 show each state's loss costs which can be compared to what is shown on Page 1. Whereas the Page 1 loss costs reflect adjustment to the 2015 loss level, the loss costs on Page 4 reflect adjustment to the 2006 loss level. As can be seen, a comparison of the loss costs at these two levels for a given state does not necessarily produce a consistent relationship. This is because the loss cost of an individual state reflects both an indemnity as well as a medical component, each of which can have differing factors to adjust from the 2006 to the 2015 loss level. Accordingly, there is the potential for the choice of the loss level to which losses are adjusted to impact a state's pure loss cost and accordingly, to impact the change in pure loss cost from the pre to post-SB 50A periods.

Q: Given your observations that the level to which the wage, the premium and the loss are adjusted have the potential to impact the comparison of Florida's loss cost to that of a group of states and further given your observation that the level to which loss is adjusted can influence the relationship among years for a given state, what have you done in your calculations that is different from the NCCI calculations?

A: I have adjusted the wage, premium and loss components to a 2006 level.

Q: What does this comparison show?

A: First, let me state that Exhibit SPL-2, Page 1, Sheet 1 contains calculations that are identical to the NCCI calculations underlying Method 1 (which the NCCI presents as Exhibit 1 of the filing) with the following exceptions:

i) It presents loss costs (for Florida, southeastern states and Gulf states) to four decimal places rather than to two decimal places.

ii) The figures shown on this exhibit have been rounded to the number of decimal places shown on the exhibit (i.e., if a number is presented as a whole number it has been rounded to zero decimal places and similarly if it is shown to three decimal places it has been rounded to three decimal places).

iii) I believe that is it instructive to add one more comparison of pre to post-SB 50A loss costs. I have calculated the impact of utilizing the 2006 loss costs as representative of post-SB 50A compared to using 2002 as being representative of pre-SB 50A loss costs.

Q: Why did you believe it was instructive to add a comparison of pure loss costs from 2002 to 2006?

A: As previously mentioned, 2003 was a blend of pre and post-reform data and, therefore, was excluded from consideration. This means that 2002 is the most recent year with data from the pre-reform period. Furthermore, to avoid the impact of events occurring in 2007, the 2007 year was not considered; as the change was realized over several years, 2006 represents a year that had the greatest potential to experience the full effect of SB 50A without being effected by events occurring in 2007 and subsequent. Thus, comparing these two years gives an additional insight into how the impact of the Castellanos decision might effect future costs of the Florida workers compensation system.

Q: Have you performed additional calculations that adjust the wage, premium and loss to 2006 levels?

A: Yes. Exhibit SPL-2, Page 5, Sheet 1 presents the results of these calculations.

Q: Other than the year to which the wage, premium and loss are adjusted, are there any other differences between Exhibit SPL-2, Page 1, Sheet 1 and Exhibit SPL-2, Page 5, Sheet 1?

A: No, there are no other differences.

Q: How do the figures compare from Page 5 to Page 1?

A: The estimated increase due to the Castellanos decision is slightly different based on the Florida to Gulf states comparison when wage, premium and loss are adjusted to the 2006 level.

Q: Could you be more specific with regard to the results?

A: Yes. When using the 2000 to 2002 years as the pre-SB 50A period, the impact of moving to the calculations that adjust to the 2006 level is an estimated increase due to the Castellanos decision of 17.7% (Exhibit SPL-2, Page 5, Sheet 1) versus the 17.9% shown in Exhibit SPL-2, Page 1, Sheet 1.

Additionally, when using the 2001 and 2002 years as the pre-SB 50A period, the impact of moving to the calculation that adjust to the 2006 level is an estimated increase due to the Castellanos decision of 14.2% (Exhibit SPL-2, Page 5, Sheet 1) versus 14.3%, the change computed on Exhibit SPL-2, Page 1, Sheet 1.

When the impact of the Castellanos decision is viewed based on the comparison of Florida to other southeastern states, the impact of reflecting adjustments to the 2006 level as shown in Exhibit SPL-2, Page 5, Sheet 1 produces estimated increases of +39.3% (2000 to 2002 as the pre-SB 50A period) and 34.0% (2001 and 2002 as the pre-SB 50A period) as compared to 38.3% and 33.1%, respectively based on adjusting the wage level to 2013 and adjusting premium and loss to the 2015 levels (Exhibit SPL-2, Page 1, Sheet 1).

Q: You mentioned earlier that you have added a comparison of the 2006 year as representative of the post-SB 50A period to the 2002 year as representative of the pre-SB 50A period. What does this comparison show?

A: For Florida, the 2006 pure loss cost is 36.7% lower than the 2002 pure loss cost. A similar comparison for other southeastern states results in a 10.6% decrease from 2002 to 2006 [see Line (17) of Columns (7) and (8) of Exhibit SPL-2, Page 5, Sheet 1]. This means the Florida change is a decrease of 29.2% in excess of the change for other southeastern states [see Line (20) of Column (8) of Exhibit SPL-2, Page 5, Sheet 1]. Such a 29.2% decrease leads one to estimate an increase of 41.2% as a result of the Castellanos decision [Line (23) of Column (8)].

Similarly, for other Gulf states, the 2006 pure loss cost is 20.5% lower than the pure loss cost for 2002. This leads to an observed decrease of 20.4% for Florida in excess of the decrease shown for other Gulf states. Such a decrease in moving to the claimant attorney fee provisions of SB 50A would indicate an increase of 25.6% as a result of the Castellanos decision (see Lines (17), (20) and (23) of Column (9) of Exhibit SPL-2, Page 5, Sheet 1).

Q: Have you taken into account the second approach that NCCI utilized in its filing in support of the NCCI proposed increase of 15.0% for the Castellanos decision?

A: Yes. In this second approach, the NCCI utilized its DCI data to identify claims which had involvement from a claimants' attorney. After identifying such claims, the NCCI utilized its WCSP data and DCI data to estimate the impact of the Castellanos decision. As mentioned earlier, for ease of reference, I will call this Method 2.

Q: How did the NCCI make such an estimate?

A: The NCCI developed estimates of the average indemnity and medical costs per case, pre and post-SB 50A, for claims with claimant attorney representation. The NCCI used the same years to define pre-SB 50A (2000 to 2002 and alternatively, 2001 and 2002) and post-SB 50A (2005 and 2006) to measure the impact of the Castellanos decision.

Q: What did these cost comparisons indicate?

A: They indicate that there was a savings in moving from pre to post-SB 50A of between 25.6% to 27.0% in the average cost of Florida claims with claimant attorney representation.

Q: Did you look at the indicated impact if 2002 and 2006 are used to represent the pre and post-SB 50A periods?

A: Yes, a decrease in costs of 20.9% is indicated for claims with claimant attorney representation.

Q: How did the NCCI move from the indicated decrease in costs for claims with claimant attorney representation to estimate an impact of the Castellanos decision on all claims?

A: The NCCI assumed that claims with claimant attorney representation account for 43.6% of all costs. Therefore, each estimate of the beneficial impact of the attorney fee provisions of SB 50A on claims with claimant attorney representation was converted into the corresponding increase that would occur in costs for claims with claimant attorney representation and then 43.6% was applied to this figure to estimate the impact on the entire system. The three situations I examined are summarized on Exhibit SPL-3, Page 2 as it can be seen in Lines (12c) and (12a) that the increase in severity ranges from 11.6% to 16.1%, respectively.

Q: Is this identical to the NCCI calculation that can be found on Exhibit IIA of the filing?

A: Yes, with the exception that I have added a 2002 to 2006 comparison which mirrors the NCCI computations in Exhibit IIA of the filing.

Q: What wage and benefit level does this exhibit adjust the losses to?

A: It adjusts losses and wages to their 2015 levels.

Q: Did you look into what the indicated increases are when wage and loss are adjusted to their 2006 levels?

A: Yes. Exhibit SPL-3, Page 3 presents this calculation. As can be seen from comparing Page 3 to Page 2 of Exhibit SPL-3, only the estimated change when comparing 2006 versus 2002 is different and the difference is nominal as the previously indicated increase of 11.6% has become an increase of 11.5% when values are adjusted to the 2006 levels.

Q: Is it true that the NCCI also utilizes a second approach in Method 2 by modifying the calculations just described to obtain another group of estimates for the impact of the Castellanos decision?

A: Yes. While the approach to note the change in claim severity involving claimant attorney representation which is described above reviews all indemnity claims that had claimant attorney representation, the NCCI performed an analogous calculation by excluding the impact of the 1% of claims with largest incurred values.

Q: Why did the NCCI perform this additional set of calculations?

A: The NCCI did this to limit the impact that individual large claims might have on this pricing calculation.

Q: Do you agree with the NCCI considering this additional set of estimates?

A: Yes. I believe this set of calculations provides additional information that should be considered in estimating the impact of returning to an hourly-based attorney fee environment.

Q: Why would these alternative calculations be helpful?

A: I would not expect the largest of claims were hindered in obtaining claimant attorney representation and in having the attorney expend the energy needed to obtain the best benefits for the injured party.

Q: What are the results of these calculations?

A: Exhibit SPL-4, Page 2 shows a range of increases due to severity ranging from 15.9% to 18.1%. This is a reproduction of the NCCI's Exhibit IIB from the filing. The range detailed above also reflects the results of a comparison of the 2006 severity to the 2002 severity which I added.

Q: Does this exhibit adjust wage and loss to their 2015 levels?

A: Yes it does.

Q: Did you consider the estimated change due to the Castellanos decision when wage and loss are adjusted to the 2006 benefit and wage levels?

A: Yes, the calculations are presented in Exhibit SPL-4, Page 3.

Q: How do the results of adjusting to the 2006 rather than the 2015 levels compare?

A: There are no differences in the results when figures are adjusted to the 2006 levels. The estimate increase due to the Castellanos decision continues to range from an increase of 15.9% to an increase of 18.1%.

Q: Have you made any other changes to the NCCI's second approach to estimating the impact of the Castellanos decision?

A: Yes. The NCCI's second approach (Method 2) looks solely at the impact of the Castellanos decision on severity. I have also recognized a frequency component for this approach.

Q: How have you done this?

A: The NCCI's first approach looked at frequency and severity components separately and then merged the two to examine the impact of the Castellanos decision on loss costs. I have utilized frequency information from the NCCI's first approach to quantify the change in Florida frequency from pre to post-SB 50A. The change in frequency for the southeastern states as well as for other Gulf states was also calculated over the pre and post-SB 50A years to perform a calculation for frequency analogous to the one performed for pure loss costs (i.e., to measure how much more Florida frequency decreased as compared to the decreases in frequency observed for either other southeastern states or other Gulf states, over the same periods of time).

Q: What do your calculations show?

A: The calculations in Exhibit SPL-5 show that if one examines 2000-2002 as the pre-SB 50A years, and 2005 and 2006 as the post-SB 50A years, that the Florida frequency drops by 0.7% more than the frequency decrease for other Gulf states. If 2001 and 2002 are utilized as the pre-SB 50A years (with 2005 and 2006 continuing to be referenced to as the post-SB 50A years) then Florida frequency drops by 0.3% more than the frequency decrease for other Gulf states. Finally, if 2006 is compared to 2002, then the Florida frequency decreases by 2.5% more than the corresponding decrease for other Gulf states.

The reversal of these frequency decreases indicates increases of 0.7%, 0.3% and 2.6%, respectively (Lines (15), (16) and (17), respectively of Column (3) of Exhibit SPL-5).

Q: You indicated you have undertaken a similar frequency comparison between Florida and other southeastern states. What were the results?

A: The results, which are presented in Column (2) of Exhibit SPL-5, show Florida's decrease in frequency in excess of the southeastern states' decrease in frequency to be 13.7%, 12.4% and 14.2% utilizing pre versus post-SB 50A comparisons of 2000 through 2002 versus 2005 and 2006, 2001 and 2002 versus 2005 and 2006, and lastly 2002 versus 2006, respectively. Additionally, the reversal of these frequency decreases indicates increases of 15.8%, 14.1% and 16.6%, respectively.

Q: How did you utilize these frequency changes in the second approach to estimating the impact of the Castellanos decision?

A: I combined the frequency impact with the severity impact for a given comparison of pre versus post-SB 50A years. For example, given the comparison of Florida to other Gulf states, involving 2006 versus 2002, I combined the severity impact of +11.5%, calculated using all claims with claimant attorney representation, with the frequency impact of +2.6% producing an overall impact of +14.4%. For the 2002 versus 2006 comparison, I also combined the severity change of +15.9% indicated when excluding the top 1% of claims, with the frequency change of +2.6% to yield an overall change of +18.9% (1.159 x 1.026).

Q: Have you made any other adjustments to Method 2 of the NCCI pricing?

A: No, I have not.

Q: Have you considered any other methods regarding the Castellanos decision besides what you have previous described?

A: No. I have covered all of the methods that I used to review the Castellanos decision.

Q: Would you explain what your Summary Exhibit SPL-1 shows?

A: This exhibit presents the results of Methods 1 and 2 based on adjustments I made to the NCCI methods. Method 1 shows a range of indications, from a low of a 14.2% increase to a high of a 41.2% increase, depending upon the years considered as the pre versus post-SB 50A periods and upon whether Florida loss costs over these periods are compared to other southeastern states or to other Gulf states. If one was to concentrate only on a comparison of Florida to Gulf states, the average of the indicated increases from the three comparisons reviewed is 19.2%. Alternatively, if Florida was compared strictly to southeastern states, the average of the indicated increases from the three comparisons reviewed is 38.2%.

For Method 2, there are two options: Method 2A - results based upon all claims with claimant attorney representation and Method 2B - results based upon claims with claimant attorney representation excluding the largest 1% of claims. If all indications using the comparison of Florida's frequency to that of all other Gulf states were averaged, the indicated increase is 16.9%. (This 16.9% increase is the result of averaging the Method 2A average of +15.5% with the Method 2B average of +18.3%.) If the same calculation is performed comparing Florida frequency to the frequency of other southeastern states, then an indicated increase of 33.5% is produced based upon an averaging of all indications. (In this case, the 33.5% is the result of averaging the Method 2A average of +31.9% with the Method 2B average of +35.0%.)

If Method 1, Method 2A and Method 2B were averaged based upon a comparison of Florida to other Gulf states, an increase of 17.7% is indicated. The same calculation comparing Florida to other southeastern states produces an indicated average increase of 35.0%. Had the indications of Method 2A and Method 2B been averaged first and then the result averaged with the indication from Method 1 (i.e., a 50%/50% weighting of Methods 1 and 2 with Method 2 having 50%/50% weighting of Methods 2A and 2B), an increase of 18.1% and 35.8% would be indicated based on comparing Florida to other Gulf states and other southeastern states, respectively.

Based upon all of the above, I do not find the NCCI's selection of an increase of 15% as a result of the Castellanos decision to be unreasonable. An increase of at least 15% due to the Castellanos decision for an effective date of October 1, 2016 is certainly justified in my opinion.

Medical Fee Change

Q: You mentioned earlier that this filing, in addition to pricing the impact of the Castellanos and Westphal decisions, considers the impact of SB 1402 that ratified the Florida Division of Worker's Compensation's updates to the Florida Workers' Compensation Reimbursement Manual for professional healthcare providers. Could you describe this briefly?

A: Yes. The NCCI estimates that the update of the Florida Workers' Compensation Health Care Provider Reimbursement Manual (FWCRM) to the 2014 Medicare level, effective July 1, 2016, will result in an overall average Florida workers compensation system cost increase of 1.8%.

The prior FWCRM became effective February 4, 2009 and was based on 2008 Medicare Conversion Factor and Resource Based Relative Value Scale (RBRVS) geographic-specific reimbursement levels. The maximum reimbursement amount (MRA) in the prior and revised FWCRM s are limited to no less than the MRAs published in the 2003 FWCRM.

Q: What services do the changes impact?

A: Physician services as well as Category 1 hospital outpatient services are affected.

Q: How did the NCCI evaluate the impact of the medical fee schedule changes?

A: As is indicated in the NCCI's June 17, 2016 response to the Office of Insurance Regulations interrogatory #25, there are three major steps to the pricing of the medical fee change. They are:

1. Calculate the percentage change in maximum reimbursements
2. Estimate the price level change as a result of the revised fee schedule
3. Determine the share of costs that are subject to the fee schedule

Q: What data services did the NCCI rely upon?

A: The NCCI primarily utilized two data sources:

1. Detailed medical data provided by the Florida Division of Workers' Compensation with dates of services between January 1, 2014 and December 31, 2014, and
2. The NCCI's Financial Call data for Florida from the latest two policy years (in order to estimate the share of benefit costs attributed to medical benefits)

Q: What is the overall impact of this benefit change?

A: The NCCI estimated that there would be an increase of 2.5% on medical costs associated with physicians and an increase of 0.1% on medical costs associated with hospital outpatient services. These combine for an overall increase of 2.6% on Florida medical costs. When one considers that the medical costs in Florida represent nearly 70% (69.7%) of the total benefit cost, the impact of +1.8% on the overall Florida workers compensation system costs is determined (1.8% = 2.6% x 69.7%).

Q: Do you take exception to the approach utilized by the NCCI pricing of this benefit change?

A: No.

Q: Do you take exception to the NCCI's pricing for this benefit change as an increase of 1.8%.

A: No.

Westphal Decision

Q: Please state the essence of the Westphal decision?

A: The Florida Supreme Court found the 104-week maximum duration for temporary total disability (TTD) benefits to be unconstitutional. The decision increased the maximum TTD benefit duration from 104 weeks to 260 weeks for all claimants who are due TTD benefits.

Q: What type of claimants typically are due TTD benefits?

A: There are two types of claimants: 1) those with permanent claims that receive TTD benefits during the healing period and 2) those with true temporary disability claims. These are the claims impacted by this change.

Q: Can you explain how the NCCI approached the pricing of purely temporary disability claims?

A: The NCCI reviewed data from the Florida Department of Workers' Compensation (FDWC) in order to determine an average TTD claim duration of 56.3 days based upon Florida claims with injury dates from 2008 to 2012 having no permanent disability benefit payments. I should note, during the period reviewed, the maximum claim duration was 104 weeks and therefore this average reflects an average TTD claim duration subject to a maximum duration of 104 weeks.

Q: What type of data was obtained from the FDWC?

A: The FDWC provided accident year data for the five-year period from 2008 through 2012.

Q: Were the average durations for TTD claims consistent from year to year?

A: The average durations were very consistent ranging from a low of 55.5 days to a high of 57.3 days. As mentioned previously, 56.3 days was utilized by the NCCI as the average duration for pure TTD claims under the 104 week maximum duration.

Q: Do you feel the selected average is reasonable?

A: I do.

Q: What was the next step performed by the NCCI?

A: The NCCI then analyzed average TTD durations in other jurisdictions; only jurisdictions with TTD maximum claim duration of at least 260 weeks were included in the analysis. Jurisdictions where the date of maximum medical improvement (MMI) is not necessarily mandated or used to terminate TTD benefits were not considered. With these restrictions, TTD data from 30 states was considered.

Specifically, the NCCI reviewed the average TTD claim duration, limited to 104 weeks versus limited to 260 weeks, to produce the change in TTD claim duration caused by considering maximum durations of 104 and 260 weeks for each state reviewed. The NCCI concluded that the median difference in TTD claim duration between maximizing durations at 104 versus 260 weeks is 3.5 days.

Q: What was the source of the data used?

A: This estimate was based on summarized transactional data licensed to the NCCI. The average of five years of accident year data forms the basis for this analysis, with thirty states reflected.

Q: Why was the median difference used rather than some other statistical measure?

A: The change in average duration based on a maximum duration of 260 rather than 104 weeks of TTD benefits varies widely from one state to the next. Differences range from 0.5 days on the low side to 36.9 days on the high side. The mean difference over the thirty states was 6.2 days as compared to the median difference of 3.5 days reflected by the NCCI in its pricing. Excluding the three highest and three lowest differences, and averaging the values for the remaining 24 states, produces a difference of 4.3 days.

Q: How did the NCCI use the 3.5 day median difference in its pricing?

A: The NCCI reasoned that an increase of 3.5 days from an average duration of 56.3 days is a 6.2% increase (6.2% = 3.5 / 56.3) in TTD benefit costs. The NCCI further reasoned that this increase of 6.2% would apply to all temporary disability benefit costs which account for 47.7% of all indemnity benefits in Florida. Therefore, the NCCI estimated the impact on indemnity costs of the expected increase in temporary disability claim durations to be +3.0% (6.2% x 47.7%).

Q: Would the indicated overall change due to the Westphal decision of +2.2% be sensitive to these alternative average differences in the increased duration from 104 weeks to 260 weeks?

A: In terms of the indicated increase, the use of the average difference of 6.2 days rather than 3.5 days would have had an appreciable percentage difference but in absolute terms, the indicated increase would be less than a percent larger.

Q: Do you recommend changing the NCCI analysis to reflect a larger expected difference in durations for TTD?

A: No. I am simply observing that this judgment by the NCCI could be conservative; by "conservative" I mean that the NCCI's selection may lead to a smaller increase, all else equal.

Q: You mentioned the healing period earlier. What type of claims have a healing period?

A: Permanent total disability (PTD) claims and permanent impairment benefits (PIB).

Q: What is the difference between these two benefit types?

A: A PTD claim is defined as a claim involving total disability which is permanent in nature with the injured employee unable to engage in even sedentary employment. An employee who is permanently disabled to some degree, but ineligible for PTD benefits may be eligible for PIB.

Q: Did the NCCI price the impact of the change in the duration of the maximum healing period for PTD claims?

A: No. The NCCI reasoned that since PTD claims are relatively rare and since healing period benefits account for a small portion of total costs for PTD claims, that the Westphal decision will only minimally impact PTD claim costs.

Q: Do you agree with this decision?

A: Yes. I can see the impact of the Westphal decision being very small for PTD claims.

Q: Did the NCCI price the impact of the change in duration of the maximum healing period for PIB claims?

A: Yes.

Q: How did the NCCI do this?

A: The approach was analogous to the pricing for purely TTD claims. More specifically, the NCCI reviewed the healing period on PIB claims for Florida (limited to a 104 week maximum duration) and calculated an average duration of 94.7 days.

The NCCI also reviewed the duration of the healing period for permanent partial disability claims for other NCCI jurisdictions in the same manner as previously described for TTD claims. The same 30 states that were used in the TTD analysis were used in this healing period analysis. The NCCI concluded the resulting median difference between capping the healing period duration at 104 versus 260 weeks was 12.4 days. Accordingly, the NCCI concluded that for PIB claims there is a 13.1% increase (12.4/94.7) in the healing period benefit cost. Since healing period benefit costs for PIB claims represent 22.6% of Florida indemnity benefits, the impact on indemnity benefit costs due to the increase in healing period durations on PIB claims is an increase of 3.0% (+13.1% x 22.6%).

Q: Was the data used to obtain the average healing period in Florida under a 104 week maximum duration obtained from the FDWC?

A: Yes, it was.

Q: Do the average durations for the healing period over the five years reviewed show the kind of consistency observed for TTD claims?

A: No. Whereas the TTD claims showed little variation in average duration from year to year, the average duration for the healing period shows a monotonic decrease from an average of 105.5 days for 2008 to 84.7 days for 2012.

Q: What duration did the NCCI use for the healing period with a 104 week maximum duration?

A: The NCCI used the five-year average of 94.7 days.

Q: Given the observed decrease over time, would you select a different average?

A: No. I tested the sensitivity of the resulting indication to alternative averages and found the results to be quite insensitive to changes in the parameter.

Q: What about the average difference in healing period duration produced in moving from a 104 week to a 260 week maximum; are these values consistent from state to state?

A: No, they are not. As was the case with TTD benefits, the change in length of the healing period duration in moving from a maximum duration of 104 weeks to 260 weeks varies widely depending on the state. The differences range from a low of 2.1 days to a high of 85.9 days. The NCCI selected 12.4 days which was the median difference. As was the case with TTD benefits, both the arithmetic average (19.1 days) and the arithmetic average excluding the three largest and three smallest values (15.4 days) produces differences larger than the NCCI's selection.

Q: Do you recommend changing the NCCI analysis to reflect a larger average difference?

A: No. As was the case with TTD, I am observing that this judgment by the NCCI could again be conservative.

Q: What is the overall impact on Florida benefit costs of the NCCI's calculated increases on indemnity benefits due to the Westphal decision?

A: Based upon financial data for policy years 2012 and 2013, the NCCI has determined that indemnity benefits comprise 29.6% of total benefit costs in Florida. Therefore, given the estimated 3% increase in indemnity costs due to the increase of the maximum duration of temporary total benefits for TTD claims as well as the 3% increase in indemnity costs for PIB claims, the impact on Florida overall benefit costs is 1.8% [(3.0% + 3.0%) x 29.6%)].

Q: Did the NCCI consider an element of the pricing for Westphal to be an increase in medical benefit costs?

A: Although, the Westphal decision does not explicitly apply to medical benefits, the NCCI did consider the decision's impact on medical benefit costs. More specifically, the NCCI estimated an increase of 0.5% in Florida medical benefit costs and since medical costs account for 70.4% of all costs in Florida, this translates to an overall increase in total benefit costs of 0.4% for Florida (0.5% x 70.4%).

Q: How did the NCCI arrive at the estimated 0.5% increase on medical benefit costs as a result of the Westphal decision?

A: For claims that only involve temporary disability, the NCCI anticipated that some claimants may alter their behavior and attempt to delay a finding of MMI in order to continue receiving TTD benefits. The NCCI states in

its filing, "To the extent claimants are successful at delaying a finding of MMI, in addition to the impacts on indemnity benefit costs described above, a different mix of medical services may be provided resulting in an increase in medical costs".

Q: Is this explained in any further detail in the NCCI filing?

A: Yes. The NCCI explains that before a patient reaches MMI, much of the medical care is remedial in nature as it is intended to treat the underlying cause of the injury and improve the claimant's condition. After MMI is reached, the bulk of the medical care, according to the NCCI, is palliative in nature and is primarily focused on alleviating symptoms and not necessarily treating the underlying cause; such remedial care costs are generally greater than palliative care costs (due to the types of treatments involved). To the extent the Westphal decision delays MMI and the period of remedial medical care is extended, the NCCI expects medical costs to increase.

Q: How did the NCCI price the increase in medical costs for PIB claims?

A: The NCCI reviewed medical data from the FDWC by service category for PIB claims for accidents occurring from 2008 through 2012. Certain service categories such as procedures performed at hospitals or ambulatory surgical centers and procedures involving surgery, anesthesiology, radiology and pathology were assumed to not be materially impacted by the Westphal decision. The NCCI estimated about 18% of pre-MMI medical costs on Florida PIB claims will be impacted. The NCCI further assumed that 85% of medical payments on PIB claims (at a fifth report) occur prior to MMI and that 79.9% of medical cost payments on PIB claims occur prior to a fifth report.

Q: Can you explain why this 18% figure is referenced?

A: Yes, although the NCCI states that much of the medical care before a patient reaches MMI is remedial, some of the medical care will be other than remedial. The NCCI has estimated that 18% of all medical care for PIB claims are medical services that may be used if a claimant was attempting to delay a finding of MMI. Such service categories include "medicine" as well as "evaluation and management".

Q: What is the significance of the three percentages quoted above?

A: The NCCI combined them to estimate that 12.2% of medical costs on PIB claims in Florida being impacted by the Westphal decision (12.2% = 18% x 85% x 79.9%).

Q: Do you take exception with any of these three values?

A: I believe I understand their derivation and do not take exception to the values. I do note that the NCCI's use of 18% of pre-MMI medical costs on Florida PIB claims being impacted by the Westphal decision could be too low. It is my understanding that this value implicitly assumes that only palliative care will be provided during the extension of the healing period duration due to the use of a maximum of 260 weeks (rather than 104 weeks). This is because the increase calculated is for claimants changing behavior to attempt to delay a finding of MMI and thus it follows that the medical costs for these claimants will not be remedial in nature (e.g., hospital, surgery, anesthesia). However, in the event that the extension of MMI is not caused by a claimant delaying a finding of MMI, but rather, the fact that MMI has not been reached in the first 104 weeks, additional remedial medical costs may be incurred. This would increase the medical impact of the Westphal decision.

Q: Could you provide an example of this possibility for increased medical impact?

A: Yes. Let's consider a claimant for whom elective surgery has been recommended. Furthermore, the surgery would require several months of rehabilitation which would require time off from work. If, under the previous limitation of 104 weeks, the claimant was in danger of missing time from work without the accompanying TTD benefits (i.e., the recovery period extends beyond the 104 week duration), it is possible that the claimant would not have elected to receive the surgery. `However, since TTD benefits have been extended to a maximum of 260 weeks, the claimant could continue to receive TTD benefits during the rehabilitation process and thus may elect to undergo the surgery.

Q: Do you think this type of situation has potential to significantly increase the medical impact of the Westphal decision?

A: Without the proper data to assess the frequency and associated severities of situations like this I cannot quantify the potential impact or make conclusions about its significance.

Q: Are you proposing the use of a figure greater than the 12.2% selected by the NCCI to reflect the impact of the Westphal decision on medical costs on PIB claims?

A: No; I am again observing that the effect calculated by the NCCI may be too small.

Q: How is the 12.2% used in the pricing of the Westphal decision?

A: Earlier I related that the NCCI has estimated the impact on the average duration of PIB claims as an increase of 13.1%. Application of the increase in medical costs of 12.2% to the 13.1% increase in duration results in an overall increase of 1.6% (13.1% x 12.2%) which is the NCCI's estimation of the impact of the Westphal decision on medical costs for PIB claims. Recall that medical costs represent 70.4% of total system costs and since PIB medical costs represent 33.6% of all medical costs this translates to an increase of 0.4% (1.6% x 33.6% x 70.4%) due to medical benefit costs.

Q: What is the overall impact of the Westphal decision?

A: The NCCI has quantified it as +2.2%. This is the sum of the 1.8% increase due to indemnity benefit costs and the 0.4% increase due to medical benefit costs.

Loss Adjustment Expense

Q: Has the NCCI proposed a change in the loss adjustment expense (LAE) ratio?

A: No, it has not. Claimant attorney fees are included in the indemnity loss, therefore, no separate cost impact is required. Defense attorney fees are included in the LAE provision approved for Florida, however, the NCCI does not currently anticipate the LAE provision needing to be adjusted due to the Castellanos and Westphal court decisions.

Q: Can you explain further?

A: When SB 50A became effective, it is likely that defense attorney fees decreased because of fewer claimants having attorney representation. As the Castellanos decision is expected to reverse the behavioral changes regarding

claimant attorney representation, it follows that LAE will increase. However, the NCCI expects that loss will increase as well, and furthermore, that "both will generally increase at the same rate". Since the provision of LAE is a ratio of expense to losses, the LAE provision does not need to be adjusted if both increase at the same rate.

Q: Do you take exception to this conclusion?

A: No, I do not.

Conclusion on Industrial Classes Change

Q: Based upon your work regarding the impact of the Castellanos decision, the medical fee schedule changes and the Westphal decision, do you believe the increase of 19.6% filed is justified?

A: I believe that the NCCI's request for a 19.6% increase should certainly be approved. My calculations recognize the possibility that the ultimate impact of the Castellanos decision may be slightly larger than the 15.0% increase the NCCI's is requesting for it or the ultimate impact may be considerably larger than the 15.0% increase sought in the NCCI filing. I do not find the NCCI's selection of an increase of 19.6% to be unreasonable. An increase of at least 19.6% as of an October 1, 2016 effective date as a result of the Castellanos and Westphal decisions as well as the medical fee change is certainly justified in my opinion.

Q: Does the filing propose to adjust each industrial classification's rate by 19.6%.

A: No, although the 15% rate change due to the Castellanos decision is proposed to be applied uniformly to each industrial classification, the remaining 1.8% (medical fee) and 2.2% (Westphal decision) that make up the 19.6% will be applied to indemnity and medical components accordingly and, thus, will vary from industrial classification to industrial classification based on the indemnity and medical weights of each class.

Q: Do you find this approach acceptable?

A: Yes.

Federal (F)-Classifications Impact

Q: How did the NCCI derive the impact on F-Classifications of 3.6%?

A: The NCCI utilized the estimated indemnity versus medical impacts from the Castellanos and Westphal decisions and the medical fee schedule change to calculate an indemnity impact and a medical impact for these three changes on a combined basis.

The NCCI used a 15.0% impact for each of indemnity and medical loss for the Castellanos decision and a +6.1% impact on indemnity as well as a 0.6% impact on medical benefit costs for the Westphal decision; the NCCI reflected a 0.0% change for indemnity and a 2.6% impact on medical costs from the medical fee schedule change. Combining the results for the three changes on medical costs results in the NCCI's combined impact on medical costs of +18.7% (1.187 = 1.150 x 1.006 x 1.026).

Q: What is the NCCI's combined impact on indemnity loss of the three changes?

A: Since the medical fee schedule change does not impact indemnity costs, the combined impact is equal to the NCCI's impact of the Castellanos decision of +15.0% and Westphal decision of 6.1% for an overall indemnity impact of +22.0% (1.220 = 1.150 x 1.061).

Q: Given the NCCI's determination that the impact of the changes on indemnity benefit costs is +22.0% and for medical benefits costs it is +18.7%, how did the NCCI use this information in determining the F-class average change?

A: The NCCI determined that for Florida F-classifications 81.8% of the benefits are federal benefits with the remaining 18.2% being state benefits. The federal benefits are not impacted by the three changes referred to in this filing.

Accordingly, by applying the state weight to each of the indemnity and medical indicated increases and no change to the federal weight, the NCCI determined an F-class indemnity increase of 4.0% and a medical increase of 3.4%. Based upon a 30.3% indemnity versus 69.7% medical split of benefits, the NCCI's filed overall increase for F-classes of 3.6% is obtained (1.036 = 0.303 x 1.040 + 0.697 x 1.034).

Alternatively, the F-class change can be determined by applying the state weight to the NCCI overall increase of 19.6% and adding the result to the federal weight which is not modified by the two changes in this filing (i.e., 1.036 = 0.182 x 1.196 + 0.818 x 1.000).

Q: Are you recommending that the NCCI's filed F-class change of +3.6% be approved?

A: Yes, in light of my review, I am making this recommendation as I believe an F-class increase of at least 3.6% is warranted for an October 1, 2016 effective date.

Additional Comments

Q: Earlier in your testimony you indicated that the NCCI has proposed that certain policies in effect as of the proposed effective date of this filing would also get a rate increase. Is that correct?

A: Yes. For example, the NCCI is proposing that all policies that became effective in November of 2015 would have a 1.6% rate increase applied to that 2015 policy (1.6% = one-twelfth of the overall proposed change of +19.6%). It is proposed by the NCCI that all outstanding policies with effective dates from November 1, 2015 through September 30, 2016 receive a rate increase prorated based upon the month each policy became effective.

Q: What do you think of this feature of the filing?

A: I definitely believe that an adjustment for policies that are in-force as of October 1, 2016 is needed. I realize that the approach that has been filed may be desirable from an ease of implementation standpoint (i.e., under the proposal there would be eleven different periods of time, each with its own adjustment). However, it seems to me that all policies becoming effective during a given month do not have the same exposure to higher costs.

Q: Can you give an example to illustrate this?

A: Yes. Let's consider two policies becoming effective during November of 2015; the first policy has an effective date of November 1, 2015. As we are assuming it is a twelve-month policy, this policy expires on October 31, 2016; therefore, the one-month period from October 1, 2016 to October 31, 2016 would be under the higher rate level and accordingly the proposed increase of 1.6% (one-twelfth of the NCCI's proposed overall change) would be appropriate for to this policy.

The second policy which became effective on November 30, 2015 has the period from October 1, 2016 to November 29, 2016 under the higher rate structure. This is one day short of a two-month period; yet, since the proposed rule of this filing is that any policy becoming effective in November of 2015 would receive a 1.6% increase, the rate increase for this policy is also an increase of 1.6% (a single month's increase) While this increase is appropriate for the policy that became effective on November 1, 2015 (given the appropriateness of the overall 19.6% increase and the one-month time frame under the new rate structure) it is approximately half of the necessary adjustment for the policy incepting on November 30, 2015.

The inequity of this rule for the insurers can also be easily seen in the fact that any policy incepting from October 2, 2015 through October 31, 2015 would have some portion of its policy exposed to the greater exposure due to the Castellanos and Westphal decisions (as well as the medical fee schedule change) but there is no proposed increase for such policies to recognize the greater exposure.

Q: How can this be remedied?

A: For each policy effective from October 2, 2015 to September 30, 2016 a factor can be determined which prorates, by policy effective date, the impact of an approved rate level. This would mean each day in this period would have a unique factor to adjust for the approved rate change.

Q: Is it your testimony that this filing results in rates that are not excessive, inadequate or unfairly discriminatory?

A: Yes.

Q: Does this conclude your pre-filed testimony?

A: Yes.

Estimated Impact of the Castellanos Decision

	(1)	(2)	(3)	(4)
	'00 – '02 Versus '05 & '06	'01 & '02 Versus '05 & '06	'02 Versus '06	Average [(1) + (2) + (3)] / 3.0
Method 1				
Florida Compared to…				
(5) Southeastern States	39.3%	34.0%	41.2%	38.2%
(6) Gulf States	17.7%	14.2%	25.6%	19.2%
Method 2				
Method 2A				
(7) Severity – All Claims, Frequency – Southeastern States	34.4%	31.2%	30.0%	31.9%
(8) Severity – All Claims, Frequency – Gulf States	16.9%	15.3%	14.4%	15.5%
Method 2B				
(9) Severity – Excluding the Top 1% of Claims, Frequency – Southeastern States	36.8%	33.2%	35.1%	35.0%
(10) Severity – Excluding the Top 1% of Claims, Frequency – Gulf States	18.9%	17.1%	18.9%	18.3%
Summary				
(11) Methods with Reliance on a Comparison to Southeastern States (Equal Weights to Methods 1, 2A, and 2B)				35.0%
(12) Methods with Reliance on a Comparison to Gulf States (Equal Weights to Methods 1, 2A, and 2B)				17.7%
(13) Methods with Reliance on a Comparison to Southeastern States (Equal Weights to Methods 1 and 2)				35.8%
(14) Methods with Reliance on a Comparison to Gulf States (Equal Weights to Methods 1 and 2)				18.1%

Notes: Line (5), Columns (1), (2) and (3) are taken from Column (8), Lines (21), (22) and (23), respectively, of Exhibit SPL – 2, Page 5, Sheet 1.
Line (6), Columns (1), (2) and (3) are taken from Column (9), Lines (21), (22) and (23), respectively, of Exhibit SPL – 2, Page 5, Sheet 1.
Line (7), Columns (1), (2) and (3) are taken from Column (3a), Lines (4), (5) and (6), respectively, of Exhibit SPL – 3, Page 1.
Line (8), Columns (1), (2) and (3) are taken from Column (3b), Lines (4), (5) and (6), respectively, of Exhibit SPL – 3, Page 1.
Line (9), Columns (1), (2) and (3) are taken from Column (3a), Lines (4), (5) and (6), respectively, of Exhibit SPL – 4, Page 1.
Line (10), Columns (1), (2) and (3) are taken from Column (3b), Lines (4), (5) and (6), respectively, of Exhibit SPL – 4, Page 1.
Line (11) represents the arithmetic average of Column (4), Lines (5), (7) and (9) (i.e. equal weight is given to Methods 1, 2A and 2B).
Line (12) represents the arithmetic average of Column (4), Lines (6), (8) and (10) (i.e. equal weight is given to Methods 1, 2A and 2B).
Line (13) is equal to the arithmetic average of Column (4), Lines (7) and (9) averaged with Line (5) of Column (4) (i.e. weights of 50%, 25% and 25% are given to Methods 1, 2A and 2B, respectively). Thus, Line (13) reflects the average of Methods 1 and 2, with Method 2 reflecting equal weight between Methods 2A and 2B.
Line (14) is equal to the arithmetic average of Column (4), Lines (8) and (10) averaged with Line (6) of Column (4) (i.e. weights of 50%, 25% and 25% are given to Methods 1, 2A and 2B, respectively). Thus, Line (14) reflects the average of Methods 1 and 2, with Method 2 reflecting equal weight between Methods 2A and 2B.

Paid Plus Case Reserve
NCCI Selected Development Factors

	Age-to-Age Period	Type of Factor	Indemnity	Medical
(a)	1st - 2nd	Paid Plus Case LDF	1.219	1.082
(b)	2nd - 3rd	Paid Plus Case LDF	1.116	1.050
(c)	3rd - 4th	Paid Plus Case LDF	1.048	1.024
(d)	4th - 5th	Paid Plus Case LDF	1.026	1.013
(e)	5th - 6th	Paid Plus Case LDF	1.019	1.008
(f)	6th - 7th	Paid Plus Case LDF	1.009	1.008
(g)	7th - 8th	Paid Plus Case LDF	1.007	1.006
(h)	8th - 9th	Paid Plus Case LDF	1.006	1.009
(i)	9th - 10th	Paid Plus Case LDF	1.006	1.006
(j)	10th - 11th	Paid Plus Case LDF	1.005	1.005
(k)	11th - 12th	Paid Plus Case LDF	1.004	1.003
(l)	12th - 13th	Paid Plus Case LDF	1.003	1.002
(m)	13th - 14th	Paid Plus Case LDF	1.002	1.009
(n)	14th - 15th	Paid Plus Case LDF	1.002	1.002
(o)	15th - 16th	Paid Plus Case LDF	1.001	1.003
(p)	16th - 17th	Paid Plus Case LDF	1.003	1.005
(q)	17th - 18th	Paid Plus Case LDF	1.000	1.002
(r)	18th - 19th	Paid Plus Case LDF	1.001	1.001
(s)	19th Report Paid Plus Case to Ultimate LDF		1.012	1.050
(1)	15th to Ultimate LDF		1.017	1.061
(2)	14th to Ultimate LDF		1.019	1.063
(3)	13th to Ultimate LDF		1.021	1.073
(4)	10th to Ultimate LDF		1.033	1.083
(5)	9th to Ultimate LDF		1.039	1.089

Notes: Lines (a) through (s) have been taken from NCCI's January 1, 2016 Florida Rate Filing.
Line (1) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects the multiplying of the factors in Lines (o) through (s).
Line (2) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects the multiplying of the factors in Lines (n) through (s).
Line (3) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects the multiplying of the factors in Lines (m) through (s).
Line (4) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects the multiplying of the factors in Lines (j) through (s).
Line (5) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects the multiplying of the factors in Lines (i) through (s).

Paid Loss
NCCI Selected Development Factors

	Age-to-Age Period	Type of Factor	Indemnity	Medical
(a)	1st - 2nd	Paid LDF	1.539	1.276
(b)	2nd - 3rd	Paid LDF	1.194	1.100
(c)	3rd - 4th	Paid LDF	1.087	1.044
(d)	4th - 5th	Paid LDF	1.051	1.028
(e)	5th - 6th	Paid LDF	1.038	1.016
(f)	6th - 7th	Paid LDF	1.024	1.016
(g)	7th - 8th	Paid LDF	1.019	1.014
(h)	8th - 9th	Paid LDF	1.011	1.011
(i)	9th - 10th	Paid LDF	1.012	1.010
(j)	10th - 11th	Paid LDF	1.009	1.007
(k)	11th - 12th	Paid LDF	1.008	1.007
(l)	12th - 13th	Paid LDF	1.007	1.007
(m)	13th - 14th	Paid LDF	1.006	1.007
(n)	14th - 15th	Paid LDF	1.006	1.006
(o)	15th - 16th	Paid LDF	1.005	1.005
(p)	16th - 17th	Paid LDF	1.004	1.004
(q)	17th - 18th	Paid LDF	1.004	1.007
(r)	18th - 19th	Paid LDF	1.003	1.003
(r')	Paid to Paid Plus Case Ratio at 19th Report		0.986	0.981
(s)	19th Report Paid Plus Case to Ultimate LDF		1.012	1.050
(1)	15th to Ultimate LDF		1.042	1.090
(2)	14th to Ultimate LDF		1.048	1.097
(3)	13th to Ultimate LDF		1.054	1.105
(4)	10th to Ultimate LDF		1.079	1.129
(5)	9th to Ultimate LDF		1.092	1.140

Notes: Lines (a) through (s), including Line (r'), have been taken from NCCI's January 1, 2016 Florida Rate Filing.
Line (1) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects multiplying the factors in Lines (o) through (r), dividing by line (r') and multiplying by Line (s).
Line (2) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects multiplying the factors in Lines (n) through (r), dividing by line (r') and multiplying by Line (s).
Line (3) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects multiplying the factors in Lines (m) through (r), dividing by line (r') and multiplying by Line (s).
Line (4) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects multiplying the factors in Lines (j) through (r), dividing by line (r') and multiplying by Line (s).
Line (5) was taken from the Technical Supplement to NCCI's January 1, 2016 Florida Rate Filing and reflects multiplying the factors in Lines (i) through (r), dividing by line (r') and multiplying by Line (s).

Paid Plus Case Reserve
Actuarial Solutions Selected Development Factors

	Age-to-Age Period	Type of Factor	Indemnity	Medical
(a)	1st - 2nd	Paid Plus Case LDF	1.2190	1.0820
(b)	2nd - 3rd	Paid Plus Case LDF	1.1150	1.0500
(c)	3rd - 4th	Paid Plus Case LDF	1.0460	1.0240
(d)	4th - 5th	Paid Plus Case LDF	1.0260	1.0130
(e)	5th - 6th	Paid Plus Case LDF	1.0190	1.0090
(f)	6th - 7th	Paid Plus Case LDF	1.0090	1.0070
(g)	7th - 8th	Paid Plus Case LDF	1.0070	1.0060
(h)	8th - 9th	Paid Plus Case LDF	1.0070	1.0090
(i)	9th - 10th	Paid Plus Case LDF	1.0060	1.0050
(j)	10th - 11th	Paid Plus Case LDF	1.0050	1.0040
(k)	11th - 12th	Paid Plus Case LDF	1.0040	1.0035
(l)	12th - 13th	Paid Plus Case LDF	1.0030	1.0025
(m)	13th - 14th	Paid Plus Case LDF	1.0020	1.0070
(n)	14th - 15th	Paid Plus Case LDF	1.0025	1.0030
(o)	15th - 16th	Paid Plus Case LDF	1.0015	1.0040
(p)	16th - 17th	Paid Plus Case LDF	1.0020	1.0035
(q)	17th - 18th	Paid Plus Case LDF	1.0005	1.0020
(r)	18th - 19th	Paid Plus Case LDF	1.0010	1.0005
(s)	19th Report Paid Plus Case to Ultimate LDF		1.0120	1.0500
(1)	15th to Ultimate LDF		1.017	1.061
(2)	14th to Ultimate LDF		1.020	1.064
(3)	13th to Ultimate LDF		1.022	1.071
(4)	10th to Ultimate LDF		1.034	1.082
(5)	9th to Ultimate LDF		1.040	1.087

Notes: Lines (a) through (s) reflect judgmental selections made by Actuarial Solutions in the review of the NCCI's 1/1/16 Florida Rate Filing.
Line (1) is produced by multiplying the factors in Lines (o) through (s).
Line (2) is produced by multiplying the factors in Lines (n) through (s).
Line (3) is produced by multiplying the factors in Lines (m) through (s).
Line (4) is produced by multiplying the factors in Lines (j) through (s).
Line (5) is produced by multiplying the factors in Lines (i) through (s).

Paid Loss
Actuarial Solutions Selected Development Factors

	Age-to-Age Period	Type of Factor	Indemnity	Medical
(a)	1st - 2nd	Paid LDF	1.5390	1.2810
(b)	2nd - 3rd	Paid LDF	1.1950	1.1000
(c)	3rd - 4th	Paid LDF	1.0880	1.0450
(d)	4th - 5th	Paid LDF	1.0510	1.0280
(e)	5th - 6th	Paid LDF	1.0380	1.0190
(f)	6th - 7th	Paid LDF	1.0240	1.0160
(g)	7th - 8th	Paid LDF	1.0190	1.0155
(h)	8th - 9th	Paid LDF	1.0110	1.0110
(i)	9th - 10th	Paid LDF	1.0120	1.0090
(j)	10th - 11th	Paid LDF	1.0090	1.0070
(k)	11th - 12th	Paid LDF	1.0080	1.0070
(l)	12th - 13th	Paid LDF	1.0070	1.0070
(m)	13th - 14th	Paid LDF	1.0060	1.0065
(n)	14th - 15th	Paid LDF	1.0060	1.0055
(o)	15th - 16th	Paid LDF	1.0050	1.0060
(p)	16th - 17th	Paid LDF	1.0040	1.0040
(q)	17th - 18th	Paid LDF	1.0040	1.0050
(r)	18th - 19th	Paid LDF	1.0030	1.0040
(r')	Paid to Paid Plus Case Ratio at 19th Report		0.9860	0.9810
(s)	19th Report Paid Plus Case to Ultimate LDF		1.0120	1.0500
(1)	15th to Ultimate LDF		1.043	1.091
(2)	14th to Ultimate LDF		1.049	1.097
(3)	13th to Ultimate LDF		1.055	1.104
(4)	10th to Ultimate LDF		1.081	1.127
(5)	9th to Ultimate LDF		1.094	1.137

Notes: Lines (a) through (s), including Line (r'), reflect judgmental selections made by Actuarial Solution in the review of NCCI's 1/1/16 Florida Rate Filing.

Line (1) is produced by multiplying the factors in Lines (o) through (r), dividing by line (r') and multiplying by Line (s).

Line (2) is produced by multiplying the factors in Lines (n) through (r), dividing by line (r') and multiplying by Line (s).

Line (3) is produced by multiplying the factors in Lines (m) through (r), dividing by line (r') and multiplying by Line (s).

Line (4) is produced by multiplying the factors in Lines (j) through (r), dividing by line (r') and multiplying by Line (s).

Line (5) is produced by multiplying the factors in Lines (i) through (r), dividing by line (r') and multiplying by Line (s).

Comparison of Selected Florida Age to Ultimate Loss Development Factors

Policy Year	Maturity in Years as of 12/31/14	(1) NCCI Loss Development Factor Selections: Indemnity Paid + Case	(2) Medical Paid + Case	(3) Indemnity Paid	(4) Medical Paid
2000	15	1.017	1.061	1.042	1.090
2001	14	1.019	1.063	1.048	1.097
2002	13	1.021	1.073	1.054	1.105
2005	10	1.033	1.083	1.079	1.129
2006	9	1.039	1.089	1.092	1.140

Policy Year	Maturity in Years as of 12/31/14	(5) Actuarial Solutions Loss Development Factor Selections: Indemnity Paid + Case	(6) Medical Paid + Case	(7) Indemnity Paid	(8) Medical Paid
2000	15	1.017	1.061	1.043	1.091
2001	14	1.020	1.064	1.049	1.097
2002	13	1.022	1.071	1.055	1.104
2005	10	1.034	1.082	1.081	1.127
2006	9	1.040	1.087	1.094	1.137

Policy Year	Maturity in Years as of 12/31/14	(9) Difference Between Actuarial Solutions and NCCI Selections: Indemnity Paid + Case [(5) / (1)] - 1.0	(10) Medical Paid + Case [(6) / (2)] - 1.0	(11) Indemnity Paid [(7) / (3)] - 1.0	(12) Medical Paid [(8) / (4)] - 1.0
2000	15	0.00%	0.00%	0.10%	0.09%
2001	14	0.10%	0.09%	0.10%	0.00%
2002	13	0.10%	-0.19%	0.09%	-0.09%
2005	10	0.10%	-0.09%	0.19%	-0.18%
2006	9	0.10%	-0.18%	0.18%	-0.26%

Notes: Columns (1) and (2) are taken from Lines (1) through (5) of Exhibit SPL - 1, Page 1.
Columns (3) and (4) are taken from Lines (1) through (5) of Exhibit SPL - 1, Page 2.
Columns (5) and (6) are taken from Lines (1) through (5) of Exhibit SPL - 1, Page 3.
Columns (7) and (8) are taken from Lines (1) through (5) of Exhibit SPL - 1, Page 4.

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Florida		Southern States		Gulf States				
	Policy Year	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Florida's Pure Loss Cost [(1) x (2)] / $1.0M	Southeastern States' Pure Loss Cost [(3) x (4)] / $1.0M	Gulf States' Pure Loss Cost [(5) x (6)] / $1.0M
Pre-Senate Bill 50A	2000	34.824	$50,380	19.982	$63,052	23.132	$67,260	1.7544	1.2599	1.5559
Pre-Senate Bill 50A	2001	32.156	50,468	19.126	67,655	21.998	74,695	1.6228	1.2940	1.6431
Pre-Senate Bill 50A	2002	30.906	50,459	18.456	67,598	20.398	70,522	1.5595	1.2476	1.4385
Post-Senate Bill 50A	2005	25.304	45,984	16.683	70,431	17.072	72,718	1.1636	1.1750	1.2414
Post-Senate Bill 50A	2006	22.923	43,052	15.987	69,657	15.496	73,530	0.9869	1.1136	1.1394
Pre-Senate Bill 50A: Average of...										
(10) 2000 through 2002								1.6456	1.2672	1.5458
(11) 2001 through 2002								1.5912	1.2708	1.5408
(12) 2002								1.5595	1.2476	1.4385
Post-Senate Bill 50A: Average of...										
(13) 2005 through 2006								1.0753	1.1443	1.1904
(14) 2006								0.9869	1.1136	1.1394
Pure Loss Cost Decline from Pre- to Post-Senate Bill 50A										
(15) '00 - '02 to '05 & '06 [(13) / (10) - 1]								-34.7%	-9.7%	-23.0%
(16) '01 & '02 to '05 & '06 [(13) / (11) - 1]								-32.4%	-10.0%	-22.7%
(17) '02 to '06 [(14) / (12) - 1]								-36.7%	-10.7%	-20.8%
Decline in Florida's Pure Loss Cost Over and Above that Observed in the Region										
(18) '00 - '02 to '05 & '06									-27.7%	-15.2%
(19) '01 & '02 to '05 & '06									-24.9%	-12.5%
(20) '02 to '06									-29.1%	-20.1%
Reversal of Florida's Pure Loss Cost Decline Over and Above that Observed in the Region										
(21) '00 - '02 to '05 & '06									38.3%	17.9%
(22) '01 & '02 to '05 & '06									33.1%	14.3%
(23) '02 to '06									41.1%	25.1%
(24) Average of Lines (21) through (23)									37.5%	19.1%

Notes: Columns (1) and (2) are taken from Exhibit SPL - 2, Page 1, Sheet 2, Columns (12) and (15), respectively.
Columns (3) and (4) are taken from Exhibit SPL - 2, Page 1, Sheet 4, Columns (67) and (69), respectively.
Columns (5) and (6) are taken from Exhibit SPL - 2, Page 1, Sheet 3, Columns (51) and (53), respectively.
Line (10), Columns (7), (8) and (9) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (11), Columns (7), (8) and (9) represents the arithmetic average of years 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (13), Columns (7), (8) and (9) represents the arithmetic average of years 2005 and 2006 of Columns (7), (8) and (9), respectively.
Lines (18), (19), and (20) of Column (8) are equal to ((7) + 1.0) / ((8) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (18), (19), and (20) of Column (9) are equal to ((7) + 1.0) / ((9) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (8) are equal to ((8) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (9) are equal to ((9) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively

Claim Severity and Frequency Per $1.0M in Pure Premium for Florida

Section I: Florida

Policy Year	(1) Factor to Adjust to 2013 Wage Level	(2) Ultimate Indemnity Loss	(3) Indemnity Loss On-Level Factor*	(4) Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	(5) Ultimate Medical Loss	(6) Medical Loss On-Level Factor*	(7) Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	(8) Wage Adjusted On-Level Ultimate Loss (4) + (7)	(9) Ultimate Lost-Time Claim Counts	(10) Adjustment Factor to Reflect Pure Premium	(11) Ultimate Premium	(12) Premium On-Level Factor*	(13) Wage Adjusted On-Level Ultimate Premium (1) x (10) x (11) x (12)	(14) Claim Severity (8) / (9)	(15) Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	(16) Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.422	$522,881,320	0.811	$602,882,162	$668,872,135	0.988	$939,765,350	$1,542,647,512	30,620	0.5848	$2,244,931,941	0.471	$879,287,798	$50,380	34.824	1.7544
2001	1.381	504,079,297	0.811	564,568,813	685,912,226	0.980	928,039,242	1,492,608,055	29,575	0.5848	2,423,087,071	0.470	919,746,028	50,468	32.156	1.6228
2002	1.342	497,908,546	0.813	543,218,224	735,454,283	0.967	954,619,659	1,497,837,883	29,684	0.5848	2,654,727,503	0.461	960,463,255	50,459	30.906	1.5595
2005	1.178	382,611,384	1.000	450,716,210	780,927,344	0.973	894,942,736	1,345,658,946	29,264	0.5848	3,490,133,370	0.481	1,156,484,334	45,984	25.304	1.1636
2006	1.132	367,017,948	1.000	415,464,317	752,793,828	0.971	827,320,417	1,242,784,734	28,867	0.5848	3,360,971,955	0.566	1,259,317,129	43,052	22.923	0.9869
		$2,274,498,495		$2,576,849,726	$3,623,959,816		$4,544,687,404	$7,121,537,130	148,010		$14,173,851,840		$5,175,298,544			

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4) and (7), the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

* Adjusted to remove the impact of the attorney fee component of the SB 50A pricing.

Claim Severity and Frequency Per $1.0M in Pure Premium for Gulf States

Section I: Louisiana

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.576	$144,794,725	1.155	$263,526,400	$159,642,714	1.000	$251,596,917	$515,123,317	6,420	1.0760	$371,771,587	0.594	$323,449,573	$80,238	19.849	1.5926
2001	1.520	135,857,068	1.136	234,625,156	156,633,367	1.000	238,082,718	472,707,874	5,684	1.0760	335,871,473	0.634	300,810,986	83,164	18.896	1.5715
2002	1.484	118,935,762	1.123	198,265,915	133,903,757	1.000	198,713,175	396,979,090	4,929	1.0760	310,619,887	0.661	283,173,329	80,539	17.406	1.4019
2005	1.292	125,771,405	1.069	173,690,310	151,796,791	1.000	196,121,454	369,811,764	4,107	1.0760	379,435,049	0.631	287,486,229	90,044	14.286	1.2864
2006	1.199	140,079,554	1.059	177,901,034	170,851,198	1.000	204,850,586	382,751,620	4,799	1.0760	536,156,282	0.621	371,013,669	79,756	12.935	1.0316
		$665,438,514		$1,048,008,815	$772,827,827		$1,089,364,850	$2,137,373,665	25,939		$1,933,854,278		$1,565,933,786			

Section II: Alabama

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.444	$51,135,387	1.076	$79,464,391	$89,618,464	1.153	$149,214,743	$228,679,134	3,681	1.0000	$187,649,241	0.540	$146,321,372	$62,124	25.157	1.5629
2001	1.394	45,381,766	1.069	67,618,831	96,190,547	1.144	153,423,922	221,042,753	3,152	1.0000	180,501,869	0.516	129,835,716	70,128	24.277	1.7025
2002	1.349	41,371,748	1.064	59,368,458	84,847,112	1.137	130,155,470	189,523,928	2,563	1.0000	175,885,152	0.498	118,159,997	73,946	21.691	1.6040
2005	1.207	40,836,695	1.047	51,617,582	85,721,124	1.082	111,951,788	163,569,370	2,550	1.0000	212,534,718	0.541	138,782,408	64,145	18.374	1.1786
2006	1.161	42,856,614	1.040	51,727,933	117,880,319	1.063	145,464,314	197,192,247	2,470	1.0000	235,792,620	0.536	146,732,804	79,834	16.833	1.3438
		$221,582,210		$309,797,195	$474,257,566		$690,210,237	$1,000,007,432	14,416		$992,363,600		$679,832,297			

Section III: Mississippi

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.436	$45,539,339	1.168	$76,369,472	$60,662,568	1.030	$89,719,938	$166,089,410	3,427	1.0000	$134,193,708	0.597	$115,043,192	$48,465	29.789	1.4437
2001	1.396	43,238,609	1.151	69,484,445	68,097,847	1.030	97,924,704	167,409,149	2,693	1.0000	114,634,680	0.584	93,457,528	62,165	28.815	1.7913
2002	1.355	45,861,473	1.134	70,489,084	59,960,882	1.030	83,705,391	154,194,475	3,011	1.0000	141,112,368	0.594	113,577,112	51,211	26.511	1.3577
2005	1.212	46,361,751	1.095	61,522,044	73,772,310	1.030	92,067,843	153,589,887	2,790	1.0000	188,928,660	0.555	127,084,752	55,050	21.954	1.2086
2006	1.163	53,372,263	1.081	67,088,935	89,209,163	1.030	106,872,577	173,961,512	2,984	1.0000	214,839,998	0.576	143,918,737	58,298	20.734	1.2088
		$234,373,435		$344,953,980	$351,702,770		$470,290,453	$815,244,433	14,905		$793,709,414		$593,081,321			

Section IV: Severity and Frequency for Gulf States

	(49)	(50)	(51)	(52)	(53)	(54)
Policy Year	Wage Adjusted On-Level Ultimate Loss (8) + (24) + (40)	Ultimate Lost-Time Claim Counts (9) + (25) + (41)	Claim Severity (49) / (50)	Wage Adjusted On-Level Ultimate Premium (13) + (29) + (45)	Frequency Per $1.0M in Pure Premium (50) / (52) x $1.0M	Pure Loss Cost [(51) x (53)] / $1.0M
2000	$909,891,861	13,528	$67,260	$584,814,137	23.132	1.5559
2001	861,159,776	11,529	74,695	524,104,230	21.998	1.6431
2002	740,697,493	10,503	70,522	514,910,438	20.398	1.4385
2005	686,971,021	9,447	72,718	553,353,389	17.072	1.2414
2006	753,905,379	10,253	73,530	661,665,210	15.496	1.1394
	$3,952,625,530	55,260		$2,838,847,404		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4), (7), (20), (23), (36), and (39) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

Claim Severity and Frequency Per $1.0M in Pure Premium for Southeastern States

Section I: Georgia

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.366	$201,067,430	1.281	$351,868,003	$190,912,243	1.150	$299,923,134	$651,791,137	9,193	1.0000	$472,495,783	0.821	$529,897,406	$70,901	17.349	1.2301
2001	1.340	199,932,963	1.214	325,290,931	197,122,291	1.150	303,765,450	629,056,381	8,461	1.0000	483,817,596	0.809	524,487,303	74,348	16.132	1.1994
2002	1.318	232,871,730	1.202	368,868,820	213,049,987	1.150	322,983,780	691,852,600	9,491	1.0000	522,756,911	0.847	583,577,587	72,896	16.263	1.1855
2005	1.196	309,163,539	1.143	422,626,558	338,565,253	1.094	442,843,351	865,469,909	11,208	1.0000	719,057,179	0.859	738,733,460	77,219	15.172	1.1716
2006	1.152	321,349,935	1.092	404,258,218	332,423,525	1.025	392,592,183	796,850,401	11,190	1.0000	753,897,841	0.871	756,455,062	71,211	14.793	1.0534
		$1,264,385,597		$1,872,912,530	$1,272,073,299		$1,762,107,898	$3,635,020,428	49,543		$2,952,025,310		$3,133,150,818			

Section II: South Carolina

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.404	$110,003,622	1.348	$208,236,856	$97,453,473	1.072	$146,667,477	$354,904,333	6,579	1.0000	$197,206,789	1.043	$288,784,100	$53,945	22.782	1.2290
2001	1.361	124,928,689	1.333	226,620,642	121,296,763	1.072	176,971,977	403,592,619	6,394	1.0000	208,952,202	1.011	287,512,170	63,121	22.239	1.4037
2002	1.328	148,719,629	1.295	255,797,762	143,965,510	1.056	201,839,645	457,637,407	6,734	1.0000	235,496,069	1.026	320,869,988	67,959	20.987	1.4263
2005	1.201	194,832,321	1.108	259,321,819	198,963,922	0.927	221,446,845	480,768,664	7,092	1.0000	402,583,316	0.793	383,417,532	67,790	18.497	1.2539
2006	1.159	206,461,526	1.093	261,586,753	197,094,485	0.991	226,461,563	488,048,316	6,962	1.0000	426,881,585	0.805	398,278,384	70,102	17.480	1.2254
		$784,945,787		$1,211,563,832	$758,774,153		$973,387,507	$2,184,951,339	33,761		$1,471,119,961		$1,678,862,174			

Section III: North Carolina

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.406	$287,366,685	1.053	$425,590,060	$237,017,702	0.966	$321,870,039	$747,460,099	12,094	1.1700	$607,095,274	1.007	$734,658,963	$61,804	16.462	1.0174
2001	1.372	297,619,675	1.044	426,191,375	239,823,462	0.966	317,766,087	743,957,462	10,879	1.1700	621,018,455	0.965	702,748,730	68,385	15.481	1.0587
2002	1.344	320,337,009	1.036	445,909,117	272,293,949	0.966	353,437,546	799,346,663	11,282	1.1700	686,609,583	0.940	741,397,507	70,852	15.217	1.0782
2005	1.213	388,885,661	1.017	479,884,906	365,236,254	0.966	428,056,890	907,941,796	12,180	1.1700	887,534,069	0.924	850,221,226	74,544	14.326	1.0679
2006	1.166	412,479,266	1.012	486,725,534	370,718,219	0.966	417,428,715	904,154,249	12,295	1.1700	1,022,507,099	0.873	889,596,907	73,538	13.821	1.0164
		$1,706,688,296		$2,264,300,992	$1,485,089,586		$1,838,559,277	$4,102,860,269	58,730		$3,824,764,480		$3,918,623,333			

Section IV: Tennessee

	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(49) x (51)] x (50)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(49) x (54)] x (53)	Wage Adjusted On-Level Ultimate Loss (52) + (55)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (49) / (58) x (59) x (60)	Claim Severity (56) / (57)	Frequency Per $1.0M in Pure Premium (57) / (61) x $1.0M	Pure Loss Cost [(62) x (63)] / $1.0M
2000	1.446	$140,651,096	0.833	$169,484,571	$185,975,186	0.883	$237,490,313	$406,974,884	7,312	1.0000	$349,092,543	0.593	$299,339,176	$55,658	24.427	1.3596
2001	1.403	145,292,151	0.825	168,103,019	179,838,852	0.883	222,820,338	390,923,357	7,504	1.0000	390,400,373	0.551	301,800,180	52,095	24.864	1.2953
2002	1.360	154,889,005	0.811	170,842,573	208,468,602	0.883	250,370,791	421,213,364	8,008	1.0000	479,560,221	0.510	332,622,969	52,599	24.075	1.2663
2005	1.222	166,109,162	0.886	179,896,222	258,586,993	0.996	314,700,370	494,596,592	8,855	1.0000	628,159,531	0.519	398,390,081	55,855	22.227	1.2415
2006	1.169	191,976,738	0.880	197,544,063	279,742,720	1.008	329,536,924	527,080,987	9,116	1.0000	648,394,360	0.541	410,063,397	57,819	22.231	1.2854
		$798,918,152		$885,870,448	$1,112,612,353		$1,354,918,736	$2,240,789,184	40,795		$2,495,607,028		$1,742,215,803			

Section V: Severity and Frequency for Southeastern States

	(65)	(66)	(67)	(68)	(69)	(70)
Policy Year	Wage Adjusted On-Level Ultimate Loss	Ultimate Lost-Time Claim Counts	Claim Severity (65) / (66)	Wage Adjusted On-Level Ultimate Premium	Frequency Per $1.0M in Pure Premium (66) / (68) x $1.0M	Pure Loss Cost [(67) x (69)] / $1.0M
2000	$3,071,022,314	48,706	$63,052	$2,437,493,782	19.982	1.2599
2001	3,028,689,595	44,767	67,655	2,340,652,613	19.126	1.2940
2002	3,110,747,527	46,018	67,598	2,493,378,489	18.456	1.2476
2005	3,435,747,982	48,782	70,431	2,924,115,688	16.683	1.1750
2006	3,470,039,332	49,816	69,657	3,116,058,960	15.987	1.1136
	$16,116,246,750	238,089		$13,311,699,532		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
Column (65) is equal to the sum of Columns (8), (24), (40), and (56) as well as Column (49) taken from Exhibit SPL - 2, Page 1
Column (66) is equal to the sum of Columns (9), (25), (41), and (57) as well as Column (50) taken from Exhibit SPL - 2, Page 1
Column (68) is equal to the sum of Columns (13), (29), (45), and (61) as well as Column (52) taken from Exhibit SPL - 2, Page 1
For Columns (4), (7), (20), (23), (36), (39), (52), and (55) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Florida		Southern States		Gulf States				
	Policy Year	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Florida's Pure Loss Cost [(1) x (2)] / $1.0M	Southeastern States' Pure Loss Cost [(3) x (4)] / $1.0M	Gulf States' Pure Loss Cost [(5) x (6)] / $1.0M
Pre-Senate Bill 50A	2000	39.426	$44,510	23.304	$54,003	27.347	$56,873	1.7549	1.2585	1.5553
Pre-Senate Bill 50A	2001	36.399	44,595	22.302	57,980	26.017	63,194	1.6232	1.2931	1.6441
Pre-Senate Bill 50A	2002	34.971	44,588	21.508	57,991	24.108	59,683	1.5593	1.2473	1.4388
Post-Senate Bill 50A	2005	28.634	40,643	19.433	60,452	20.155	61,553	1.1638	1.1748	1.2406
Post-Senate Bill 50A	2006	25.949	38,036	18.633	59,775	18.323	62,289	0.9870	1.1138	1.1413
Pre-Senate Bill 50A: Average of...										
(10) 2000 through 2002								1.6458	1.2663	1.5461
(11) 2001 through 2002								1.5913	1.2702	1.5415
(12) 2002								1.5593	1.2473	1.4388
Post-Senate Bill 50A: Average of...										
(13) 2005 through 2006								1.0754	1.1443	1.1910
(14) 2006								0.9870	1.1138	1.1413
Pure Loss Cost Decline from Pre- to Post-Senate Bill 50A										
(15) '00 - '02 to '05 & '06 [(13) / (10) - 1]								-34.7%	-9.6%	-23.0%
(16) '01 & '02 to '05 & '06 [(13) / (11) - 1]								-32.4%	-9.9%	-22.7%
(17) '02 to '06 [(14) / (12) - 1]								-36.7%	-10.7%	-20.7%
Decline in Florida's Pure Loss Cost Over and Above that Observed in the Region										
(18) '00 - '02 to '05 & '06									-27.8%	-15.2%
(19) '01 & '02 to '05 & '06									-25.0%	-12.5%
(20) '02 to '06									-29.1%	-20.2%
Reversal of Florida's Pure Loss Cost Decline Over and Above that Observed in the Region										
(21) '00 - '02 to '05 & '06									38.4%	17.9%
(22) '01 & '02 to '05 & '06									33.3%	14.3%
(23) '02 to '06									41.1%	25.3%
(24) Average of Lines (21) through (23)									37.6%	19.2%

Notes: Columns (1) and (2) are taken from Exhibit SPL - 2, Page 2, Sheet 2, Columns (12) and (15), respectively.
Columns (3) and (4) are taken from Exhibit SPL - 2, Page 2, Sheet 4, Columns (67) and (69), respectively.
Columns (5) and (6) are taken from Exhibit SPL - 2, Page 2, Sheet 3, Columns (51) and (53), respectively.
Line (10), Columns (7), (8) and (9) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (11), Columns (7), (8) and (9) represents the arithmetic average of years 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (13), Columns (7), (8) and (9) represents the arithmetic average of years 2005 and 2006 of Columns (7), (8) and (9), respectively.
Lines (18), (19), and (20) of Column (8) are equal to ((7) + 1.0) / ((8) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (18), (19), and (20) of Column (9) are equal to ((7) + 1.0) / ((9) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (8) are equal to ((8) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (9) are equal to ((9) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively

Claim Severity and Frequency Per $1.0M in Pure Premium for Florida

Section I: Florida

Policy Year	(1) Factor to Adjust to 2006 Wage Level	(2) Ultimate Indemnity Loss	(3) Indemnity Loss On-Level Factor*	(4) Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	(5) Ultimate Medical Loss	(6) Medical Loss On-Level Factor*	(7) Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	(8) Wage Adjusted On-Level Ultimate Loss (4) + (7)	(9) Ultimate Lost-Time Claim Counts	(10) Adjustment Factor to Reflect Pure Premium	(11) Ultimate Premium	(12) Premium On-Level Factor*	(13) Wage Adjusted On-Level Ultimate Premium (1) x (10) x (11) x (12)	(14) Claim Severity (8) / (9)	(15) Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	(16) Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.256	$522,881,320	0.811	$532,816,065	$668,872,135	0.988	$830,070,320	$1,362,886,385	30,620	0.5848	$2,244,931,941	0.471	$776,642,387	$44,510	39.426	1.7549
2001	1.220	504,079,297	0.811	498,534,425	685,912,226	0.980	820,351,022	1,318,885,447	29,575	0.5848	2,423,087,071	0.470	812,520,024	44,595	36.399	1.6232
2002	1.186	497,908,546	0.813	479,983,838	735,454,283	0.967	843,566,063	1,323,549,901	29,684	0.5848	2,654,727,503	0.461	848,814,769	44,588	34.971	1.5593
2005	1.041	382,611,384	1.000	398,298,451	780,927,344	0.973	791,079,399	1,189,377,850	29,264	0.5848	3,490,133,370	0.481	1,021,986,580	40,643	28.634	1.1638
2006	1.000	367,017,948	1.000	367,017,948	752,793,828	0.971	730,962,807	1,097,980,755	28,867	0.5848	3,360,971,955	0.566	1,112,470,962	38,036	25.949	0.9870
		$2,274,498,495		$2,276,650,727	$3,623,959,816		$4,016,029,611	$6,292,680,338	148,010		$14,173,851,840		$4,572,434,722			

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4) and (7), the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

* Adjusted to remove the impact of the attorney fee component of the SB 50A pricing.

Claim Severity and Frequency Per $1.0M in Pure Premium for Gulf States

Section I: Louisiana

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.314	$144,794,725	1.155	$219,798,393	$159,642,714	1.000	$209,770,526	$429,568,919	6,420	1.0760	$371,771,587	0.594	$269,678,134	$66,911	23.806	1.5929
2001	1.268	135,857,068	1.136	195,634,178	156,633,367	1.000	198,611,109	394,245,287	5,684	1.0760	335,871,473	0.634	250,939,691	69,361	22.651	1.5711
2002	1.238	118,935,762	1.123	165,320,709	133,903,757	1.000	165,772,851	331,093,560	4,929	1.0760	310,619,887	0.661	236,232,198	67,173	20.865	1.4016
2005	1.078	125,771,405	1.069	144,888,659	151,796,791	1.000	163,636,941	308,525,600	4,107	1.0760	379,435,049	0.631	239,868,541	75,122	17.122	1.2862
2006	1.000	140,079,554	1.059	148,344,248	170,851,198	1.000	170,851,198	319,195,446	4,799	1.0760	536,156,282	0.621	309,435,921	66,513	15.509	1.0316
		$665,438,514		$873,986,187	$772,827,827		$908,642,625	$1,782,628,812	25,939		$1,933,854,278		$1,306,154,485			

Section II: Alabama

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.244	$51,135,387	1.076	$68,470,283	$89,618,464	1.153	$128,512,877	$196,983,160	3,681	1.0000	$187,649,241	0.540	$126,055,254	$53,513	29.201	1.5626
2001	1.201	45,381,766	1.069	58,270,188	96,190,547	1.144	132,165,812	190,436,000	3,152	1.0000	180,501,869	0.516	111,859,896	60,418	28.178	1.7025
2002	1.162	41,371,748	1.064	51,135,481	84,847,112	1.137	112,083,035	163,218,516	2,563	1.0000	175,885,152	0.498	101,780,516	63,683	25.182	1.6037
2005	1.040	40,836,695	1.047	44,471,161	85,721,124	1.082	96,436,265	140,907,426	2,550	1.0000	212,534,718	0.541	119,580,534	55,258	21.325	1.1784
2006	1.000	42,856,614	1.040	44,570,879	117,880,319	1.063	125,306,779	169,877,658	2,470	1.0000	235,792,620	0.536	126,384,844	68,776	19.543	1.3441
		$221,582,210		$266,917,992	$474,257,566		$594,504,768	$861,422,760	14,416		$992,363,600		$585,661,044			

Section III: Mississippi

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.235	$45,539,339	1.168	$65,667,727	$60,662,568	1.030	$77,162,786	$142,830,513	3,427	1.0000	$134,193,708	0.597	$98,940,350	$41,678	34.637	1.4436
2001	1.200	43,238,609	1.151	59,712,519	68,097,847	1.030	84,168,939	143,881,458	2,693	1.0000	114,634,680	0.584	80,335,984	53,428	33.522	1.7910
2002	1.165	45,861,473	1.134	60,583,006	59,960,882	1.030	71,953,058	132,536,064	3,011	1.0000	141,112,368	0.594	97,651,170	44,017	30.834	1.3572
2005	1.042	46,361,751	1.095	52,898,758	73,772,310	1.030	79,157,689	132,056,447	2,790	1.0000	188,928,660	0.555	109,259,333	47,332	25.536	1.2087
2006	1.000	53,372,263	1.081	57,695,416	89,209,163	1.030	91,885,438	149,580,854	2,984	1.0000	214,839,998	0.576	123,747,839	50,128	24.114	1.2088
		$234,373,435		$296,557,426	$351,702,770		$404,327,910	$700,885,336	14,905		$793,709,414		$509,934,676			

Section IV: Severity and Frequency for Gulf States

	(49)	(50)	(51)	(52)	(53)	(54)
Policy Year	Wage Adjusted On-Level Ultimate Losses (8) + (24) + (40)	Ultimate Lost-Time Claim Counts (9) + (25) + (41)	Claim Severity (49) / (50)	Wage Adjusted On-Level Ultimate Premium (13) + (29) + (45)	Frequency Per $1.0M in Pure Premium (50) / (52) x $1.0M	Pure Loss Cost [(51) x (53)] / $1.0M
2000	$769,382,592	13,528	$56,873	$494,673,738	27.347	1.5553
2001	728,562,745	11,529	63,194	443,135,571	26.017	1.6441
2002	626,848,140	10,503	59,683	435,663,884	24.108	1.4388
2005	581,489,473	9,447	61,553	468,708,408	20.155	1.2406
2006	638,653,958	10,253	62,289	559,568,604	18.323	1.1413
	$3,344,936,908	55,260		$2,401,750,205		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4), (7), (20), (23), (36), and (39) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

Claim Severity and Frequency Per $1.0M in Pure Premium for Southeastern States

Section I: Georgia

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.186	$201,067,430	1.281	$305,421,426	$190,912,243	1.150	$260,404,299	$565,825,725	9,193	1.0000	$472,495,783	0.821	$460,071,979	$61,550	19.982	1.2299
2001	1.163	199,932,963	1.214	282,305,344	197,122,291	1.150	263,552,503	545,857,847	8,461	1.0000	483,817,596	0.809	455,208,010	64,515	18.587	1.1991
2002	1.144	232,871,730	1.202	320,198,629	213,049,987	1.150	280,373,783	600,572,412	9,491	1.0000	522,756,911	0.847	506,534,719	63,278	18.737	1.1856
2005	1.038	309,163,539	1.143	366,667,957	338,565,253	1.094	384,610,127	751,278,084	11,208	1.0000	719,057,179	0.859	641,141,581	67,031	17.481	1.1718
2006	1.000	321,349,935	1.092	350,914,129	332,423,525	1.025	340,734,113	691,648,242	11,190	1.0000	753,897,841	0.871	656,645,020	61,809	17.041	1.0533
		$1,264,385,597		$1,625,507,485	$1,272,073,299		$1,529,674,825	$3,155,182,310	49,543		$2,952,025,310		$2,719,601,309			

Section II: South Carolina

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.211	$110,003,622	1.348	$179,525,911	$97,453,473	1.072	$126,494,608	$306,020,519	6,579	1.0000	$197,206,789	1.043	$249,086,571	$46,515	26.413	1.2286
2001	1.174	124,928,689	1.333	195,513,398	121,296,763	1.072	152,712,625	348,226,023	6,394	1.0000	208,952,202	1.011	248,008,294	54,461	25.781	1.4041
2002	1.146	148,719,629	1.295	220,699,929	143,965,510	1.056	174,198,267	394,898,196	6,734	1.0000	235,496,069	1.026	276,895,336	58,642	24.320	1.4262
2005	1.036	194,832,321	1.108	223,667,505	198,963,922	0.927	191,005,365	414,672,870	7,092	1.0000	402,583,316	0.793	330,741,518	58,471	21.443	1.2538
2006	1.000	206,461,526	1.093	225,662,448	197,094,485	0.991	195,320,635	420,983,083	6,962	1.0000	426,881,585	0.805	343,639,676	60,469	20.260	1.2251
		$784,945,787		$1,045,069,191	$758,774,153		$839,731,500	$1,884,800,691	33,761		$1,471,119,961		$1,448,371,395			

Section III: North Carolina

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.206	$287,366,685	1.053	$364,955,690	$237,017,702	0.966	$276,125,623	$641,081,313	12,094	1.1700	$607,095,274	1.007	$630,155,554	$53,008	19.192	1.0173
2001	1.177	297,619,675	1.044	365,774,581	239,823,462	0.966	272,679,276	638,453,857	10,879	1.1700	621,018,455	0.965	602,868,262	58,687	18.045	1.0590
2002	1.153	320,337,009	1.036	382,802,726	272,293,949	0.966	303,335,459	686,138,185	11,282	1.1700	686,609,583	0.940	636,035,212	60,817	17.738	1.0788
2005	1.040	388,885,661	1.017	411,441,029	365,236,254	0.966	367,062,435	778,503,464	12,180	1.1700	887,534,069	0.924	728,961,315	63,917	16.709	1.0680
2006	1.000	412,479,266	1.012	417,429,017	370,718,219	0.966	358,113,800	775,542,817	12,295	1.1700	1,022,507,099	0.873	762,947,605	63,078	16.115	1.0165
		$1,706,688,296		$1,942,403,043	$1,485,089,586		$1,577,316,593	$3,519,719,636	58,730		$3,824,764,480		$3,360,967,948			

Section IV: Tennessee

	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(49) x (51)] x (50)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(49) x (54)] x (53)	Wage Adjusted On-Level Ultimate Loss (52) + (55)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (49) / (58) x (59) x (60)	Adjusted Claim Severity (56) / (57)	Adjusted Frequency Per $1.0M in Pure Premium (57) / (61) x $1.0M	Pure Loss Cost [(62) x (63)] / $1.0M
2000	1.237	$140,651,096	0.833	$144,870,629	$185,975,186	0.883	$203,084,903	$347,955,532	7,312	1.0000	$349,092,543	0.593	$256,073,693	$47,587	28.554	1.3588
2001	1.200	145,292,151	0.825	143,839,229	179,838,852	0.883	190,629,183	334,468,412	7,504	1.0000	390,400,373	0.551	258,132,727	44,572	29.070	1.2957
2002	1.163	154,889,005	0.811	146,060,332	208,468,602	0.883	214,097,254	360,157,586	8,008	1.0000	479,560,221	0.510	284,441,554	44,975	28.153	1.2662
2005	1.045	166,109,162	0.886	153,817,084	258,586,993	0.996	269,189,060	423,006,144	8,855	1.0000	628,159,531	0.519	340,685,462	47,770	25.992	1.2416
2006	1.000	191,976,738	0.880	168,939,529	279,742,720	1.008	281,980,662	450,920,191	9,116	1.0000	648,394,360	0.541	350,781,349	49,465	25.988	1.2855
		$798,918,152		$757,526,803	$1,112,612,353		$1,158,981,062	$1,916,507,865	40,795		$2,495,607,028		$1,490,114,785			

Section V: Severity and Frequency for Southeastern States

	(65)	(66)	(67)	(68)	(69)	(70)
Policy Year	Wage Adjusted On-Level Ultimate Losses	Ultimate Lost-Time Claim Counts	Claim Severity (65) / (66)	Wage Adjusted On-Level Ultimate Premium	Frequency Per $1.0M in Pure Premium (66) / (68) x $1.0M	Pure Loss Cost [(67) x (69)] / $1.0M
2000	$2,630,265,681	48,706	$54,003	$2,090,061,535	23.304	1.2585
2001	2,595,568,884	44,767	57,980	2,007,352,864	22.302	1.2931
2002	2,668,614,519	46,018	57,991	2,139,570,705	21.508	1.2473
2005	2,948,950,035	48,782	60,452	2,510,238,284	19.433	1.1748
2006	2,977,748,291	49,816	59,775	2,673,582,254	18.633	1.1138
	$13,821,147,410	238,089		$11,420,805,642		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
Column (65) is equal to the sum of Columns (8), (24), (40), and (56) as well as Column (49) taken from Exhibit SPL - 2, Page 2
Column (66) is equal to the sum of Columns (9), (25), (41), and (57) as well as Column (50) taken from Exhibit SPL - 2, Page 2
Column (68) is equal to the sum of Columns (13), (29), (45), and (61) as well as Column (52) taken from Exhibit SPL - 2, Page 2
For Columns (4), (7), (20), (23), (36), (39), (52), and (55) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Florida		Southern States		Gulf States				
	Policy Year	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Florida's Pure Loss Cost [(1) x (2)] / $1.0M	Southeastern States' Pure Loss Cost [(3) x (4)] / $1.0M	Gulf States' Pure Loss Cost [(5) x (6)] / $1.0M
Pre-Senate Bill 50A	2000	19.714	$50,380	14.515	$63,052	13.615	$67,260	0.9932	0.9152	0.9157
Pre-Senate Bill 50A	2001	18.209	50,469	13.943	67,655	12.968	74,695	0.9190	0.9433	0.9686
Pre-Senate Bill 50A	2002	17.503	50,459	13.510	67,598	12.026	70,522	0.8832	0.9132	0.8481
Post-Senate Bill 50A	2005	14.319	45,983	12.268	70,431	10.024	72,718	0.6584	0.8640	0.7289
Post-Senate Bill 50A	2006	12.974	43,052	11.690	69,657	9.146	73,530	0.5586	0.8143	0.6725
Pre-Senate Bill 50A: Average of...										
(10) 2000 through 2002								0.9318	0.9239	0.9108
(11) 2001 through 2002								0.9011	0.9283	0.9084
(12) 2002								0.8832	0.9132	0.8481
Post-Senate Bill 50A: Average of...										
(13) 2005 through 2006								0.6085	0.8392	0.7007
(14) 2006								0.5586	0.8143	0.6725
Pure Loss Cost Decline from Pre- to Post-Senate Bill 50A										
(15) '00 - '02 to '05 & '06 [(13) / (10) - 1]								-34.7%	-9.2%	-23.1%
(16) '01 & '02 to '05 & '06 [(13) / (11) - 1]								-32.5%	-9.6%	-22.9%
(17) '02 to '06 [(14) / (12) - 1]								-36.8%	-10.8%	-20.7%
Decline in Florida's Pure Loss Cost Over and Above that Observed in the Region										
(18) '00 - '02 to '05 & '06									-28.1%	-15.1%
(19) '01 & '02 to '05 & '06									-25.3%	-12.5%
(20) '02 to '06									-29.1%	-20.3%
Reversal of Florida's Pure Loss Cost Decline Over and Above that Observed in the Region										
(21) '00 - '02 to '05 & '06									39.1%	17.8%
(22) '01 & '02 to '05 & '06									33.9%	14.2%
(23) '02 to '06									41.1%	25.5%
(24) Average of Lines (21) through (23)									38.0%	19.2%

Notes: Columns (1) and (2) are taken from Exhibit SPL - 2, Page 3, Sheet 2, Columns (12) and (15), respectively.
Columns (3) and (4) are taken from Exhibit SPL - 2, Page 3, Sheet 4, Columns (67) and (69), respectively.
Columns (5) and (6) are taken from Exhibit SPL - 2, Page 3, Sheet 3, Columns (51) and (53), respectively.
Line (10), Columns (7), (8) and (9) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (11), Columns (7), (8) and (9) represents the arithmetic average of years 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (13), Columns (7), (8) and (9) represents the arithmetic average of years 2005 and 2006 of Columns (7), (8) and (9), respectively.
Lines (18), (19), and (20) of Column (8) are equal to ((7) + 1.0) / ((8) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (18), (19), and (20) of Column (9) are equal to ((7) + 1.0) / ((9) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (8) are equal to ((8) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (9) are equal to ((9) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively

Claim Severity and Frequency Per $1.0M in Pure Premium for Florida

Section I: Florida

Policy Year	(1) Factor to Adjust to 2013 Wage Level	(2) Ultimate Indemnity Loss	(3) Indemnity Loss On-Level Factor*	(4) Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	(5) Ultimate Medical Loss	(6) Medical Loss On-Level Factor*	(7) Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	(8) Wage Adjusted On-Level Ultimate Loss (4) + (7)	(9) Ultimate Lost-Time Claim Counts	(10) Adjustment Factor to Reflect Pure Premium	(11) Ultimate Premium	(12) Premium On-Level Factor*	(13) Wage Adjusted On-Level Ultimate Premium (1) x (10) x (11) x (12)	(14) Claim Severity (8) / (9)	(15) Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	(16) Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.422	$522,881,320	0.811	$602,882,162	$668,872,135	0.988	$939,765,350	$1,542,647,512	30,620	0.5848	$2,244,931,941	0.832	$1,553,221,758	$50,380	19.714	0.9932
2001	1.381	504,079,297	0.811	564,568,813	685,912,226	0.980	928,039,242	1,492,608,055	29,575	0.5848	2,423,087,071	0.830	1,624,232,347	50,469	18.209	0.9190
2002	1.342	497,908,546	0.813	543,218,224	735,454,283	0.967	954,619,659	1,497,837,883	29,684	0.5848	2,654,727,503	0.814	1,695,915,595	50,459	17.503	0.8832
2005	1.178	382,611,384	1.000	450,716,210	780,927,344	0.973	894,942,736	1,345,658,946	29,264	0.5848	3,490,133,370	0.850	2,043,683,334	45,983	14.319	0.6584
2006	1.132	367,017,948	1.000	415,464,317	752,793,828	0.971	827,320,417	1,242,784,734	28,867	0.5848	3,360,971,955	1.000	2,224,941,924	43,052	12.974	0.5586
		$2,274,498,495		$2,576,849,726	$3,623,959,816		$4,544,687,404	$7,121,537,130	148,010		$14,173,851,840		$9,141,994,958			

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4) and (7), the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

* Adjusted to remove the impact of the attorney fee component of the SB 50A pricing.

Claim Severity and Frequency Per $1.0M in Pure Premium for Gulf States

Section I: Louisiana

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.576	$144,794,725	1.155	$263,526,400	$159,642,714	1.000	$251,596,917	$515,123,317	6,420	1.0760	$371,771,587	0.957	$521,113,201	$80,237	12.320	0.9885
2001	1.520	135,857,068	1.136	234,625,156	156,633,367	1.000	238,082,718	472,707,874	5,684	1.0760	335,871,473	1.021	484,429,049	83,165	11.733	0.9758
2002	1.484	118,935,762	1.123	198,265,915	133,903,757	1.000	198,713,175	396,979,090	4,929	1.0760	310,619,887	1.064	455,819,095	80,539	10.814	0.8709
2005	1.292	125,771,405	1.069	173,690,310	151,796,791	1.000	196,121,454	369,811,764	4,107	1.0760	379,435,049	1.016	462,893,833	90,044	8.872	0.7989
2006	1.199	140,079,554	1.059	177,901,034	170,851,198	1.000	204,850,586	382,751,620	4,799	1.0760	536,156,282	1.000	597,445,522	79,757	8.033	0.6407
		$665,438,514		$1,048,008,815	$772,827,827		$1,089,364,850	$2,137,373,665	25,939		$1,933,854,278		$2,521,700,700			

Section II: Alabama

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.444	$51,135,387	1.076	$79,464,391	$89,618,464	1.153	$149,214,743	$228,679,134	3,681	1.0000	$187,649,241	1.007	$272,862,263	$62,124	13.490	0.8381
2001	1.394	45,381,766	1.069	67,618,831	96,190,547	1.144	153,423,922	221,042,753	3,152	1.0000	180,501,869	0.963	242,309,680	70,128	13.008	0.9122
2002	1.349	41,371,748	1.064	59,368,458	84,847,112	1.137	130,155,470	189,523,928	2,563	1.0000	175,885,152	0.929	220,422,966	73,946	11.628	0.8598
2005	1.207	40,836,695	1.047	51,617,582	85,721,124	1.082	111,951,788	163,569,370	2,550	1.0000	212,534,718	1.009	258,838,169	64,145	9.852	0.6320
2006	1.161	42,856,614	1.040	51,727,933	117,880,319	1.063	145,464,314	197,192,247	2,470	1.0000	235,792,620	1.000	273,755,232	79,835	9.023	0.7204
		$221,582,210		$309,797,195	$474,257,566		$690,210,237	$1,000,007,432	14,416		$992,363,600		$1,268,188,310			

Section III: Mississippi

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.436	$45,539,339	1.168	$76,369,472	$60,662,568	1.030	$89,719,938	$166,089,410	3,427	1.0000	$134,193,708	1.036	$199,639,443	$48,465	17.166	0.8320
2001	1.396	43,238,609	1.151	69,484,445	68,097,847	1.030	97,924,704	167,409,149	2,693	1.0000	114,634,680	1.014	162,270,433	62,165	16.596	1.0317
2002	1.355	45,861,473	1.134	70,489,084	59,960,882	1.030	83,705,391	154,194,475	3,011	1.0000	141,112,368	1.031	197,134,684	51,210	15.274	0.7822
2005	1.212	46,361,751	1.095	61,522,044	73,772,310	1.030	92,067,843	153,589,887	2,790	1.0000	188,928,660	0.964	220,738,201	55,050	12.639	0.6958
2006	1.163	53,372,263	1.081	67,088,935	89,209,163	1.030	106,872,577	173,961,512	2,984	1.0000	214,839,998	1.000	249,858,918	58,298	11.943	0.6963
		$234,373,435		$344,953,980	$351,702,770		$470,290,453	$815,244,433	14,905		$793,709,414		$1,029,641,679			

Section IV: Severity and Frequency for Gulf States

	(49)	(50)	(51)	(52)	(53)	(54)
Policy Year	Wage Adjusted On-Level Ultimate Losses (8) + (24) + (40)	Ultimate Lost-Time Claim Counts (9) + (25) + (41)	Claim Severity (49) / (50)	Wage Adjusted On-Level Ultimate Premium (13) + (29) + (45)	Frequency Per $1.0M in Pure Premium (50) / (52) x $1.0M	Pure Loss Cost [(51) x (53)] / $1.0M
2000	$909,891,861	13,528	$67,260	$993,614,907	13.615	0.9157
2001	861,159,776	11,529	74,695	889,009,162	12.968	0.9686
2002	740,697,493	10,503	70,522	873,376,745	12.026	0.8481
2005	686,971,021	9,447	72,718	942,470,203	10.024	0.7289
2006	753,905,379	10,253	73,530	1,121,059,672	9.146	0.6725
	$3,952,625,530	55,260		$4,819,530,689		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4), (7), (20), (23), (36), and (39) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

Claim Severity and Frequency Per $1.0M in Pure Premium for Southeastern States

Section I: Georgia

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.366	$201,067,430	1.281	$351,868,003	$190,912,243	1.150	$299,923,134	$651,791,137	9,193	1.0000	$472,495,783	0.943	$608,639,773	$70,901	15.104	1.0709
2001	1.340	199,932,963	1.214	325,290,931	197,122,291	1.150	303,765,450	629,056,381	8,461	1.0000	483,817,596	0.929	602,285,173	74,348	14.048	1.0444
2002	1.318	232,871,730	1.202	368,868,820	213,049,987	1.150	322,983,780	691,852,600	9,491	1.0000	522,756,911	0.972	669,701,788	72,896	14.172	1.0331
2005	1.196	309,163,539	1.143	422,626,558	338,565,253	1.094	442,843,351	865,469,909	11,208	1.0000	719,057,179	0.986	847,952,493	77,219	13.218	1.0207
2006	1.152	321,349,935	1.092	404,258,218	332,423,525	1.025	392,592,183	796,850,401	11,190	1.0000	753,897,841	1.000	868,490,313	71,211	12.884	0.9175
		$1,264,385,597		$1,872,912,530	$1,272,073,299		$1,762,107,898	$3,635,020,428	49,543		$2,952,025,310		$3,597,069,540			

Section II: South Carolina

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.404	$110,003,622	1.348	$208,236,856	$97,453,473	1.072	$146,667,477	$354,904,333	6,579	1.0000	$197,206,789	1.296	$358,834,318	$53,945	18.334	0.9890
2001	1.361	124,928,689	1.333	226,620,642	121,296,763	1.072	176,971,977	403,592,619	6,394	1.0000	208,952,202	1.256	357,186,237	63,121	17.901	1.1299
2002	1.328	148,719,629	1.295	255,797,762	143,965,510	1.056	201,839,645	457,637,407	6,734	1.0000	235,496,069	1.275	398,741,944	67,959	16.888	1.1477
2005	1.201	194,832,321	1.108	259,321,819	198,963,922	0.927	221,446,845	480,768,664	7,092	1.0000	402,583,316	0.985	476,250,024	67,790	14.891	1.0095
2006	1.159	206,461,526	1.093	261,586,753	197,094,485	0.991	226,461,563	488,048,316	6,962	1.0000	426,881,585	1.000	494,755,757	70,102	14.072	0.9865
		$784,945,787		$1,211,563,832	$758,774,153		$973,387,507	$2,184,951,339	33,761		$1,471,119,961		$2,085,768,280			

Section III: North Carolina

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.406	$287,366,685	1.053	$425,590,060	$237,017,702	0.966	$321,870,039	$747,460,099	12,094	1.1700	$607,095,274	1.153	$841,173,570	$61,804	14.378	0.8886
2001	1.372	297,619,675	1.044	426,191,375	239,823,462	0.966	317,766,087	743,957,462	10,879	1.1700	621,018,455	1.105	804,701,914	68,385	13.519	0.9245
2002	1.344	320,337,009	1.036	445,909,117	272,293,949	0.966	353,437,546	799,346,663	11,282	1.1700	686,609,583	1.077	849,452,250	70,852	13.281	0.9410
2005	1.213	388,885,661	1.017	479,884,906	365,236,254	0.966	428,056,890	907,941,796	12,180	1.1700	887,534,069	1.058	973,521,707	74,544	12.511	0.9326
2006	1.166	412,479,266	1.012	486,725,534	370,718,219	0.966	417,428,715	904,154,249	12,295	1.1700	1,022,507,099	1.000	1,019,011,348	73,538	12.066	0.8873
		$1,706,688,296		$2,264,300,992	$1,485,089,586		$1,838,559,277	$4,102,860,269	58,730		$3,824,764,480		$4,487,860,789			

Section IV: Tennessee

	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(49) x (51)] x (50)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(49) x (54)] x (53)	Wage Adjusted On-Level Ultimate Loss (52) + (55)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (49) / (58) x (59) x (60)	Claim Severity (56) / (57)	Frequency Per $1.0M in Pure Premium (57) / (61) x $1.0M	Pure Loss Cost [(62) x (63)] / $1.0M
2000	1.446	$140,651,096	0.833	$169,484,571	$185,975,186	0.883	$237,490,313	$406,974,884	7,312	1.0000	$349,092,543	1.096	$553,247,448	$55,658	13.217	0.7356
2001	1.403	145,292,151	0.825	168,103,019	179,838,852	0.883	222,820,338	390,923,357	7,504	1.0000	390,400,373	1.018	557,590,894	52,095	13.458	0.7011
2002	1.360	154,889,005	0.811	170,842,573	208,468,602	0.883	250,370,791	421,213,364	8,008	1.0000	479,560,221	0.943	615,026,392	52,599	13.021	0.6849
2005	1.222	166,109,162	0.886	179,896,222	258,586,993	0.996	314,700,370	494,596,592	8,855	1.0000	628,159,531	0.959	736,138,898	55,855	12.029	0.6719
2006	1.169	191,976,738	0.880	197,544,063	279,742,720	1.008	329,536,924	527,080,987	9,116	1.0000	648,394,360	1.000	757,973,007	57,819	12.027	0.6954
		$798,918,152		$885,870,448	$1,112,612,353		$1,354,918,736	$2,240,789,184	40,795		$2,495,607,028		$3,219,976,639			

Section V: Severity and Frequency for Southeastern States

	(65)	(66)	(67)	(68)	(69)	(70)
Policy Year	Wage Adjusted On-Level Ultimate Losses	Ultimate Lost-Time Claim Counts	Claim Severity (65) / (66)	Wage Adjusted On-Level Ultimate Premium	Frequency Per $1.0M in Pure Premium (66) / (68) x $1.0M	Pure Loss Cost [(67) x (69)] / $1.0M
2000	$3,071,022,314	48,706	$63,052	$3,355,510,016	14.515	0.9152
2001	3,028,689,595	44,767	67,655	3,210,773,380	13.943	0.9433
2002	3,110,747,527	46,018	67,598	3,406,299,119	13.510	0.9132
2005	3,435,747,982	48,782	70,431	3,976,333,325	12.268	0.8640
2006	3,470,039,332	49,816	69,657	4,261,290,097	11.690	0.8143
	$16,116,246,750	238,089		$18,210,205,937		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
Column (65) is equal to the sum of Columns (8), (24), (40), and (56) as well as Column (49) taken from Exhibit SPL - 2, Page 3
Column (66) is equal to the sum of Columns (9), (25), (41), and (57) as well as Column (50) taken from Exhibit SPL - 2, Page 3
Column (68) is equal to the sum of Columns (13), (29), (45), and (61) as well as Column (52) taken from Exhibit SPL - 2, Page 3
For Columns (4), (7), (20), (23), (36), (39), (52), and (55) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Florida		Southern States		Gulf States				
	Policy Year	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Florida's Pure Loss Cost [(1) x (2)] / $1.0M	Southeastern States' Pure Loss Cost [(3) x (4)] / $1.0M	Gulf States' Pure Loss Cost [(5) x (6)] / $1.0M
Pre-Senate Bill 50A	2000	34.824	$51,320	19.982	$61,809	23.132	$64,690	1.7872	1.2351	1.4964
Pre-Senate Bill 50A	2001	32.156	51,396	19.126	66,372	21.998	71,849	1.6527	1.2694	1.5805
Pre-Senate Bill 50A	2002	30.906	51,426	18.456	66,321	20.398	67,766	1.5894	1.2240	1.3823
Post-Senate Bill 50A	2005	25.304	46,891	16.683	69,184	17.072	70,016	1.1865	1.1542	1.1953
Post-Senate Bill 50A	2006	22.923	43,913	15.987	68,467	15.496	70,735	1.0066	1.0946	1.0961
Pre-Senate Bill 50A: Average of...										
(10) 2000 through 2002								1.6764	1.2428	1.4864
(11) 2001 through 2002								1.6211	1.2467	1.4814
(12) 2002								1.5894	1.2240	1.3823
Post-Senate Bill 50A: Average of...										
(13) 2005 through 2006								1.0966	1.1244	1.1457
(14) 2006								1.0066	1.0946	1.0961
Pure Loss Cost Decline from Pre- to Post-Senate Bill 50A										
(15) '00 - '02 to '05 & '06 [(13) / (10) - 1]								-34.6%	-9.5%	-22.9%
(16) '01 & '02 to '05 & '06 [(13) / (11) - 1]								-32.4%	-9.8%	-22.7%
(17) '02 to '06 [(14) / (12) - 1]								-36.7%	-10.6%	-20.7%
Decline in Florida's Pure Loss Cost Over and Above that Observed in the Region										
(18) '00 - '02 to '05 & '06									-27.7%	-15.2%
(19) '01 & '02 to '05 & '06									-25.1%	-12.5%
(20) '02 to '06									-29.2%	-20.2%
Reversal of Florida's Pure Loss Cost Decline Over and Above that Observed in the Region										
(21) '00 - '02 to '05 & '06									38.4%	17.9%
(22) '01 & '02 to '05 & '06									33.4%	14.3%
(23) '02 to '06									41.2%	25.3%
(24) Average of Lines (21) through (23)									37.7%	19.2%

Notes: Columns (1) and (2) are taken from Exhibit SPL - 2, Page 4, Sheet 2, Columns (12) and (15), respectively.
Columns (3) and (4) are taken from Exhibit SPL - 2, Page 4, Sheet 4, Columns (67) and (69), respectively.
Columns (5) and (6) are taken from Exhibit SPL - 2, Page 4, Sheet 3, Columns (51) and (53), respectively.
Line (10), Columns (7), (8) and (9) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (11), Columns (7), (8) and (9) represents the arithmetic average of years 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (13), Columns (7), (8) and (9) represents the arithmetic average of years 2005 and 2006 of Columns (7), (8) and (9), respectively.
Lines (18), (19), and (20) of Column (8) are equal to ((7) + 1.0) / ((8) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (18), (19), and (20) of Column (9) are equal to ((7) + 1.0) / ((9) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (8) are equal to ((8) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (9) are equal to ((9) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively

Claim Severity and Frequency Per $1.0M in Pure Premium for Florida

Section I: Florida

Policy Year	(1) Factor to Adjust to 2013 Wage Level	(2) Ultimate Indemnity Loss	(3) Indemnity Loss On-Level Factor*	(4) Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	(5) Ultimate Medical Loss	(6) Medical Loss On-Level Factor*	(7) Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	(8) Wage Adjusted On-Level Ultimate Loss (4) + (7)	(9) Ultimate Lost-Time Claim Counts	(10) Adjustment Factor to Reflect Pure Premium	(11) Ultimate Premium	(12) Premium On-Level Factor*	(13) Wage Adjusted On-Level Ultimate Premium (1) x (10) x (11) x (12)	(14) Claim Severity (8) / (9)	(15) Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	(16) Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.422	$522,881,320	0.811	$602,882,162	$668,872,135	1.018	$968,526,851	$1,571,409,013	30,620	0.5848	$2,244,931,941	0.471	$879,287,798	$51,320	34.824	1.7872
2001	1.381	504,079,297	0.811	564,568,813	685,912,226	1.009	955,475,731	1,520,044,544	29,575	0.5848	2,423,087,071	0.470	919,746,028	51,396	32.156	1.6527
2002	1.342	497,908,546	0.813	543,218,224	735,454,283	0.996	983,302,376	1,526,520,600	29,684	0.5848	2,654,727,503	0.461	960,463,255	51,426	30.906	1.5894
2005	1.178	382,611,384	1.000	450,716,210	780,927,344	1.002	921,494,266	1,372,210,476	29,264	0.5848	3,490,133,370	0.481	1,156,484,334	46,891	25.304	1.1865
2006	1.132	367,017,948	1.000	415,464,317	752,793,828	1.000	852,162,613	1,267,626,930	28,867	0.5848	3,360,971,955	0.566	1,259,317,129	43,913	22.923	1.0066
		$2,274,498,495		$2,576,849,726	$3,623,959,816		$4,680,961,837	$7,257,811,563	148,010		$14,173,851,840		$5,175,298,544			

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4) and (7), the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

* Adjusted to remove the impact of the attorney fee component of the SB 50A pricing.

Claim Severity and Frequency Per $1.0M in Pure Premium for Gulf States

Section I: Louisiana

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Losses (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.576	$144,794,725	1.091	$248,902,132	$159,642,714	1.000	$251,596,917	$500,499,049	6,420	1.0760	$371,771,587	0.594	$323,449,573	$77,959	19.849	1.5474
2001	1.520	135,857,068	1.073	221,582,878	156,633,367	1.000	238,082,718	459,665,596	5,684	1.0760	335,871,473	0.634	300,810,986	80,870	18.896	1.5281
2002	1.484	118,935,762	1.060	187,085,954	133,903,757	1.000	198,713,175	385,799,129	4,929	1.0760	310,619,887	0.661	283,173,329	78,271	17.406	1.3624
2005	1.292	125,771,405	1.009	164,005,912	151,796,791	1.000	196,121,454	360,127,366	4,107	1.0760	379,435,049	0.631	287,486,229	87,686	14.286	1.2527
2006	1.199	140,079,554	1.000	167,955,385	170,851,198	1.000	204,850,586	372,805,971	4,799	1.0760	536,156,282	0.621	371,013,669	77,684	12.935	1.0048
		$665,438,514		$989,532,261	$772,827,827		$1,089,364,850	$2,078,897,111	25,939		$1,933,854,278		$1,565,933,786			

Section II: Alabama

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Losses (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.444	$51,135,387	1.035	$76,447,404	$89,618,464	1.085	$140,432,133	$216,879,537	3,681	1.0000	$187,649,241	0.540	$146,321,372	$58,919	25.157	1.4822
2001	1.394	45,381,766	1.028	65,032,071	96,190,547	1.076	144,285,821	209,317,892	3,152	1.0000	180,501,869	0.516	129,835,716	66,408	24.277	1.6122
2002	1.349	41,371,748	1.023	57,093,012	84,847,112	1.070	122,434,383	179,527,395	2,563	1.0000	175,885,152	0.498	118,159,997	70,046	21.691	1.5194
2005	1.207	40,836,695	1.007	49,616,584	85,721,124	1.018	105,351,261	154,967,845	2,550	1.0000	212,534,718	0.541	138,782,408	60,772	18.374	1.1166
2006	1.161	42,856,614	1.000	49,756,529	117,880,319	1.000	136,859,050	186,615,579	2,470	1.0000	235,792,620	0.536	146,732,804	75,553	16.833	1.2718
		$221,582,210		$297,945,600	$474,257,566		$649,362,648	$947,308,248	14,416		$992,363,600		$679,832,297			

Section III: Mississippi

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Losses (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.436	$45,539,339	1.080	$70,631,515	$60,662,568	1.000	$87,111,448	$157,742,963	3,427	1.0000	$134,193,708	0.597	$115,043,192	$46,029	29.789	1.3712
2001	1.396	43,238,609	1.065	64,295,812	68,097,847	1.000	95,064,594	159,360,406	2,693	1.0000	114,634,680	0.584	93,457,528	59,176	28.815	1.7052
2002	1.355	45,861,473	1.049	65,169,153	59,960,882	1.000	81,246,995	146,416,148	3,011	1.0000	141,112,368	0.594	113,577,112	48,627	26.511	1.2892
2005	1.212	46,361,751	1.013	56,932,230	73,772,310	1.000	89,412,040	146,344,270	2,790	1.0000	188,928,660	0.555	127,084,752	52,453	21.954	1.1516
2006	1.163	53,372,263	1.000	62,071,942	89,209,163	1.000	103,750,257	165,822,199	2,984	1.0000	214,839,998	0.576	143,918,737	55,570	20.734	1.1522
		$234,373,435		$319,100,652	$351,702,770		$456,585,334	$775,685,986	14,905		$793,709,414		$593,081,321			

Section IV: Severity and Frequency for Gulf States

	(49)	(50)	(51)	(52)	(53)	(54)
Policy Year	Wage Adjusted On-Level Ultimate Losses (8) + (24) + (40)	Ultimate Lost-Time Claim Counts (9) + (25) + (41)	Claim Severity (49) / (50)	Wage Adjusted On-Level Ultimate Premium (13) + (29) + (45)	Frequency Per $1.0M in Pure Premium (50) / (52) x $1.0M	Pure Loss Cost [(51) x (53)] / $1.0M
2000	$875,121,549	13,528	$64,690	$584,814,137	23.132	1.4964
2001	828,343,894	11,529	71,849	524,104,230	21.998	1.5805
2002	711,742,672	10,503	67,766	514,910,438	20.398	1.3823
2005	661,439,481	9,447	70,016	553,353,389	17.072	1.1953
2006	725,243,749	10,253	70,735	661,665,210	15.496	1.0961
	$3,801,891,345	55,260		$2,838,847,404		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4), (7), (20), (23), (36), and (39) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

Claim Severity and Frequency Per $1.0M in Pure Premium for Southeastern States

Section I: Georgia

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Losses (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.366	$201,067,430	1.173	$322,110,023	$190,912,243	1.122	$292,668,469	$614,778,492	9,193	1.0000	$472,495,783	0.821	$529,897,406	$66,875	17.349	1.1602
2001	1.340	199,932,963	1.112	297,900,115	197,122,291	1.122	296,274,803	594,174,918	8,461	1.0000	483,817,596	0.809	524,487,303	70,225	16.132	1.1329
2002	1.318	232,871,730	1.101	337,896,880	213,049,987	1.122	315,100,931	652,997,811	9,491	1.0000	522,756,911	0.847	583,577,587	68,802	16.263	1.1189
2005	1.196	309,163,539	1.047	387,072,751	338,565,253	1.067	432,009,263	819,082,014	11,208	1.0000	719,057,179	0.859	738,733,460	73,080	15.172	1.1088
2006	1.152	321,349,935	1.000	370,195,125	332,423,525	1.000	382,951,901	753,147,026	11,190	1.0000	753,897,841	0.871	756,455,062	67,305	14.793	0.9956
		$1,264,385,597		$1,715,174,894	$1,272,073,299		$1,719,005,367	$3,434,180,261	49,543		$2,952,025,310		$3,133,150,818			

Section II: South Carolina

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Losses (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.404	$110,003,622	1.233	$190,416,270	$97,453,473	1.082	$148,031,825	$338,448,095	6,579	1.0000	$197,206,789	1.043	$288,784,100	$51,444	22.782	1.1720
2001	1.361	124,928,689	1.220	207,381,624	121,296,763	1.082	178,670,132	386,051,756	6,394	1.0000	208,952,202	1.011	287,512,170	60,377	22.239	1.3427
2002	1.328	148,719,629	1.185	234,084,696	143,965,510	1.066	203,855,162	437,939,858	6,734	1.0000	235,496,069	1.026	320,869,988	65,034	20.987	1.3649
2005	1.201	194,832,321	1.014	237,305,767	198,963,922	0.935	223,436,484	460,742,251	7,092	1.0000	402,583,316	0.793	383,417,532	64,966	18.497	1.2017
2006	1.159	206,461,526	1.000	239,288,909	197,094,485	1.000	228,432,508	467,721,417	6,962	1.0000	426,881,585	0.805	398,278,384	67,182	17.480	1.1743
		$784,945,787		$1,108,477,266	$758,774,153		$982,426,111	$2,090,903,377	33,761		$1,471,119,961		$1,678,862,174			

Section III: North Carolina

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Losses (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.406	$287,366,685	1.041	$420,704,827	$237,017,702	1.000	$333,246,889	$753,951,716	12,094	1.1700	$607,095,274	1.007	$734,658,963	$62,341	16.462	1.0263
2001	1.372	297,619,675	1.032	421,429,460	239,823,462	1.000	329,037,790	750,467,250	10,879	1.1700	621,018,455	0.965	702,748,730	68,983	15.481	1.0679
2002	1.344	320,337,009	1.024	440,783,724	272,293,949	1.000	365,963,067	806,746,791	11,282	1.1700	686,609,583	0.940	741,397,507	71,507	15.217	1.0881
2005	1.213	388,885,661	1.005	474,051,621	365,236,254	1.000	443,031,576	917,083,197	12,180	1.1700	887,534,069	0.924	850,221,226	75,294	14.326	1.0787
2006	1.166	412,479,266	1.000	480,950,824	370,718,219	1.000	432,257,443	913,208,267	12,295	1.1700	1,022,507,099	0.873	889,596,907	74,275	13.821	1.0266
		$1,706,688,296		$2,237,920,456	$1,485,089,586		$1,903,536,765	$4,141,457,221	58,730		$3,824,764,480		$3,918,623,333			

Section IV: Tennessee

	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Policy Year	Factor to Adjust to 2013 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(49) x (51)] x (50)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(49) x (54)] x (53)	Wage Adjusted On-Level Ultimate Losses (52) + (55)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (49) / (58) x (59) x (60)	Claim Severity (56) / (57)	Frequency Per $1.0M in Pure Premium (57) / (61) x $1.0M	Pure Loss Cost [(62) x (63)] / $1.0M
2000	1.446	$140,651,096	0.947	$192,551,350	$185,975,186	0.876	$235,630,561	$428,181,911	7,312	1.0000	$349,092,543	0.593	$299,339,176	$58,559	24.427	1.4304
2001	1.403	145,292,151	0.938	191,204,471	179,838,852	0.876	221,021,949	412,226,420	7,504	1.0000	390,400,373	0.551	301,800,180	54,934	24.864	1.3659
2002	1.360	154,889,005	0.922	194,230,812	208,468,602	0.876	248,286,105	442,516,917	8,008	1.0000	479,560,221	0.510	332,622,969	55,259	24.075	1.3304
2005	1.222	166,109,162	1.007	204,480,378	258,586,993	0.988	312,114,501	516,594,879	8,855	1.0000	628,159,531	0.519	398,390,081	58,339	22.227	1.2967
2006	1.169	191,976,738	1.000	224,420,807	279,742,720	1.000	327,019,240	551,440,047	9,116	1.0000	648,394,360	0.541	410,063,397	60,491	22.231	1.3448
		$798,918,152		$1,006,887,818	$1,112,612,353		$1,344,072,356	$2,350,960,174	40,795		$2,495,607,028		$1,742,215,803			

Section V: Severity and Frequency for Southeastern States

	(65)	(66)	(67)	(68)	(69)	(70)
Policy Year	Wage Adjusted On-Level Ultimate Losses	Ultimate Lost-Time Claim Counts	Claim Severity (65) / (66)	Wage Adjusted On-Level Ultimate Premium	Frequency Per $1.0M in Pure Premium (66) / (68) x $1.0M	Pure Loss Cost [(67) x (69)] / $1.0M
2000	$3,010,481,763	48,706	$61,809	$2,437,493,782	19.982	1.2351
2001	2,971,264,238	44,767	66,372	2,340,652,613	19.126	1.2694
2002	3,051,944,049	46,018	66,321	2,493,378,489	18.456	1.2240
2005	3,374,941,822	48,782	69,184	2,924,115,688	16.683	1.1542
2006	3,410,760,506	49,816	68,467	3,116,058,960	15.987	1.0946
	$15,819,392,378	238,089		$13,311,699,532		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
Column (65) is equal to the sum of Columns (8), (24), (40), and (56) as well as Column (49) taken from Exhibit SPL - 2, Page 4
Column (66) is equal to the sum of Columns (9), (25), (41), and (57) as well as Column (50) taken from Exhibit SPL - 2, Page 4
Column (68) is equal to the sum of Columns (13), (29), (45), and (61) as well as Column (52) taken from Exhibit SPL - 2, Page 4
For Columns (4), (7), (20), (23), (36), (39), (52), and (55) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		Florida		Southern States		Gulf States				
	Policy Year	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Frequency Per $1M in Pure Premium	Claim Severity	Florida's Pure Loss Cost [(1) x (2)] / $1.0M	Southeastern States' Pure Loss Cost [(3) x (4)] / $1.0M	Gulf States' Pure Loss Cost [(5) x (6)] / $1.0M
Pre-Senate Bill 50A	2000	22.319	$45,340	16.947	$52,938	16.081	$54,696	1.0119	0.8971	0.8796
Pre-Senate Bill 50A	2001	20.612	45,406	16.276	56,872	15.324	60,787	0.9359	0.9256	0.9315
Pre-Senate Bill 50A	2002	19.806	45,430	15.761	56,890	14.201	57,352	0.8998	0.8966	0.8145
Post-Senate Bill 50A	2005	16.204	41,444	14.306	59,375	11.823	59,261	0.6716	0.8494	0.7006
Post-Senate Bill 50A	2006	14.687	38,792	13.641	58,746	10.805	59,909	0.5697	0.8014	0.6473
Pre-Senate Bill 50A: Average of...										
(10) 2000 through 2002								0.9492	0.9064	0.8752
(11) 2001 through 2002								0.9179	0.9111	0.8730
(12) Accident Year								0.8998	0.8966	0.8145
Post-Senate Bill 50A: Average of...										
(13) 2005 through 2006								0.6207	0.8254	0.6740
(14) 2006								0.5697	0.8014	0.6473
Pure Loss Cost Decline from Pre- to Post-Senate Bill 50A										
(15) '00 - '02 to '05 & '06 [(13) / (10) - 1]								-34.6%	-8.9%	-23.0%
(16) '01 & '02 to '05 & '06 [(13) / (11) - 1]								-32.4%	-9.4%	-22.8%
(17) '02 to '06 [(14) / (12) - 1]								-36.7%	-10.6%	-20.5%
Decline in Florida's Pure Loss Cost Over and Above that Observed in the Region										
(18) '00 - '02 to '05 & '06									-28.2%	-15.1%
(19) '01 & '02 to '05 & '06									-25.4%	-12.4%
(20) '02 to '06									-29.2%	-20.4%
Reversal of Florida's Pure Loss Cost Decline Over and Above that Observed in the Region										
(21) '00 - '02 to '05 & '06									39.3%	17.7%
(22) '01 & '02 to '05 & '06									34.0%	14.2%
(23) '02 to '06									41.2%	25.6%
(24) Average of Lines (21) through (23)									38.2%	19.2%

Notes: Columns (1) and (2) are taken from Exhibit SPL - 2, Page 5, Sheet 2, Columns (12) and (15), respectively.
Columns (3) and (4) are taken from Exhibit SPL - 2, Page 5, Sheet 4, Columns (67) and (69), respectively.
Columns (5) and (6) are taken from Exhibit SPL - 2, Page 5, Sheet 3, Columns (51) and (53), respectively.
Line (10), Columns (7), (8) and (9) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (11), Columns (7), (8) and (9) represents the arithmetic average of years 2001 and 2002 of Columns (7), (8) and (9), respectively.
Line (13), Columns (7), (8) and (9) represents the arithmetic average of years 2005 and 2006 of Columns (7), (8) and (9), respectively.
Lines (18), (19), and (20) of Column (8) are equal to ((7) + 1.0) / ((8) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (18), (19), and (20) of Column (9) are equal to ((7) + 1.0) / ((9) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (8) are equal to ((8) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively
Lines (21), (22), and (23) of Column (9) are equal to ((9) + 1.0) / ((7) + 1.0) - 1.0 using the figures in Lines (15), (16), and (17), respectively

Claim Severity and Frequency Per $1.0M in Pure Premium for Florida

Section I: Florida

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor*	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor*	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor*	Wage Adjusted On-Level Ultimate Premium (1) x (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.256	$522,881,320	0.811	$532,816,065	$668,872,135	1.018	$855,487,461	$1,388,303,526	30,620	0.5848	$2,244,931,941	0.832	$1,371,903,325	$45,340	22.319	1.0119
2001	1.220	504,079,297	0.811	498,534,425	685,912,226	1.009	844,357,950	1,342,892,375	29,575	0.5848	2,423,087,071	0.830	1,434,875,788	45,406	20.612	0.9359
2002	1.186	497,908,546	0.813	479,983,838	735,454,283	0.996	868,571,508	1,348,555,346	29,684	0.5848	2,654,727,503	0.814	1,498,774,885	45,430	19.806	0.8998
2005	1.041	382,611,384	1.000	398,298,451	780,927,344	1.002	814,507,220	1,212,805,671	29,264	0.5848	3,490,133,370	0.850	1,806,005,391	41,444	16.204	0.6716
2006	1.000	367,017,948	1.000	367,017,948	752,793,828	1.000	752,793,828	1,119,811,776	28,867	0.5848	3,360,971,955	1.000	1,965,496,399	38,792	14.687	0.5697
		$2,274,498,495		$2,276,650,727	$3,623,959,816		$4,135,717,967	$6,412,368,694	148,010		$14,173,851,840		$8,077,055,788			

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4) and (7), the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

* Adjusted to remove the impact of the attorney fee component of the SB 50A pricing.

Claim Severity and Frequency Per $1.0M in Pure Premium for Gulf States

Section I: Louisiana

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.314	$144,794,725	1.091	$207,635,636	$159,642,714	1.000	$209,770,526	$417,406,162	6,420	1.0760	$371,771,587	0.957	$434,481,438	$65,017	14.776	0.9607
2001	1.268	135,857,068	1.073	184,901,470	156,633,367	1.000	198,611,109	383,512,579	5,684	1.0760	335,871,473	1.021	404,115,812	67,472	14.065	0.9490
2002	1.238	118,935,762	1.060	156,043,720	133,903,757	1.000	165,772,851	321,816,571	4,929	1.0760	310,619,887	1.064	380,258,787	65,290	12.962	0.8463
2005	1.078	125,771,405	1.009	136,839,289	151,796,791	1.000	163,636,941	300,476,230	4,107	1.0760	379,435,049	1.016	386,222,564	73,162	10.634	0.7780
2006	1.000	140,079,554	1.000	140,079,554	170,851,198	1.000	170,851,198	310,930,752	4,799	1.0760	536,156,282	1.000	498,286,507	64,791	9.631	0.6240
		$665,438,514		$825,499,669	$772,827,827		$908,642,625	$1,734,142,294	25,939		$1,933,854,278		$2,103,365,108			

Section II: Alabama

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.244	$51,135,387	1.035	$65,862,378	$89,618,464	1.085	$120,984,926	$186,847,304	3,681	1.0000	$187,649,241	1.007	$235,069,705	$50,760	15.659	0.7949
2001	1.201	45,381,766	1.028	56,046,481	96,190,547	1.076	124,278,187	180,324,668	3,152	1.0000	180,501,869	0.963	208,761,783	57,210	15.099	0.8638
2002	1.162	41,371,748	1.023	49,191,008	84,847,112	1.070	105,464,960	154,655,968	2,563	1.0000	175,885,152	0.929	189,867,670	60,342	13.499	0.8146
2005	1.040	40,836,695	1.007	42,756,020	85,721,124	1.018	90,778,670	133,534,690	2,550	1.0000	212,534,718	1.009	223,025,432	52,367	11.434	0.5988
2006	1.000	42,856,614	1.000	42,856,614	117,880,319	1.000	117,880,319	160,736,933	2,470	1.0000	235,792,620	1.000	235,792,620	65,076	10.475	0.6817
		$221,582,210		$256,712,501	$474,257,566		$559,387,062	$816,099,563	14,416		$992,363,600		$1,092,517,210			

Section III: Mississippi

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.235	$45,539,339	1.080	$60,749,478	$60,662,568	1.000	$74,918,271	$135,667,749	3,427	1.0000	$134,193,708	1.036	$171,695,482	$39,588	19.960	0.7902
2001	1.200	43,238,609	1.065	55,258,942	68,097,847	1.000	81,717,416	136,976,358	2,693	1.0000	114,634,680	1.014	139,487,479	50,864	19.306	0.9820
2002	1.165	45,861,473	1.049	56,042,720	59,960,882	1.000	69,854,428	125,897,148	3,011	1.0000	141,112,368	1.031	169,492,182	41,812	17.765	0.7428
2005	1.042	46,361,751	1.013	48,958,009	73,772,310	1.000	76,870,747	125,828,756	2,790	1.0000	188,928,660	0.964	189,776,572	45,100	14.701	0.6630
2006	1.000	53,372,263	1.000	53,372,263	89,209,163	1.000	89,209,163	142,581,426	2,984	1.0000	214,839,998	1.000	214,839,998	47,782	13.889	0.6636
		$234,373,435		$274,381,412	$351,702,770		$392,570,025	$666,951,437	14,905		$793,709,414		$885,291,713			

Section IV: Severity and Frequency for Gulf States

	(49)	(50)	(51)	(52)	(53)	(54)
Policy Year	Wage Adjusted On-Level Ultimate Losses (8) + (24) + (40)	Ultimate Lost-Time Claim Counts (9) + (25) + (41)	Claim Severity (49) / (50)	Wage Adjusted On-Level Ultimate Premium (13) + (29) + (45)	Frequency Per $1.0M in Pure Premium (50) / (52) x $1.0M	Pure Loss Cost [(51) x (53)] / $1.0M
2000	$739,921,215	13,528	$54,696	$841,246,625	16.081	0.8796
2001	700,813,605	11,529	60,787	752,365,074	15.324	0.9315
2002	602,369,687	10,503	57,352	739,618,639	14.201	0.8145
2005	559,839,676	9,447	59,261	799,024,568	11.823	0.7006
2006	614,249,111	10,253	59,909	948,919,125	10.805	0.6473
	$3,217,193,294	55,260		$4,081,174,031		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
For Columns (4), (7), (20), (23), (36), and (39) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss.

Claim Severity and Frequency Per $1.0M in Pure Premium for Southeastern States

Section I: Georgia

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(1) x (3)] x (2)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(1) x (6)] x (5)	Wage Adjusted On-Level Ultimate Loss (4) + (7)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (1) / (10) x (11) x (12)	Claim Severity (8) / (9)	Frequency Per $1.0M in Pure Premium (9) / (13) x $1.0M	Pure Loss Cost [(14) x (15)] / $1.0M
2000	1.186	$201,067,430	1.173	$279,684,795	$190,912,243	1.122	$254,104,195	$533,788,990	9,193	1.0000	$472,495,783	0.943	$528,438,339	$58,065	17.397	1.0102
2001	1.163	199,932,963	1.112	258,513,321	197,122,291	1.122	257,244,590	515,757,911	8,461	1.0000	483,817,596	0.929	522,729,594	60,957	16.186	0.9867
2002	1.144	232,871,730	1.101	293,418,380	213,049,987	1.122	273,556,183	566,974,563	9,491	1.0000	522,756,911	0.972	581,288,957	59,738	16.328	0.9754
2005	1.038	309,163,539	1.047	336,060,767	338,565,253	1.067	375,130,300	711,191,067	11,208	1.0000	719,057,179	0.986	735,932,013	63,454	15.230	0.9664
2006	1.000	321,349,935	1.000	321,349,935	332,423,525	1.000	332,423,525	653,773,460	11,190	1.0000	753,897,841	1.000	753,897,841	58,425	14.843	0.8672
		$1,264,385,597		$1,489,027,198	$1,272,073,299		$1,492,458,793	$2,981,485,991	49,543		$2,952,025,310		$3,122,286,744			

Section II: South Carolina

	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(17) x (19)] x (18)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(17) x (22)] x (21)	Wage Adjusted On-Level Ultimate Loss (20) + (23)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (17) / (26) x (27) x (28)	Claim Severity (24) / (25)	Frequency Per $1.0M in Pure Premium (25) / (29) x $1.0M	Pure Loss Cost [(30) x (31)] / $1.0M
2000	1.211	$110,003,622	1.233	$164,235,408	$97,453,473	1.082	$127,664,050	$291,899,458	6,579	1.0000	$197,206,789	1.296	$309,507,378	$44,368	21.256	0.9431
2001	1.174	124,928,689	1.220	178,897,883	121,296,763	1.082	154,046,889	332,944,772	6,394	1.0000	208,952,202	1.256	308,109,216	52,071	20.752	1.0806
2002	1.146	148,719,629	1.185	201,961,256	143,965,510	1.066	175,925,853	377,887,109	6,734	1.0000	235,496,069	1.275	344,095,081	56,116	19.570	1.0982
2005	1.036	194,832,321	1.014	204,768,769	198,963,922	0.935	192,796,040	397,564,809	7,092	1.0000	402,583,316	0.985	410,820,171	56,058	17.263	0.9677
2006	1.000	206,461,526	1.000	206,461,526	197,094,485	1.000	197,094,485	403,556,011	6,962	1.0000	426,881,585	1.000	426,881,585	57,966	16.309	0.9454
		$784,945,787		$956,324,842	$758,774,153		$847,527,317	$1,803,852,159	33,761		$1,471,119,961		$1,799,413,431			

Section III: North Carolina

	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)	(43)	(44)	(45)	(46)	(47)	(48)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(33) x (35)] x (34)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(33) x (38)] x (37)	Wage Adjusted On-Level Ultimate Loss (36) + (39)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (33) / (42) x (43) x (44)	Claim Severity (40) / (41)	Frequency Per $1.0M in Pure Premium (41) / (45) x $1.0M	Pure Loss Cost [(46) x (47)] / $1.0M
2000	1.206	$287,366,685	1.041	$360,645,190	$237,017,702	1.000	$285,843,349	$646,488,539	12,094	1.1700	$607,095,274	1.153	$721,518,723	$53,455	16.762	0.8960
2001	1.177	297,619,675	1.032	361,607,905	239,823,462	1.000	282,272,215	643,880,120	10,879	1.1700	621,018,455	1.105	690,331,015	59,186	15.759	0.9327
2002	1.153	320,337,009	1.024	378,318,008	272,293,949	1.000	313,954,923	692,272,931	11,282	1.1700	686,609,583	1.077	728,733,961	61,361	15.482	0.9500
2005	1.040	388,885,661	1.005	406,385,516	365,236,254	1.000	379,845,704	786,231,220	12,180	1.1700	887,534,069	1.058	834,676,484	64,551	14.592	0.9419
2006	1.000	412,479,266	1.000	412,479,266	370,718,219	1.000	370,718,219	783,197,485	12,295	1.1700	1,022,507,099	1.000	873,937,691	63,700	14.069	0.8962
		$1,706,688,296		$1,919,435,885	$1,485,089,586		$1,632,634,410	$3,552,070,295	58,730		$3,824,764,480		$3,849,197,874			

Section IV: Tennessee

	(49)	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)	(58)	(59)	(60)	(61)	(62)	(63)	(64)
Policy Year	Factor to Adjust to 2006 Wage Level	Ultimate Indemnity Loss	Indemnity Loss On-Level Factor	Wage Adjusted On-Level Ultimate Indemnity Loss [(49) x (51)] x (50)	Ultimate Medical Loss	Medical Loss On-Level Factor	Wage Adjusted On-Level Ultimate Medical Loss [(49) x (54)] x (53)	Wage Adjusted On-Level Ultimate Loss (52) + (55)	Ultimate Lost-Time Claim Counts	Adjustment Factor to Reflect Pure Premium	Ultimate Premium	Premium On-Level Factor	Wage Adjusted On-Level Ultimate Premium (49) / (58) x (59) x (60)	Claim Severity (56) / (57)	Frequency Per $1.0M in Pure Premium (57) / (61) x $1.0M	Pure Loss Cost [(62) x (63)] / $1.0M
2000	1.237	$140,651,096	0.947	$164,702,433	$185,975,186	0.876	$201,597,102	$366,299,535	7,312	1.0000	$349,092,543	1.096	$473,282,913	$50,096	15.450	0.7740
2001	1.200	145,292,151	0.938	163,598,962	179,838,852	0.876	189,010,633	352,609,595	7,504	1.0000	390,400,373	1.018	476,913,096	46,990	15.735	0.7394
2002	1.163	154,889,005	0.922	166,041,013	208,468,602	0.876	212,429,505	378,470,518	8,008	1.0000	479,560,221	0.943	525,938,010	47,262	15.226	0.7196
2005	1.045	166,109,162	1.007	174,746,838	258,586,993	0.988	266,861,777	441,608,615	8,855	1.0000	628,159,531	0.959	629,513,215	49,871	14.066	0.7015
2006	1.000	191,976,738	1.000	191,976,738	279,742,720	1.000	279,742,720	471,719,458	9,116	1.0000	648,394,360	1.000	648,394,360	51,746	14.059	0.7275
		$798,918,152		$861,065,984	$1,112,612,353		$1,149,641,737	$2,010,707,721	40,795		$2,495,607,028		$2,754,041,594			

Section V: Severity and Frequency for Southeastern States

	(65)	(66)	(67)	(68)	(69)	(70)
Policy Year	Wage Adjusted On-Level Ultimate Losses	Ultimate Lost-Time Claim Counts	Claim Severity (65) / (66)	Wage Adjusted On-Level Ultimate Premium	Frequency Per $1.0M in Pure Premium (66) / (68) x $1.0M	Pure Loss Cost [(67) x (69)] / $1.0M
2000	$2,578,397,737	48,706	$52,938	$2,873,993,978	16.947	0.8971
2001	2,546,006,003	44,767	56,872	2,750,447,995	16.276	0.9256
2002	2,617,974,808	46,018	56,890	2,919,674,648	15.761	0.8966
2005	2,896,435,387	48,782	59,375	3,409,966,451	14.306	0.8494
2006	2,926,495,525	49,816	58,746	3,652,030,602	13.641	0.8014
	$13,565,309,460	238,089		$15,606,113,674		

Notes: All figures used in the calculation of claim severity and frequency per $1.0M in pure premium have been provided by NCCI.
Column (65) is equal to the sum of Columns (8), (24), (40), and (56) as well as Column (49) taken from Exhibit SPL - 2, Page 5
Column (66) is equal to the sum of Columns (9), (25), (41), and (57) as well as Column (50) taken from Exhibit SPL - 2, Page 5
Column (68) is equal to the sum of Columns (13), (29), (45), and (61) as well as Column (52) taken from Exhibit SPL - 2, Page 5
For Columns (4), (7), (20), (23), (36), (39), (52), and (55) the product of the wage adjustment factor and loss on-level factor is rounded to three decimal places before being applied to loss

Estimated Impact of the Castellanos Decision
Reflects 100% of Claims with Claimant Attorney Representation

	(1)	(2)		(3)	
		(a)	(b)	(a)	(b)
		Impact on Frequecy Based on Comparing Florida to...		Impact on Loss Costs Based on Comparing Florida to...	
	Impact on Severity	Southeastern States	Gulf States	Southeastern States [1.0 + (1)] x [1.0 + (2a)] -1.0	Gulf States [1.0 + (1)] x [1.0 + (2b)] -1.0
(4) Comparing 00-02 to 05-06	16.1%	15.8%	0.7%	34.4%	16.9%
(5) Comparing 01-02 to 05-06	15.0%	14.1%	0.3%	31.2%	15.3%
(6) Comparing 02 to 06	11.5%	16.6%	2.6%	30.0%	14.4%

Notes: Column (1), Lines (4), (5) and (6) are taken from Lines (12a), (12b) and (12c), respectively, of Exhibit SPL - 3, Page 3.
Column (2a), Lines (4), (5) and (6) are taken from Lines (15), (16) and (17), respectively, of Exhibit SPL - 5, Column (2).
Column (2b), Lines (4), (5) and (6) are taken from Lines (15), (16) and (17), respectively of Exhibit SPL - 5, Column (3).

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

	Accident Year	(1) Average Indemnity Incurred Benefit Costs	(2) Indemnity Benefit On-level Factor	(3) Average Indemnity Incurred Benefit Costs at Current Level (1) x (2)
Pre-Senate Bill 50A	2000	$36,437	0.811	$29,550
Pre-Senate Bill 50A	2001	38,694	0.811	31,381
Pre-Senate Bill 50A	2002	32,562	0.811	26,408
Post-Senate Bill 50A	2005	24,411	1.000	24,411
Post-Senate Bill 50A	2006	23,580	1.000	23,580

	Accident Year	(4) Average Medical Incurred Benefit Costs	(5) Medical Benefit On-level Factor	(6) Average Medical Incurred Benefit Costs at Current Level (4) x (5)	(7) Factor to Adjust to 2015 Wage Level	(8) Wage-Adjusted Average Total Benefit Costs at Current Level [(3) + (6)] x (7)
Pre-Senate Bill 50A	2000	$35,708	0.988	$35,280	1.460	$94,652
Pre-Senate Bill 50A	2001	38,891	0.985	38,308	1.414	98,540
Pre-Senate Bill 50A	2002	33,298	0.970	32,299	1.379	80,957
Post-Senate Bill 50A	2005	33,451	0.978	32,715	1.216	69,465
Post-Senate Bill 50A	2006	32,518	0.970	31,542	1.161	63,997

(9) Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2000 to 2002	91,383
(b) Average of Column (8) for Accident Years 2001 to 2002	89,749
(c) Accident Year 2002	80,957
(10) Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2005 to 2006	66,731
(b) Accident Year 2006	63,997
(11) Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
(a) =(10a)/(9a) - 1	-27.0%
(b) =(10a)/(9b) - 1	-25.6%
(c) =(10b)/(9c) - 1	-20.9%
(12) Potential Impact of Castellanos Decision on Average Benefit Costs	
(a) =[(9a)/(10a) - 1] x 43.6%	16.1%
(b) =[(9b)/(10a) - 1] x 43.6%	15.0%
(c) =[(9c)/(10b) - 1] x 43.6%	11.6%

Notes: Columns (1), (2), (4), (5), and (7) have been provided by NCCI.

Change in Average Benefit Costs for Claims with Claimant Attorney Representation

	Accident Year	(1) Average Indemnity Incurred Benefit Costs	(2) Indemnity Benefit On-level Factor	(3) Average Indemnity Incurred Benefit Costs at 2006 Level (1) x (2)
Pre-Senate Bill 50A	2000	$36,437	0.811	$29,550
Pre-Senate Bill 50A	2001	38,694	0.811	31,381
Pre-Senate Bill 50A	2002	32,562	0.811	26,408
Post-Senate Bill 50A	2005	24,411	1.000	24,411
Post-Senate Bill 50A	2006	23,580	1.000	23,580

	Accident Year	(4) Average Medical Incurred Benefit Costs	(5) Medical Benefit On-level Factor	(6) Average Medical Incurred Benefit Costs at 2006 Level (4) x (5)	(7) Factor to Adjust to 2006 Wage Level	(8) Wage-Adjusted Average Total Benefit Costs at 2006 Level [(3) + (6)] x (7)
Pre-Senate Bill 50A	2000	$35,708	1.019	$36,386	1.258	$82,947
Pre-Senate Bill 50A	2001	38,891	1.015	39,474	1.218	86,301
Pre-Senate Bill 50A	2002	33,298	1.000	33,298	1.188	70,931
Post-Senate Bill 50A	2005	33,451	1.008	33,719	1.047	60,862
Post-Senate Bill 50A	2006	32,518	1.000	32,518	1.000	56,098

(9) Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2000 to 2002	80,060
(b) Average of Column (8) for Accident Years 2001 to 2002	78,616
(c) Accident Year 2002	70,931
(10) Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2005 to 2006	58,480
(b) Accident Year 2006	56,098
(11) Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
(a) =(10a)/(9a) - 1	-27.0%
(b) =(10a)/(9b) - 1	-25.6%
(c) =(10b)/(9c) - 1	-20.9%
(12) Potential Impact of Castellanos Decision on Average Benefit Costs	
(a) =[(9a)/(10a) - 1] x 43.6%	16.1%
(b) =[(9b)/(10a) - 1] x 43.6%	15.0%
(c) =[(9c)/(10b) - 1] x 43.6%	11.5%

Notes: Columns (1), (2), (4), (5), and (7) have been provided by NCCI.

Estimated Impact of the Castellanos Decision
Excludes Top 1% of Claims with Claimant Attorney Representation (Based on Reported Total Incurred)

	(1)	(2)		(3)	
		(a)	(b)	(a)	(b)
		Impact on Frequecy Based on Comparing Florida to...		Impact on Loss Costs Based on Comparing Florida to...	
	Impact on Severity	Southeastern States	Gulf States	Southeastern States [1.0 + (1)] x [1.0 + (2a)] -1.0	Gulf States [1.0 + (1)] x [1.0 + (2b)] - 1.0
(4) Comparing 00-02 to 05-06	18.1%	15.8%	0.7%	36.8%	18.9%
(5) Comparing 01-02 to 05-06	16.7%	14.1%	0.3%	33.2%	17.1%
(6) Comparing 02 to 06	15.9%	16.6%	2.6%	35.1%	18.9%

Notes: Column (1), Lines (4), (5) and (6) are taken from Lines (12a), (12b) and (12c), respectively, of Exhibit SPL - 4, Page 3.
Column (2a), Lines (4), (5) and (6) are taken from Lines (15), (16) and (17), respectively, of Exhibit SPL - 5, Column (2).
Column (2b), Lines (4), (5) and (6) are taken from Lines (15), (16) and (17),respectively, of Exhibit SPL - 5, Column (3).

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

	Accident Year	(1) Average Indemnity Incurred Benefit Costs	(2) Indemnity Benefit On-level Factor	(3) Average Indemnity Incurred Benefit Costs at Current Level (1) x (2)
Pre-Senate Bill 50A	2000	$31,074	0.811	$25,201
Pre-Senate Bill 50A	2001	30,788	0.811	24,969
Pre-Senate Bill 50A	2002	29,207	0.811	23,687
Post-Senate Bill 50A	2005	19,991	1.000	19,991
Post-Senate Bill 50A	2006	19,523	1.000	19,523

	Accident Year	(4) Average Medical Incurred Benefit Costs	(5) Medical Benefit On-level Factor	(6) Average Medical Incurred Benefit Costs at Current Level (4) x (5)	(7) Factor to Adjust to 2015 Wage Level	(8) Wage-Adjusted Average Total Benefit Costs at Current Level [(3) + (6)] x (7)
Pre-Senate Bill 50A	2000	$28,731	0.988	$28,386	1.460	$78,237
Pre-Senate Bill 50A	2001	29,634	0.985	29,189	1.414	76,579
Pre-Senate Bill 50A	2002	27,837	0.970	27,002	1.379	69,900
Post-Senate Bill 50A	2005	25,011	0.978	24,461	1.216	54,054
Post-Senate Bill 50A	2006	24,909	0.970	24,162	1.161	50,718

(9) Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2000 to 2002	74,905
(b) Average of Column (8) for Accident Years 2001 to 2002	73,240
(c) Accident Year 2002	69,900
(10) Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2005 to 2006	52,386
(b) Accident Year 2006	50,718
(11) Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
(a) =(10a)/(9a) - 1	-30.1%
(b) =(10a)/(9b) - 1	-28.5%
(c) =(10b)/(9c) - 1	-27.4%
(12) Potential Impact of Castellanos Decision on Average Benefit Costs	
(a) =[(9a)/(10a) - 1] x 42.0%	18.1%
(b) =[(9b)/(10a) - 1] x 42.0%	16.7%
(c) =[(9c)/(10b) - 1] x 42.0%	15.9%

Notes: Columns (1), (2), (4), (5), and (7) have been provided by NCCI.

Change in Average Benefit Costs for Claims with Claimant Attorney Representation
Excludes Top 1% of Claims Based on Reported Total Incurred

	Accident Year	(1) Average Indemnity Incurred Benefit Costs	(2) Indemnity Benefit On-level Factor	(3) Average Indemnity Incurred Benefit Costs at 2006 Level (1) x (2)
Pre-Senate Bill 50A	2000	$31,074	0.811	$25,201
Pre-Senate Bill 50A	2001	30,788	0.811	24,969
Pre-Senate Bill 50A	2002	29,207	0.811	23,687
Post-Senate Bill 50A	2005	19,991	1.000	19,991
Post-Senate Bill 50A	2006	19,523	1.000	19,523

	Accident Year	(4) Average Medical Incurred Benefit Costs	(5) Medical Benefit On-level Factor	(6) Average Medical Incurred Benefit Costs at 2006 Level (4) x (5)	(7) Factor to Adjust to 2006 Wage Level	(8) Wage-Adjusted Average Total Benefit Costs at 2006 Level [(3) + (6)] x (7)
Pre-Senate Bill 50A	2000	$28,731	1.019	$29,277	1.258	$68,533
Pre-Senate Bill 50A	2001	29,634	1.015	30,078	1.218	67,047
Pre-Senate Bill 50A	2002	27,837	1.000	27,837	1.188	61,211
Post-Senate Bill 50A	2005	25,011	1.008	25,211	1.047	47,326
Post-Senate Bill 50A	2006	24,909	1.000	24,909	1.000	44,432

(9) Pre-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2000 to 2002	65,597
(b) Average of Column (8) for Accident Years 2001 to 2002	64,129
(c) Accident Year 2002	61,211
(10) Post-Senate Bill 50A Average Benefit Costs for Attorney-Represented Claims	
(a) Average of Column (8) for Accident Years 2005 to 2006	45,879
(b) Accident Year 2006	44,432
(11) Change in Average Benefit Costs on Attorney-Represented Claims: Pre- to Post-Senate Bill 50A	
(a) =(10a)/(9a) - 1	-30.1%
(b) =(10a)/(9b) - 1	-28.5%
(c) =(10b)/(9c) - 1	-27.4%
(12) Potential Impact of Castellanos Decision on Average Benefit Costs	
(a) =[(9a)/(10a) - 1] x 42.0%	18.1%
(b) =[(9b)/(10a) - 1] x 42.0%	16.7%
(c) =[(9c)/(10b) - 1] x 42.0%	15.9%

Notes: Columns (1), (2), (4), (5), and (7) have been provided by NCCI.

Average Frequency Changes Pre- and Post-SB 50A

	Year	(1) Florida's Frequency Per $1M in Pure Premium	(2) Southeastern States' Frequency Per $1M in Pure Premium	(3) Gulf States' Frequency Per $1M in Pure Premium
Pre-Senate Bill 50A	2000	22.319	16.947	16.081
Pre-Senate Bill 50A	2001	20.612	16.276	15.324
Pre-Senate Bill 50A	2002	19.806	15.761	14.201
Post-Senate Bill 50A	2005	16.204	14.306	11.823
Post-Senate Bill 50A	2006	14.687	13.641	10.805
Pre-Senate Bill 50A: Average of...				
(4) 2000 through 2002		20.912	16.328	15.202
(5) 2001 through 2002		20.209	16.019	14.763
(6) 2002		19.806	15.761	14.201
Post-Senate Bill 50A: Average of...				
(7) 2005 through 2006		15.446	13.974	11.314
(8) 2006		14.687	13.641	10.805
Frequency Decline from Pre- to Post-Senate Bill 50A				
(9) '00/'02 to '05/'06 [(7) / (4) - 1]		-26.1%	-14.4%	-25.6%
(10) '01/'02 to '05/'06 [(7) / (5) - 1]		-23.6%	-12.8%	-23.4%
(11) '02 to '06 [(8) / (6) - 1]		-25.8%	-13.5%	-23.9%
Decline in Florida's Frequency Over and Above that Observed in the Region				
(12) '00/'02 to '05/'06			-13.7%	-0.7%
(13) '01/'02 to '05/'06			-12.4%	-0.3%
(14) '02 to '06			-14.2%	-2.5%
Reversal of Florida's Frequency Decline Over and Above that Observed in the Region				
(15) '00/'02 to '05/'06			15.8%	0.7%
(16) '01/'02 to '05/'06			14.1%	0.3%
(17) '02 to '06			16.6%	2.6%

Notes: Column (1) is taken from Exhibit SPL - 2, Page 5, Sheet 2, Column (15).
Column (2) is taken from Exhibit SPL - 2, Page 5, Sheet 4, Column (69).
Column (3) is taken from Exhibit SPL - 2, Page 5, Sheet 3, Column (53).
Line (4), Columns (1), (2) and (3) represents the arithmetic average of years 2000, 2001 and 2002 of Columns (1), (2) and (3), respectively.
Line (5), Columns (1), (2) and (3) represents the arithmetic average of years 2001 and 2002 of Columns (1), (2) and (3), respectively.
Line (7), Columns (1), (2) and (3) represents the arithmetic average of years 2005 and 2006 of Columns (1), (2) and (3), respectively.
Line (12), Column (2) is equal to ((1) + 1.0) / ((2) +1.0) - 1.0 using the figures in Line (9).
Line (13), Column (2) is equal to ((1) + 1.0) / ((2) +1.0) - 1.0 using the figures in Line (10).
Line (14), Column (2) is equal to ((1) + 1.0) / ((2) +1.0) - 1.0 using the figures in Line (11).
Line (12), Column (3) is equal to ((1) + 1.0) / ((3) +1.0) - 1.0 using the figures in Line (9).
Line (13), Column (3) is equal to ((1) + 1.0) / ((3) +1.0) - 1.0 using the figures in Line (10).
Line (14), Column (3) is equal to ((1) + 1.0) / ((3) +1.0) - 1.0 using the figures in Line (11).

3900 Veterans Memorial Highway
Suite 300
Bohemia, NY 11716

slattanzio@actuarialsolutions.com
631-471-8655 x11

STEVEN P. LATTANZIO, FCAS, MAAA, FCA
CONSULTING ACTUARY

Steven P. Lattanzio has 40 years of actuarial experience. He has provided actuarial consulting services for many property-casualty actuarial coverages including: workers compensation, general liability, personal and commercial automobile liability and physical damage, marine, professional liability, directors and officers liability, products liability, and other types of exposures.

Mr. Lattanzio's experience includes liability estimation, determination of funding levels, reviews of reserve adequacy, the issuing of Statements of Actuarial Opinion, actuarial reviews associated with financial examinations, the projection of ultimate loss, ratemaking, the development of class rates, excess pricing, the production of rate filings and technical items related to workers compensation and projects relating to individual risk rating plans (this includes projects involving both experience rating plan and the retrospective rating plans).

Mr. Lattanzio works with a diverse client base, including small individual self-insureds to self-insured groups, captives, risk retention groups (RRGs), regulators, insurance and reinsurance companies, rating bureaus and insurance departments, accounting firms, attorneys, and government entities.

Mr. Lattanzio has significant experience in both property and casualty lines of business, most notably with workers compensation. His workers compensation experience includes, but is not limited to, working for 25 years with the Minnesota Workers Compensation Insurance Association to determine a loss cost level indication, providing studies to the Kentucky Workers Compensation Funding Commission in the determination of assessment rates as well as reviews of workers compensation reserve adequacy while working on behalf of the United States Navy. Over the years, workers compensation clients have also included General Electric, the Washington Redskins, the Missouri Department of Insurance, Bankers Trust as well as the Port Authority of New York and New Jersey. Steve has provided expert testimony for workers compensation matters on numerous occasions.

Mr. Lattanzio has worked on dozens of litigation support engagements for workers compensation and has provided expert testimony at trials, mediations, arbitrations and hearings. He has been retained under a variety of different circumstances to serve a number of different roles. The spectrum of these engagements involving workers compensation have included the following:

- Working from both a plaintiff and defense position;
- Representing a variety of clients including self-insureds, insurance companies and large groups of insureds which were part of a class action suit;

- Providing support in many capacities including ratemaking, reserving and individual risk rating (both for retrospective rating and also for experience rating);
- Steve has testified in settings including bench trials, a jury trial, mediations, arbitrations and hearings.

Employment Experience

Steve has served as President and Consulting Actuary of Actuarial Solutions since the company's inception in 1990. Prior to his current position, he was Consulting Actuary and Manager of the New York office of Presley & Associates; Senior Vice President and Actuary for the Insurance Technical & Actuarial Consultants Corporation, an actuarial consulting subsidiary of the National Council on Compensation Insurance (NCCI); and Senior Vice President and Actuary at NCCI.

Background and Education

Steve received a Bachelor of Arts in Physics from Adelphi University and a Bachelor of Science in Operations Research from New York University. He has been in the actuarial profession since 1974 and has been an actuarial consultant since 1982.

Mr. Lattanzio has been a Fellow of the Casualty Actuarial Society since 1979, a Member of the American Academy of Actuaries since 1980 and a Fellow of the Conference of Consulting Actuaries since 1997.

Pre- Filed Testimony

Of

Claude D. Revels, Jr.

NCCI October 1, 2016 Rate Filing

Q: What is your name and address?

A: Claude DeWitt Revels, Jr.

15886 Steerman Street

Glen St. Mary, Florida 32040

Q: What is your educational and training background?

A: Education

M.Ed., University of Southwestern Louisiana, 1976

B.S., University of Southwestern Louisiana, 1973

A.A., Florida Junior College at Jacksonville, 1970

Background

I was a registered lobbyist for JM Family, and have testified before Legislative Committees, the Three Member Panel, and the Division of Worker' Compensation on Workers' Compensation issues throughout my career. I have assisted the Governor's Office, CFO's Office, and Senate and House staff members with questions on matters relating to Workers' Compensation. I have presented at the American Bar Association Conference, Southern Association of Workers' Compensation Administrators, Florida Workers' Compensation Institutes Educational Conference, the Florida Office of Judges of Compensation Claims and the Florida Division of Workers' Compensation.

I have served as…….

Member, 1989 Workers' Compensation Oversight Board

Member, 2000 Workers' Compensation Oversight Board

Member, 2002 Governor's Commission on Workers' Compensation Reform

Member, Chairman, Board of Directors, 2002 to present, Florida Association of Self Insurers Guaranty Association

Member, Current Vice Chair, Board of Governors, 2004 to present, Florida Workers' Compensation Joint Underwriters Association

Member, 2012 to present Florida Workers' Compensation Judicial Nominating Commission

Member, 2015 Workers' Compensation Institute Hall of Fame, an honorary award

Q: What is your employment background?

A: **Director, Benefits Administration 1985-2016 (Retired)**

JM Family Enterprises, Inc. (Deerfield Beach, Florida)

- The world's largest independent distributor of Toyotas and Scions
- A diversified financial services company
- One of the largest providers of finance and insurance products in the industry
- The world's largest volume Lexus dealership
- $14.5 billion Revenue (2015)
- 4,100 Associates in North America
- FORBES: No. #21 on list of "America's Largest Private Companies"
- Fortune: No. #66 on 100 Best Companies to work for list for 18th consecutive year.

Director, Safety and Workers' Compensation 1983-1985
Jefferson Smurfit Corporation (Jacksonville, Florida)

Q: Describe your former job responsibilities at JM Family Enterprises and Jefferson Smurfit Corporation.

<u>JM Family job Responsibilities</u>

Management of corporate workers' compensation program nationwide. JM Family (approximately 4,100) has associates in most of the US States and Canada, the majority of which are in Florida, followed by Georgia, Alabama and Missouri respectively. Throughout my career I have managed fully insured programs, a Florida self insured program and most recently a large deductible self administered workers' compensation program, self insured self administered Short Term Disability Program, and the self administered Family Medical Leave Act.

Management of day to day claims operations, settlement negotiations, litigation strategy, provider networks, aggressive return to work programs, internal claims meetings with Human Resources and individual business unit management teams, attending mediations and hearings. Established the first in-house workers' compensation claims management system which incorporated benefit coordination between workers' compensation and a self administered Short Term Disability program. Current program incorporates all disability management (workers' compensation, short term disability, and the Family Medical Leave Act.

Coordination of workers' compensation and short term benefits with Long Term Disability Carrier.

Provide various workers' compensation data to Business Unit Management, Loss Development Factors for financial accruals to controllers, payroll, and treasury, and forecast individual business unit disability costs.

Provide disability data to Executive Management Team for overall strategic planning.

Provide workers' compensation data/trends analysis to Corporate Safety Department.

Provide updates to Governmental Affairs on public policy debates and or system changes anticipated, expected or made, and associated system costs.

Collaborate with Brokers and Risk Management on policy renewals and long range strategic objectives.

Jefferson Smurfit Corporation Responsibilities

Oversight and day to day management of Workers' Compensation, Safety and Property Insurance programs.

Served as Assistant Industrial Relations Manager.

Management Representative at all Union Grievance procedures, and labor negotiations.

Q: Were you engaged by Foley & Lardner LLP, on behalf of NCCI, to consult with its attorneys in connection with NCCI's October 1, 2016 Florida workers' compensation rate filing and ultimately to provide expert testimony regarding the filing?

A: Yes.

Q: What is the purpose of your testimony?

A: I have been retained to testify, based on my experience, what behavioral changes we might expect to see in Florida's Workers' Compensation System as a result of the most recent Supreme Court decisions in Castellanos v. Next Door Company and Westphal v. City of St. Petersburg, as well as the First District Court of Appeal's decision in Miles v. City of Edgewater Police Department.

I am not an attorney, actuary, economist, physician or politician. The value I hope to bring to these proceedings is an observer of system behavior. There are others who will no doubt provide you with data in the form of numbers/graphs/charts and the methodology behind said data. I on the other hand will simply state what behaviors I have witnessed prior and subsequent to the 2003 Reforms and what behavior I anticipate we might see given the recent events appellate decisions.

I would like to make note, as obvious as it may seem, the data you will see in support of this rate filing will require an historical look back prior to the 2003 Reforms. In doing so, I would suggest the differences in behavior over this past 13 years as compared to the years before the Reforms will give some clarity as to what is to come.

Q: As an employee of JM Family Enterprises, were you involved in the Florida legislative process with respect to workers' compensation legislation?

A: Yes. I was a registered lobbyist for JM Family Enterprises, and have testified before Legislative Committees, the Three Member Panel, and the Division of Workers' Compensation on workers' compensation issues throughout my career. I have assisted the Governor's Office, CFO's Office, and Senate and House members and their Staff with questions on matters relating to workers' compensation. As a JM Family representative, I was part of the Florida Business Coalition that has influenced workers' compensation legislation.

I have served as a ……

Member, 1989 Workers' Compensation Oversight Board

Member, 2000 Workers' Compensation Oversight Board

Member, Chairman, Board of Directors, 2002 to present, Florida Association of Self Insurers Guaranty Association

Member, Current Vice Chair, Board of Governors, 2004 to present, Florida Workers' Compensation Joint Underwriters Association

Member, 2012 to present Florida Workers' Compensation Judicial Nominating Commission

Member, 2015 Florida Workers' Compensation Institute Hall of Fame.

Q: What were the most significant changes to the Florida Workers' Compensation Law brought about by the Florida Legislature's enactment of Senate Bill 50A in 2003?

A: There were numerous, and extensive legislative changes made to Chapter 440, Florida Statues. Some of the more notable changes were the tightening of the Permanent Total Disability standard, the limitation on independent medical exams (IMEs), the Major Contributing Clause language, change in impairment benefit calculations, restriction on Psychiatric Impairment, Apportionment of pre-existing disability, Physician and Hospital reimbursement methodology tied to Medicare, Change in Physician, and changes in attorney fees.

When assessing what behavior may be expected from the most recent ruling it is important to take into account these other changes as relates to costs and the self executing aspects they may bring collectively, and individually to the system.

Collectively, these changes alone were of moderate or low impact on costs when considered with the attorney's fees change. With the exception of the changes to Permanent Total (PTD), IMEs, and Impairment, the remaining changes clarified Employer/Carrier responsibilities, and placed timelines on same for the provision of benefits. Obviously, the changes were designed to control behavior of the party/parties the change was directed at. For example, Change in Physician, 440.13 (2)(f) Florida Statutes, reads in part, "…..The carrier shall authorize an alternative physician who shall not be

professionally affiliated with the previous physician within 5 days after receipt of the request. If the carrier fails to provide a change of physician as requested by the employee, the employee may select the physician and such physician shall be considered authorized if the treatment being provided is compensable and medically necessary." This was aimed directly at the Carriers.

Petition for Benefits, 440.192, reads in part, "……a petition for benefits which meets the requirements of this section and the definition of specificity in s.440.02, which reads, "Specificity" means information on the petition for benefits sufficient to put the employer or carrier on notice of the exact statutory classification and outstanding time period of benefit being requested and include a detailed explanation of any benefits received that should be increased, decreased, changed, or otherwise modified. If the petition is for medical benefits, the information shall include specific details as to why such benefits are being requested, why such benefits are medically necessary, and why current treatment, if any, is not sufficient. Any petition requesting alternative or other medical care, including, but not limited to, petitions requesting psychiatric or psychological treatment, must specifically identify the physician making the recommendation for alternative or other medical treatment. A copy of a report from such physician making the recommendation for alternative or other medical care shall also be attached to the petition. A judge of compensation claims shall not order such treatment if a physician is not recommending such treatment." Obviously this was aimed at the claimant attorneys.

These are but two examples of where changes were "targeted" to bring about change in behavior. However, behavior is sometimes slow to change depending on the consequences. Conflict at any point in the system is an opportunity for legal intervention. This is true on both sides, employer/carriers and claimant. Some changes are more problematic than others to resolve once the sides are engaged in the path they feel committed to. Often times the issue is exacerbated over things as simple as a petition being filed without proper attachments, or requesting something that has already been provided.

The workers' compensation system was intended to be self executing, which would presuppose all parties, employer/carrier, injured worker, attorneys, physicians, and ancillary service providers are going to have a set of rules and procedures, and abide by those which apply respectively.

The obvious driver of the system is the medical component of benefits. The choice of physician (Florida is a so-called "Employer Choice" state) in and of itself is the beginning of the potential for conflict. This same scenario holds true with any provider such as specialists, physical therapists, and diagnostic centers. Prior to SB 50A this conflict resulted in requests for IMEs at each point of provider contact. The time, cost and potential for conflict is obvious. SB 50A provided for one (1) IME per accident and not one per specialty. Another area aimed at attorneys who were using medical to create conflict and increase medical costs, which in turn would be a potential benefit to them from a fee standpoint.

Once a claim has been asserted, the question of compensability may be a potential for conflict. SB 50A attempted to address some of the questions surrounding this area with the Major Contributing Cause language. See Chapter 440.09, Florida Statutes, "Coverage", which paraphrasing, states the cause of the injury must be more than 50% responsible for the injury as compared to all other causes combined. Again, the potential for conflict is the assignment and justification of a percentage of impairment by the physician. While percentage is being assigned by which a decision is made, it is a purely subjective determination, which again creates a potential for conflict.

The aforementioned information is meant to give some insight into the nature of the potential for conflict in Florida's workers' compensation system. While it is true that either party, injured worker or employer/carrier, may agree on all facets for the claim, there clearly exists the potential for legal intervention.

Q: Would you describe the impact of the changes to the attorney's fee provisions of Senate Bill 50A on the Florida workers' compensation system?

A: When assessing what impact might be anticipated from a specific statutory provision, it is important to consider whether there is a potential ripple effect. As hindsight has shown us, this was the case with the attorney fee provisions of SB 50A. While there were many changes in 2003 that were designed to address stress points within the system, the single most significant provision was the attorney fee provision. The system began to level itself creating greater predictability in an employer and carrier's (E/C) ability to manage their Risks. Prior to the reform of 2003 Florida was portrayed as one of the highest cost states from a workers' compensation standpoint. The change in the Permanent Total Disability standard was the next most significant change, but in this regard it, in and of itself, did not have the system impact of the attorney fee provision. The combination of changes would seem to have been moderate in comparison to the impact of the attorneys' fee provisions. The number of petitions filed went down, settlements went up, claims costs went down, and return to work increased. We saw fewer attorney advertisements, and some attorneys began moving into other areas of law. I would suggest the reduction in conflict bears a direct connection to the reduced incentive on attorneys' fees brought about by SB 50A.

Q: Are you familiar with the Florida Supreme Court's decision of Castellanos v. Next Door Company?

A: Yes.

Q: Would you please state your opinion regarding the likely impact of the Castellanos decision on the Florida workers' compensation system?

A: I believe a brief perspective on the system as a whole and the interaction of the parties involved would be helpful in understanding what we might see, why we might see it, and where it will take us.

Section 440.015, Florida Statutes, provides, "It is the intent of the Legislature that the Workers' Compensation Law be interpreted so as to assure the quick and efficient delivery of disability and medical benefits to an injured worker and to facilitate the worker's return to gainful employment at a reasonable cost to the employer…….Therefore, an efficient and self executing system must be created which is not an economic or administrative burden……"

Recognizing first, without an employer there is no worker, and secondly, without an injury there is no claim. The system is predicated on two main elements or parties as the intent states. Employer and injured worker or payor and recipient.

The other parties in the worker's compensation equation are physicians, service providers, and attorneys (claimant and defense). The workers' compensation system over time has evolved into a system of financial incentives. The system is driven off of disability and for some there is a financial incentive to prolong it. Controversy or conflict is the key to those incentives and litigation is the catalyst that drives the incentives.

One would only have to look at the system prior to SB 50A to understand history is going to repeat itself. Prior to SB 50A there were more attorneys advertising for assistance to injured workers, there were more claims with attorney representation, more petitions, and many of those were what is known in the industry as "shot gun petitions", wherein they asked for every benefit possible in one petition. Claims progressed slower; more conflicts were created between the injured worker and the employer/carrier. Medical benefit requests increased, the number of depositions increased, and return to work timelines were longer, resulting in longer claim closure rates. This is both a direct and indirect cost to the employer. The direct cost being the claim cost itself, and an indirect cost is the loss of the injured workers productivity. The simple act of filling a Notice of Appearance without a petition creates indirect costs associated with claims review. Then there are the costs associated with responding to discovery requests.

It is my belief, based on past experience, we will again see things, in large measure, return to the state of affairs before SB 50A was in place. Such as average week wage issues. Prior to SB 50A a simple rounding error in the calculation of AWW that might result in a benefit of a few dollars over several months would be pursued for an hourly fee. We will again see the utilization of medical to drive up the costs of a claim along with the arguments associated with medical necessity, major contributing cause, and impairment rating controversies, IMEs and one time change in physician.

It is important to note the impact the recent decision in Castellanos will have a corresponding impact on defense attorney fees, thus increasing overall claim costs.

The more complicated a claim is, such as a claim for Permanent Total Disability, the more time is going to be invested by claimant's attorney's as would be expected. However, with hourly fees we will begin to see more time on the less complicated issues. Prior to SB 50A attorneys were allowed to assert an hourly rate for the number of hours worked on a particular issue and if the Judge of Compensation Claims found it reasonable, the fees were granted. An attorney may have argued he/she had 10 hours in an attempt to secure authorization of an MRI. If the rate was $350/hr. the resulting math is $3,500. Before the Castellanos decision, under SB 50A the maximum would have been $1,500. Based on the recent decision we may be back to $3,500 or more for the same hypothetical claim. If a surgery was pursued and benefits secured were $10,000, before Castellanos, under SB 50A the fee would have been $1,750 based on the 20%/1st $5,000, 15%/2nd $5,000. Under the current decision, the attorney may, for example, assert 20hours@$350/hr and if the Judge finds it reasonable the fee awarded is $7,000.

It is my belief based on my experience with the system both pre and post SB 50A the recent Supreme Court decision in Castellanos v. Next Door Company will result in the following:

- We will see those attorneys who reduced their workers' compensation case loads and branched out into other areas of law or who left workers' compensation to pursue other areas of the law, reinvest in their practice of workers' compensation law.
- Attorney advertisements will increase to pre SB 50A levels, if not exceed them, resulting in an increase in claims activity.
- In that Medical benefits drive any claim and therefore medical costs will increase significantly. Medical benefits can and will be utilized to increase the perceived severity of claims, which will increase the indemnity portion of a claim.
- Return to Work will once again be a more difficult process for employers/carriers.
- It will be open season on anything that creates conflict/controversy within the workers' compensation system. This will be especially true around specific statutory timelines for providing benefits to injured workers.

- Depositions will increase on both sides, as will requests for physician conferences. More depositions and physician conferences will be done face to face versus conference call. The more depositions and conferences Physicians are required to attend, the less time they have with patients, thus creating appointments further out, compounding the cost to the system and impacting the timely care of injured workers.
- Because the other changes made by SB 50A were made in conjunction with the change in attorneys' fees, it is difficult to determine what impact they will have now given the decision invalidating the attorneys' fee schedule provision of Chapter 440. They attempted to modify behavior at the same time the incentives for the behavior were significantly removed.

Attorney involvement creates financial incentives for the physicians, pharmacies, and ancillary medical/ service providers. The incentives in the law are not in alignment with the intent. The return of hourly fees will once again, provide the incentive for attorneys to exploit this misalignment.

Q: Are you familiar with the First District Court of Appeals' decision in the case of Miles v. City of Edgewater Police Department?

A: Yes.

Q: Would you please state you opinion regarding the potential impact of the Miles decision on the Florida workers' compensation system?

A: If I may begin by providing a quote from the Court's opinion, "Furthermore, again as in Jacobson, an attorney's fee paid by Claimant and her union would have no impact on workers' compensation premiums, because Claimant and her union are the ones paying the fee, not the E/C. If Claimant prevailed, the E/C still could not be required to pay more in fees that the Legislature allows under section 440.34, Florida Statutes, regardless of Claimant obtaining legal counsel not authorized under chapter 440, as Claimant would pay the excess fee."

Miles, as I see it, may create a situation where a fee agreement in the beginning, with a retainer, and contingency of either an hourly rate or percetage of the settlement stalls the ability to bring the case to closure. If for example the settlement is for $70,000 and the agreement is for 40% or $28,000 and the claimant wants to generate a fee of $50,000, there is now a conflict that may impact the ability to settle the claim. This is not to say the above example did not exist before Miles, the difference being an E/C paid fee versus a Claimant paid fee. The conflict creating the issue is the fee agreement between the claimant and her/his attorney.

As I read the decision, I am still left unsure as to whether any or all Claimant/Attorney(C/A) agreements have to be approved by the OJCC. If the answer is in the affirmative, this will create an increase in the workload of the OJCC and may have an impact on the overall adjudication process. Additionally, it begs the question, "Can the OJCC determine the C/A agreement is unreasonable?"

A more fundamental question that I would be remiss for not stating is, "If this decision is to protect the injured worker from the language purported to be excluding them from acquiring representation, who or what language is protecting the injured worker from those representing them?"

Q: Are you familiar with the Florida Supreme Court's decision in the case of Westphal v. City of St. Petersburg?

A: Yes.

Q: Would you please state your opinion regarding the impact of the Westphal decision on the Florida workers' compensation system?

A: The most obvious and immediate impact is going to come from those cases that are open or re-opened and at or over the statutory cut off of 104 weeks, given the number is now 260 weeks. By the very nature of the timeline, 260 weeks of benefits is going to cost more than 104 weeks of benefits. While I do not have the number of cases that have hit the 104 mark, it is a safe bet that with 260 weeks to work with, medical benefits are going to increase. The more the medical is worked the greater the chances are for severity to increase. As severity increases, claims costs go up as does the cost of settlement.

Westphal alone may not have caused a large increase in system costs. However, coupled with Castellanos, there is the incentive to keep the medical moving and push MMI out creating the potential for increased severity and the opportunity for a larger settlement.

While considering how the system can and will be worked by attorneys in a manner that clearly increases workers' compensation costs, we have to recognize there are many injured workers who simply want to get to the doctor, get well, and get back to work.

NCCI has based their filing on the Westphal decision assuming the Court meant 260 weeks total for Temporary Partial and Temporary Total Disability. The Court's decision leaves me uncertain as to whether it meant 260 inclusive of Temporary Partial or not. Could it be 104 TPD and 260 TTD or do we really revert back to pre 1994 and it is 260 TPD plus an additional 260 TTD? If it is anything other than 260 inclusive of TPD I would surmise the Westphal filing would need to be revisited.

Q: Are you familiar with NCCI's estimate of the unfunded liability related to Florida Supreme Court decisions related to SB 50A?

A: Yes.

Q: Would you please state your opinion regarding the potential impact of the unfunded liability on the Florida workers' compensation system?

A: The unfunded liability issue facing Florida as a result of the Supreme Court, 1st DCA decisions is 1) something many may not be aware of and or, 2) if they are they are not aware of the magnitude and impact on the overall economic system surrounding workers' compensation and Florida's business community . The retroactive implications for Insurers and Self- Insured employers, whether they have Large Deductible policies or are fully Self Insured is going to impact bottom lines and I fear some are unaware the NCCI rate filing is prospective not retrospective. Budgets may need adjusting for the increase, strategic business plans may change, and forecasts on capital expenditures may need to be addressed for bricks and mortar as well as human capital. The economic impact goes beyond the workers' compensation system from a business perspective.

There is no premium being collected for the increase in retroactive claims costs. For fully self- insured employers, there will be a direct hit to the bottom line that was not budgeted for. For Large Deductible programs, the first hit is going to be to those claims opened and reopen impacting costs within the retention limits and then there is no premium to cover claims unexpectedly piercing the retention for the insurer.

While much of the focus is on direct claim impact from Castellanos, Miles and Wetphal, we should not lose sight of the bigger picture for Florida workers' compensation. Rates impact the cost of doing business.

Prior to SB 50A Florida was widely considered a "high cost State". The construction industry saw all manner of schemes to circumvent the cost of workers' compensation coverage, including going without coverage which left those injured workers without benefits. Coverage was costly and in some cases the only access available to those trying to get coverage was through the Florida Workers' Compensation Joint Underwriters Association. Should the unfunded liability impact some of the smaller self insured and carriers we could see an impact to the Guaranty Associations.

These decisions will clearly impact Florida Business, to what extent remains to be seen. However, we know prior to SB 50A workers' compensation costs in Florida was clearly an issue. All we have to do is look in the rear view mirror to get a glimpse as to where we are likely to be heading.

NCCI's estimate of potential unfunded liability for the Emma Murray decision was $400 million. That was for a period of approximately 6 years. The Castellanos unfunded liability will cover approximately 7 years. I would suggest the unfunded liability should be of great concern.

Q: Does this conclude your testimony?

A: Yes

Claude D. Revels, Jr.

15886 Steerman Street

Glen St. Mary, Florida 32040

(904) 259-3562

Education

M.Ed., University of Southwestern Louisiana, 1976

B.S., University of Southwestern Louisiana, 1973

A.A., Florida Junior College at Jacksonville, 1970

Work Experience

JM Family Enterprises, Inc. (Deerfield Beach, Florida)

- The world's largest independent distributor of Toyotas and Scions
- A diversified financial services company
- One of the largest providers of finance and insurance products in the industry
- The world's largest volume Lexus dealership
- $14.5 billion Revenue (2015)
- 4,100 Associates in North America
- FORBES: No. #21 on list of "America's Largest Private Companies"
- Fortune: No. #66 on 100 Best Companies to work for list for 18th consecutive year.

Director, Benefits Administration 1985-2016 (Retired)

Responsibilities

Management of corporate large deductible ($250,000) self administered workers' compensation program, self insured self administered Short Term Disability Program, and the self administered Family Medical Leave Act.

Management of day to day claims operations, litigation strategy, provider networks, and internal claims meetings with Human Resources and individual business unit management teams.

Coordination of workers' compensation and short term benefits with Long Term Disability Carrier.

Provide Loss Development Factors for financial accruals and forecast individual business unit disability costs.

Provide disability data to Executive Management Team for overall strategic planning.

Provide updates to Governmental Affairs on public policy debates and or system changes anticipated, expected or made.

Collaborate with Brokers and Risk Management on policy renewals and long range strategic objectives.

Jefferson Smurfit Corporation (Jacksonville, Florida)

Director, Safety and Workers' Compensation 1983-1985

Responsibilities

Oversight and day to day management of Workers' Compensation, Safety and Property Insurance programs.

Served as Assistance Industrial Relations Manager.

Management Representative at all Union Grievance procedures.

Professional Experience Service/Affiliations

CFO Appointee, Florida Self- Insurers Guaranty Association Board of Directors, 2002 to present.

Responsibility for oversight of workers' compensation for self insurers in Florida. Elected Chairman of the Board of 2003 to present. Currently serving my 4th term.

Financial Services Commission Appointee, Florida Workers' Compensation Joint Underwriters Association Board of Governors, 2003 to present.

The Board of Governors of the FWCJUA is charged with the duty of administering the Florida Workers Compensation residual market mechanism. Currently serving as Vice Chairman in my 4th Term.

Commission Appointee, Florida Workers' Compensation Statewide Judicial Nominating Commission, 2012 to present.

The WCSJNC is responsible for interviewing and making recommendations to the Governor for judicial vacancies in the Office of the Judges of Compensation Claims.

Workers' Compensation Research Institute, 2005, Member of Florida Comp Scope Advisory Committee, and Data Reviewer as employer representative. Membership terminated upon retirement, 2016.

The Workers Compensation Research Institute is an independent, not-for-profit research organization providing high-quality, objective information about public policy issues involving workers' compensation systems.

Workers' Compensation Reform Group, 2001.

Led a group of workers' compensation professionals who worked to rewrite the Florida Workers' Compensation System. Complete rewrite later became known as "Fair Care", and the genesis for policy decisions for 2003 Reforms.

Governor Appointee, Governor's Commission on Workers' Compensation Reform, 2002.

The governor charged the Commission to study Florida's Workers' Compensation System, and make policy recommendations for reform. The Commission had meetings throughout the state to take comments.

Governor Appointee, Florida Workers' Compensation Oversight Board, 2000.

Tasked with review and recommendations regarding Florida's Workers' Compensation System.

Governor Appointee, Return To Work Committee, 1991.

Tasked with review and recommendations for workers' compensation return to work initiatives.

Offer of appointment, Florida Division of Workers' Compensation, 1990 by Secretary Department of Labor and Security, Director. Respectfully declined appointment.

Governor Appointee, Florida Workers' Compensation Oversight Board, 1989

Tasked with review and recommendations, Florida Workers' Compensation System.

Testimony Provided

Florida Senate Banking and Insurance Committee

Florida House Insurance Committee

Florida 3 Member Panel on Workers' Compensation

Florida Office of Insurance Regulation Rate Hearing

Florida Division of Workers' Compensation

Invited Presentations

Southern Association of Workers' Compensation Administrators Conference, Sarasota, Florida 2013

"Workers' Compensation- An Old Approach for a New Age"

Workers' Compensation Claims Professionals Conference, Bonita Springs, Florida 2013

"Disability Management-Coordination of Benefits"

Office of the Judges of Compensation Claims, Tallahassee, Florida 2008

"Workers' Compensation Update"

American Bar Association, Chicago, Illinois 2005

"Graying of the Workforce-Opportunities & Challenges for the Workers' Compensation System"

Florida Division of Workers' Compensation, Florida Agency for Health Care Administration and Office of Judges of Compensation Claims Education Seminars, Jacksonville, Tampa, Tallahassee, Orlando, and Ft. Lauderdale, Florida 2005

"Workers' Compensation-Everything you wanted to know, but were afraid to ask"

Florida Association of Self Insurance Conference, Naples, Florida 2005

"Workers' Compensation Legislative Update"

Florida Manufacturers Association, Orlando, Florida 2005, 2008

"Workers' Compensation and Health Care in Florida"

AON Risk Management Group, Ft. Lauderdale, Florida 2003

"Florida Workers' Compensation-2003"

Southeast Missouri State University, Business & Manufacturers Group, Cape Girardeau, Missouri 2002

"Workers' Compensation-Back to the Basics"

Industrial Medicine Physicians and Rehabilitation Providers, Jacksonville, Florida 2002

"An Employers Perspective on Return to Work"

Florida Coastal School of Law, Jacksonville, Florida 2002

"Workers' Compensation in Florida- What's New, What's Not & What's Hot"

Society for Human Resource Management, Jacksonville, Florida 1999

"Workers' Compensation Case Management"

Northeast Florida Occupational Health Nurses Association, Jacksonville, Florida 1999

"Return To Work Initiatives-Transitional Duty vs. Temporary Disability"

Workers' Compensation Educational Conference, Orlando, Florida 1992-2012

"Return to Work, an Employer's Guide to the Galaxy"

"Integrating Safety & Health with Human Resources"

"Opting Out Of Managed Care"

"Workers' Compensation and the Family Medical Leave Act"

"Workers' Compensation 101"

"Understanding and Utilizing Your Carrier Loss Runs"

"Return to Work- One Employers Perspective"

Florida Workers Compensation 10/1/2016 Law-Only Rate Filing Overview

Lori Lovgren, JD, CPCU
Division Executive State Relations
561.893.3337

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National Council on Compensation Insurance (NCCI)

Established in 1922 around the time states were first starting to adopt workers compensation laws

Licensed as rating/advisory organization and/or designated as statistical agent in almost 40 jurisdictions including Florida

Operates under a not-for-profit philosophy

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Quick Facts on NCCI Rate Filings

- NCCI rate filings are developed internally by staff and filed first with the OIR prior to sharing with other stakeholders
- NCCI is subject to regular exams/audits by the Florida Office of Insurance Regulation—10 since 2001
- Since the 2003 reform, NCCI has made 17 rate filings; 12 of the 17 were for decreases
- Florida workers compensation rates are 60% lower today than prior to the 2003 reform
- NCCI has been filing decreases in most of its 38 states in recent years; 27 last year and 30 the year before
- Proposed WC rate ***increases*** of this magnitude are rare—last two in Florida were +18.6% in 2008 (split over 2 years) and +21.5% in 2002 prior to the 2003 reform

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Components of the Rate Indication

Component	Impact
Castellanos (First-Year Impact)	+15.0%
Medical fee change (SB 1402)	+1.8%
Westphal	+2.2%
Overall:	**+19.6%**
	$714M (19.6% x $3.645B)

Note: Figures are multiplicative, not additive

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Today's Discussion

- Key Features of Today's Florida Workers Compensation System
- *Castellanos* Takes Florida Back to Pre-SB 50A
- Environment Since *Castellanos*
- Florida Relative to Other States
- Other Considerations

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Key Features of Today's Florida Workers Compensation System

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Some Key Claim Statistics on Workers Compensation Losses

75% of claims in Florida are medical-only; average cost of a Florida medical-only claim is $1,378

Medical-only claims represent 10% of total losses

25% of claims in Florida are lost-time claims; average cost of a Florida lost-time claim is $39,296

Lost-time claims in Florida represent 90% of total losses

Source: NCCI's Annual Statistical Bulletin

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Most Florida WC Claims Are Paid and Closed Without Attorney Involvement

Attorney involvement is approximately 25% on lost-time claims

Since claimant attorney involvement is reported to NCCI as indemnity, a medical-only claim with claimant attorney involvement would be reported as a lost-time claim

If 25% of claims are lost-time and if there is 25% attorney involvement on lost-time claims, 6.25% of total claims in Florida would have attorney involvement

Lost time claims with attorney involvement:

- Cost on average approximately 3x more than lost time claims without attorney involvement
- Represent over 40% of total benefit costs

Source: NCCI's Annual Statistical Bulletin

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Attorney Involvement Has Two Aspects: Association With and Level of Litigation Activity on Claim

Percentage of claims associated with attorneys has remained fairly consistent in Florida over time regardless of how attorney fees are awarded

Level of litigation activity associated with these claims has changed in Florida depending on the type of fee schedule in effect

Before SB 50A, ability to deviate up from fee schedule to a higher hourly fee amount led to increased litigation activity on claims associated with attorneys

Limitation to fee schedule under SB 50A reduced litigation activity on claims associated with attorneys

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Castellanos Takes Florida Back to Pre-SB 50A

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Castellanos By the Numbers

Benefit for Injured Worker	Attorney Fee Based on 440.34 Before Court Decision	Attorney Fee Based on 440.34 After Court Decision (Requested)	Impact on Claim Cost Before Court Decision	Impact on Claim Cost After Court Decision
$822.70	**$164.54** (20% of first $5K benefits secured)	**$37,520** ($350/hour x 107.2 hours)	**$987.24** ($822.70 + $164.54)	**$38,342.70** ($822.70+ $37,520)
Before *Castellanos*, attorneys fees were awarded based on a fee schedule (sliding scale percentage of benefits secured for the injured worker)				
After *Castellanos*, attorneys fees are awarded based on the fee schedule with deviation (hourly fees)				

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Castellanos Applied in Practice

- Court in *Castellanos* states the fee schedule is the starting point and only if that fee is unreasonable will the claimant attorney be entitled to a fee that deviates. Is this any different than pre-SB 50A in practice? No.
- Pre-SB 50A, there was a sliding scale attorney fee schedule, with deviation permitted based on the *Lee Engineering* factors, and the *Alderman* case which maintained the fee schedule as the floor.
- NCCI has reviewed attorney fee awards by JCC's based on *Castellanos*
  - Most of the awards to date are based on hourly fees rather than the fee schedule
  - This has not been limited to the *Castellanos* fact situation of many hours spent to obtain a relatively low dollar benefit for the injured worker. Example: Heinle v. Miami Dade Public Schools. Benefit secured: $17,401. Fee schedule: $1,753. Hourly fee awarded: $92,446.
  - Also similar to pre-SB 50A, there is at least one case where the fee schedule amount was awarded when the hourly fee would have been less
- NCCI's assumptions are consistent with early post-*Castellanos* awards

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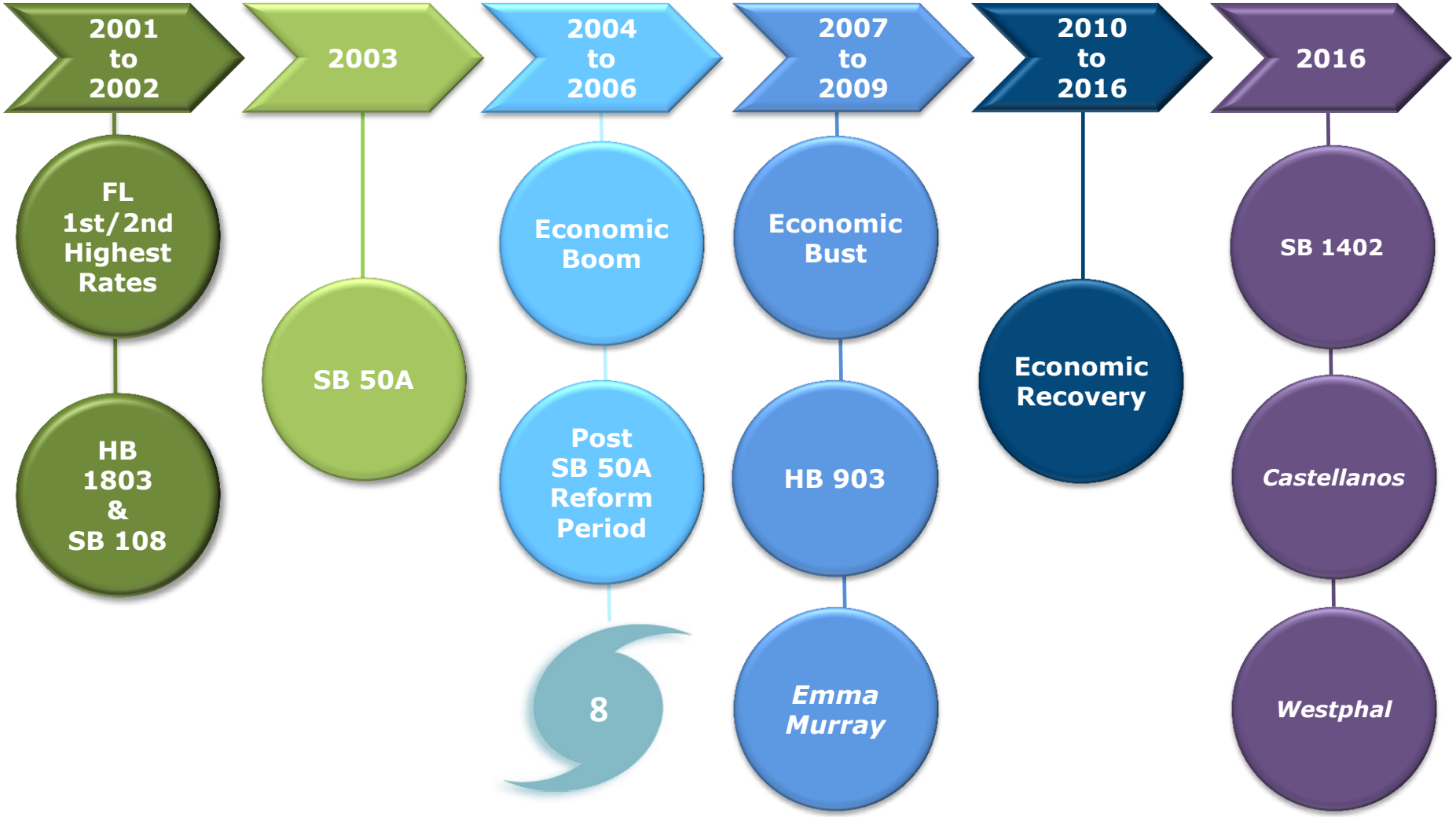
Florida History



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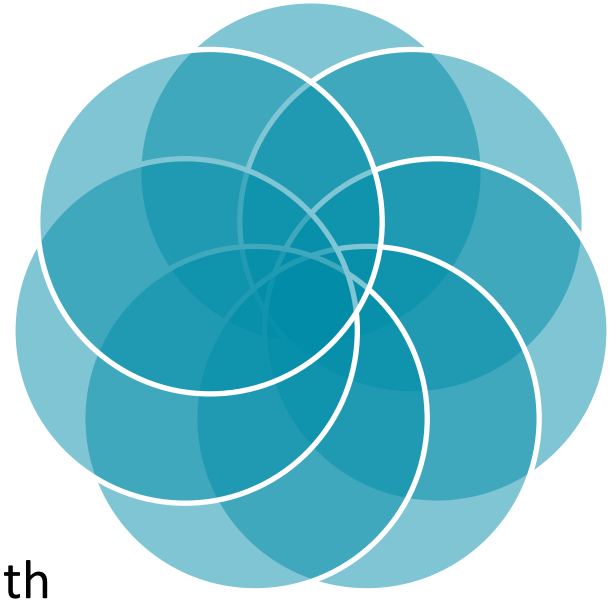
Trends Post-Reform
Senate Bill 50A (10/1/2003)

Reduced average cost per case (indemnity/medical)

Reduced rates (current rates are 60% less)

Quicker return to work



No significant change in percentage of claims with attorney involvement

Reduced claim frequency

Claims with attorney involvement closed quicker

DOAH petitions dropped

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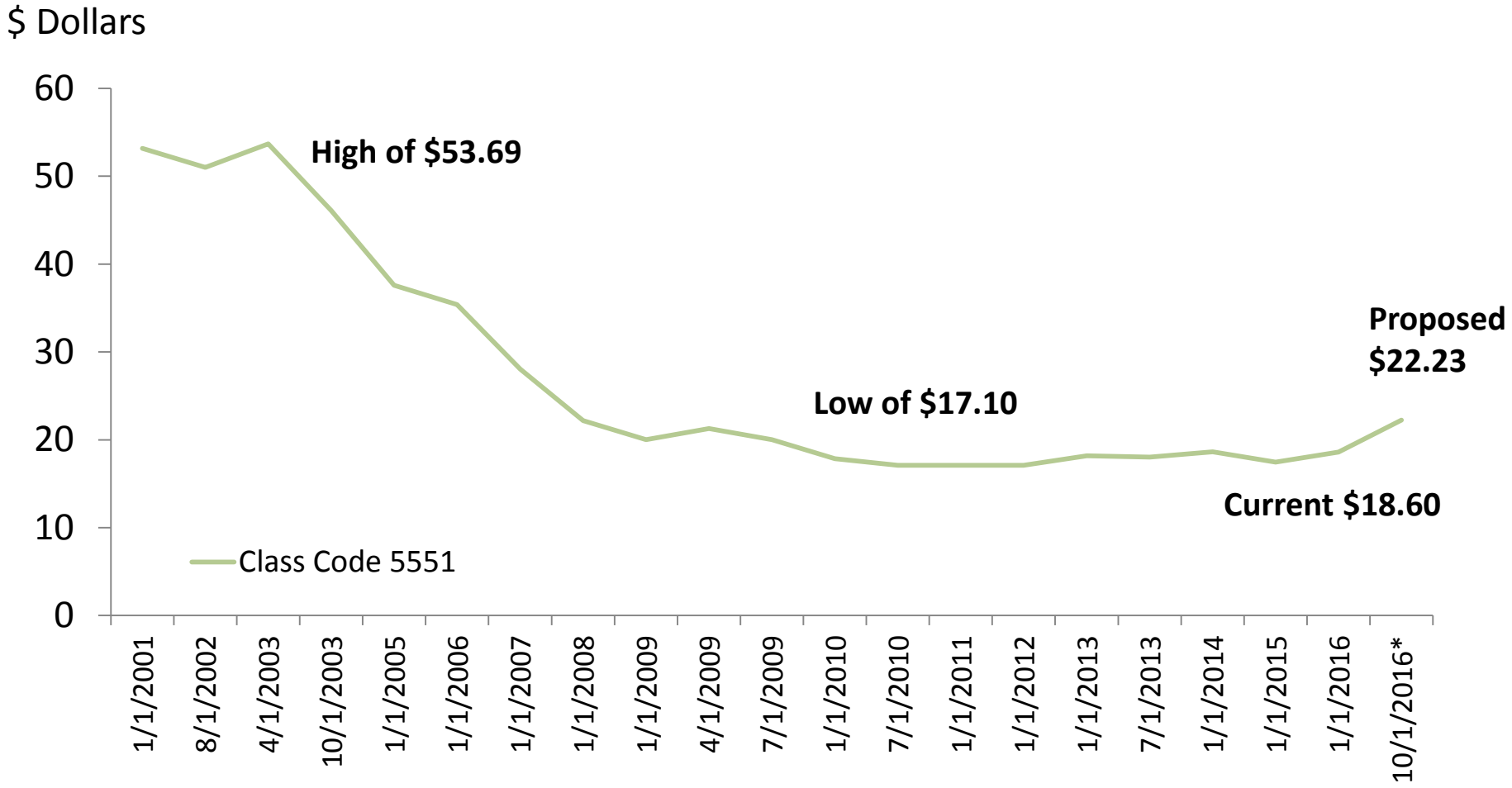
Florida Roofing Rate At Lowest Was 68% Below Pre-Reform Rate



* Pending

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Stakeholders Believe Change in Attorneys Fees Was Linchpin of SB 50A

- During the first year post-reform, stakeholders implemented other aspects of SB 50A but attorney behavior did not change
- As attorney behavior started to change in the post-reform period, there was a corresponding period of 4 years of double digit declines representing, in large part, the impact that changing the attorney fee schedule had on total claim costs
- For example, permanent total (PT) claims were reduced, in part, because of changes to the PT statutory definition (captured in initial pricing of SB 50A); changing the attorney fee schedule reduced litigation activities that typically led to PT claim status (captured in years subsequent to SB 50A)

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Attorneys Delayed Behavioral Changes After SB 50A

2003	2004	2005	2006	2007	2008
Reform 10/01/03	Litigation activity mostly status quo	*Wood* and *Lundy* reach 1st DCA	In *Wood*, lst DCA holds reasonable fee is based on statutory guideline	S.C. accepts *Emma Murray* even though questions are the same as *Wood* and *Lundy*	S.C. issues decision in *Emma Murray*
	Majority of petitions filed relate to pre-form DOA's	February starts trend where majority of petitions filed are for post-reform DOA's	In *Lundy*, 1st DCA rejects con law challenge		
	Majority of attorney fee awards relate to pre-reform DOA's		S.C. refuses to hear *Wood* or *Lundy*		
Part of trial bar maintains status quo confident courts will reverse reform. Part of trial bar starts to turn away WC cases, reduce WC advertising, and diversify their law practice.			First year majority of attorney fee awards relate to post-reform DOA's		
			Trial bar confidence in reversal wanes		

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Less Incentive to Delay Behavioral Changes After *Castellanos*

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Environment Since *Castellanos*

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Carrier Survey Results Suggest *Castellanos* Has Changed Environment

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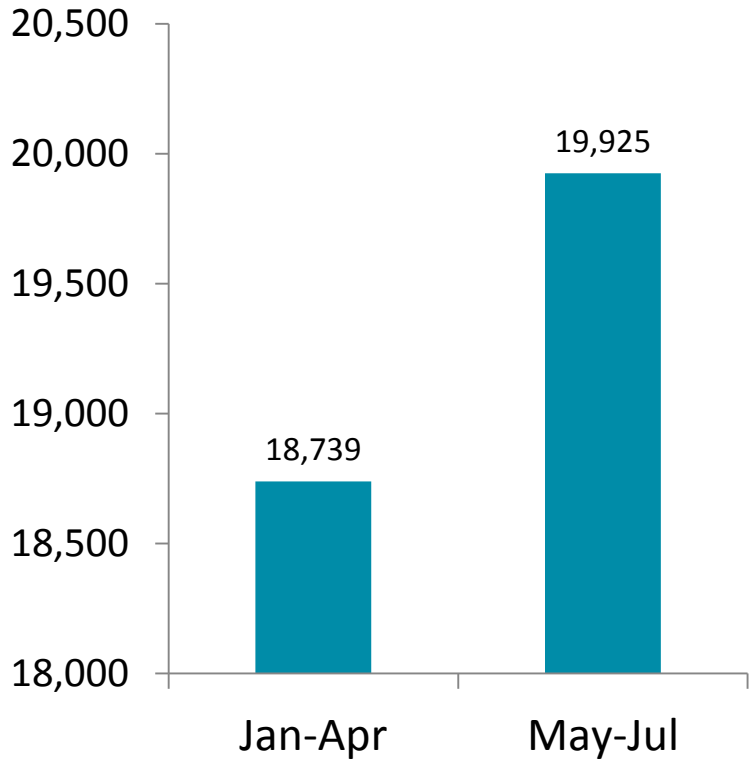
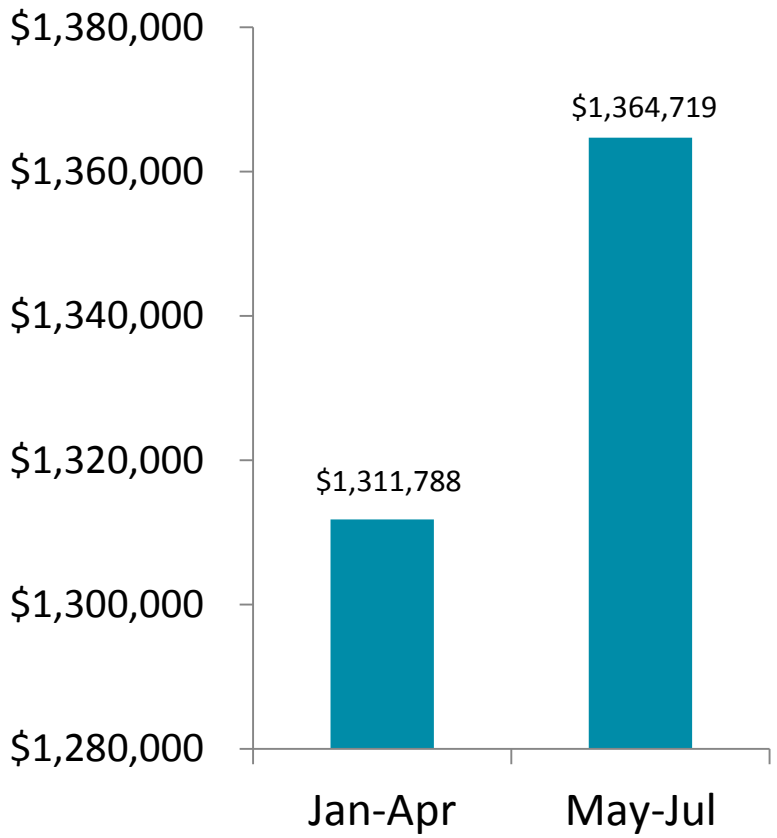
Claimant Attorney Advertising Up Slightly (TV, Radio, Newspaper) By Top 20 Filers of Petitions with OJCC

+6% Average Month Number of Spots



+4% Average Month Spend



Source: Media Monitors Competitive Spend Reports 2015/2016. Florida market.

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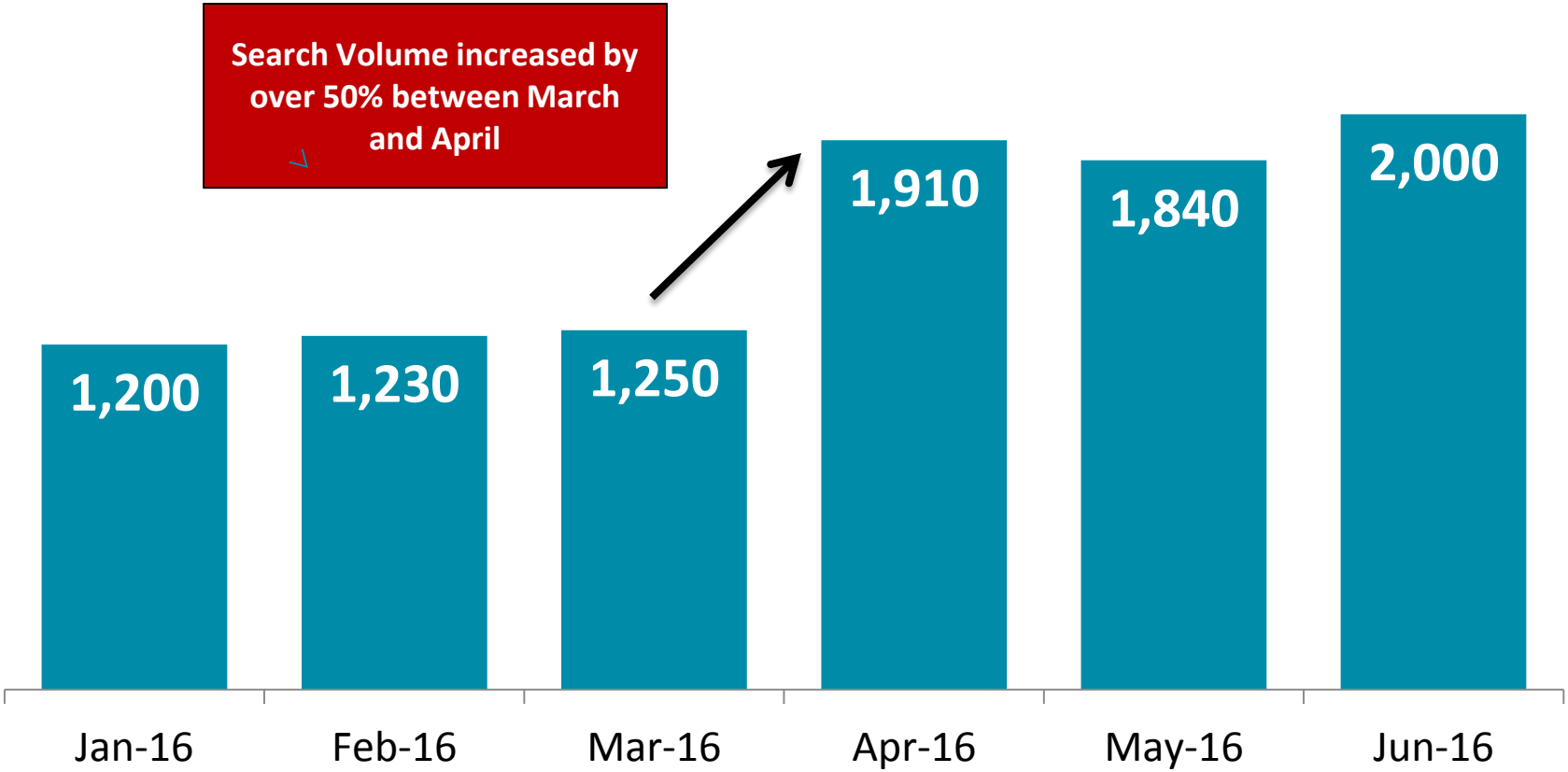
Google Search Term Volume for Workers Compensation Lawyer/Attorney Keywords Increased in 2nd Quarter



Source: Google AdWords, Search terms included: Workers Compensation Lawyer, Workers Compensation Attorney, Workers Comp Lawyer, Workers Comp Attorney, Work Injury Lawyer, Work Injury Attorney. Location of searcher was limited to the state of Florida.

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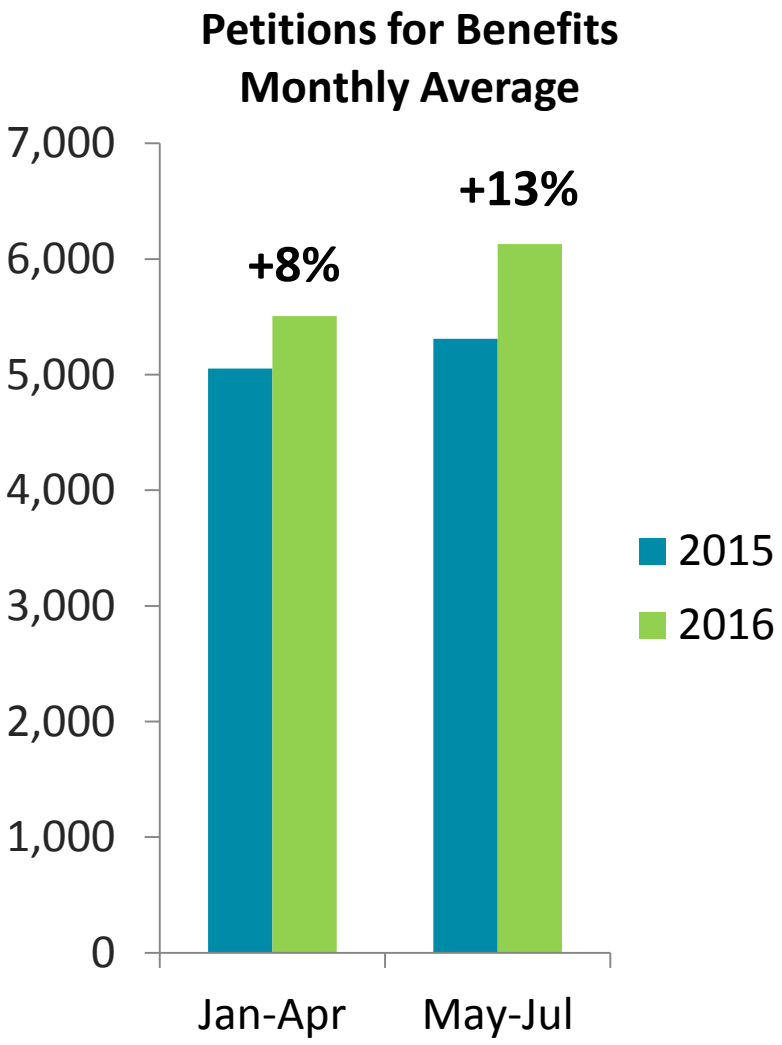

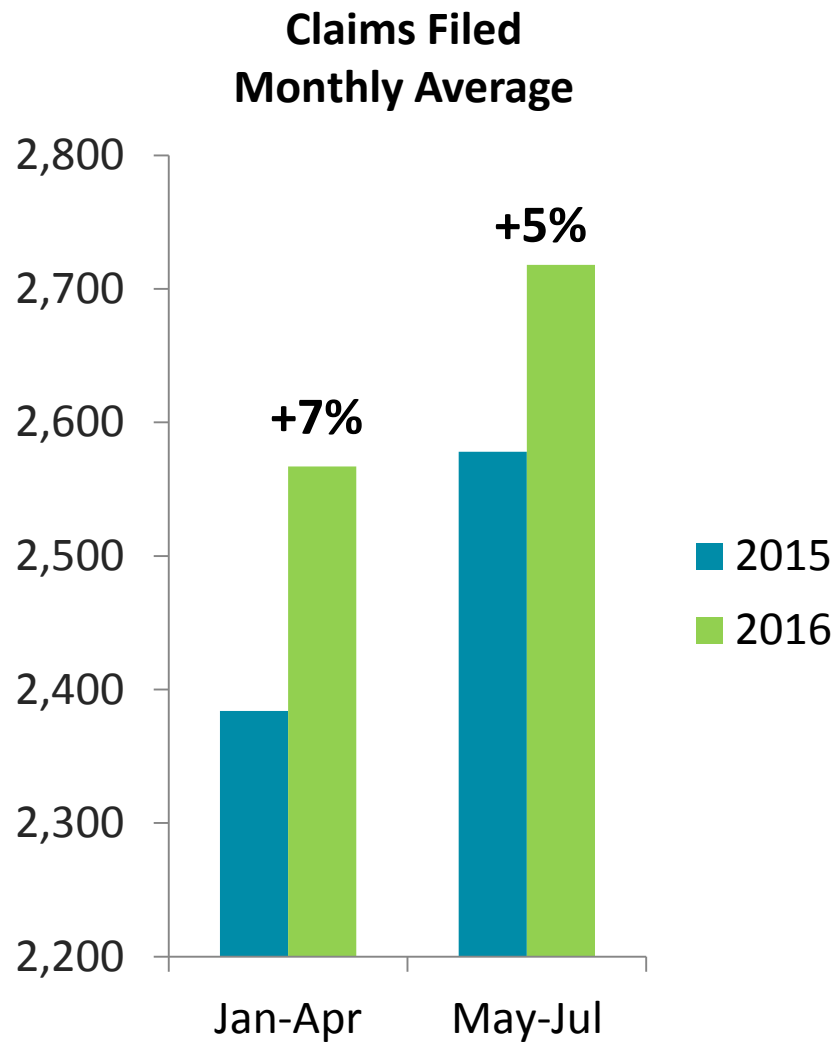

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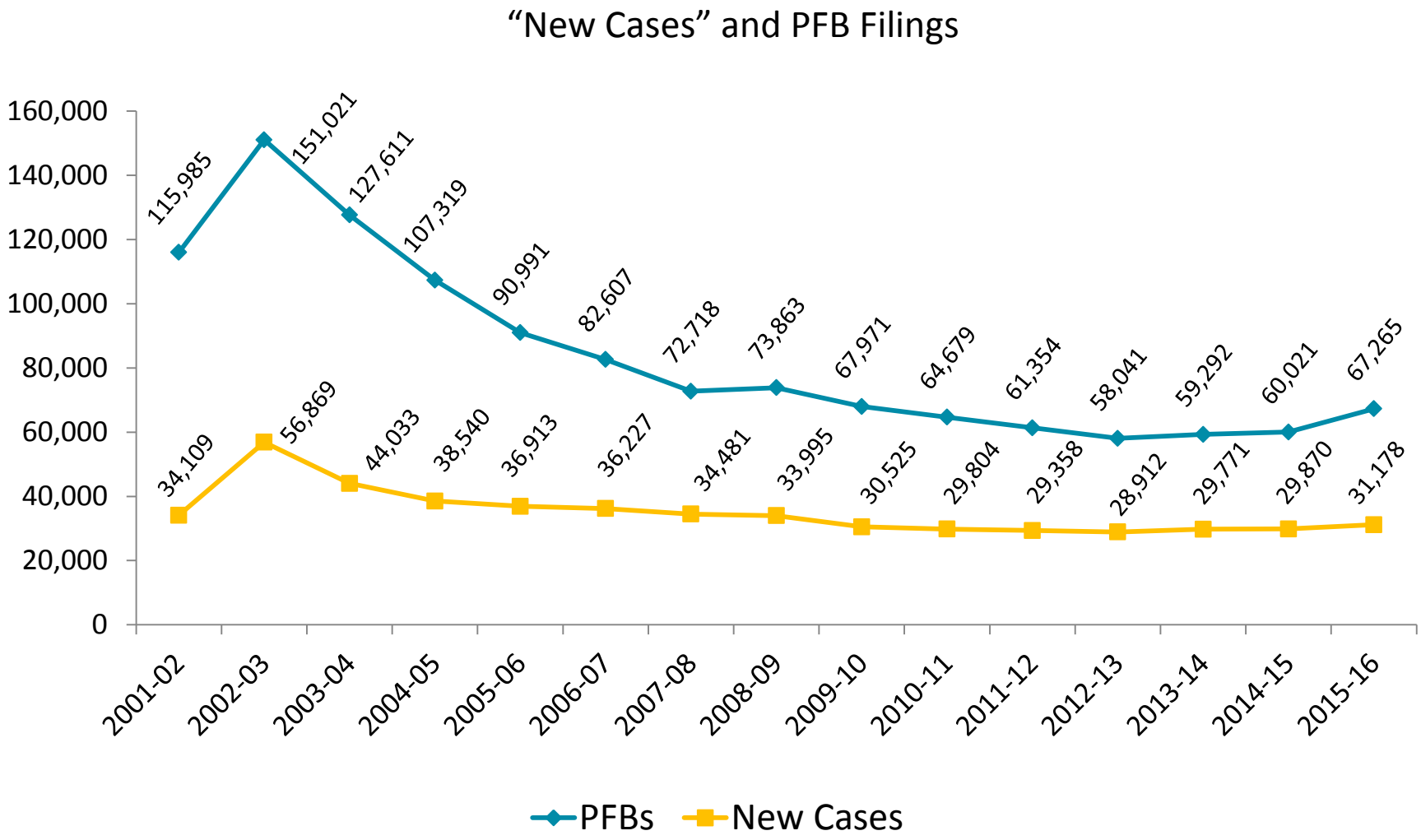
"New Cases" Stable During Recovery from Recession But Showing Recent Increase



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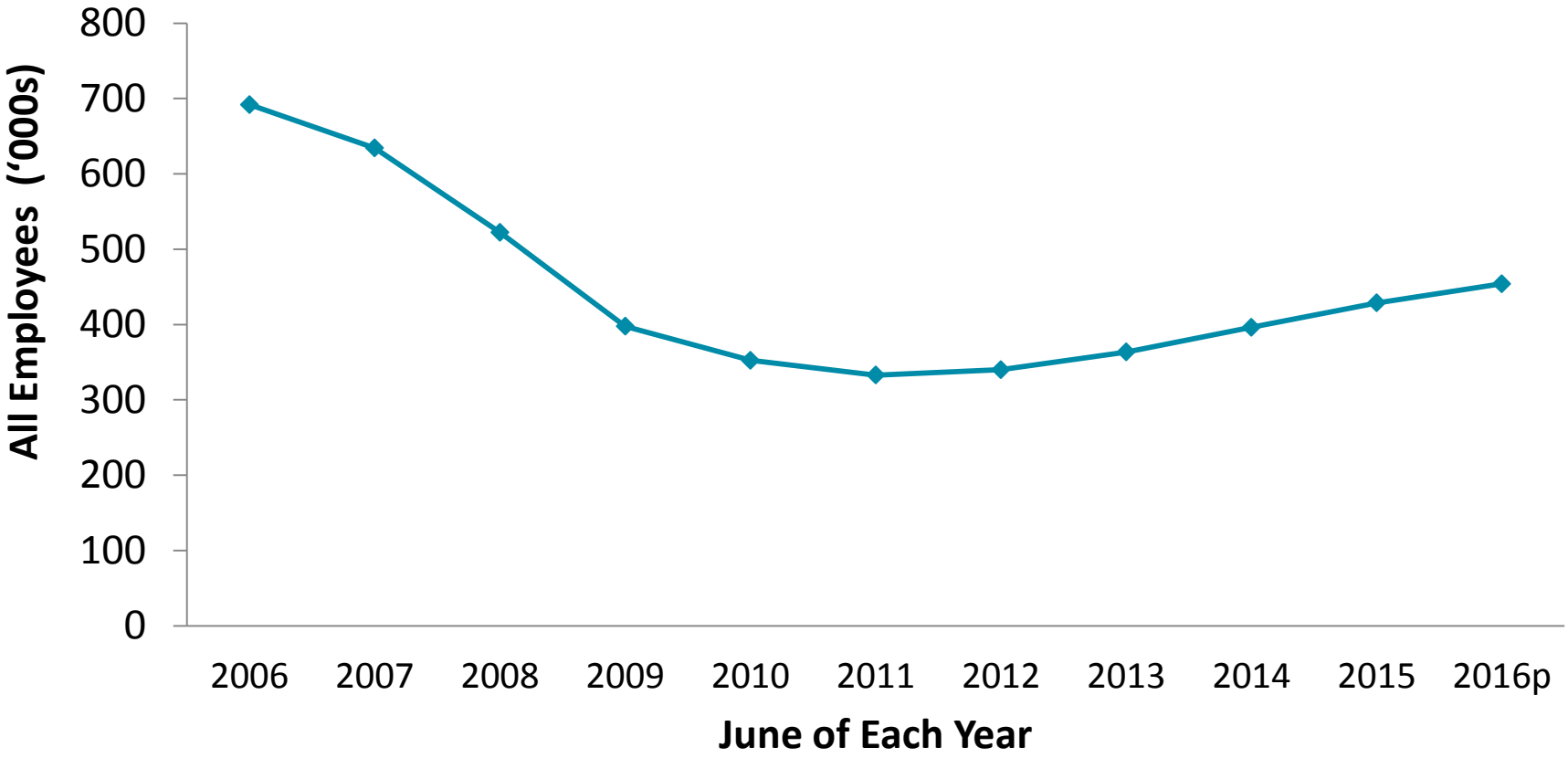
If Growth in Florida Construction Jobs Were the Reason for Recent Uptick in New Cases, Uptick Would Likely Have Started Years Ago



p Preliminary
Source: U.S. Bureau of Labor Statistics , June 2016

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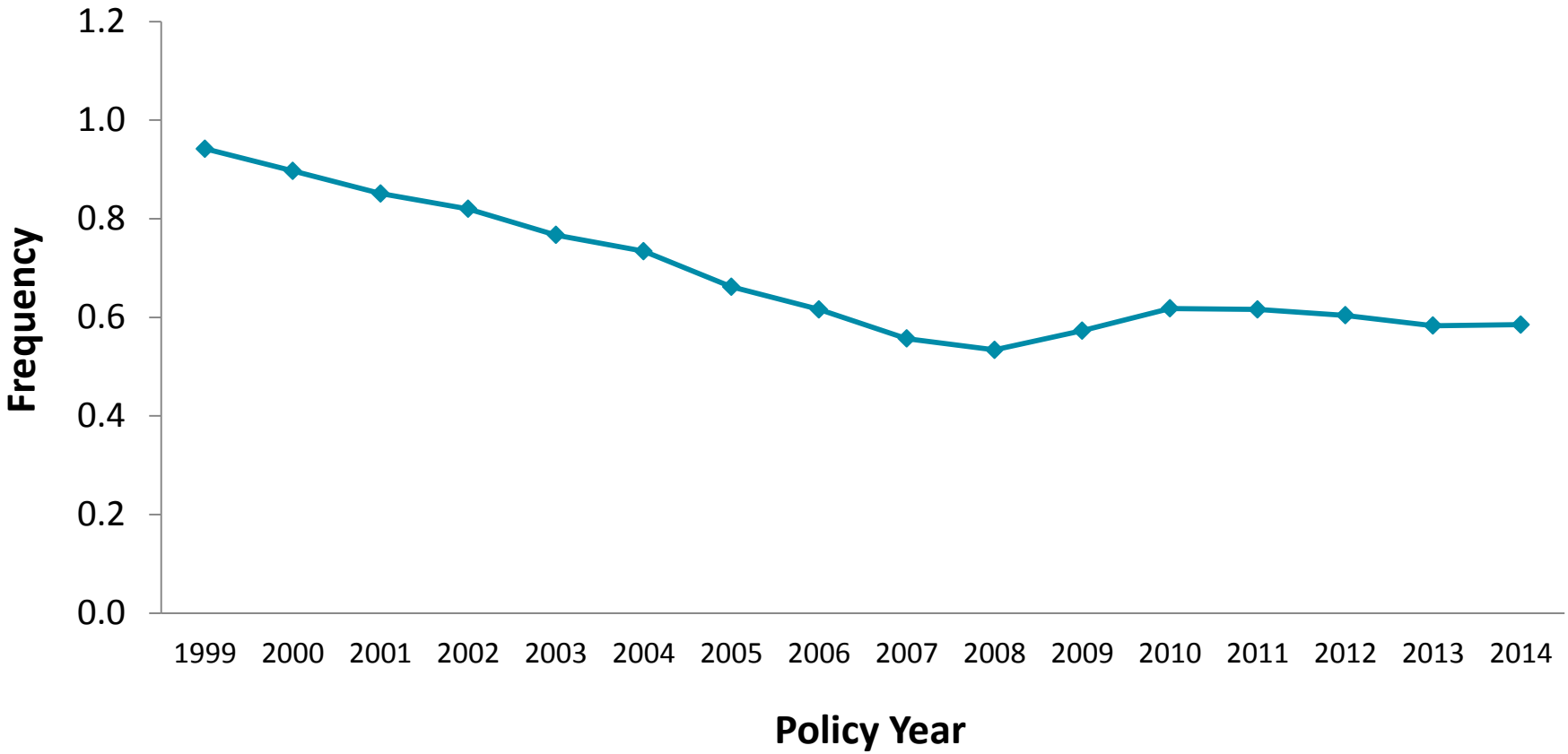
Florida Bucks Trend: Claim Frequency Traditionally Up During Tough Times and Down During Good Times/Recovery

Contracting Industry Group
Lost-Time Claims at First Report per $1M of Payroll



Excludes large deductible policies
Payroll is adjusted to current wage level

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Sample JCC Attorney Fee Awards Post-*Castellanos**

Benefits Secured	Fee Awarded	Fee Schedule
$8,956	$42,000	$1,583
$93,000	$25,000	$10,050
$352,935	$51,112	$36,044
$6,200	$15,000	$1,180
$17,401	$92,446	$1,753
$1,150	$5,025	$287
$38,798	$15,431	$4,630
$200	$7070	$40
Average (8 Cases)	$31,636	$6,946

* Cases as of early August in which benefits secured, fee awarded, and fee schedule were available.

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Florida Relative to Other States

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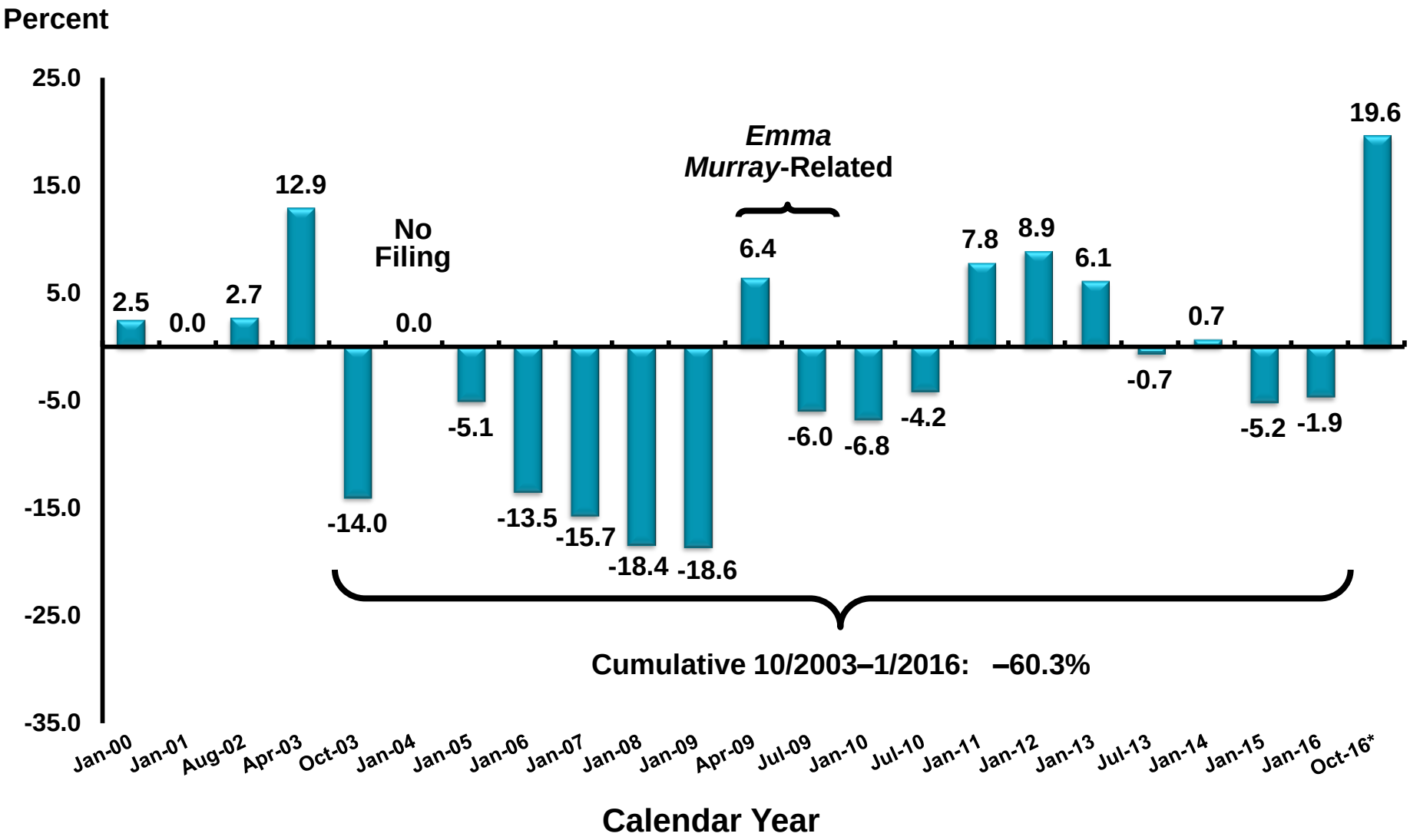
Florida's Historical Rate Changes



*Pending

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Current Average Voluntary Pure Loss Costs Using Florida's Payroll Distribution

(Pure Loss Cost—All Classes)

Based on the latest NCCI approved rates and loss costs in the various states
*Represents the FL pure loss cost multiplied by 1.196 (1.18 = 0.99 x 1.196)

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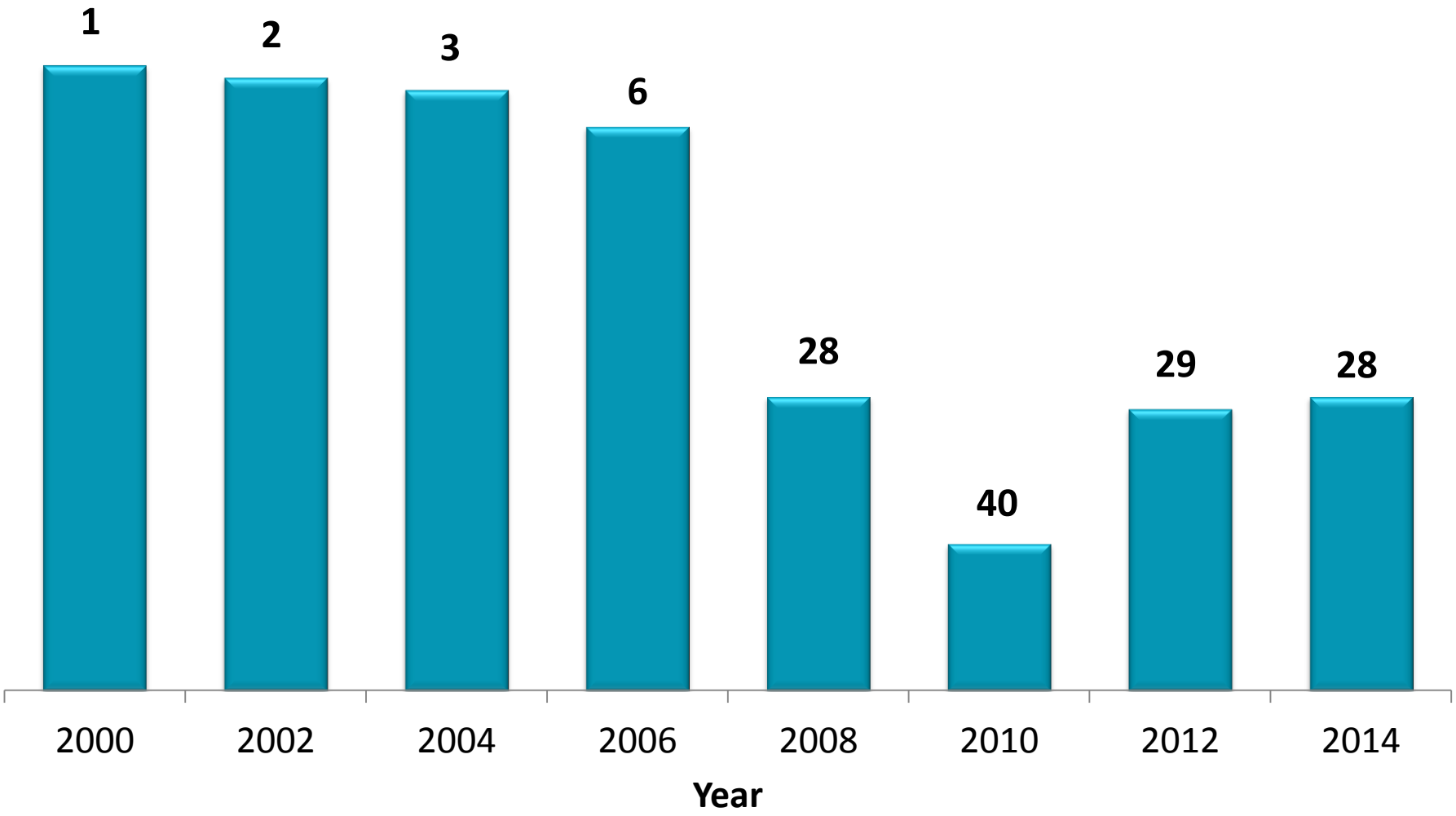
Florida's Oregon Ranking by Year

(1 is Highest Cost, 51 is Lowest Cost)



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Other Considerations

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Not Considered in October 1, 2016 Filing

Impacts related to *Miles v. City of Edgewater Police Department* ("*Miles*") declaring unconstitutional certain restrictions on claimant-paid attorney fees

Other first- or subsequent-year impacts related to *Castellanos* or *Westphal* that NCCI is unable to quantify

Unfunded liability

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Unfunded Liability

Statewide unfunded liability related to *Emma Murray*, *Castellanos*, and *Westphal* could exceed $1B

Court decisions have retroactive impact on claims occurring prior to 10/1/2016 that remain open or are re-opened

Cost will be borne by insurance companies, individual self-insured employers, and employers with deductible policies

If the filing effective date of 10/1/2016 is delayed, each month of delay would likely increase the unfunded liability in the tens of millions of dollars

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NCCI Proposing No Annual Experience Filing For January 1, 2017

- Data collected by NCCI would need to be supplemented to reflect the post-*Castellanos/ Westphal* environment
- NCCI would need to review additional data and information from external sources as part of its ratemaking analysis
- NCCI does not expect that such data will become available in 2016

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Filing Details

Work Unit Number:	W16-1558824
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	8/16/2016 06:56:44 AM
Date Submitted:	8/16/2016 08:00:00 AM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Previous Correspondence	0		Miscellaneious

Florida Workers Compensation 10/1/2016 Law-Only Rate Filing Overview

Lori Lovgren, JD, CPCU
Division Executive State Relations
561.893.3337

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Components of the Rate Indication

Component	Impact
Castellanos (First-Year Impact)	+15.0%
Medical fee change (SB 1402)	+1.8%
Westphal	+2.2%
Overall:	**+19.6%**
	$714M (19.6% x $3.645B)

Note: Figures are multiplicative, not additive

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National Council on Compensation Insurance (NCCI)

Established in 1923 around the time states were first starting to adopt workers compensation laws

Licensed as rating/advisory organization and/or designated as statistical agent in almost 40 jurisdictions including Florida

Operates under a not-for-profit philosophy

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Quick Facts on NCCI Rate Filings

- NCCI rate filings are developed internally by staff and filed first with the OIR prior to sharing with other stakeholders
- NCCI is subject to regular exams/audits by the OIR— 10 since 2001
- Since the 2003 reform, NCCI has made 17 rate filings; 12 of the 17 were for decreases
- Florida workers compensation rates are 60% lower today than prior to the 2003 reform
- Proposed WC rate ***increases*** of this magnitude are rare— last two in Florida were +18.6% in 2008 (split over 2 years) and +21.5% in 2002 prior to the 2003 reform

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Components of the Rate Indication

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Today's Discussion

- Key Features of Today's Florida Workers Compensation System
- *Castellanos* Takes Florida Back to Pre-SB 50A
- Environment Since *Castellanos*
- Florida Relative to Other States
- Other Considerations

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Key Features of Today's Florida Workers Compensation System

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Most Florida WC Claims Require No/Little Time Away From Work

75% of claims in Florida are medical-only; average cost of a Florida medical-only claim is $1,378

Medical-only claims represent 10% of total losses

25% of claims in Florida are lost-time claims; average cost of a Florida lost-time claim is $39,296

Lost-time claims in Florida represent 90% of total losses

Source: NCCI's Annual Statistical Bulletin

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Most Florida WC Claims Are Paid and Closed Without Attorney Involvement

Attorney involvement is approximately 25% on lost-time claims

Since claimant attorney involvement is reported to NCCI as indemnity, a medical-only claim with claimant attorney involvement would be reported as a lost-time claim

If 25% of claims are lost-time and if there is 25% attorney involvement on lost-time claims, 6.25% of total claims in Florida would have attorney involvement

Lost time claims with attorney involvement:

- Cost on average approximately 3x more than lost time claims without attorney involvement
- Represent over 40% of total benefit costs

Source: NCCI's Annual Statistical Bulletin

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Attorney Involvement Has Two Aspects: Association With and Level of Litigation Activity on Claim

Percentage of claims associated with attorneys has remained fairly consistent in Florida over time regardless of how attorney fees are awarded

Level of litigation activity associated with these claims has changed in Florida depending on the type of fee schedule in effect

Before SB 50A, ability to deviate up from fee schedule to a higher hourly fee amount led to increased litigation activity on claims associated with attorneys

Limitation to fee schedule under SB 50A reduced litigation activity on claims associated with attorneys

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From Office of the Judges of Compensation Claims FY 04/05 Report (Dated 11/1/2005)

Then Deputy Chief Judge Scott Stephens wrote about pre-SB 50A attorneys fees:

- Attorneys' fees are widely and correctly seen as a key driver of workers' compensation costs, in part because of their direct cost but ***more fundamentally because of the nature and amount of litigation that result from the litigation incentives built into the system***.

- As an unintended consequence of the court's well meaning decisions in the *Davis* line of cases, it became ***commonplace for litigation to be commenced over very small stakes, with lawyers on both sides devoting hours of legal work out of proportion to the value of the benefits in controversy, often resulting in a concession by the carrier having little or no value to the claimant***, but resulting in a fee predicated on an hourly rate of $200 to $300 for the attorney.

- It is easy to see that an attorneys' fee structure that guarantees a "reasonable" hourly rate as a minimum and also holds out the prospect of a windfall (statutory formula) … creates ***a structure that systematically overcompensates attorneys for each case they undertake***.

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From Office of the Judges of Compensation Claims FY 04/05 Report (Dated 11/1/2005)

Then Deputy Chief Judge Scott Stephens wrote about post-SB 50A attorneys fees:

- Tying the attorney's pay to the amount of benefits secured aligns the interest of the attorney with that of the client—***the attorney gets more only if the client gets more***.

- The incentive structure of the ***statutory formula causes attorneys to focus on larger cases*** in which the insurer's refusal to pay is of greater economic consequence, but ***like all the rest of civil litigation it provides little incentive for attorneys to take on cases having small economic values***.

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Castellanos Takes Florida Back to Pre-SB 50A

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Castellanos By the Numbers

Benefit for Injured Worker	Attorney Fee Based on 440.34 Before Court Decision	Attorney Fee Based on 440.34 After Court Decision (Requested)	Impact on Claim Cost Before Court Decision	Impact on Claim Cost After Court Decision
$822.70	**$164.54** (20% of first $5K benefits secured)	**$37,520** ($350/hour x 107.2 hours)	**$987.24** ($822.70 + $164.54)	**$38,342.70** ($822.70+ $37,520)
Before *Castellanos*, attorneys fees were awarded based on a fee schedule (sliding scale percentage of benefits secured for the injured worker)				
After *Castellanos*, attorneys fees are awarded based on the fee schedule with deviation (hourly fees)				

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Castellanos Applied in Practice

- Court in *Castellanos* states the fee schedule is the starting point and only if that fee is unreasonable will the claimant attorney be entitled to a fee that deviates. Is this any different than pre-SB 50A in practice? No.
- Pre-SB 50A, there was a sliding scale attorney fee schedule, with deviation permitted based on the *Lee Engineering* factors, and the *Alderman* case which maintained the fee schedule as the floor.
- NCCI has reviewed attorney fee awards by JCC's based on *Castellanos*
  - Most of the awards to date are based on hourly fees rather than the fee schedule
  - This has not been limited to the *Castellanos* fact situation of many hours spent to obtain a relatively low dollar benefit for the injured worker. Example: Heinle v. Miami Dade Public Schools. Benefit secured: $17,401. Fee schedule: $1,753. Hourly fee awarded: $92,446.
  - Also similar to pre-SB 50A, there is at least one case where the fee schedule amount was awarded when the hourly fee would have been less
- NCCI's assumptions are consistent with early post-*Castellanos* awards

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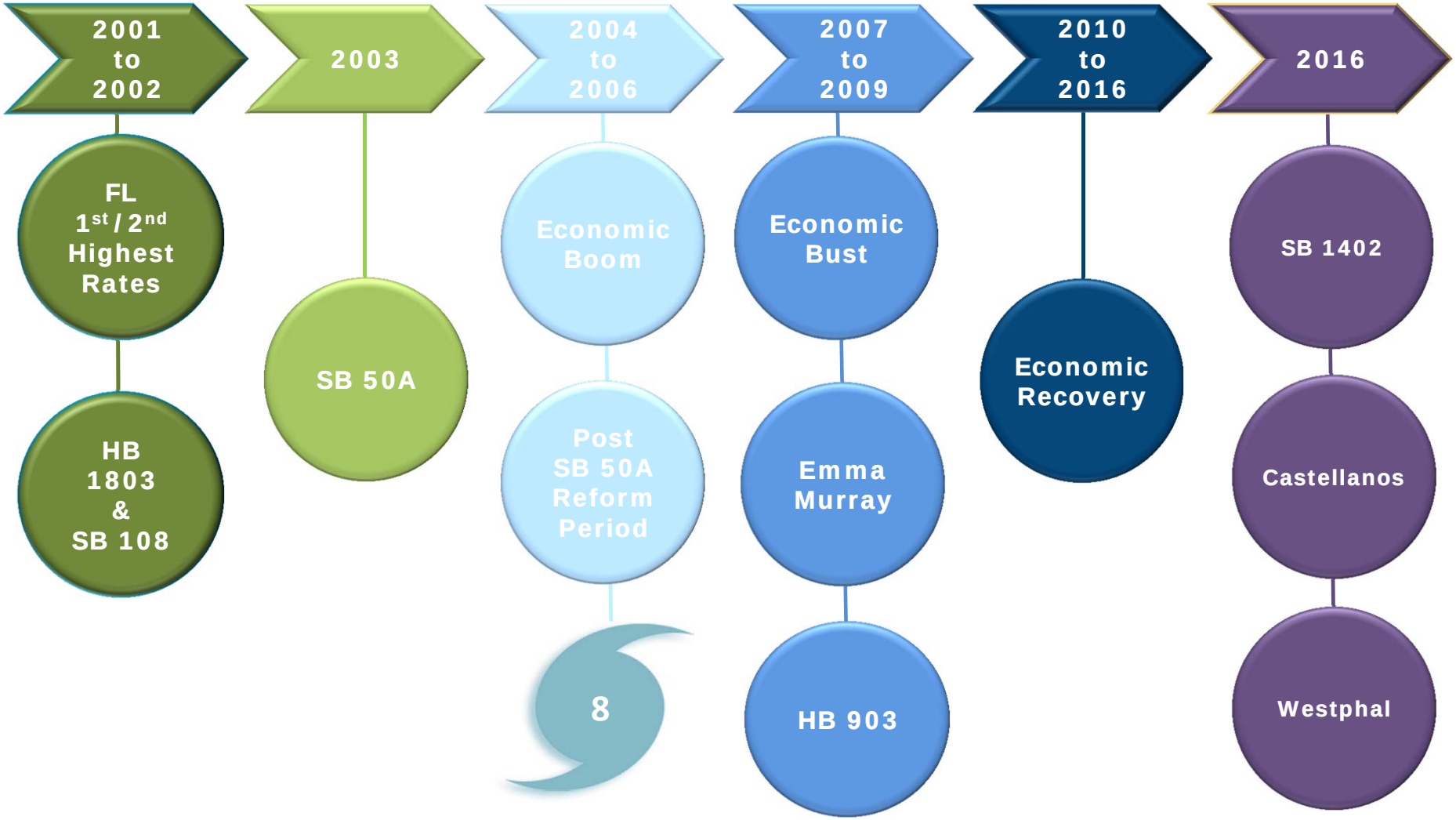
Florida History



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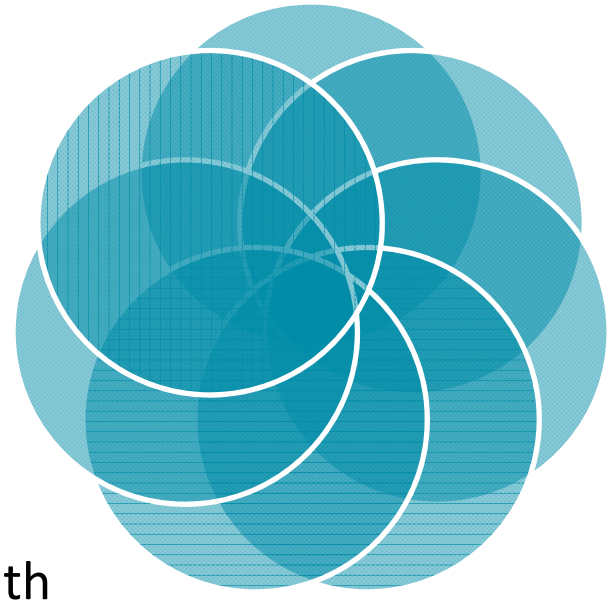
Trends During Post-Reform Period (Through 2006)

Reduced average cost per case (indemnity/medical)

Reduced rates (rates dropped 50%)

Quicker return to work



No significant change in percentage of claims with attorney involvement

Reduced claim frequency

Claims with attorney involvement closed quicker

DOAH petitions dropped

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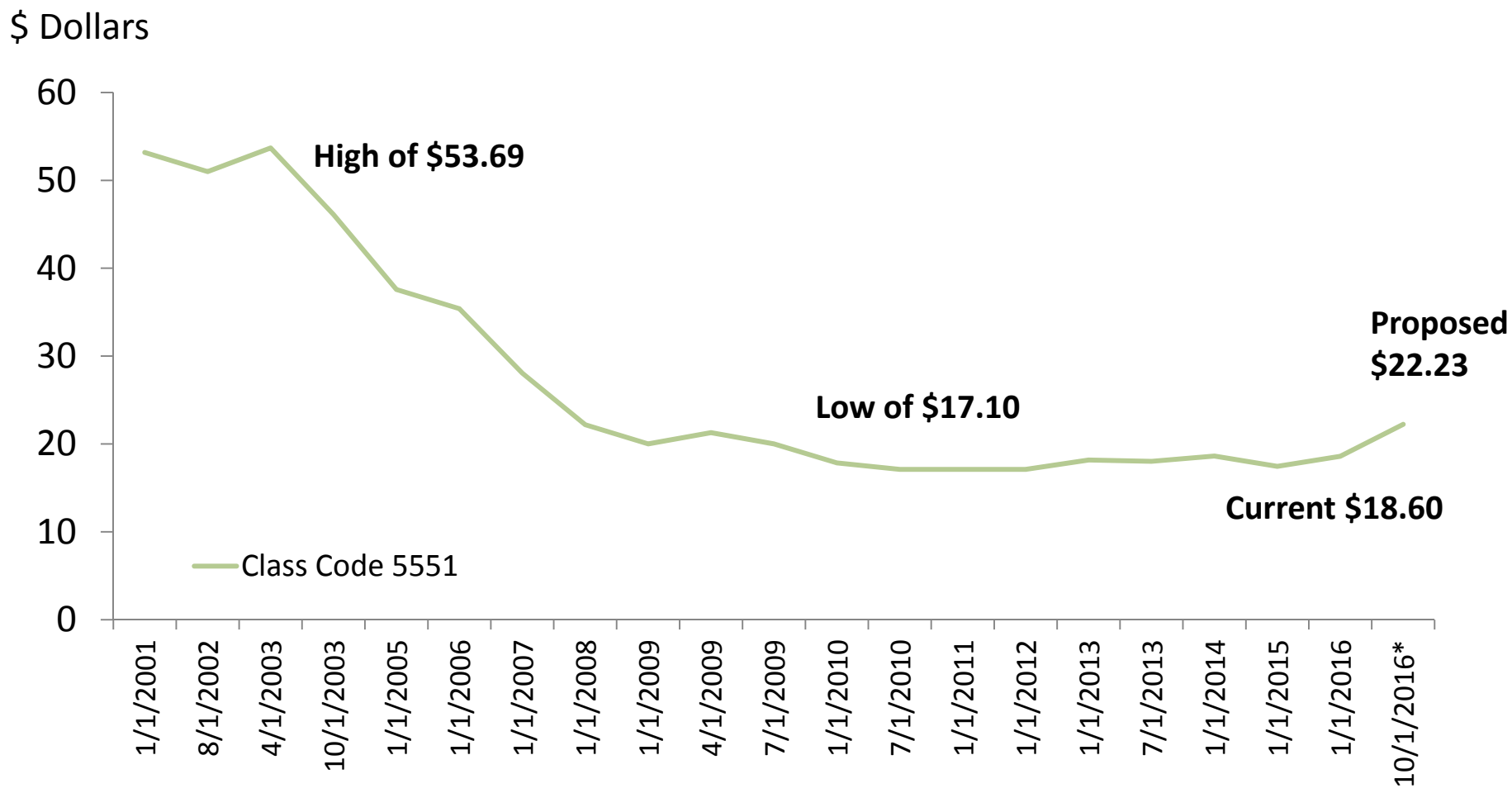
Florida Roofing Rate At Lowest Was 68% Below Pre-Reform Rate



* Pending

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Stakeholders Believe Change in Attorneys Fees Was Linchpin of SB 50A

- During the first year post-reform, stakeholders implemented other aspects of SB 50A but attorney behavior did not change
- For example, permanent total (PT) claims were reduced, in part, because of changes to the PT statutory definition (captured in initial pricing of SB 50A); changing the attorney fee schedule reduced litigation activities that typically led to PT claim status (captured in years subsequent to SB 50A)
- As attorney behavior started to change in the post-reform period, there was a corresponding period of 4 years of double digit declines representing, in large part, the impact that changing the attorney fee schedule had on total claim costs

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Attorneys Delayed Behavioral Changes After SB 50A

2003	2004	2005	2006	2007	2008
Reform 10/01/03	Litigation activity mostly status quo	*Wood* and *Lundy* reach 1st DCA	In *Wood*, lst DCA holds reasonable fee is based on statutory guideline	S.C. accepts *Emma Murray* even though questions are the same as *Wood* and *Lundy*	S.C. issues decision in *Emma Murray*
	Majority of petitions filed relate to pre-form DOA's	February starts trend where majority of petitions filed are for post-reform DOA's	In *Lundy*, 1st DCA rejects con law challenge		
	Majority of attorney fee awards relate to pre-reform DOA's		S.C. refuses to hear *Wood* or *Lundy*		
Part of trial bar maintains status quo confident courts will reverse reform. Part of trial bar starts to turn away WC cases, reduce WC advertising, and diversify their law practice.			First year majority of attorney fee awards relate to post-reform DOA's		
		OJCC reports attorney attempts to restore revenue by circumventing law	Trial bar confidence in reversal wanes		

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From OJCC FY 04/05 Report (Dated 11/1/2005)

Deputy Chief Judge Scott Stephens wrote:

- It is estimated that ***just over half of the full litigation cost reduction effect of the 2003 amendments has been realized in the most recent fiscal year, and by the end of FY 2005-06 the bulk of the cost reductions from the new act will have been experienced***.
- The attorney fee limits in the 2003 reforms have been ***spectacularly successful in reducing the volume and cost of litigation***, with new filings declining by about 30% since the law took effect.
- This year, the offices began to eliminate the backlog that had built up during the time ***when the structure of the attorney fee law provided an incentive to litigate extensively every issue, including those involving minimal stakes***.
- In 2004-05, the OJCC began clearing out a backlog of cases that built up when attorney fees often amounted to 40% of the clients' recovery, and ***for the most part the judges now strictly enforce the 2003 reforms***.

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Less Incentive to Delay
Behavioral Changes After *Castellanos*

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Claimant Attorney Advertising Up Slightly (TV, Radio, Newspaper) By Top 20 Filers of Petitions with OJCC

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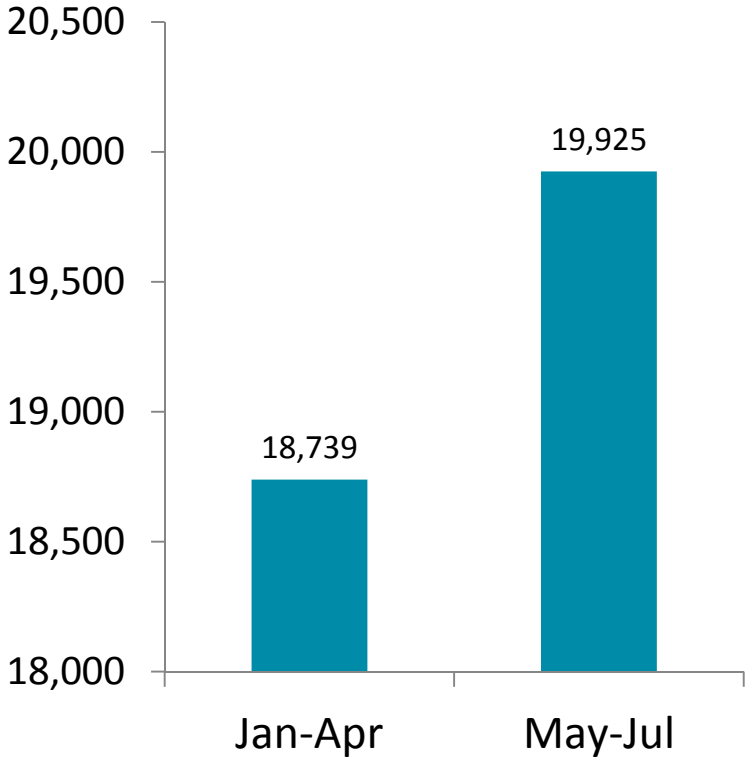

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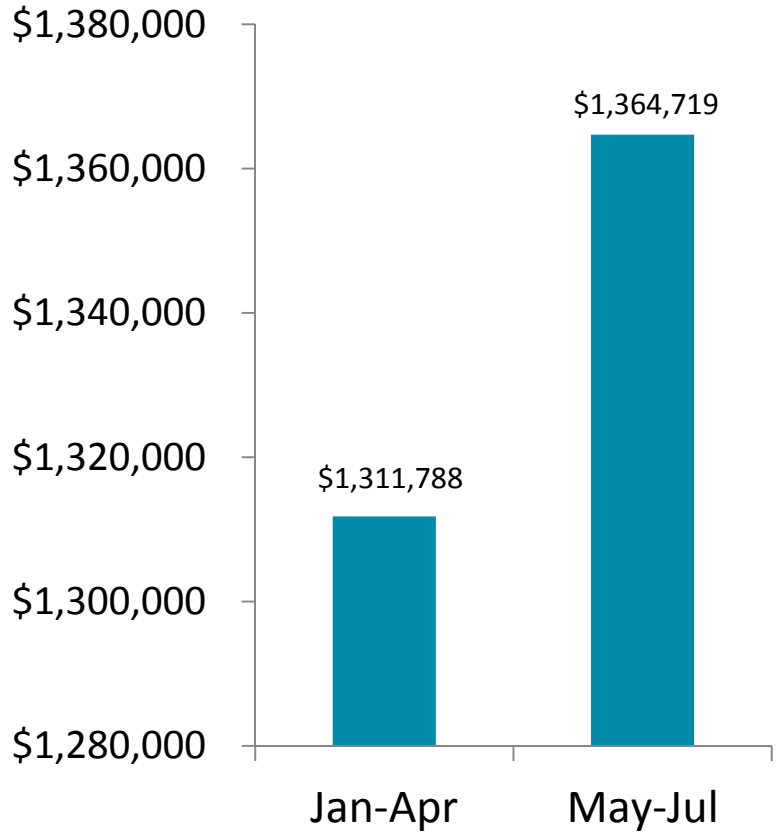

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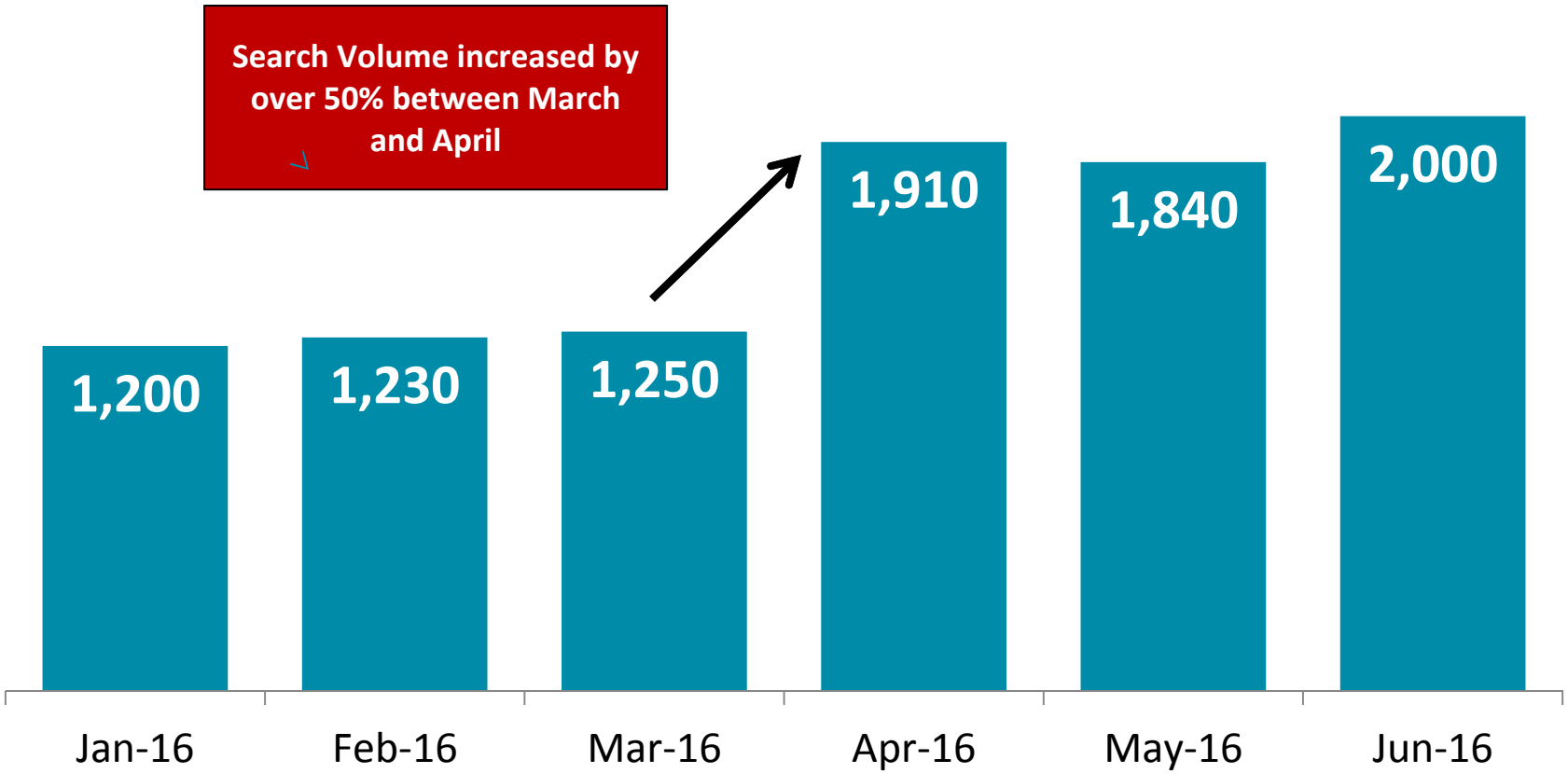

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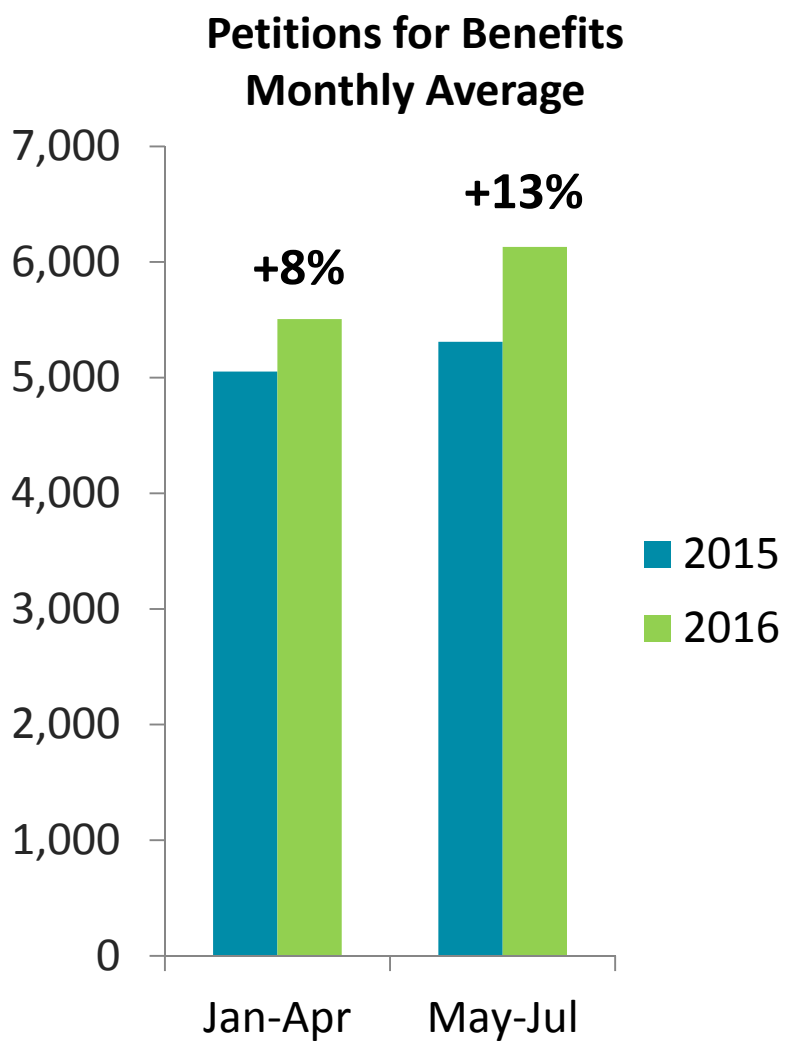

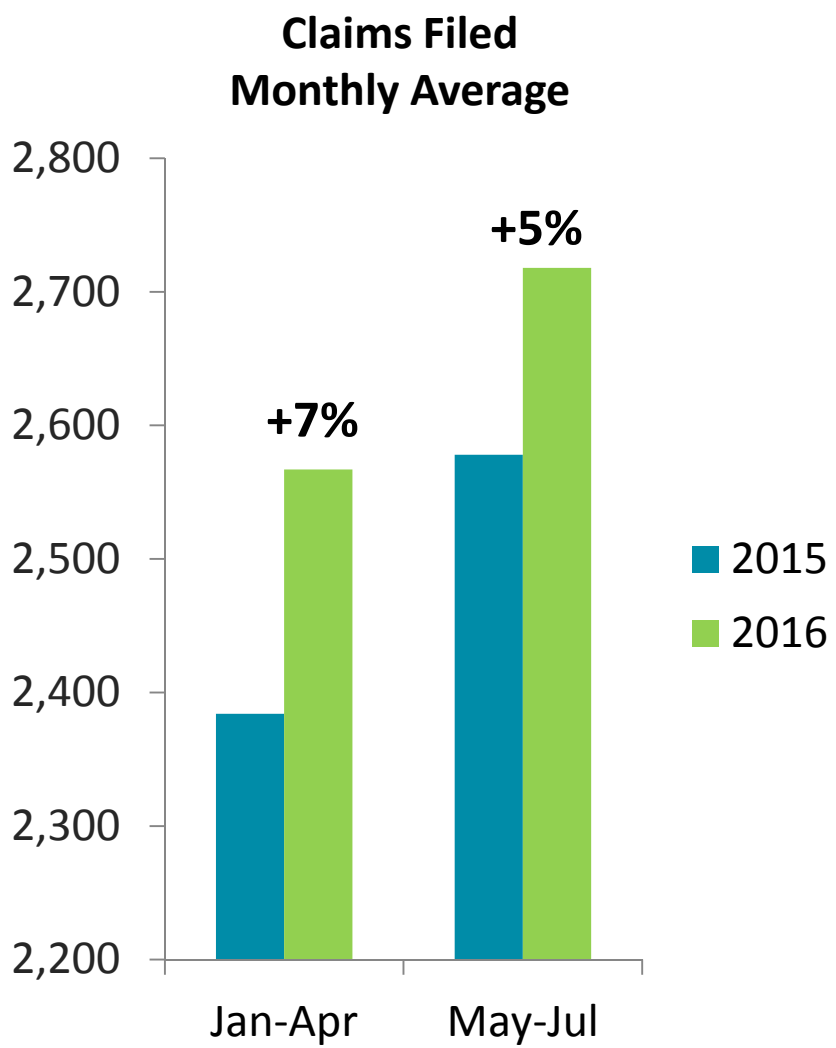

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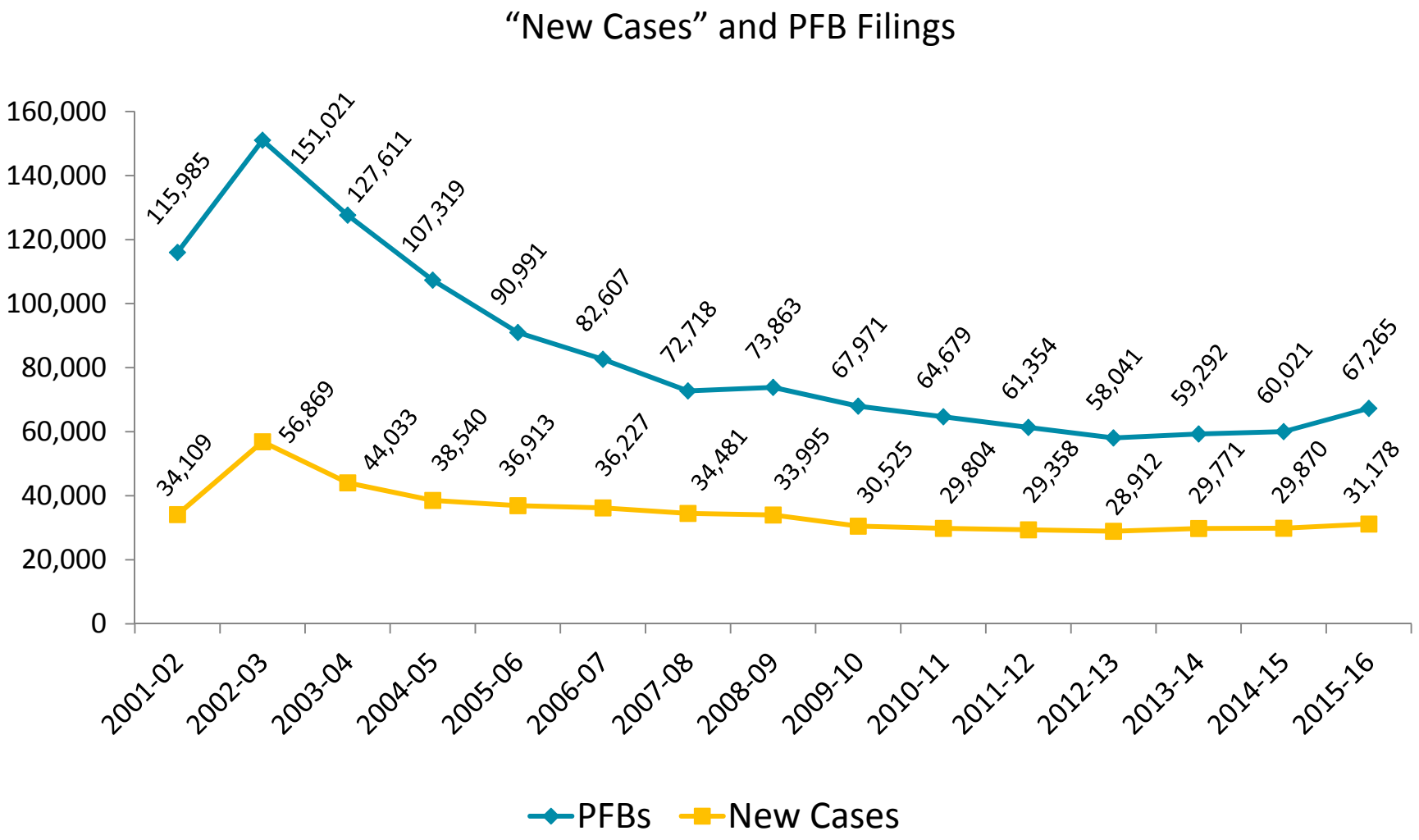

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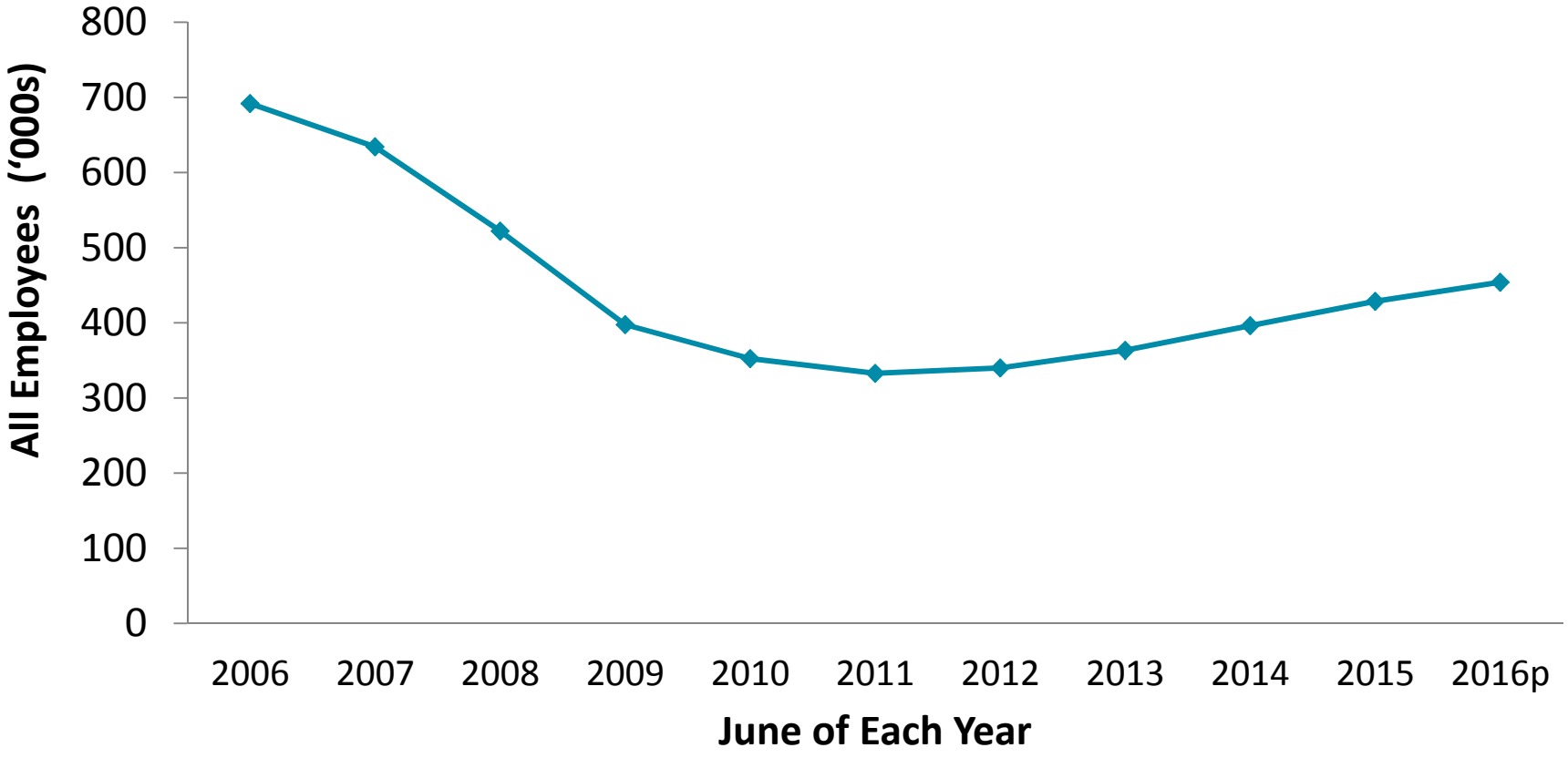
If Growth in Florida Construction Jobs Were the Reason for Recent Uptick in New Cases, Uptick Would Likely Have Started Years Ago



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Source: U.S. Bureau of Labor Statistics , June 2016

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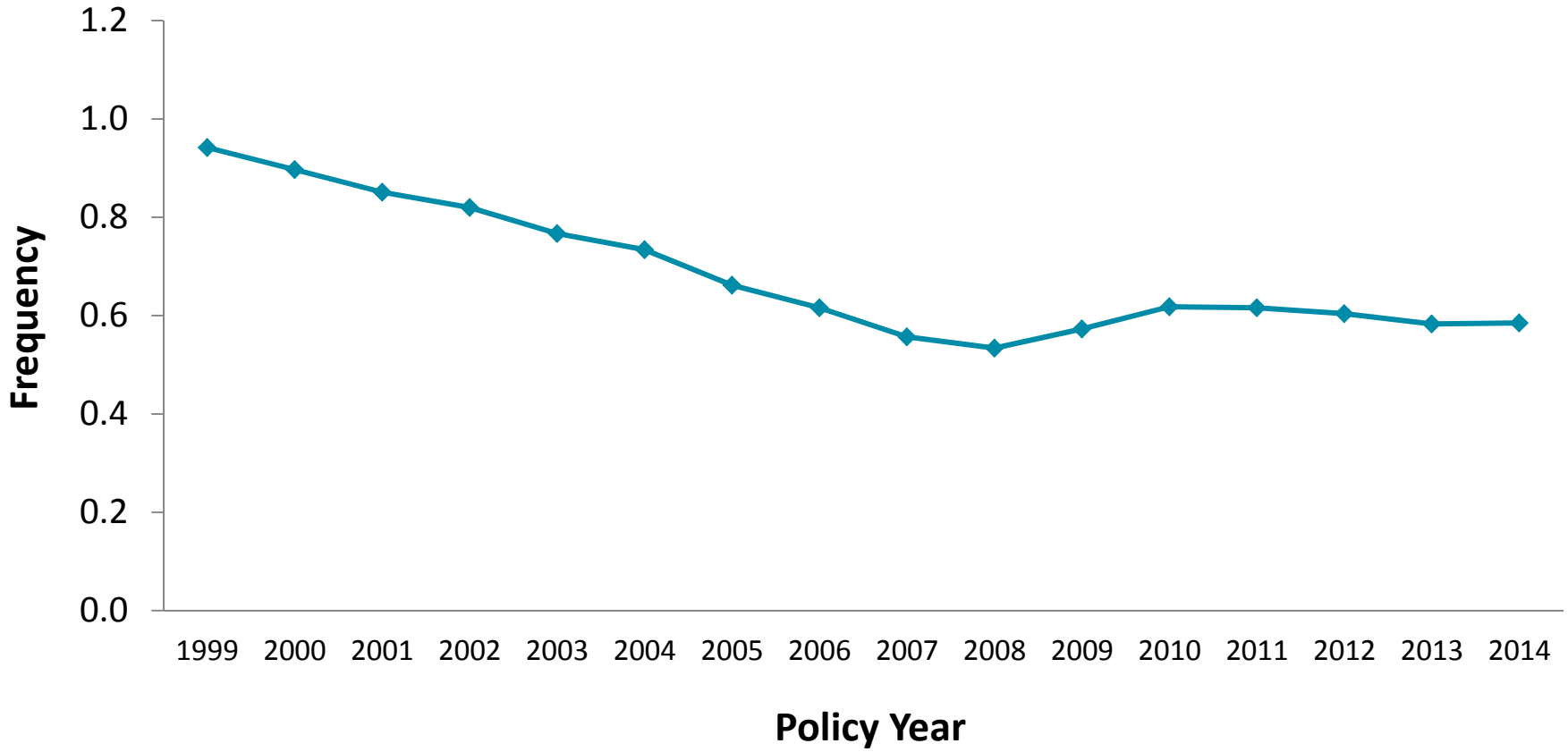
Contracting Industry Group
Lost-Time Claims at First Report per $1M of Payroll



Excludes large deductible policies
Payroll is adjusted to current wage level

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Sample JCC Attorney Fee Awards Post-*Castellanos**

Benefits Secured	Fee Awarded	Fee Schedule
$8,956	$42,000	$1,583
$93,000	$25,000	$10,050
$352,935	$51,112	$36,044
$6,200	$15,000	$1,180
$17,401	$92,446	$1,753
$1,150	$5,025	$287
$38,798	$15,431	$4,630
$200	$7070	$40
Average (8 Cases)	$31,636	$6,946

* Cases as of early August in which benefits secured, fee awarded, and fee schedule were available.

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Florida Relative to Other States

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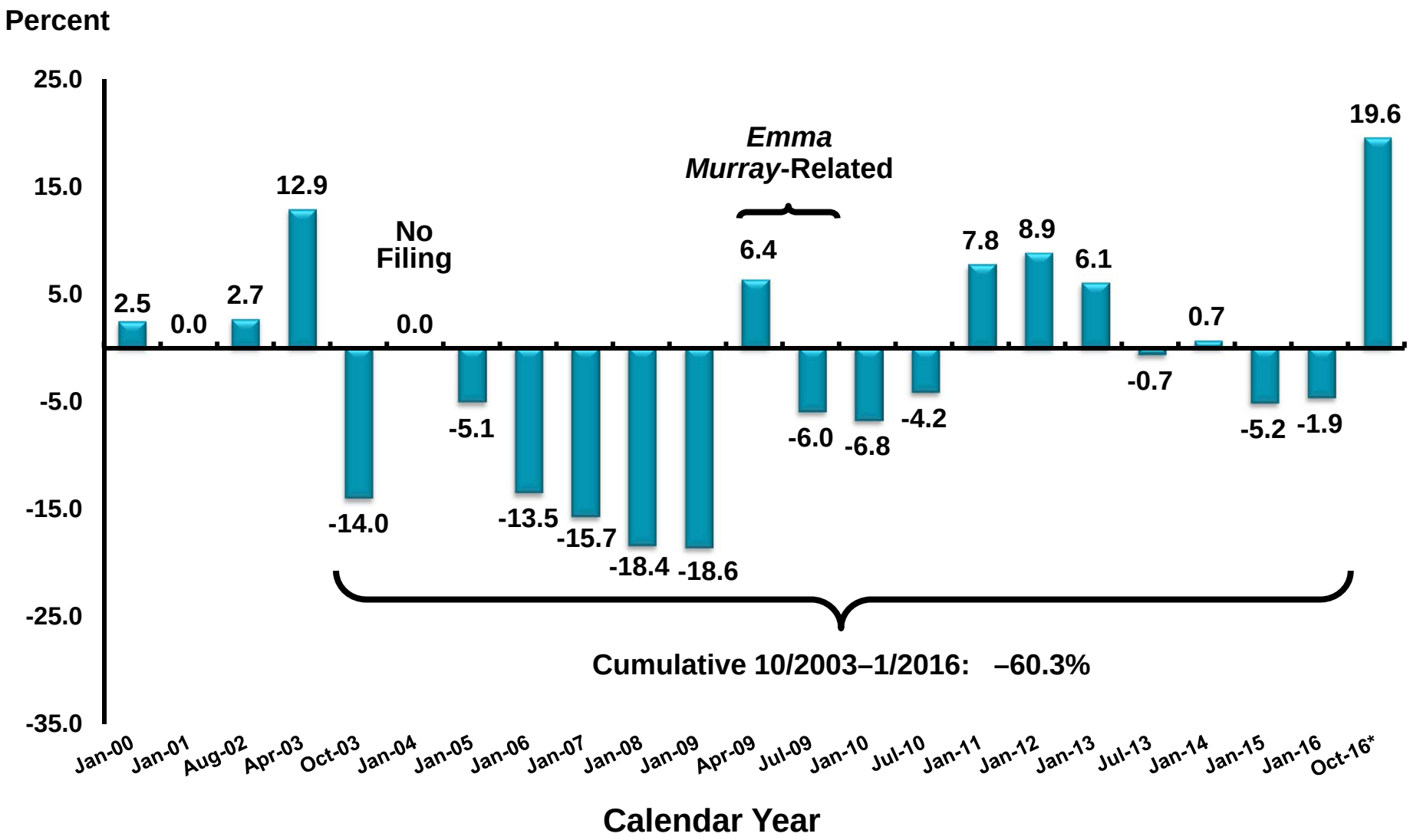
Florida's Historical Rate Changes



*Pending

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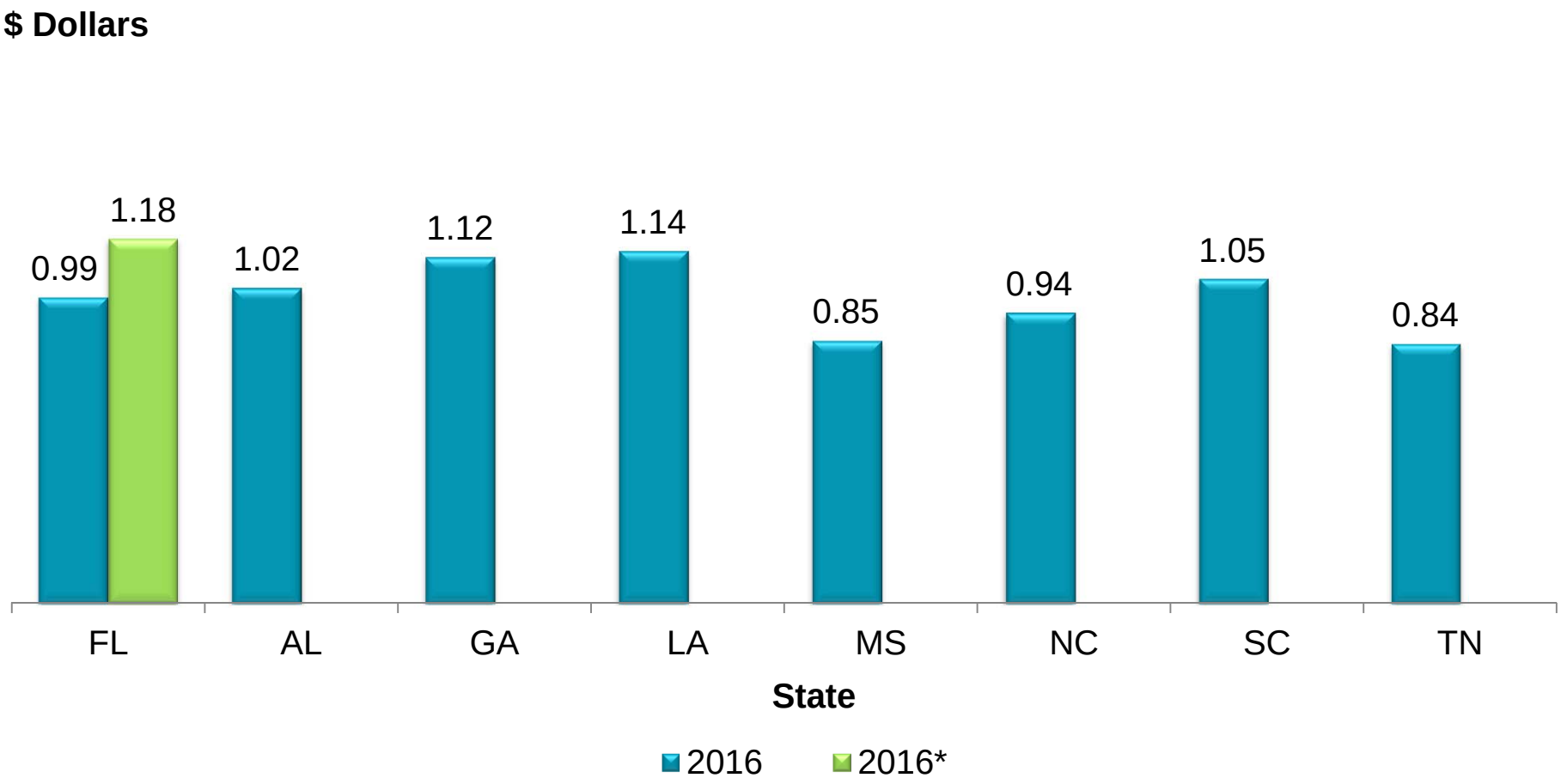
Current Average Voluntary Pure Loss Costs Using Florida's Payroll Distribution

(Pure Loss Cost—All Classes)



Based on the latest NCCI approved rates and loss costs in the various states
*Represents the FL pure loss cost multiplied by 1.196 (1.18 = 0.99 x 1.196)

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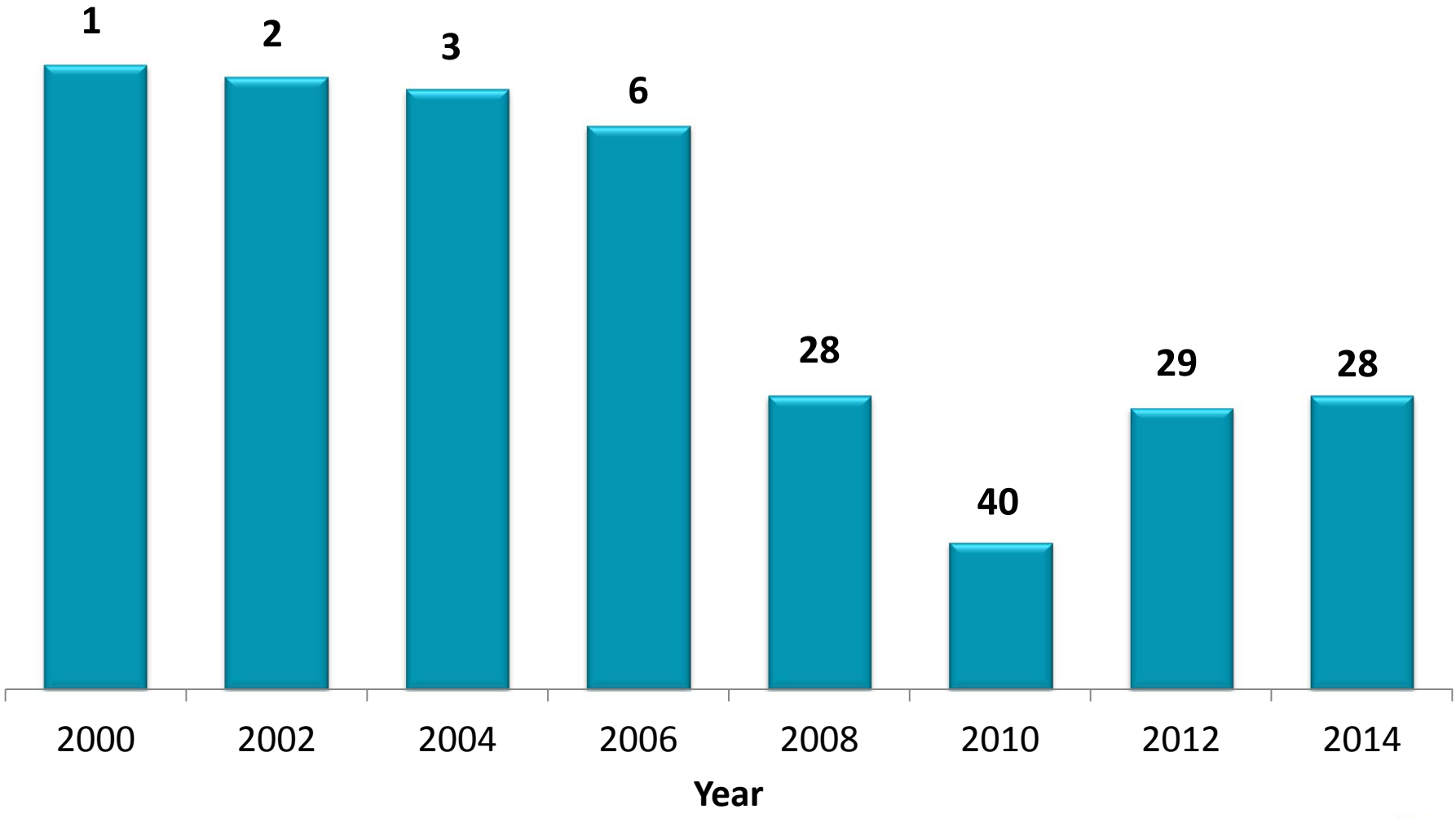
Florida's Oregon Ranking by Year

(1 is Highest Cost, 51 is Lowest Cost)



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Other Considerations

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Not Considered in October 1, 2016 Filing

Impacts related to *Miles v. City of Edgewater Police Department* ("*Miles*") declaring unconstitutional certain restrictions on claimant-paid attorney fees

Other first- or subsequent-year impacts related to *Castellanos* or *Westphal* that NCCI is unable to quantify

Unfunded liability

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Unfunded Liability

Statewide unfunded liability related to *Emma Murray*, *Castellanos*, and *Westphal* could exceed $1B

Court decisions have retroactive impact on claims occurring prior to 10/1/2016 that remain open or are re-opened

Cost will be borne by insurance companies, individual self-insured employers, and employers with deductible policies

If the filing effective date of 10/1/2016 is delayed, each month of delay would likely increase the unfunded liability in the tens of millions of dollars

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NCCI Proposing No Annual Experience Filing For January 1, 2017

- Data collected by NCCI would need to be supplemented to reflect the post-*Castellanos/ Westphal* environment
- NCCI would need to review additional data and information from external sources as part of its ratemaking analysis
- NCCI does not expect that such data will become available in 2016

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In Summary

- Rates today are down 60% from prior to Senate Bill 50A; 50% during the post-reform period which lasted through 2006
- There's good reason to believe that the change in attorney fees was the linchpin of SB 50A (remember: not just the fee itself but how it drives the level of litigation activity; both impact average cost of claim)
- Other SB 50A reform elements were implemented first year; attorneys did not change their behavior immediately but once they started to, the level of litigation activity began to drop and significant additional savings rolled in
- The *Castellanos* puts the law on attorneys fees back to pre-SB 50A; *Miles* and *Westphal* are aggravating factors (ie these cases further incentivize increased level of litigation activity)
- In just over 3 months, there are already signs of increased attorney involvement – carrier survey, advertising, web hits, petitions, fee awards – and no signs of a "wait and see" attitude
- Impacts 6% of total number of claims but over 40% of total costs (claims with attorneys 3x higher than claims without attorneys now; 4x higher prior to SB 50A)
- +19.6 only includes 1st year impact of *Castellanos;* insurers/employers also dealing with unfunded liability potentially over $1B

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Filing Details

Work Unit Number:	W16-1558950
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	8/16/2016 03:56:37 PM
Date Submitted:	8/16/2016 03:57:34 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Miscellaneous	0		Presentation

CC-SS
CC
BU

American Insurance Association
State Affairs - Southeast Region

2107 N. Decatur Road
Suite 257
Decatur, GA 30033
404.261.6834
Fax: 202.495.7838
www.aiadc.org

RECEIVED
AUG 16 2016
Commissioner
Office of Insurance Regulation

August 12, 2016

VIA ELECTRONIC & U.S. MAIL

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

RE: August 16, 2016 Public Rate Hearing, Case No. 191880-16

Dear Commissioner Altmaier:

I am writing regarding the above-referenced matter on behalf of the American Insurance Association, the leading property-casualty insurance trade association whose members write all types of property - casualty insurance, including almost 40% of the workers' compensation market in Florida.

As has been widely noted, the State of Florida has enjoyed a 60% reduction in workers' compensation premiums following the enactment of Senate Bill 50A in 2003. As a result, Florida businesses have thrived in no small part due to the increased availability and affordability of workers' compensation insurance in the state. Unfortunately, the Florida Supreme Court's recent decision in *Marvin Castellanos v. Next Door Company* ("*Castellanos*") invalidating the statutory attorneys' fee schedule and its decision in *Bradley Westphal v. City of St. Petersburg* (eliminating the cap on TTD benefits) could reverse those gains and severely affect the Florida market. While the National Council on Compensation Insurance ("NCCI") has proposed an overall rate increase of 19.6% (+15% for the first year impact of *Castellanos* & +2.2% for *Westphal*), this of course does not account for the negative retroactive impact of the *Castellanos* and *Westphal* decisions.

NCCI has estimated that the combined total statewide unfunded liabilities resulting from the Florida Supreme Court's decisions could exceed $1 billion. Of course, paid premiums and reserves do not reflect this increased exposure leaving our member companies, other insurers and Florida's self-insured businesses to absorb any additional costs incurred in the workers' compensation system. This unfunded liability, along with increased litigation costs could well lead to another workers' compensation insurance crisis in Florida.

AIA strongly recommends that the Office consider not just the impact of higher attorneys' fees, but also the increases in lost wages and medical costs brought about by increased attorney involvement and the resulting behavioral changes within the claims paying system. In short, AIA shares the concern that given the ultimate 60% decrease in rates following the prior reforms, NCCI may have underestimated the initial (and eventual) impact of the Florida Supreme Court's decisions.

AIA encourages the OIR to approve at a minimum the +19.6% rate proposed by NCCI. We also urge approval of the proposed October 1, 2016 effective date so as to avoid any further growth of the unfunded liabilities which would only further harm the Florida workers' compensation market.

Sincerely,

Ron Jackson
Vice President, State Affairs

From: Cooper, Cyndi
Sent: Thursday, August 18, 2016 11:11 AM
To: PCFREDMS
Subject: 16-12500
Attachments: Cases Report.JPG; PFB Report.JPG

Please attach the two images & the email below to filing 16-12500. Thanks!!

From: Lori Lovgren [mailto:Lori_Lovgren@Ncci.Com]
Sent: Thursday, August 18, 2016 10:49 AM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: Chris Bailey <Chris_Bailey@ncci.com>
Subject: Re: DOAH data by month

Yes years are same. These are state fiscal years so last month July starts new fiscal year. These
spreadsheets were obtained from OJCC.

On Aug 18, 2016, at 10:43 AM, Cooper, Cyndi <Cyndi.Cooper@floir.com> wrote:
In the cases filed pic, there are no year column headers. Are these the same as the PBF file (2003-2017)? Also why is 2017 shown? Thanks!

From: Lori Lovgren [mailto:Lori_Lovgren@Ncci.Com]
Sent: Wednesday, August 17, 2016 5:13 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: Chris Bailey <Chris_Bailey@ncci.com>
Subject: DOAH data by month

Thank you,

Lori Lovgren
Division Executive State Relations

National Council on
Compensation Insurance

901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
(P) 561-893-3337 (F) 561-893-5463
Lori_Lovgren@ncci.com

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I CLAIMS
ER 2009
2003)
009)

tween 3 & 9	DOA Post 6/30/2009							
3,533	2,853	3,217	2,868	3,075	2,783	2,413	2,250	2
3,404	3,405	3,190	3,393	2,733	2,693	2,730	2,844	2
2,803	3,210	3,139	2,698	2,971	2,529	2,618	2,351	2
3,187	2,952	3,346	3,429	3,156	2,726	2,538	2,491	2
3,198	2,818	2,750	2,770	2,547	2,468	2,302	2,311	2
2,976	2,897	2,629	2,540	2,780	2,358	2,285	2,264	2
3,044	2,886	2,900	2,905	2,669	2,281	2,427	2,357	2
3,237	3,071	2,825	2,802	2,676	2,422	2,371	2,292	2,
3,625	3,430	3,107	2,750	2,980	2,729	2,636	2,581	2,
3,195	2,779	2,902	2,914	2,738	2,562	2,198	2,507	2
3,210	3,370	3,110	2,758	2,859	2,384	2,618	2,619	2
3,134	3,238	3,102	2,655	2,810	2,605	2,689	2,511	2
38,546	36,909	36,217	34,482	33,994	30,540	29,825	29,378	28
2005	2006	2007	2008	2009	2010	2011		
-0.14	-0.04	-0.02	-0.05	-0.01	-0.10	-0.02	-0.01	-

N CLAIMS
DECEMBER 2009
2003)
009)

u	PFBs on Post 6/30/09 Cases							
05	2006	2007	2008	2009	2010	2011	2012	2
56	7,456	7,436	6,204	6,704	6,463	5,316	4,970	4
22	8,654	7,903	7,231	5,927	5,919	5,983	5,878	5
41	8,126	7,347	5,507	6,139	5,589	5,584	5,088	4
31	7,252	7,506	7,161	6,675	6,066	5,439	5,201	5
48	6,796	6,330	6,017	5,454	5,442	5,077	4,792	4
39	7,092	6,258	5,320	5,855	5,149	4,982	4,641	4
52	7,086	6,583	6,100	5,885	5,040	5,086	4,924	5
07	7,552	6,604	6,167	6,122	5,491	5,348	4,924	4
57	8,254	6,972	5,882	6,532	6,167	5,642	5,472	4
09	6,908	6,189	6,218	6,054	5,710	5,011	5,056	4
40	8,246	6,955	5,686	6,137	5,321	5,592	5,336	5
6	7,526	6,525	5,205	6,387	5,619	5,630	5,063	4
68	90,948	82,608	72,698	73,871	67,976	64,690	61,345	58
61	-0.152	-0.092	-0.120	0.016	-0.080	-0.048	-0.052	-0

OFFICE OF THE JUDGES OF COMPENSATION CLAIMS
CASES FILED FEBRUARY 2003 - DECEMBER 2009
(Chapter 2003-412, L.O.F. took effect 10/1/2003)
(Chapter 2009-94, L.O.F. took effect 7/1/2009)

Month	Cases Filed	DOA Pre 10/1/2003	DOA Between 10/1/2003 & 6/30/2009	DOA Post 6/30/2009											
July		4,295	3,533	2,853	3,217	2,868	3,075	2,783	2,413	2,250	2,431	2,514	2,729	2,740	2,538
August		3,890	3,404	3,405	3,190	3,393	2,733	2,693	2,730	2,844	2,570	2,751	2,485	2,529	
September		4,393	2,803	3,210	3,139	2,698	2,971	2,529	2,618	2,351	2,126	2,329	2,621	2,625	
October		4,418	3,187	2,952	3,346	3,429	3,156	2,726	2,538	2,491	2,681	2,844	2,729	2,744	
November		3,004	3,198	2,818	2,750	2,770	2,547	2,468	2,302	2,311	2,210	2,308	2,136	2,330	
December		3,720	2,976	2,897	2,629	2,540	2,780	2,358	2,285	2,264	2,153	2,239	2,277	2,354	
January		2,985	3,044	2,886	2,900	2,905	2,669	2,281	2,427	2,357	2,534	2,640	2,304	2,363	
February	3,906	3,564	3,237	3,071	2,825	2,802	2,676	2,422	2,371	2,292	2,290	2,323	2,272	2,600	
March	4,163	3,976	3,625	3,430	3,107	2,750	2,980	2,729	2,636	2,581	2,339	2,405	2,577	2,739	
April	4,198	3,517	3,195	2,779	2,902	2,914	2,738	2,562	2,198	2,507	2544	2386	2,617	2,579	
May	4,088	3,332	3,210	3,370	3,110	2,758	2,859	2,384	2,618	2,619	2636	2454	2,409	2,638	
June	4,116	3,729	3,134	3,238	3,102	2,655	2,810	2,605	2,689	2,511	2379	2586	2,709	2,937	
Total	20471	44,823	38,546	36,909	36,217	34,482	33,994	30,540	29,825	29,378	28,893	29,779	29,865		
		2004	2005	2006	2007	2008	2009	2010	2011						
		1.19	-0.14	-0.04	-0.02	-0.05	-0.01	-0.10	-0.02	-0.01	-0.02	0.03	0.00		

OFFICE OF THE JUDGES OF COMPENSATION CLAIMS
PETITIONS FOR BENEFITS FILED FEBRUARY 2003 - DECEMBER 2009
(Chapter 2003-412, L.O.F. took effect 10/1/2003)
(Chapter 2009-04, L.O.F. took effect 7/1/2009)

Month	PFBs Filed	PFBs on Pre 10/1/03 Cases	PFBs on 10/1/03 thru 6/30/09 Cases	PFBs on Post 6/30/09 Cases											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
July		12,450	10,156	7,456	7,436	6,204	6,704	6,463	5,316	4,970	4,905	5,081	5,013	5,618	5,637
August		10,398	9,922	8,654	7,903	7,231	5,927	5,919	5,983	5,878	5,294	5,194	4,868	5,443	
September		12,206	7,941	8,126	7,347	5,507	6,139	5,589	5,584	5,088	4,505	4,660	5,150	5,411	
October		12,238	9,031	7,252	7,506	7,161	6,675	6,066	5,439	5,201	5,492	5,453	5,391	5,788	
November		8,678	8,848	6,796	6,330	6,017	5,454	5,442	5,077	4,792	4,288	4,610	4,086	4,982	
December		10,403	8,689	7,092	6,258	5,320	5,855	5,149	4,982	4,641	4,057	4,362	4,424	5,115	
January		9,005	8,652	7,086	6,583	6,100	5,885	5,040	5,086	4,924	5,031	5,208	4,699	5,035	
February	11,626	10,374	8,707	7,552	6,604	6,167	6,122	5,491	5,348	4,924	4,735	4,784	5,027	5,481	
March	12,467	11,429	9,957	8,254	6,972	5,882	6,532	6,167	5,642	5,472	4,835	4,927	5,433	6,002	
April	12,431	10,451	8,509	6,908	6,189	6,218	6,054	5,710	5,011	5,056	4999	5,051	5,388	5,494	
May	11,550	9,635	8,640	8,246	6,955	5,686	6,137	5,321	5,592	5,336	5042	4,971	4,937	6,119	
June	11,573	10,559	8,216	7,526	6,525	5,205	6,387	5,619	5,630	5,063	4852	4,992	5,605	6,777	
	59,647	127,826	107,268	90,948	82,608	72,698	73,871	67,976	64,690	61,345	58,035	59,293	60,021	67,265	
		1.143	-0.161	-0.152	-0.092	-0.120	0.016	-0.080	-0.048	-0.052	-0.054	0.022	0.012	0.121	

Wilson, Van

From: Cooper, Cyndi
Sent: Monday, October 03, 2016 2:29 PM
To: PCFREDMS
Subject: 16-12500
Attachments: SAMPRATE_CRO_0005.pdf; SAMPRATE_CRO_6826.pdf

Please attach the following email & two PDFs to filing 16-12500. Thanks!!

From: Jay Rosen [mailto:Jay_Rosen@Ncci.Com]
Sent: Thursday, August 25, 2016 2:15 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Subject: RE: quick question

Hey Cyndi!

Here's the information you requested…

The derivation of the Industrial composite factors of 1.2192 (indemnity) & 1.1862 (medical) is as follows:

	(1) Castellanos Decision 4/28/2016	(2) Westphal Decision 6/9/2016	(3) Medical Fee 7/1/2016	(4) = (1) x (2) x (3) Industrial Combined Impact
(a) Indemnity Impact	1.150	1.060	1.000	1.219
(b) Medical Impact	1.150	1.005	1.026	1.186
(5) Test Correction Factor				1.0002
Final Indemnity Composite Factor = (4a) x (5)				1.2192
Final Medical Composite Factor = (4b) x (5)				1.1862

The derivation of the F-Class composite factors of 1.0392 (indemnity) & 1.0332 (medical) is as follows:

	(1) Castellanos Decision 4/28/2016	(2) Westphal Decision 6/9/2016	(3) Medical Fee 7/1/2016	(4) = (1) x (2) x (3) Combined Impact	(5) State Weight	(6) Federal Weight	(7) = ((5) x (4)) + (6) F Class Combined Impact
(a) Indemnity Impact	1.150	1.060	1.000	1.219	0.182	0.818	1.040
(b) Medical Impact	1.150	1.005	1.026	1.186	0.182	0.818	1.034
(8) Test Correction Factor							0.9992
Final Indemnity Composite Factor = (7a) x (8)							1.0392
Final Medical Composite Factor = (7b) x (8)							1.0332

Thanks!

Jay Rosen, FCAS, MAAA
Director and Senior Actuary

National Council on Compensation Insurance

901 Peninsula Corporate Circle
Boca Raton, FL 33487-1362
(P) 561-893-3062 (F) 561-893-5662
Jay_Rosen@ncci.com

From: Cooper, Cyndi [mailto:Cyndi.Cooper@floir.com]
Sent: Thursday, August 25, 2016 12:07 PM
To: Jay Rosen
Subject: RE: quick question

Also, please provide sample rate calculations for class codes 0005 & 6826.

From: Cooper, Cyndi
Sent: Thursday, August 25, 2016 9:59 AM
To: Jay Rosen <Jay_Rosen@Ncci.Com>
Subject: quick question

Hi Jay,
Can you provide the underlying calculations for the composite factors of 1.2192 & 1.1862 showing where rounding was used? Provide for the f-class composite factors (1.0392, 1.0332) also.

Thanks,
Cyndi

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865

SAVE THE DATE! *Florida Office of Insurance Regulation 2016 Industry Conference, October 25-26, 2016, Florida State University Conference Center, Tallahassee, Florida*

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 0005
Industry Group - Goods and Services. Hazard Group - C.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	1.162	2.738	3.90
2.	Composite Factor	1.2192	1.1862	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	1.422	3.248	4.67
4.	Ratio of Manual to Standard Premium			1.041
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			6.85

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
817	2.350	0.430	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	6.85

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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FLORIDA

SAMPLE RATE CALCULATION

Derivation of Proposed Rate - Code 6826
Industry Group - F-Class. Hazard Group - E.

The rate for the above-captioned classification is derived as follows:

		Indemnity	Medical	Total
1.	Pure Premium Underlying Current Rate	1.556	1.924	3.48
2.	Composite Factor	1.0392	1.0332	xxx
3.	Pure Premium Underlying Proposed Rate =(1)x(2)*	1.622	1.988	3.61
4.	Ratio of Manual to Standard Premium			1.078
5.	Target Cost Ratio			0.7094
6.	Rate = (3) x (4) / (5)			5.49

Minimum Premium	Expected Loss Ratio	D - Ratio	X - Med Ratio
694	1.630	0.340	0.00

7.	Disease, Catastrophe and/or Miscellaneous Loadings	0.00
8.	Final Loaded Rate	5.49

* Indemnity pure premium is adjusted for the rounded total pure premium:
Indemnity Pure Premium = Total Pure Premium - Medical Pure Premium

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LAW OFFICES
DRUCKMAN & FEE, P.A.
COURTHOUSE TOWER - SUITE 235
44 WEST FLAGLER STREET
MIAMI, FLORIDA 33130-1610

JAMES F. FEE, JR.

TELEPHONE (305) 374-7750
TELEFAX (305) 374-7751

IRA J. DRUCKMAN
(1930 - 2006)

July 18, 2016

Via FedEx #8592 9599 4784

David Altmaier
Insurance Commissioner
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32301

Re: August 16, 2016 hearing to consider NCCI's proposed 19.6% increase in workers' compensation rates

Dear Commissioner Altmaier:

Good afternoon. I write to you as a concerned attorney and small business owner who has been advised that NCCI has proposed a 19.6% rate increase on all Florida Workers' Compensation insurance policies to become effective October 1, 2016. My legal practice specializes in representing businesses and employees in the context of Florida workers' compensation claims, and in this capacity, I have become familiar with the process by which NCCI sets rates to be approved by your office. Based upon my review of the applicable statutes governing the rate make process and a public records request that I have made, it does not appear that NCCI has complied with Florida Law in arriving at the proposed rate increases. Given the effect that this proposed rate increase would have on my own insurance premiums, as well as those of many of my clients, I must respectfully request that the NCCI's recent rate filings be deemed null and void and that the rate making hearing scheduled for August 16, 2016 be cancelled and not rescheduled until such time as NCCI has properly complied with Florida Law.

In my investigation regarding the process by which rates are set in Florida, I have reviewed Florida Statutes 627.091 (6) and 286.011. As you are aware, those statutes state, in pertinent part, the following:

David Altmaier, Insurance Commission
Re: August 16, 2016 hearing to consider NCCI's proposed 19.6% increase in workers' compensation rates
July 18, 2016

F.S. 627.091 Rate filings; workers' compensation and employer's liability insurances –
(6) Whenever the committee of a recognized rating organization with responsibility for workers' compensation and employer's liability insurance rates in this state meets in this state to discuss the necessity for, or a request for, Florida rate increases or decreases, the determination of Florida rates, the rates to be requested, and any other matters pertaining specifically and directly to such Florida rates, such meeting shall be held in this state, and shall be subject to s. 286.011. **The committee of such a rating organization shall provide at least three weeks prior notice of such meetings to the office and shall provide at least 14 days prior notice of such meetings to the public by publication in the Florida Administrative Register.**
F.S. 286.011 Public meetings and records; public inspection; criminal and civil penalties.—
(1) All meetings of any board or commission of any state agency or authority or of any agency or authority of any county, municipal corporation, or political subdivision, except as otherwise provided in the Constitution, including meetings with or attended by any person elected to such board or commission, but who has not yet taken office, at which official acts are to be taken **are declared to be public meetings open to the public at all times**, and no resolution, rule, or formal action shall be considered binding except as taken or made at such meeting. The board or commission must provide reasonable notice of all such meetings.
(2) **The minutes of a meeting of any such board or commission of any such state agency or authority shall be promptly recorded, and such records shall be open to public inspection**. The circuit courts of this state shall have jurisdiction to issue injunctions to enforce the purposes of this section upon application by any citizen of this state.
(3)(a) Any public officer who violates any provision of this section is guilty of a noncriminal infraction, punishable by fine not exceeding $500.
(b) Any person who is a member of a board or commission or of any state agency or authority of any county, municipal corporation, or political subdivision who knowingly violates the provisions of this section by attending a meeting not held in accordance with the provisions hereof is guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.
(c) Conduct which occurs outside the state which would constitute a knowing violation of this section is a misdemeanor of the second degree, punishable as provided in s. 775.082 or s. 775.083.
(4) Whenever an action has been filed against any board or commission of any state agency or authority or any agency or authority of any county, municipal corporation, or political subdivision to enforce the provisions of this section or to invalidate the actions of any such board, commission, agency, or authority, which action was taken

in violation of this section, and the court determines that the defendant or defendants to such action acted in violation of this section, the court shall assess a reasonable attorney's fee against such agency, and may assess a reasonable attorney's fee against the individual filing such an action if the court finds it was filed in bad faith or was frivolous. Any fees so assessed may be assessed against the individual member or members of such board or commission; provided, that in any case where the board or commission seeks the advice of its attorney and such advice is followed, no such fees shall be assessed against the individual member or members of the board or commission. However, this subsection shall not apply to a state attorney or his or her duly authorized assistants or any officer charged with enforcing the provisions of this section.

(5) Whenever any board or commission of any state agency or authority or any agency or authority of any county, municipal corporation, or political subdivision appeals any court order which has found said board, commission, agency, or authority to have violated this section, and such order is affirmed, the court shall assess a reasonable attorney's fee for the appeal against such board, commission, agency, or authority. Any fees so assessed may be assessed against the individual member or members of such board or commission; provided, that in any case where the board or commission seeks the advice of its attorney and such advice is followed, no such fees shall be assessed against the individual member or members of the board or commission.

(6) All persons subject to subsection (1) are prohibited from holding meetings at any facility or location which discriminates on the basis of sex, age, race, creed, color, origin, or economic status or which operates in such a manner as to unreasonably restrict public access to such a facility.

(7) Whenever any member of any board or commission of any state agency or authority or any agency or authority of any county, municipal corporation, or political subdivision is charged with a violation of this section and is subsequently acquitted, the board or commission is authorized to reimburse said member for any portion of his or her reasonable attorney's fees.

(8) Notwithstanding the provisions of subsection (1), any board or commission of any state agency or authority or any agency or authority of any county, municipal corporation, or political subdivision, and the chief administrative or executive officer of the governmental entity, may meet in private with the entity's attorney to discuss pending litigation to which the entity is presently a party before a court or administrative agency, provided that the following conditions are met:

(a) The entity's attorney shall advise the entity at a public meeting that he or she desires advice concerning the litigation.

(b) The subject matter of the meeting shall be confined to settlement negotiations

or strategy sessions related to litigation expenditures.

(c) The entire session shall be recorded by a certified court reporter. The reporter shall record the times of commencement and termination of the session, all discussion and proceedings, the names of all persons present at any time, and the names of all persons speaking. No portion of the session shall be off the record. The court reporter's notes shall be fully transcribed and filed with the entity's clerk within a reasonable time after the meeting.

(d) The entity shall give reasonable public notice of the time and date of the attorney-client session and the names of persons who will be attending the session. The session shall commence at an open meeting at which the persons chairing the meeting shall announce the commencement and estimated length of the attorney-client session and the names of the persons attending. At the conclusion of the attorney-client session, the meeting shall be reopened, and the person chairing the meeting shall announce the termination of the session.

(e) The transcript shall be made part of the public record upon conclusion of the litigation.

It is my concern as an aggrieved policyholder, and the representative of employers who are likely to be similarly aggrieved, that prior to the issuance of either its initial 17.1% proposed rate increase, or its current 19.6% proposed rate increase, NCCI failed to comply with the provisions of F.S. 286.011, as it was required specifically to do under F. S. 627.091. More specifically, my position is that NCCI certainly is the recognized rating organization with responsibility for workers' compensation rates in Florida. In that capacity, I see no plausible way for NCCI to deny that prior to the issuance of the above referenced rate increase proposals, a committee of their organization met on one or more occasions to discuss the necessity for these specific rate increases. Any such meetings were to have been held in Florida and subject to the provisions of 286.011. In addition, NCCI's committee was required to provide at least three weeks prior notice of such meetings to your office, and provide at least 14 days prior notice of such meanings to the public by publication in the Florida Administrative Register. I made a public records request from the Florida Administrative Register for all notices of public meetings, pertaining to Florida workers' compensation, NCCI has published in the Florida Administrative Register between 2006 and 2016. I received the documents that are attached to this letter. As you can see, there is no evidence that at any point relevant to this issue did NCCI place notice in the Florida Administrative Register of its intention to have a public meeting

to discuss its recommendation of a proposed rate increase of either 17.1% or 19.6%. As a result, they failed to comply with their obligations under F.S. 627.091 (6).

Under the pertinent provisions of F.S. 286.011, any such meetings that were held by NCCI to discuss these proposed rate increases were to have been in compliance with the following:

1. The meetings are declared to be public meetings open to the public at all times, and no resolution, rule, or formal action shall be considered binding except as taken or made at such meeting. The board or commission must provide reasonable notice of all such meetings.

2. The minutes of the meeting shall be promptly recorded, and such records shall be open to public inspection. The circuit courts of this state shall have jurisdiction to issue injunctions to enforce the purpose of this section, upon application by any citizen of the state.

It is my belief that the purpose of providing notice in the Florida Administrative Register is to allow interested individuals or entities to attend such meetings, determine the content of information discussed at such meetings so as to better inform themselves, and to be offered the opportunity to express concerns or opinions regarding the content of the items discussed at such meetings. In this particular case, if NCCI had issued, as we believe it was required to, notification of a public hearing to discuss their intention to raise rates by 17.1%/19.6%, I, as a potentially aggrieved policyholder, would have been afforded the opportunity to attend such meetings. My attendance would have allowed me to better understand the data and methodology relied upon by NCCI for formulating their proposed rate increases, and to express concerns or questions as to that data/methodology. As it stands now, a rate hearing is being scheduled before your office in less than five weeks, yet I have been provided with no opportunity to obtain insight into this process. I firmly believe NCCI has failed to comply with its legal obligations under these statutes, and their failure to comply leads to the strong possibility that I, as policyholder, and many of my clients as policyholders, will be detrimentally and irrevocably affected by any rate increase that emerges from the 8/16/16 meeting.

I request that you investigate my contention that NCCI has failed in its obligations under these two particular statutory provisions by failing to properly place notification in the Florida Administrative Register of meetings that it undoubtedly

participated in during the weeks and months prior to the issuance of its 17.1%/19.6% rate increases. Should you conclude that my concerns have been accurately and validly raised, I specifically request that you postpone the presently scheduled August 16, 2016 hearing on NCCI's requested rate increase until such time as NCCI has properly complied with their obligations under the statutory sections cited herein.

If I can be of any additional assistance in this process, or if you have any questions you wish to discuss with me, please do not hesitate to contact me at (305) 374-7750.

Sincerely,

James F. Fee, Esq.

JFF:mdf
Enclosures: Public Records Request

Seymour, Debra

From: Brangaccio, Anoush
Sent: Thursday, July 14, 2016 3:59 PM
To: Powell, Rob
Cc: ServicePoint; Fredrickson, Steve
Subject: RE: 191880-16 2016 Castellanos Workers Compensation Rate Filing;Hearing Officer: [SR#:1-873930283]

Thank you.

Anoush Arakalian Brangaccio
General Counsel
Office of Insurance Regulation
200 East Gaines Street
Suite 645A-3, Larson Building
Tallahassee, FL 32399-4206
Phone: (850) 413-4116
Fax: (850) 922-2543
Anoush.Brangaccio@floir.com
www.floir.com

From: Powell, Rob
Sent: Thursday, July 14, 2016 2:32 PM
To: Brangaccio, Anoush <Anoush.Brangaccio@floir.com>
Cc: ServicePoint <ServicePoint@myfloridacfo.com>
Subject: [SR#:1-873930283]

Mr. Brangaccio:

I was asked to forward to you the email below received by Consumer Services. Thank you.

Rob Powell
Insurance Specialist III
Department of Financial Services
Division of Consumer Services
200 East Gaines Street
Tallahassee, FL 32399-0322
850-413-5884
http://www.myfloridacfo.com/

From: Laurie Lane [mailto:llane@bbinsfl.com]
Sent: Friday, July 08, 2016 11:30 AM
To: Consumer Services
Subject: Pending hearing about WC rate increases

Good morning,

I wanted to take a moment to weigh in on the pending rate increase as recommended by NCCI.

As I work here in Miami-Dade County, I see first-hand the lawsuits (mostly frivolous) by injured (typically only slightly) employees that want a free ride while not returning to work. I understand the impact on insurance carriers with these most recent events however, with that said, an increase such as 19.6% could put some businesses out of business.

Not only will they see a huge increase, it will come at mid-term when they are ill prepared for it, and not with their annual renewal when things are typically expected to change.

Just to name a few classes of business that would be so impacted would be a (1) contractor that is in the midst of jobs where their costs have been pre-determined using current rates, will lose a lot on a job where they may not have a large margin to begin with, and (2) A not for profit has annual funding and a tight budget to work within, where is their money going to come from to absorb this.

This is going to have a devastating effect on many businesses as well as their customers and I urge this to be a consideration for the state before decisions are made.

Best Regards,

Laurie M. Lane, AAI, CRIS, MLIS, AFIS

Account Executive – Brown & Brown of Florida, Homestead Division / T. R. Jones & Co.

Direct Phone: (305) 246-7507 / Direct Fax: (305) 246-7508 / Mobile Phone (305) 951-0233

Email: LLane@BBHomestead.com / LLane@BBInsFl.com // www.TRJones.com

1780 N. Krome Avenue, Homestead, Fl. 33030 – **Main Phone (305) 247-5121 x 4107**

P.O. Box 749 * Tallahassee, FL 32302-0749 * TEL: 850.386.6668 * Fax: 850.386.7371

August 8, 2016

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulations
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

Re: August 16, 2016 Rate Hearing

Dear Commissioner Altmaier:

The Florida Insurance Council (FIC) and its member companies submit this letter to the OIR for its consideration as a part of the workers' compensation rate hearing scheduled for August 16, 2016.

Since the passage of Senate Bill 50A, the State of Florida has enjoyed a reduction of 60% in workers' compensation premiums. This reduction has allowed businesses to prosper and has promoted an increase in availability and affordability of workers' compensation insurance products in the State of Florida. The Florida Supreme Court's decision in the case of *Marvin Castellanos v. Next Door Company* (*Castellanos*) and in the case of *Bradley Westphal v. City of St. Petersburg* will drastically and negatively impact the gains made by Senate Bill 50A and subsequent legislative changes. While the National Council on Compensation Insurance (NCCI) proposed a rate increase of 19.6% (+15% per the *Castellanos* decision and +2.2% per the *Westphal decision*) it is important to note that this increase does not account for the negative retroactive impact of these decisions.

The largest threat to the recovery of our workers' compensation market is the amount of unfunded liability that must be absorbed by our member companies. Premiums collected on expired and in force policies will not be reflective of additional costs to the system due to Florida's prospective ratemaking process. The risk associated with the uncertainty of the unfunded liability may undo all of the cost containment reforms that have made Florida's workers' compensation system a competitive and effective environment where companies want to do business. As we experienced after the *Emma Murray* decision, this filing is necessary to mitigate the impact that increased litigation will have on the workers' compensation system. The Emma Murray decision and resulting increased litigation is proof that Florida businesses were exposed to new risk and uncertainty as a result of the unfunded liability.

FIC requests that the Florida Office of Insurance Regulation (OIR) give careful consideration to NCCI's recommendation in light of the recent Supreme Court decisions and the negative impact that increased litigation will have on Florida's insurance market. In addition, FIC encourages the OIR to approve the +19.6% rate proposed by NCCI, as filed, and not delay the 10/1/2016 effective date any further than requested as the unfunded liability will continue to grow causing further harm to insurers.

Thank you for your consideration,

Cecil Pearce
Florida Insurance Council

FRSA PRESIDENT GEORGE EBERSOLD
WORKERS' COMPENSATION SPECIAL RATE HEARING
FOR THE RATE CHANGES DUE TO THE SUPREME COURT
CASTELLANOS AND WESTPHAL DECISIONS

August 16, 2016 – Tallahassee, FL

Good morning Commissioner Altmaier, ladies and gentlemen. My name is George Ebersold. I am the current President of the Florida Roofing and Sheet Metal Contractors Association – the FRSA – an association of employers that has been in existence for 94 years. We always appreciate the opportunity that is given to us to speak each year, and I am pleased to be here representing the Associations' membership.

FRSA is also the sponsoring organization of the FRSA Self Insurers Fund which has provided stable and affordable workers' compensation insurance for the FRSA Membership for over 60 years.

First, we would like to congratulate you on your new post as Insurance Commissioner. I guess you could say there's nothing like getting adverse Supreme Court decisions to get you thrown to the wolves right when you've just started your new job! We know you will handle it well!

We would also like to take this opportunity to thank CFO Atwater, thank you and all DFS staff for all the great work done by the Division of Workers' Compensation, the Compliance Division, and the Fraud Division. We support all efforts in making sure Florida's employers and employees are properly covered.

We are <u>not</u> speaking specifically in opposition to the NCCI's rate filing, because who really knows how high the rates might ultimately go, or what they should be today because of these rulings. Instead I'd like to explain our concerns on what we fear will ultimately result from these adverse Supreme Court decisions.

I have provided a few graphs that will illustrate our concerns. If you look at the first graph you will see that we were paying a rate for roofing of $53 in 2003 before the workers' compensation reforms. You will then see that the rates dropped dramatically over the next several years to around $18 and remained very stable at about 65% <u>less</u> than what we had been paying. We had a stable marketplace and it was beneficial to our businesses, especially during the great recession.

Now we are looking at about a 19.6% first year increase, and we fear that will be just the beginning. I would also like to point out that if we ultimately go back to the

days of $53 roofing rates, that would be a <u>200%</u> increase over what we are paying today! To give you an idea on how much we are talking about per employee, for an employee earning $40,000 in 2003 we paid $21,500 in premium. Today that premium is $7,400. That cost will go up $1,500 per employee to $8,900 based on this filing. We will be required to pass along some of that expense to the consumer, but it will also mean that we hire fewer employees in the future.

We are very concerned that as rates go up, cheaters and fraudsters will flock to the PEO industry where they can hide their illegal activities under their PEO policies. PEO's also expose Florida employees to the possibility of having legitimate workers' compensation claims denied, true lack of due process that the Supreme Court was so concerned about, and we think the lesser standards that apply to PEO's allowing this deplorable action must be addressed to prevent further damage to the workers' comp system.

In conclusion, we appreciate the expertise held by you and your staff and we feel like we are not telling you anything you do not already know. I guess our comments may have been more beneficial if shared with the Supreme Court Justices before their decisions so negatively impacted a law that had operated very efficiently for over 13 years. Instead, we hope that the Legislature will listen and act to correct

these injustices, and get us back to a stable and affordable Workers' Compensation marketplace.

FRSA has always played an active role in developing and supporting positive legislation to make and keep Florida's SELF EXECUTING workers' compensation strong for employers and employees. We will support any smart legislation filed to get these problems fixed to protect Florida employers and their employees.

Again Commissioner Altmaier, on behalf of the FRSA Membership, we thank you for this opportunity to speak at this hearing!

From: Jacalyn N. Kolk
To: Rate Hearings
Subject: NCCI - Public Rate Hearing
Date: Wednesday, August 17, 2016 10:52:11 AM

To Whom It May Concern:

The increases proposed for workers' compensation are extreme. Would it be better to require everyone to have health insurance and totally eliminate workers' compensation insurance? The insurance companies seem to just pay claims and charge employers without determining if the employer has any responsibility for the medical condition. We are dissatisfied with the system!

Very truly yours,
Jacalyn N. Kolk
Manager/Member

King's Bay Construction, LLC
2636 East Avenue North
Panama City, FL 32405
Phone: (850) 624-9762

August 15, 2016

Mrs. Cyndi Cooper, Actuary
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0329

RE: NCCI Florida Workers Compensation Rate Filing Effective 10/1/2016

Dear Mrs. Cooper:

On behalf of Bridgefield Employers, Bridgefield Casualty, RetailFirst and BusinessFirst Insurance Companies, we would like to provide information on the record to the Office of Insurance Regulation in regards to the above captioned rate filing.

In an effort not to duplicate comments already pre-filed by NCCI and those that will be discussed during the rate hearing, we are focusing our comments on information that is not explicitly included in NCCI's filing as well as provide data subsequent to the April 28th Florida Supreme Court decision in *Marvin Castellanos v Next Door Company, et al*. Below are metrics we have been monitoring since the decision:

Percentage of Lost-Time Claims with Representation – this metric shows the timing of when we are notified that a claimant is represented. During the time period between 7/1/2009 and the Castellanos decision, 8.4% of lost-time claims were represented at the first quarterly valuation point. The second quarter of 2016 shows 15.1% at the same age. Earlier involvement of claimant attorneys will drive up the average cost of a claim, one of which is defense costs.

Percentage of Lost-Time Claims with Defense Attorney Payment – this metric shows the timing of the first defense attorney payment made on a lost-time claim. During the time period between 7/1/2009 and the Castellanos decision, 1.1% of lost-time claims have at least one defense attorney payment at the first quarterly valuation point. The second accident quarter of 2016 shows 7.2% at the same age.

Average Settlement – roughly half of our lost-time claims in Florida utilize a settlement in one way or another. Settlements have always been a valued tool for all parties to resolve a claim. We looked at the average settlement value over the past year and a half. Settlements

subsequent to the Castellanos decision shows to be 6.9% higher than year-to-date settlements through April; and are 11.2% higher than all of 2015.

Average Claimant Attorney Fees – since the Castellanos decision, the average claimant attorney fee shows 28.4% higher than the average fee paid through year-to-date April; and is 10.5% higher than the average fee paid in all of 2015.

Petition for Benefits – since the Castellanos decision, the average monthly number of petition for benefits is 73% higher than the average through year-to-date April; and 65% higher than all of 2015.

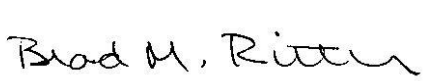
Depositions – based on feedback from our Florida adjustors, the number of scheduled depositions subsequent to the Castellanos decision has significantly increased. We estimate that there has already been a 25-40% increase in scheduled depositions.

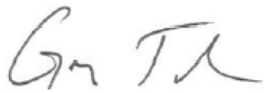
In addition to the above noted increase in activity related to litigated claims, there has been a concerning trend in the average cost of claims that has not yet influenced NCCI's rate making in Florida. The latest experience point available in NCCI's most recent experience filing (1/1/2016) is policy year 2013. Per NCCI's 2015 Florida State Advisory Forum, slide 63 shows accident year 2014 is 7.3% higher than policy year 2013. Since this change is in excess of wage growth, the medical severity increase is around a double digit change. Our data is consistent with this, and we believe the adverse trend is continuing in 2015 and 2016.

The primary contributor to these large medical changes is hospital costs. These increases are in spite of two medical fee changes in which NCCI priced to reduce overall medical cost. Although NCCI estimated the cost reductions per the fee schedule changes, they did not anticipate the behavioral changes that are occurring and have more than offset the lowered service costs.

These issues are of great concern to all involved stakeholders and could potentially impact the stability of the Florida marketplace. We thank you for your consideration in this matter and are available to discuss upon your request.

Sincerely,





Brad M. Ritter, FCAS, MAAA
Senior Vice President and Chief Actuary

Greg Talbot, FCAS, MAAA
Asst Vice President, Actuarial

cc: Chris Bailey, NCCI

FLORIDA OFFICE OF
INSURANCE REGULATION

SPEAKER SIGN IN SHEET

National Council on Compenstion Insurance, Inc.
Public Rate Hearing

Date/Time: Tuesday, August 16, 2016 @ 9:00 a.m.

Location: 412 Knott Building
404 South Monroe Street
The CapitolComplex
Tallahassee, FL 32399

Name: Carol Roberts Pres/CEO

County of Residence: Bay

Organization/ Affiliation (if applicable): Bay County Chamber of Commerce

Do you wish to provide oral testimony during the public hearing or do you wish to submit written testimony (below)? Oral_____ **Written** ✓

Comments: Each community in the State of Florida struggles to create jobs. Economic development and community development is difficult due to the lack of adequate funding of Enterprise Florida by the state and the close proximity to states that have deep pockets in providing incentives. Now with the proposed increase of workers comp, our jobs in competing with those states will be even more difficult. Our community and the entire state is headed in the right direction and are finally seeing a positive economic change. I urge you to reject this rate increase and allow Florida to remain competitive. In addition, our existing businesses and industries will be forced to reduce their workforce to make up the difference. We need to allow our businesses to grow, not force them lay-off our citizens. Please do your part to grow and develop our beautiful state.

CR

From:	Ed Cannatelli
To:	Rate Hearings
Subject:	Ruling
Date:	Wednesday, August 17, 2016 3:35:33 PM

I am not sure, with all the recent increases in overhead, how a small or mid size construction company can stay in business. This increase in workers compensation will surely put some of us over the edge.

Ed Cannatelli
Cannatelli Builders Inc.
2101 NW 33 St.
Suite 2800A
Pompano Beach FL 33069
Phone: 954-977-2775
Fax: 955-977-2795

Sent from my Verizon Wireless 4G LTE Droid

CC-SS
CC
BU

American Insurance Association
State Affairs - Southeast Region

2107 N. Decatur Road
Suite 257
Decatur, GA 30033
404.261.6834
Fax: 202.495.7838
www.aiadc.org

RECEIVED
AUG 16 2016
Commissioner
Office of Insurance Regulation

August 12, 2016

VIA ELECTRONIC & U.S. MAIL

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

RE: August 16, 2016 Public Rate Hearing, Case No. 191880-16

Dear Commissioner Altmaier:

I am writing regarding the above-referenced matter on behalf of the American Insurance Association, the leading property-casualty insurance trade association whose members write all types of property - casualty insurance, including almost 40% of the workers' compensation market in Florida.

As has been widely noted, the State of Florida has enjoyed a 60% reduction in workers' compensation premiums following the enactment of Senate Bill 50A in 2003. As a result, Florida businesses have thrived in no small part due to the increased availability and affordability of workers' compensation insurance in the state. Unfortunately, the Florida Supreme Court's recent decision in *Marvin Castellanos v. Next Door Company* ("*Castellanos*") invalidating the statutory attorneys' fee schedule and its decision in *Bradley Westphal v. City of St. Petersburg* (eliminating the cap on TTD benefits) could reverse those gains and severely affect the Florida market. While the National Council on Compensation Insurance ("NCCI") has proposed an overall rate increase of 19.6% (+15% for the first year impact of *Castellanos* & +2.2% for *Westphal*), this of course does not account for the negative retroactive impact of the *Castellanos* and *Westphal* decisions.

NCCI has estimated that the combined total statewide unfunded liabilities resulting from the Florida Supreme Court's decisions could exceed $1 billion. Of course, paid premiums and reserves do not reflect this increased exposure leaving our member companies, other insurers and Florida's self-insured businesses to absorb any additional costs incurred in the workers' compensation system. This unfunded liability, along with increased litigation costs could well lead to another workers' compensation insurance crisis in Florida.

AIA strongly recommends that the Office consider not just the impact of higher attorneys' fees, but also the increases in lost wages and medical costs brought about by increased attorney involvement and the resulting behavioral changes within the claims paying system. In short, AIA shares the concern that given the ultimate 60% decrease in rates following the prior reforms, NCCI may have underestimated the initial (and eventual) impact of the Florida Supreme Court's decisions.

AIA encourages the OIR to approve at a minimum the +19.6% rate proposed by NCCI. We also urge approval of the proposed October 1, 2016 effective date so as to avoid any further growth of the unfunded liabilities which would only further harm the Florida workers' compensation market.

Sincerely,

Ron Jackson
Vice President, State Affairs

From: Steve Henderson
To: cjohnson@flchamber.com
Cc: Rate Hearings
Subject: Workers" Comp Public Rate Hearing- NEFEC
Date: Tuesday, August 09, 2016 11:39:34 AM

Lawyers run for public office. "We the people" vote candidate into positions of public service, responsibility and power. Then "they" (lawyers) make law! How is that working?

The Florida Chamber of Commerce and its Workers' Compensation Task Force will testify on Tuesday, August 16, before the Office of Insurance Regulation (OIR) on behalf of businesses across Florida specific to two recent Florida Supreme Court rulings that will drive significant increases in Workers' Compensation rates.
The OIR will accept comments until 5:00 p.m. Tuesday, August 23, 2016 state regulators @ RateHearings@floir.com

Accordingly, I offer:

Comment: Adverse financial expense consequences will be certain for all of Florida's Self Insured Governmental entities and all State, County, City, and School Districts. Our NEFEC Member school districts, as well as Tri-Consortium members PACE and HEC, will certainly experience increased expense pressures taking a larger share of the limited classroom dollars due to the recent law changes.

Comment: The State of Florida, with approximately 200,000 employees experience approximately 15,000 Notice of Injuries per year and is a self-insured employer that has a STAGGERING workers' comp unfunded liability. A taxpayer liability that because of these laws will increase tax burden to everyone in Florida. As has been historical past practice, (worst practice example) at year-end the Legislature chooses to simply "write off" the expenses with a budget adjustment!

Interesting that apparently our state government is allowed to "pay as you go", an option Not provided to other self-insured Public Tax Dollar funded entities, to include NEFEC. Nor should it be!

Comment: Clearly a double whammy that hurts both educational entities as well as Florida corporate business owners. Less money for the classrooms, and likely limiting wage increases and the number of new employees hired by corporate and private entities.

Comment: As it was prior to 2003, Florida once again will be.

Best Regards,

Steve Henderson
Director of Risk Management Services
North East Florida Educational Consortium
3841 Reid Street
Palatka, FL 32177

(386) 329-3800
hendersons@nefec.org

Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

From: Ana Tringue
To: Rate Hearings
Subject: Workers Comp Rate Increase
Date: Monday, August 08, 2016 4:38:58 PM
Importance: High

Dear Committee;

I was just informed of the possibility that you may be considering increasing workers comp by as much as 19.6%!! As a business owner, this to me sounds quite exhorbitant and a burden to business. I thought Florida was trying to attract more business and make it easier for businesses to expand and grow here in FLORIDA?? Increasing workers comp to this amount would be a hindrance not a help. Please reconsider and keep FL a place to conduct business and make it business friendly.

Thank You.

Best Regards,
Ana Trinque
Home Vizions Realty
2931 Landover Blvd
Spring Hill, FL 34608
352-684-1234

Seymour, Debra

From: Barbara Petersen <Sunshine@floridafaf.org>
Sent: Tuesday, August 23, 2016 5:01 PM
To: Rate Hearings
Subject: Response to the NCCI workers comp rate increase proposal

We are writing to express our concerns regarding the process used by the National Conference on Compensation Insurance (NCCI) in determining the proposed rate hike for workers compensation insurance for the state of Florida.

Of particular concern is the lack of oversight and transparency in that process by NCCI. Section 627.091, F.S., governs proposed workers compensation rate hikes; according to the statutory scheme, records and meetings relating to determining and proposing rate hikes is subject to Florida's open government laws. Specifically, s. 627.091(3) stipulates that all filings and any supporting information is subject to disclosure under ch. 119, Florida's public records law. Section 627.091(6), F.S., requires that committee meetings "of a recognized rating organization with responsibility for workers' compensation and employer's liability insurance rates in this state" at which proposed rate hikes are discussed must be held in compliance with s. 286.011, Florida's sunshine law.

It is my understanding that NCCI, in proposing the current rate hike, did not comply with the requirements of s. 627.091. NCCI has unlawfully denied at least one public record request for "supporting information" relating to its filing and claims that s. 627.091(6) does not apply because NCCI does not have a "committee" which meets to determine proposed changes to workers compensation rates. This claim shows a complete lack of understanding of the breadth and scope of Florida's sunshine law, and may well constitute a violation of s. 286.011.

The purpose of s. 627.091 is to provide the public with an opportunity for oversight and accountability, the cornerstones of Florida's open government laws. Florida's courts have repeatedly held that our right of access to the records and meetings of our government, as well as the records and meetings of those acting on behalf of government, is to be broadly construed. By denying its legal responsibility to act in the Sunshine in proposing a significant rate hike for workers compensation, NCCI has acted contrary to the Legislature's intent. We ask the OIR to deny the proposed rate increase and require NCCI to start the process anew – this time, in full compliance with Florida's open government laws.

Sincerely,

B.

Barbara A. Petersen, President
First Amendment Foundation
317 East Park Avenue
Tallahassee, FL 32301
800.337.3518

The First Amendment Foundation is a donor & member-supported nonprofit organization and ***we need your support****. To become a member or make a tax-deductible donation, go to* ***www.floridafaf.org****.*

A proud member of Florida's Sunshine Coalition!

THE OFFICE OF INSURANCE REGULATION
National Council on Compensation Insurance (NCCI) Public Rate Hearing
August 16, 2016

Actuarial Expert Supplemental Testimony

Prepared by: Stephen A. Alexander, FCAS, FSA, MAAA

August 23, 2016

Stephen A. Alexander, FCAS, FSA, MAAA

My name is Stephen A. Alexander representing the Florida Workers Advocates. I am a Fellow of both the Casualty Actuarial Society and the Society of Actuaries and am a member of the American Academy of Actuaries. I was employed by Office of the Insurance Consumer Advocate for 9 years until August of 2015 during which time I reviewed all the NCCI annual rate filings and most of the law amendment rate filings.

I have been recognized as an actuarial expert witness at rate hearings in Florida, Georgia, California, Texas and New Jersey. My resume is attached to my pre-filed testimony. At this time I ask that I be recognized as an actuarial expert witness.

In my opinion, the NCCI's proposed 15% rate increase for Castellanos is misleading and deceptive, because it is based on the false premise that you can separate the effect of the attorney fee reform from all of the other 2003 reforms.

The approximate 60% reduction in rates since the 2003 reforms breaks down this way:

- 35% would have happened anyway without the reforms - that leaves 25% (60% - 35%) as the net effect of the reforms.
- There were multiple reforms that occurred in 2003. If you go to the DFS website you will find a 17 page summary of all the SB50A reforms.
- How do you separate the effect of any one of those reforms?
- The short answer is you can't. They are so closely intertwined that there is no actuarially sound way to separate the effect of the attorney fee schedule from all of the other reforms.
- So how did the NCCI come up with the 15% reduction in rates due to attorney fees, which now needs to be reversed as a 15% rate increase?
- They assumed that their initial estimate of 10% for all of the other reforms, which they made back in 2003 was correct, and the only estimate that was incorrect was the 2% for attorney fee reform. That's what Mr. Rosen means by holding the cost of all the other reforms constant. So they reduced 25% by 10% leaving 15% as the impact of attorney fees.
- Using the NCCI's logic you could just as easily assume that its initial 2% estimate for attorney fee reform was correct, and get 23% (25% less 2%) as the impact of all the other reforms.

Therefore, in my opinion the NCCI's 15% estimated rate increase for Castellanos is not actuarially sound and is misleading and deceptive.

Next, I would like to compliment Ms Cooper for asking the NCCI some very insightful and comprehensive questions, particularly her questions related to Emma Murray. There was an eight month period after the Murray decision from November of 2008 thru June of 2009 in which reasonable attorney fees were reinstated.

Ms Cooper asked for an analysis of this time period, but was stonewalled by the NCCI citing anecdotal evidence that attorneys took a "wait and see" attitude and did not reengage in workers' comp litigation, because the legislature could easily remove the word "reasonable" from the statute. However, the NCCI has not provided any of the anecdotal evidence on which it relied upon to dismiss Ms Coopers request. Ms Lovgren mentioned some surveys, but no numbers or facts have been produced beyond her oral testimony today.

Now, as of just yesterday, we have in the rate filing anecdotal evidence submitted by Bridgefield Employers that attorneys are reengaging in workers comp litigation after the Castellanos decision in April of this year.

However, we still do not have any hard anecdotal evidence submitted by the NCCI or Bridgefield or any other insurer for the 8 month period after the Emma Murray decision proving that attorneys did not reengage in workers comp litigation.

Therefore, in my opinion, it is essential that we get a full and complete disclosure (including anecdotal information) before and after the 8 month period of reasonable attorney fees resulting from the Murray decision. This time period is more recent and is not confounded by other reforms as is the time period before and after the 2003 reforms.

Also, in my opinion the NCCI should provide all its worksheets and analyses in support of its 2.0% initial 2003 estimate of the impact of the attorney fee schedule. Furthermore, the NCCI should explain which of its assumptions were incorrect and why they were incorrect.

Given the lack of transparency in this process related to *Castellanos*, I see no need to rush to judgment, and it is my opinion that the OIR should not approve any increase in rates related to *Castellanos* until a full and complete disclosure has been made as I have outlined in my pre-filed testimony and data request for the Murray impacted 2007 through 2011 years.

Moreover, as I outlined in my pre-filed testimony, the OIR should encourage individual insurers to file deviations from NCCI approved rates based upon their independent evaluations of the impact of *Castellanos*. Currently, to my knowledge, Florida is the only state in the country in which all insurers, almost without exception, charge the same NCCI determined rates. Commissioner, you can reduce the impact of this decision by requiring insurance companies for the first time in many years to compete on price.

If the OIR feels compelled to approve some rate increase at this time to account for all three components of the overall 19.6% rate increase, it would be reasonable in my opinion to approve no more than a 5.7% rate increase to account for all aspects of the proposed rate increase, i.e. 2.0% for the impact of the Florida Supreme Court's decision in Castellanos based upon the NCCI's initial estimate, 1.8% to account for the Florida Supreme Court's decision in Westphal as detailed in my pre-filed testimony and 1.8% to update the Florida Worker's Compensation Health Care Provider Reimbursement Manual.

In response to the NCCI's $1 billion unfunded liability, I estimate that insurers made excess profits of $1.8 billion over the last 10 years, which is more than enough to fund the estimated $1 billion in unfunded liability. Please see my pre-filed testimony for the calculation of the $1.8 billion.

Finally, I would like to respond to Mr. Rosen's comment that you cannot use the 8-month period of reasonable fees, because the preceding time period was a mix of reasonable and scheduled attorney fees. I agree that the pre Murray period was a mix of the two different types of attorney fees. However, the post Murray period was a return to only scheduled fees. Therefore, the NCCI could have compared the 8 month Murray period to the following years to measure the effect of a change from reasonable to scheduled fees. That concludes my testimony.

Florida versus Countrywide
Excess Profit Before Federal Income Taxes
Workers Compensation Insurance
2006 - 2015

	Countrywide				Florida						
	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Profit Difference	Florida Direct Premiums Earned	Excess Profits Before Federal Income Taxes
2006	-3.1%	12.2%	5.6%	14.8%	10.2%	12.2%	5.6%	28.0%	13.2%	$3,671,760	$486,057
2007	1.2%	12.5%	7.1%	20.8%	8.9%	12.5%	7.1%	28.6%	7.8%	3,053,555	$237,109
2008	-3.9%	15.2%	9.5%	20.8%	3.6%	15.2%	9.5%	28.3%	7.4%	2,366,927	$176,111
2009	-4.5%	11.8%	6.8%	14.1%	-4.9%	11.8%	6.8%	13.7%	-0.4%	1,785,350	-$7,099
2010	-10.0%	15.8%	9.2%	15.0%	-15.9%	15.8%	9.2%	9.1%	-5.9%	1,516,873	-$88,994
2011	-18.9%	23.0%	11.8%	16.0%	11.2%	23.0%	11.8%	46.1%	30.1%	1,667,157	$501,429
2012	-17.9%	17.6%	10.9%	10.6%	-4.6%	17.6%	10.9%	23.9%	13.3%	1,878,354	$250,391
2013	-11.3%	17.2%	11.0%	16.9%	5.2%	17.2%	11.0%	33.4%	16.4%	2,143,705	$352,306
2014	-2.4%	13.4%	9.5%	20.4%	-2.1%	13.4%	9.5%	20.7%	0.3%	2,415,935	$7,019
2015	3.6%	12.7%	8.5%	24.8%	0.4%	12.7%	8.5%	21.6%	-3.2%	2,577,490	-$81,721
Total	-6.0%	14.8%	8.8%	17.7%	2.5%	14.6%	8.6%	25.8%	8.0%	$23,077,106	$1,856,253

Notes:

Data sources are the state pages of the statutory annual statements and insurance expense exhibits. Includes all sources of net profit as percentage of net earned premium. Net underwriting profits for Florida estimated based upon Florida direct experience and countrywide direct and net experience. Investment income percentages for Florida assumed to be equal to countrywide percentages. Since Florida underwriting profits averaged 8.5% more than countrywide, the assumption that Florida net investment income from insurance transactions equals countrywide likely understates this source of Florida income. Direct excess profit rate assumed equal to net profit rate.

Estimated Florida Net Profit Before Federal Income Taxes

	(1) Net premiums written	(2) Net premiums earned	(3) Net dividends to policyholders	(4) Net incurred loss	(5) Net def & cost contm exp incur	(6) Net adjust & other exps incur	(7) Net commiss & broker exp incur	(8) Net taxes license & fees incur	(9) Net ot aq,fld sup&col exp incu	(10) Net general expenses incurred	(11) Net other income less oth exps	(12) Net p-tax pro/lo excl inv gain	(13) Net inv gain insurance transac	(14) Net pro/lo excl inv cap & surp	(15) Net inv gain attr to cap &surp	(16) Net total profit or loss
2015	2,199,267	2,153,193	65,860	1,196,004	157,494	149,325	176,484	93,695	142,245	151,868	(11,317)	8,902	273,771	282,673	182,794	465,467
2014	2,096,516	2,031,066	66,179	1,114,849	172,345	145,064	154,246	91,312	134,622	156,669	(39,402)	(43,622)	271,598	227,977	192,636	420,612
2013	1,896,222	1,840,718	58,763	913,908	122,113	131,594	133,705	85,666	119,584	169,914	(10,447)	95,023	315,830	410,853	203,367	614,220
2012	1,670,506	1,624,137	58,421	901,254	122,468	168,125	121,209	75,115	113,936	137,022	(700)	(74,114)	285,113	210,998	177,151	388,150
2011	1,499,386	1,455,229	71,107	567,797	91,295	134,384	104,507	64,870	110,387	126,091	(21,766)	163,024	335,417	498,441	171,972	670,413
2010	1,277,637	1,333,290	38,928	927,303	114,215	123,159	87,686	61,918	79,691	100,417	(11,461)	(211,488)	210,739	(749)	122,273	121,524
2009	1,492,125	1,598,887	137,637	833,716	140,836	130,343	105,151	90,525	106,223	119,717	(13,251)	(78,512)	188,896	110,384	108,721	219,105
2008	1,987,517	2,084,488	146,690	927,989	236,846	165,875	159,532	86,816	127,285	149,184	(9,538)	74,734	316,404	391,138	198,302	589,440
2007	2,718,453	2,724,640	108,249	1,300,261	178,587	206,505	202,063	150,188	152,106	168,401	(14,976)	243,303	340,321	583,624	194,458	778,082
2006	3,220,477	3,232,419	114,504	1,491,608	254,792	249,643	213,478	222,877	169,200	184,667	(2,686)	328,964	395,320	724,284	180,532	904,816
Total	20,058,105	20,078,067	866,338	10,174,689	1,590,991	1,604,019	1,458,062	1,022,981	1,255,280	1,463,950	(135,543)	506,214	2,933,408	3,439,623	1,732,205	5,171,828
2015		100.0%	3.1%	55.5%	7.3%	6.9%	8.2%	4.4%	6.6%	7.1%	-0.5%	0.4%	12.7%	13.1%	8.5%	21.6%
2014		100.0%	3.3%	54.9%	8.5%	7.1%	7.6%	4.5%	6.6%	7.7%	-1.9%	-2.1%	13.4%	11.2%	9.5%	20.7%
2013		100.0%	3.2%	49.6%	6.6%	7.1%	7.3%	4.7%	6.5%	9.2%	-0.6%	5.2%	17.2%	22.3%	11.0%	33.4%
2012		100.0%	3.6%	55.5%	7.5%	10.4%	7.5%	4.6%	7.0%	8.4%	0.0%	-4.6%	17.6%	13.0%	10.9%	23.9%
2011		100.0%	4.9%	39.0%	6.3%	9.2%	7.2%	4.5%	7.6%	8.7%	-1.5%	11.2%	23.0%	34.3%	11.8%	46.1%
2010		100.0%	2.9%	69.5%	8.6%	9.2%	6.6%	4.6%	6.0%	7.5%	-0.9%	-15.9%	15.8%	-0.1%	9.2%	9.1%
2009		100.0%	8.6%	52.1%	8.8%	8.2%	6.6%	5.7%	6.6%	7.5%	-0.8%	-4.9%	11.8%	6.9%	6.8%	13.7%
2008		100.0%	7.0%	44.5%	11.4%	8.0%	7.7%	4.2%	6.1%	7.2%	-0.5%	3.6%	15.2%	18.8%	9.5%	28.3%
2007		100.0%	4.0%	47.7%	6.6%	7.6%	7.4%	5.5%	5.6%	6.2%	-0.5%	8.9%	12.5%	21.4%	7.1%	28.6%
2006		100.0%	3.5%	46.1%	7.9%	7.7%	6.6%	6.9%	5.2%	5.7%	-0.1%	10.2%	12.2%	22.4%	5.6%	28.0%
Total		100.0%	4.3%	50.7%	7.9%	8.0%	7.3%	5.1%	6.3%	7.3%	-0.7%	2.5%	14.6%	17.1%	8.6%	25.8%

Notes:

Sources are AM Best Statutory Annual Statement and Insurance Expense Exhibit data.

(1) -
(11) &
(13) (Countrywide Net / Countrywide Direct) x Florida Direct

Estimated Florida Direct Profit Excluding Investment Gain

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Dir premiums written	Dir premiums earned	Dir dividends to policyholders	Dir incurred loss	Dir def & cost contm exp incur	Dir adjust & other exps incur	Dir commiss & broker exp incur	Dir taxes license & fees incur	Dir ot ac,fld sup&col exp incu	Dir general expenses incurred	Dir other income less oth exps	Dir p-tax pro/lo excl inv gain
2015	2,629,129	2,577,490	65,921	1,486,819	194,787	154,328	254,252	106,393	138,603	150,582	(21,286)	4,519
2014	2,499,630	2,415,935	65,029	1,335,939	201,520	144,796	230,951	100,835	131,056	148,845	(21,701)	35,263
2013	2,217,535	2,143,705	59,639	1,068,714	136,229	131,051	190,187	99,462	114,592	162,713	(18,810)	162,307
2012	1,931,907	1,878,354	58,190	1,013,808	132,092	166,258	172,709	84,782	111,139	136,605	(29,404)	(26,634)
2011	1,715,742	1,667,157	70,976	664,080	112,455	140,216	154,622	69,269	105,927	122,603	(34,560)	192,449
2010	1,480,652	1,516,873	79,121	1,022,427	132,650	126,703	134,787	72,529	80,397	99,638	(28,895)	(260,274)
2009	1,678,229	1,785,350	141,159	943,411	159,181	128,565	150,263	97,681	99,456	116,373	(18,742)	(69,480)
2008	2,253,110	2,366,927	137,195	1,031,022	216,423	132,222	207,853	93,191	122,061	147,745	(24,624)	254,591
2007	3,043,010	3,053,555	127,108	1,435,393	215,271	203,428	271,754	167,529	141,979	162,826	(26,087)	302,180
2006	3,641,449	3,671,760	117,870	1,670,525	266,550	322,422	293,690	248,657	167,493	188,676	(36,839)	359,038
Total	23,090,393	23,077,106	922,208	11,672,138	1,767,158	1,649,988	2,061,068	1,140,328	1,212,703	1,436,607	(260,948)	953,961
2015		100.0%	2.6%	57.7%	7.6%	6.0%	9.9%	4.1%	5.4%	5.8%	-0.8%	0.2%
2014		100.0%	2.7%	55.3%	8.3%	6.0%	9.6%	4.2%	5.4%	6.2%	-0.9%	1.5%
2013		100.0%	2.8%	49.9%	6.4%	6.1%	8.9%	4.6%	5.3%	7.6%	-0.9%	7.6%
2012		100.0%	3.1%	54.0%	7.0%	8.9%	9.2%	4.5%	5.9%	7.3%	-1.6%	-1.4%
2011		100.0%	4.3%	39.8%	6.7%	8.4%	9.3%	4.2%	6.4%	7.4%	-2.1%	11.5%
2010		100.0%	5.2%	67.4%	8.7%	8.4%	8.9%	4.8%	5.3%	6.6%	-1.9%	-17.2%
2009		100.0%	7.9%	52.8%	8.9%	7.2%	8.4%	5.5%	5.6%	6.5%	-1.0%	-3.9%
2008		100.0%	5.8%	43.6%	9.1%	5.6%	8.8%	3.9%	5.2%	6.2%	-1.0%	10.8%
2007		100.0%	4.2%	47.0%	7.0%	6.7%	8.9%	5.5%	4.6%	5.3%	-0.9%	9.9%
2006		100.0%	3.2%	45.5%	7.3%	8.8%	8.0%	6.8%	4.6%	5.1%	-1.0%	9.8%
Total		100.0%	4.0%	50.6%	7.7%	7.1%	8.9%	4.9%	5.3%	6.2%	-1.1%	4.1%

Notes:

Sources are AM Best Statutory Annual Statement and Insurance Expense Exhibit data.

(6) &
(9) -
(11) Countrywide Direct Expense as Ratio to Direct Premiums Earned x Florida Direct Premiums Earned

Countrywide Net Profit Before Federal Income Taxes

	Net premiums written	Net premiums earned	Net dividends to policyholders	Net incurred loss	Net def & cost contm exp incur	Net adjust & other exps incur	Net commiss & broker exp incur	Net taxes license & fees incur	Net ot aq,fld sup&col exp incu	Net general expenses incurred	Net other income less oth exps	Net p-tax pro/lo excl inv gain	Net inv gain insurance transac	Net pro/lo excl inv cap & surp	Net inv gain attr to cap &surp	Net total profit or loss
2015	49,234,177	48,659,205	1,370,885	26,720,336	3,434,639	3,374,531	3,459,095	1,653,472	3,214,540	3,432,006	(255,751)	1,743,950	6,186,850	7,930,794	4,130,890	12,061,626
2014	45,629,083	44,961,575	1,022,459	26,480,907	3,446,867	3,211,276	3,064,787	1,511,035	2,980,128	3,468,170	(872,229)	(1,096,283)	6,012,357	4,916,051	4,264,364	9,180,396
2013	40,543,583	39,577,545	1,048,417	26,040,729	3,176,647	2,829,425	2,834,451	1,659,937	2,571,201	3,653,350	(224,619)	(4,461,231)	6,790,700	2,329,469	4,372,625	6,702,087
2012	38,580,557	38,000,752	1,081,301	26,616,154	2,985,339	3,933,713	2,564,209	1,731,576	2,665,830	3,205,979	(16,373)	(6,799,722)	6,670,925	(128,864)	4,144,902	4,016,021
2011	35,700,962	35,664,296	1,002,033	25,392,845	2,606,730	3,293,448	2,229,240	1,542,394	2,705,334	3,090,208	(533,436)	(6,731,372)	8,220,288	1,488,898	4,214,635	5,703,497
2010	34,586,608	35,788,083	685,020	24,185,246	2,536,763	3,305,837	2,115,626	1,394,624	2,139,056	2,695,374	(307,625)	(3,577,088)	5,656,646	2,079,566	3,282,033	5,361,584
2009	41,417,273	42,259,726	1,346,499	25,970,624	2,902,199	3,445,063	2,478,961	1,701,479	2,807,542	3,164,193	(350,243)	(1,907,077)	4,992,653	3,085,536	2,873,565	5,959,096
2008	46,320,338	45,595,123	1,286,971	27,977,280	3,163,763	3,628,272	2,893,121	2,147,543	2,784,172	3,263,181	(208,625)	(1,757,805)	6,920,885	5,163,066	4,337,565	9,500,608
2007	48,972,332	48,708,710	980,577	29,498,078	2,950,115	3,691,719	2,809,410	2,214,009	2,719,223	3,010,524	(267,723)	567,332	6,083,953	6,651,920	3,476,352	10,128,254
2006	49,745,075	48,480,055	838,168	31,886,450	3,061,046	3,744,168	2,681,699	2,404,738	2,537,669	2,769,653	(40,286)	(1,483,822)	5,929,034	4,445,229	2,707,627	7,152,820
Total	430,729,988	427,695,070	10,662,330	270,768,649	30,264,108	34,457,452	27,130,599	17,960,807	27,124,695	31,752,638	(3,076,910)	(25,503,118)	63,464,291	37,961,665	37,804,558	75,765,989
2015		100.0%	2.8%	54.9%	7.1%	6.9%	7.1%	3.4%	6.6%	7.1%	-0.5%	3.6%	12.7%	16.3%	8.5%	24.8%
2014		100.0%	2.3%	58.9%	7.7%	7.1%	6.8%	3.4%	6.6%	7.7%	-1.9%	-2.4%	13.4%	10.9%	9.5%	20.4%
2013		100.0%	2.6%	65.8%	8.0%	7.1%	7.2%	4.2%	6.5%	9.2%	-0.6%	-11.3%	17.2%	5.9%	11.0%	16.9%
2012		100.0%	2.8%	70.0%	7.9%	10.4%	6.7%	4.6%	7.0%	8.4%	0.0%	-17.9%	17.6%	-0.3%	10.9%	10.6%
2011		100.0%	2.8%	71.2%	7.3%	9.2%	6.3%	4.3%	7.6%	8.7%	-1.5%	-18.9%	23.0%	4.2%	11.8%	16.0%
2010		100.0%	1.9%	67.6%	7.1%	9.2%	5.9%	3.9%	6.0%	7.5%	-0.9%	-10.0%	15.8%	5.8%	9.2%	15.0%
2009		100.0%	3.2%	61.5%	6.9%	8.2%	5.9%	4.0%	6.6%	7.5%	-0.8%	-4.5%	11.8%	7.3%	6.8%	14.1%
2008		100.0%	2.8%	61.4%	6.9%	8.0%	6.3%	4.7%	6.1%	7.2%	-0.5%	-3.9%	15.2%	11.3%	9.5%	20.8%
2007		100.0%	2.0%	60.6%	6.1%	7.6%	5.8%	4.5%	5.6%	6.2%	-0.5%	1.2%	12.5%	13.7%	7.1%	20.8%
2006		100.0%	1.7%	65.8%	6.3%	7.7%	5.5%	5.0%	5.2%	5.7%	-0.1%	-3.1%	12.2%	9.2%	5.6%	14.8%
Total		100.0%	2.5%	63.3%	7.1%	8.1%	6.3%	4.2%	6.3%	7.4%	-0.7%	-6.0%	14.8%	8.9%	8.8%	17.7%

Note:
Source is AM Best Insurance Expense Exhibit data.

Countrywide Direct Profit Excluding Investment Gain

	Dir premiums written	Dir premiums earned	Dir dividends to policyholders	Dir incurred loss	Dir def & cost contm exp incur	Dir adjust & other exps incur	Dir commiss & broker exp incur	Dir taxes license & fees incur	Dir ot ac,fld sup&col exp incu	Dir general expenses incurred	Dir other income less oth exps	Dir p-tax pro/lo excl inv gain
2015	58,857,339	58,247,735	1,372,149	33,217,538	4,247,939	3,487,592	4,983,358	1,877,555	3,132,244	3,402,949	(481,045)	2,045,318
2014	54,402,561	53,481,398	1,004,696	31,732,449	4,030,357	3,205,341	4,588,881	1,668,616	2,901,170	3,294,983	(480,387)	574,533
2013	47,413,659	46,092,108	1,064,047	30,451,759	3,543,853	2,817,751	4,031,815	1,927,260	2,463,865	3,498,515	(404,438)	(4,111,229)
2012	44,617,651	43,948,801	1,077,017	29,940,134	3,219,934	3,890,022	3,653,704	1,954,434	2,600,381	3,196,226	(687,983)	(6,271,002)
2011	40,852,490	40,858,162	1,000,187	29,698,760	3,210,924	3,436,363	3,298,231	1,646,992	2,596,036	3,004,708	(846,990)	(7,881,013)
2010	40,082,384	40,715,795	1,392,289	26,666,190	2,946,212	3,400,947	3,252,028	1,633,635	2,158,004	2,674,487	(775,588)	(4,183,601)
2009	46,583,006	47,188,079	1,380,957	29,387,670	3,280,229	3,398,054	3,542,485	1,835,988	2,628,685	3,075,811	(495,357)	(1,837,170)
2008	52,510,149	51,773,075	1,203,668	31,083,544	2,890,959	2,892,174	3,769,432	2,305,241	2,669,904	3,231,712	(538,608)	1,187,795
2007	54,819,162	54,588,771	1,151,414	32,563,715	3,556,112	3,636,701	3,778,367	2,469,640	2,538,178	2,910,860	(466,357)	1,517,446
2006	56,247,609	55,069,315	862,808	35,711,210	3,202,300	4,835,708	3,689,317	2,682,891	2,512,066	2,829,774	(552,517)	(1,809,313)
Total	496,386,010	491,963,239	11,509,232	310,452,969	34,128,819	35,000,653	38,587,618	20,002,252	26,200,533	31,120,025	(5,729,270)	(20,768,236)
2015		100.0%	2.4%	57.0%	7.3%	6.0%	8.6%	3.2%	5.4%	5.8%	-0.8%	3.5%
2014		100.0%	1.9%	59.3%	7.5%	6.0%	8.6%	3.1%	5.4%	6.2%	-0.9%	1.1%
2013		100.0%	2.3%	66.1%	7.7%	6.1%	8.7%	4.2%	5.3%	7.6%	-0.9%	-8.9%
2012		100.0%	2.5%	68.1%	7.3%	8.9%	8.3%	4.4%	5.9%	7.3%	-1.6%	-14.3%
2011		100.0%	2.4%	72.7%	7.9%	8.4%	8.1%	4.0%	6.4%	7.4%	-2.1%	-19.3%
2010		100.0%	3.4%	65.5%	7.2%	8.4%	8.0%	4.0%	5.3%	6.6%	-1.9%	-10.3%
2009		100.0%	2.9%	62.3%	7.0%	7.2%	7.5%	3.9%	5.6%	6.5%	-1.0%	-3.9%
2008		100.0%	2.3%	60.0%	5.6%	5.6%	7.3%	4.5%	5.2%	6.2%	-1.0%	2.3%
2007		100.0%	2.1%	59.7%	6.5%	6.7%	6.9%	4.5%	4.6%	5.3%	-0.9%	2.8%
2006		100.0%	1.6%	64.8%	5.8%	8.8%	6.7%	4.9%	4.6%	5.1%	-1.0%	-3.3%
Total		100.0%	2.3%	63.1%	6.9%	7.1%	7.8%	4.1%	5.3%	6.3%	-1.2%	-4.2%

Note:
Source is AM Best Insurance Expense Exhibit data.

Walt Disney Parks and Resorts U.S.

August 8, 2016

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulations
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

Re: August 16, 2016 Rate Hearing

Dear Commissioner Altmaier:

On behalf of the Walt Disney World Resort (Disney), we are providing this letter to be part of the record for the workers' compensation rate hearing on Tuesday, August 16, 2016.

Like many other Florida companies, Disney has experienced an overall decrease in workers' compensation claim frequency and paid losses. That decrease has been a result of numerous reforms, including Senate bill 50A and *Emma Murray*, over the course of the last several years. Disney's priority is to provide our cast members with immediate, high quality care and compensation should they be injured during the course of their employment. Unfortunately, the Florida Supreme Court's recent decisions in *Castellanos v. Next Door Company* (*Castellanos*) and *Westphal v. City of St. Petersburg* (*Westphal*) will drastically and negatively impact the gains made by those reforms, specifically as it relates to the attorney fee provision. When assessing the impact of these cases, Disney strongly recommends that the Florida Office of Insurance Regulation (OIR) review not only the impact of the increase in attorneys' fees, but also consider the impact of the increase in workers' compensation litigation and system costs resulting from increased attorney involvement.

Since the *Castellanos* and *Westphal* decisions Disney, as well as other self-insured companies, have seen significant behavioral differences by the stakeholders in the workers' compensation claims environment. Disney is concerned that given the data we see in the NCCI rate filing as well as the large amount of unfunded liability coupled with our own experience, we most likely will be experiencing an increase in our workers' compensation losses. Disney feels strongly that this could have a significant effect on the bottom lines of self-insured companies, and for all the reasons stated above, have a negative impact on Florida's economy and its robust economic recovery experienced in the last several years. We look forward to working with your office as well as other public entities and private sector stakeholders in Florida to come up with solutions to address the chilling effects of *Castellanos* and *Westphal*.

Thank you for your consideration,

Michele Adams
Vice President, Risk Management Services
Walt Disney World Resort

PO Box 10000, Lake Buena Vista, FL 32830

Seymour, Debra

From: Babington, Adam E. <Adam.E.Babington@disney.com>
Sent: Tuesday, August 23, 2016 4:31 PM
To: Rate Hearings
Subject: Disney Letter on August 16, 2016 Rate Hearing
Attachments: [Untitled][1].pdf

To whom it may concern:

Please see the attached letter regarding the August 16, 2016 rate hearing.

Regards,

Adam Babington

Adam E. Babington
Director, Government & Industry Relations
Walt Disney World Resort
1375 E. Buena Vista Drive
Lake Buena Vista, FL 32830
Office: (407) 828-1360
Cell: (407) 284-8060
E-mail: adam.e.babington@disney.com

Seymour, Debra

From: Virginia Murphy <messerstores@att.net>
Sent: Tuesday, August 23, 2016 2:40 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Virginia Murphy
109 Myrtlewood Point Rd
East Palatka, FL 32131
messerstores@att.net

Seymour, Debra

From: James Yaun <callawayautorepair@comcast.net>
Sent: Tuesday, August 23, 2016 2:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I've been a small business owner/ Independent Automotive Service since 1993. My workers' comp rate already affects how many employees I can hire, to include attempting to provide a paycheck to myself. Regarding this industry, it does not ensure a steady demand, often leaving service jobs at a 1-3 work order week when not at peak season (usually correlating with holidays, life events i.e. returning to school). Also, this industry predominately provides a service NEED rather than a WANT. I know that NCCI has requested a 19.6% rate increase. This rate increase for a small business, with less than 100 or even 25 employees to include review of annual profit, could result in a profit loss easily. It would hinder my ability to continue to operate my business and reduce affordability of a new hire(s).

Please do not approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. This is a huge concern in regards to my ability to continue operating and pursuing my goal of passing on the business to my daugther, whom is in the process of making this transition.

Sincerely,

James J. Yaun
6725 E 5th Ct
Panama City, FL 32404
callawayautorepair@comcast.net

Seymour, Debra

From: Richard <rnojnson@baileys-sanibel.com>
Sent: Tuesday, August 23, 2016 1:18 PM
To: Rate Hearings
Subject: WC Rate Increase for Florida Businesses

The changes that are being considered for rate increases in Florida are going to have a detrimental effect on Florida's small business operators. My wife and I are third generation owners and operators of our 117 year old family grocery and hardware business that employ almost 100 local Floridians. While we practice running a "Safe Work Environment" a 20% rate increase will stifle growth and further development of our business for generations to come.

Instead we should all be focused on eliminating fraud and corruption from the WC program. It takes so little to file a false claim and drive rehearsal cost of doing business in Florida to the breaking point. Protect injured workers and stop rewarding dishonest behaviors.

Sincerely,

Richard Johnson
Bailey's General Store
Sent from my iPhone

Seymour, Debra

From: Debra Walker <debra@ongradecontracting.com>
Sent: Tuesday, August 23, 2016 1:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Debra A Walker
12409 SW Sheri Ave Unit 101
Arcadia, FL 34269
debra@ongradecontracting.com

Seymour, Debra

From: FloridaTRUCKservices <floridatruckservices@gmail.com>
Sent: Tuesday, August 23, 2016 12:22 PM
To: Rate Hearings
Subject: RE: Important: Proposed Workers Comp Rate Increase of 19.6%

Since Elections are coming up who do we need to vote for to squash this move?

From: Florida Building Material Asscoaition [mailto:Florida_Building_Material_Asscoa@mail.vresp.com]
Sent: Tuesday, August 23, 2016 12:14 PM
To: jeff@floridaflatbed.com
Subject: Important: Proposed Workers Comp Rate Increase of 19.6%

Like Tweet Share

Good Afternoon.

Nancy Stephens, our Legislative Consultant, has given us the heads up that the Florida Office of Insurance Regulation is to weigh in on the first round of comments on the proposed workers comp increase. We are asking that you send an email with your comments on the proposed Workers Comp rate increase of 19.6% no later than 5pm TODAY. Comments must be submitted to RateHearings@floir.com.

Please let me know if you have any questions.

Betty Askew
betty@fbma.org
(352) 383-0366

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Decatur, GA 30033
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www.aiadc.org

RECEIVED
AUG 16 2016
Commissioner
Office of Insurance Regulation

August 12, 2016

VIA ELECTRONIC & U.S. MAIL

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

RE: August 16, 2016 Public Rate Hearing, Case No. 191880-16

Dear Commissioner Altmaier:

I am writing regarding the above-referenced matter on behalf of the American Insurance Association, the leading property-casualty insurance trade association whose members write all types of property - casualty insurance, including almost 40% of the workers' compensation market in Florida.

As has been widely noted, the State of Florida has enjoyed a 60% reduction in workers' compensation premiums following the enactment of Senate Bill 50A in 2003. As a result, Florida businesses have thrived in no small part due to the increased availability and affordability of workers' compensation insurance in the state. Unfortunately, the Florida Supreme Court's recent decision in *Marvin Castellanos v. Next Door Company* ("*Castellanos*") invalidating the statutory attorneys' fee schedule and its decision in *Bradley Westphal v. City of St. Petersburg* (eliminating the cap on TTD benefits) could reverse those gains and severely affect the Florida market. While the National Council on Compensation Insurance ("NCCI") has proposed an overall rate increase of 19.6% (+15% for the first year impact of *Castellanos* & +2.2% for *Westphal*), this of course does not account for the negative retroactive impact of the *Castellanos* and *Westphal* decisions.

NCCI has estimated that the combined total statewide unfunded liabilities resulting from the Florida Supreme Court's decisions could exceed $1 billion. Of course, paid premiums and reserves do not reflect this increased exposure leaving our member companies, other insurers and Florida's self-insured businesses to absorb any additional costs incurred in the workers' compensation system. This unfunded liability, along with increased litigation costs could well lead to another workers' compensation insurance crisis in Florida.

AIA strongly recommends that the Office consider not just the impact of higher attorneys' fees, but also the increases in lost wages and medical costs brought about by increased attorney involvement and the resulting behavioral changes within the claims paying system. In short, AIA shares the concern that given the ultimate 60% decrease in rates following the prior reforms, NCCI may have underestimated the initial (and eventual) impact of the Florida Supreme Court's decisions.

AIA encourages the OIR to approve at a minimum the +19.6% rate proposed by NCCI. We also urge approval of the proposed October 1, 2016 effective date so as to avoid any further growth of the unfunded liabilities which would only further harm the Florida workers' compensation market.

Sincerely,

Ron Jackson
Vice President, State Affairs

FLORIDA HOUSE OF REPRESENTATIVES

Representative Elizabeth Porter

District 10

Elizabeth.Porter@myfloridahouse.gov

RECEIVED
AUG 15 2016
Commissioner
Office of Insurance Regulation

Committees:
Appropriations
Education
Subcommittees:
*Higher Education & Workforce, **Chair***
Choice & Innovation
Education Appropriations

The Honorable Steve Crisafulli
Speaker of the House

The Honorable Matt Hudson
Speaker Pro-Tempore

August 12, 2016

David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street,
Tallahassee, FL 32399

RE: Workers' Comp Public Rate Hearing

Dear Commissioner Altmaier:

It is my understanding that on Tuesday, August 16, 2016, that the Florida Office of insurance Regulation will hold a hearing regarding the increase of Worker's Compensation Rates for the State of Florida. I would like to request that the hearing board give great consideration to freezing the rates till the completion of the 2017 Legislative Session.

In a state where small businesses create two thirds of the jobs it would be imperative to keep rates low and not infringe on the already delicate economic recovery. I am sure that with the recent Supreme Court ruling there will be viable solutions presented in the upcoming session.

For the past six years I have worked diligently to help build an atmosphere that would foster the creation and growth of small businesses in our area. I am profoundly dismayed at the recent business killing ruling by the supreme court that would allow for an over 19% rise in workers compensation rates directly affecting business. Our north Florida district made up of small rural counties and with an economy fueled by many small family owned businesses any rate increase at this time, I believe, would have a detrimental effect on the already slim profit margins achieved by these small businesses and thereby a direct effect on our recovering economy. Again I urge you to consider a freeze on current worker compensation insurance rates until a viable non job killing solution can be found.

Sincerely,

Elizabeth Porter

Elizabeth Porter,
Member of the Florida House of Representatives,
District 10

Koby Adams, Senior Legislative Assistant
Koby.Adams@myfloridahouse.gov

Sheree Vann, District Aide
Sheree.Vann@myfloridahouse.gov

Robert Roach, District Aide
Robert. Roach@myfloridahouse.gov

Lake City Office: 678 SE Baya Drive, Lake City, Florida 32025, Telephone: 386.719.4600 Fax: 386.719.4609
Tallahassee Office: 313 House Office Building, 402 South Monroe Street, Tallahassee, Florida 32399-Telephone: 850.717.5010

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Publix.

RECEIVED
AUG 12 2016
Commissioner
Office of Insurance Regulation

August 9, 2016

Mr. David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: NCCI Rate Filing

Dear Commissioner Altmaier:

I am writing to you in reference to the NCCI recommended rate increase of 19.6%, which is largely attributable to the recent Florida Supreme Court ruling in *Castellanos vs. Next Door Company.* We believe this ruling will quickly undo the positive impact of the Florida 2003 reforms. Premium rates will spiral upward to pre-2003 levels and Florida will once again have some of the highest workers' comp rates in the nation.

Following the 2003 reforms, Publix witnessed a dramatic drop in both accident frequency and costs. The number of accidents declined more than 43% between 2003 and 2015, and our costs fell 55%. These declines occurred despite the fact we were growing and continue to grow in Florida. We attribute these declines largely to the 2003 workers' comp reforms, and specifically the reforms pertaining to attorney fees.

Prior to 2003, an employer was responsible to pay an injured worker's attorney fees, if the worker sought a benefit that was not being paid and the worker prevailed. There was generally no cap on the fee regardless of the amount being sought; in the case of *Castellanos* for instance, the benefits in dispute totaled $822.70. The injured worker's attorney fees were $37,750.

The potential for large fees, regardless of the amount of benefits in dispute, created a climate that promoted litigation. This was happening in a system that was supposed to be self-executing. The reforms of 2003 did not relieve the employer of being responsible for paying the injured worker's attorney fees; it did, however, establish a sliding scale that tied the amount of a fee directly to the benefits in dispute. In other words, the smaller amount of benefits in dispute, the smaller the fee. This discouraged litigation on low value issues and encouraged the parties to work things out amicably; or said another way, it made the system more self-executing.

Risk Management • PO Box 32016 • Lakeland, FL 33802-2016 • 863.499.8521 x88603 • www.publix.com

WHERE SHOPPING IS A PLEASURE.®

Those financial incentives that the 2003 reforms sought to remedy are now back in play. Based on our experience, we expect claim costs will rise rapidly; likewise, premiums rates must rise. At Publix we expect to see an increase in number and percentage of litigated workers' compensation claims, including additional litigation over matters of very small value, the length of time claims are opened, increased legal costs and additional reserves. Although the amount of the increase costs are difficult to accurately predict at this point, we expect Publix's eventual costs increases to be within the range set forth by NCCI.

I am not an actuary or economist, but I have always found the analysis provided by NCCI to be credible and reliable. That said, I believe the rate increase proposed by NCCI is warranted. A rate increase of this magnitude will have a negative impact on all businesses in Florida, large and small. That however must be balanced with maintaining a marketplace where workers' compensation is both available and affordable.

Respectfully yours,

Marc H. Salm
Vice President of Risk Management
Publix Super Markets, Inc.

MHS:clm

CC. BM
SS
BL
heavy folder

August 12, 2016

Commissioner David Altmaier
Florida Office of Insurance Regulation
Larson Building
200 E. Gaines Street
Tallahassee, FL 32399

Dear Commissioner Altmaier,

Fair Insurance Rates in Monroe (FIRM) is a non-partisan, not-for-profit consumer organization with over 3,000 members concerned with windstorm and flood insurance issues in the Florida Keys. Our advocacy for lower, affordable windstorm and flood insurance rates for Monroe County has been consistent since our formation in 2006.

Since our inception, FIRM has maintained that rates charged by Citizens Property Insurance Corporation (CPIC) have been excessive. In August of 2006, FIRM, at considerable expense, presented actuarial data contesting CPIC's proposed 52% rate increase actually achieving a 32% reduction in rates. When the legislature proposed an annual increase in CPIC rates of 15%, FIRM lobbied successfully to cap those increase to 10% per year. We do appreciate our relationship with the OIR and the considerations we have been given, as well as the relationship that has developed between FIRM and CPIC, which has come to be one of mutual respect.

Despite FIRM's considerable work over the years, the cumulative effect of that 10% per year on top of a base rate that is among the highest in the state has brought us to the point of economic crisis. In the last ten years Monroe County (with approximately 20,000 total windstorm policies) has contributed over $600 million in premiums in excess of paid claims. As determined by your office, Monroe County has no viable alternatives to CPIC for windstorm insurance. Without meaningful alternatives to CPIC, your rate review of CPIC's request is critical. FIRM, on behalf of our residents and members, is once again requesting your office deny or delay CPIC's request for further rate increases.

The rationale for our appeal to your office to deny or delay CPIC's request for further rate increases are as follows:

1) It is our view that CPIC has ignored the mandate of state law that windstorm insurance be affordable. Indeed, the legislation creating CPIC as the insurer of last resort reads in part as follows:

FAIR INSURANCE RATES IN MONROE
(305) 294-FIRM (3476) - 422 Fleming Street #5 - Key West, FL 33040
www.firmkeys.org facebook.com/FIRMKeys firmkeys@gmail.com
A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

actual reduction in current rates, at a minimum a one-year moratorium on rate increases for Monroe County should be imposed. This will provide an opportunity to further refine a viable rate setting model for Monroe County. Please feel free to contact me if you have any questions.

Sincerely,

Mel Montagne, President
Fair Insurance Rates in Monroe

Cc: Heather Carruthers, Mayor Monroe County (electronic)
Holly Raschein, Representative District 126 (electronic)
Dwight Bullard, Senator District 118 (electronic)
Anitere Flores, Senator District 38 (electronic)
FIRM Board of Directors (electronic)

A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.

RECEIVED
AUG 15 2016
Commissioner
Office of Insurance Regulation

Florida House of Representatives

Representative Holly Raschein
District 120

District Office:
99198 Overseas Highway
Suite 10
Key Largo, FL 33037-2437
(305) 453-1202
(305) 453-1204 (fax)

Tallahassee Office:
319 The Capitol
402 South Monroe Street
Tallahassee, FL 32399
(850) 717-5120

Email:Holly.Raschein@myfloridahouse.gov

August 10, 2016

Commissioner David Altmaier
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399

Dear Commissioner Altmaier,

I appreciate the Office of Insurance Regulation's past and continued attention to the plight of property insurance customers in Monroe County, a very unique part of the state when it comes to insurance. As you know, the socioeconomic status of our residents is extremely diverse, with the local workforce living side-by-side with the retirees and seasonal residents who come to the Florida Keys to enjoy our extraordinary natural resources. This creates challenges for the affordability and fairness of insurance rates, as expressed by our grassroots advocacy group, Fair Insurance Rates in Monroe (FIRM) and others.

Historically, the concentrated windstorm risk of Monroe County has limited the availability and affordability of property insurance and Citizens Property Insurance Corporation (Citizens) remains the only insurance option for the vast majority of our residents. We know Citizens' wind rates are required by law to be actuarially sound and driven by hurricane simulation models accepted by the Florida Commission on Hurricane Loss Projection Methodology (Florida Commission), but Citizens also has a legislated mission to provide affordable insurance. The balance is often hard to strike, and has been further complicated by the recent emergence of very different scientific opinions about Monroe County's overall wind risk. Citizens has stated that while some models indicate a continuing need for higher rates, one accepted model now indicates a need for slightly lower rates. Citizens has also acknowledged that the far-flung geography and variability in construction across Monroe create challenges in determining sound rates.

I understand that Citizens has filed recommended rates for 2017 using a methodology agreed to by OIR in recent years, involving the selection of rates from among the indications of multiple models. While I do not dispute the appropriateness of this work, I request your help in two areas.

First, delegates from both OIR and Citizens sit on the Florida Commission. The Commission reviews hurricane models every odd year, but also has authority to conduct specific inquiries as directed by the Legislature. I request that you ask the Florida Commission to conduct a study during its 2017 activity cycle of the reasons for and implications of the divergence of hurricane model results in Monroe County among accepted models.

Second, the results of such a study will guide both Citizens and OIR in choosing methodology and models for future rate filings. Given the unresolved disagreement among the existing accepted models and in absence of further clarity, I request that you establish an overall rate pause for Monroe County in 2017. This pause in the rate path for Monroe will enable the Commission to complete its study in a way that will inform and improve Citizens' future recommended rate filings. It will also give our residents a much-needed break from years of rate hikes and the confidence that any future rate changes are fully supported by the scientific and actuarial evidence.

I greatly appreciate your thoughtful consideration of my requests and if I can provide any additional information, please let me know.

Sincerely,

Holly Raschein
State Representative
District 120

County of Monroe
The Florida Keys

BOARD OF COUNTY COMMISSIONERS
Mayor Heather Carruthers, District 3
Mayor Pro Tem George Neugent, District 2
Danny L. Kolhage, District 1
David Rice, District 4
Sylvia J. Murphy, District 5

August 12, 2016

RECEIVED
AUG 15 2016
Commissioner
Office of Insurance Regulation

Insurance Commissioner David Altmaier
Office of Insurance Regulation
Larson Building
200 E. Gaines Street
Tallahassee, FL 32399

Dear Commissioner Altmaier,

First, congratulations on your appointment as Florida's Insurance Commissioner. As a member of Fair Insurance Rates in Monroe (FIRM), I got to know your predecessor quite well and was pleased that Mr. McCarty's trusted colleague assumed his role.

We in Monroe County appreciate the openness and attention that the Office of Insurance Regulation has given to the very real concerns of our property owners over the past 10 years. As you know, our community is unique in many ways, from our linear geography to our adherence to strict building codes, from our economically diverse residents to our engaged citizenry. And as OIR has confirmed, Citizens Property Insurance Corporation (CPIC) is the only windstorm option for most of our residents.

Insurance rates are required to be actuarially sound, neither excessive nor inadequate, and not unfairly discriminatory. Further, according to its mission, CPIC rates must be developed with some consideration for their affordability. While annual rate increases have been capped at 10% for the past several years, those increases have compounded and rates are again becoming unaffordable for many of us. With the highest cost of living in the State, a service-industry-driven economy, and our mix of seniors, working families and second-home owners, these increasing windstorm insurance costs create serious challenges for homeowners and renters alike, sometimes forcing those who are the backbone of our community to abandon it.

For over a decade, FIRM has been struggling to reconcile escalating windstorm premiums with what Monroe residents have actually experienced. Long-time residents of the Keys have pointed to the lack of wind claims filed and stories of how effectively we avoided significant wind damage for generations. Over the years, FIRM has shared comparisons of damage from equally strong winds here versus elsewhere in the State, and found that Monroe weathers windstorms fairly well from a claims perspective. FIRM has also provided data regarding Monroe County's building stock, our vulnerability to storm surge (as opposed to wind only), and our 120-mile long coastal territory. CPIC has acknowledged that these factors make setting sound rates in Monroe County difficult, and this year, a distinct divergence among models used to set those rates has emerged.

On behalf of Monroe County, I am making two requests in advance of OIR's August 18th rate hearing. First, we request that the Florida Commission on Hurricane Loss Projection Methodologies study this discrepancy among the respected hurricane models during its 2017 cycle. The divergence in model outputs from highly respected modeling companies is significant, and the FCHLPM has the authority to investigate and the expertise to determine the cause.

Second, we request that an overall pause in rate increases be established until this study is complete. The economic consequences of continued increases are damaging to our economy and to the lives of our residents. This pause will not only benefit Keys families, but will ensure that future rate changes are based on the best data, science and actuarial practices.

Thank you in advance for your thoughtful consideration of these requests, and thank you for OIR's past attention to the unique concerns of the Keys. Please let me know if the County can provide any additional information.

Best,

Heather Carruthers, Mayor
Monroe County Commission District III

CC: CFO Jeff Atwater, State of Florida (electronic)
Insurance Consumer Advocate Sha'Ron James, State of Florida (electronic)
Holly Raschein, Representative District 126 (electronic)
Dwight Bullard, Senator District 118 (electronic)
Anitere Flores, Senator District 38 (electronic)
Mayor Pro Tem, Monroe County District II Commissioner George Neugent (electronic)
Monroe County District II Commissioner Danny Kolhage (electronic)
Monroe County District IV Commissioner David Rice (electronic)
Monroe County District V Commissioner Sylvia Murphy (electronic)
Monroe County Administrator Roman Gastesi (electronic)
Monroe County Attorney Bob Shillinger (electronic)
Monroe County Legislative Affairs Director Lisa Tennyson (electronic)
Fair Insurance Rates in Monroe Board of Directors (electronic)

Seymour, Debra

From: Dave Weston <dweston@napleslumber.com>
Sent: Tuesday, August 23, 2016 10:09 AM
To: Rate Hearings
Cc: Betty Askew
Subject: Please Reject the Proposed Increase by NCCI

Importance: High

Dear Florida Office of Insurance Regulation:

I am the manager of small business that is just now working to dig our way out of the second most severe recession in the history of our country and arguably the worst economic crisis ever faced by Florida businesses. Those of us who managed to survive and are struggling to pay down debt and cover losses over the extended recession may not be able to withstand the one-two punch that such the enormous increase in workman's compensation insurance rates currently being considered by the NCCI.

I am also the Chairman of the Board for the Florida Building Materials Association this year. Our 96 year old association represents the small independent lumberyards, hardware stores and wholesalers who are part of the vital economic chain that is trying to rebound from the devastating recession that lasted over 5 years!

On behalf of the employees and families of our employees and on behalf of the Florida Building Materials Association, we oppose the proposed 19.6% workers comp rate increase for Florida. Workers comp rates are falling nationwide and we believe an increase in Florida rates will put Florida businesses at a disadvantage. With more and more people coming to Florida who will need jobs, paying higher workers comp rates will limit our member companies' ability to hire more people and pay them competitive wages.

We urge the Florida Office of Insurance Regulation to reject the proposed increase by NCCI.

Sincerely,

Dave Weston
Naples Lumber & Supply
EVERYTHING YOU'D NEVER EXPECT FROM A LUMBER COMPANY!
Tel. (239) 643-7000 ext. 302
Fax. (239) 643-5987
Cel. (239) 229-8375
Email: dweston@napleslumber.com
www.napleslumber.com

Seymour, Debra

From: Raymond Kenzik, DDS <user@votervoice.net>
Sent: Monday, August 22, 2016 4:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

We are a small dental practice, one doctor office. We have been in business for 35 years in the same small town. We pay our staff very well and do our best to conrol our overhead so that we can continue to operate a successful business. We have paid our Workers' Comp premium diligently for 35 years and never had a claim!!!!
Please do what you can to avoid an increase in this burdensome expense. For a small business, our insurance costs is one item we cannot control and prevents us from making solid expense projections.

Thank you for your attention to this serious matter.

Sincerely,

Raymond Kenzik DDS
1423 Oak Forest Dr
Ormond Beach, FL 32174
rkenzik@aol.com

Seymour, Debra

From: Charles Fairbanks, Jr <gordon@fairbanksconstruction.com>
Sent: Monday, August 22, 2016 4:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I am a small business owner located in Ocala, Florida. Having been active in the construction industry since 1980, I vividly recall the days when we had some of the highest rates in the country. As you are aware, for the last several years we have enjoyed reasonable rates and have been able to proactively conduct business. As with any business, we are constantly "hit" with challenges that we adjust and adapt too. A 19.6% increase on our workers comp rates is not one of those challenges we can adjust too. And since this is supposedly the first of more to come, these increases will affect wage increases to our staff, replacement of our vehicles and other budget items. Please make the choice that we and others need and deny this increase.

Sincerely,

Charles G Fairbanks Jr
9535 NE 38th Ter
Anthony, FL 32617
gordon@fairbanksconstruction.com

Seymour, Debra

From: Liz Reynolds <lreynolds@namic.org>
Sent: Monday, August 22, 2016 4:21 PM
To: Rate Hearings
Subject: NCCI WC rate filing comments
Attachments: NCCI rate flg cmts letterhead 8.22.16.docx

The Honorable David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

Re: NCCI WC rate filing

Dear Commissioner Altmaier,

Thank you for the opportunity to provide comments on the recent NCCI workers compensation rate filing, the hearing for which was held Aug. 16, 2016. As you are aware, NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies representing 39 percent of the total market. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers.

NAMIC member companies serve more than 170 million policyholders and write more than $230 billion in annual premiums. Our members account for 54 percent of homeowners, 43 percent of automobile, and 32 percent of the business insurance markets. In Florida, NAMIC members serve more than a quarter of the workers compensation market.

NAMIC supports NCCI's request for an increase in Florida workers compensation rates, based on the uptick of current and future claims cost drivers as a result of recent Supreme Court rulings. We believe the request is reasonable, particularly in light of expert testimony presented by Dr. Mike Helvacian on behalf of the Florida Justice Reform Institute, indicating even higher loss indications.

As always, the rate-making process comes down to this: in order to maintain a fair, solvent marketplace, the rate must match the risk. In the case of workers compensation rates in Florida, the financial risk for insurers and business owners has exploded. While we hope the legislature will address the new environment created by the Supreme Court, we also believe it makes sense to incorporate a new rate structure based on the financial risk profile as we understand it at this time as soon as possible.

NAMIC encourages you to approve the NCCI rate filing request. Thanks very much for your consideration of our concerns.

Regards,

Liz L. Reynolds, CPCU, API, IOM
State Affairs Director – Southeast Region
National Association of Mutual Insurance Companies
317.417.5618 Cell www.namic.org
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122 C Street N.W., Suite 540, Washington, D.C. 20001
Phone: 202.628.1558 | Fax: 202.628.1601

August 22, 2016

The Honorable David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

Re: NCCI WC rate filing

Dear Commissioner Altmaier,

Thank you for the opportunity to provide comments on the recent NCCI workers compensation rate filing, the hearing for which was held Aug. 16, 2016. As you are aware, NAMIC is the largest property/casualty insurance trade association in the country, with more than 1,400 member companies representing 39 percent of the total market. NAMIC supports regional and local mutual insurance companies on main streets across America and many of the country's largest national insurers.

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As always, the rate-making process comes down to this: in order to maintain a fair, solvent marketplace, the rate must match the risk. In the case of workers compensation rates in Florida, the financial risk for insurers and business owners has exploded. While we hope the legislature will address the new environment created by the Supreme Court, we also believe it makes sense to incorporate a new rate structure based on the financial risk profile as we understand it at this time as soon as possible.

NAMIC encourages you to approve the NCCI rate filing request. Thanks very much for your consideration of our concerns.

Regards,

Liz L. Reynolds, CPCU, API, IOM
State Affairs Director – Southeast Region

Seymour, Debra

From: Dale Beasley <dal@dalebeasleyconstruction.com>
Sent: Monday, August 22, 2016 4:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Dale Beasley
310 S Dillard St Ste 135
Winter Garden, FL 34787
dal@dalebeasleyconstruction.com

Seymour, Debra

From: Dale Ward <dward@candelacontrols.com>
Sent: Monday, August 22, 2016 3:50 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Dale Ward
546 N Main St
Winter Garden, FL 34787
dward@candelacontrols.com

Seymour, Debra

From: David Macdonald <mactopline@embarqmail.com>
Sent: Monday, August 22, 2016 1:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

David Macdonald
3323 E Dave Ln
Inverness, FL 34453
mactopline@embarqmail.com

Seymour, Debra

From: Cynthia Macdonald <mactopline@gmail.com>
Sent: Monday, August 22, 2016 1:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Cynthia Macdonald
3323 E Dave Ln
Inverness, FL 34453
mactopline@gmail.com

Seymour, Debra

From: Debra Kneiss <dkneiss@kpmech.com>
Sent: Monday, August 22, 2016 1:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Debra Kneiss
2050 Tigertail Blvd
Dania Beach, FL 33004
dkneiss@kpmech.com

TAMPA TANK, INC.
FLORIDA
STRUCTURAL STEEL

2710 – 5th Ave., Tampa, FL 33605
PHONE: 813-241-4261

August 22, 2016

To: Rate Hearings

RE: NCCI

To Whom This May Concern;

Tampa Tank/Florida Structural Steel's worker comp vendor, Duke Mills, President with WorkComp Solutions, Inc., informed me that he recently attended a hearing in Tallahassee concerning the proposed rate increase based on the recent Supreme Court ruling. Below are some facts that will impact the industry that I am opposed to NCCI's rate making process:

1. Contractors and business cannot adjust bill rates by the proposed 10/1 effective date of rate increase.
2. Suggest a "wait and see" approach or drastically reduce rate increase then re-evaluate in mid 2017.
3. If approved, a 20% rate increase will increase works comp fraud by employers, under-reporting payroll and misclassification of employees.
4. Attorney involvement increases claim cost which increases experience modifier.
5. Increased competition by out of stat contractors who pay drastically lower work comp rates.

Thank you for taking the time to read my concerns.

Regards,

David Hale
CEO/President

Seymour, Debra

From: Carey Sitte <sitteroofing@gmail.com>
Sent: Monday, August 22, 2016 11:01 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

IN ADDITION, I'D LIKE AN EXPLANATION FOR THE OUTRAGEOUS PROPOSED RATE INCREASE OF 19.6%. WHAT INFORMATION WAS USED TO CALCULATE THE PERCENTAGE INCREASE? A RATE INCREASE OF THIS MAGNITUDE WOULD BE DEVASTATING TO BY BUSINESS AND WOULD CREATE AN OVERWHELMING COSTS PER EMPLOYEE, RESULTING IN POTENTIAL LAYOFFS TO OFFSET THE DESTRUCTIVE COSTS.

Sincerely,

CAREY M SITTE
PO Box 8688
Panama City, FL 32409
sitteroofing@gmail.com

Seymour, Debra

From: Marc Dryden <marcdryden12@gmail.com>
Sent: Monday, August 22, 2016 11:00 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.
As a startup trying to employ workers is hard enough, the rise of insurance are among several costs that will cause me to close my doors and more employees will be looking for work.
Thank your for your consideration

Marc

Sincerely,

Marc Dryden
301 Timbercove Cir
Longwood, FL 32779
marcdryden12@gmail.com

Seymour, Debra

From: Raymond Cooper <lebroncooper@mac.com>
Sent: Monday, August 22, 2016 11:00 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Large insurers have only one thing in mind, making huge profits to give huge payouts to CEOs and shareholders. This is a simple plan to shift wealth from small businesses to giant corporations, and more likely, some CEO's pocket.

Please do not increase the rate increase

Sincerely,

Lebron Cooper
1901 N Andrews Ave Apt 221
Fort Lauderdale, FL 33311
lebroncooper@mac.com

Seymour, Debra

From: kyle owens <kyleowens@wecontrolbugs.com>
Sent: Monday, August 22, 2016 11:00 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Rates are too high as it is. Try working on corruption and false claims rather than just sticking employers with higher taxes.

Sincerely,

kyle owens
322 Maguire Road Ext
Ocoee, FL 34761
kyleowens@wecontrolbugs.com

Seymour, Debra

From: James Mason, W <allcarjim@cfl.rr.com>
Sent: Monday, August 22, 2016 11:00 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. I all so fell this is a huge tax increase to my customers because we will have no course but to pass this cost on to them.

Sincerely,

James Mason
2507 Paradise Cir
Kissimmee, FL 34741
allcarjim@cfl.rr.com

Seymour, Debra

From: John Yunker <john@1stopcarrepair.com>
Sent: Monday, August 22, 2016 10:00 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

John Yunker
1324 Thornapple Dr
Osprey, FL 34229
john@1stopcarrepair.com

Seymour, Debra

From: Brian Poynor <bpoynor@area-glass.com>
Sent: Monday, August 22, 2016 8:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Brian M. Poynor
2411 Pelican Bay Ct
Panama City Beach, FL 32408
bpoynor@area-glass.com

Seymour, Debra

From: Mr. & Mrs. Michael O'Connor <toyodoc@bellsouth.net>
Sent: Monday, August 22, 2016 7:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Michael O'Connor
13224 Taylor St
Brooksville, FL 34613
toyodoc@bellsouth.net

Seymour, Debra

From: LaRon Futral <laronfutral@me.com>
Sent: Monday, August 22, 2016 12:40 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

LaRon Futral
5800 S HIGHWAY 99
MC DAVID, FL 32568
laronfutral@me.com

Seymour, Debra

From: Nancy Stephens <nancy@nstephens.com>
Sent: Saturday, August 20, 2016 10:24 PM
To: Rate Hearings
Subject: Proposed Workers Compensation Rate Increase
Attachments: Workers Comp Comments 8.16.16.pdf; Work Comp Market Report Q2-2016.pdf

Date: August 20, 2016
To: Florida Department of Insurance
From: Manufacturers Association of Florida
Re: Proposed 19.6% Workers Compensation Rate Increase

Please find attached comments from the Manufacturers Association of Florida on the proposed Florida workers comp rate increase and a National Council of Compensation Insurance Report on Workers Compensation Insurance Ratios 2000-2015. We are opposed to the proposed increase.

Thank you for the opportunity to comment.

Sincerely,

Nancy D. Stephens, CAE, DPL
Executive Director
Manufacturers Association of Florida
1625 Summit Lake Drive, Suite 300
Tallahassee, FL 32317
Office: 850.402.2954
Cell: 850.445.1607

Manufacturers Association of Florida

(850) 402-2954 FAX (850) 402-0139 1625 Summit Lake Drive, # 300 Tallahassee, FL 32317
www.mafmfg.com

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Mid-Florida Regional Manufacturers
Northwest Florida Manufacturers Council
Mid-Florida Regional Manufacturers Association
South Florida Manufacturers Association
Southwest Regional Manufacturers Association
Upper Tampa Bay Manufacturers Association
VMA

Statement to
Florida Office of Insurance Regulation
on the NCCI Public Rate Hearing
August 16, 2016
Tallahassee, FL

Issue Background:

NCCI has proposed an overall average statewide rate increase of 19.6% for workers' compensation insurance, as a result of recent Florida Supreme Court decisions on Westphal v City of St. Petersburg and Castellanos v Next Door Company, as well as impacts from updates to the Florida Workers' Compensation Health Care Provider Reimbursement Manual per Senate Bill 1402. The effective date for the proposed rate change for new and renewal business is October 1, 2016.

Manufacturing Background:

The Manufacturers Association of Florida (MAF) was formed in 2006 to improve the business climate for manufacturers in Florida. There are some 19,800 manufacturers in Florida today. The annual average wage for manufacturing employees is $10,000 more than the average annual wage of all industries in Florida ($57,370 Manufacturing/$46,237 all industries in Florida).

Manufacturing in Florida is considered an economic stabilizer for Florida's economy. Fortunately, due to the reductions in workers comp costs and the reduction in manufacturing sales taxes over the past few years, the manufacturing industry has enjoyed growth in both the number of manufacturing businesses and the number of manufacturing employees that we would like to see continue.

Manufacturers' Concerns:

It appears the increase will be across the board to every company, no matter what a company's Workers Comp history is. That would be unfair as those companies working very hard to improve safety/health records should not be penalized for those companies with inferior records. Workers comp should be tied to costs for claims as unemployment compensation is; the more claims the higher the insurance, the less claims the lower the insurance.

Rising workers comp insurance rates serve as a disincentive to hiring employees and a disincentive to raises, benefits and perks that keep employees happy and productive. Further, higher workers comp costs require companies to hire employees with fewer skills because they cannot afford to pay for an employee with the right qualifications at a higher pay rate. This hurts the

company productivity and is a disincentive for workers wanting to improve their skill sets.

This workers compensation increase is being proposed at a time when the rest of the U.S. workers compensation insurance rates are declining, putting Florida at a disadvantage. (See article on steady decline in premium rates from 2011 to 2015 and the forecast for continued reduced rates).

While one could understand a rate increase that was a result of increased medical care costs or increased frequency or severity of injuries, it is difficult to accept an increase based on unlimited attorney fees.

MAF also echoes the concerns expressed by the Florida Chamber.

Recommendation:

Rather than approving the proposed workers comp rate increase, the Office of Insurance Regulation should propose legislative policy that will serve to hold workers comp costs and rates at their current levels so that Florida businesses can continue to grow and prosper.

# # #

WORKERS' COMPENSATION

Market Conditions

The workers' compensation insurance market continues to improve, with more favorable conditions for buyers. The industry's combined ratio (see **Figure 3**) has steadily declined since 2011, according to the National Council on Compensation Insurance (NCCI).

In the fourth quarter of 2015, workers' compensation rates generally decreased by single digits. In addition to the downward rate trend, more companies secured rate reductions. More than half of all Marsh clients renewed with rate decreases, with fewer than one-third seeing increases — essentially a reversal of the trend from the prior year (see **Figure 4**). In the relatively few instances where rate increases occurred, they were generally smaller. These favorable market conditions should continue into 2016, barring unforeseen circumstances.

Market conditions are generally more positive for buyers with guaranteed cost programs:

- In the fourth quarter, rates for loss sensitive, or deductible, programs were typically down 10% to up 5%.
- Rates for guaranteed cost programs were typically flat to down 10%.

There remains a divide between "good" risks that generally experience favorable conditions and more challenging ones that face a difficult market. However, consistent with the broader casualty market, the gap between the two is not as pronounced as it has been in the past. Due in part to competition and difficulty securing rate increases, insurers are generally focusing on premium volume. As a result, insurers may more aggressively pursue business that they might not otherwise have considered. Although the market can still be difficult for these companies, they are generally experiencing greater predictability and flexibility at renewal in both pricing and terms and conditions.

AHEAD IN 2016

Overall market conditions improving.

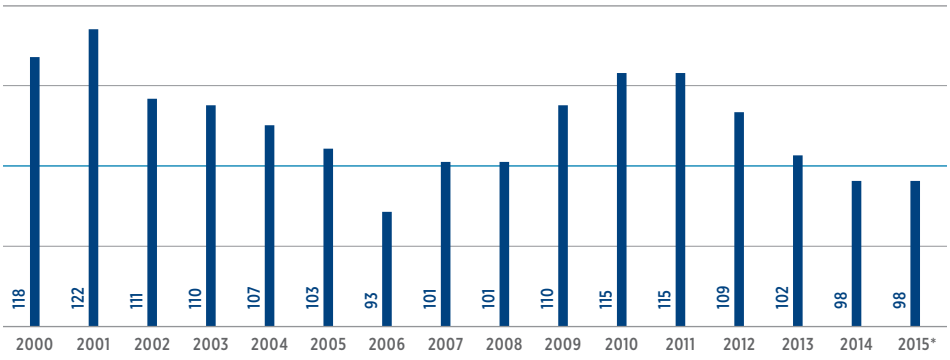
Prescription drug costs remain a challenge.

Some states exploring regulatory changes allowing workers' compensation alternatives.

Wearable technology emerging as a new means for data collection and employee safety.

FIGURE 3 | WORKERS' COMPENSATION COMBINED RATIOS 2000 TO 2015

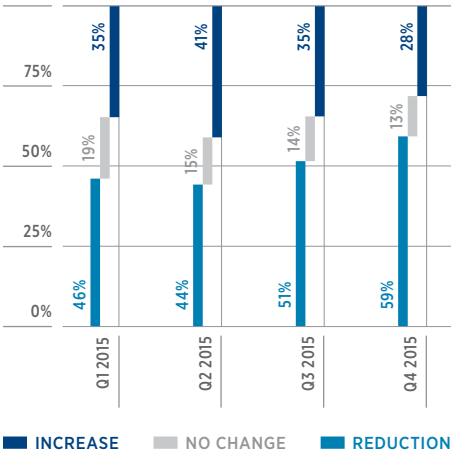
Source: National Council on Compensation Insurance



* Estimate

FIGURE 4 | PERCENT OF US WORKERS' COMPENSATION CLIENTS WITH RATE CHANGES

Source: Marsh Global Analytics
Numbers may not add up to 100% because of rounding.



Seymour, Debra

From: michael sessa <mike@5starplumbers.com>
Sent: Saturday, August 20, 2016 8:30 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Michael Sessa, President
PO Box 2555
Boca Grande, FL 33921
mike@5starplumbers.com

Seymour, Debra

From: Ronald Rybolt <user@votervoice.net>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

In addition it seems this is rally more about lawyers being able to collect more fees and not necessarily provide any greater benefits to the injured worker. Money grab that will hurt all businesses and especially my small business.

Sincerely,

Ronald E. Rybolt
3003 Bluffs Dr
Largo, FL 33770
ron.rybolt@verizon.net

Seymour, Debra

From: Jeff Brewster <jbrewster@totalgolfconstruction.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI Rate Increase

Dear Commissioner Altmaier,

I'm a small business owner. I already think my workers' comp rates are to high. I know that NCCI has requested a 19.6% rate increase which is CRAZY. This rate increase to high and not in relation to anything like cost of living etc.. Any increase would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. As a small business owner, I need to know what my labor costs will be from month to month as I bid numerous jobs months in advance of them actually starting.

regards,

Sincerely,

Jeff Brewster
4045 43rd Ave
Vero Beach, FL 32960
jbrewster@totalgolfconstruction.com

Seymour, Debra

From: Kim Todd <Kim@Genuinehomebuilders.net>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. This affects how I bid my jobs as it takes months from the time I bid a job until I can start the job. This will be a HUGE HIT to my profits as I have a low profit margin already just to stay competitive.

Thank you for your consideration

Sincerely,

Kim Todd Certified Bldg Contractor
340 15th St NW
Naples, FL 34120
Kim@Genuinehomebuilders.net

Seymour, Debra

From: Janet Carnevali <janet@accentwoodworking.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. We currently pay $650 a month for only three employees. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high and will create an already extensive hardship on our business. We are still trying to get the business turned around after the recession.

Please don't approve a rate increase more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Thank you,
Accent Woodworking Inc.

Sincerely,

Janet L. Carnevali
681 Casler Ave
Clearwater, FL 33755
janet@accentwoodworking.com

Seymour, Debra

From: Jeff Godwin <jgodwin@animal-medical-clinic.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is a major expense for my business, coming in at $26,478 for this year.. I know that NCCI has requested a 19.6% rate increase. That will mean another $5250 out of my pocket. It would be one thing if employees were not being cared for. But to raise rates this much just so that plaintiff attorneys can make more money is not fair. In my opinion, this should be a no-fault system with no attorney involvement at all. In any event, this rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jeff Godwin DVM
1835 N Highway A1a Apt 701
Indialantic, FL 32903
jgodwin@animal-medical-clinic.com

Seymour, Debra

From: Alan Sayler <Alan@Saylerwater.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. While I have worked hard to get my experience modification down (it is currently less than 1.0), I am now looking at a 19.6% rate increase. This rate increase is far too high and now is not a good time to have my expenses related to payroll increase.

Please look very carefully at any increase you may be considering because all businesses will have to live with it and the negative pressure it will have on wages.

Sincerely,

Alan Sayler
1909 Tanglewood Dr NE
Saint Petersburg, FL 33702
Alan@Saylerwater.com

Seymour, Debra

From: Edward Austin <ed.austin@jaerestgroup.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a restaurant business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business. If I take a 2 or 3% menu price increase, my customers complain and go some where else.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Edward Austin
250 S OCEAN BLVD APT 12G
BOCA RATON, FL 33432
ed.austin@jaerestgroup.com

Seymour, Debra

From: Susan Thomas <susant@thomasinsserv.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

I am also an insurance agent and see on a first hand basis how the current rates effect the business owners, especially those in construction.

Thank you for your consideration.

Susan K. Thomas

Sincerely,

Susan Thomas
3235 US Highway 441/27 Ste A
Fruitland Park, FL 34731
susant@thomasinsserv.com

Seymour, Debra

From: Don McCormick, Jr. <mccormickcci@comcast.net>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

With the proposed rate hike I will have to pass the increase on to our customers and /or cut employees. I am a building contractor and either option is not good!

Sincerely,

Don McCormick
1405 Georgia Ave
Lynn Haven, FL 32444
mccormickcci@comcast.net

Seymour, Debra

From: Shane Little <lspizza.papajohns@gmail.com>
Sent: Saturday, August 20, 2016 1:51 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. I cannot afford a 19% increase in my workers' comp rate. As rates increase, it becomes much more difficult to successfully run my business.

I ask that you do not approve the rate increase.

Thank you.

Sincerely,

Shane Little
1818 N Monroe St
Tallahassee, FL 32303
lspizza.papajohns@gmail.com

Seymour, Debra

From: Susan Garber <susan@samcoplumbing.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

We are already operating from week to week. This will be devastating on our business. We have incurred a 20 to 40 percent increase this year alone because of an employee claim from 2 years ago. Tack on this additional 19.6% and we might as well shut our doors. Since 2007 we have been struggling to stay afloat and have never really been able to get back to where we were. We do employ 10 people and pay half their health coverage.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Susan Garber
431 Lone Palm Dr
Lakeland, FL 33815
susan@samcoplumbing.com

Seymour, Debra

From: Wade Allen <user@votervoice.net>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. Please understand that this isn't the only increase I'm facing. Health insurance for my employees is going up 5%. Liability insurance is going up 17% My credit card processor is also raising our rate/fees. The power company is also requesting an increase.
Sir, it is getting increasingly difficult to stay in business. Most don't realize that every increase in expenses requires a substantial increase in sales out the door to come up with enough money to pay the bills.
Thanks for you consideration in this matter.

Sincerely,

Wade Allen
Hall's Hardware

Sincerely,

Wade Allen
6606 Caroline St
Milton, FL 32570
acewsallen@aol.com

Seymour, Debra

From: David Wise <thermalbrazeinc@att.net>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I have a small business and my workers' comp rate is already too high. With the economy the way it is thanks to the current administration how do you expect a small company to keep running. I understand that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business and keep employees.

Please don't approve a rate increase.

Sincerely,

David Wise
231 Venus St
Jupiter, FL 33458
thermalbrazeinc@att.net

Seymour, Debra

From: Alexander Kress <alkress@benchmarkgames.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.
I am constantly fighting copies from China and any increase in my costs will only make it harder to compete.

Sincerely,

Alexander Kress
8610 SE Harbour Island Way
Jupiter, FL 33458
alkress@benchmarkgames.com

Seymour, Debra

From: Robin Shiver, Jr <teresa@bassassassin.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I am a small business owner. I have a plastics manufacturing company in Lafayette County. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. I don't understand why the rate increase is that much. I think as a business owner who is mandated to purchase this insurance I have a right to question it and to know why.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. Any increase in workers comp insurance takes away any possibility of increasing our employee's salaries- I would much rather give the money to my employees than to an insurance company, especially when our company has only had 3 claims in the last 28 years. I have 30 employees. Next to the prison and the school, I am the largest employer in my county. I do all that I can to keep my employees working because many of them are the sole supporters of their families. I cannot afford to pay them the wages that I would like to but I do the best I can. And if our worker's comp goes up then I will probably end up having to cut hours to compensate. And that is not fair. Not to my employees, and not to my company.

Sincerely,

Robin C Shiver Jr
305 SW Brown Cemetary Rd
Mayo, FL 32066
teresa@bassassassin.com

Seymour, Debra

From: David Kophamer <dkopy@comcast.net>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: Workers comp rate hikes

Dear Commissioner Altmaier,

Hi. I just wanted to give you some insight. I'm not sure about whether or not the insurance company is making enough money or not. That's for you to look into I guess. I just wanted to tell you that my business of 16 employees mostly full time would pay an addition $929 each year if the rate is increased by 19.6%. I think that's too big to jump into. Maybe the rate could increase by 7 percent? That would be easier to swallow. I'm sure there will be further increases down the road. But I'd rather not be slapped so hard all at once. Thank you for looking into it for us.

I agree with the following message:
Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

David Kophamer
21 Fountain Dr
Orange Park, FL 32065
dkopy@comcast.net

Seymour, Debra

From: Joseph Canitano <info@silverhorseracing.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. This comes just on the heels of us having to lay off employees this spring to keep labor costs under control. If my WC rates go up by this amount, I may have to make further cuts, doing more and more, with less and less, until we have no one left.

Sincerely,

Joseph Canitano, owner, SilverHorse Racing
1211 Hathaway Rd SW
Palm Bay, FL 32908
info@silverhorseracing.com

Seymour, Debra

From: Mark Caudle <mark@pointglassmetal.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

This rate hike would only cause me to lay off employees as the rate is already outrageous !

This is only for the Lawyers that contribute to your campaigns.

Sincerely,

Mark Caudle
504 Capital Cir SE Ste D
Tallahassee, FL 32301
mark@pointglassmetal.com

Seymour, Debra

From: Jenni Briggs <jenni@maynursery.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a work for a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jenni Briggs
1644 Beaver Creek Dr
Havana, FL 32333
jenni@maynursery.com

Seymour, Debra

From: Robert Nelson <bob.pizzazzscenic@gmail.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

With a stagnant economy and effectively zero interest rates there is no way to justify a 20% increase in any business cost. As an employer of 12 people this is more than a hardship, it steals from my bottom line, cuts into funds I need for new equipment, etc. My next move is to layoff a person or two to make up for the increased funding the "State" demands. If the "State" increases my Workers Comp costs, I may decide to increase the "States" Unemployment Insurance payouts. You feed these families, it is getting harder and harder for me to do so.

Bob Nelson, V.P. Pizzazz Scenic Contractors, Inc. 904-641-1239

Sincerely,

Robert Nelson
2199 Swallowtail Ln
Saint Augustine, FL 32092
bob.pizzazzscenic@gmail.com

Seymour, Debra

From: Marcos Silva <msilva@starboardwendys.com>
Sent: Saturday, August 20, 2016 1:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

We operate Wendy's restaurants in the State of Florida. Our business is very cost sensitive to changes in labor and foodcosts. We invest in training and do an excellent job in order to minimize injuries in the work place. This has given us a very respectable mod rating. Even with all that effort and excellent rating our workers' comp rate is very high.

We know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It does not have any correlation to inflation or the historical growth of our business in terms of profits. Such rate increase would be devastating to our business here in Florida causing us to possible have to reduce our workforce.

It would be ideal if we maintain rates as low as possible as an incentive for FL businesses to continue to hire more workers and for companies in other states to continue to move to here. Please let us know as soon as possible what you intend to do in term of a rate increase. It is important that we are given as much notice as possible for future rate increases as in a business like ours even the smallest changes make a big difference.

Thank you,

Sincerely,

Marcos Silva, President
12540 W Atlantic Blvd
Coral Springs, FL 33071
msilva@starboardwendys.com

Seymour, Debra

From: Adrian Kosman <theadrian1@gmail.com>
Sent: Friday, August 19, 2016 7:40 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Adrian Kosman
5310 Sunwood Rd
Panama City, FL 32404
theadrian1@gmail.com

Seymour, Debra

From: Jimmy Lewis <jimmy@designs2envy.com>
Sent: Friday, August 19, 2016 7:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jimmy Lewis
5312 Morgan Horse Dr N
Jacksonville, FL 32257
jimmy@designs2envy.com

Seymour, Debra

From: Jilma Rudd <jilma.rudd@gmail.com>
Sent: Friday, August 19, 2016 6:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jilma Rudd
3208 Old Bainbridge Rd
Tallahassee, FL 32303
jilma.rudd@gmail.com

Seymour, Debra

From: Dan Jackson <sandana101@gmail.com>
Sent: Friday, August 19, 2016 6:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Dan Jackson
PO Box 9508
Panama City Beach, FL 32417
sandana101@gmail.com

Seymour, Debra

From: Frank Re <user@votervoice.net>
Sent: Friday, August 19, 2016 6:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Frank Re
100 N Dixie Ave
Fruitland Park, FL 34731
fre2@aol.com

Seymour, Debra

From: Earl Smith <Earl@keypackaging.com>
Sent: Friday, August 19, 2016 5:50 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Earl Smith
7350 15th St E
Sarasota, FL 34243
Earl@keypackaging.com

Seymour, Debra

From: Christy Smith <cmsmith@resortcollection.com>
Sent: Friday, August 19, 2016 4:29 PM
To: Rate Hearings
Subject: NCCI Workers' Compensation Rate
Attachments: WC Rate Increase.pdf

Please review the attached letter in response to the proposed rate increase for Workers' compensation insurance rates. Thank you

RESORT COLLECTION

11212 Front Beach Road
Panama City Beach, FL 32407
www.resortcollection.com

Christy Smith
Vice President of Human Resources
Human Resources

tel. 850-233-7594
fax. 850-233-7536

RESORT COLLECTION®

11212 Front Beach Road
Panama City Beach, FL 32407
850-233-7594

August 19, 2016

Mr. David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: NCCI Rate Filing

Dear Commissioner Altmaier,

I am writing you in reference to the NCCI recommended rate increase of 19.6%, which is largely attributed to the recent Florida Supreme Court ruling in *Castellanos vs. Next Door Company*. We are a family owned business in Panama City Beach, Florida. We hire approximately 600 employees' in-season and approximately 350 year round.

Our resorts are located in the Panhandle of Florida and we are a resort destination on the Gulf Coast. Resort Collection currently manages over 1,000 units in Northwest Florida and leasing for careful and calculated growth. Almost 1000 full-service gulf-front suites and golf villas, 90,000 square feet of combined indoor and outdoor meeting space, 10 tennis courts, multiple upscale retail shops, boutiques, eateries, and coffee shops, state-of-the-art fitness rooms, an outdoor basketball court, 21 luxurious pools, and a 9-hole executive golf course on Northwest Florida's Gulf Coast.

This past year we faced many hurdles with the rapid decline of spring break which resulted in a decrease in revenue and the amount of employees we would normally hire for our season. We also are faced with the new FLSA requirements which will have a negative impact on our company as well. When you add these along with a potential for a huge rate increase to our workers' compensation insurance, it only has a negative impact on our company.

Thank you for your time in making sure that Florida's Employers are not gouged by excessive workers' compensation insurance rates. Please take these concerns into consideration when you make the final decision on the rate increase.

Sincerely,

Christy M. Smith
Vice President of Human Resources, Resort Collection

Seymour, Debra

From: Sam Arledge <samarledge@mdisales.com>
Sent: Friday, August 19, 2016 4:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Sam Arledge, mdi
11205 Challenger Ave
Odessa, FL 33556
samarledge@mdisales.com

Seymour, Debra

From: James Alderman <jimmy.alderman@aldermanplumbing.com>
Sent: Friday, August 19, 2016 3:50 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

James Alderman
1755 E Gary Rd
Lakeland, FL 33801
jimmy.alderman@aldermanplumbing.com

Seymour, Debra

From: PAUL SMITH <ORTEGACARCARE3@GMAIL.COM>
Sent: Friday, August 19, 2016 3:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

PAUL SMITH
4517 Appleton Ave
Jacksonville, FL 32210
ORTEGACARCARE3@GMAIL.COM

Seymour, Debra

From: Florida Department of Financial Services <servicepoint@myfloridacfo.com>
Sent: Friday, August 19, 2016 3:27 PM
To: Rate Hearings
Subject: FW: [SR#1-877227330] workmans comp rate increase

[THREAD ID:1-EI9XP4]

-----Original Message-----
From: consumerservices@myfloridacfo.com
Sent: 8/18/2016 08:28:34 AM
To: ServicePoint <ServicePoint@myfloridacfo.com>
Subject: [SR#1-877227330] workmans comp rate increase

Florida Department of Financial Services

Division of Consumer Services

200 East Gaines Street, Tallahassee FL 32399

Monday – Friday 8 am - 5 pm (EST)

1-877-MY-FL-CFO (1-877-693-5236)

From: InsuranceCommissioner
Sent: Thursday, August 18, 2016 8:20 AM
To: 'James Behan' <behanroofing@gmail.com>; InsuranceCommissioner <InsuranceCommissioner@floir.com>
Cc: Young, T'Yana <T'Yana.Young@floir.com>; Consumer Services <consumerservices@myfloridacfo.com>
Subject: RE: workmans comp rate increase

Dear Mr. Behan:

Thank you for your correspondence. We appreciate you contacting us and sharing your comments and concerns. The Commissioner values the opinions of citizens like you and works hard to protect the Florida insurance market. He held a hearing this week on this issue.

If you would like to file a complaint you may also contact Consumer Services directly by visiting www.myfloridacfo.com/Division/Consumers/ or by calling toll free 877-693-5236.

If the Office of Insurance Regulation can be of further assistance, please do not hesitate to contact us.

Sincerely,

Lin Hartsfield

Office of the Commissioner

From: James Behan [mailto:behanroofing@gmail.com]
Sent: Wednesday, August 17, 2016 4:57 PM
To: InsuranceCommissioner <InsuranceCommissioner@floir.com>
Subject: workmans comp rate increase

Mr Altmaier,

I am a roofing contractor in Melbourne FL, we were established in 1980. I have seen many changes in how work comp is handled by the state, mostly good. we have enjoyed (almost) a reasonable rate, in part due to the FRSA and other assoc. that watch out for their members. I am a small contractor. that employs 5 or 6 men and it costs me approx $30,000 a year for comp

A nearly 20% increase would not only hurt the bottom line, but the unfair advantage unlicensed guys have, will be even more pronounced.

Thanks for reading this,

J K Behan

--

J. K. Behan General Roofing Contractor, Inc.
1450 Maple Ave, Melbourne, FL 32935
p. 321-242-1911 f. 321-253-4056
www.jkbehanroofing.com

Seymour, Debra

From: diane adams <dadams@oesjax.com>
Sent: Friday, August 19, 2016 3:21 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

diane adams
1524 San Marco Blvd
Jacksonville, FL 32207
dadams@oesjax.com

Seymour, Debra

From: Anastasia Skarouis <sales@spongesdirect.com>
Sent: Friday, August 19, 2016 3:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Anastasia Skaroulis
884 Crestridge Cir
Tarpon Springs, FL 34688
sales@spongesdirect.com

Seymour, Debra

From: Barbara Letts <user@votervoice.net>
Sent: Friday, August 19, 2016 2:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Barbara Letts
5104 Feather Creek Dr
Fort Pierce, FL 34951
bc_letts@yahoo.com

Seymour, Debra

From: Thomas Parotino <tom@tampaselect.com>
Sent: Friday, August 19, 2016 2:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Thomas Parotino
303 Bahamas Ave
Temple Terrace, FL 33617
tom@tampaselect.com

Seymour, Debra

From: Jim Black <Jim.Black@usi.com>
Sent: Friday, August 19, 2016 1:54 PM
To: 'Mark Blanchard'; John C. Blanchard
Cc: Rate Hearings
Subject: RE: workmens comp increase

I think it was for emphasis!

Jim Black, AAI
USI Insurance Services LLC
4601 Touchton Rd Suite 3210
Jacksonville, FL 32246
Direct Dial: 904-450-4705
Cell: 904-525-6683
Fax: 877-775-0285
email: Jim.black@usi.biz

From: Mark Blanchard [mailto:mblanchard@avelighting.com]
Sent: Friday, August 19, 2016 9:33 AM
To: John C. Blanchard <jonnybonez53@aol.com>
Cc: RateHearings@floir.com; Jim Black <Jim.Black@usi.com>
Subject: Re: workmens comp increase

John, Jim - There are only 23 people on the payroll here. Where did the 25 come from.
M

On Fri, Aug 19, 2016 at 8:53 AM, John C. Blanchard <jonnybonez53@aol.com> wrote:

> Hi, I employ 25 people in Jacksonville and if an increase like this goes thru we will be employing 24 people.....this craziness has to stop...John Blanchard..Avenues Lighting

--
Mark Blanchard
Avenues Lighting
10130 Philips Highway
Jacksonville, FL 32256
904-262-8113 Ext.414
F. 904-262-8121

Seymour, Debra

From: Tim Dozier <timdozier@integrityinc.us>
Sent: Friday, August 19, 2016 1:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Tim Dozier
8836 Gall Blvd
Zephyrhills, FL 33541
timdozier@integrityinc.us

Seymour, Debra

From: Harry Al <harry@vikingautoelectric.com>
Sent: Friday, August 19, 2016 1:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Harry Al
4521 Sunbeam Rd
Jacksonville, FL 32257
harry@vikingautoelectric.com

Seymour, Debra

From: Dawn Bazzell <dawn@independentflooring.com>
Sent: Friday, August 19, 2016 1:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Dawn Bazzell
431 Racetrack Rd NW
Fort Walton Beach, FL 32547
dawn@independentflooring.com

Seymour, Debra

From: Steve Lafrance <steve@actionhonda.com>
Sent: Friday, August 19, 2016 1:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Steve Lafrance
15628 US Highway 19
Hudson, FL 34667
steve@actionhonda.com

Seymour, Debra

From: Sergio Balsinde <sabjr04@gmail.com>
Sent: Friday, August 19, 2016 1:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Sergio Balsinde
13145 Old Cutler Rd
Miami, FL 33156
sabjr04@gmail.com

Seymour, Debra

From: Christy DeLoach <christy@libmar.com>
Sent: Friday, August 19, 2016 1:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Christy DeLoach
1431 Riverplace Blvd Apt 2608
Jacksonville, FL 32207
christy@libmar.com

Seymour, Debra

From: Kitty Kosmos <FLTRACTOR1@GMAIL.COM>
Sent: Friday, August 19, 2016 12:50 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

KITTY KOSMOS
5284 NW 216th St
Lawtey, FL 32058
FLTRACTOR1@GMAIL.COM

Seymour, Debra

From: Mason Baxter <info@bax-tec.com>
Sent: Friday, August 19, 2016 12:30 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

My business has never had a claim in the almost 13 years it has been in business. Will raising this rate solve problems? So, please think about this decision and make a decision that is fair to everyone! Please think about all the small business owners and how this can effect their businesses.

Sincerely,

Mason W. Baxter
5 Renshaw Pl
Palm Coast, FL 32164
info@bax-tec.com

Seymour, Debra

From: Gary Johnson <gjohnson@amore-plumbing.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

With more than 80 field employees, and many existing contracts which offer no way to raise my prices to compensate for this type of large cost increase, an increase this large could certainly bankrupt my company. Margins for plumbing sub contractors in the new construction area are simply not large enough to withstand this type of increase.

Sincerely,

Gary Johnson
3752 Gardenview St
Milton, FL 32571
gjohnson@amore-plumbing.com

Seymour, Debra

From: Nancy Main <nkmain@comcast.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I am a small business owner. I know that NCCI has requested a 19.6% Workers' Comp rate increase. This rate increase is far too high. Combined with the expected significant health insurance rate increase this will likely have a negative effect on my employees and their compensation.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Thank you,
Nancy Main
Land and Timber Management, Inc.

Sincerely,

Nancy Main
3015 N Shannon Lakes Dr Ste 305
Tallahassee, FL 32309
nkmain@comcast.net

Seymour, Debra

From: Rick Howard, Howard <Rickhoward@sklarfurnishings.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Rick Howard
6300 N Federal Hwy
Boca Raton, FL 33487
Rickhoward@sklarfurnishings.com

Seymour, Debra

From: Mr. & Mrs. Alex Lopez <alex@atlantisroofingofnaples.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI - Outrageous Rate Hikes!!

Dear Commissioner Altmaier,

I own a small roofing business ran by my family. I know that NCCI has requested a 19.6% rate increase. This is absolutely ridiculous!!! It would hurt my ability to run my business and I will have to pass these costs on to my customers!

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month. The homeowners of our state should not have to pay this indirect tax!!!

Sincerely,

Alex F. Lopez
3675 25th Ave SW
Naples, FL 34117
alex@atlantisroofingofnaples.com

Seymour, Debra

From: Carlos Licona <clicona@atlanticsupply.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. We are already being impacted by exorbitant increases in employee healthcare insurance benefits. This will negatively impact us all and will hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Carlos Licona

Sincerely,

Carlos Licona
7973 4th Ave S
Saint Petersburg, FL 33707
clicona@atlanticsupply.com

Seymour, Debra

From: William Cowherd <ees.bill@att.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.
As a subcontractor in the residential and commercial construction industry, many of our contracts are long term and are based on the old comp rates. Any increase will cause financial stress on our business, our contractors, and buyers.

Therefor please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

William M Cowherd
2230 Vista Palm Dr
Edgewater, FL 32141
ees.bill@att.net

Seymour, Debra

From: Alan Wiessner <awiessner@identifi.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. I know that NCCI has requested a 19.6% rate increase. If I asked my customers for a 20% increase in my prices I'd be out of business!

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Alan Wiessner
701 Enterprise Rd E
Safety Harbor, FL 34695
awiessner@identifi.net

Seymour, Debra

From: Ryland Lovett <user@votervoice.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

I would like the next generation in my family to be able to afford to stay in business, but with workers' comp rate increase, it will make it difficult. I have been increasing my workers average wage, but I can't do that if workers' comp rate goes up.

Sincerely,

Ryland Lovett
25191 Olympia Ave
Punta Gorda, FL 33950
ryland33950@yahoo.com

Seymour, Debra

From: Mark Dewey <mark.dewey@9round.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

I have just hired my first two employees and if this rate increase goes through, I will be forced to eliminate one of the employees thanks to the State of Florida.

Sincerely,

Mark H. Dewey
3140 Kernan Lake Cir Apt 107
Jacksonville, FL 32246
mark.dewey@9round.com

Seymour, Debra

From: Kimberly Nicholson <servpro9322@comcast.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate are already high and my spouse and myself have elected to not be included due this. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high and will cause us to let our employees of 9 years or more look for another job. It would hurt my ability to run my business with trained employees as I would have to hire in employees at lower rates to cover the expense of workmans compensation. We have only had two claims in ten years and pride ourselves on our long time employees, but in saying that they make a decent rate of pay and this could jeopardize their employment due to costs.

Please don't approve a rate increase that potentially could put us out of business. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month and budget out those expenses.

Sincerely,

Kimberly Nicholson
408 SW Ridgeview Pl
Lake City, FL 32024
servpro9322@comcast.net

Seymour, Debra

From: Kristi Brock <user@votervoice.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business. I have only five employees and a rate increase would force me to go down to four. We have never had anyone get hurt because safety is important to us.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Kristi J. Brock
PO Box 23873
Jacksonville, FL 32241
kjbrock3d@aol.com

Seymour, Debra

From: Richard May <richard@maynursery.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

My workers comp rate rose from $50,000 in 2015 to an estimated $80,000 in 2016!!! And now we are looking at another increase!?!?!

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Richard May
331 N Monroe St
Quincy, FL 32351
richard@maynursery.com

Seymour, Debra

From: Robert Boone <user@votervoice.net>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI Rate Increase

Dear Commissioner Altmaier,

Commissioner:
The cost of doing business is ever increasing, and as a small business owner, we strive to provide the best wage and benefits structure to our employees. We do this by keeping other costs at a minimum. The recent court decision and subsequent impact of such, will be a detriment to growth and wages in our state. Any increase in this comp rate, will take money directly from the economics of business investment, and go directly to a non value added segments of the economy.

Our workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Robert Boone
4100 Frontage Rd S Ste 307
Lakeland, FL 33815
rjb1998@aol.com

Seymour, Debra

From: nina zubkova <nina@iplaster.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Every time I turn around, someone is stepping on the small business owner!!
give us a BREAK!!!!

Sincerely,

nina zubkova
109 Palm Bay Dr
Palm Beach Gardens, FL 33418
nina@iplaster.com

Seymour, Debra

From: George Kaser <manager@drycleanercity.com>
Sent: Friday, August 19, 2016 12:20 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

I appreciate your consideration

Sincerely,

George Kaser
3535 US Highway 17 Ste 1
Fleming Island, FL 32003
manager@drycleanercity.com

Seymour, Debra

From: William Stine <user@votervoice.net>
Sent: Friday, August 19, 2016 12:10 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

William Stine
572 Eden Dr
Saint Cloud, FL 34771
wstine2727@aol.com

Seymour, Debra

From: David Nolen <mickey@nozzlenolen.com>
Sent: Friday, August 19, 2016 12:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

David Nolen
35 Starboard Way
Tequesta, FL 33469
mickey@nozzlenolen.com

Seymour, Debra

From: Jean Adams <jeanadams09834@gmail.com>
Sent: Friday, August 19, 2016 12:00 PM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jean Adams
2532 Crown Ct
Panama City, FL 32405
jeanadams09834@gmail.com

Seymour, Debra

From: Jeannie Custer <dexterscontracting@gmail.com>
Sent: Friday, August 19, 2016 11:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jeannie Custer Owner Dexters Contracting LLC
7475 Spinola Rd
Jacksonville, FL 32217
dexterscontracting@gmail.com

Seymour, Debra

From: Sarah Rieser <sarah.areaglass@gmail.com>
Sent: Friday, August 19, 2016 11:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Sarah Rieser
2409 Pelican Bay Ct
Panama City Beach, FL 32408
sarah.areaglass@gmail.com

Seymour, Debra

From: Erin Clark <erin@maynursery.com>
Sent: Friday, August 19, 2016 11:50 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Erin Clark
178 May Nursery Rd
Havana, FL 32333
erin@maynursery.com

Seymour, Debra

From: perry lawrence <perry@innovativemarinefl.com>
Sent: Friday, August 19, 2016 11:40 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

perry lawrence
7571 Sawyer Cir
Port Charlotte, FL 33981
perry@innovativemarinefl.com

Seymour, Debra

From: R. D. Smith <user@votervoice.net>
Sent: Friday, August 19, 2016 11:40 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

R. D. Smith
311 69th St NW
Bradenton, FL 34209
bradenton.window@verizon.net

Seymour, Debra

From: Gayle Pryor <gayle@subwaypryor.com>
Sent: Friday, August 19, 2016 11:40 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Gayle pryor
301 S Tubb St
Oakland, FL 34760
gayle@subwaypryor.com

Seymour, Debra

From: James Jackson <mjackson@jackson-plumbing.com>
Sent: Friday, August 19, 2016 11:40 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

James Jackson
6947 Land O Lakes Blvd
Land O Lakes, FL 34638
mjackson@jackson-plumbing.com

Seymour, Debra

From: James Rackley, jr <jim@capitalhitch.com>
Sent: Friday, August 19, 2016 11:30 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

James Rackley
6419 Stone Street Trl
Tallahassee, FL 32309
jim@capitalhitch.com

Seymour, Debra

From: Clifford Glade <user@votervoice.net>
Sent: Friday, August 19, 2016 11:30 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

DR Clifford Glade
82771 Overseas Hwy
Islamorada, FL 33036
cglade2069@aol.com

Seymour, Debra

From: Teresa Ferris <jm_plastering@msn.com>
Sent: Friday, August 19, 2016 11:20 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Teresa L. Ferris
30947 Westchester Ave
Sorrento, FL 32776
jm_plastering@msn.com

Seymour, Debra

From: Mr. & Mrs. john malek <jmm@mroilxpress.com>
Sent: Friday, August 19, 2016 11:20 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

j.m.malek
2190 47th Ter
Vero Beach, FL 32966
jmm@mroilxpress.com

Seymour, Debra

From: Gwen Larrett <ladyblue.consulting@usa.net>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Gwen Larrett EA
21 Pittson Ln
Palm Coast, FL 32164
ladyblue.consulting@usa.net

Seymour, Debra

From: Jayne Koedding <jkoedding@reagan.com>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Jayne Koedding
13240 Tamiami Trl N Ste 207
Naples, FL 34110
jkoedding@reagan.com

Seymour, Debra

From: Gregory Pflum <gpflum@performancefeeders.com>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Gregory Pflum
251 Dunbar Ave
Oldsmar, FL 34677
gpflum@performancefeeders.com

Seymour, Debra

From: Ronald Waldrop <ronw@waldropengineering.com>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Ronald Waldrop
28100 Bonita Grande Dr
Bonita Springs, FL 34135
ronw@waldropengineering.com

Seymour, Debra

From: Margaret Bigham <margobigham1@bellsouth.net>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Margaret Bigham
1023 Woodlore Cir
Gulf Breeze, FL 32563
margobigham1@bellsouth.net

Seymour, Debra

From: francisco ruperto, jr <franksplace1@gmail.com>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

francisco ruperto jr
146 N Clarke Rd
Ocoee, FL 34761
franksplace1@gmail.com

Seymour, Debra

From: Steve Saperstein <user@votervoice.net>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Steve Saperstein
1316 SE 4th Ave
Crystal River, FL 34429
saper1947@yahoo.com

Seymour, Debra

From: Cindy Battle <battle.cc@gmail.com>
Sent: Friday, August 19, 2016 11:10 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Cindy Battle
PO Box 27004
Panama City, FL 32411
battle.cc@gmail.com

Seymour, Debra

From: Stephen Fink <swfink@terrys.net>
Sent: Friday, August 19, 2016 11:02 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Stephen Fink
524 N Dixie Hwy
Hollywood, FL 33020
swfink@terrys.net

Seymour, Debra

From: Aynsley Brown <brownayns@embarqmail.com>
Sent: Friday, August 19, 2016 11:02 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Aynsley Brown
8353 Antwerp Cir
Port Charlotte, FL 33981
brownayns@embarqmail.com

Seymour, Debra

From: Cindy Tisdale <cindy.tisdale@jensen-group.com>
Sent: Friday, August 19, 2016 11:02 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

JENSEN USA
99 Aberdeen Loop
Panama City, FL 32405
cindy.tisdale@jensen-group.com

Seymour, Debra

From: Michael Canavan <MikeC@csandl.com>
Sent: Friday, August 19, 2016 11:02 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

Michael Canavan
919 Poinciana Ln
Winter Park, FL 32789
MikeC@csandl.com

Seymour, Debra

From: steven winkler <steven@ludwigframemakers.com>
Sent: Friday, August 19, 2016 11:02 AM
To: Rate Hearings
Subject: NCCI

Dear Commissioner Altmaier,

I'm a small business owner. My workers' comp rate is already too high. I know that NCCI has requested a 19.6% rate increase. This rate increase is far too high. It would hurt my ability to run my business.

Please don't approve a rate increase for one penny more than is absolutely necessary. I also need to know as soon as possible what rate increase you will approve. As a small business owner, I have to know what my labor costs will be from month to month.

Sincerely,

steven Winkler
1299 S Dixie Hwy
Deerfield Beach, FL 33441
steven@ludwigframemakers.com

Seymour, Debra

From: Mark Blanchard <mblanchard@avelighting.com>
Sent: Friday, August 19, 2016 9:33 AM
To: John C. Blanchard
Cc: Rate Hearings; Black, Jim
Subject: Re: workmens comp increase

John, Jim - There are only 23 people on the payroll here. Where did the 25 come from.
M

On Fri, Aug 19, 2016 at 8:53 AM, John C. Blanchard <jonnybonez53@aol.com> wrote:

> Hi, I employ 25 people in Jacksonville and if an increase like this goes thru we will be employing 24 people.....this craziness has to stop...John Blanchard..Avenues Lighting

--

Mark Blanchard
Avenues Lighting
10130 Philips Highway
Jacksonville, FL 32256
904-262-8113 Ext.414
F. 904-262-8121

Seymour, Debra

From: John C. Blanchard <jonnybonez53@aol.com>
Sent: Friday, August 19, 2016 8:53 AM
To: Rate Hearings
Cc: jim.black@usi.biz; mblanchard@avelighting.com
Subject: workmens comp increase

Hi, I employ 25 people in Jacksonville and if an increase like this goes thru we will be employing 24 people.....this craziness has to stop...John Blanchard..Avenues Lighting

Seymour, Debra

From: Jim Black <Jim.Black@usi.com>
Sent: Thursday, August 18, 2016 4:22 PM
To: Rate Hearings
Subject: Rate increase

Dear Sir:

I have spoken to many of my clients concerning this workers comp rate increase. First of all we don't really understand why attorneys get involved in many of the claims since the benefits are statutory. Second comment has been how can they change my rate before my policy anniversary? I understand that there is a change in the benefits so that is allowed but try explaining that to a hard working employer trying to make ends meet. Third, we don't even know the impact these rulings are going to make. Shouldn't we wait to see the impact before we jump rates nearly 20%?

Personally I think this makes Florida look bad. How can a business owner plan for the year when rates can be changed at any time. Business owners not able to pass the cost along to their customers will trim cost elsewhere which means lost hours or jobs for employees.

Based on a few articles I have read, attorneys say they are needed because insurance companies do not do what they are supposed to do. Focus on those few companies but if a company is paying what they should be by law then attorneys should not be allowed to take a case. Otherwise what protection does the employer have? Rates will continue to go up and experience modification rates will go up and soon business will shut down.

Do we really want that for the benefit of a few greedy attorneys?

Jim Black, AAI
USI Insurance Services LLC
4601 Touchton Rd Suite 3210
Jacksonville, FL 32246
Direct Dial: 904-450-4705
Cell: 904-525-6683
Fax: 877-775-0285
Email: Jim.black@usi.com

Seymour, Debra

From: Ed Cannatelli <edc@cannatellibuilders.com>
Sent: Wednesday, August 17, 2016 3:36 PM
To: Rate Hearings
Subject: Ruling

I am not sure, with all the recent increases in overhead, how a small or mid size construction company can stay in business. This increase in workers compensation will surely put some of us over the edge.

Ed Cannatelli
Cannatelli Builders Inc.
2101 NW 33 St.
Suite 2800A
Pompano Beach FL 33069
Phone: 954-977-2775
Fax: 955-977-2795

Sent from my Verizon Wireless 4G LTE Droid

P.O. Box 749 * Tallahassee, FL 32302-0749 * TEL: 850.386.6668 * Fax: 850.386.7371

August 8, 2016

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulations
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

Re: August 16, 2016 Rate Hearing

Dear Commissioner Altmaier:

The Florida Insurance Council (FIC) and its member companies submit this letter to the OIR for its consideration as a part of the workers' compensation rate hearing scheduled for August 16, 2016.

Since the passage of Senate Bill 50A, the State of Florida has enjoyed a reduction of 60% in workers' compensation premiums. This reduction has allowed businesses to prosper and has promoted an increase in availability and affordability of workers' compensation insurance products in the State of Florida. The Florida Supreme Court's decision in the case of *Marvin Castellanos v. Next Door Company* (*Castellanos*) and in the case of *Bradley Westphal v. City of St. Petersburg* will drastically and negatively impact the gains made by Senate Bill 50A and subsequent legislative changes. While the National Council on Compensation Insurance (NCCI) proposed a rate increase of 19.6% (+15% per the *Castellanos* decision and +2.2% per the *Westphal decision*) it is important to note that this increase does not account for the negative retroactive impact of these decisions.

The largest threat to the recovery of our workers' compensation market is the amount of unfunded liability that must be absorbed by our member companies. Premiums collected on expired and in force policies will not be reflective of additional costs to the system due to Florida's prospective ratemaking process. The risk associated with the uncertainty of the unfunded liability may undo all of the cost containment reforms that have made Florida's workers' compensation system a competitive and effective environment where companies want to do business. As we experienced after the *Emma Murray* decision, this filing is necessary to mitigate the impact that increased litigation will have on the workers' compensation system. The Emma Murray decision and resulting increased litigation is proof that Florida businesses were exposed to new risk and uncertainty as a result of the unfunded liability.

FIC requests that the Florida Office of Insurance Regulation (OIR) give careful consideration to NCCI's recommendation in light of the recent Supreme Court decisions and the negative impact that increased litigation will have on Florida's insurance market. In addition, FIC encourages the OIR to approve the +19.6% rate proposed by NCCI, as filed, and not delay the 10/1/2016 effective date any further than requested as the unfunded liability will continue to grow causing further harm to insurers.

Thank you for your consideration,

Cecil Pearce
Florida Insurance Council

Seymour, Debra

From: Jacalyn N. Kolk <jackie@kbcpc.com>
Sent: Wednesday, August 17, 2016 10:52 AM
To: Rate Hearings
Subject: NCCI - Public Rate Hearing

To Whom It May Concern:

The increases proposed for workers' compensation are extreme. Would it be better to require everyone to have health insurance and totally eliminate workers' compensation insurance? The insurance companies seem to just pay claims and charge employers without determining if the employer has any responsibility for the medical condition. We are dissatisfied with the system!

Very truly yours,
Jacalyn N. Kolk
Manager/Member

King's Bay Construction, LLC
2636 East Avenue North
Panama City, FL 32405
Phone: (850) 624-9762

Seymour, Debra

From: j vallon <sunscapelandscape08@gmail.com>
Sent: Tuesday, August 16, 2016 8:15 PM
To: Rate Hearings
Subject: Workers comp rate increase

Dear Sirs, I feel that it is an unnecessary burden to business that are doing the right thing by following the laws and having workers comp. Instead of the insurance companies fleecing us out of more money, I feel the state, and local municipalities should focus on fraud and those who are paying workers under the table. The insurance companies already are making alot of money off of this system. Please let's not give them anymore. Regards, Jonathan

Seymour, Debra

From: Andrea Laduron <andrea.laduron@lregsi.com>
Sent: Tuesday, August 16, 2016 4:27 PM
To: Rate Hearings
Subject: NCCI Rate Increase

To Whom It May Concern:

This letter is intended to express our concerns surrounding the recent hike in worker's compensation coverage.

Our organization, like many others, will see a 20% increase in workers compensation coverages this year, which will be charged retroactively back to December when the company initially renewed its policy. This is roughly a $50,000 dollar annual increase that directly impacts the company's bottom line.

Amid the new federal regulations surrounding healthcare reform, the pending changes to the Fair Labor Standards Act (FLSA), and workers compensation hikes the organization has been forced to cut costs in order to remain profitable. This includes eliminating jobs, cutting funding for employee welfare & engagement programs, eliminating continuing education opportunities, and reducing employee benefits contributions. All of these effects and aftermaths not only hinder our organization as a whole, but namely negatively impact our employees who must unjustly suffer the consequences so that attorneys may maintain their constitutional right of "due process".

Attorneys want to shout their rights under the Fifth Amendment—let us discuss the Eighth Amendment of the United States Constitution, which covers "excessive fines". While this particular amendment is classically representative of an individual's inability to pay fines or penalties imposed upon them by the government, I beg the question, is small business and the free market not protected by our constitutional rights? The Eighth Amendment itself was adopted with the particular intent of placing limits on the powers of the government. Courts determined that "the Excessive Fines Clause was intended to limit only those fines directly imposed by, and payable to, the government." Is small business not being restricted monetarily by the government with the recent changes to healthcare, FLSA and worker's compensation?

Our organization simply wants to run advantageously while remaining competitive in the open market and providing our employees with a wonderful place to work. The government, attorneys, and the red tape surrounding small business in today's society has made this nearly impossible. We need to make a change for our future, for the future of this nation's economy, and for our future generations.

Sincerely,

Andrea LaDuron, **SHRM-CP, MBA-HRM, PHR** | **L.R.E. Ground Services, Inc.** | Manager of Human Resources & Administration
P.O. Box 10263, Brooksville, Florida 34603 (p) 352.796.0229 ext. 2141 (f) 352.754.4558
(t) 800.580.0229 (c) 352.403.8493 (w) www.lregsi.com (w) www.LRErestoration.com

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Seymour, Debra

From: William Large <william@fljustice.org>
Sent: Tuesday, August 16, 2016 3:05 PM
To: Rate Hearings
Subject: NCCI
Attachments: 2016DrHelvancianReport-TR.0811.pdf; ATT00001.txt

To whom it may concern:

This is the electronic copy of the report handed out by Dr. Michael Helvacian at today's OIR hearing. Respectfully - William Large

****

William W. Large, J.D., M.B.A., M.S.M., M.S.
President
Florida Justice Reform Institute
210 South Monroe Street
Tallahassee, FL 32301-1824
Phone: 850/ 222-0170
Cellular: 850/ 509-0756
Fax: 850/ 222-1098
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****

Both William Large and the Florida Justice Reform Institute intend that this message be used exclusively by the addressee(s). This message may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you have received this communication in error, please permanently dispose of the original message and notify William Large immediately at (850) 222-0170. Thank you.

Economic Report:

Effects of Castellanos and Other Recent Court Decisions on Florida Workers' Compensation Costs, Employment and Wages

Prepared For:

Florida Justice Reform Institute

210 South Monroe Street

Tallahassee, FL 32301-1824

Prepared by:

N. Mike Helvacian, PhD

556 Summit Street

Englewood Cliffs, NJ 07632

(201) 569-3062

August 11, 2016

The Florida Justice Reform Institute (FJRI) commissioned this expert opinion. The FJRI's mission is to fight wasteful civil litigation through legislation, to promote fair and equitable legal practices, and to provide information about the state of civil justice in Florida.

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Summary

The Florida Supreme Court's *Castellanos* decision and two other recent court decisions--*Miles* and *Westphal* -- will have profound effects on ***all Florida employers and employees***.

- Workers' compensation system costs will go up +35.4% in the state and much higher than the NCCI proposed first year rate increase of +19.6%.
- This means an estimated increase of $929 million per year in premium payments for insured employers and a $361 million per year increase in self-insured employers' costs.
- The court decisions will add in total an estimated $1.29 billion per year to employers' costs of doing business in the state.

It also means lower growth in employment and wages.

- A 1.3% point lower growth per year in employment and a 0.7% point lower growth in wages.
- Lower growth in employment translates to a loss of over 106,000 jobs per year in the state.
- Lower growth in wages translates to an average loss of $340 in wage income per year per employee.

I. Overview of *Castellanos* Decision

I have been retained by the Florida Justice Reform Institute (FJRI) to provide expert opinion regarding the impact of the Florida Supreme Court's *Castellanos*[1] decision and two other recent court decisions--*Miles*[2] and *Westphal*[3] -- on the Florida workers' compensation system costs. The FJRI's mission is to fight wasteful civil litigation, to promote fair and equitable legal practices, and to provide information about the state of civil justice in Florida.

NCCI evaluates the combined impact of the three court decisions on costs, and proposes a 19.6% rate increase for new and renewal policies effective October 1, 2016.[4] In my opinion, the combined impact of these decisions on the system costs will be much greater, +35.4%, than the NCCI proposed first year rate increase.

In 2009, I prepared an economic report on the Florida system costs, which was also commissioned by the Florida Justice Reform Institute.[5] It evaluated the effects of attorney fee provisions of SB-50A[6], enacted in 2003, on the Florida system costs in the context of the Supreme Court's *Murray* decision (2008).[7] I believe the analysis and the findings of the report remain

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[1] *Castellanos v. Next Door Co.*, 192 So. 3d 431 (Fla. 2016).
[2] *Miles v. City of Edgewater Police Dep't/Preferred Gov't Claims Solutions*, 190 So. 3d 171 (Fla. 1st DCA 2016).
[3] *Westphal v. City of St. Petersburg*, Case Nos. SC13-1930, SC13-1976, --- So. 3d ----, 2016 WL 3191086 (Fla. June 9, 2016).
[4] NCCI, *Florida Voluntary Workers' Compensation Amended Law-Only Rate Filing Proposed Effective October 1, 2016.*
[5] Helvacian, N. Mike, *Economic Analysis: The Effects of Murray Decision on Florida Workers' Compensation Costs, Employment and Wages, Florida Justice Reform Institute, (March 3, 2009).*
[6] Florida Senate Bill 50A, (2003).
[7] *Murray v. Mariner Health*, 994 So. 2d 1051 (Fla. 2008).

pertinent today for evaluating the impact of the *Castellanos* decision on the Florida system costs.

Prior to the enactment of SB-50A about one in three lost-time claims in Florida involved an attorney representing the claimant. The rate of attorney involvement in lost-time claims had steadily increased from 1994 to 1997, from 19% to 27%. Over the same period, the attorney fees also increased sharply, as did the costs of benefit payments, particularly the costs of lost-time claim benefits, and percentage of claims with a lump-sum payment.[8]

Prior to SB-50A, the claimant attorney fees were on a fee for service basis. The SB-50A changed this provision and based the attorney fees on the concept of benefits secured by an attorney on behalf of his claimant. Under this reform, an attorney representing the claimant could not bill for unlimited hours of service at the customary fees, but had to demonstrate value added or benefits secured on behalf of the claimant. The attorney fee schedule under SB-50A was in fact modeled similarly to an attorney fee paid on a contingency basis.

The *Murray* decision aimed to reverse this key aspect of the SB-50A reform, and revert back to rewarding claimants' attorneys on a fee for service basis. The *Castellanos* decision essentially does the same as the *Murray* decision: reverses the SB-50A reforms on attorney fees, and revives the concept of fee for service that existed in the pre reform period.

---

[8] Helvacian, N. Mike and Seth A. Reed, *Compscope Benchmarks: Florida 1994-1999, Workers' Compensation Research Institute (WCRI), (September 2001).*

The 2009 report quantified the effects of the SB-50A reforms on the Florida system costs. First, using data on claims from Florida and four neighboring states, it compared claim outcomes in the pre and post reform periods in Florida with outcomes from the neighboring states. Comparisons include costs of lost-time claims and claim characteristics, such as if an attorney represented the claimant and if a claim closed within 18 months from the date of injury, among many other claim specific information.

Secondly, it used an econometric model that I had developed with Phil Borba of Milliman specifically for Florida claims, published by WCRI (2006), to measure the effects of the model's variables targeted by the SB-50A on the claim costs and frequencies.[9] The targeted variables were percentage of lost-time claims with an attorney representing the claimant, attorney fees and whether the claims closed within 18 months of injury.

The analyses showed that the attorney fee provision of SB-50A was responsible for reducing the Florida workers' compensation costs, -28.6%, in the post reform period. The *Murray* decision would have reversed these cost savings, and *raise* system costs by the exact but reverse amount, +28.6%. This impact on costs far exceeded NCCI's then evaluation of *Murray* and proposed rate hike of 18.6% (2009).

The reform accomplished a number of changes that affected the stakeholders' claim management practices. When attorneys could not add value or were not likely to add value to the case, the claimants did not seek

[9] Borba, P.S and N. Mike Helvacian, *Factors that Influence the Amount and Probability of Permanent Partial Disability Benefits, WCRI, (June 2006).*

attorney representation. This was particularly evident in more costly permanent impairment (PI) claims, where attorney involvement was common before SB-50A, but fell sharply subsequent to the reform.

Secondly, it encouraged employers/carriers to make the best possible first offer in order to minimize the possibility of an attorney involvement, again affecting mainly PI claims. In less severe and less costly Temporary Disability (TTD) claims, the law removed the incentives to attorneys to keep claims open longer than necessary. This helped return the claimants to gainful employment as soon as it was medically possible.

These are indeed desirable outcomes for a self-executing no fault workers' compensation system.

Data analyses underlying the NCCI's recent rate filing corroborate my 2009 quantification of the impact of SB-50A on the Florida system costs. Using more complete and developed data than was available in 2009, NCCI actuaries show that both claim frequencies and costs declined sharply in Florida in absolute terms and in comparison to other Southeastern and Gulf States following SB-50A.

Average pure loss costs decreased in Florida in excess of 32% between pre and post reform periods (NCCI, 2016, Exhibit I). The benefit costs of claims with an attorney representing the claimant declined as well, as much as 27% relative to the other neighboring states (NCCI, 2016, Exhibit II-A). NCCI attributes these cost reductions largely to the attorney fees provisions of SB-50A. NCCI's rate filing attributes a +15% first year rate increase to

Castellanos, in an overall proposed rate increase of +19.6, effective October 1, 2016.[10]

The 2009 report went further and evaluated the effects of SB-50A on Florida employers' costs of doing business in the state. Reducing workers' compensation costs had profound effects on the state's economy in the post reform period. Lower claim costs meant lower insurance premiums for insured employers and lower payroll related employee costs for self-insured employers. The declining costs of doing business in the post reform period had desirable and predictable effects on the state: a flourishing economy with accelerated job growth and higher wages for the employees.

The 2009 report is pertinent and its findings applicable for evaluating the impact of *Castellanos* decision, as fee for service once again becomes the prominent method for compensating claimants' attorneys. *Castellanos* removes the cost containment measures that emerged from the attorney fee provisions of SB-50A. It turns the Florida system back to those practices that existed before the reform, which made the state workers' compensation system among the most costly. The *Castellanos* decision, before considering the effects of the *Miles* and *Westphal* decisions, will increase the system costs by +28.6%, the exact opposite of the measured gains that followed the SB-50A.

[10] In 2008, NCCI evaluating the impact of *Murray* decision on the system costs reported an 18.6% increase in the voluntary rates, somewhat higher than the current evaluation of 15.0%.

II. Other Confounding Court Decisions

The *Miles* and *Westphal* decisions confound the impact of *Castellanos*, and exacerbate Florida claims costs. With the *Miles* decision, the First District Court of Appeal removed certain statutory restrictions on the claimants to enter into payment arrangements with their attorneys. Under this ruling, an attorney's fee could be paid by either the claimant, union representing the claimant, employer/carrier, or some combination of the parties and agents involved. Prior to *Miles*, the employers/carriers were obligated to pay the claimants' attorney fees out of the court approved benefit payments.

The NCCI rate filing does not quantify the effects of *Miles* decision on the system costs, although the amended rate filing does state that the *Miles* decision is likely to put "additional upward pressure on system costs."

In my opinion, the *Miles* decision is likely to increase disputes between claimants and the employers/carriers, increasing litigiousness in the system above the current levels. Without the statutory restrictions on fee payments, more claims are likely to be filed for ambiguous cases, which may or may not be compensable under the workers' compensation statutes, and/or for types of injuries that are difficult to ascertain as work related. For example, the frequency of claims for back injuries and occupational diseases are likely to increase relative to claims filed for acute work injuries.

At this time, I am also unable to quantify the impact of *Miles* on system costs because of data limitations, but merely assume that there will be a

small but significant 1.2% increase in the system costs (see table below, page 12).

Recently, on June 9, 2016, the Florida Supreme Court issued another opinion, *Westphal v. City of St. Petersburg*, Case Nos. SC13-1930, SC13-1976, --- So. 3d ----, 2016 WL 3191086 (Fla. June 9, 2016), and struck down as unconstitutional a statutory limit of 104 weeks (two years) of temporary disability (TTD) payments. The statute setting the 104 week limit was enacted back in 1994. With this ruling, the court revived the limit of 260 weeks (five years) of TTD payments that existed before the 1994 statute.

The NCCI rate filing does consider the impact of the *Westphal* ruling on the system costs, and proposes a 2.2% increase in the rates attributed to the *Westphal* decision.[11] The proposed increase is in addition to the 15% increase in the rates attributed to *Castellanos*. The NCCI evaluations do not consider "additional stakeholder behavioral changes or interactions that may result in changes to workers compensation benefits or practices."

The *Westphal* ruling, however, will result in additional behavioral changes and affect the stakeholders' practices as they implement new strategies to manage claims. With regard to the claimants' behavior, the *Westphal* decision will induce some claimants to stay out of work longer than otherwise necessary to achieve either full recovery or to reach maximum medical improvement (MMI). This is more likely with a claimant that may not qualify for Permanent Total (PTD) disability benefits at the onset of the

[11] See NCCI Amends Pending Florida Workers' Compensation Rate Filing to 19.6% (June 30, 2016). In an earlier analysis, NCCI estimates the effects of the *Westphal* decision as having 2.6% impact on the system costs.

disability, and may not be willing to accept a Permanent Impairment (PI) rating and a lump-sum benefit payment before reaching MMI.

With a five year limit, the claim adjusters and risk managers will have greater urgency to settle claims to avoid longer payments of TTD benefits. This means larger impairment benefit offers to settle claims. Moreover, a claim that could have closed with just TTD benefits could now become a PI claim, as adjusters and risk managers make an impairment offer to close the claim. In these situations claimants will likely need attorneys to negotiate the settlements, which in turn will increase litigation, increase frequency of costly PI claims relative to TTD claims, and increase claim costs.

I have not independently quantified the effects of the *Westphal* decision on the system costs. In my overall assessment (below), I merely use NCCI's rather conservative 2.2% impact on the proposed rate increase attributed to *Westphal*. The NCCI rate filing also proposes a 1.8% increase in the rates due to changes in the Florida Health Care Provider Reimbursement Manual. This increase is also included in my overall cost assessment without an independent evaluation.

III. <u>Overall Effects on System Costs</u>

The table below (page 12) summarizes overall effects of the court decisions on the Florida system costs. The first column shows the NCCI's proposed overall first year rate increase of 19.6% and the effects of each court decision -- *Castellanos* and *Westphal* – on the rates. Column 2 shows my assessment of the court rulings on the system costs, and the effects of each

ruling on the costs. I use the NCCI's evaluations of *Westphal* and changes in the Florida Health Care Provider Reimbursement Manual.

As stated earlier, the *Castellanos* decision will fully reverse the cost savings that resulted from SB-50A, and increase the system costs +28.6%. The *Miles* and *Westphal* decisions will confound the effects on system costs, but their effects in my opinion have not yet been fully quantified. For my overall evaluation below, I use the NCCI's quantifications of *Westphal*, a 2.2% increase in the rates, and assume that the *Miles* decision will increase costs by a mere 1.2%.

With the cost increases attributed to *Miles* and *Westphal*, changes in the health care provider reimbursements, and the 28.6% cost increase attributed to *Castellanos*, I believe overall system costs in Florida will increase +35.4%.[12]

Summary of Proposed Chages

	NCCI Proposed Rate Change	Effects on System Costs
Overall Effects	**19.6%**	**35.4%**
Castellanos Decision	**15.0%**	**28.6%**
Westphal	**2.2%**	**2.2%**
Miles	**0.0%**	**1.2%**
Health Care Provider Reimburments	**1.8%**	**1.8%**

[12] The figure of 35.4% is derived in the following manner: *Castellanos* 28.6%, *Westphal* 2.2% (NCCI's evaluation), *Miles* 1.2% (my conservative assessment), and provider reimbursements 1.8% (NCCI's evaluation). The total impact 35.4% = ((1.286 x 1.022 x 1.012 x 1.018) – 1) x 100.

IV. Effects on Employers' Costs, Employment and Wages

The increase in workers' compensation costs will have profound effects on Florida employers. For insured and self-insured employers alike, the workers' compensation premiums and costs will go up on average 35.4%. This means an estimated $929 million per year increase in the premium payments for insured employers and a $361 million per year increase in claim costs for self-insured employers.[13] The court decisions in total will raise employers' costs of doing business in the state by an estimated $1.29 billion per year.

The higher workers' compensation costs are similar to raising the employers' payroll taxes, a proportional tax that is directly levied on an employer's payroll. The exact cost would depend on the employer's industry and payroll by occupational classifications, with a greater cost impact falling on employers in the high risk industries and occupations: for example, construction and manufacturing occupations and industries.

Unlike an increase in the payroll taxes, however, the employers' higher insurance premiums or claim costs is not a source of revenue to the state, but a source of income to the claimants' attorneys. The claims data I analyzed in 2009 indicated that under a fee for service a greater percentage of lump-sum benefit payments (about 42% of the benefits) would go to the attorneys

[13] The composition of total written premium for 2015 – preliminary-- is as follows: $2.625 billion private carriers (source: NAIC Annual Statement), and $1.020 billion estimated combine premium of individual and group self-insured employers (source: NCCI). Premium increases are calculated as follows: $929 million=0.354 x $2,625 for insured employers, $361 million = 0.354 x $1,020 for self-insured employers, and total employers' cost $ 1.290 billion = $929 million + $361 million.

representing the claimants than under the SB-50A attorney fee provisions (about 40%).

A 35.4% increase in employers' costs will also affect the state's employees and their wages. With rising labor costs, the employers' demand for labor will decline, putting downward pressure on the growth rates of employment and wages.

To put this in perspective, an employer with $3,000,000 payroll and a workers' compensation insurance premium of 5% on the payroll ($150,000) will experience a $53,100 (+35.4%) increase in its insurance premium. [14] For this employer, such an increase could mean reducing its workforce by one person, or giving smaller raises to employees, and/or forgoing hiring one additional employee. The premium increase could be twice as large for an employer in the high risk industry with a similar size payroll.

In the aftermath of SB-50A -- 2003 through 2007 -- the average employment growth in Florida was nearly twice as great as the average growth in four neighboring states, 2.8% per year and 1.5% per year, respectively. Similarly, average annual wage growth in Florida exceeded the wage growth in neighboring states, 3.4% per year on average over the same period versus 2.7% average annual increase in the neighboring states. A similar but reverse impact on the business costs would mean a loss of over 106,000 jobs per

[14] Calculated as $53,100 = 0.05 x 0.354 x $3,000,000.

year in the state, and an average loss of $340 in wage income per year per employee.[15]

V. Data and Methodology

The 2009 report analyzed panel data --cross section data-- of lost-time claims, their costs and characteristics from NCCI's Detailed Claim Information (DCI) database, and frequency of Permanent Impairment and Temporary Disability claims from NCCI's Financial Data. The claims were for injuries that occurred before the SB-50A reform (January 2000 through the first half of 2002) and after the reform (from the second half of 2004 through December of 2006). The panel data includes a variety of claimant and claim characteristics: ages and genders, types of injuries by part of body, occupations, and information on an attorney representing the claimant and if the claim closed within the time of evaluation, 18 months from the time of injury.

The analysis compared the claim variables over the pre and post reform periods in Florida and in four neighboring states in the region: Georgia, Alabama, Mississippi and Louisiana. The claims data on the neighboring states for the same periods are used as a control when evaluating the effects of SB-50A in Florida.

I then used an econometric model for Florida that I had developed with Phil Borba of Milliman at WCRI for evaluating the effects of various

[15] The calculations are as follows: loss of employment in the state, 106,409 = ((1.028/1.015)-1.0) x 8,308,100 covered employees in Florida; and, loss of wages, $340 = ((1.034/1.027)-1) x 52 x $958 average weekly wage of covered employees in Florida. The data source of employment and average wage is the U.S. Bureau of Labor Statistics, Table 3, Covered establishments, employment, and wages by state, fourth quarter 2015.

independent variables on the model's two dependent variables -- claim cost and likelihood that a lost-time claim will become a permanent impairment claim.

The model's parameters statistically measure and test the effects of each independent variable on the two dependent variables, controlling for claim and claimant characteristics. Various hypotheses regarding stakeholders' behavior may be stated, measured and statistically tested. These include the effects of variables that were targeted by the statutory reform – attorney representation of the claimant, attorney fees, and duration from time of injury to claim closure. I used the econometric model parameters to quantify the impact of the targeted variables on claim costs and frequencies.

This analysis indicated that the Florida workers' compensation costs declined, -28.6%, following the SB-50A reforms of the attorney fee provisions. The *Castellanos* decision in reversing the reform provisions will have the exact reverse effect of SB-50A, raising the system costs by the same percentage, +28.6%, without including the effects of the *Miles* and *Westphal* decisions. The *Miles* and *Westphal* decisions will exacerbate the effects of *Castellanos* on claim costs, raising the overall increase in the system costs to +35.4%.

VI. Conclusion

I believe the three court decisions – *Castellanos*, *Miles* and *Westphal* – will have profound effects on Florida workers' compensation claim costs and employers' costs of doing business in the state. In my opinion, the combined impact of these decisions will be to raise employers' insurance costs and claim costs by +35.4%, much greater than the NCCI proposed first year rate increase of 19.6%.

My opinion is primarily based on an economic analysis and report that I prepared in 2009, which was also commissioned by the Florida Justice Reform Institute. The report evaluated the effects of attorney fee provisions of SB-50A (2003) on the Florida system costs in the context of the Supreme Court's *Murray* decision (2008). The analyses and the findings of the report by and large remain the basis for my opinion today for evaluating *Castellanos*' impact on the Florida system costs.

The *Castellanos* decision essentially reverses SB-50A reforms on attorney fees, and revives the concept of fee for service that existed in the pre reform period. Prior to the enactment of the SB-50A Florida workers' compensation costs were among the highest in the nation, driven largely by increasing incidence of claimant attorney representation, attorney fees and attorney driven benefit costs.

The SB-50A based attorney fees on the concept of benefits secured by an attorney on behalf of his client -- the claimant. Under this reform, an attorney representing the claimant could not bill for unlimited hours of

service at the customary fees, but had to demonstrate value added or benefits secured on behalf of the claimant.

The reform altered the behavior of the stakeholders – claimants, employers/carriers, and claimant's agent attorneys -- in the way they practice claim processing and resolution. The 2009 report shows that the attorney fee provision of SB-50A was responsible for reducing the Florida workers' compensation costs in the post reform period -28.6%.

Data analyses underlying the NCCI's recent rate filing corroborate my evaluations of the impact of SB-50A on the Florida workers' compensation system costs.

Two other recent court decisions –*Miles* and *Westphal* -- confound the *Castellanos* decision and exacerbate costs in the Florida system. With the *Miles* decision the First District Court of Appeal removes certain statutory restrictions on the claimants to make direct payment arrangements with their attorneys.

With *Westphal*, the Florida Supreme Court struck down as unconstitutional the statutory limit of 104 weeks (two years) of temporary disability payments that was in effect since 1994. The court revived the limit of 260 weeks (five years) of temporary payments that existed before the 1994 statute.

While the effects of these two decisions are not yet quantified, they will fundamentally alter the way stakeholders practice claim resolution process

and exacerbate the impact of *Castellanos* on costs. The combined effects of the three court decisions will raise the Florida workers' compensation costs 35.4%.

Summary Conclusion

The three recent court decisions – *Castellanos, Miles and Westphal* -- will have profound cost impact (35.4%) on all Florida employers, both insured and self-insured employers alike. A 35.4% increase in the overall claim costs will mean the following:

- The premiums will go up by an estimated $929 million for the insured employers, and the claim costs will increase by an estimated $361 million for self-insured.
- The combined impact of court decisions will be to raise Florida employers' costs of doing business in the state by an estimated $1.29 billion per year.

The state's 8.3 million employees and their wages will also be affected. With rising labor costs, the employers' demand for labor will be lower than without the cost increase, putting downward pressure on demand for employment and wages.

Using the experience in the aftermath of SB-50A (2003 through 2007) as a guide, the effects on the employees will be the following:

- The average employment growth in Florida will be a 1.3% point lower per year, and average annual wage growth in Florida will be a 0.7% point lower per year.
- These translate to a loss of over 106,000 jobs per year, and average wage loss of $340 per year per employee.

Seymour, Debra

From: Rick Marshall <Rick@cmrpc.com>
Sent: Monday, August 15, 2016 6:46 PM
To: Rate Hearings
Subject: NCII

The additional cost of increased W/C rates will be passed along to Florida consumers. The cost of roof replacements will increase an average of $386 per homeowner.

Rick Marshall
Coastal Metal Roofing
Panama City

Sent from my iPhon

Seymour, Debra

From: Johnny Branch <jbranch@uwf.edu>
Sent: Monday, August 15, 2016 3:12 PM
To: Rate Hearings
Subject: NCCI

There is no way total claim costs in Florida rose by 20% across all industries. There should be rate increases only up to recognized losses in each specific industry. So, if restaurant industry claims increased by 9% then we should only have a 10% increase in premiums. We should not have to pay for uncontrollable losses in other industries.

Attorney fees should be limited again to reduce overall losses to all industries within Florida.

Thanks,

Johnny D. Branch, CPA, MBA
Consultant
Certified Economic Development Finance Professional
Certified Pro Advisor for QuickBooks Desktop and Online

AMERICA'S SBDC FLORIDA

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FSBDC at the University of West Florida
College of Business
2150 Martin Luther King Jr. Blvd. (inside the Panama City Mall)
Center of Panama City Mall
Panama City Fl 32405-5531
850.818.0570.or.850.818.0571
jbranch@uwf.edu
www.sbdc.uwf.edu

Seymour, Debra

From: Dennille Decker <dennille@lakecitychamber.com>
Sent: Monday, August 15, 2016 1:25 PM
To: Rate Hearings
Subject: Lake City- Columbia County Chamber of Commerce
Attachments: Lake City Chamber Workers Comp Letters.pdf

The Lake City- Columbia County Chamber of Commerce is opposed to the 19.6% rate increase in workers compensation rates. Please find the attached letters from several of our members describing how the increase would harm their business.

Thank you,

Dennille Roberts Decker
Executive Director
Lake City Columbia County Chamber of Commerce
162 S. Marion Avenue
Lake City, Florida 32025
www.lakecitychamber.com
phone: 386-752-3690
fax: 386-755-7744
dennille@lakecitychamber.com

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of Columbia and Suwannee Counti

295 NW Commons Loop Ste 115-392, Lake City, Florida 3

August 11, 2016

Re: Workmans Compensation Rise

To Whom It May Concern;

As a small business owner offering services and needing employees to perform those services the possible compensation rise could obviously affect our business as well as our employees. We already pay high rates because of the services we perform as well as we clean carpet so the high rates sometimes don't apply. We have had only two claims in 10 years and still pay over $13,000 annually for coverage and we have less than 6 employees being covered. This does not include my husband and I as we have opted out to save money.

Our employees appreciate annual raises and bonuses. If this rate increase takes affect, I can tell you it will make us re-evaluate our business and possibly have less employees full time & begin using a temp service. As we all know that will decrease our customer service aspect and we could possibly end up going out of business. I agree all companies should pay for workman's compensation however within reason. In addition to all of the taxation going on with small businesses this is one additional raise that could push several out and all that does is create more jobless individuals waiting on government aid.

In hopes that our government would begin listening to small business owners and understand we are just attempting to be entrepreneurs and make the world a better place we ask that you don't raise the WC rates.

Charles & Kimberly Nicholson
Franchisee Owners
Lake City, Florida

Business: 386-754
Business: 386-754
Fax: 386-754
servpro9322@come

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Super 8 - Lake City

Aug. 11, 2016

To: Lake City Chamber of Commerce
Florida State Chamber of Commerce
Worker's Compensation Task Force

As a small business owner, we are asking for your help in lowering the workers compensation rate in the State of Florida. We are at a tipping point to generate enough income to pay for the current rates along with significant increases in payroll for ACA compliance. Enough is enough! Because of the climate of encouraging lawsuits against employers, we have to be ever vigilant to protect ourselves.

We need someone on our side, willing to stand up the lawyers who make far more than they receive for their clients, the injured party.

Thank you for taking on the task.

Sincerely,

Deborah Harrell

Deborah Harrell
V.P.
Manhattan Loan Co., Inc. for Super 8

3954 SW State Road 47 • Lake City, FL 32024 • 386-752-6450 • fax 386-752-6450
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August 12, 2016

To Whom It May Concern,

Having been in business for over forty years, we have experienced opportunities and challenges. The most challenging times are when we are faced with increasing overhead costs.

Having a 19.6% increase in Workers Comp is a challenge. The cost for the job will increase. The expense for employees will become higher and the profit margin on a job will become lower.

The State of Florida and Governor Scott are proud is say we are a state that encourages businesses. Having a 19.6% increase in Workers Comp is detrimental to business growth in this great state in which we live and work.

Respectfully,

Don Reed

Don Reed

2230 SE Baya Drive, Suite 101 • Lake City, Florida 32025
(386) 752-4072 • Fax- (386) 755-7272

FLORIDA HOUSE OF REPRESENTATIVES

Representative Elizabeth Porter

District 10

Elizabeth.Porter@myfloridahouse.gov

Committees:
Appropriations
Education
Subcommittees:
*Higher Education & Workforce, **Chair***
Choice & Innovation
Education Appropriations

The Honorable Steve Crisafulli
Speaker of the House

The Honorable Matt Hudson
Speaker Pro-Tempore

August 12, 2016

David Altmaier, Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street,
Tallahassee, FL 32399

RE: Workers' Comp Public Rate Hearing

Dear Commissioner Altmaier:

It is my understanding that on Tuesday, August 16, 2016, that the Florida Office of insurance Regulation will hold a hearing regarding the increase of Worker's Compensation Rates for the State of Florida. I would like to request that the hearing board give great consideration to freezing the rates till the completion of the 2017 Legislative Session.

In a state where small businesses create two thirds of the jobs it would be imperative to keep rates low and not infringe on the already delicate economic recovery. I am sure that with the recent Supreme Court ruling there will be viable solutions presented in the upcoming session.

For the past six years I have worked diligently to help build an atmosphere that would foster the creation and growth of small businesses in our area. I am profoundly dismayed at the recent business killing ruling by the supreme court that would allow for an over 19% rise in workers compensation rates directly affecting business. Our north Florida district made up of small rural counties and with an economy fueled by many small family owned businesses any rate increase at this time, I believe, would have a detrimental effect on the already slim profit margins achieved by these small businesses and thereby a direct effect on our recovering economy. Again I urge you to consider a freeze on current worker compensation insurance rates until a viable non job killing solution can be found.

Sincerely,

Elizabeth Porter

Elizabeth Porter,
Member of the Florida House of Representatives,
District 10

Koby Adams, Senior Legislative Assistant
Koby.Adams@myfloridahouse.gov

Sheree Vann, District Aide
Sheree.Vann@myfloridahouse.gov

Robert Roach, District Aide
Robert.Roach@myfloridahouse.gov

Lake City Office: 678 SE Baya Drive, Lake City, Florida 32025, Telephone: 386.719.4600 Fax: 386.719.4609
Tallahassee Office: 313 House Office Building, 402 South Monroe Street, Tallahassee, Florida 32399-Telephone: 850.717.5010

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August 11, 2016

Lake City-Columbia Chamber of Commerce
Dennille Decker, Executive Director
162 S Marion Ave
Lake City, Florida 32025

RE: Proposed NCCI Workers Compensation Rate Increase

Dear Dennille:

Thank you for relaying my concerns about the proposed NCCI workers compensation rate increase request to the Florida Chamber.

If I think back to 2002, the year prior to legislative action reforming attorney fees in workers compensation, coverage was difficult to acquire, was offered by insurance companies with weak financials and rates were increasing every year. All of that improved dramatically when the legislature put reasonable caps on attorney fees. High quality insurance companies came back to the market place, underwriting became easier and most importantly; rates decreased nearly 60 percent over time.

When an employer needs coverage, as an independent agent, I am now able to provide it at a reasonable price. I fear that if reasonable attorney fees are not reinstated, employers will again struggle with excessive premiums and difficult underwriting requirements. Employees will also suffer as more money will again be pulled from the system to pay lawyers than to pay doctors.

Please urge the Florida Legislature to reinstate cap on attorney fees that will pass constitutional testing with the Supreme Court.

Respectfully,

John Wheeler, CPCU

622 SW Main Blvd. • Lake City, FL 32025 • (386) 752-8660 • Fax: (386) 752-9802 • insurance@thewheeleragency.com

Seymour, Debra

From: Andrew Meadows <AndrewM@flcitrusmutual.com>
Sent: Monday, August 15, 2016 12:34 PM
To: Rate Hearings
Cc: Mike Sparks; Drew Love
Subject: comments on August 16 hearing
Attachments: Worker's Comp August 2016.doc

See attached comments from Florida Citrus Mutual. Please place them in the official record.

Thank you

Andrew Meadows
Director of Communications
Florida Citrus Mutual
(863) 944-4924
www.flcitrusmutual.com

FLORIDA CITRUS MUTUAL

411 E. Orange Street • Lakeland FL 33801 • Phone (863) 682-1111 • Fax (863) 682-1074 • www.flcitrusmutual.com

Commissioner David Altmaier

Florida Office of Insurance Regulation

200 E Gaines St, Tallahassee, FL 32301

Dear Commissioner Altmaier:

On behalf of Florida Citrus Mutual's 6,000 grower members I am writing to you to oppose the amended rate filing from the National Council on Compensation Insurance (NCCI) which increases NCCI's initial proposed combined average rate increase from 17.1% to 19.6%.

We believe this drastic an increase is bad for Florida business. Currently, Florida's workers' compensation system delivers disability benefits, medical care and rehabilitation to injured employees at no cost to them, regardless of fault, while remaining one of the most competitive markets.

The workers' compensation system in Florida has been stable for the past 13 years which has significantly bolstered economic growth. FCM is concerned the proposed rate increases will hamper our future job growth and business retention. Please keep this in mind as the issue moved forward.

Regards,

Michael W. Sparks
Executive Vice President/CEO
Florida Citrus Mutual

Seymour, Debra

From: Bhupen Bhahmbhatt <bhupen43@yahoo.com>
Sent: Saturday, August 13, 2016 11:58 AM
To: Rate Hearings
Subject: Concerned employer

Hello, if this bill passes it will become even tougher for us to manage our small business finances. In near future minimum wage is bound to go up which will also increase other costs for us (ie payroll taxes and workers comp). Entrepreneurs and small businesses are the backbone of the American economy and normally are in business to make money.

Many are still recovering from recent economic events and others are scared to go grow because of the uncertainty in the economy, new presidency, wage laws, etc.

I said we are in business to make money but a lot of us still just keeping head above water but the thrive of success in this wonderful opportunity providing country has us working harder than ever. Please don't make it more difficult for us than it already is.

Thank you

Ashish
On behalf all business owners

Seymour, Debra

From: Jackson, Ronald <rjackson@aiadc.org>
Sent: Friday, August 12, 2016 6:27 PM
To: Rate Hearings
Subject: Case No. 191880-16 - August 16, 2016 Public Rate Hearing
Attachments: AIA Letter to FL OIR re NCCI Public Rate Hearing 08.12.16.pdf

Please accept the attached comment letter for inclusion in the record of the above-referenced matter.

Ron Jackson | American Insurance Association
Vice President, State Affairs Southeast Region
2107 N. Decatur Rd., Suite 257, Decatur, GA 30033
P: (404) 261-8834 | F: (202) 495-7838 | rjackson@aiadc.org

WWW.AIADC.ORG @AIADC AmericanInsuranceAssociation

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American Insurance Association
State Affairs - Southeast Region

2107 N. Decatur Road
Suite 257
Decatur, GA 30033
404.261.8834
Fax: 202.495.7838
www.aiadc.org

August 12, 2016

VIA ELECTRONIC & U.S. MAIL

Honorable David Altmaier
Commissioner
Florida Office of Insurance Regulation
200 East Gaines Street, Suite 101
Tallahassee, Florida 32399

RE: August 16, 2016 Public Rate Hearing, Case No. 191880-16

Dear Commissioner Altmaier:

I am writing regarding the above-referenced matter on behalf of the American Insurance Association, the leading property-casualty insurance trade association whose members write all types of property - casualty insurance, including almost 40% of the workers' compensation market in Florida.

As has been widely noted, the State of Florida has enjoyed a 60% reduction in workers' compensation premiums following the enactment of Senate Bill 50A in 2003. As a result, Florida businesses have thrived in no small part due to the increased availability and affordability of workers' compensation insurance in the state. Unfortunately, the Florida Supreme Court's recent decision in *Marvin Castellanos v. Next Door Company* ("*Castellanos*") invalidating the statutory attorneys' fee schedule and its decision in *Bradley Westphal v. City of St. Petersburg* (eliminating the cap on TTD benefits) could reverse those gains and severely affect the Florida market. While the National Council on Compensation Insurance ("NCCI") has proposed an overall rate increase of 19.6% (+15% for the first year impact of *Castellanos* & +2.2% for *Westphal*), this of course does not account for the negative retroactive impact of the *Castellanos* and *Westphal* decisions.

NCCI has estimated that the combined total statewide unfunded liabilities resulting from the Florida Supreme Court's decisions could exceed $1 billion. Of course, paid premiums and reserves do not reflect this increased exposure leaving our member companies, other insurers and Florida's self-insured businesses to absorb any additional costs incurred in the workers' compensation system. This unfunded liability, along with increased litigation costs could well lead to another workers' compensation insurance crisis in Florida.

AIA strongly recommends that the Office consider not just the impact of higher attorneys' fees, but also the increases in lost wages and medical costs brought about by increased attorney involvement and the resulting behavioral changes within the claims paying system. In short, AIA shares the concern that given the ultimate 60% decrease in rates following the prior reforms, NCCI may have underestimated the initial (and eventual) impact of the Florida Supreme Court's decisions.

AIA encourages the OIR to approve at a minimum the +19.6% rate proposed by NCCI. We also urge approval of the proposed October 1, 2016 effective date so as to avoid any further growth of the unfunded liabilities which would only further harm the Florida workers' compensation market.

Sincerely,

Ron Jackson
Vice President, State Affairs

Seymour, Debra

From: McFaddin, Logan <logan.mcfaddin@pciaa.net>
Sent: Friday, August 12, 2016 11:44 AM
To: Rate Hearings
Cc: Nowak, Rita; Gillespie, Trey
Subject: PCI Support Letter
Attachments: PCIFLWCCommentsNCCIFiling OIR Hearing.pdf

Please find attached PCI's letter in support of NCCI's proposed overall average statewide rate increase of 19.6% for workers' compensation insurance.
Thank you,
Logan

Property Casualty Insurers
Association of America

Advocacy. Leadership. Results.

August 11, 2016

David Altmaier
Insurance Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399
RateHearings@floir.com

Re: **National Council on Compensation Insurance (NCCI) Public Rate Hearing, August 16, 2016**

Dear Commissioner Altmaier:

PCI is composed of nearly 1,000 member companies, representing the broadest cross section of insurers of any national trade association. PCI members write $202 billion in annual premium, 35 percent of the nation's property casualty insurance. Member companies write 42 percent of the U.S. automobile insurance market, 27 percent of the homeowners market, 33 percent of the commercial property and liability market and 34 percent of the private workers compensation market. Our members write over 43 percent of the Florida workers compensation market.

We appreciate the opportunity to provide comments on NCCI's workers compensation filing, which is proposing an overall average statewide rate increase of 19.6%. This rate filing is being submitted primarily as a result of recent Florida Supreme Court decisions on *Westphal v. City of St. Petersburg* and *Castellanos v. Next Door Company*. The decisions struck down Florida laws that restricted the fees for claimants' attorneys to a statutory formula tied to the benefits secured by the claimant and limited the recovery of benefits to 104 weeks for temporary total disability. The individual components of the rate filing are as follows:

- A 2.2% projected rate increase for the Florida Supreme Court decision in the case of *Westphal v. City of St. Petersburg*, in which the Florida Supreme Court found the 104-week statutory limitation on temporary total disability benefits in Section 440.15(2)(a), Florida Statutes, unconstitutional because it causes a statutory gap in benefits in violation of an injured worker's constitutional right of access to courts. The Supreme Court reinstated the 260-week limitation in effect prior to the 1994 law change.
- A 15% projected rate increase for the Florida Supreme Court decision in the case of *Castellanos v. Next Door Company*, which found the mandatory attorney fee schedule in Section 440.34,

Florida Statutes, unconstitutional as a violation of due process under both the Florida and United States Constitutions.

- A 1.8% projected rate increase related to updates within the Florida Workers' Compensation Health Care Provider Reimbursement Manual per Senate Bill 1402. The manual is effective on July 1, 2016.

Florida is a critical state for our members. Since the enactment of the 2003 reforms, the Florida workers compensation system provided a high level of benefits to injured employees, while keeping costs reasonable for businesses. PCI believes that one of the major reasons that workers compensation rates decreased over 60% since the enactment of the 2003 reforms was the implementation of a statutory attorney fee formula. The 2003 reforms stabilized the workers compensation system. As a result, Florida has a very competitive system with over 250 insurers providing workers compensation insurance to employers across the state.

However, the system may become unbalanced impacting all stakeholders, especially injured workers as a result of these court decisions. Unfortunately, to maintain balance within the system, a rate increase is needed at this time.

PCI is also concerned that NCCI's proposed overall rate filing of +19.6% may be too conservative. In the filing, the NCCI indicates that the rate filing does not include the following: "*Unanticipated cost impacts not otherwise reflected in this filing that may emerge overtime such as additional stakeholder behavioral changes and interactions with subsequent changes to workers compensation benefits or practices in Florida*."

NCCI has estimated that the combined total statewide unfunded liability related to the Florida Supreme Court's decisions in Emma Murray, Castellanos, and Westphal could potentially exceed $1B. The unfunded liability cannot be recouped through revising Florida workers compensation rates. This cost will be borne by insurers, individual self-insured employers, and employers with deductible policies. These court decisions may change the current competitive structure of Florida's workers compensation market.

The NCCI's mission is to foster a healthy workers compensation system. The NCCI fulfills this mission by providing independent and objective analysis. We believe that NCCI's filing justifies the need for a rate increase to sustain a healthy and balanced workers compensation system for all stakeholders.

We respectfully urge your careful consideration of NCCl's recommendation and we urge you to approve the NCCI filing in its entirety. If you should have any questions, please feel free to contact us.

Rita Nowak
Property Casualty Insurers Association of America
VP, Workers Compensation & Commercial Lines
rita.nowak@pciaa.net
847-553-3821

Logan Mitchell McFaddin
Property Casualty Insurers Association of America
Regional Manager of State Government Relations
Logan.McFaddin@pciaa.net
850-681- 2615

Seymour, Debra

From: Jeff Drury <jdrury@armellini.com>
Sent: Thursday, August 11, 2016 3:32 PM
To: RateHearings@floir.com.
Subject: FW: NCCI proposed rate increase

Wouldn't it make more sense to fix the entire system? To begin with the workers compensation system is for injured workers, legitimately injured on the job and, assuming the employer has real insurance. Said insurance is supposed to make it unnecessary for the injured worker to sue his / her employer. It is an efficient way for the injured to get replacement of lost wages and medical coverage. Originally the system was to be used by the injured to file a claim and navigate through the process. It is impossible for the average worker to do so without an attorney, not to mention workers with language or other issues, just cannot be done without an attorney. The rate pendulum has swung both ways far too many times, for years. Rather than just arbitrarily allowing insurance companies,(NCCI) to raise rates, in anticipation of possibly being over whelmed with fee adjustment claims is outrageous. I would like to see all sides sit down with legislators and fix the system for the worker, employers, insurance companies, and lawyers on both sides. This should not be about how much lawyers get paid, it's about insuring injured employees have access to the system and their return to the work force and being a productive citizen. Employers / businesses should not bear the burden of the lack of intestinal fortitude in Florida's legislature to do the right thing, which is, fair treatment at a reasonable cost to business for legitimately injured employees.

J.B."Jeff"Drury
VP RM, Safety, & HR
Armellini Express Lines, Inc
jdrury@armellini.com
(772)287-0575 ext 11814 & 11815
Cell (772)285-9978

Seymour, Debra

From: Alan Bender <Alan.Bender@publix.com>
Sent: Thursday, August 11, 2016 1:05 PM
To: Rate Hearings
Subject: NCCI Rate Hearing - 8/16/2016
Attachments: 20160811105211.pdf

Dear Commissioner Altmaier:

I have attached a letter authored by Marc Salm, Vice-President of Risk Management for Publix Super Markets, with respect to the upcoming rate hearing on August 16, 2016. A hardcopy of this letter to follow under separate cover.

Publix.

August 9, 2016

Mr. David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, FL 32399-0330

Re: NCCI Rate Filing

Dear Commissioner Altmaier:

I am writing to you in reference to the NCCI recommended rate increase of 19.6%, which is largely attributable to the recent Florida Supreme Court ruling in *Castellanos vs. Next Door Company.* We believe this ruling will quickly undo the positive impact of the Florida 2003 reforms. Premium rates will spiral upward to pre-2003 levels and Florida will once again have some of the highest workers' comp rates in the nation.

Following the 2003 reforms, Publix witnessed a dramatic drop in both accident frequency and costs. The number of accidents declined more than 43% between 2003 and 2015, and our costs fell 55%. These declines occurred despite the fact we were growing and continue to grow in Florida. We attribute these declines largely to the 2003 workers' comp reforms, and specifically the reforms pertaining to attorney fees.

Prior to 2003, an employer was responsible to pay an injured worker's attorney fees, if the worker sought a benefit that was not being paid and the worker prevailed. There was generally no cap on the fee regardless of the amount being sought; in the case of *Castellanos* for instance, the benefits in dispute totaled $822.70. The injured worker's attorney fees were $37,750.

The potential for large fees, regardless of the amount of benefits in dispute, created a climate that promoted litigation. This was happening in a system that was supposed to be self-executing. The reforms of 2003 did not relieve the employer of being responsible for paying the injured worker's attorney fees; it did, however, establish a sliding scale that tied the amount of a fee directly to the benefits in dispute. In other words, the smaller amount of benefits in dispute, the smaller the fee. This discouraged litigation on low value issues and encouraged the parties to work things out amicably; or said another way, it made the system more self-executing.

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Those financial incentives that the 2003 reforms sought to remedy are now back in play. Based on our experience, we expect claim costs will rise rapidly; likewise, premiums rates must rise. At Publix we expect to see an increase in number and percentage of litigated workers' compensation claims, including additional litigation over matters of very small value, the length of time claims are opened, increased legal costs and additional reserves. Although the amount of the increase costs are difficult to accurately predict at this point, we expect Publix's eventual costs increases to be within the range set forth by NCCI.

I am not an actuary or economist, but I have always found the analysis provided by NCCI to be credible and reliable. That said, I believe the rate increase proposed by NCCI is warranted. A rate increase of this magnitude will have a negative impact on all businesses in Florida, large and small. That however must be balanced with maintaining a marketplace where workers' compensation is both available and affordable.

Respectfully yours,

Marc H. Salm
Vice President of Risk Management
Publix Super Markets, Inc.

MHS:clm

Seymour, Debra

From: Terry Frank <tfrank@harmsco.com>
Sent: Thursday, August 11, 2016 6:44 AM
To: Rate Hearings
Subject: 19.6% increase

I work for a company of approximately 100 people located in Palm Beach County, 80% being Latino. This increase could cause us to down size. Meaning a lot of good people could be out of a job. The increase in raw materials, power cost, and competition makes our business very difficult to maintain a profit margin and to increase worker wages.

As I see it there should be an effort to decrease cost in Workers Comp. Insurance, by controlling Lawyers hourly rate charges and eliminating the lawyers from getting any percentage of settlement to their client. Eliminate the overcharging by hospitals and clinics and the pharmaceutical companies by putting a reasonable limitation on their profits (that in the billions) and control insurance company profits. I know this is not the American way of free enterprise, but it is a fair way to deal with the public. This statement means little because the majority of the people in charge have no dignity, honor, or moral values.

Best Regards
Terry

Seymour, Debra

From: Hank Harms <hharms@harmsco.com>
Sent: Thursday, August 11, 2016 1:01 AM
To: Rate Hearings
Subject: Proposed 19.6% rate hike to Florida's Worker's Comp policy holders

Importance: High

We are a third generation Family Manufacturing company in Palm Beach, and Polk Counties. We employ almost 100 people. We are struggling to maintain our Competitiveness in a World market with approximately 30% of our products being Exported. A worker's Comp rate increase of 19.6% will push our costs of doing business in Florida over the top. It will prevent us from employing more people, and from providing much needed wage increases to almost 100 Florida Families.
A 19.6% increase in Worker's Comp rates will devastate Florida Manufacturing!
Hank Harms, Harmsco Filtration Products
Riviera Beach and Lake Wales
561-848-9628

Seymour, Debra

From: Steve Alexander <salex.actuary@gmail.com>
Sent: Tuesday, August 09, 2016 3:30 PM
To: Rate Hearings
Cc: 'Christopher Smith'; 'James Fee'; salex.actuary@gmail.com; Cooper, Cyndi
Subject: NCCI Rate Hearing August 16 Pre-Filed Written Testimony
Attachments: Alexander Pre-Filed Testimony with Attachments 8-9-16.pdf

Attached please find my pre-filed written testimony for the NCCI rate hearing on Tuesday, August 16, 2016.

Stephen A. Alexander, FCAS, FSA, MAAA
84 Pimlico Dr.
Crawfordville, FL 32327
850-339-5233
salex.actuary@gmail.com

State of Tennessee
County of Sevier

BEFORE ME, the undersigned Notary, Regina Fugate (name of notary before whom affidavit is sworn), on this 9th (day of month) of August, 2016, personally appeared Stephen A. Alexander, known to me to be a credible person and of lawful age, who being by me first duly sworn on his oath, deposes and says:

I declare the following information herein is true, accurate, complete, and correct:

My name is Stephen A. Alexander. My address is 84 Pimlico Dr., Crawfordville, Florida. I am an actuary based in Crawfordville, Florida with the credentials set forth in attachment A.

I was retained by James Fee, Jr., Esq. of the law firm of Druckman and Fee, P. A. for the purposes of reviewing the entire 17.1%/19.6% 2016 workers' compensation rate filings submitted by NCCI to the Florida Office of Insurance Regulation.

In the above capacity, I conducted an in – person review of NCCI's filings at the Florida Office of Insurance Regulation offices on June 9, 2016 and July 15, 2016.

In addition, I reviewed on August 3, 2016 the 259 pages of rate filing OIR number 16-12500 documentation made available on the OIR website, effective August 3, 2016 subsequent to which I prepared a data request attached herein as Attachment B.

In accordance with the filing reviews referenced above, I was able to formulate my actuarial opinion set forth in the document entitled "Actuarial Expert Testimony, prepared by: Stephen A. Alexander, FCAS, FSA, MAAA, August 7, 2016", attached herein as Attachment C.

The opinions expressed by me in that document are true, correct, and consistent with generally accepted actuarial standards of practice.

A. Alexander
(signature)

Stephen A. Alexander

84 Pimlico Dr.
Address of affiant, line 1

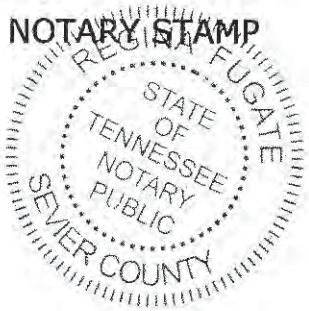
Crawfordville, FL 32327
Address of Affiant, line 2

State of Tennessee
County of Sevier

Sworn to (or affirmed), and subscribed before me this 9th day of August, 2016, by Stephen A. Alexander.

Regina Fugate
(Signature of Notary Public – State of Tennessee)
expires March 4, 2019

NOTARY STAMP



STEPHEN A. ALEXANDER, FCAS, FSA, MAAA
84 Pimlico Drive
Crawfordville, Florida 32327
(850) 339-5233

Employment:

2015-Present **Alexander Actuarial Consulting**
Allegiant Actuarial Group

- Provides actuarial expert testimony.
- Reviews rate filings.
- Conducts pricing and reserve reviews for insurance companies.

2005-2015 **State of Florida**
Office of the Insurance Consumer Advocate and
Office of Insurance Regulation
Actuary
Tallahassee, Florida

- Developed a predictive model of sinkhole frequency for the sinkhole prone counties in Florida using R open source statistical software.
- Examined private passenger and commercial auto, homeowners, medical malpractice, workers compensation, general liability and other property and casualty rate filings.
- Testified at rate hearings and before legislative committees.
- Prepared a comprehensive review of the Florida title insurance industry.
- Developed a proposal to reform the Florida property insurance market.
- Prepared analyses of various legislative proposals to modify the Florida Hurricane Catastrophe Fund and Citizens Property Insurance Corporation.
- Developed an Annual Report Card to grade residential property insurance companies in Florida.

2003-2004 **Mercer Oliver Wyman**
Senior Consultant
Atlanta, Georgia

- Performed reserve and funding studies for self-insurers and captive insurance companies.
- Areas of involvement included hospital and nursing home professional liability, workers compensation, product and product recall liability, commercial auto liability and commercial property.
- Completed an alternative retention analysis for a large self-insurer with extensive property and liability exposures in the state of Florida.

1999-2003 **Ernst & Young**
Manager
Atlanta, Georgia

- Conducted numerous actuarial audits of insurers and self-insurers.
- Conducted several medical malpractice reserve and funding studies for self-insureds, a large physician and surgeon trust fund and a mutual insurer.
- Completed a feasibility study for the formation of a lawyer's professional liability insurance company including recommended marketing strategy, policy forms and rates.
- Reviewed the adequacy of the reinsurance program of a large property insurer in the state of Florida.
- Conducted a statistical analysis of the workers compensation closed claim data of a large railroad.
- Completed reserve and funding studies for a state petroleum storage tank pollution liability insurance program.
- Conducted a reserve review of a large insurer with extensive product liability exposures.
- Developed IBNR reserves for a large Japanese reinsurer.

Prior Prior work history includes employment in the insurance industry and state government as an agent, risk manager and actuary.

Education:

- MBA - University of Utah, 1978
- BS Meteorology - University of Utah, 1967
- BS Mathematics - University of Michigan, 1965

Professional:

- Fellow - Casualty Actuarial Society, 2001
- Fellow – Society of Actuaries, 2014
- Member - American Academy of Actuaries, 2000

Attachment B

Stephen A. Alexander, FCAS, FSA, MAAA
Alexander Actuarial Consulting
84 Pimlico Dr., Crawfordville, FL 32327
(850) 339-5233
salex.actuary@gmail.com

8/3/2016

David Altmaier, Commissioner
Mrs. Cynthia Rachel Cooper, ACAS, Actuary
Anoush Arakalian Brangaccio, General Counsel
Florida Office of Insurance Regulation
200 East Gaines Street
Larson Building, Suite 238C
Tallahassee, FL 32399

I have been retained by James Fee of Druckman & Fee, P.A. to review Florida Office of Insurance Regulation rate filing number 16-12500 made by the National Council for Compensation Insurance on May 27, 2016. In order to do a comprehensive independent actuarial review of the filing, the following data, information and answers to interrogatories are requested (all exhibits, data, analyses and text to be provided in Excel or Word format).

These formats are necessary so that my analysis can be performed without having to rekey or reenter the information and data into Excel spreadsheets and Word documents. It is recognized that you may not have the requested data, information and responses to interrogatories, and therefore it is requested that you request on my behalf from the NCCI any such data, information and responses to interrogatories that you cannot provide.

It is believed the requested information and data is available in the proper formats or can easily be converted. Not providing the information and data in the proper formats (for example only providing data in pdf format) severely limits my ability to do my analysis. For the record, it should be noted that in order to have sufficient time to do an appropriate independent actuarial analysis, the following information, data and satisfactory answers to interrogatories should be provided at least 15 days in advance of my rendering an unqualified opinion.

Beginning today, the public has access to NCCI rate filings on the OIR's EDMS rate filing system, and consequently, I was able to download all 259 pages of rate filing 16-12500 in pdf format. At the time of my last review on 7/15/16, the file materials consisted of far fewer pages. The items requested below were based upon information I believed to be essential, but missing, at the time of the 7/15/16 review. Therefore, I cannot determine whether all of the following requests for additional information and interrogatories are now included in the filing. However, I am confident that my requests for additional data, information and interrogatories related to *Castellanos* for the time period 2008 through 2011 are not included.

1. All of the Aggregate Data Call and Detailed Claim Information (DCI) data used by NCCI to produce its pre- and post-reform indemnity and medical severity and frequency estimates. Such data to separately display paid and incurred losses, Defense and Cost Containment Expense (DCCE) and claimant attorney fees as well as any loss development factors to bring such data to their ultimate values.

2. The NCCI applied several adjustments to the data displayed in the exhibits in filing number 16-12500 to bring the data to current wage, cost, rate and benefit levels. Please provide the reasoning underlying such adjustments, all assumptions made and the specific adjustments and adjustment factors applied as well as the underlying data and supporting exhibits used to derive such adjustments and adjustment factors.

3. How did the NCCI audit for accuracy, lack of bias and completeness each individual insurer's reported loss reserves, defense and cost containment expenses and all other data provided in the Aggregate Data Call and DCI data used in filing 16-12500?

4. The NCCI's review of the 2003 reforms estimated a 12.35% overall impact with a 2.0% impact for attorney fees. In filing 16-12500, why is it reasonable and appropriate to assume that the NCCI's initial estimate of 10.15% (1.1235/1.02-1) for all the other reforms was correct and the only estimate that was incorrect was the 2.0% estimate for attorney fees?

5. All the NCCI's evaluations of the 2003 reforms provided to Florida legislators and the associated rate filing made with the OIR including all supporting exhibits, analyses and data in support of the 12.35% overall impact and 2.0% impact for attorney fees of the 2003 reforms.

6. All of the data used by NCCI to produce its estimate of an overall average rate increase of 1.8% to update the Florida Workers Compensation Health Care Provider Reimbursement Manual. Additionally, please provide the reasoning and methodology underlying such estimate, all assumptions made and the supporting exhibits used to derive the estimated 1.8% rate increase.

<u>Supplemental interrogatories related to Westphal</u>

7. In reference to the Amended Law Filing (OIR filing # 16-12500), Exhibit IV, please provide the following data referenced in the footnotes of this exhibit as well as all intermediate exhibits and calculations resulting in the numbers that appear on Exhibit IV. All data and exhibits to be provided in Excel format:

1. Division of Florida Workers Compensation data used to derive Rows (1), (10) and (11).
2. Transactional data licensed to the NCCI to derive Row (3).
3. NCCI Workers Compensation Statistical Plan data in support of Rows (4), (12) and (15).
4. All NCCI Financial Call Data in support of Row (7).

Supplemental interrogatories related to the NCCI's response to the OIR interrogatories dated 2016-06-07

8. The OIR Request 15 is: "provide a revised Exhibit 1 which includes PYs 1998, 1999, 2004 and 2007 - 2014. The NCCI referred OIR to its Response 14 and exhibit OIR-14 and also provided OIR-20. However, both these exhibits are limited to 2008 and prior years. It is believed critical that the NCCI prepare a revised Exhibit 1 for the years 2007, 2008, 2009, 2010 and 2011 as requested by OIR, because the Murray decision introduced an 8 month period of reasonable attorney fees that could have been used by the NCCI to assess the impact of a return to the fee schedule effective July 1, 2009 based upon HB930. Why did the NCCI limit its response to years 2008 and prior?

10. In reference to 8. above, Actuarial Standard of Practice 23, Data Quality specifies that an actuary should consider "whether the data are sufficiently current":

> 3.2 SELECTION OF DATA
>
> In undertaking an analysis, the actuary should consider what data to use. The actuary should consider the scope of the assignment and the intended use of the analysis being performed in order to determine the nature of the data needed and the number of alternative data sets or data sources, if any, to be considered. The actuary should do the following:
>
> a. consider the data elements that are desired and possible alternative data elements; and
>
> b. select the data with due consideration of the following:
>
> 1. appropriateness for the intended purpose of the analysis, including whether the data are sufficiently current [emphasis added];
>
> 2. reasonableness and comprehensiveness of the necessary data elements, with particular attention to internal and external consistency;
>
> 3. any known, material limitations of the data;
>
> 4. the cost and feasibility of obtaining alternative data, including the ability to obtain the information in a reasonable time frame;
>
> 5. the benefit to be gained from an alternative data set or data source as balanced against its availability and the time and cost to collect and compile it; and
>
> 6. sampling methods, if used to collect the data.

Why is data pre- and post- the 2003 reforms deemed "sufficiently current" and more appropriate by the NCCI when more recent data from 2008 through 2011 related to Murray is available for the same purpose and is not confounded by other reforms?

Sincerely,

Steve Alexander

Attachment C

THE OFFICE OF INSURANCE REGULATION

National Council on Compensation Insurance (NCCI) Public Rate Hearing

August 16, 2016

Actuarial Expert Testimony

Prepared by: Stephen A. Alexander, FCAS, FSA, MAAA

August 9, 2016

Stephen A. Alexander, FCAS, FSA, MAAA

I represent James F. Fee, Jr. of the law firm Druckman & Fee, P.A. in conjunction with his status as a workers compensation policyholder. Mr. Fee's workers compensation insurance carrier is Technology Insurance Company, policy numbers TWC3473081 and TWC3546391. My qualifications to provide my testimony are attached in my resume.

The basic assumption underlying the NCCI's analysis of *Castellanos* is that its initial estimate of 10.15% for all of the 2003 reforms except for attorney fees was correct and the only estimate that was incorrect was its initial estimate of 2.0% for the attorney fee schedule. Senate Bill 50A, The Workers Compensation Reform Act of 2003 was a comprehensive reform with many changes.

It is only known what happened to workers compensation losses in total after these reforms. In my opinion, there is no actuarially sound way of quantifying the effect of any individual reform such as the attorney fee schedule, because all these reforms are inextricably intertwined, and the NCCI's attempt to do so is misleading and deceptive.

This was made clear at the OIR hearing on December 16, 2008 subsequent to the Murray decision as reported by WorkCompCentral:

> "The greater than 60% rate decrease experienced by industry since 2003 could be attributed to many reasons including improved claims closure rates, improved return to work procedures, declines in accident frequency, increased emphasis on compliance, redefinitions of permanent to[tal] compensable accidents, increased emphasis on fraud detection, and changes in attorney fees payable to injured workers attorneys.
>
> The difficulty in determining whether there should be a rate increase based only on the Emma Murray decision is quantifying the impact of reducing attorney fees payable as a component of the experienced rate decreases since 2003. Surveys of insurance carriers indicated the substantial cost reductions realized were in significant part as a result of the changed provisions relating to how much attorney fees were paid to injured workers attorneys."[1]

Actuarial Standard of Practice 23, Data Quality specifies that an actuary should consider "whether the data are sufficiently current". The NCCI has disregarded more recent experience data reflective of the change from a fee schedule to reasonable fees and back again as a result of the Florida Supreme Court decision in the *Emma Murray* case and HB930 effective July 1, 2009.

The NCCI's justification for not reviewing this time period is based on the assumption that stakeholder's adopted a "wait and see attitude" after *Murray* assuming that “stakeholders knew that the Legislature could easily address the *Emma Murray* decision by removing the word “reasonable” and restore the sliding scale of attorney fees based on benefits secured."[2]

However, the NCCI did not offer any objective evidence to support this assumption. In my opinion, the analysis of industry and individual company experience impacted by *Murray* is absolutely essential, because it is more recent and is not confounded by multiple other reforms.

---

[1] "Emma Murray" Decision Will Spark Work Comp Changes in Florida: [2009-01-17], WorkCompCentral.

[2] Response 23 To Requests from The Office of Insurance Regulation, June 7, 2016. National Council On Compensation Insurance, Inc., Florida, Workers Compensation Filing, August 1, 2016, OIR Filing 16-12500.

Moreover, the uncertainty surrounding the impact of *Castellanos* presents the OIR with the opportunity to encourage members and subscribers to NCCI rates to file rate deviations based upon their independent evaluations of their own and industry experience. Florida law provides that any NCCI member or subscriber company may file for a deviation from NCCI approved rates:

> "Every member or subscriber to a rating organization shall, as to workers' compensation or employer's liability insurance, adhere to the filings made on its behalf by such organization; except that any such insurer may make written application to the office for permission to file a uniform percentage decrease or increase to be applied to the premiums produced by the rating system so filed for a kind of insurance, for a class of insurance which is found by the office to be a proper rating unit for the application of such uniform percentage decrease or increase, or for a subdivision of workers' compensation or employer's liability insurance."[3]

The NCCI attempts to buttress its rate need by including in its rate filing the following statement: "Increased system costs which will result from the *Castellanos* decision were not contemplated in the development of workers compensation rates for all policies affected." This statement is disingenuous, because the essence of the insurance business is to assume risk and not all risks can be known in advance of setting rates.

For this reason, the OIR includes a profit and contingency provision in the NCCI's approved rates, which is intended to compensate insurers for the assumption of known and unknown risks. Furthermore, my analysis of the profitability of Florida workers compensation for the last ten years shows that it has been significantly more profitable than countrywide (see attached exhibit).

Florida workers compensation insurers' excess profits were approximately $1.8 billion (8.0% of $23 billion of direct earned premium over the last ten years). Therefore, the potential for increased and decreased system costs has historically been included in NCCI rates, and historically favorable system costs are reflected in the substantially greater profits of Florida insurers.

Before August 3, 2016, I was only permitted to view filings on a computer terminal at the OIR offices in the Larsen Building on two separate occasions on June 9, 2016 and July 15, 2016. I was not allowed to copy any of the data or information. I did not have any data in the proper formats to perform an analysis as detailed in my attached data request. It would have been extremely difficult for any actuary to conduct a fair and complete analysis under these circumstances.

Additionally, such data and analyses that was available for viewing for the purpose of evaluating NCCI's proposed 15.0% increase regarding *Castellanos* was too old and inappropriate, as detailed above, to be of any value in forming an opinion as to the reasonability of the NCCI's requested 15.0% portion of its total rate need. On August 3, 2016 I was able to download into pdf format 259 pages of filing 16-12500.

---

[3] 627.211(1), F.S.

The attached data request lists all of the data that appeared to be missing from the filing as of August 3, 2016. In my opinion, it cannot be determined based on the data and information in the filing that the NCCI's requested rate need is either '...excessive, inadequate, or unfairly discriminatory under the law," as per 627.031(2) FS. specifically, as it pertains to the 15.0% requested rate increase for *Castellanos* with the possible exception of as much as a 2.0% increase as noted below.

I have reviewed all the data, information, interrogatories and responses to interrogatories in support of the requested 2.2% rate increase for *Westphal* and the 1.8% proposed rate increase to update the Florida Workers Compensation Health Care Provider Reimbursement Manual (Manual). In my opinion, the requested rate increase for the Manual appears to be adequately supported. For Westphal, the NCCI speculates that:

> "claimants <u>may</u> [emphasis added] alter their behavior and attempt to delay reaching MMI in order to continue receiving TTD benefits. To the extent claimants are successful at delaying a finding of MMI, in addition to the impacts on indemnity benefit costs described above, a different mix of medical services may be provided resulting in an increase in medical costs."

It is my understanding that insurers uniformly choose Florida physicians who will restrict the number of days the claimant is kept on temporary disability. Even the most moderate physicians recognize that they are under constant pressure to return claimants to a point of maximum medical improvement as quickly as possible.

In my opinion, Westphal will have no effect on increased medical costs, because every medical service has to be specifically approved by the insurer. An insurance company is not going to be any more willing to authorize an injection, MRI, x-ray, diagnostic study, surgery, etc. at the 110th week of temporary disability than they would have at the 90th week merely because of Westphal. All medical services have to be approved as being medically necessary. Therefore, no more than 1.8% should be approved for Westphal (1.022/1.004 -1).

If the OIR feels compelled to approve some rate increase at this time, it would be reasonable to approve no more than a 2.0% rate increase for Castellanos based upon the NCCI's initial estimate of a 2.0% rate impact and in consideration of the OIR's prior approval of a 14.0% decrease in rates effective October 1, 2003. The OIR's prior approval of a 6.4% rate increase in December, 2008 for Murray, in my opinion, is not relevant, because actual experience now exists for the eight-month period of reasonable fees following Murray.

Given the lack of transparency in this process related to *Castellanos*, I see no need to rush to judgment, and it is my opinion that the OIR should not approve any increase in rates related to *Castellanos* until a full and complete disclosure has been made as I have outlined in my testimony and attached data request for the Murray impacted 2008 through 2011 years. Furthermore, in my opinion, the OIR should encourage individual insurers to file deviations from NCCI approved rates based upon their independent evaluations of the impact of *Castellanos*.

Therefore, in conclusion, if the OIR feels compelled to approve some rate increase at this time to account for all three components of the overall 19.6% rate increase, it would be reasonable in my opinion to approve no more than a 5.7% rate increase (1.02 x 1.018 x 1.018 - 1) to account for all aspects of the proposed rate increase, i.e. the impact of the Florida Supreme Court's decision in Castellanos, to account for the Florida Supreme Court's decision in Westphal and to update the Florida Worker's Compensation Health Care Provider Reimbursement Manual.

Florida versus Countrywide
Net Profit Before Federal Income Taxes
Workers Compensation Insurance
2006 - 2015

	Countrywide				Florida				
	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Net Underwriting Profit	Net Investment Income from Insurance Transactions	Net Investment Income from Capital and Surplus	Net Profit Before Federal Income Taxes	Profit Difference
2006	-3.1%	12.2%	5.6%	14.8%	10.3%	12.2%	5.6%	28.1%	13.4%
2007	1.2%	12.5%	7.1%	20.8%	9.0%	12.5%	7.1%	28.6%	7.8%
2008	-3.9%	15.2%	9.5%	20.8%	4.6%	15.2%	9.5%	29.3%	8.5%
2009	-4.5%	11.8%	6.8%	14.1%	-3.5%	11.8%	6.8%	15.1%	1.0%
2010	-10.0%	15.8%	9.2%	15.0%	-15.3%	15.8%	9.2%	9.7%	-5.3%
2011	-18.9%	23.0%	11.8%	16.0%	10.4%	23.0%	11.8%	45.3%	29.3%
2012	-17.9%	17.6%	10.9%	10.6%	-5.3%	17.6%	10.9%	23.2%	12.6%
2013	-11.3%	17.2%	11.0%	16.9%	4.4%	17.2%	11.0%	32.6%	15.6%
2014	-2.4%	13.4%	9.5%	20.4%	-3.0%	13.4%	9.5%	19.9%	-0.5%
2015	3.6%	12.7%	8.5%	24.8%	0.0%	12.7%	8.5%	21.2%	-3.6%
Total	-6.0%	14.8%	8.8%	17.7%	2.5%	14.6%	8.6%	25.7%	8.0%

Notes:

Data sources are the state pages of the statutory annual statements and insurance expense exhibits. Includes all sources of net profit as percentage of net earned premium. Net underwriting profits for Florida estimated based upon Florida direct experience and countrywide direct and net experience. Investment income percentages for Florida assumed to be equal to countrywide percentages. Since Florida underwriting profits averaged 8.5% more than countrywide, the assumption that Florida net investment income from insurance transactions equals countrywide likely understates this source of Florida income.

Seymour, Debra

From: Steve Henderson <HendersonS@nefec.org>
Sent: Tuesday, August 09, 2016 11:40 AM
To: cjohnson@flchamber.com
Cc: Rate Hearings
Subject: Workers' Comp Public Rate Hearing- NEFEC

Lawyers run for public office. “We the people” vote candidate into positions of public service, responsibility and power. Then “they” (lawyers) make law! How is that working?

The Florida Chamber of Commerce and its Workers' Compensation Task Force will testify on Tuesday, August 16, before the Office of Insurance Regulation (OIR) on behalf of businesses across Florida specific to two recent Florida Supreme Court rulings that will drive significant increases in Workers’ Compensation rates.
The OIR will accept comments until 5:00 p.m. Tuesday, August 23, 2016 state regulators @ RateHearings@floir.com

Accordingly, I offer:

Comment: Adverse financial expense consequences will be certain for all of Florida’s Self Insured Governmental entities and all State, County, City, and School Districts. Our NEFEC Member school districts, as well as Tri-Consortium members PACE and HEC, will certainly experience increased expense pressures taking a larger share of the limited classroom dollars due to the recent law changes.

Comment: The State of Florida, with approximately 200,000 employees experience approximately 15,000 Notice of Injuries per year and is a self-insured employer that has a STAGGERING workers' comp unfunded liability. A taxpayer liability that because of these laws will increase tax burden to everyone in Florida. As has been historical past practice, (worst practice example) at year-end the Legislature chooses to simply “write off” the expenses with a budget adjustment!

Interesting that apparently our state government is allowed to “pay as you go”, an option Not provided to other self-insured Public Tax Dollar funded entities, to include NEFEC. Nor should it be!

Comment: Clearly a double whammy that hurts both educational entities as well as Florida corporate business owners. Less money for the classrooms, and likely limiting wage increases and the number of new employees hired by corporate and private entities.

Comment: As it was prior to 2003, Florida once again will be.

Best Regards,

Steve Henderson
Director of Risk Management Services
North East Florida Educational Consortium
3841 Reid Street
Palatka, FL 32177
(386) 329-3800
hendersons@nefec.org

Under Florida law, e-mail addresses are public records. If you do not want your e-mail address released in response to a public-records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.

Seymour, Debra

From: Ana Trinque <anatrinque@tampabay.rr.com>
Sent: Monday, August 08, 2016 4:39 PM
To: Rate Hearings
Subject: Workers Comp Rate Increase

Importance: High

Dear Committee;

I was just informed of the possibility that you may be considering increasing workers comp by as much as 19.6%!! As a business owner, this to me sounds quite exhorbitant and a burden to business. I thought Florida was trying to attract more business and make it easier for businesses to expand and grow here in FLORIDA?? Increasing workers comp to this amount would be a hindrance not a help. Please reconsider and keep FL a place to conduct business and make it business friendly.

Thank You.

Best Regards,
Ana Trinque
Home Vizions Realty
2931 Landover Blvd
Spring Hill, FL 34608
352-684-1234

Seymour, Debra

From: Teri Nichols <terinichols@spherion.com>
Sent: Monday, August 08, 2016 11:07 AM
To: Rate Hearings
Subject: Workers Comp Rate Increases

I am the owner of a small staffing service in Brooksville, FL. We currently employ over 350 employees daily throughout a 3 county area. Our business is mostly made up of companies that employ less than 25 permanent staff on their own who rely deeply on the Human Resource and Recruiting skills that are the core of my company to build their workforces. Increased workers compensation rates will cause us to raise our rates to cover those costs which in turn will make us NOT a choice to help these small businesses with their needs. This will definitely impede our business and many others production as well! Please do not raise the WC rates.

Teri Nichols
License Owner
Spherion Staffing

Recruiting and Staffing Excellence

16340 Cortez Blvd, Ste 102
Brooksville, FL 34601
TEL 352-796-6000 FAX 352-796-6022 CELL 727-597-0242
terinichols@spherion.com
www.spherion.com

To apply online for a job with Spherion go to www.spherionjobcentral.com

Looking for Exceptional Employees?
Tap Into Hire Intelligence with Spherion
hire intelligence

Join us on Facebook and LinkedIn

Please know I've received your message and will do my best to respond as quickly as possible, however, I may not always be readily available, if you do not hear back from me within a couple hours, please don't hesitate to contact our office at 352-796-6000.

Thank you for choosing Spherion Nature Coast as your staffing partner! We look forward to continuing to grow throughout Pasco, Hernando and Citrus Counties!

Seymour, Debra

From: COVEY _ Fashion <coveycant@aol.com>
Sent: Thursday, August 04, 2016 10:07 PM
To: Rate Hearings
Subject: W/C proposed increase

I would like to suggest that almost 20 % rate increases are significantly high, and would assume the higher the rate the more pressure on business and the more likely that people would find a way to attempt to cheat on payroll reporting. Running a business, my feedback is that there seems to be many people who are scamming the system with false or exaggerated claims. Making sure those folks hurt or injured are taken care of and those that prefer taking the money in lieu or working are separated.

Seymour, Debra

From: Ana Santa Ana <AnaSA@pteintl.com>
Sent: Thursday, August 04, 2016 2:53 PM
To: Rate Hearings
Cc: Sergio Jr; Sergio (sergiopdal@gmail.com); Brenda Hamilton; bbryant@bgsagency.com
Subject: Worker's Compensation Rate Increase [COMMENTARY FROM BUSINESS OWNERS]
Attachments: DOC080416-08042016143511.pdf

Dear Sir and/or Madam:

Attached is our commentary on the rate increase that you are contemplating to pass and take effect on October 1, 2016. Thank you for your attention to this submittal.

Sincerely,

Ana Santa Ana, CP
Certified Paralegal
In-House Legal Professional

PTE Systems International, LLC
1950 W. 8th Avenue
Hialeah, FL 33010
Ph: (305) 863-3409, Ext. 329
Email: anasa@pteintl.com

August 4, 2016

Department of Financial Services
Division of Worker's Compensation
Tallahassee, Florida

Re: Worker's Compensation Rate Increase

Dear Sir and/or Madam:

We have been kept abreast and notified by our Worker's Compensation Insurance ("WCI") agent of the public hearing to be held on August 16th to discuss the proposed 19.6% rate increase in WCI. As a result, we take this opportunity to voice our company's concern about the impact this drastic rate increase will have on our business which employs approximately 140 workers.

PTE Systems, LLC and PTE Systems International, LLC (collectively, "PTE") is a manufacturer, material supplier and contractor in the South Florida area whose ownership and origins go back to 1979. As a manufacturer of post-tensioning systems for condominiums and other high rise buildings, we not only provide employment to many individuals, but are part of the infrastructure that is giving rise to the skylines of downtown Miami, Midtown, South Beach and other South Florida areas.

Before construction commences on a building, PTE has already bid and been awarded the job of providing post-tensioning materials and labor for all the floors of a large percentage of the condominiums and hotels that frame our skyline. The prices that PTE quotes contain a markup based on today's prices. When we actually start providing materials and/or working on the structures could be one to two years away. Obviously, this WCI increase will have a deleterious impact on our existing work costs and future bids. PTE's already contracted projects will not allow for escalation of prices to meet this WCI increase, even if the increase for existing policies will be prorated for the policies in effect as of October 1, 2016.

This huge increase in WCI will undoubtedly affect every individual and companies in the construction supply business. PTE will need to consider this increase as it bids on new projects, yet, not knowing what others with whom we're bidding against are doing about this news. PTE may be left out of jobs in which we have tried to compensate for such an increase. Between hurricane season and this WCI tempest, we venture to say that some will be swept away during this 2016 fall season, and all the uncertainties it brings.

HEADQUARTERS: 1950 West 8th Avenue, Hialeah, FL 33010Tel: (305) 863-3409 Fax: (305) 863-3349 www.pteintl.com

We ask that you consider and reconsider your position on the rate of increase on WCI, and how many employers will be affected. Employees will also be affected because they might end up facing layoffs in the construction industry.

Thank you for your time, attention and consideration regarding PTE's position to this increase.

Sincerely,

PTE SYSTEMS, LLC

Sergio P. Dalmau
President

PTE SYSTEMS INTERNATIONAL, LLC

Sergio P. Dalmau
President

Seymour, Debra

From: Benjie <Benjie@bates-hewett.com>
Sent: Thursday, August 04, 2016 1:41 PM
To: Rate Hearings
Cc: deedy@trippconstruction.net
Subject: FW: PROPOSED WORKERS COMPENSATION RATE INCREASE
Attachments: Insurance letter.doc

To Florida Department of Insurance:

Please read the letter and the impact this is going to have on one of our valued clients. As you read you can see this letter was written before the second rate adjustment request.

For Tripp Construction and many of our clients this ruling and rate increase will have drastic and negative impacts on their business'. The system as working great by limiting the attorney fee's and business have enjoyed reduced rates as a result of previous work comp reform and to un-do that progress would be devastating to millions of Floridians.

I urge you not to take NCCI's recommendation on the proposed increase.

Thank you for your consideration.

Benjie Bates

Bates Hewett & Floyd

From: Deedy Tripp [mailto:deedytripp@att.net]
Sent: Thursday, June 16, 2016 7:22 PM
To: Benjie <Benjie@bates-hewett.com>
Subject: RE: PROPOSED WORKERS COMPENSATION RATE INCREASE

Please find attached letter to take with you to fight this increase. Thank you for keeping us informed and fighting against it.

Deedy Tripp
Tripp Construction Co., Inc.
(386) 325-5456
deedy@trippconstruction.net
www.trippconstruction.net

TRIPP CONSTRUCTION CO., INC.

STATE CERTIFIED BUILDING CONTRACTOR *#CBC1260754,#CBC1260707,#CBC054602*
STATE CERTIFIED PLUMBING CONTRACTOR *#CFC1428664*
STATE CERTIFIED ROOFING CONTRACTOR *#CCC1330044*

June 16, 2016

To My Elected Representatives and
To Whom It May Concern:

In reference to the proposed 17.1% increase in workers compensation premiums, please know I strongly request you do whatever is necessary to fight the implementation of this rule, or any other rule that will increase our rates. An increase in our premiums like that proposed would most likely crush our business, as we could not afford to pay for it. The increase in unemployment would skyrocket as well, since we would be forced to terminate the employment of most of our employees. It would also very likely force us out of business as we would have to increase the cost to our customers to cover this expense. This will result in less sales of our construction services, and will trickle down to many other businesses who are our suppliers and subcontractors. Our local economy is just now starting to recover from the crash of 2008 and now we face the possibility of having this heavy burden placed on us. Please honor the wishes of the people who pay the premiums. We do everything in our power to keep our employees safe and free from injury, and in fact have not had any injuries in many years. An increase in our premiums would be completely unacceptable and unaffordable.

Sincerely,

Deedy Tripp

Deedy Tripp
President

QUOTES GOOD FOR 3 DAYS

202 STATE ROAD 20, PALATKA, FLORIDA 32177, (386) 325-5456, FAX (386) 325-5456

Seymour, Debra

From: Richard J Lorenz <rj-demoace@usa.net>
Sent: Thursday, August 04, 2016 1:38 PM
To: Rate Hearings
Cc: 'Nicole Stefan'; TCLARK.CES@GMAIL.COM; Craig Stefan
Subject: INCREASING WORKER COMP.

TO WHOM IT MAY CONCERN : MY FAMILY AND I HAVE BEEN IN BUSINESS IN THE ORLANDO AREA FOR OVER 30 YEARS. WE HIRE VETERANS AND PEOPLE OFF THE STREET AND TEACH THEM IN HOUSE THE DEMOLITION TECHNICS, SAFETY, AND MOST OF ALL A SECURE WORK PLACE WITH PAYCHECKS EVERY WEEK. WE CANNOT EXCEPT AN INCREASE IN WORKER COMPENSATION. WORKERS COMPENSATION IS DELUGED BY FRAUD AND ILLEGAL AND UN NECESSARY CLAIMS WHICH HURT SMALLS BUSINESSES BIG TIME. IF YOU DO ANYTHING I SUGGEST YOU POLICE THE HUNDREDS OF THOUSAND ROTTEN CLAIMS. THEN YOU COULD SAVE SMALL BUSINESSES NOT INSURANCE COMPANIES. AND OUR STATE FROM BAD CLAIMS THAT ARE MADE . **BE RESPONSIBLE AND PROTECT JOBS IN FLORIDA**

SINCERELY
RICH J. LORENZ

Richard J. Lorenz

C.E.O./ President

2722 Apopka Blvd.
Apopka, FL 32703
P: 407-295-7005
F: 407-295-7004
C: 407-509-3196
Rj-demoace@usa.net
www.centralenvironmental.com

PLEASE EXCUSE MY CAPS LOCK IS ALWAYS TURNED ON.

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Seymour, Debra

From: InsuranceCommissioner
Sent: Wednesday, July 06, 2016 8:57 AM
To: 'Scott Buchanan'; InsuranceCommissioner
Cc: Rate Hearings
Subject: RE: Workers Compensation Rates

Dear Mr. Buchanan:

On behalf of Commissioner Altmaier, thank you for your correspondence. We appreciate your taking the time to share your comments and concerns, and will take these under advisement.

The Office will hold a public hearing for NCCI's rate filing on August 16th at 9:00 A.M. in Room 401 of the Senate Office Building at the Capitol. You may view the Office's press release regarding the amended rate filing and upcoming hearing at http://www.floir.com/PressReleases/viewmediarelease.aspx?id=2162.

Again, thank you for writing. The Commissioner values the views of citizens like you.

Sincerely,

Christina Huff
Office of the Commissioner

Florida Office of Insurance Regulation

From: Scott Buchanan [mailto:sbuchanan@coastalmetal.biz]
Sent: Wednesday, July 06, 2016 7:02 AM
To: InsuranceCommissioner
Subject: Workers Compensation Rates

Hello David Altmaier:

I am contacting you today because I understand that workers compensation rates are looking to increase over 19% soon. Please do not allow this to happen. This would drive large numbers of contractors to let their employees go and rehire them as subcontractors who claim the exemption. I hope you are factoring this aspect into your models. This would undermine the whole system. Please be a leader and do not allow this to happen. "A good leader will occasionally pause and see if people are still following them". I think this rate increase will cause a mass exodus from the system.

Sincerely,

R. Scott Buchanan

--

Scott Buchanan
561-819-0308 (office)
321-917-4605 (cell)
561-819-0309 (fax)
A+ Rated Family Business for 35 Years
Specializing in Aluminum Construction
http://www.coastalscreen.com/
http://www.coastalmetal.biz/
120 Southridge Rd
Delray Beach, FL 33444

Seymour, Debra

From: Cooper, Cyndi
Sent: Wednesday, June 29, 2016 10:50 AM
To: 'gdambrosio@praxiom-rm.com'
Subject: FW: Fl rate Hearing on Proposed 17..1% Increase

Good morning,
The Office will conduct a public rate hearing for the pending NCCI rate filing. Given the recent *Westphal* decision, NCCI will be amending the filing that was submitted at the end of May for the *Castellanos* decision for the impact of the additional decision. Once the amended filing is received, the Office will set the hearing date.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865

From: Greg D'Ambrosio [mailto:gdambrosio@praxiom-rm.com]
Sent: Monday, June 27, 2016 5:35 PM
To: Rate Hearings <RateHearings@myfloridacfo.com>
Subject: Fl rate Hearing on Proposed 17..1% Increase

To Whom it May Concern:
I was wondering if a hearing has been scheduled for NCCI's proposed rate increase due to the most recent supreme court ruling.

Greg D'Ambrosio, ARM
Risk Management Advisor

PRAXIOM

123 W. Bloomingdale Avenue #300
Brandon, FL 33511

Office: 888.350.7729 Ext. 307
Mobile: 813-334-4714

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Seymour, Debra

From: Rate Hearings
Sent: Wednesday, June 29, 2016 10:41 AM
To: Merritt, Gloria
Subject: Auto Response Message

Thank you for taking the time to provide your comments to the Florida Office of Insurance Regulation regarding a recent or upcoming rate hearing. Your comments will become part of the hearing record.

Under Florida law, written communications to the Office are public record; this would include email addresses. They are subject to public disclosure, including being available to the public and media if requested. For more information visit the Office of Insurance Regulation's Internet Privacy Policy.

For questions regarding your insurance policy or to file a formal complaint, please contact the Department of Financial Services, Division of Consumer Services by visiting www.myfloridacfo.com/Division/Consumers/ or calling the statewide toll-free helpline, 1-877-693-5236.

Seymour, Debra

From: Merritt, Gloria
Sent: Wednesday, June 29, 2016 10:41 AM
To: Cooper, Cyndi
Cc: Rate Hearings
Subject: FW: Fl rate Hearing on Proposed 17..1% Increase

Hi Cyndi,

Please see email below.

Gloria Merritt
Senior Management Analyst I
Florida Office of Insurance Regulation
Property & Casualty Product Review
850-413-5356 (Phone)
850-922-3865 (Fax)
Gloria.Merritt@floir.com

From: Greg D'Ambrosio [mailto:gdambrosio@praxiom-rm.com]
Sent: Monday, June 27, 2016 5:35 PM
To: Rate Hearings <RateHearings@myfloridacfo.com>
Subject: Fl rate Hearing on Proposed 17..1% Increase

To Whom it May Concern:
I was wondering if a hearing has been scheduled for NCCI's proposed rate increase due to the most recent supreme court ruling.

Greg D'Ambrosio, ARM
Risk Management Advisor

PRAXIOM

123 W. Bloomingdale Avenue #300
Brandon, FL 33511

Office: 888.350.7729 Ext. 307
Mobile: 813-334-4714

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From: Cooper, Cyndi
Sent: Thursday, September 15, 2016 11:06 AM
To: PCFREDMS
Subject: 16-12500

Please attach to filing 16-12500. Thanks!

From: Lori Lovgren [mailto:Lori_Lovgren@Ncci.Com]
Sent: Tuesday, September 06, 2016 2:48 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Subject: FW: your data request

From: Langham, David [mailto:David.Langham@doah.state.fl.us]
Sent: Thursday, September 01, 2016 12:13 PM
To: Lori Lovgren
Subject: your data request

Thank you for your call.

The petition filings in August 2016 were 6,514, up from 5,443 in August 2015. I calculate this was a
19.67% increase.
The new case filings in August 2016 were 2,936, up from 2,529 in August 2015. I calculate this was a
16.1% increase.

David Langham
Deputy Chief Judge
850.595.6310 x 108

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OFFICE OF INSURANCE REGULATION

FILED

SEP 27 2016

OFFICE OF INSURANCE REGULATION
Docketed by: DKS

DAVID ALTMAIER
COMMISSIONER

Revised Workers' Compensation Rates and Rating Values as Filed by the

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.
_____/

Case No. 191880-16

ORDER ON RATE FILING

On May 27, 2016, the **NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.** ("**NCCI**") filed, pursuant to Section 627.091, Florida Statutes, Revised Workers' Compensation Rates and Rating Values for consideration and review by the **FLORIDA OFFICE OF INSURANCE REGULATION** ("**OFFICE**"). The filing proposed a 17.1 percent increase in the overall rate level, to be effective August 1, 2016, on new, renewal and outstanding workers' compensation policies. On June 30, 2016, **NCCI** submitted an amended filing (the "Filing") which proposed a 19.6 percent increase in the overall rate level to become effective October 1, 2016, on all new, renewal and outstanding policies.

The **OFFICE** held a public hearing ("Hearing") on August 16, 2016, in room 412 of the Knott Building, 404 South Monroe Street, Florida Capitol Complex, in Tallahassee, Florida to provide an opportunity for members of the public to comment on the filing. Prior to the Hearing, the Filing was made available on the **OFFICE**'s website, and news releases alerted the public to the time and place of the Hearing. The **OFFICE** also provided an opportunity for any interested party to make comments by e-mail or letter.

The **OFFICE**, having considered the Filing and additional information submitted by **NCCI**, the supporting data, oral and written statements presented at the Hearing, additional testimony and public comment received, the analysis by the staff of the **OFFICE,** and being otherwise fully advised in the premises finds:

1. The **OFFICE** has jurisdiction over the parties and the subject matter of these proceedings.

2. Notice of the Hearing was published in Vol. 42, No. 131, The Florida Administrative Register on July 7, 2016, on page 3004. Notice was also sent directly to **NCCI** and to other persons requesting to be notified of such events.

3. The Filing proposes an overall increase in rate level based on the combined impact of the Florida Supreme Court's decision on April 28, 2016, in Marvin Castellanos v. Next Door Company, et al. ("*Castellanos*"), Case No. SC13-2082; the Florida Supreme Court's decision on June 9, 2016, in Bradley Westphal v. City of St. Petersburg, etc., et al. ("*Westphal*"), Case No. SC13-1930; and Senate Bill 1402 (Chapter 2016-203, Laws of Florida) that ratified the Florida Division of Workers' Compensation's updates to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual*, 2015 Edition.

4. In reaction to high workers' compensation insurance premiums, the legislature enacted Senate Bill 50A (Chapter 2003-412, Laws of Florida) ("SB 50A") in 2003 to reform the workers' compensation laws of Florida. The cases decided recently by the Florida Supreme Court reviewed, in part, the constitutionality of these reforms and consequently revised the law relating to the limitations on attorneys' fees.

5. In the Filing, **NCCI** presented two analyses to quantify the rate level impact of the *Castellanos* case. The first analysis compared the average pure loss cost changes

for Florida to two regions, the Southeastern States Region and the Gulf States Region ("Loss Cost Analysis"). The second analysis reviewed the changes in average total benefit costs for claims with claimant attorney representation. The average benefit costs for these claims were compared including and excluding the top 1% of claims based on reported total incurred losses ("Benefit Cost Analysis"). For both analyses, **NCCI** defined the years 2000 to 2002 as pre-SB 50A and defined the years 2005 to 2006 as post-SB 50A.

6. In the Loss Cost Analysis, **NCCI** compared the average pure loss cost changes in Florida to the average pure loss cost changes of the two regions. Based on this comparison, **NCCI** stated that Florida's pure loss cost declined at a faster rate than the pure loss costs of the two regions from 2000-2002 to 2005-2006. Florida's average pure loss cost declined between -12.2 and -27.3 percent over and above the decline observed in the regions. As a result of this analysis, **NCCI** asserted that the *Castellanos* decision could increase overall Florida workers' compensation system costs by 13.8 percent to 37.5 percent.

7. Many factors could be contributing to the differences between Florida and the regions in the pre-SB 50A to post-SB 50A timeframes other than the change to the attorney fee structure. For example, economic climates such as the recession and housing boom, industry mixes, hurricane activity with subsequent recovery, demographic changes, and other state differences could be impacting the data used in the analysis. **NCCI** acknowledged that the difference between Florida's average pure loss cost and the regions' average pure loss costs could be due to influences unrelated to the attorney fee change in SB 50A, such as other system changes in Florida as well as other influences on the systems of surrounding states. **NCCI** did not perform an

analysis to attempt to quantify the portion of the loss cost differences attributed to the attorney fee changes versus the impact of these other potentially contributing factors. In addition, **NCCI** did not do a post reform analysis to determine whether the initial estimates of the impact of all other provisions contained in SB 50A other than the attorney fee change materialized in line with **NCCI**'s initial expectations and assumptions. **NCCI** assumed that the estimate included in the adjustments to current benefit levels for all other aspects of SB 50A was accurate as initially priced and attributed any potential excess cost savings due to SB 50A solely to the revision in attorney fees required by SB 50A. While the attorney fee change is likely contributing to the decline in Florida's average pure loss cost from the pre-reform period to the post-reform period, it is difficult to determine what portion of the difference between Florida's average pure loss cost changes and the regions' average pure loss cost changes is attributable to the attorney fee change in SB 50A. **NCCI** could not isolate the attorney fee change from all other potentially contributing factors without additional quantitative analysis and data.

8. In the Benefit Cost Analysis, **NCCI** compared the average total benefit costs (average claim size or severity) for claims with claimant attorney representation for accident years 2005-2006 to the average total benefit costs for claims with claimant attorney representation for accident years 2000-2002. **NCCI** provided this analysis including and excluding the top 1% of claims based on reported total incurred losses. **NCCI** quantified average total benefit costs on attorney represented claims and determined that these costs declined by -25.6 percent to -30.1 percent between the pre-SB 50A period and post-SB 50A period. Based on this analysis, **NCCI** asserted that the first-year impact of the *Castellanos* decision could increase overall Florida workers'

compensation benefit costs by 15.0 percent to 18.1 percent. **NCCI** attributes the entire difference of -25.6 percent to -30.1 percent in average claim size to the attorney fees required by SB 50A. The average size of a claim can be affected by a number of factors unrelated to the amount of the attorney fee as shown by the variation in average claim size before SB 50A. Additionally, the estimated increase in system costs in the Benefit Cost Analysis does not contemplate any impact on overall system costs due to changes in lost-time claim frequency. Changes in claim frequency must be combined with changes in average claim severity to fully evaluate the potential change to overall losses in the workers' compensation system. For claims with attorney involvement, when combined with a potential increase in claim severity, an increase in lost-time claim frequency could further drive up system costs whereas a decrease in lost-time claim frequency could result in an impact on the system that is less than indicated solely from the increase in severity change alone. **NCCI** stated at the Hearing that it believes the indications shown by the Benefit Cost Analysis were too low because there was no frequency impact included, but did not do a separate frequency analysis to support this assertion. In addition, if there was an impact on average claim size without attorney representation due to the attorney fee change in SB 50A then this should be evaluated as well. Lastly, similar to the Loss Cost Analysis, **NCCI** assumed that the estimate included in the adjustments to current benefit levels for all other aspects of SB 50A was accurate as initially priced and any possible excess cost savings due to SB 50A is attributed solely to the revision in attorney fees required by SB 50A. While the attorney fees required by SB 50A are likely contributing to the change in average benefit costs for claims with attorney representation from the pre-reform period to the post-reform period, it is difficult to determine what portion of the change is attributable to the

attorney fee change in SB 50A versus all other potentially contributing factors without additional quantitative analysis and data.

9. The **OFFICE** received both oral and written testimony indicating that activity on litigated claims has increased since the *Castellanos* decision. **NCCI** provided an exhibit at the Hearing demonstrating that from May 2016 to July 2016 the monthly average petitions for benefits and monthly average claims filed are up from the same period in 2015, and an insurer also submitted data to support increased litigation activity on claims after the *Castellanos* decision. Furthermore, the **OFFICE** received testimony regarding shorter claim durations, quicker return to work, and more efficiency in the system because of the changes in SB 50A. Most credited the attorney fee provision in SB 50A for these observed changes and the resulting decrease in losses, and stated that the *Castellanos* decision would reverse these changes seen in the system since 2003 resulting in claim costs increasing rapidly as a result. If the increase in litigation activity continues or further escalates and has the effect of extending claim durations, delaying return to work and possibly creating inefficiencies in the system, then there could be a more substantial increase in workers' compensation costs in the near future.

10. The proposed overall increase in rate level of 19.6 percent for new, renewal and outstanding policies in the Filing has not been justified.

11. If the Filing were amended, an alternative rate increase of 14.5 percent is justified.

WHEREFORE, in consideration of the foregoing and being otherwise duly advised in the premises, it is hereby ORDERED:

The Filing of **NCCI** is hereby DISAPPROVED. The Filing will be approved provided the Filing is amended to comply with all of the following and such amendments to the Filing are filed as soon as practicable, but no later than October 4, 2016.

A. The statewide overall rate level change for the Filing for new and renewal policies for other than the "F" classifications shall be 14.5 percent, effective December 1, 2016, which includes a 1.8 percent increase due to Senate Bill 1402 (2016), a 2.2 percent increase due to the *Westphal* decision, and a 10.1 percent increase due to the *Castellanos* decision.

B. The statewide overall rate level change for the Filing for new and renewal policies for the "F" classifications shall be 2.6 percent, effective December 1, 2016 and include a 1.8 percent increase due to Senate Bill 1402 (2016), a 2.2 percent increase due to the *Westphal* decision, and a 10.1 percent increase due to the *Castellanos* decision and shall incorporate the distribution of state and federal losses.

C. There shall be no change in rates for outstanding policies.

D. The **OFFICE** is willing to consider an additional actuarial analysis, data, and justification that **NCCI** may compile to demonstrate that a rate increase in excess of the 10.1 percent increase due to the *Castellanos* decision is necessary.

E. Any insurer may make a filing to deviate from the **NCCI** rate level pursuant to Section 627.211, Florida Statutes, and Rule 69O-189.004, Florida Administrative Code.

F. **NCCI** shall provide the **OFFICE** with an actuarial analysis similar to that provided in an annual experience filing based on the most recent available experience data including but not limited to Policy Years 2013 and 2014 and Calendar Accident Year 2015. **NCCI** shall provide this analysis to the **OFFICE** no later than January 13, 2017.

G. **NCCI** shall list and explain each and every change in the proposed manual pages, including the experience rating plan manual and the retrospective rating plan manual. These shall be shown in the summary exhibit and described by an explanatory memorandum.

To meet statutory timeframes for a December 1, 2016 effective date, **NCCI** shall file the necessary amendments to the Filing as may be required to implement the terms of this Order as soon as practicable, but no later than October 4, 2016. No rate change shall be implemented until such amendments are properly filed and final approval is issued by the **OFFICE**.

By making a filing to comply with this order, **NCCI** waives any right to any further proceedings, and the **OFFICE** will enter a final order on the Filing.

DONE and ORDERED this 27th day of September, 2016.

David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

Copies furnished to:

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC
901 Peninsula Corporate Circle
Boca Raton, FL 33487

THOMAS J. MAIDA, ESQUIRE
Foley & Lardner
106 East College Avenue, Suite 900
Tallahassee, FL 32301

SHA'RON JAMES
INSURANCE CONSUMER ADVOCATE
DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF THE INSURANCE CONSUMER ADVOCATE
200 East Gaines Street
Tallahassee, FL 32399

NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administrative Code (F.A.C.), you may have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition for a proceeding must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 612 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand-delivery is utilized, the Petition should be delivered to 612 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes may apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one may be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.201, F.A.C., must demonstrate that your substantial interests have been affected by this agency's action, and contain:

a) A statement of all disputed issues of material fact. If there are none, the petition must so indicate;

b) A concise statement of the ultimate facts alleged, including the specific facts the petitioner contends warrant reversal or modification of the agency's proposed action;

c) A statement of the specific rules or statutes the petitioner contends require reversal or modification of the agency's proposed action; and

d) A statement of the relief sought by the petitioner, stating precisely the action petitioner wishes the agency to take with respect to the agency's proposed action.

These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere, the Office will request that the hearing be conducted in Tallahassee.

In some instances, you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

Revised 02/04/2008

FOR INFORMATIONAL PURPOSES ONLY

Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

Florida

Voluntary Workers Compensation Law-Only Rate Filing Effective December 1, 2016

Approval Supplement

FOR INFORMATIONAL PURPOSES ONLY

National Council on
Compensation Insurance

Chris Bailey
State Relations Executive
Regulatory Services Division
(P) 850-322-4047
(F) 561-893-5106
Email: Chris_Bailey@ncci.com

Date Received: 5/27/2016
Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

October 4, 2016

The Honorable David Altmaier
Commissioner
Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0330

Re: **Revised Florida Workers Compensation Rates and Rating Values—Effective December 1, 2016**

Dear Commissioner Altmaier:

In accordance with the applicable statutes and regulations of your jurisdiction, I am filing for your consideration and approval revised workers compensation rates and rating values to become effective December 1, 2016 for new and renewal policies. This filing amends and replaces the filing submitted on June 30, 2016.

This submission proposes an overall average rate level increase of 14.5% for the industrial classifications and an overall average rate level increase of 2.6% for the federal classifications from the current level of rates approved effective January 1, 2016. The components of the proposed changes are listed on the enclosed summary.

NCCI hereby waives its right to an administrative proceeding pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapter 28-106, Florida Administration Code.

This filing is made exclusively on behalf of the companies that have given valid consideration for the express purpose of fulfilling regulatory rate filing requirements and other private use of this information. This filing and the information related hereto is submitted for the examination of and approval by the regulatory authority governing rating organizations in accordance with all applicable rules and regulations governing rate filings.

This material is owned by NCCI and is protected by copyright law. NCCI will seek all appropriate legal remedies for unauthorized use, sale, reproduction, distribution, preparation of derivative works, transfer or assignment of this material, or any part thereof.

If you should have any questions or require additional information, I will be pleased to meet with you at your convenience.

Respectfully Submitted,

Chris Bailey
State Relations Executive

FOR INFORMATIONAL PURPOSES ONLY

Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

Actuarial Certification

I, Jay Rosen, am a Director and Senior Actuary for the National Council on Compensation Insurance, Inc. I am a Fellow of the Casualty Actuarial Society and a member of the American Academy of Actuaries, and I meet the Qualification Standards of the American Academy of Actuaries to provide the actuarial report contained herein.

The information contained in this report has been prepared under my direction in accordance with applicable Actuarial Standards of Practice as promulgated by the Actuarial Standards Board. The Actuarial Standards Board is vested by the U.S.-based actuarial organizations with the responsibility for promulgating Actuarial Standards of Practice for actuaries providing professional services in the United States. Each of these organizations requires its members, through its Code of Professional Conduct, to observe the Actuarial Standards of Practice when practicing in the United States.

Jay Rosen

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services

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FOR INFORMATIONAL PURPOSES ONLY

Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

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FOR INFORMATIONAL PURPOSES ONLY

Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

FLORIDA

WORKERS COMPENSATION FILING – DECEMBER 1, 2016

TABLE OF CONTENTS

Summary of Proposed Changes

Explanatory Memorandum

Exhibit V - Proposed Rates and Rating Values

NCCI Key Contacts

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APPROVED
Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

FLORIDA

WORKERS COMPENSATION FILING – DECEMBER 1, 2016

SUMMARY OF PROPOSED CHANGES

Proposed Effective Date	**December 1, 2016**

I. Industrial Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+14.5%
By Component	
- First-Year Impact of the Florida Supreme Court's Decision in *Castellanos*	+10.1%
- Changes to the Florida WC Health Care Provider Reimbursement Manual	+1.8%
- Impact of the Florida Supreme Court's Decision in *Westphal*	+2.2%
By Industry Group	
Manufacturing	+14.5%
Contracting	+14.5%
Office & Clerical	+14.5%
Goods & Services	+14.5%
Miscellaneous	+14.5%

II. Federal Classifications

Overall Proposed Change in Rate Level	
New and Renewal Policies	+2.6%

III. Minimum Premium Parameters

	Current	Proposed
Minimum Premium Multiplier	90	90
Maximum Minimum Premium	$1,200	$1,200

IV. Miscellaneous Values

	Current	Proposed
Expense Constant	$200	$200
USL&HW Percentage	120%	92%
Basis of premium applicable in accordance with the footnote instructions for Code 7370:		
Employee operated vehicle	$65,700	$65,700
Leased or rented vehicle	$43,800	$43,800
Premium Determination for Partners and Sole Proprietors	$43,800	$43,800
Minimum Payroll applicable in accordance with Basic Manual Rule 2-E-1 for Executive Officers		
In the construction industry	$400	$400
All other	$850	$850
Maximum Weekly Payroll applicable in accordance with Basic Manual Rule 2-E-1 -- "Executive Officers" and Basic Manual footnote instructions for 9178 and 9179	$2,500	$2,500

The deductible premium reduction percentages were updated.

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APPROVED
Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

SUMMARY OF PROPOSED CHANGES

V. Experience Rating Values

There was no change to the experience rating values.

Other Components	Current	Proposed
G	8.60	8.60
State Per Claim Accident Limitation	$215,000	$215,000
State Multiple Claim Accident Limitation	$430,000	$430,000
USL&HW Per Claim Accident Limitation	$469,500	$469,500
USL&HW Multiple Claim Accident Limitation	$939,000	$939,000
Employers Liability Accident Limitation	$55,000	$55,000
Primary/Excess Loss Split Point	$16,000	$16,000
USL&HW Act - Expected Loss Factor - Non-F Classes	2.07	2.07

There was no change to the split point.

VI. Retrospective Rating Values

Changes to the retrospective rating values consist of:

- Hazard Group Differentials
- Excess Loss Factors
- Excess Loss and Allocated Expense Factors
- Retrospective Premium Development Factors

There was no change to the Table of Expected Loss Ranges.

Other Components	Current	Proposed
CW Expected Loss Ratio	0.585	0.585
CW Expected Loss and Allocated Expense Ratio	0.660	0.660
FL Expected Loss Ratio	0.5848	0.5848
FL Expected Loss and Allocated Expense Ratio	0.6679	0.6679
Type A	2015-01	2015-01
Type B	2015-01	2015-01
Type FL-A	2015-01	2015-01
Type FL-B	2015-01	2015-01
Tax Multipliers		
State (other than F-Classes)	1.033	1.033
F-Classes	1.067	1.067

VII. Disease Loadings

The Disease Loadings were updated to reflect the premium level change corresponding to the traumatic rate for the respective class code.

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FLORIDA

WORKERS COMPENSATION FILING – DECEMBER 1, 2016

EXPLANATORY MEMORANDUM

On September 27, 2016, the Florida Office of Insurance Regulation (OIR) ordered NCCI to submit an amended filing in support of an overall average rate level increase of 14.5% for the industrial classifications and an overall average rate level increase of 2.6% for the federal classifications from the current level of rates approved effective January 1, 2016.

The purpose of this amended filing is to comply with the OIR's rate order.

Differences between the OIR's rate order and NCCI's filing dated June 30, 2016 are as follows:

Component	NCCI's Filing	OIR Rate Order
Filing Effective Date	October 1, 2016	December 1, 2016
Filing Policy Application	New, Renewal, and Outstanding	New and Renewal
First-Year Impact of the *Castellanos* decision	+15.0%	+10.1%
Overall Average Rate Level Change for the Industrial Classifications	+19.6%	+14.5%

This amended filing also includes the following changes:

- The overall rate level change for the federal classifications has been adjusted to reflect the revised first-year impact of the *Castellanos* decision contained in the OIR's rate order.

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Exhibit V

Effective December 1, 2016

APPROVED FLORIDA

Date Received: 5/27/2016 Date Of Action: 10/5/2016

FL OFFICE OF INSURANCE REGULATION

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
0005X	6.56	790	2.35	0.43	1924	2.79	451	1.03	0.46	2688	4.28	585	1.60	0.46
0008X	4.95	646	1.69	0.41	1925	7.87	908	2.68	0.40	2702X*	16.18	1200	4.26	0.31
0016X	13.10	1200	4.14	0.36	2003X	5.96	736	2.14	0.43	2710	15.10	1200	4.54	0.32
0030X	6.52	787	2.22	0.41	2014	8.12	931	2.56	0.36	2714	10.00	1100	3.72	0.45
0034	6.60	794	2.35	0.43	2016	3.62	526	1.34	0.46	2731	5.71	714	1.81	0.36
0035X	4.12	571	1.53	0.45	2021	3.79	541	1.29	0.41	2735	7.21	849	2.69	0.46
0036	6.75	808	2.40	0.43	2039	3.17	485	1.19	0.46	2759	8.87	998	3.30	0.46
0037	6.79	811	2.32	0.41	2041	4.97	647	1.85	0.46	2790	2.84	456	1.04	0.45
0042X	9.82	1084	3.35	0.41	2065	3.67	530	1.31	0.43	2797	8.31	948	2.96	0.43
0050X	8.49	964	3.03	0.43	2070	6.72	805	2.43	0.44	2799	5.93	734	2.05	0.41
0052X	7.51	876	2.36	0.36	2081	5.85	727	2.08	0.43	2802X	8.18	936	2.80	0.41
0059D	0.13	–	0.02	0.31	2089	6.55	790	2.35	0.43	2812	–	–	2.54	0.43
0065D	0.03	–	0.01	0.36	2095	8.50	965	3.04	0.43	2835	3.64	528	1.44	0.51
0066D	0.03	–	0.01	0.36	2105	6.30	767	2.35	0.45	2836	2.95	466	1.15	0.50
0067D	0.03	–	0.01	0.36	2110	3.98	558	1.48	0.45	2841	5.55	700	2.07	0.45
0079X	5.74	717	1.81	0.36	2111	4.09	568	1.53	0.46	2881	4.58	612	1.80	0.50
0083	9.29	1036	3.27	0.43	2112	4.97	647	1.85	0.45	2883	7.09	838	2.54	0.43
0106	16.65	1200	5.00	0.32	2114	3.92	553	1.45	0.46	2913	6.18	756	2.42	0.50
0113	7.43	869	2.67	0.43	2119X	3.93	554	1.35	0.41	2915	3.50	515	1.21	0.41
0153X	7.88	909	2.50	0.37	2121	2.35	412	0.84	0.43	2916	6.05	745	1.82	0.32
0170	3.58	522	1.28	0.43	2130	3.17	485	1.13	0.43	2923	3.18	486	1.18	0.46
0173X	1.04	294	0.38	0.45	2131	3.18	486	1.14	0.43	2942	3.82	544	1.51	0.50
0251	6.10	749	2.18	0.43	2157	5.03	653	1.81	0.44	2960	8.21	939	2.95	0.43
0400	10.37	1133	3.57	0.41	2172	2.04	384	0.70	0.41	3004	3.20	488	1.02	0.37
0401	13.27	A	4.01	0.33	2174	4.55	610	1.70	0.46	3018	5.60	704	1.79	0.37
0771N	0.65	–	–	–	2211	12.29	1200	3.91	0.37	3022	5.56	700	2.08	0.46
0908P	206.00	406	74.08	0.43	2220	2.95	466	1.06	0.43	3027	7.62	886	2.41	0.36
0913P	1054.00	1200	373.28	0.43	2286	2.81	453	1.04	0.46	3028	3.51	516	1.26	0.43
0917	8.75	988	3.22	0.45	2288	5.93	734	2.19	0.46	3030	10.49	1144	3.31	0.36
1005	7.19	847	1.91	0.31	2300	3.15	484	1.24	0.51	3040	8.97	1007	2.84	0.37
1164D	7.25	853	1.91	0.31	2302	3.06	475	1.09	0.43	3041	7.29	856	2.62	0.43
1165D	4.09	568	1.24	0.33	2305	2.04	384	0.70	0.41	3042	7.40	866	2.54	0.41
1218X	2.06	385	0.73	0.43	2361	3.17	485	1.13	0.43	3064	8.90	1001	3.17	0.43
1320X	2.56	430	0.77	0.32	2362	2.35	412	0.84	0.43	3069	–	–	2.20	0.45
1322	12.37	1200	3.75	0.33	2380	7.85	907	2.77	0.43	3076	5.93	734	2.20	0.45
1430	7.59	883	2.39	0.36	2386	3.68	531	1.37	0.45	3081D	7.32	859	2.29	0.36
1438	7.60	884	2.30	0.33	2388	2.38	414	0.89	0.45	3082D	6.36	772	2.00	0.36
1452	3.73	536	1.19	0.37	2402	3.98	558	1.26	0.36	3085D	7.26	853	2.28	0.36
1463	21.79	1200	6.56	0.32	2413	3.15	484	1.13	0.43	3110	7.18	846	2.57	0.43
1472	6.13	752	1.84	0.32	2416	2.82	454	1.01	0.43	3111	4.84	636	1.72	0.43
1473X	1.60	344	0.50	0.37	2417	5.45	691	1.93	0.43	3113	3.57	521	1.28	0.43
1624D	5.51	696	1.67	0.33	2501	3.35	502	1.20	0.43	3114	4.53	608	1.63	0.43
1642	3.81	543	1.21	0.37	2503	1.72	355	0.64	0.46	3118	2.62	436	0.98	0.46
1654	8.38	954	2.66	0.37	2534	2.76	448	1.03	0.45	3119	1.58	342	0.62	0.50
1655	5.90	731	1.86	0.36	2570	6.05	745	2.26	0.46	3122	2.12	391	0.79	0.45
1699	4.75	628	1.50	0.36	2585	5.64	708	2.11	0.46	3126	2.95	466	1.06	0.43
1701	5.67	710	1.80	0.37	2586	5.36	682	1.92	0.43	3131	2.38	414	0.86	0.43
1710D	14.68	1200	4.62	0.36	2587	4.39	595	1.65	0.46	3132	3.84	546	1.37	0.43
1741D	5.00	650	1.29	0.31	2589	3.09	478	1.11	0.43	3145	3.09	478	1.11	0.43
1747	2.76	448	0.88	0.37	2600	4.34	591	1.62	0.46	3146	3.76	538	1.34	0.43
1748	7.34	861	2.31	0.36	2623	10.24	1122	3.50	0.41	3169	4.09	568	1.47	0.43
1803D*	10.91	1182	3.22	0.32	2651	4.01	561	1.49	0.45	3175	5.67	710	2.02	0.43
1852D	4.17	575	1.09	0.30	2660	3.46	511	1.29	0.45	3179	2.57	431	0.96	0.46
1853	4.01	561	1.36	0.41	2670	2.85	457	1.12	0.50	3180	5.33	680	1.98	0.45
1860	2.82	454	1.06	0.46	2683	1.82	364	0.67	0.45	3188	2.52	427	0.94	0.46

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WORKERS COMPENSATION AND EMPLOYERS LIABILITY

Exhibit V

Effective December 1, 2016

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Date Received: 5/27/2016 Date Of Action: 10/5/2016

FL OFFICE OF INSURANCE REGULATION

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
3220	1.80	362	0.65	0.43	4000	8.37	953	2.55	0.33	4635	4.61	615	1.21	0.31
3223	5.22	670	2.03	0.50	4021	8.17	935	2.57	0.36	4653	2.43	419	0.91	0.45
3224	4.73	626	1.79	0.46	4024D	4.82	634	1.53	0.37	4665	11.07	1196	3.51	0.37
3227	5.63	707	2.11	0.46	4034	11.68	1200	3.70	0.37	4670	11.36	1200	3.54	0.36
3240	3.95	556	1.47	0.45	4036	4.23	581	1.34	0.37	4683	5.39	685	1.95	0.43
3241	3.28	495	1.17	0.43	4038	4.56	610	1.79	0.51	4686	3.12	481	0.99	0.37
3255	2.46	421	0.97	0.51	4053	3.06	475	1.09	0.43	4692	0.89	280	0.34	0.46
3257	3.87	548	1.38	0.43	4061	4.98	648	1.86	0.46	4693	1.49	334	0.53	0.43
3270	3.12	481	1.12	0.43	4062	4.36	592	1.57	0.43	4703	3.14	483	1.13	0.43
3300	6.22	760	2.22	0.43	4101	4.69	622	1.61	0.41	4710X	4.87	638	1.82	0.45
3303	6.44	780	2.40	0.45	4109	0.85	277	0.32	0.46	4717	2.99	469	1.19	0.50
3307	4.08	567	1.46	0.43	4110	1.25	313	0.45	0.43	4720	3.67	530	1.30	0.43
3315	6.55	790	2.46	0.46	4111	2.74	447	1.03	0.46	4740	2.07	386	0.67	0.37
3334	4.55	610	1.64	0.44	4113	3.40	506	1.23	0.44	4741	4.73	626	1.68	0.43
3336	4.83	635	1.54	0.37	4114	3.79	541	1.36	0.43	4751	3.32	499	1.04	0.36
3365	12.08	1200	3.82	0.37	4130	7.73	896	2.76	0.43	4771N	3.68	590	0.96	0.30
3372	4.14	573	1.41	0.41	4131	5.88	729	2.22	0.46	4777	9.58	1062	2.57	0.33
3373	8.92	1003	3.16	0.43	4133	2.76	448	1.03	0.45	4825	1.88	369	0.60	0.36
3383	2.16	394	0.80	0.45	4149	0.92	283	0.36	0.50	4828	5.17	665	1.78	0.41
3385	1.02	292	0.38	0.46	4206	6.46	781	2.31	0.43	4829	3.03	473	0.92	0.32
3400	4.72	625	1.62	0.41	4207	3.21	489	1.02	0.37	4902	3.37	503	1.26	0.46
3507X	5.58	702	2.00	0.43	4239	2.65	439	0.84	0.37	4923	4.20	578	1.49	0.43
3515	3.09	478	1.11	0.43	4240	5.71	714	2.09	0.45	5020	12.36	1200	3.90	0.37
3548	2.34	411	0.83	0.43	4243	3.35	502	1.20	0.43	5022X	15.10	1200	4.55	0.33
3559	3.37	503	1.21	0.43	4244	3.68	531	1.32	0.43	5037	41.92	1200	11.15	0.31
3574	2.01	381	0.75	0.46	4250	2.73	446	0.96	0.43	5040	16.44	1200	4.34	0.31
3581	1.87	368	0.70	0.45	4251	4.06	565	1.45	0.43	5057X	9.44	1050	2.47	0.31
3612	3.79	541	1.29	0.41	4263	3.56	520	1.27	0.43	5059	42.47	1200	11.10	0.31
3620	5.99	739	1.90	0.37	4273	4.64	618	1.65	0.43	5069X	26.49	1200	7.07	0.32
3629X	2.41	417	0.90	0.46	4279	5.25	673	1.88	0.43	5102X	10.24	1122	3.09	0.33
3632X	5.44	690	1.86	0.41	4282	2.35	412	0.89	0.46	5146	8.59	973	2.71	0.37
3634	2.13	392	0.80	0.46	4283	4.12	571	1.45	0.43	5160	3.07	476	0.92	0.33
3635	4.55	610	1.63	0.43	4299	2.56	430	0.95	0.46	5183	5.86	727	1.85	0.37
3638	2.48	423	0.93	0.46	4304	6.36	772	2.17	0.41	5188	7.32	859	2.31	0.37
3642	1.61	345	0.58	0.43	4307	3.61	525	1.42	0.50	5190	6.02	742	1.90	0.37
3643	2.68	441	0.96	0.43	4351X	1.91	372	0.67	0.43	5191	1.17	305	0.42	0.43
3647	2.84	456	0.97	0.41	4352	3.14	483	1.16	0.45	5192X	4.75	628	1.70	0.43
3648	2.73	446	1.02	0.46	4361	1.78	360	0.65	0.45	5213X	12.66	1200	3.81	0.33
3681	1.02	292	0.39	0.46	4410	7.13	842	2.55	0.43	5215X	15.55	1200	5.32	0.41
3685	1.33	320	0.50	0.45	4420	5.52	697	1.68	0.33	5221	8.06	925	2.54	0.37
3719	2.82	454	0.74	0.31	4431	1.90	371	0.75	0.50	5222	12.04	1200	3.64	0.33
3724	4.74	627	1.43	0.33	4432	1.87	368	0.74	0.50	5223X	7.61	885	2.40	0.37
3726	6.11	750	1.62	0.31	4452	4.78	630	1.71	0.43	5348	7.02	832	2.23	0.37
3803	4.20	578	1.51	0.43	4459	4.91	642	1.75	0.43	5402	7.73	896	2.87	0.46
3807	3.56	520	1.33	0.46	4470	3.18	486	1.14	0.43	5403X	11.11	1200	3.34	0.33
3808	3.48	513	1.20	0.41	4484	5.28	675	1.88	0.43	5437X	10.22	1120	3.23	0.37
3821	10.40	1136	3.55	0.41	4493	3.42	508	1.23	0.43	5443	5.76	718	2.06	0.43
3822	7.45	871	2.56	0.41	4511X	1.39	325	0.48	0.41	5445X	8.61	975	2.60	0.33
3824	7.34	861	2.51	0.41	4557	3.28	495	1.22	0.45	5462	12.07	1200	3.81	0.37
3826	1.14	303	0.41	0.43	4558X	3.40	506	1.22	0.43	5472	16.42	1200	4.35	0.31
3827	3.21	489	1.09	0.41	4568	3.23	491	1.02	0.36	5473	18.11	1200	4.74	0.31
3830	1.58	342	0.54	0.41	4581	1.22	310	0.36	0.32	5474X	12.63	1200	3.80	0.33
3851	4.89	640	1.84	0.46	4583	10.28	1125	3.10	0.32	5478	5.88	729	1.87	0.37
3865	2.73	446	1.08	0.50	4586X	1.87	368	0.57	0.33	5479	11.34	1200	3.87	0.41
3881	4.70	623	1.69	0.43	4611	1.98	378	0.74	0.46	5480	10.16	1114	3.08	0.33

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APPROVED
Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

Effective December 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
5491	4.28	585	1.30	0.33	6872F	12.54	1200	3.24	0.27	7538	11.33	1200	2.99	0.31
5506	10.59	1153	2.77	0.31	6874F	18.66	1200	4.81	0.27	7539	2.60	434	0.79	0.33
5507	7.52	877	2.27	0.33	6882	4.74	627	1.24	0.31	7540	3.65	529	0.96	0.31
5508D	20.80	1200	6.62	0.37	6884	4.54	609	1.20	0.31	7580	3.94	555	1.24	0.36
5509X	11.76	1200	3.52	0.32	7016M	8.44	960	2.25	0.31	7590	6.93	824	2.36	0.41
5535	10.98	1188	3.46	0.37	7024M	9.38	1044	2.50	0.31	7600	5.93	734	1.89	0.37
5537X	7.95	916	2.51	0.37	7038M	5.00	650	1.31	0.30	7605	3.74	537	1.19	0.37
5551	21.29	1200	5.56	0.31	7046M	9.05	1015	2.38	0.31	7610X	0.73	266	0.25	0.41
5606	2.12	391	0.64	0.33	7047M	16.63	1200	4.69	0.31	7704X	6.22	760	1.87	0.32
5610X	10.28	1125	3.67	0.43	7050M	9.88	1089	2.72	0.30	7705	6.11	750	2.09	0.41
5613X	19.62	1200	6.97	0.43	7090M	5.56	700	1.45	0.30	7720	4.75	628	1.50	0.36
5645X	19.40	1200	5.84	0.33	7098M	10.06	1105	2.64	0.31	7855	6.88	819	2.20	0.37
5651X	11.68	1200	3.51	0.33	7099M	17.83	1200	4.95	0.31	8001	6.15	754	2.29	0.46
5703	20.78	1200	6.58	0.37	7133	5.84	726	1.78	0.33	8002	3.13	482	1.11	0.43
5705	19.52	1200	6.15	0.37	7151M	7.10	839	2.16	0.33	8006X	3.79	541	1.35	0.43
5951	0.82	274	0.30	0.46	7152M	14.00	1200	4.51	0.33	8008	2.07	386	0.77	0.45
6004X	16.66	1200	5.31	0.37	7153M	7.88	909	2.40	0.33	8010	2.39	415	0.89	0.46
6006FX	18.08	1200	5.42	0.34	7201X	14.42	1200	5.14	0.43	8013	0.78	270	0.28	0.43
6017	8.53	968	2.72	0.37	7204X	1.92	373	0.73	0.46	8015	1.47	332	0.52	0.43
6018	4.44	600	1.42	0.37	7205X	13.76	1200	4.90	0.43	8017	2.29	406	0.85	0.46
6045	6.25	763	1.99	0.37	7219X	8.44	960	2.56	0.33	8018	4.20	578	1.57	0.46
6204	14.83	1200	4.48	0.33	7222	7.68	891	2.45	0.37	8021	5.68	711	2.03	0.43
6206	5.17	665	1.36	0.31	7230	11.91	1200	4.08	0.41	8031	4.27	584	1.52	0.43
6213	3.82	544	1.16	0.33	7231	7.73	896	2.68	0.41	8032	3.77	539	1.40	0.46
6214	4.68	621	1.23	0.31	7232	12.36	1200	3.77	0.33	8033	2.80	452	1.00	0.43
6216X	8.41	957	2.22	0.31	7309F	16.06	1200	4.13	0.27	8037	2.44	420	0.90	0.46
6217	8.69	982	2.61	0.33	7313F	3.02	472	0.79	0.27	8039	3.24	492	1.20	0.45
6229	8.32	949	2.51	0.33	7317FX	12.58	1200	3.23	0.28	8044	4.05	565	1.39	0.41
6233	4.93	644	1.49	0.33	7327FX	32.99	1200	8.54	0.27	8045	0.70	263	0.25	0.46
6235	13.46	1200	3.62	0.33	7333M	9.75	1078	2.59	0.31	8046	4.06	565	1.45	0.43
6236	18.32	1200	5.80	0.37	7335M	10.83	1175	2.87	0.31	8047	1.23	311	0.46	0.46
6237	2.49	424	0.80	0.37	7337M	19.20	1200	5.38	0.31	8058	3.77	539	1.34	0.43
6251D	8.04	924	2.46	0.33	7350FX	14.60	1200	4.27	0.30	8061X	4.40	596	1.57	0.43
6252D	6.97	827	1.83	0.31	7360X	7.10	839	2.25	0.37	8072	1.42	328	0.52	0.45
6260D	8.55	970	2.25	0.31	7370	6.23	761	2.23	0.43	8102	2.69	442	1.01	0.46
6306	7.96	916	2.39	0.33	7380	6.99	829	2.40	0.41	8103	3.58	522	1.22	0.41
6319	6.62	796	1.99	0.33	7382	6.22	760	2.23	0.43	8105	4.51	606	1.69	0.46
6325	8.99	1009	2.72	0.33	7383X	6.99	829	2.19	0.36	8106	7.38	864	2.33	0.36
6400	12.74	1200	4.35	0.41	7390	6.53	788	2.34	0.43	8107	4.70	623	1.49	0.37
6503	3.65	529	1.36	0.46	7394MX	8.38	954	2.23	0.31	8111	3.15	484	1.13	0.43
6504	4.58	612	1.70	0.45	7395MX	9.31	1038	2.47	0.31	8116	3.99	559	1.42	0.43
6702M*	8.35	952	2.67	0.37	7398MX	16.51	1200	4.63	0.31	8203	7.85	907	2.82	0.43
6703M*	16.39	1200	5.57	0.37	7402	0.23	221	0.08	0.44	8204	7.78	900	2.41	0.36
6704M*	9.27	1034	2.97	0.37	7403	6.72	805	2.13	0.37	8209	6.84	816	2.43	0.43
6801F	3.19	487	0.96	0.34	7405N	2.03	481	0.65	0.37	8215	8.00	920	2.54	0.37
6811	5.81	723	1.85	0.37	7420	16.24	1200	4.31	0.32	8227	8.47	962	2.22	0.31
6824FX	9.19	1027	2.70	0.29	7421	1.17	305	0.35	0.33	8232X	6.12	751	1.94	0.37
6826FX	5.42	688	1.63	0.34	7422	2.90	461	0.76	0.31	8233	4.40	596	1.41	0.37
6828FX	5.82	724	1.75	0.34	7425	2.50	425	0.67	0.32	8235	6.54	789	2.34	0.43
6834X	3.68	531	1.26	0.41	7431N	1.00	339	0.27	0.31	8263	12.62	1200	4.29	0.40
6836X	5.48	693	1.73	0.36	7445N	1.09	–	–	–	8264	7.37	863	2.33	0.37
6838X	5.24	672	1.80	0.41	7453N	0.54	–	–	–	8265	7.85	907	2.37	0.33
6843F	12.73	1200	3.30	0.27	7502	3.05	475	0.96	0.37	8273X	5.78	720	2.07	0.43
6845F	8.66	979	2.25	0.28	7515	1.97	377	0.51	0.30	8274X	5.46	691	1.95	0.43
6854	4.69	622	1.23	0.31	7520	5.04	654	1.79	0.43	8279	9.44	1050	2.84	0.33

* Refer to the Footnotes Page for additional information on this class code.

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Effective December 1, 2016

CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO	CLASS CODE	RATE	MIN PREM	ELR	D RATIO
8288	8.41	957	2.64	0.36	8871	0.25	223	0.09	0.46					
8291	5.71	714	1.96	0.41	8901	0.39	235	0.13	0.41					
8292X	6.32	769	2.25	0.43	9012	1.82	364	0.62	0.41					
8293	14.18	1200	4.50	0.37	9014X	5.46	691	1.96	0.43					
8304	6.72	805	2.13	0.37	9015	5.53	698	1.98	0.43					
8350	7.22	850	2.16	0.33	9016	3.05	475	1.08	0.43					
8353X	7.07	836	2.23	0.36	9019	2.53	428	0.80	0.36					
8380	4.09	568	1.40	0.41	9033	3.04	474	1.09	0.43					
8381X	2.33	410	0.80	0.41	9040	5.14	663	1.91	0.45					
8385	3.73	536	1.18	0.37	9047X	4.23	581	1.51	0.43					
8392	3.98	558	1.42	0.43	9052	3.98	558	1.48	0.45					
8393X	2.63	437	0.94	0.43	9058	2.67	440	1.05	0.50					
8500	9.45	1051	2.98	0.36	9060	2.54	429	0.94	0.45					
8601X	0.70	263	0.23	0.41	9061	2.76	448	1.08	0.50					
8602X	1.42	328	0.48	0.41	9063	1.70	353	0.63	0.45					
8603	0.19	217	0.06	0.43	9077F	3.71	534	1.24	0.42					
8606	3.52	517	1.07	0.33	9082	2.54	429	1.00	0.50					
8709F	7.16	844	1.86	0.27	9083	2.60	434	1.02	0.50					
8719	8.44	960	2.18	0.30	9084	2.95	466	1.05	0.43					
8720X	2.38	414	0.76	0.37	9088a	a	a	a	a					
8721	0.40	236	0.13	0.37	9089	1.86	367	0.69	0.45					
8723X	0.25	223	0.09	0.43	9093	2.52	427	0.93	0.45					
8725	0.25	223	0.08	0.36	9101X	5.25	673	1.95	0.45					
8726F	2.78	450	0.83	0.34	9102X	5.16	664	1.83	0.43					
8728X	0.46	241	0.14	0.37	9154	2.26	403	0.81	0.43					
8734M	0.69	262	0.22	0.37	9156	4.62	616	1.58	0.41					
8737M	0.62	256	0.20	0.37	9170	10.77	1169	2.79	0.31					
8738M	1.23	311	0.41	0.37	9178	12.66	1200	4.89	0.50					
8742	0.51	246	0.16	0.37	9179	16.24	1200	6.10	0.46					
8745	7.69	892	2.59	0.40	9180	4.02	562	1.27	0.36					
8748	0.94	285	0.32	0.41	9182	3.66	529	1.30	0.43					
8755	0.77	269	0.24	0.37	9186	45.74	1200	13.62	0.32					
8799	1.05	295	0.37	0.43	9220	8.83	995	3.01	0.41					
8800	1.86	367	0.73	0.50	9402	10.27	1124	3.24	0.37					
8803	0.12	211	0.04	0.36	9403	9.77	1079	2.96	0.33					
8805M	0.35	232	0.13	0.43	9410	2.63	437	0.94	0.43					
8810	0.26	223	0.09	0.43	9501X	4.61	615	1.58	0.41					
8814M	0.32	229	0.11	0.43	9505	4.77	629	1.63	0.41					
8815M	0.64	258	0.23	0.43	9516	4.34	591	1.38	0.37					
8820	0.22	220	0.07	0.41	9519	6.35	772	2.02	0.37					
8824	5.30	677	1.97	0.45	9521	7.82	904	2.45	0.37					
8825	2.86	457	1.13	0.50	9522	3.43	509	1.21	0.43					
8826	3.33	500	1.19	0.43	9534	7.92	913	2.39	0.33					
8829X	3.07	476	1.09	0.43	9554	12.33	1200	3.71	0.33					
8831	2.33	410	0.83	0.43	9586	1.29	316	0.51	0.50					
8832	0.48	243	0.17	0.43	9600	3.65	529	1.37	0.46					
8833	1.56	340	0.55	0.43	9620	1.75	358	0.60	0.41					
8835	2.79	451	1.00	0.43										
8841X	2.32	409	0.79	0.41										
8842	2.76	448	0.97	0.43										
8855	0.26	223	0.09	0.43										
8856	0.31	228	0.11	0.43										
8864	1.86	367	0.66	0.43										
8868X	0.59	253	0.21	0.45										
8869	1.82	364	0.67	0.45										

* Refer to the Footnotes Page for additional information on this class code.

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FL OFFICE OF INSURANCE REGULATION

FOOTNOTES

a Rate for each individual risk must be obtained from NCCI Customer Service or the Rating Organization having jurisdiction.

A Minimum Premium $100 per ginning location for policy minimum premium computation.

D Rate for classification already includes the specific disease loading shown in the table below. See Rule 3-A-7 of Manual supplement - Treatment of Disease Coverage.

Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol	Code No.	Disease Loading	Symbol
0059D	0.13	S	1710D	0.04	S	4024D	0.01	S
0065D	0.03	S	1741D	0.13	S	5508D	0.02	S
0066D	0.03	S	1803D*	0.13	S	6251D	0.01	S
0067D	0.03	S	1852D	0.03	Asb	6252D	0.01	S
1164D	0.02	S	3081D	0.03	S	6260D	0.02	S
1165D	0.01	S	3082D	0.03	S			
1624D	0.01	S	3085D	0.02	S			

Asb=Asbestos, S=Silica

F Rate provides for coverage under the United States Longshore and Harbor Workers Compensation Act and its extensions. Rates include a provision for the USL&HW Assessment.

M Risks are subject to Admiralty Law or Federal Employers Liability Act (FELA). However, the published rate is for risks that voluntarily purchase standard workers compensation and employers liability coverage.

N This code is part of a ratable / non-ratable group shown below. The statistical non-ratable code and corresponding rate are applied in addition to the basic classification when determining premium.

Class Code	Non-Ratable Element Code
4771	0771
7405	7445
7431	7453

P Classification is computed on a per capita basis.

X Refer to special classification phraseology in these pages which is applicable in this state.

*** Class Codes with Specific Footnotes**

1803 See Florida Special Rules for Treatment of Disease Coverage.

2702 An upset payroll of $10.00 per cord has been established for use only when payroll records are not available and shall be used for premium computation purposes in accordance with the classification footnote.

6702 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection code rate and elr each x 1.215.

6703 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate x 2.367 and elr x 2.531.

6704 Rate and rating values only appropriate for laying or relaying of tracks or maintenance of way - no work on elevated railroads. Otherwise, assign appropriate construction or erection class rate and elr each x 1.35.

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FL OFFICE OF INSURANCE REGULATION

Effective December 1, 2016

MISCELLANEOUS VALUES

Average Weekly Wage applicable only in connection with Rule 2-B-2 of the ***Basic Manual*** $30

Basis of premium applicable in accordance with ***Basic Manual*** footnote instructions for Code 7370 -- "Taxicab Co.":

Employee operated vehicle..... $65,700
Leased or rented vehicle..... $43,800

Expense Constant applicable in accordance with ***Basic Manual*** Rule 3-A-11..... $200

Maximum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 -- "Executive Officers" and the ***Basic Manual*** footnote instructions for Code 9178 -- "Athletic Sports or Park: Noncontact Sports" and Code 9179 -- "Athletic Sports or Park: Contact Sports"..... $2,500

Minimum Weekly Payroll applicable in accordance with ***Basic Manual*** Rule 2-E-1 --

Executive Officers in the construction industry..... $400
All other executive officers..... $850

Premium Determination for Partners and Sole Proprietors in accordance with ***Basic Manual*** Rule 2-E-3 (Annual Payroll)..... $43,800

Note: If the actual remuneration received by the partner or sole proprietor as evidenced by IRS Schedule C forms is less than the amount shown above, the actual amount may be used.

Premium Discount Percentages - (See ***Basic Manual*** Rule 3-A-19-a.) The following premium discounts are applicable to Standard Premiums:

		Table A	Table B
First	$10,000	-	-
Next	190,000	9.1%	5.1%
Next	1,550,000	11.3%	6.5%
Over	1,750,000	12.3%	7.5%

Premium Reduction Percentages - The following percentages are applicable by deductible and/or coinsurance amount and hazard group for total losses on a per claim basis. They do include a safety factor.

Coinsurance Amount	Coinsurance Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$5,000	3.1%	2.5%	2.3%	1.8%	1.5%	1.2%	0.9%
$10,000	4.4%	3.6%	3.4%	2.7%	2.2%	1.9%	1.5%
$15,000	5.3%	4.5%	4.2%	3.4%	2.9%	2.4%	2.0%
$20,000	6.1%	5.2%	4.8%	4.0%	3.4%	2.9%	2.4%
$21,000	6.2%	5.3%	4.9%	4.2%	3.5%	3.0%	2.4%

Deductible Amount	Deductible Program Premium Reduction Percentages HAZARD GROUP A	B	C	D	E	F	G
$500	3.4%	2.8%	2.5%	1.9%	1.4%	1.1%	0.8%
$1,000	5.8%	4.7%	4.3%	3.2%	2.4%	1.9%	1.4%
$1,500	7.6%	6.2%	5.7%	4.3%	3.3%	2.6%	2.0%
$2,000	9.1%	7.5%	6.8%	5.2%	4.0%	3.2%	2.4%
$2,500	10.5%	8.6%	7.8%	6.0%	4.7%	3.7%	2.9%

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MISCELLANEOUS VALUES(cont.)

Deductible Amount	Deductible with Coinsurance Program Premium Reduction Percentages — HAZARD GROUP A	B	C	D	E	F	G
$500	9.0%	7.5%	6.9%	5.7%	4.6%	3.9%	3.1%
$1,000	10.9%	9.1%	8.4%	6.7%	5.5%	4.5%	3.6%
$1,500	12.3%	10.3%	9.5%	7.6%	6.1%	5.1%	4.0%
$2,000	13.5%	11.3%	10.4%	8.3%	6.7%	5.6%	4.4%
$2,500	14.6%	12.1%	11.2%	8.9%	7.2%	6.0%	4.8%

Deductible Amount	Intermediate Deductible Program+ Premium Reduction Percentages — HAZARD GROUP A	B	C	D	E	F	G
$5,000	15.3%	12.6%	11.6%	9.1%	7.3%	5.9%	4.7%
$10,000	21.9%	18.2%	16.8%	13.6%	11.2%	9.4%	7.5%
$15,000	26.6%	22.4%	20.8%	17.2%	14.4%	12.2%	9.8%
$20,000	30.4%	25.8%	24.0%	20.2%	17.0%	14.6%	11.9%
$25,000	33.5%	28.7%	26.7%	22.8%	19.4%	16.8%	13.7%
$50,000	43.5%	38.4%	36.0%	32.0%	27.9%	24.9%	20.6%
$75,000	49.0%	44.1%	41.5%	37.7%	33.3%	30.3%	25.3%

+ Identifies a premium reduction percentage provided on an advisory basis. An insurer may deviate from such percentage reductions by filing with and obtaining approval from the Office of Insurance Regulation.

Terrorism (Voluntary Rates) 0.02

United States Longshore and Harbor Workers' Compensation Coverage Percentage applicable only in connection with Rule 3-A-4 -- U.S. Longshore and Harbor Workers' Compensation Act of the ***Basic Manual*** 92%

(Multiply a Non-F classification rate by a factor of 1.92 to adjust for differences in benefits and loss-based expenses. This factor is the product of the adjustment for differences in benefits (1.83) and the adjustment for differences in loss-based expenses (1.051).)

Experience Rating Eligibility

A risk is eligible for intrastate experience rating when the payrolls or other exposures developed in the last year or last two years of the experience period produced a premium of at least $10,000. If more than two years, an average annual premium of at least $5,000 is required. The ***Experience Rating Plan Manual*** should be referenced for the latest approved eligibility amounts by state.

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1. Hazard Group Differentials

A	B	C	D	E	F	G
1.82	1.41	1.28	1.07	0.88	0.73	0.58

2. Tax Multipliers

a. State (non-F Classes)	1.033
b. Federal Classes, or non-F classes where rate is increased by the USL&HW Act Percentage	1.067

3. Expected Loss Ratio / **Expected Loss and Allocated Expense Ratio**

Expected Loss Ratio	Expected Loss and Allocated Expense Ratio
Countrywide: 0.585	Countrywide: 0.660
Florida: 0.5848*	Florida: 0.6679*

4. Table of Expense Ratios

Type A: 2015-01
Type B: 2015-01

Type FL-A: 2015-01
Type FL-B: 2015-01

* The FL-specific Expected Loss Ratio (ELR) and Expected Loss and Allocated Expense Ratio (ELAER) are provided for optional use. If these options are chosen, the FL-specific expense ratio tables should also be used. If the countrywide ELR or ELAER are used, then the standard Type A and Type B tables should be used.

5. 2013 Table of Expected Loss Ranges

Effective January 1, 2013

6. Excess Loss Factors

(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.401	0.431	0.443	0.470	0.490	0.505	0.521
$15,000	0.361	0.396	0.410	0.440	0.464	0.482	0.502
$20,000	0.329	0.367	0.383	0.415	0.441	0.461	0.484
$25,000	0.303	0.343	0.360	0.393	0.421	0.443	0.469
$30,000	0.281	0.322	0.340	0.374	0.404	0.427	0.455
$35,000	0.262	0.304	0.323	0.357	0.388	0.412	0.443
$40,000	0.246	0.289	0.308	0.342	0.374	0.398	0.431
$50,000	0.219	0.262	0.282	0.316	0.350	0.375	0.411
$75,000	0.174	0.215	0.236	0.268	0.304	0.329	0.371
$100,000	0.145	0.184	0.205	0.235	0.272	0.297	0.341
$125,000	0.125	0.162	0.183	0.211	0.248	0.272	0.318
$150,000	0.110	0.145	0.167	0.193	0.229	0.252	0.300
$175,000	0.098	0.132	0.154	0.179	0.214	0.236	0.285
$200,000	0.089	0.122	0.143	0.167	0.202	0.222	0.272
$225,000	0.082	0.113	0.134	0.157	0.191	0.211	0.262
$250,000	0.076	0.106	0.127	0.148	0.182	0.201	0.252
$275,000	0.070	0.100	0.121	0.141	0.175	0.193	0.244
$300,000	0.066	0.095	0.115	0.135	0.168	0.186	0.237
$325,000	0.062	0.090	0.110	0.129	0.162	0.179	0.230
$350,000	0.058	0.086	0.106	0.124	0.156	0.173	0.224
$375,000	0.055	0.082	0.102	0.120	0.152	0.168	0.219
$400,000	0.053	0.079	0.098	0.115	0.147	0.163	0.214
$425,000	0.050	0.076	0.095	0.112	0.143	0.158	0.209
$450,000	0.048	0.073	0.092	0.108	0.139	0.154	0.205
$475,000	0.046	0.070	0.089	0.105	0.136	0.150	0.201
$500,000	0.044	0.068	0.086	0.102	0.133	0.147	0.197
$600,000	0.038	0.060	0.078	0.092	0.121	0.135	0.184
$700,000	0.033	0.054	0.071	0.084	0.113	0.125	0.174
$800,000	0.030	0.049	0.065	0.078	0.105	0.118	0.165
$900,000	0.027	0.045	0.061	0.073	0.099	0.111	0.158
$1,000,000	0.025	0.042	0.057	0.068	0.094	0.105	0.151
$2,000,000	0.013	0.024	0.034	0.042	0.061	0.071	0.108
$3,000,000	0.008	0.016	0.024	0.030	0.045	0.053	0.084
$4,000,000	0.006	0.012	0.017	0.022	0.035	0.042	0.068
$5,000,000	0.004	0.009	0.013	0.017	0.028	0.034	0.056
$6,000,000	0.003	0.007	0.011	0.014	0.022	0.028	0.047
$7,000,000	0.002	0.006	0.009	0.011	0.019	0.024	0.040
$8,000,000	0.002	0.005	0.007	0.009	0.016	0.020	0.034
$9,000,000	0.002	0.004	0.006	0.008	0.013	0.017	0.030
$10,000,000	0.001	0.003	0.005	0.007	0.011	0.015	0.026

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APPROVED
Date Received: 5/27/2016
Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

Excess Loss and
Allocated Expense Factors
(Applicable to New and Renewal Policies)

Per Accident Limitation	Hazard Groups A	B	C	D	E	F	G
$10,000	0.475	0.507	0.519	0.548	0.569	0.586	0.602
$15,000	0.431	0.469	0.484	0.516	0.541	0.561	0.581
$20,000	0.396	0.438	0.454	0.489	0.517	0.539	0.563
$25,000	0.367	0.411	0.429	0.465	0.496	0.519	0.546
$30,000	0.343	0.388	0.407	0.444	0.477	0.502	0.531
$35,000	0.321	0.368	0.388	0.425	0.459	0.486	0.518
$40,000	0.303	0.350	0.370	0.408	0.444	0.471	0.505
$50,000	0.272	0.320	0.341	0.379	0.416	0.445	0.482
$75,000	0.219	0.265	0.288	0.325	0.364	0.393	0.437
$100,000	0.185	0.229	0.252	0.287	0.327	0.356	0.404
$125,000	0.161	0.203	0.227	0.259	0.299	0.327	0.377
$150,000	0.143	0.183	0.207	0.237	0.277	0.304	0.356
$175,000	0.129	0.167	0.191	0.220	0.260	0.285	0.338
$200,000	0.117	0.155	0.178	0.206	0.245	0.269	0.324
$225,000	0.108	0.144	0.168	0.194	0.233	0.256	0.311
$250,000	0.100	0.135	0.159	0.184	0.222	0.244	0.300
$275,000	0.094	0.128	0.151	0.175	0.213	0.234	0.290
$300,000	0.088	0.121	0.144	0.167	0.204	0.225	0.281
$325,000	0.083	0.115	0.138	0.160	0.197	0.217	0.274
$350,000	0.078	0.110	0.132	0.154	0.191	0.210	0.267
$375,000	0.074	0.105	0.127	0.148	0.185	0.204	0.260
$400,000	0.071	0.101	0.123	0.143	0.179	0.198	0.254
$425,000	0.068	0.097	0.119	0.139	0.174	0.193	0.249
$450,000	0.065	0.094	0.115	0.134	0.170	0.188	0.244
$475,000	0.062	0.090	0.111	0.131	0.165	0.183	0.239
$500,000	0.059	0.087	0.108	0.127	0.161	0.179	0.234
$600,000	0.051	0.077	0.097	0.115	0.148	0.164	0.219
$700,000	0.045	0.069	0.089	0.105	0.137	0.152	0.207
$800,000	0.040	0.063	0.082	0.097	0.128	0.143	0.196
$900,000	0.036	0.058	0.076	0.090	0.120	0.134	0.187
$1,000,000	0.033	0.054	0.071	0.084	0.114	0.127	0.179
$2,000,000	0.017	0.031	0.043	0.052	0.075	0.086	0.129
$3,000,000	0.011	0.021	0.030	0.037	0.055	0.065	0.101
$4,000,000	0.008	0.015	0.022	0.028	0.043	0.051	0.082
$5,000,000	0.006	0.012	0.017	0.022	0.034	0.042	0.068
$6,000,000	0.004	0.009	0.014	0.018	0.028	0.035	0.057
$7,000,000	0.004	0.007	0.011	0.014	0.023	0.029	0.049
$8,000,000	0.003	0.006	0.009	0.012	0.020	0.025	0.042
$9,000,000	0.002	0.005	0.008	0.010	0.017	0.022	0.037
$10,000,000	0.002	0.004	0.006	0.009	0.014	0.019	0.032

7. **Retrospective Development Factors**

With Loss Limit			Without Loss Limit			
1st Adj.	2nd Adj.	3rd Adj.	1st Adj.	2nd Adj.	3rd Adj.	4th & Subsequent Adjustment
0.05	0.04	0.03	0.16	0.12	0.10	0.00

8. **Drug Free Workplace Premium Credit**

A 5% credit is available for employers with anniversary rating dates of January 1, 1992 or after who have complied with the provisions of the Department of Labor and Employment Security Rules.

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FOR INFORMATIONAL PURPOSES ONLY

Date Received: 5/27/2016 Date Of Action: 10/5/2016
FL OFFICE OF INSURANCE REGULATION

FLORIDA

WORKERS COMPENSATION FILING – DECEMBER 1, 2016

NCCI KEY CONTACTS

Chris Bailey, State Relations Executive
Regulatory Services Division
National Council on Compensation Insurance, Inc. (NCCI)
106 E. College Avenue, Suite 900
Tallahassee, FL 32301
Phone (850) 322-4047 Fax (561) 893-5106

Jay Rosen, FCAS, MAAA
Director and Senior Actuary
Actuarial and Economic Services Division
National Council on Compensation Insurance, Inc. (NCCI)
901 Peninsula Corporate Circle
Boca Raton, Florida 33487-1362
Phone (561) 893-3062 Fax (561) 893-5662

All NCCI employees can be contacted via e-mail using the following format:

First Name_Last Name@NCCI.com

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Filing Details

Work Unit Number:	W16-1564412
Filing Purpose:	Rates Only
Product:	Workers' Compensation / Standard
Date Created:	10/4/2016 12:49:22 PM
Date Submitted:	10/4/2016 01:01:27 PM
Filing Name:	Florida Voluntary WC Law Only Filing

Company Details

Company Name	FEIN	NAIC CC	NAIC GC	AUTH TYPE	AUTH TYPE/LOB Statuses
NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.	650439698			LICENSE	ACTIVE/ ACTIVE

Uploaded Documents

Document Type	Filenet Number	Form Number	Title
Manual/Rate Pages	0		Compliance Filing

From: Cooper, Cyndi
Sent: Wednesday, October 05, 2016 8:25 AM
To: PCFREDMS
Subject: 16-12500
Attachments: FL 12-1-2016 Proposed Rates by Class.xlsx; FL 12-1-2016 Voluntary Rates
Comparison.xlsx

Please attach the following email & two files to 16-12500. Thanks.

From: Chris Bailey [mailto:Chris_Bailey@ncci.com]
Sent: Tuesday, October 04, 2016 4:49 PM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>; Jay Rosen <Jay_Rosen@Ncci.Com>
Subject: RE: NCCI: FL Rate Filing - Compliance Filing

Cyndi, Per your request please find the attached Excel files. As for how the rates were calculated, we
were able to re-run them completely because of it being a law-only filing. Do we need to submit these
files to I-file or will you add them?

Thank you,
Chris Bailey
State Relations Executive
National Council on
Compensation Insurance
106 E College Avenue, Suite 900
Tallahassee, FL 32301
(C) 850-322-4047
(F) 561-893-5106
mailto:chris_bailey@ncci.com

From: Cooper, Cyndi [mailto:Cyndi.Cooper@floir.com]
Sent: Tuesday, October 04, 2016 4:08 PM
To: Chris Bailey; Jay Rosen
Subject: RE: NCCI: FL Rate Filing - Compliance Filing

Hi Chris & Jay,
Can you please send me a revised rate comparison exhibit, the two-page rate exhibit in Excel, and a
description of how the rate were calculated (flat factor or something else)?

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865
SAVE THE DATE! Florida Office of Insurance Regulation 2016 Industry Conference, October 25-26, 2016,
Florida State University Conference Center, Tallahassee, Florida

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Florida Voluntary 12/1/2016 Rates

Industrial Classes															
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate
0005	6.56	1699	4.75	2386	3.68	3027	7.62	3373	8.92	4061	4.98	4583	10.28	5348	7.02
0008	4.95	1701	5.67	2388	2.38	3028	3.51	3383	2.16	4062	4.36	4586	1.87	5402	7.73
0016	13.10	1710	14.68	2402	3.98	3030	10.49	3385	1.02	4101	4.69	4611	1.98	5403	11.11
0030	6.52	1741	5.00	2413	3.15	3040	8.97	3400	4.72	4109	0.85	4635	4.61	5437	10.22
0034	6.60	1747	2.76	2416	2.82	3041	7.29	3507	5.58	4110	1.25	4653	2.43	5443	5.76
0035	4.12	1748	7.34	2417	5.45	3042	7.40	3515	3.09	4111	2.74	4665	11.07	5445	8.61
0036	6.75	1803	10.91	2501	3.35	3064	8.90	3548	2.34	4113	3.40	4670	11.36	5462	12.07
0037	6.79	1852	4.17	2503	1.72	3076	5.93	3559	3.37	4114	3.79	4683	5.39	5472	16.42
0042	9.82	1853	4.01	2534	2.76	3081	7.32	3574	2.01	4130	7.73	4686	3.12	5473	18.11
0050	8.49	1860	2.82	2570	6.05	3082	6.36	3581	1.87	4131	5.88	4692	0.89	5474	12.63
0052	7.51	1924	2.79	2585	5.64	3085	7.26	3612	3.79	4133	2.76	4693	1.49	5478	5.88
0059	0.13	1925	7.87	2586	5.36	3110	7.18	3620	5.99	4149	0.92	4703	3.14	5479	11.34
0065	0.03	2003	5.96	2587	4.39	3111	4.84	3629	2.41	4206	6.46	4710	4.87	5480	10.16
0066	0.03	2014	8.12	2589	3.09	3113	3.57	3632	5.44	4207	3.21	4717	2.99	5491	4.28
0067	0.03	2016	3.62	2600	4.34	3114	4.53	3634	2.13	4239	2.65	4720	3.67	5506	10.59
0079	5.74	2021	3.79	2623	10.24	3118	2.62	3635	4.55	4240	5.71	4740	2.07	5507	7.52
0083	9.29	2039	3.17	2651	4.01	3119	1.58	3638	2.48	4243	3.35	4741	4.73	5508	20.80
0106	16.65	2041	4.97	2660	3.46	3122	2.12	3642	1.61	4244	3.68	4751	3.32	5509	11.76
0113	7.43	2065	3.67	2670	2.85	3126	2.95	3643	2.68	4250	2.73	4771	3.68	5535	10.98
0153	7.88	2070	6.72	2683	1.82	3131	2.38	3647	2.84	4251	4.06	4777	9.58	5537	7.95
0170	3.58	2081	5.85	2688	4.28	3132	3.84	3648	2.73	4263	3.56	4825	1.88	5551	21.29
0173	1.04	2089	6.55	2702	16.18	3145	3.09	3681	1.02	4273	4.64	4828	5.17	5606	2.12
0251	6.10	2095	8.50	2710	15.10	3146	3.76	3685	1.33	4279	5.25	4829	3.03	5610	10.28
0400	10.37	2105	6.30	2714	10.00	3169	4.09	3719	2.82	4282	2.35	4902	3.37	5613	19.62
0401	13.27	2110	3.98	2731	5.71	3175	5.67	3724	4.74	4283	4.12	4923	4.20	5645	19.40
0771	0.65	2111	4.09	2735	7.21	3179	2.57	3726	6.11	4299	2.56	5020	12.36	5651	11.68
0908	206.00	2112	4.97	2759	8.87	3180	5.33	3803	4.20	4304	6.36	5022	15.10	5703	20.78
0913	1054.00	2114	3.92	2790	2.84	3188	2.52	3807	3.56	4307	3.61	5037	41.92	5705	19.52
0917	8.75	2119	3.93	2797	8.31	3220	1.80	3808	3.48	4351	1.91	5040	16.44	5951	0.82
1005	7.19	2121	2.35	2799	5.93	3223	5.22	3821	10.40	4352	3.14	5057	9.44	6004	16.66
1164	7.25	2130	3.17	2802	8.18	3224	4.73	3822	7.45	4361	1.78	5059	42.47	6017	8.53
1165	4.09	2131	3.18	2835	3.64	3227	5.63	3824	7.34	4410	7.13	5069	26.49	6018	4.44
1218	2.06	2157	5.03	2836	2.95	3240	3.95	3826	1.14	4420	5.52	5102	10.24	6045	6.25
1320	2.56	2172	2.04	2841	5.55	3241	3.28	3827	3.21	4431	1.90	5146	8.59	6204	14.83
1322	12.37	2174	4.55	2881	4.58	3255	2.46	3830	1.58	4432	1.87	5160	3.07	6206	5.17
1430	7.59	2211	12.29	2883	7.09	3257	3.87	3851	4.89	4452	4.78	5183	5.86	6213	3.82
1438	7.60	2220	2.95	2913	6.18	3270	3.12	3865	2.73	4459	4.91	5188	7.32	6214	4.68
1452	3.73	2286	2.81	2915	3.50	3300	6.22	3881	4.70	4470	3.18	5190	6.02	6216	8.41
1463	21.79	2288	5.93	2916	6.05	3303	6.44	4000	8.37	4484	5.28	5191	1.17	6217	8.69
1472	6.13	2300	3.15	2923	3.18	3307	4.08	4021	8.17	4493	3.42	5192	4.75	6229	8.32
1473	1.60	2302	3.06	2942	3.82	3315	6.55	4024	4.82	4511	1.39	5213	12.66	6233	4.93
1624	5.51	2305	2.04	2960	8.21	3334	4.55	4034	11.68	4557	3.28	5215	15.55	6235	13.46
1642	3.81	2361	3.17	3004	3.20	3336	4.83	4036	4.23	4558	3.40	5221	8.06	6236	18.32
1654	8.38	2362	2.35	3018	5.60	3365	12.08	4038	4.56	4568	3.23	5222	12.04	6237	2.49
1655	5.90	2380	7.85	3022	5.56	3372	4.14	4053	3.06	4581	1.22	5223	7.61	6251	8.04

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Florida Voluntary 12/1/2016 Rates

Industrial Classes											F Classes		Maritimes	
Code	Rate	Code	Rate	Code	Rate	Code	Rate	Code	Rate		Code	Rate	Code	Rate
6252	6.97	7540	3.65	8233	4.40	8832	0.48	9501	4.61		6006	18.08	6702	8.35
6260	8.55	7580	3.94	8235	6.54	8833	1.56	9505	4.77		6801	3.19	6703	16.39
6306	7.96	7590	6.93	8263	12.62	8835	2.79	9516	4.34		6824	9.19	6704	9.27
6319	6.62	7600	5.93	8264	7.37	8841	2.32	9519	6.35		6826	5.42	7016	8.44
6325	8.99	7605	3.74	8265	7.85	8842	2.76	9521	7.82		6828	5.82	7024	9.38
6400	12.74	7610	0.73	8273	5.78	8855	0.26	9522	3.43		6843	12.73	7038	5.00
6503	3.65	7704	6.22	8274	5.46	8856	0.31	9534	7.92		6845	8.66	7046	9.05
6504	4.58	7705	6.11	8279	9.44	8864	1.86	9554	12.33		6872	12.54	7047	16.63
6811	5.81	7720	4.75	8288	8.41	8868	0.59	9586	1.29		6874	18.66	7050	9.88
6834	3.68	7855	6.88	8291	5.71	8869	1.82	9600	3.65		7309	16.06	7090	5.56
6836	5.48	8001	6.15	8292	6.32	8871	0.25	9620	1.75		7313	3.02	7098	10.06
6838	5.24	8002	3.13	8293	14.18	8901	0.39				7317	12.58	7099	17.83
6854	4.69	8006	3.79	8304	6.72	9012	1.82				7327	32.99	7151	7.10
6882	4.74	8008	2.07	8350	7.22	9014	5.46				7350	14.60	7152	14.00
6884	4.54	8010	2.39	8353	7.07	9015	5.53				8709	7.16	7153	7.88
7133	5.84	8013	0.78	8380	4.09	9016	3.05				8726	2.78	7333	9.75
7201	14.42	8015	1.47	8381	2.33	9019	2.53				9077	3.71	7335	10.83
7204	1.92	8017	2.29	8385	3.73	9033	3.04						7337	19.20
7205	13.76	8018	4.20	8392	3.98	9040	5.14						7394	8.38
7219	8.44	8021	5.68	8393	2.63	9047	4.23						7395	9.31
7222	7.68	8031	4.27	8500	9.45	9052	3.98						7398	16.51
7230	11.91	8032	3.77	8601	0.70	9058	2.67						8734	0.69
7231	7.73	8033	2.80	8602	1.42	9060	2.54						8737	0.62
7232	12.36	8037	2.44	8603	0.19	9061	2.76						8738	1.23
7360	7.10	8039	3.24	8606	3.52	9063	1.70						8805	0.35
7370	6.23	8044	4.05	8719	8.44	9082	2.54						8814	0.32
7380	6.99	8045	0.70	8720	2.38	9083	2.60						8815	0.64
7382	6.22	8046	4.06	8721	0.40	9084	2.95							
7383	6.99	8047	1.23	8723	0.25	9088	a							
7390	6.53	8058	3.77	8725	0.25	9089	1.86							
7402	0.23	8061	4.40	8728	0.46	9093	2.52							
7403	6.72	8072	1.42	8742	0.51	9101	5.25							
7405	2.03	8102	2.69	8745	7.69	9102	5.16							
7420	16.24	8103	3.58	8748	0.94	9154	2.26							
7421	1.17	8105	4.51	8755	0.77	9156	4.62							
7422	2.90	8106	7.38	8799	1.05	9170	10.77							
7425	2.50	8107	4.70	8800	1.86	9178	12.66							
7431	1.00	8111	3.15	8803	0.12	9179	16.24							
7445	1.09	8116	3.99	8810	0.26	9180	4.02							
7453	0.54	8203	7.85	8820	0.22	9182	3.66							
7502	3.05	8204	7.78	8824	5.30	9186	45.74							
7515	1.97	8209	6.84	8825	2.86	9220	8.83							
7520	5.04	8215	8.00	8826	3.33	9402	10.27							
7538	11.33	8227	8.47	8829	3.07	9403	9.77							
7539	2.60	8232	6.12	8831	2.33	9410	2.63							

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
0005	5.72	6.56	14.7%
0008	4.31	4.95	14.8%
0016	11.45	13.10	14.4%
0030	5.69	6.52	14.6%
0034	5.77	6.60	14.4%
0035	3.61	4.12	14.1%
0036	5.90	6.75	14.4%
0037	5.93	6.79	14.5%
0042	8.58	9.82	14.5%
0050	7.39	8.49	14.9%
0052	6.57	7.51	14.3%
0059	0.11	0.13	18.2%
0065	0.03	0.03	0.0%
0066	0.03	0.03	0.0%
0067	0.03	0.03	0.0%
0079	5.02	5.74	14.3%
0083	8.12	9.29	14.4%
0106	14.54	16.65	14.5%
0113	6.47	7.43	14.8%
0153	6.88	7.88	14.5%
0170	3.13	3.58	14.4%
0173	0.91	1.04	14.3%
0251	5.32	6.10	14.7%
0400	9.04	10.37	14.7%
0401	11.58	13.27	14.6%
0771	0.57	0.65	14.0%
0908	180.00	206.00	14.4%
0913	919.00	1054.00	14.7%
0917	7.65	8.75	14.4%
1005	6.25	7.19	15.0%
1164	6.33	7.25	14.5%
1165	3.56	4.09	14.9%
1218	1.81	2.06	13.8%
1320	2.23	2.56	14.8%
1322	10.78	12.37	14.7%
1430	6.63	7.59	14.5%
1438	6.63	7.60	14.6%
1452	3.26	3.73	14.4%
1463	19.05	21.79	14.4%
1472	5.36	6.13	14.4%
1473	1.39	1.60	15.1%
1624	4.81	5.51	14.6%
1642	3.32	3.81	14.8%
1654	7.31	8.38	14.6%
1655	5.16	5.90	14.3%
1699	4.15	4.75	14.5%
1701	4.95	5.67	14.5%
1710	12.83	14.68	14.4%
1741	4.36	5.00	14.7%

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Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
1747	2.40	2.76	15.0%
1748	6.41	7.34	14.5%
1803	9.53	10.91	14.5%
1852	3.65	4.17	14.2%
1853	3.51	4.01	14.2%
1860	2.46	2.82	14.6%
1924	2.43	2.79	14.8%
1925	6.88	7.87	14.4%
2003	5.19	5.96	14.8%
2014	7.10	8.12	14.4%
2016	3.15	3.62	14.9%
2021	3.30	3.79	14.8%
2039	2.76	3.17	14.9%
2041	4.34	4.97	14.5%
2065	3.20	3.67	14.7%
2070	5.86	6.72	14.7%
2081	5.11	5.85	14.5%
2089	5.72	6.55	14.5%
2095	7.41	8.50	14.7%
2105	5.50	6.30	14.5%
2110	3.48	3.98	14.4%
2111	3.57	4.09	14.6%
2112	4.34	4.97	14.5%
2114	3.41	3.92	15.0%
2119	3.43	3.93	14.6%
2121	2.06	2.35	14.1%
2130	2.76	3.17	14.9%
2131	2.77	3.18	14.8%
2157	4.37	5.03	15.1%
2172	1.77	2.04	15.3%
2174	3.97	4.55	14.6%
2211	10.72	12.29	14.6%
2220	2.57	2.95	14.8%
2286	2.45	2.81	14.7%
2288	5.17	5.93	14.7%
2300	2.74	3.15	15.0%
2302	2.66	3.06	15.0%
2305	1.77	2.04	15.3%
2361	2.76	3.17	14.9%
2362	2.05	2.35	14.6%
2380	6.86	7.85	14.4%
2386	3.21	3.68	14.6%
2388	2.08	2.38	14.4%
2402	3.48	3.98	14.4%
2413	2.74	3.15	15.0%
2416	2.46	2.82	14.6%
2417	4.78	5.45	14.0%
2501	2.93	3.35	14.3%
2503	1.50	1.72	14.7%

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Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
2534	2.41	2.76	14.5%
2570	5.28	6.05	14.6%
2585	4.92	5.64	14.6%
2586	4.69	5.36	14.3%
2587	3.83	4.39	14.6%
2589	2.70	3.09	14.4%
2600	3.78	4.34	14.8%
2623	8.93	10.24	14.7%
2651	3.51	4.01	14.2%
2660	3.03	3.46	14.2%
2670	2.49	2.85	14.5%
2683	1.58	1.82	15.2%
2688	3.73	4.28	14.7%
2702	14.11	16.18	14.7%
2710	13.20	15.10	14.4%
2714	8.75	10.00	14.3%
2731	4.98	5.71	14.7%
2735	6.29	7.21	14.6%
2759	7.74	8.87	14.6%
2790	2.48	2.84	14.5%
2797	7.26	8.31	14.5%
2799	5.14	5.93	15.4%
2802	7.15	8.18	14.4%
2835	3.17	3.64	14.8%
2836	2.57	2.95	14.8%
2841	4.84	5.55	14.7%
2881	4.00	4.58	14.5%
2883	6.18	7.09	14.7%
2913	5.41	6.18	14.2%
2915	3.04	3.50	15.1%
2916	5.28	6.05	14.6%
2923	2.77	3.18	14.8%
2942	3.34	3.82	14.4%
2960	7.16	8.21	14.7%
3004	2.79	3.20	14.7%
3018	4.87	5.60	15.0%
3022	4.86	5.56	14.4%
3027	6.66	7.62	14.4%
3028	3.06	3.51	14.7%
3030	9.15	10.49	14.6%
3040	7.82	8.97	14.7%
3041	6.35	7.29	14.8%
3042	6.46	7.40	14.6%
3064	7.77	8.90	14.5%
3076	5.17	5.93	14.7%
3081	6.39	7.32	14.6%
3082	5.55	6.36	14.6%
3085	6.35	7.26	14.3%
3110	6.27	7.18	14.5%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
3111	4.23	4.84	14.4%
3113	3.12	3.57	14.4%
3114	3.95	4.53	14.7%
3118	2.29	2.62	14.4%
3119	1.38	1.58	14.5%
3122	1.85	2.12	14.6%
3126	2.57	2.95	14.8%
3131	2.08	2.38	14.4%
3132	3.35	3.84	14.6%
3145	2.70	3.09	14.4%
3146	3.28	3.76	14.6%
3169	3.57	4.09	14.6%
3175	4.95	5.67	14.5%
3179	2.24	2.57	14.7%
3180	4.66	5.33	14.4%
3188	2.19	2.52	15.1%
3220	1.57	1.80	14.6%
3223	4.56	5.22	14.5%
3224	4.12	4.73	14.8%
3227	4.91	5.63	14.7%
3240	3.45	3.95	14.5%
3241	2.85	3.28	15.1%
3255	2.15	2.46	14.4%
3257	3.39	3.87	14.2%
3270	2.73	3.12	14.3%
3300	5.44	6.22	14.3%
3303	5.63	6.44	14.4%
3307	3.56	4.08	14.6%
3315	5.71	6.55	14.7%
3334	3.95	4.55	15.2%
3336	4.22	4.83	14.5%
3365	10.53	12.08	14.7%
3372	3.61	4.14	14.7%
3373	7.79	8.92	14.5%
3383	1.90	2.16	13.7%
3385	0.89	1.02	14.6%
3400	4.12	4.72	14.6%
3507	4.87	5.58	14.6%
3515	2.70	3.09	14.4%
3548	2.03	2.34	15.3%
3559	2.95	3.37	14.2%
3574	1.76	2.01	14.2%
3581	1.63	1.87	14.7%
3612	3.31	3.79	14.5%
3620	5.22	5.99	14.8%
3629	2.10	2.41	14.8%
3632	4.75	5.44	14.5%
3634	1.87	2.13	13.9%
3635	3.97	4.55	14.6%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
3638	2.16	2.48	14.8%
3642	1.41	1.61	14.2%
3643	2.34	2.68	14.5%
3647	2.48	2.84	14.5%
3648	2.38	2.73	14.7%
3681	0.89	1.02	14.6%
3685	1.16	1.33	14.7%
3719	2.44	2.82	15.6%
3724	4.14	4.74	14.5%
3726	5.33	6.11	14.6%
3803	3.65	4.20	15.1%
3807	3.10	3.56	14.8%
3808	3.04	3.48	14.5%
3821	9.08	10.40	14.5%
3822	6.49	7.45	14.8%
3824	6.41	7.34	14.5%
3826	1.00	1.14	14.0%
3827	2.81	3.21	14.2%
3830	1.38	1.58	14.5%
3851	4.26	4.89	14.8%
3865	2.38	2.73	14.7%
3881	4.11	4.70	14.4%
4000	7.31	8.37	14.5%
4021	7.13	8.17	14.6%
4024	4.21	4.82	14.5%
4034	10.19	11.68	14.6%
4036	3.70	4.23	14.3%
4038	3.98	4.56	14.6%
4053	2.66	3.06	15.0%
4061	4.34	4.98	14.7%
4062	3.81	4.36	14.4%
4101	4.09	4.69	14.7%
4109	0.74	0.85	14.9%
4110	1.09	1.25	14.7%
4111	2.38	2.74	15.1%
4113	2.96	3.40	14.9%
4114	3.31	3.79	14.5%
4130	6.76	7.73	14.3%
4131	5.13	5.88	14.6%
4133	2.41	2.76	14.5%
4149	0.80	0.92	15.0%
4206	5.64	6.46	14.5%
4207	2.80	3.21	14.6%
4239	2.30	2.65	15.2%
4240	4.98	5.71	14.7%
4243	2.93	3.35	14.3%
4244	3.21	3.68	14.6%
4250	2.39	2.73	14.2%
4251	3.54	4.06	14.7%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
4263	3.10	3.56	14.8%
4273	4.06	4.64	14.3%
4279	4.59	5.25	14.4%
4282	2.05	2.35	14.6%
4283	3.60	4.12	14.4%
4299	2.23	2.56	14.8%
4304	5.56	6.36	14.4%
4307	3.15	3.61	14.6%
4351	1.67	1.91	14.4%
4352	2.74	3.14	14.6%
4361	1.55	1.78	14.8%
4410	6.24	7.13	14.3%
4420	4.80	5.52	15.0%
4431	1.66	1.90	14.5%
4432	1.63	1.87	14.7%
4452	4.17	4.78	14.6%
4459	4.30	4.91	14.2%
4470	2.77	3.18	14.8%
4484	4.61	5.28	14.5%
4493	2.98	3.42	14.8%
4511	1.22	1.39	13.9%
4557	2.87	3.28	14.3%
4558	2.96	3.40	14.9%
4568	2.82	3.23	14.5%
4581	1.07	1.22	14.0%
4583	8.98	10.28	14.5%
4586	1.63	1.87	14.7%
4611	1.72	1.98	15.1%
4635	4.01	4.61	15.0%
4653	2.12	2.43	14.6%
4665	9.66	11.07	14.6%
4670	9.94	11.36	14.3%
4683	4.70	5.39	14.7%
4686	2.73	3.12	14.3%
4692	0.78	0.89	14.1%
4693	1.30	1.49	14.6%
4703	2.73	3.14	15.0%
4710	4.26	4.87	14.3%
4717	2.62	2.99	14.1%
4720	3.20	3.67	14.7%
4740	1.80	2.07	15.0%
4741	4.13	4.73	14.5%
4751	2.90	3.32	14.5%
4771	3.21	3.68	14.6%
4777	8.26	9.58	16.0%
4825	1.65	1.88	13.9%
4828	4.51	5.17	14.6%
4829	2.65	3.03	14.3%
4902	2.95	3.37	14.2%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
4923	3.69	4.20	13.8%
5020	10.79	12.36	14.6%
5022	13.18	15.10	14.6%
5037	36.48	41.92	14.9%
5040	14.33	16.44	14.7%
5057	8.24	9.44	14.6%
5059	37.08	42.47	14.5%
5069	23.04	26.49	15.0%
5102	8.93	10.24	14.7%
5146	7.49	8.59	14.7%
5160	2.67	3.07	15.0%
5183	5.11	5.86	14.7%
5188	6.39	7.32	14.6%
5190	5.25	6.02	14.7%
5191	1.03	1.17	13.6%
5192	4.15	4.75	14.5%
5213	11.04	12.66	14.7%
5215	13.57	15.55	14.6%
5221	7.02	8.06	14.8%
5222	10.50	12.04	14.7%
5223	6.63	7.61	14.8%
5348	6.11	7.02	14.9%
5402	6.74	7.73	14.7%
5403	9.70	11.11	14.5%
5437	8.92	10.22	14.6%
5443	5.02	5.76	14.7%
5445	7.49	8.61	15.0%
5462	10.53	12.07	14.6%
5472	14.32	16.42	14.7%
5473	15.79	18.11	14.7%
5474	11.02	12.63	14.6%
5478	5.13	5.88	14.6%
5479	9.90	11.34	14.5%
5480	8.85	10.16	14.8%
5491	3.73	4.28	14.7%
5506	9.25	10.59	14.5%
5507	6.54	7.52	15.0%
5508	18.11	20.80	14.9%
5509	10.28	11.76	14.4%
5535	9.58	10.98	14.6%
5537	6.92	7.95	14.9%
5551	18.60	21.29	14.5%
5606	1.84	2.12	15.2%
5610	8.98	10.28	14.5%
5613	17.13	19.62	14.5%
5645	16.92	19.40	14.7%
5651	10.19	11.68	14.6%
5703	18.12	20.78	14.7%
5705	17.03	19.52	14.6%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
5951	0.71	0.82	15.5%
6004	14.49	16.66	15.0%
6006	17.62	18.08	2.6%
6017	7.42	8.53	15.0%
6018	3.85	4.44	15.3%
6045	5.43	6.25	15.1%
6204	12.94	14.83	14.6%
6206	4.51	5.17	14.6%
6213	3.33	3.82	14.7%
6214	4.08	4.68	14.7%
6216	7.32	8.41	14.9%
6217	7.58	8.69	14.6%
6229	7.25	8.32	14.8%
6233	4.30	4.93	14.7%
6235	11.65	13.46	15.5%
6236	15.98	18.32	14.6%
6237	2.17	2.49	14.7%
6251	6.97	8.04	15.4%
6252	6.07	6.97	14.8%
6260	7.43	8.55	15.1%
6306	6.94	7.96	14.7%
6319	5.77	6.62	14.7%
6325	7.84	8.99	14.7%
6400	11.11	12.74	14.7%
6503	3.18	3.65	14.8%
6504	4.00	4.58	14.5%
6702	7.25	8.35	15.2%
6703	15.97	16.39	2.6%
6704	8.06	9.27	15.0%
6801	3.12	3.19	2.2%
6811	5.07	5.81	14.6%
6824	8.96	9.19	2.6%
6826	5.29	5.42	2.5%
6828	5.67	5.82	2.6%
6834	3.22	3.68	14.3%
6836	4.78	5.48	14.6%
6838	4.57	5.24	14.7%
6843	12.42	12.73	2.5%
6845	8.44	8.66	2.6%
6854	4.10	4.69	14.4%
6872	12.22	12.54	2.6%
6874	18.19	18.66	2.6%
6882	4.14	4.74	14.5%
6884	3.96	4.54	14.6%
7016	7.36	8.44	14.7%
7024	8.18	9.38	14.7%
7038	4.37	5.00	14.4%
7046	7.89	9.05	14.7%
7047	16.21	16.63	2.6%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
7050	9.63	9.88	2.6%
7090	4.86	5.56	14.4%
7098	8.77	10.06	14.7%
7099	17.38	17.83	2.6%
7133	5.10	5.84	14.5%
7151	6.20	7.10	14.5%
7152	13.65	14.00	2.6%
7153	6.89	7.88	14.4%
7201	12.60	14.42	14.4%
7204	1.67	1.92	15.0%
7205	12.03	13.76	14.4%
7219	7.35	8.44	14.8%
7222	6.68	7.68	15.0%
7230	10.39	11.91	14.6%
7231	6.72	7.73	15.0%
7232	10.74	12.36	15.1%
7309	15.65	16.06	2.6%
7313	2.95	3.02	2.4%
7317	12.26	12.58	2.6%
7327	32.17	32.99	2.5%
7333	8.50	9.75	14.7%
7335	9.44	10.83	14.7%
7337	18.71	19.20	2.6%
7350	14.24	14.60	2.5%
7360	6.19	7.10	14.7%
7370	5.44	6.23	14.5%
7380	6.10	6.99	14.6%
7382	5.42	6.22	14.8%
7383	6.13	6.99	14.0%
7390	5.69	6.53	14.8%
7394	7.31	8.38	14.6%
7395	8.12	9.31	14.7%
7398	16.09	16.51	2.6%
7402	0.20	0.23	15.0%
7403	5.86	6.72	14.7%
7405	1.76	2.03	15.3%
7420	14.12	16.24	15.0%
7421	1.02	1.17	14.7%
7422	2.52	2.90	15.1%
7425	2.17	2.50	15.2%
7431	0.87	1.00	14.9%
7445	0.95	1.09	14.7%
7453	0.47	0.54	14.9%
7502	2.66	3.05	14.7%
7515	1.72	1.97	14.5%
7520	4.39	5.04	14.8%
7538	9.88	11.33	14.7%
7539	2.27	2.60	14.5%
7540	3.18	3.65	14.8%

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Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
7580	3.45	3.94	14.2%
7590	6.05	6.93	14.5%
7600	5.17	5.93	14.7%
7605	3.27	3.74	14.4%
7610	0.63	0.73	15.9%
7704	5.44	6.22	14.3%
7705	5.33	6.11	14.6%
7720	4.15	4.75	14.5%
7855	5.98	6.88	15.1%
8001	5.37	6.15	14.5%
8002	2.73	3.13	14.7%
8006	3.30	3.79	14.8%
8008	1.80	2.07	15.0%
8010	2.08	2.39	14.9%
8013	0.68	0.78	14.7%
8015	1.28	1.47	14.8%
8017	2.00	2.29	14.5%
8018	3.67	4.20	14.4%
8021	4.96	5.68	14.5%
8031	3.73	4.27	14.5%
8032	3.29	3.77	14.6%
8033	2.45	2.80	14.3%
8037	2.13	2.44	14.6%
8039	2.83	3.24	14.5%
8044	3.54	4.05	14.4%
8045	0.61	0.70	14.8%
8046	3.55	4.06	14.4%
8047	1.07	1.23	15.0%
8058	3.30	3.77	14.2%
8061	3.84	4.40	14.6%
8072	1.25	1.42	13.6%
8102	2.35	2.69	14.5%
8103	3.13	3.58	14.4%
8105	3.93	4.51	14.8%
8106	6.44	7.38	14.6%
8107	4.09	4.70	14.9%
8111	2.76	3.15	14.1%
8116	3.49	3.99	14.3%
8203	6.85	7.85	14.6%
8204	6.79	7.78	14.6%
8209	5.97	6.84	14.6%
8215	6.97	8.00	14.8%
8227	7.39	8.47	14.6%
8232	5.34	6.12	14.6%
8233	3.83	4.40	14.9%
8235	5.71	6.54	14.5%
8263	11.04	12.62	14.3%
8264	6.43	7.37	14.6%
8265	6.85	7.85	14.6%

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
8273	5.05	5.78	14.5%
8274	4.77	5.46	14.5%
8279	8.23	9.44	14.7%
8288	7.35	8.41	14.4%
8291	4.97	5.71	14.9%
8292	5.52	6.32	14.5%
8293	12.36	14.18	14.7%
8304	5.87	6.72	14.5%
8350	6.30	7.22	14.6%
8353	6.18	7.07	14.4%
8380	3.57	4.09	14.6%
8381	2.04	2.33	14.2%
8385	3.26	3.73	14.4%
8392	3.48	3.98	14.4%
8393	2.29	2.63	14.8%
8500	8.26	9.45	14.4%
8601	0.60	0.70	16.7%
8602	1.24	1.42	14.5%
8603	0.15	0.19	26.7%
8606	3.07	3.52	14.7%
8709	6.98	7.16	2.6%
8719	7.38	8.44	14.4%
8720	2.07	2.38	15.0%
8721	0.36	0.40	11.1%
8723	0.22	0.25	13.6%
8725	0.22	0.25	13.6%
8726	2.70	2.78	3.0%
8728	0.40	0.46	15.0%
8734	0.61	0.69	13.1%
8737	0.55	0.62	12.7%
8738	1.20	1.23	2.5%
8742	0.45	0.51	13.3%
8745	6.72	7.69	14.4%
8748	0.82	0.94	14.6%
8755	0.68	0.77	13.2%
8799	0.91	1.05	15.4%
8800	1.63	1.86	14.1%
8803	0.11	0.12	9.1%
8805	0.31	0.35	12.9%
8810	0.23	0.26	13.0%
8814	0.28	0.32	14.3%
8815	0.62	0.64	3.2%
8820	0.19	0.22	15.8%
8824	4.62	5.30	14.7%
8825	2.49	2.86	14.9%
8826	2.91	3.33	14.4%
8829	2.67	3.07	15.0%
8831	2.04	2.33	14.2%
8832	0.42	0.48	14.3%

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
8833	1.36	1.56	14.7%
8835	2.44	2.79	14.3%
8841	2.03	2.32	14.3%
8842	2.41	2.76	14.5%
8855	0.23	0.26	13.0%
8856	0.27	0.31	14.8%
8864	1.63	1.86	14.1%
8868	0.51	0.59	15.7%
8869	1.59	1.82	14.5%
8871	0.21	0.25	19.0%
8901	0.34	0.39	14.7%
9012	1.59	1.82	14.5%
9014	4.77	5.46	14.5%
9015	4.83	5.53	14.5%
9016	2.67	3.05	14.2%
9019	2.21	2.53	14.5%
9033	2.66	3.04	14.3%
9040	4.49	5.14	14.5%
9047	3.70	4.23	14.3%
9052	3.48	3.98	14.4%
9058	2.33	2.67	14.6%
9060	2.22	2.54	14.4%
9061	2.41	2.76	14.5%
9063	1.48	1.70	14.9%
9077	3.71	3.71	0.0%
9082	2.22	2.54	14.4%
9083	2.27	2.60	14.5%
9084	2.58	2.95	14.3%
9089	1.63	1.86	14.1%
9093	2.20	2.52	14.5%
9101	4.59	5.25	14.4%
9102	4.50	5.16	14.7%
9154	1.97	2.26	14.7%
9156	4.04	4.62	14.4%
9170	9.41	10.77	14.5%
9178	11.10	12.66	14.1%
9179	14.18	16.24	14.5%
9180	3.51	4.02	14.5%
9182	3.20	3.66	14.4%
9186	40.06	45.74	14.2%
9220	7.72	8.83	14.4%
9402	8.95	10.27	14.7%
9403	8.52	9.77	14.7%
9410	2.29	2.63	14.8%
9501	4.03	4.61	14.4%
9505	4.15	4.77	14.9%
9516	3.79	4.34	14.5%
9519	5.55	6.35	14.4%
9521	6.82	7.82	14.7%

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Florida

Voluntary Rates Comparison

Class Code	Current 01/01/16	Proposed 12/01/16	Percent Change
9522	2.99	3.43	14.7%
9534	6.89	7.92	14.9%
9554	10.76	12.33	14.6%
9586	1.13	1.29	14.2%
9600	3.18	3.65	14.8%
9620	1.53	1.75	14.4%

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From: Cooper, Cyndi
Sent: Wednesday, October 05, 2016 11:50 AM
To: PCFREDMS
Subject: 16-12500
Attachments: FL 10-5-2016 Request - CRS.DOCX

Please attach the following email & the attachment to filing 16-12500. Thanks!!

From: Chris Bailey [mailto:Chris_Bailey@ncci.com]
Sent: Wednesday, October 05, 2016 10:28 AM
To: Cooper, Cyndi <Cyndi.Cooper@floir.com>
Cc: Jay Rosen <Jay_Rosen@Ncci.Com>
Subject: RE: FL Rate Filing - Final composite factors

Cyndi, Please find the attached document with the underlying calculations for the composite factors for
industrial class codes and the f-class codes.

Please let me know if you need anything else.

Thank you,

Chris Bailey
State Relations Executive
National Council on
Compensation Insurance
106 E College Avenue, Suite 900
Tallahassee, FL 32301
(C) 850-322-4047
(F) 561-893-5106
mailto:chris_bailey@ncci.com

From: Cooper, Cyndi [mailto:Cyndi.Cooper@floir.com]
Sent: Wednesday, October 05, 2016 9:43 AM
To: Chris Bailey
Subject: RE: FL Rate Filing - Final composite factors

OK, I understand. Thanks.

From: Chris Bailey [mailto:Chris_Bailey@ncci.com]
Sent: Wednesday, October 05, 2016 9:42 AM
To: Cooper, Cyndi <mailto:Cyndi.Cooper@floir.com>
Subject: Re: FL Rate Filing - Final composite factors

Cyndi, Due to the impending hurricane our Boca office is closed today and tomorrow. I'll do my best to
get ahold of Jay and Dan though so that we can provide you with a response on the underlying
calculations.

Thank you,
Chris Bailey
State Relations Executive
National Council on
Compensation Insurance
x-apple-data-detectors://10/1
x-apple-data-detectors://10/1
(C) tel:850-322-4047

(F) tel:561-893-5106
mailto:chris_bailey@ncci.com

On Oct 5, 2016, at 09:29, Cooper, Cyndi <mailto:Cyndi.Cooper@floir.com> wrote:
Good morning,
Can you please provide the underlying calculations for the composite factors for industrial class codes
and the f-class codes?

Thanks,
Cyndi

Cyndi Cooper, ACAS, MAAA
Actuary
Florida Office of Insurance Regulation
Property & Casualty Product Review
200 East Gaines Street, Suite 212F
Tallahassee, Florida 32399-0330
Telephone: 850-413-5368
Fax: 850-922-3865
SAVE THE DATE! Florida Office of Insurance Regulation 2016 Industry Conference, October 25-26, 2016,
Florida State University Conference Center, Tallahassee, Florida

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NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.
FLORIDA RATE FILING PROPOSED EFFECTIVE
DECEMBER 1, 2016

October 5, 2016 Request
For the Florida Office of Insurance Regulation

Question (1): Provide the underlying calculations for the composite factors.

Response:

The derivation of the Industrial composite factors of 1.1684 (indemnity) & 1.1364 (medical) is as follows:

	(1) Castellanos Decision 4/28/2016	(2) Westphal Decision 6/9/2016	(3) Medical Fee 7/1/2016	(4) = (1) x (2) x (3) Industrial Combined Impact
(a) Indemnity Impact	1.101	1.060	1.000	1.167
(b) Medical Impact	1.101	1.005	1.026	1.135
(5) Test Correction Factor				1.0012
Final Indemnity Composite Factor = (4a) x (5)				1.1684
Final Medical Composite Factor = (4b) x (5)				1.1364

The derivation of the F-Class composite factors of 1.0286 (indemnity) & 1.0236 (medical) is as follows:

	(1) Castellanos Decision 4/28/2016	(2) Westphal Decision 6/9/2016	(3) Medical Fee 7/1/2016	(4) = (1) x (2) x (3) Combined Impact	(5) State Weight	(6) Federal Weight	(7) = ((5) x (4)) + (6) F Class Combined Impact
(a) Indemnity Impact	1.101	1.060	1.000	1.167	0.182	0.818	1.030
(b) Medical Impact	1.101	1.005	1.026	1.135	0.182	0.818	1.025
(8) Test Correction Factor							0.9986
Final Indemnity Composite Factor = (7a) x (8)							1.0286
Final Medical Composite Factor = (7b) x (8)							1.0236

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OFFICE OF INSURANCE REGULATION

FILED

OCT 05 2016

OFFICE OF INSURANCE REGULATION
Docketed by: _____

DAVID ALTMAIER
COMMISSIONER

Revised Workers' Compensation Rates and
Rating Values as Filed by the

Case No. 191880-16

NATIONAL COUNCIL ON
COMPENSATION INSURANCE, INC.
_____/

FINAL ORDER ON RATE FILING

TO: NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC
901 Peninsula Corporate Circle
Boca Raton, FL 33487

On October 4, 2016, the **NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC** ("**NCCI**") made a rate filing with the **FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE")** which modified its Filing dated May 27, 2016, in response to the **OFFICE** 's Order dated September 27, 2016. The October 4, 2016 filing provides for an overall statewide Workers' Compensation Insurance rate level increase of 14.5 percent, together with certain additional rate modifications to be effective December 1 2016. **NCCI**'s October 4, 2016 filing contained all changes referenced in the **OFFICE** 's Order dated September 27, 2016. Accordingly, it is therefore ORDERED:

That the revised filing of October 4, 2016 requesting a rate increase of 14.5 percent be and the same is hereby APPROVED.

Any party to these proceedings who may have a right to seek review of the Order pursuant to Section 120.68, Florida Statutes, and rule 9.110, Fla.R.App.P., must institute

such review by filing a petition or notice of appeal with the General Counsel, acting as the Agency Clerk, at 612 Larson Building, Tallahassee, Florida 32399-0300, and a copy of the same with the appropriate district court of appeal within thirty (30) days of rendition of this Order.

DONE and ORDERED this 5th day of October, 2016.

David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

Copies furnished to:

NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC
901 Peninsula Corporate Circle
Boca Raton, FL 33487

THOMAS J. MAIDA, ESQUIRE
Foley & Lardner
106 East College Avenue, Suite 900
Tallahassee, FL 32301

SHA'RON JAMES
INSURANCE CONSUMER ADVOCATE
DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF THE INSURANCE CONSUMER ADVOCATE
200 East Gaines Street
Tallahassee, FL 32399

From: Cooper, Cyndi
Sent: Thursday, October 06, 2016 11:15 AM
To: PCFREDMS
Subject: 16-12500

Please attach the following email to 16-12500. Thanks!

-----Original Message-----
From: Cooper, Cyndi
Sent: Thursday, October 06, 2016 11:14 AM
To: Frank_Gnolfo@NCCI.com
Cc: chris_bailey@ncci.com
Subject: RE: FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]

Correction...the order was dated 10/5/2016.

-----Original Message-----
From: Cyndi.Cooper@floir.com [mailto:Cyndi.Cooper@floir.com]
Sent: Thursday, October 06, 2016 11:13 AM
To: Frank_Gnolfo@NCCI.com
Cc: frank_gnolfo@ncci.com; chris_bailey@ncci.com; Cooper, Cyndi <Cyndi.Cooper@floir.com>
Subject: FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]

The stamped documents for this filing will be sent by separate email to:
Frank_Gnolfo@NCCI.com
frank_gnolfo@ncci.com;chris_bailey@ncci.com;Cyndi.Cooper@floir.com

Your amended filing has been approved by order dated 10/6/2016, which was sent in a separate email.
Please let me know if you have any questions or need additional information.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

June 7, 2016

Mr. Chris Bailey
State Relations Executive
National Council On Compensation Insurance, Inc.
106 E College Ave, Suite 900
Tallahassee, FL 32301

RE: National Council On Compensation Insurance, Inc.
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500
PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Mr. Bailey:

We have completed our initial review of the above captioned filing which was received by the Office on 5/27/2016. We have the following questions and/or concerns that will need to be addressed:

1. Address the following regarding NCCI's data types:
   a. What information is collected by NCCI from its companies on attorney fees or attorney involvement in workers' compensation claims? Please include all calls and the fields within the call that relate to either claimant attorneys or defense attorneys.
   b. Explain whether the calls/fields are mandatory or voluntary and why any calls/fields are voluntary rather than mandatory.
   c. Additionally, give a brief overview of how the data is validated for accuracy.

2. Provide the total attorney fees paid to claimant attorneys & employer/carrier attorneys, separately, by calendar year or accident year for 1996-2016, if available, the corresponding number of claims with a claimant attorney & the average attorney fee paid to the claimant attorney per claim. Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

3. By calendar year or accident year for 1996-2016, if available, provide average claim amounts (indemnity & medical separately), claim closure rates, average days of disability, average days to return to work, and average days to MMI separately for claims with attorneys, without attorneys and in total. Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

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200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0330 • (850) 413-3146 • FAX (850) 922-3865
website: www.floir.com • Cyndi.Cooper@floir.com

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4. By calendar year or accident year for 1996-2016, if available, provide the percentage of claims with attorney involvement. Provide this data for Florida only as well as the for the southeastern states (AL, GA, LA, MS, NC, SC & TN), gulf states (AL, LA, & MS), & countrywide (excluding FL). Note in your response the data source used, explain why that data source was used and document any adjustments to the data. Also, if calendar year or accident year data is not available, you may substitute an alternate method of data aggregation such as fiscal year or exposure year.

5. In the explanatory memo, the 15.0% proposed impact due to the *Castellanos* decision is termed a "first-year" impact & the impacts in Exhibit II-A are also referred to as "potential first-year" impacts. The explanatory memo & exhibits then go on to describe & quantify the proposed impacts of pre-SB 50A versus post-SB 50A environments. Provide a rationale for considering the 15% a "first-year" impact of the decision.

6. Explain why the impact of the *Castellanos* decision impacts all industry groups equally. Was an analysis performed by industry group? In addition, is the proportion of claims with attorneys equal across industry groups?

7. Provide the detailed calculations & data underlying the impact by effective month for outstanding policies.

8. Explain why NCCI didn't provide a cost estimate for the First DCA's decision in *Miles*. Also, since the decision had to do with claimant paid attorney fees, explain if & how this decision could increase system costs for the employer/carrier.

9. Provide additional detailed explanation & support regarding why 2004 & 2005 were selected as the ideal "post-SB 50A" years & why these years that are over 10 years old provide a better comparison to the current workers' comp environment in Florida than more recent years. In addition, it is unclear from the information provided in the filing why data from 2007 & subsequent should not be relied upon & why it is necessary to "avoid the impact of events that occurred beginning in 2007, such as the Great Recession" as stated in the explanatory memo. Provide justification for this assertion.

10. You state in the explanatory memo that the "Gulf States" region was specifically recognized as sharing some similarities with Florida. Please describe the similarities & explain why it is appropriate to compare Florida to these states. Please detail in your response if it is more suitable to compare Florida to the Gulf States or the Southeastern Region States & why.

11. The explanatory memo notes that "Of the seven states in the southeastern states region, all three of the jurisdictions that border the Gulf of Mexico exhibited the most dramatic decreases in average pure loss cost level between the pre- and post-SB 50A time periods."
    a. What are the reasons that the Gulf States experienced more of a decline than the other states in the Southeastern Region?
    b. Have any of the Southeastern Region states had reforms or experienced significant system changes during the past 15-20 years?

12. Did NCCI do any analysis to review the demographic changes, industry mix changes, system changes other than attorney fee schedule, etc. in the data from 2000-2002 to 2005-2006 that also could impact the pure loss costs & benefit costs as displayed in Exhibits I & II?

13. The explanatory memo notes that "The *Castellanos* decision is expected to have the largest impact on the average cost per case for claims with claimant attorney representation." Does NCCI anticipate that the *Castellanos* decision will have an impact on claims without claimant attorney representation? If so, explain why & provide additional justification.

14. Regarding Exhibit I:
    a. For columns (2) & (3) provide the raw data & adjustment factors (e.g. current level, development factors, etc.) used to arrive at the frequencies & severities presented.
    b. Provide the underlying calculations used to derive columns (4) & (5).
    c. Are the average pure loss costs for the Southeastern States and Gulf States a straight average of the states' pure loss costs or a weighted average? Provide the pure loss costs by state & show the weighting procedure.
    d. Were any adjustments made to the data for the Southeastern States and Gulf States to account for differences in industry mix, benefit structures, average weekly wage, etc. between Florida and the other states?
    e. Was this analysis performed at a countrywide level (i.e. creating a third region to compare to Florida)? If so, provide the analysis. If not, explain why.

15. Provide a revised Exhibit I which includes PYs 1998, 1999, 2004, 2007-2014.

16. In Exhibit I, the 15% selected impact of the *Castellanos* decision aligns more closely to the Gulf States analysis rather than the SE States analysis. Provide the rationale for the 15% selection relative to the analysis presented in Exhibit I.

17. In the explanatory memo, it states that "NCCI's DCI data as of a fifth report was used in conjunction with NCCI's Workers Compensation Statistical Plan (WCSP) data to estimate average claim costs (including claimant attorney fees) for claims with attorney representation." Fifth report DCI data was used but at what report was the WCSP data? Is all the data in Exhibit II at a fifth report or ultimate?

18. Regarding Exhibit II:
    a. For columns (1) & (4), provide the raw data & any adjustment factors used to arrive at the average incurred benefit costs presented.
    b. Provide the underlying calculations used to derive columns (2) & (5).
    c. The footnote for column (7) states that the factors to adjust to the 2015 wage level were obtained from the 1/1/2016 rate filing. Explain where these factors are located in the 1/1/2016 filing and provide the exhibit.
    d. Explain why it is necessary to apply the factors to adjust to the 2015 wage level in column (7) to the severities in columns (3) & (6).
    e. Provide the underlying data & calculations used to arrive at the percentage of benefit costs with claimant attorney representation (43.6% & 42.0%, in Exhibit II-A & II-B, respectfully).

19. Provide a revised Exhibit II to show the change in average benefit costs for claims <u>without</u> claimant attorney representation.

20. Provide a revised Exhibit II which includes AYs 1998, 1999, 2004, 2007-2015.

21. You state in the explanatory memo that the estimated cost impacts in Exhibit II "do not reflect any impact on overall system costs due to changes in lost-time claim frequency, which would be expected as a result of the Castellanos decision." Explain why the analysis doesn't contemplate the impact on

system costs due to changes in lost-time claim frequency, and also provide explanation & justification for the statement that NCCI expects a change to frequency as a result of the *Castellanos* decision.

22. Has NCCI done any analysis or a retro analysis on the other aspects of SB 50A to measure or evaluate the impacts of the other SB 50A changes besides the attorney fee change and determine how these other changes contributed to the observed changes in average pure loss costs and average benefit costs from the pre- to post-SB 50A timeframe?

23. Did you isolate & review data from the time period when the *Emma Murray* decision was used (10/23/2008-6/30/2009) to see if this time period resembled the pre-SB 50A claim & attorney environment or to see if there were noticeable changes in the data from this time period versus prior post-SB 50A years or subsequent years after the passage of HB 903? Were there a significant number of re-opened claims from prior accident years during this timeframe?

24. Were any external non-NCCI data sources considered or analyzed? If so, explain what data sources were reviewed. Explain how the data was used in the filing or explain why the data was not used in the filing.

25. Provide justification and support for the impacts listed in the filing for the changes to the *Florida Workers' Compensation Health Care Provider Reimbursement Manual*. Describe all data & the methodology used to arrive at the impact. Additionally, provide any research performed by NCCI related to and supporting the +1.8% overall impact.

Further review of this filing will be suspended pending your response. In order to allow the Office sufficient time to analyze your response, please provide your response by 6/17/2016. Additional questions and requests for information may be forthcoming based on your response to this letter and the continued review of this filing. Please be reminded that all workers' compensation rate filings are governed by Section 627.101, Florida Statutes, which is strictly prior approval. This means you must receive an approval from the OIR before any rate or rating plan may be used.

Please respond to this letter by using the "Add to a submitted filing" feature of our I-File system.

If you have any questions, please contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Cyndi.Cooper@floir.com
(850) 413-5368

FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

June 14, 2016

Mr. Chris Bailey
State Relations Executive
National Council On Compensation Insurance, Inc.
106 E College Ave, Suite 900
Tallahassee, FL 32301

RE: National Council On Compensation Insurance, Inc.
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500
PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Mr. Bailey:

We have completed our initial review of the additional information which was received on 6/3/2016. We have the following questions and/or concerns that will need to be addressed:

1. Similar to the annual rate filing, provide a listing of current versus proposed items identifying each item that has changed on the manual pages (Pages S1-S7, RR1-RR2) since the 1/1/2016 rate filing.

2. Provide the underlying data & calculations used to derive the +3.1% f-class overall impact & the indemnity & medical impacts of +2.7% & +3.3%, respectively.

3. Provide the final indemnity & medical underlying pure premiums by class code from the 1/1/2016 filing in Excel.

4. Explain why the expense provisions were not modified from the 1/1/2016 rate filing.

5. Provide the detailed underlying calculations for the Maritime class rates.

6. Provide support for not revising the ELRs and D-ratios.

7. Provide justification for any changes on the Miscellaneous Values pages (page S6-S7).

8. Provide justification for the changes in the Retrospective Rating Plan factors (page RR1-RR2).

In order to allow the Office sufficient time to analyze your response, please provide your response by 6/24/2016. Additional questions and requests for information may be forthcoming based on your response to this letter and the continued review of this filing. Please be reminded that all workers'

CYNDI COOPER • ACTUARY • PROPERTY & CASUALTY PRODUCT REVIEW
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website: www.floir.com • Cyndi.Cooper@floir.com

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compensation rate filings are governed by Section 627.101, Florida Statutes, which is strictly prior approval. This means you must receive an approval from the OIR before any rate or rating plan may be used.

Please respond to this letter by using the "Add to a submitted filing" feature of our I-File system.

If you have any questions, please contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Cyndi.Cooper@floir.com
(850) 413-5368

FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

July 1, 2016

Mr. Chris Bailey
State Relations Executive
National Council On Compensation Insurance, Inc.
106 E College Ave, Suite 900
Tallahassee, FL 32301

RE: National Council On Compensation Insurance, Inc.
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500
PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Mr. Bailey:

We have completed our review of your response which was received on 6/17/2016 regarding the Office's clarification letter dated 6/7/2016. We have the following questions and/or concerns that will need to be addressed:

1. You didn't address how the claimant attorney fees and employer attorney fees in the URE data are validated for accuracy as requested in question 1.c. Provide the requested information.

2. As requested in question 1.b, you didn't explain why the "Claimant Legal Expenses Paid to Date" is an optional field or why, as of April 2014, the "Attorney or Authorized Representative" and the "Employer Legal Expenses Paid to Date" are no longer mandatory. Provide the requested information.

3. The responses to several questions (i.e. 2, 3, 4, 6) in the 6/7/2016 clarification letter are insufficient. It is not appropriate to limit the response to the Office's data requests to the "dataset on which the filing's analyses are based". The Office requested that you provide specific data and that data should be provided regardless if it was used in NCCI's analysis underlying the filing and should be provided from any data source available to NCCI. If you cannot provide some of the data which the Office is requesting, then an explanation as to why the data can't be provided should be given. Revise the responses and provide the data as previously requested. For example, in question 2, the Office requested attorney fees paid to claimant attorneys & employer/carrier attorneys which, as noted in the response, may not be separately identifiable in the Aggregate Financial Data or the DCI data but it is available in the WCSP data (as noted in the response to question 1). An additional example, in the response to question 3, you provided some data for 2000-2008, but the Office requested data for 1996-2016 and yet you failed to provide any explanation on why you didn't fully address the Office's

CYNDI COOPER • ACTUARY • PROPERTY & CASUALTY PRODUCT REVIEW
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website: www.floir.com • Cyndi.Cooper@floir.com

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request. If necessary, provide data at a more recent maturity (1st or 2nd report) in order to provide more years of data.

4. Provide OIR-4 for all years requested in question 4 for data at a 2nd report. Provide this data for Florida only as well as the for the southeastern states (AL, GA, LA, MS, NC, SC & TN), gulf states (AL, LA, & MS), & countrywide (excluding FL). Provide the percentage of claims with attorney involvement as well as the data underlying the calculations. Also provide the data underlying the information presented in the original OIR-4 (at 5th report).

5. The response to question 6 is insufficient. You are proposing a uniform impact of +15% across all industry groups for the *Castellanos* decision & the Office requested that you explain why you anticipate the impact to be equal across all industry groups. Stating that the impact "may or may not uniformly apply across all industry groups" doesn't support the proposal in the filing. You also failed to state whether or not you performed an analysis by industry group or if the proportion of claims with attorneys is equal across industry groups. The response simply states that industry group differences are not identifiable in certain datasets. Please revise the response to address all aspects of the Office's question.

6. As a follow up to question 12, confirm that by stating in the response that "The above-referenced changes are not identifiable in the Aggregate Financial Call data or in the Detailed Claim Information dataset on which the filing's analyses are based." that you are asserting that no analysis was done to review the demographic changes, industry mix changes, system changes other than attorney fee schedule, etc. in the data from 2000-2002 to 2005-2006 that also could impact the pure loss costs & benefit costs as displayed in Exhibits I & II. It is unclear from the response if any analysis was conducted on alternate datasets.

7. Regarding the response to question 14, please provide a rationale for not performing the analysis at a countrywide level.

8. Explain why data for 1998-1999 & 2014 was not provided in the response to question 15.

9. The footnote in OIR-18 states "The loss amounts and claim counts were adjusted using the DCI sampling weights." Please provide a detailed description of these adjustments & explain the DCI sampling weights.

10. In regard to the response to question 19, does the revised Exhibit II presented in OIR-19 include med-only claims or lost-time claims only (without attorney representation)? If med-only claims are included, please provide the exhibit for lost-time claims only.

11. Provide a revised OIR-19 and include AYs 1998, 1999, 2004, 2007-2015.

12. Explain why data for 1998-1999 & 2009-2015 was not provided in the response to question 20. Note that in order to include more years of data, please provide the data at a less mature report (i.e. second report).

13. As a follow up to question 21, does NCCI expect a change in lost-time claim frequency as a result of the *Castellanos* decision? If so, provide data to support the assertion.

14. Provide an exhibit that demonstrates the change in Florida's lost-time claim frequency overtime by year, 1998-2016, and compare this to the change in claim frequency for the states defined in Southeastern Region and Gulf States Region as used in Exhibit I as well as the countrywide frequency change.

In order to allow the Office sufficient time to analyze your response, please provide your response by 7/15/2016. Additional questions and requests for information may be forthcoming based on your response to this letter and the continued review of this filing. Please be reminded that all workers' compensation rate filings are governed by Section 627.101, Florida Statutes, which is strictly prior approval. This means you must receive an approval from the OIR before any rate or rating plan may be used.

Please respond to this letter by using the "Add to a submitted filing" feature of our I-File system.

If you have any questions, please contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Cyndi.Cooper@floir.com
(850) 413-5368

FINANCIAL SERVICES COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF AGRICULTURE

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

July 21, 2016

Mr. Chris Bailey
State Relations Executive
National Council On Compensation Insurance, Inc.
106 E College Ave, Suite 900
Tallahassee, FL 32301

RE: National Council On Compensation Insurance, Inc.
Workers' Compensation / Standard
Company File Number: Florida Law Only
OIR File Number: FWC 16-12500
PLEASE REFER TO THE OIR FILE NUMBER WHEN CORRESPONDING

Dear Mr. Bailey:

We have completed our review of your amended filing which was received on 7/1/2016 and the response which was received on 6/24/2016 regarding the Office's clarification letter dated 6/14/2016. We have the following questions and/or concerns that will need to be addressed:

1. Address the following regarding the datasets used in the *Westphal* analysis:
    a. Was the data from the FDWC validated or reviewed for accuracy and completeness? Did NCCI exclude any data from the FDWC dataset? If so, explain why.
    b. Provide the total TTD, total PTD, & total PIB claim counts, separately, by year for each year included in the FDWC dataset & include the number of claims excluded by year, if any, for each injury type.
    c. Was the other jurisdiction "summarized transactional data licensed to NCCI" validated or reviewed for accuracy and completeness? Did NCCI exclude any data from this dataset? If so, explain why.
    d. Provide the total TTD, total PTD, & total PIB claim count, separately, by year for each year included in the "summarized transactional data licensed to NCCI" & include the number of claims excluded by year, if any, for each injury type. Also include the number of claims with HP durations of 104 weeks or more & the number of claims with HP durations of 260 weeks or more.
    e. Explain why the *2013 Update* to the study was used to arrive at the estimated increase in average claim duration rather than performing a new study with more recent data.

2. Provide the study *Workers Compensation Temporary Total Disability Indemnity Benefit Duration - 2013 Update*.

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3. Explain how the average durations of 56.3 days & 94.7 days were determined (i.e. days with payment, difference in first report date to closure, etc.) & note in your response how the waiting period was treated/accounted for. In your response address the following as well:
    a. How does this compare to the method used to quantify the additional 3.5 & 12.4 days which the memo states is based on the difference in dates between the first and last TTD benefit payment.
    b. Were any other methods considered for determining the average duration? If so, explain the method & why it was not used.

4. For the indemnity analyses, explain why the median difference between capping durations at 104 and 260 weeks was used rather than a mean.

5. In general, for WCSP data, more claims are classified as TTD at earlier reports & then at later reports some of these claims are re-classified as different injury types, so it would seem that TTD would comprise a smaller proportion of total indemnity benefits at later reports. Similarly, the proportion of permanent partial claims also changes as policy periods mature. Explain & support why the 24-month period ending December 31, 2012 was used to develop the proportion of indemnity benefits assigned to TTD (47.7%) & HP benefits on PIB claims (22.6%).

6. Provide justification for the statement that the *Westphal* decision will only minimally impact PTD claim costs.

7. Explain how the healing period days/benefit payments were distinguished from the remaining permanent impairment days/benefit payments in the datasets used in the PIB indemnity analysis.

8. Confirm that the footnotes (2-5) for the TTD indemnity analysis indicating the study, years used (2003-2007), determination of duration, jurisdictions included, & WCSP data used apply to the indemnity analysis for PIB as well. It is unclear since only footnote 5 is used in the "Indemnity—Impact on Permanent Disability Claims" section of the memo, but the memo includes a statement that the HP for PIB analysis was performed in an "analogous manner" to the TTD analysis.

9. The explanatory memo states that for the PIB indemnity analysis the "summarized transactional data licensed to NCCI was reviewed for the HP duration on PIB claims for Florida and permanent partial disability claims for other NCCI jurisdictions". Explain why Florida was reviewed in the "summarized transactional data" & where this was used in the analysis. In particular, was Florida included in the data used to determine the 12.4 days? If so, explain why.

10. Confirm which years of FDWC data were used to determine the 94.7 days.

11. Regarding the medical analysis, NCCI assumed multiple procedures would not be impacted by the *Westphal* decision. Provide a list of procedures that NCCI assumed would be impacted & explain how these procedures could be used to delay reaching MMI.

12. Confirm which years of FDWC data were used to determine the 18% & 85% used in the medical analysis. Also confirm which years of WCSP data were used to determine the 79.9%.

13. Explain why data at a 5th report was used for the medical analysis to develop the 85% & 79.9%.

14. Regarding Exhibit IV:

a. For columns (A) & (B), line (1), provide the raw data (summarized by year) & any adjustment factors used to arrive at the average claim duration presented. Provide the derivation of the values in line (1).
b. For columns (A) & (B), line (2), provide the data by year, by state used to arrive at the estimated increase in average duration. Describe any adjustments made to the data. Provide the derivation of the values in line (2).
c. For columns (A) & (B), line (4), provide the underlying data used to arrive at the percentages used. In the response, provide the data summarized by injury type separately for Fatal, PTD, PPD or PIB, HP for PIB & TTD (should sum to 100%).
d. Lines (7) & (17), provide the data & any adjustment factors used to arrive at the percentage of indemnity benefits.
e. Line (10), provide the underlying data & calculations used to arrive at the percent of pre-MMI medical benefits impacted (note that data by procedure code doesn't have to be provided, but totals by year can be summarized by impacted and non-impacted codes).
f. For line (15), provide the underlying data used to arrive at the percentage used. In the response, provide the data summarized by injury type separately for Fatal, PTD, PPD or PIB, HP for PIB, TTD, Med Only, & Contract Med (should sum to 100%).

15. Provide the Florida premium distribution by month based on the latest data available.

16. Provide the TCFs for the proposed rates based on the proposed +19.6% rate change & +3.6% change for f-classes.

17. Provide a detailed calculation for each of the following class codes: 1852, 2003, 6237, 7380, 8726 & 9170. In your response, identify any item filings that are used or were previously used to determine the rates for these class codes, if necessary.

18. The response to question 4 from the clarification letter dated 6/14/2016 is not sufficient. The question asked you to explain why the expense provisions were not modified from the 1/1/2016 rate filing, and the response simply references the expenses that you considered for possible modification (claimant attorney fees and loss adjustment expenses) without addressing other expense provisions such as general expense, production expense, etc. Explain why these expenses were not modified.

19. Address the following regarding the response to question 5 from the clarification letter dated 6/14/2016:
    a. Explain why the Maritime Program 2, Option 2, USL Act codes were calculated as [(Current Rate) x (1.031 rate change)] versus the standard method of [(Source Code) x (EXPUSL)].
    b. Explain why the FELA Program 2, Option 2, USL Act codes were calculated as [(Current Rate) x (1.031 rate change)] versus the standard method of [(Source Code) x (EXPUSL)x1.35].

20. The response to question 7 from the clarification letter dated 6/14/2016 is not sufficient. Provide the data & underlying calculations to support the changes to the Premium Reduction Percentages. Please provide this support for the most recent manual pages submitted on 7/18/2016.

21. The response to question 8 from the clarification letter dated 6/14/2016 is not sufficient. Provide the data & underlying calculations to support the changes to the Retro Rating Plan factors. Please provide this support for the most recent manual pages submitted on 7/18/2016.

22. Provide an updated Excel spreadsheet containing the Proposed Rates by Class revised to reflect the most recent manual pages submitted on 7/18/2016.

In order to allow the Office sufficient time to analyze your response, please provide your response by 8/1/2016. Additional questions and requests for information may be forthcoming based on your response to this letter and the continued review of this filing. Please be reminded that all workers' compensation rate filings are governed by Section 627.101, Florida Statutes, which is strictly prior approval. This means you must receive an approval from the OIR before any rate or rating plan may be used.

Please respond to this letter by using the "Add to a submitted filing" feature of our I-File system.

If you have any questions, please contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
Cyndi.Cooper@floir.com
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 5/31/2016 10:30:18 AM
From:	Cyndi.Cooper@floir.com	
Cc:	chris_bailey@ncci.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):		

Hi all,
In the Universal Data Letter for this filing, the Rate Change Request is +3.1% and the Rate Indicated is 0.0%. These values appear incorrect based on the filing documents & our meeting on Friday. Can you please provide the correct information asap this morning so I can get this corrected?

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 6/7/2016 4:32:17 PM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com	
Bcc:	Cyndi.Cooper@floir.com	
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):	NCCI-16-12500-WC_Rate_Clarification-Letter-2016.06.07.rtf	

Attached, you will find a clarification letter for this filing. You must use the 'Add to a Submitted Filing' feature of I-FILE https://iportal.fldfs.com/ifile/default.asp to send your response and any applicable attachments.

Please note the date requirement for your response. If you have any questions, please do not hesitate to contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 6/14/2016 4:51:49 PM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):	NCCI-16-12500-WC_Rate_Subsequent-Review-2016.06.14.rtf	

Attached, you will find a clarification letter for this filing. You must use the 'Add to a Submitted Filing' feature of I-FILE https://iportal.fldfs.com/ifile/default.asp to send your response and any applicable attachments.

Please note the date requirement for your response. If you have any questions, please do not hesitate to contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 7/1/2016 4:29:59 PM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):	NCCI-16-12500-WC_Rate_Subsequent-Review-2016.07.01.rtf	

Attached, you will find a clarification letter for this filing. You must use the 'Add to a Submitted Filing' feature of I-FILE https://iportal.fldfs.com/ifile/default.asp to send your response and any applicable attachments. Please note the date requirement for your response. If you have any questions, please do not hesitate to contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 7/21/2016 3:30:44 PM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):	NCCI-16-12500-WC_Rate_Subsequent-Review-2016.07.21.rtf	

Attached, you will find a clarification letter for this filing. You must use the 'Add to a Submitted Filing' feature of I-FILE https://iportal.fldfs.com/ifile/default.asp to send your response and any applicable attachments. Please note the date requirement for your response. If you have any questions, please do not hesitate to contact me.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 10/6/2016 11:13:05 AM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com Cyndi.Cooper@floir.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):		

The stamped documents for this filing will be sent by separate email to:
Frank_Gnolfo@NCCI.com
frank_gnolfo@ncci.com;chris_bailey@ncci.com;Cyndi.Cooper@floir.com

Your amended filing has been approved by order dated 10/6/2016, which was sent in a separate email. Please let me know if you have any questions or need additional information.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368

To:	Frank_Gnolfo@NCCI.com	Sent: 10/6/2016 11:13:12 AM
From:	Cyndi.Cooper@floir.com	
Cc:	frank_gnolfo@ncci.com chris_bailey@ncci.com Cyndi.Cooper@floir.com	
Bcc:		
Subject:	FLOIR [RE: Company Filing Number Florida Law Only, FL Filing Number 16-12500]	
Attachment(s):		

The stamped documents for this filing will be sent by separate email to:
Frank_Gnolfo@NCCI.com
frank_gnolfo@ncci.com;chris_bailey@ncci.com;Cyndi.Cooper@floir.com

Your amended filing has been approved by order dated 10/6/2016, which was sent in a separate email. Please let me know if you have any questions or need additional information.

Sincerely,

Cyndi Cooper, ACAS, MAAA
Actuary
(850) 413-5368