



FILED

OCT 30 2020

INSURANCE REGULATION
Docketed by:

OFFICE OF INSURANCE REGULATION

DAVID ALTMAIER
COMMISSIONER

Revised Workers' Compensation Rates and
Rating Values as Filed by the
NATIONAL COUNCIL ON
COMPENSATION INSURANCE, INC.

CASE NO.: 270249-20

ORDER ON RATE FILING

On August 27, 2020, the NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC. ("NCCI"), filed, pursuant to Section 627.091, Florida Statutes, revised Workers' Compensation Rates and Rating Values in file log number 20-020168 ("Filing") for consideration and review by the FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE"). The Filing proposed a 5.7% decrease in the overall rate level, to be effective January 1, 2021, on new and renewal policies. Following a complete review of the entire record, and upon consideration of the Filing and additional information provided by NCCI, the supporting data, public comments received, and the analysis by the staff of the OFFICE, and being otherwise fully advised in the premises, the OFFICE finds as follows:

1. The OFFICE has jurisdiction over the parties and the subject matter of these proceedings.
2. NCCI is a licensed rating organization authorized to make rate filings on behalf of workers' compensation insurance companies in Florida pursuant to Section 627.091(4), Florida Statutes. Any insurer may make a filing to deviate from the NCCI rate level pursuant to Section 627.211, Florida Statutes, and Rule 690-189.004, Florida Administrative Code.

3. This Filing is based on data as of year-end 2019 from Policy Years 2017 and 2018, when Florida experienced a 4.4% decrease in claims for lost time, which contributed to a modest decrease in both indemnity and medical losses. The workers' compensation marketplace has reported underwriting profit during the last six years, due in part to safer workplaces and a long-term shift from manufacturing to service sectors. Trends in Florida mirror nationwide experience.

4. NCCI incorporates aggregated policy year and calendar-accident year data for large deductible coverage in its Florida ratemaking, but does not use such data in other states. In the past 15 policy years, large deductible coverage indications have generally mirrored standard coverage indications. In its testimony, NCCI indicated that the use of large deductible coverage data, captured through NCCI Financial Calls #20 and #21, imposes a cost on carriers but does not have a significant impact on the credibility or predictive value of the Filing's aggregate indication. NCCI agreed that this data should be eliminated from the Filing's aggregate indication.

5. The data underlying this Filing does not include claims from COVID-19, as the potential impact of the coronavirus on the workers' compensation system is in the beginning stages. NCCI is gathering information and conducting research to gauge the pandemic's impact on claim frequency, severity, and duration, but has not yet assessed its impact on future rate levels.

6. The OFFICE provided an opportunity for members of the public to comment on the Filing and held an online public hearing on October 13, 2020.

WHEREFORE, in consideration of the foregoing, and being otherwise duly advised in the premises, the Filing by NCCI is hereby DISAPPROVED. Further, it is hereby ORDERED that:

A. The Filing will be approved provided that the Filing is amended to comply with all of the following:

i. The amended Filing shall be filed as soon as practicable, but no later than November 4, 2020.

ii. Effective January 1, 2021, for new and renewal policies for other than the “F” classifications, the statewide overall rate level change shall be -6.6% for the Filing.

iii. The inclusion of large deductible coverage via NCCI Financial Call #20 and NCCI Financial Call #21 is disapproved. The Filing shall be re-filed excluding the impact of NCCI Financial Call #20 and NCCI Financial Call #21.

iv. When re-filing the rate pages, a flat factor may be used to adjust the rates originally proposed on August 27, 2020.

B. Financial Calls #20 and #21 shall continue to have their data captured for valuation dates of December 31, 2020; December 31, 2021; and December 31, 2021, and, assuming no change to the disposition of the use of these two calls in the Florida ratemaking process, collection of Financial Calls #20 and #21 within the provisions of NCCI Financial Call Reporting Guidebook shall be eliminated.

C. For any future filing submitted to the OFFICE, NCCI shall list and explain each and every change in the proposed manual pages, including but not limited to, the rating plan manual, 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.

D. NCCI shall provide a monthly report to the OFFICE of the average intrastate experience modification factors for the policies effective during the month. This monthly report shall be filed with the OFFICE within 7 days of the end of each month.

E. No rate change shall be implemented until such amendments are properly filed and final approval is issued by the OFFICE. If NCCI fails to file the necessary amendments to the Filing to implement the terms of this Order, the OFFICE will initiate proceedings under Section 627.141, Florida Statutes, to disapprove the current rates.

F. By making a filing to comply with this order, NCCI waives any right to any further proceedings to which it may be entitled and authorizes the OFFICE to enter a final order on the Filing.

DONE and ORDERED this 30 day of October, 2020.



David Altmaier

David Altmaier, Commissioner
Office of Insurance Regulation

FLORIDA OFFICE OF INSURANCE REGULATION
NOTICE OF ADMINISTRATIVE RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes, and Chapter 28-106, Florida Administrative Code, you have the right to request a proceeding to contest this action by the Office of Insurance Regulation (Office) by filing a petition. Your petition must be in writing and directed to:

Anoush Arakalian Brangaccio
General Counsel
200 East Gaines Street
Tallahassee, FL 32399-4206

The petition must be transmitted by U.S. Mail or hand-delivered. Petitions transmitted by facsimile transmission or electronic mail will not be accepted for filing. Your petition challenging this action must be received by the Office at the above address not later than twenty-one (21) days from the date on which you receive this notice. Any document received by the Office before 5:00 p.m. shall be filed as of that day but any document received after 5:00 p.m. shall be filed as of 8:00 a.m. on the next regular business day. If you do not timely file a petition, your right to a proceeding shall be deemed waived and the Office's agency action will be final.

If you desire to challenge this agency action and do not dispute the material facts as found by the Office, you may request a proceeding pursuant to Sections 120.569 and 120.57(2), Florida Statutes. A petition for an administrative proceeding not involving disputed issues of material fact must comply with the content requirements of Section 120.569(1), Florida Statutes, and Rule 28-106.301, Florida Administrative Code.

If you desire to challenge this agency action and dispute the material facts as found by the Office, you may request a proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. A petition for an administrative proceeding involving disputed issues of material fact must comply with the content requirements of Section 120.569(1), Florida Statutes, and Rule 28-106.201, Florida Administrative Code.

A petition that is not in substantial compliance with the applicable rules and statutes will be dismissed.

Any request for an 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.

Mediation under Section 120.573, Florida Statutes, is not available for this agency action.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order on Rate Filing has been furnished by certified mail to: BILL DONNELL, PRESIDENT & CEO, National Council on Compensation Insurance, Inc., 901 Peninsula Corporate Circle, Boca Raton, FL 33487-1362, this 30 day of October, 2020.

/s/ Susan Herendeen
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COPIES FURNISHED TO:

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