



National
Council on
Compensation
Insurance, Inc.

Florida Workers Comp Market

10/5/10

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Florida Workers Compensation Rates

	<u>1-1-11</u>	<u>10-1-03</u> <u>to 1-1-11*</u>
Manufacturing	+ 9.9%	-57.8%
Contracting	+ 7.3%	-64.4 %
Office & Clerical	+ 7.3%	-62.3%
Goods & Services	+ 7.9%	-60.9%
Miscellaneous	+10.8%	-59.7%
Overall Average	+8.3%	-61.8%

* Assuming 1/1/2011 is approved as filed

2003 Reform Started Run of 8 Decreases

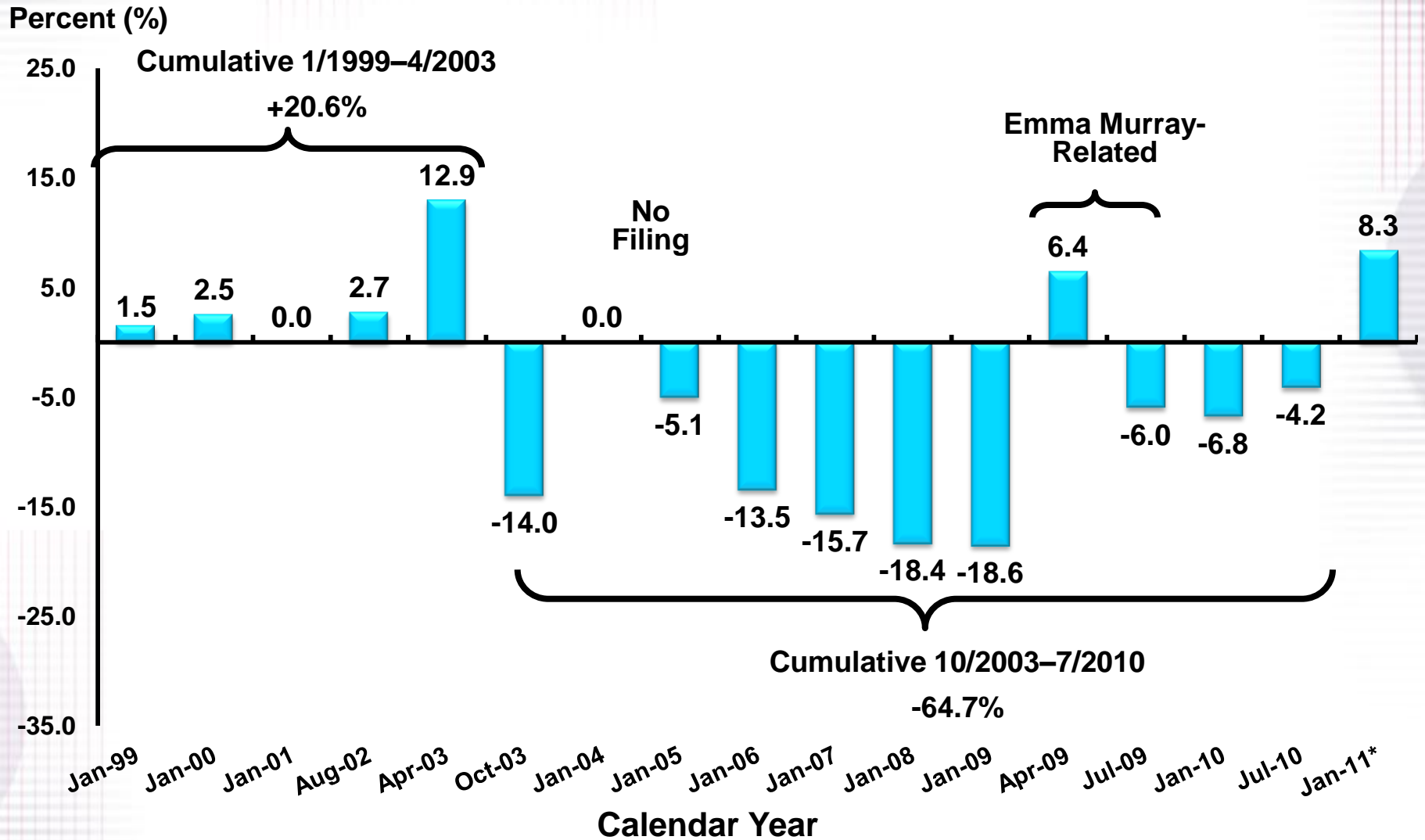
10/1/03	-14%
1/1/05	-5.1%
1/1/06	-13.5%
1/1/07	-15.7%
1/1/08	-18.4%
1/1/09	-18.6%
1/1/10	-6.8%
7/1/10	-4.2%

Not Counting . . .

4/1/09 +6.4% (Emma Murray 1st year impact)

7/1/09 -6.0% (HB 903 – Emma Murray fix)

Florida Historical Rate Changes

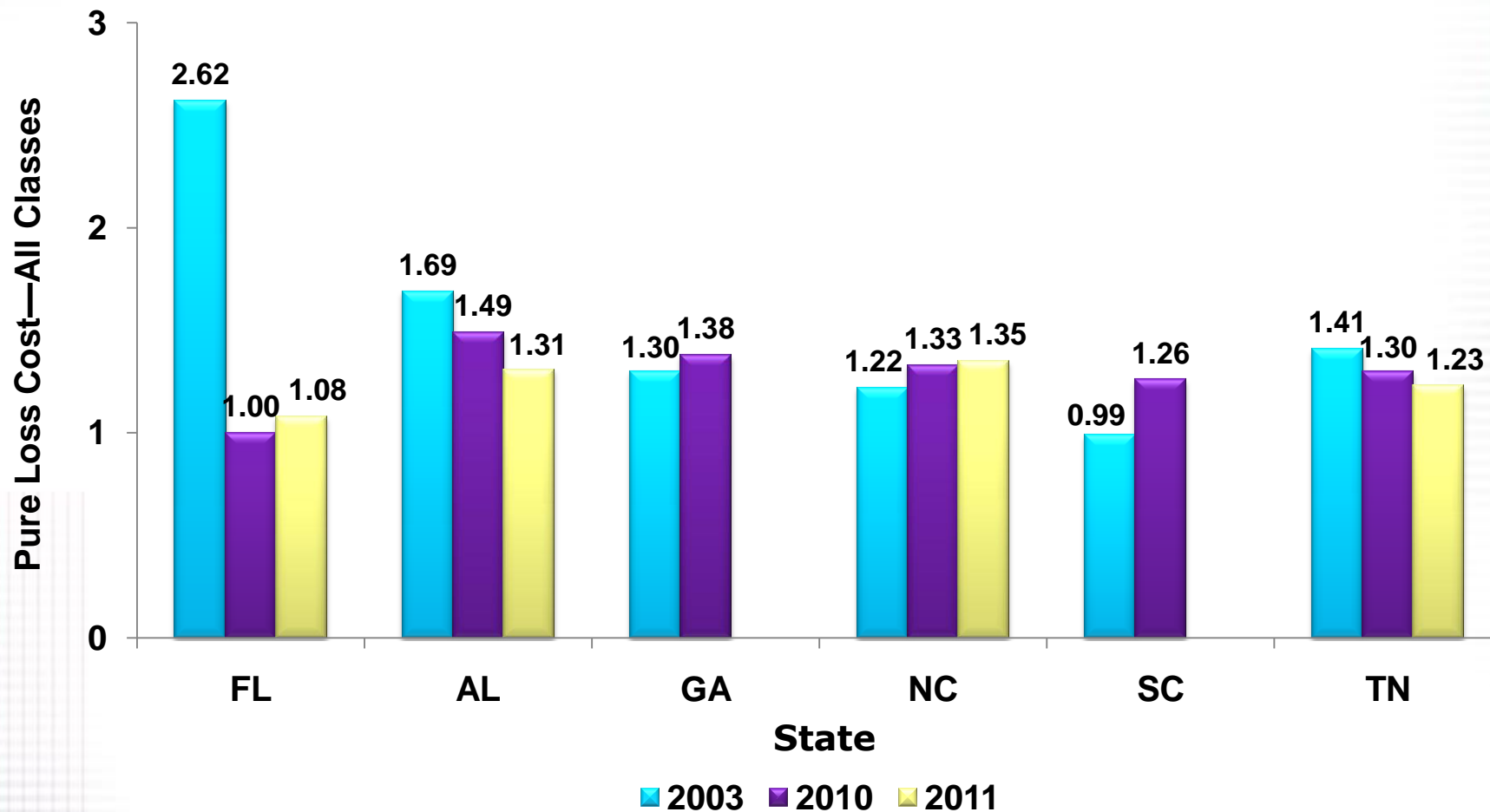


* Pending

Why an Increase After So Many Years of Decreases?

- Florida has reached its new post reform baseline; 2007 was likely last year to include additional beneficial impacts of reform
- This filing **first** to include **two** years unimpacted by additional impacts of SB 50A (AY 08/09)
- The latest available experience has deteriorated slightly (+3.4%) – in the range of a typical annual adjustment
- Primarily because of claim frequency flattening, NCCI has revised outlook; still calling for continued improvement but at slower pace; adjustment to less negative trend results in positive rate impact (+3.9%)

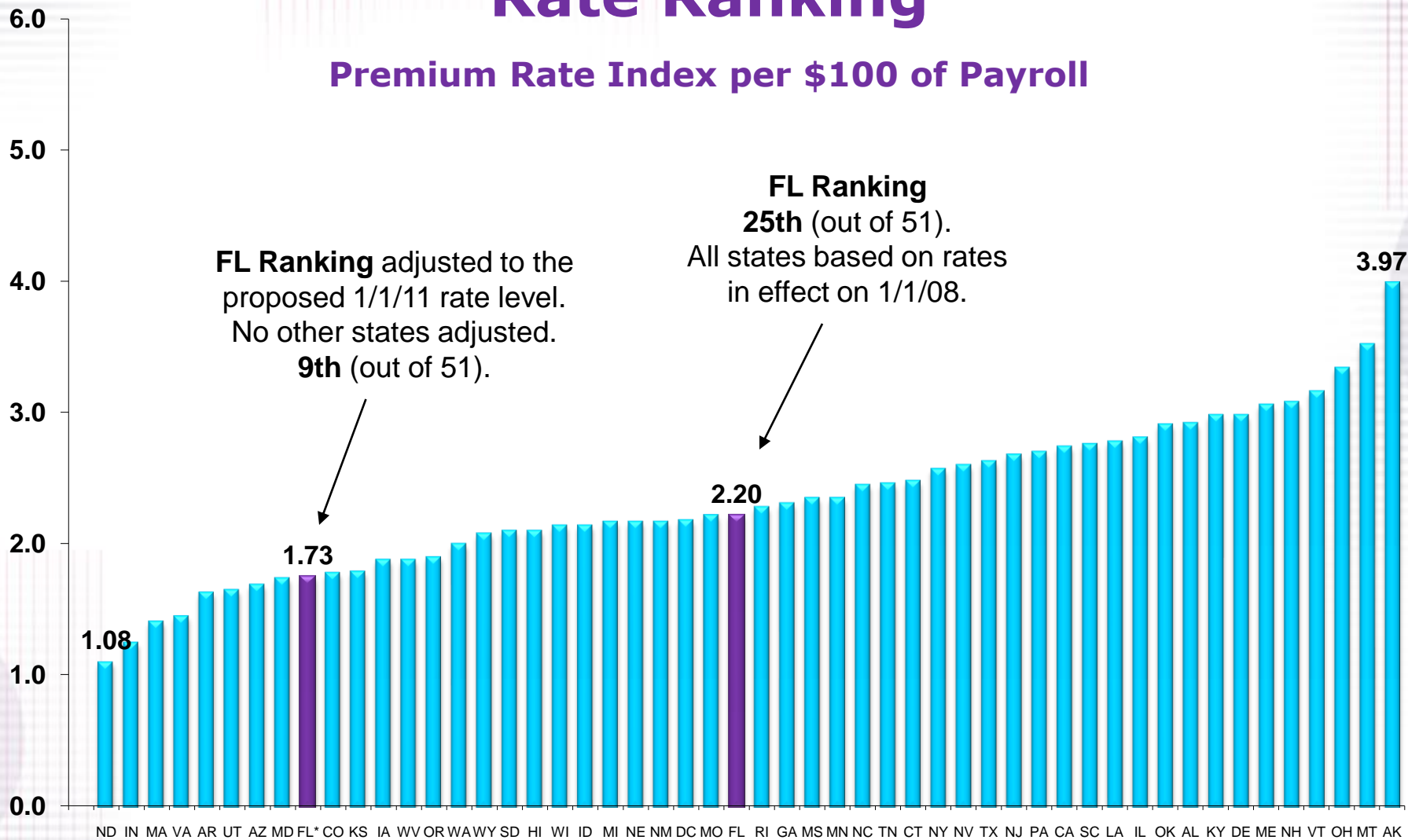
Current Average Voluntary Pure Loss Costs Using Florida's Payroll Distribution



Based on the latest NCCI-approved rates and loss costs in the various states

Workers Compensation Premium Rate Ranking

Premium Rate Index per \$100 of Payroll

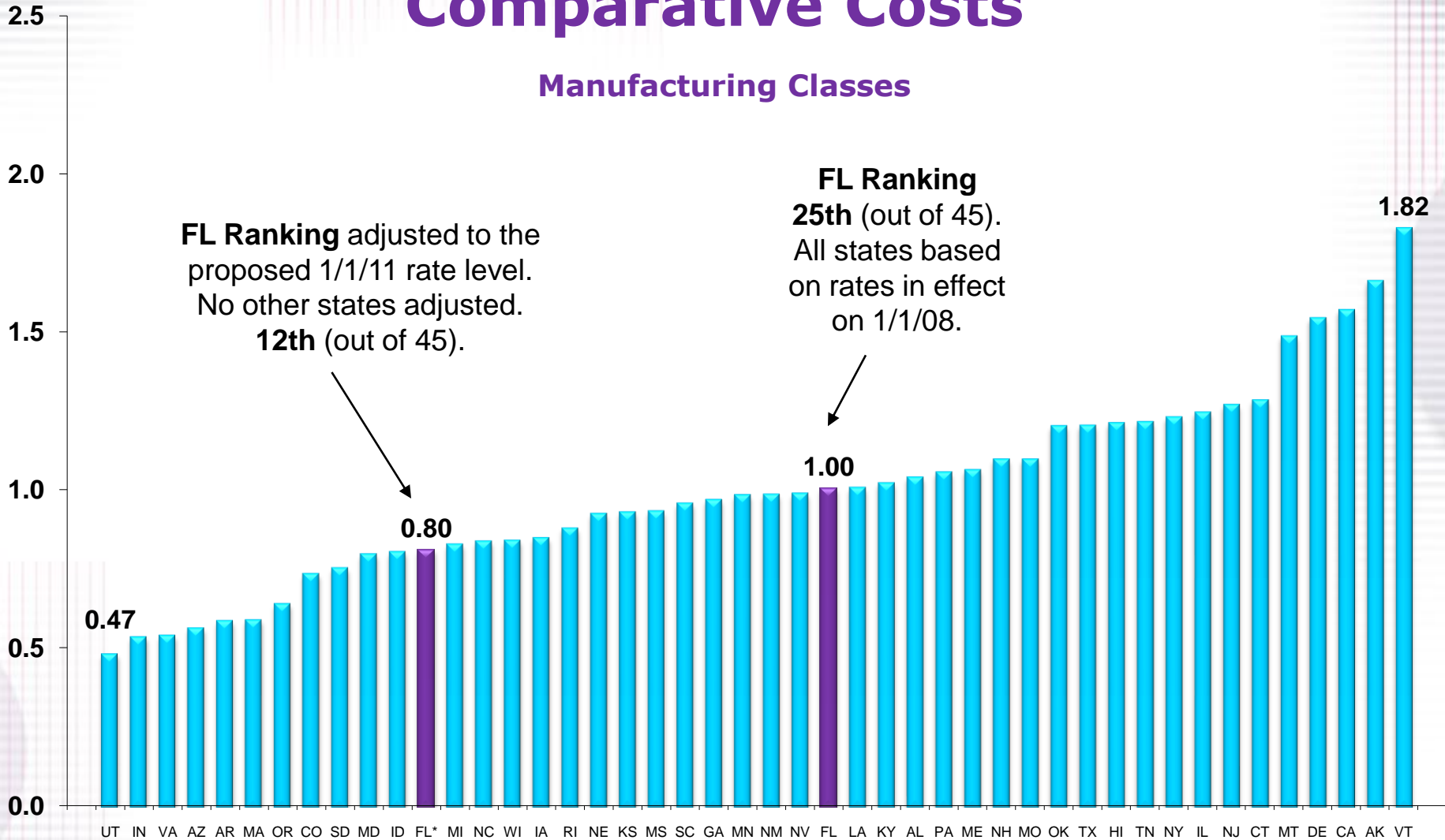


Source: 2008 Oregon Workers' Compensation Premium Rate Ranking Summary
Indices based on rates in effect on January 1, 2008



Workers Compensation Comparative Costs

Manufacturing Classes

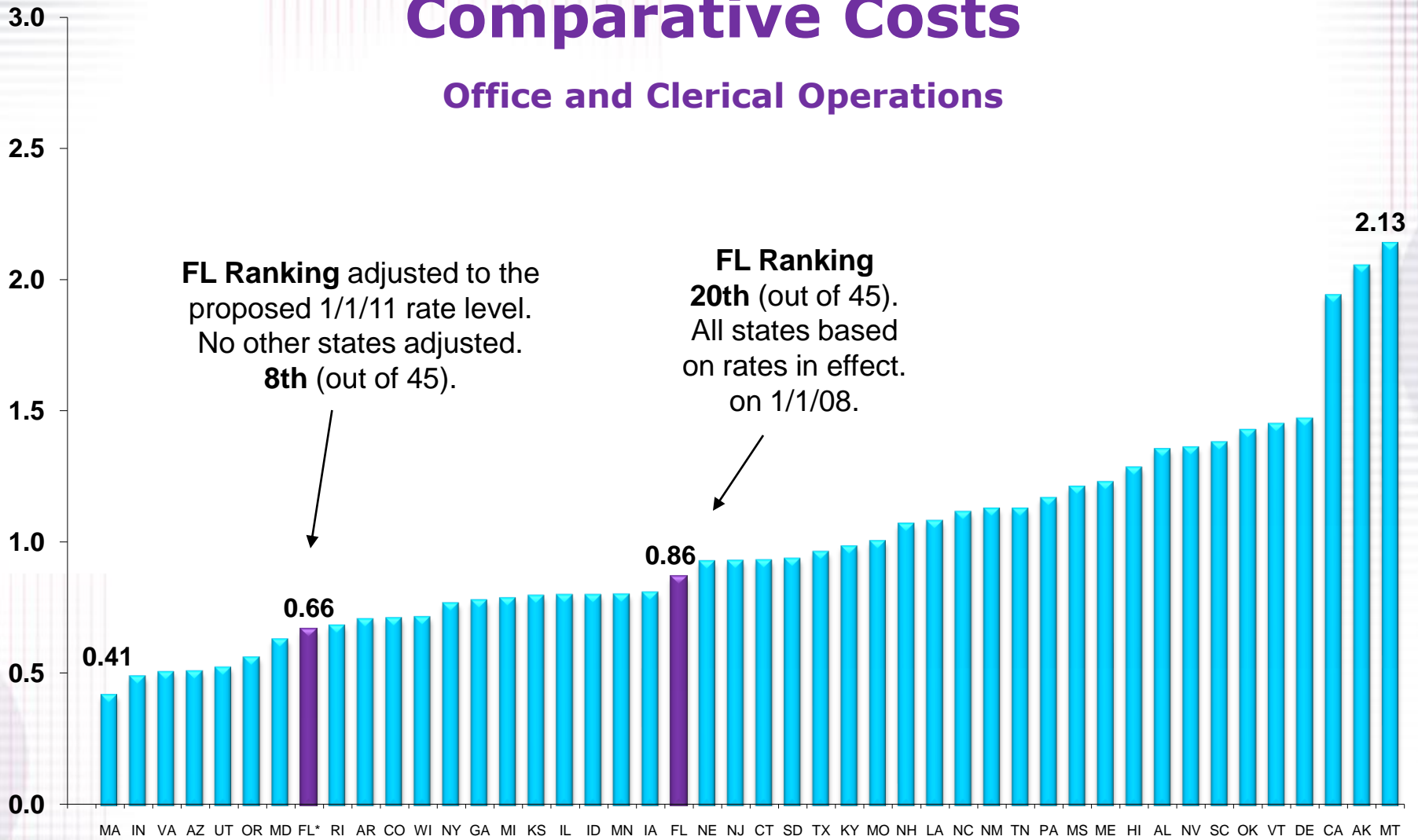


Source: *Workers Compensation State Rankings, Manufacturing Industry Costs, and Statutory Benefit Provisions*, 2008 Ed., Prepared by Actuarial & Technical Solutions, Inc.
 Indices based on rates in effect on January 1, 2008



Workers Compensation Comparative Costs

Office and Clerical Operations



Source: *Workers Compensation State Rankings, Manufacturing Industry Costs, and Statutory Benefit Provisions*, 2008 Ed., Prepared by Actuarial & Technical Solutions, Inc.
 Indices based on rates in effect on January 1, 2008



Response to Consumer Advocate

- F.S. 627.091 – Every carrier shall file rates ... **OR** satisfy its obligation to make such filings by becoming member of a rating organization which makes such filings
- Disapproving the filing and requiring all carriers to file their own rates
 - Counter to F.S. 627.091 which allows choice
 - Puts particularly small/medium carriers and new writers at a competitive disadvantage
- Why have all Florida carriers have in the past elected to use NCCI rates?
 - No carrier has sufficient Florida data in all 600 class codes to develop fully credible rates
 - Some Florida class codes have to be supplemented by data in national database to develop credible rates

Response to Consumer Advocate

- Why would disapproval of the filing produce \$141M savings to employers - 8.3% in the first year?
 - NCCI's filing would be replaced by up to 250 new rate filings
 - Some could request something less than +8.3% and some could request more than +8.3%
 - Mr. DiDonato will explain that many of our assumptions are conservative so it's possible that more carriers would ask for more than +8.3% rather than less
 - No reason to believe that cumulative total of all rate filings would be 0 as the Consumer Advocate suggests or in other words, that there would be \$141M in savings to employers