



# Florida 1/1/2014 Workers Compensation Rate Filing

Kirt Dooley, FCAS, MAAA

October 1, 2013

# Florida January 1, 2014 Workers Compensation Filing Summary of Proposed Rate Change

Component	Impact
Change in Loss Experience	+0.5%
Change in Trend	+1.1%
Change in Production & General Expenses	+0.4%
Change in Loss Adjustment Expense	-0.7%
Change in Profit & Contingencies	0.0%
Change in Taxes and Assessments	-0.3%
<b>Total Average Rate Change</b>	<b>+1.0%</b>



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# Experience Period

- Two policy years are again used as the experience base in this year's filing
  - This is consistent with the last two filings
- Policy year data reflects a more accurate matching of losses and premium
  - This is especially important when calendar-year premium reflects large shifts in audit premium
- Use of two calendar-accident years would have resulted in a change of +2.9%

# Loss Development

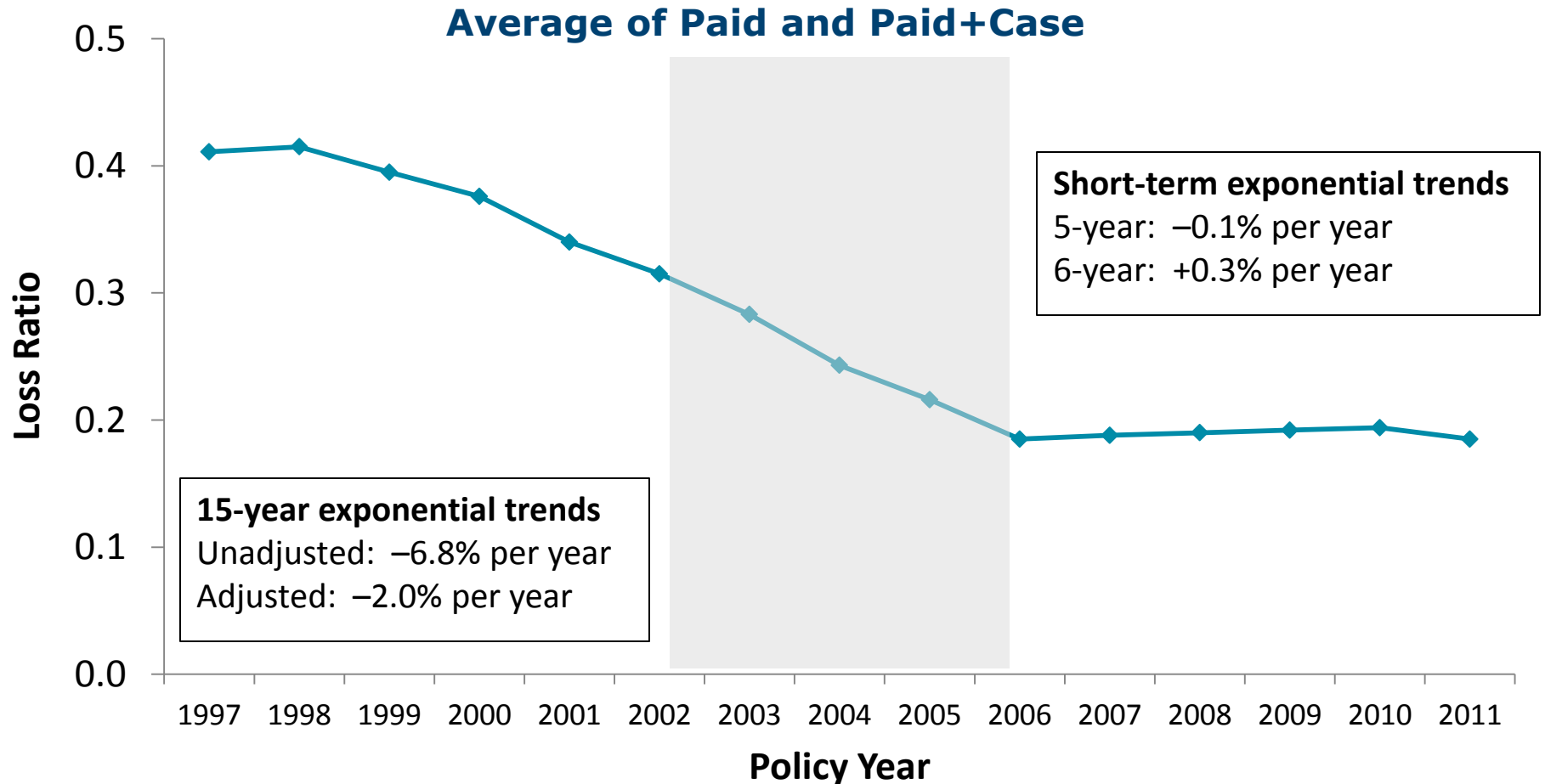
- Average of paid and paid + case loss development
  - Consistent with last ten Florida filings
  - Neither method clearly superior to the other
  - Makes use of all available information
- Three-year average development factors
  - Consistent with last three Florida filings
  - Traditional alternatives produce similar result
- No significant changes to methodology

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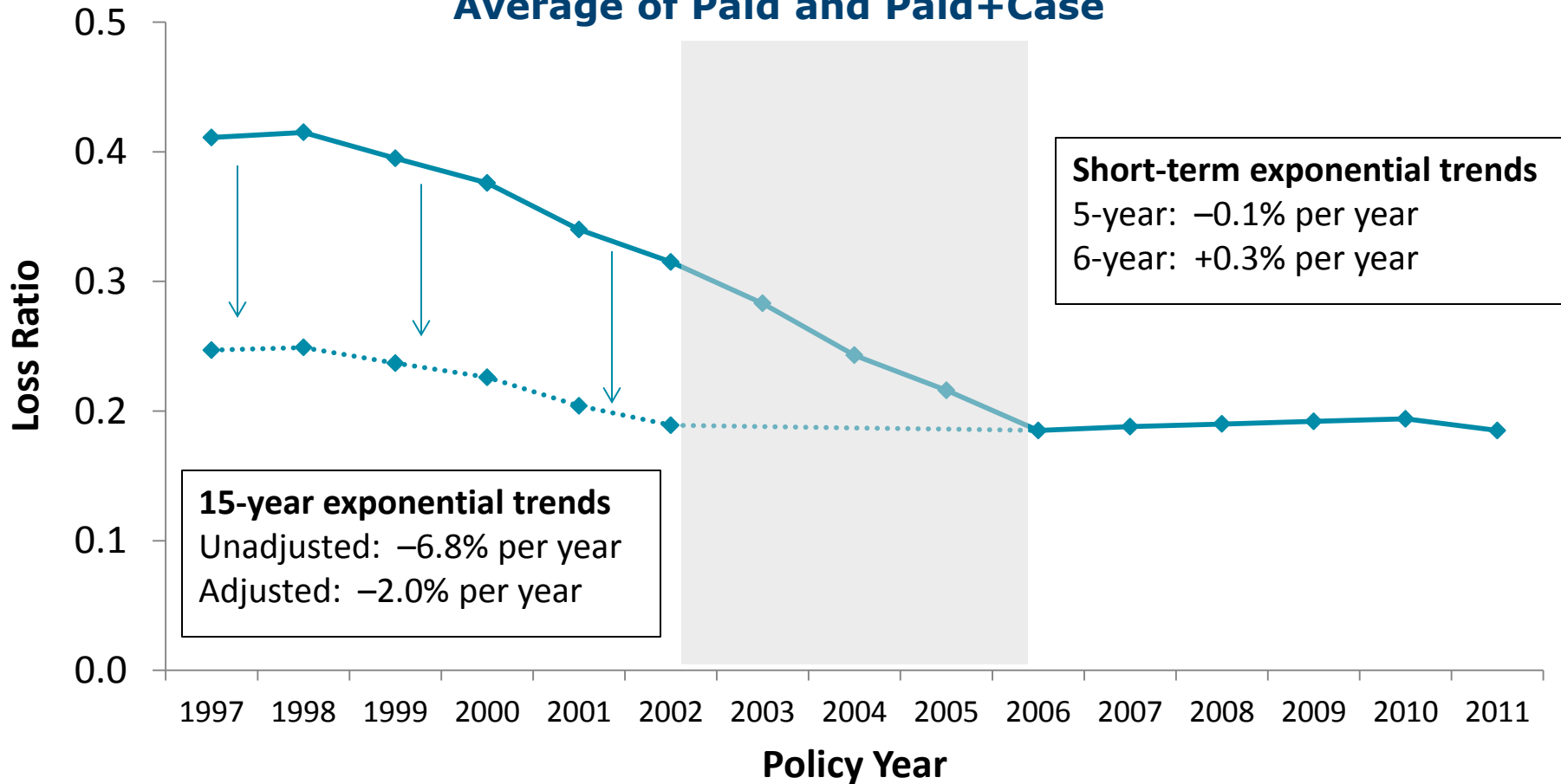
# Florida's Indemnity Loss Ratio Standard Coverage



Based on NCCI's financial data developed to ultimate and adjusted to the current level.

# Florida's Indemnity Loss Ratio Standard Coverage

Average of Paid and Paid+Case

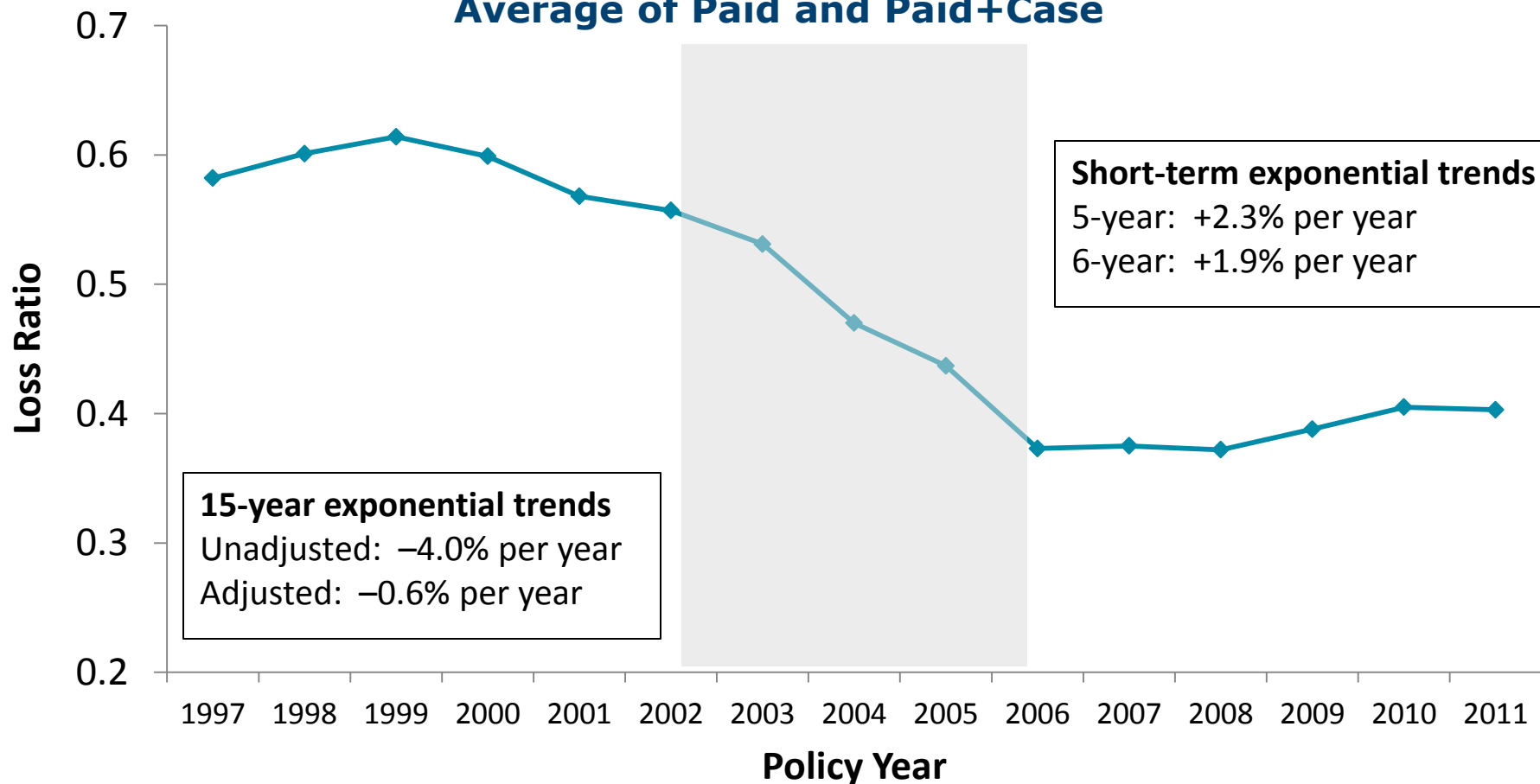


Based on NCCI's financial data developed to ultimate and adjusted to the current level.



# Florida's Medical Loss Ratio Standard Coverage

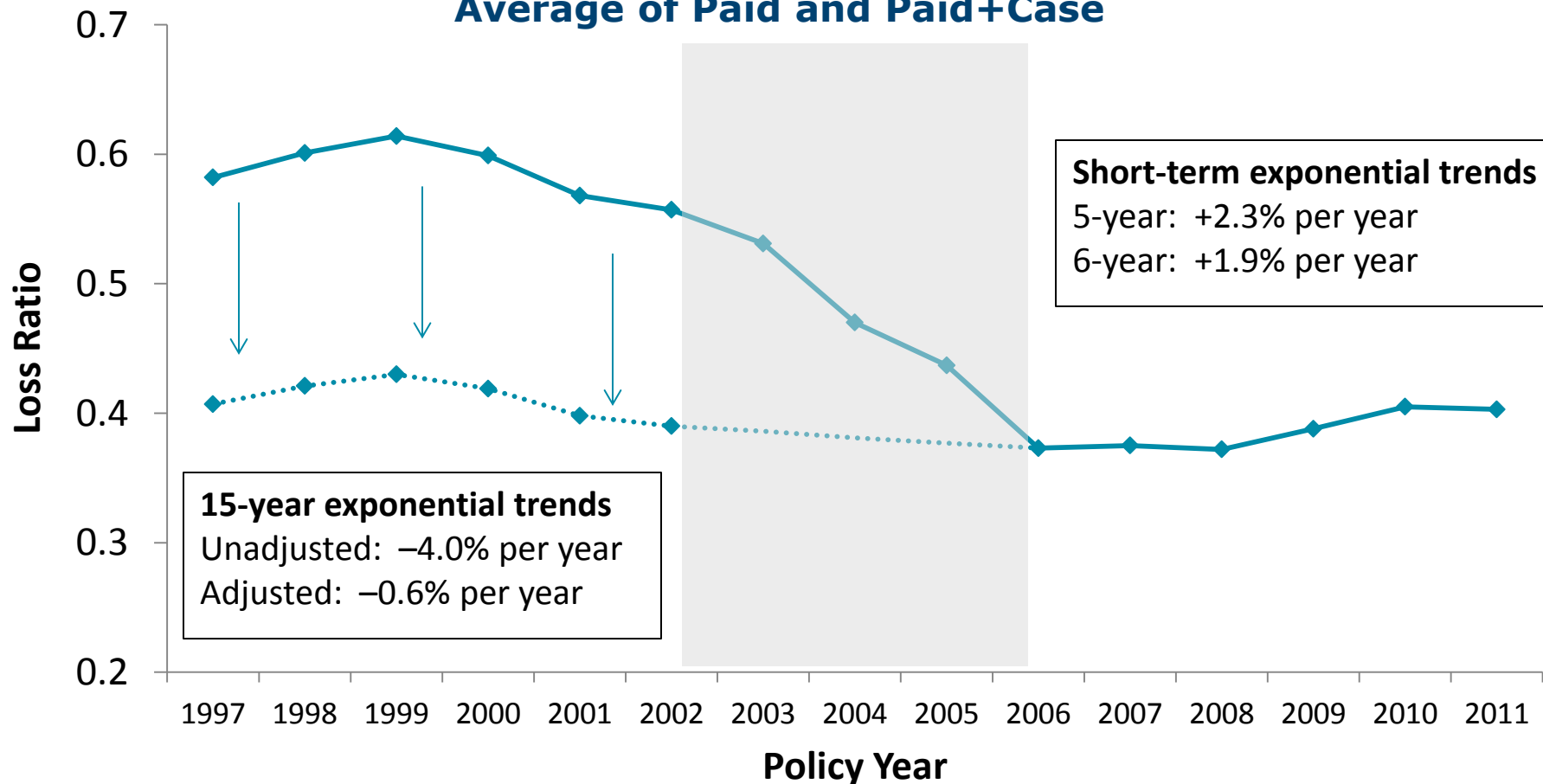
## Average of Paid and Paid+Case



Based on NCCI's financial data developed to ultimate and adjusted to the current level.

# Florida's Medical Loss Ratio Standard Coverage

Average of Paid and Paid+Case



Based on NCCI's financial data developed to ultimate and adjusted to the current level.



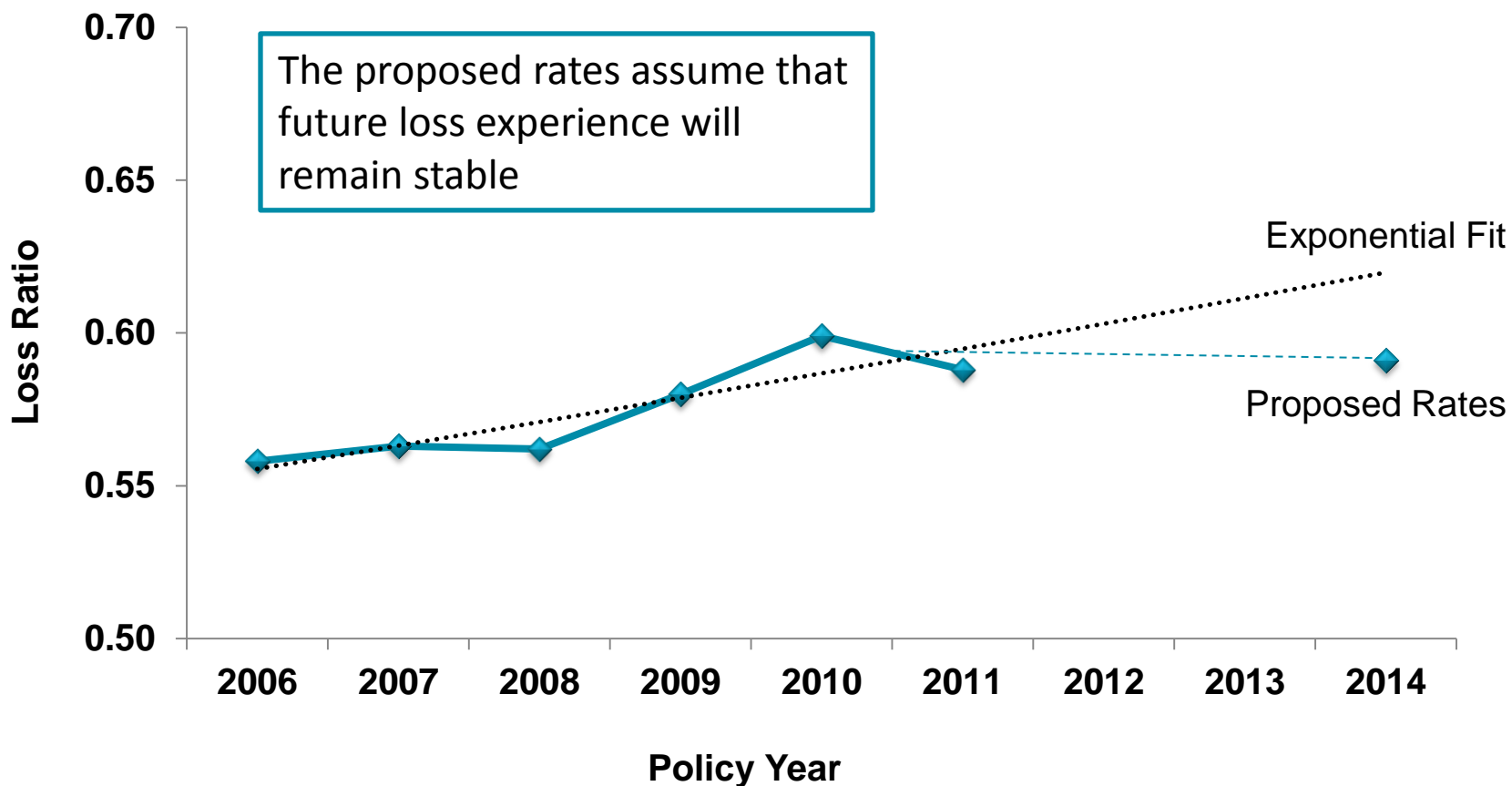
# Trend

The selected trends are below the short-term indications in recognition of the lower long-term trends. The long-term trends are largely affected by the changes observed between 2002 and 2006.

		Indemnity Loss Ratio	Medical Loss Ratio
(1)	5-point exponential trend	-0.1%	+2.3%
(2)	6-point exponential trend	+0.3%	+1.9%
(3)	15-point exponential trend	-6.8%	-4.0%
	• Excluding 2002-2006 Changes	-2.0%	-0.6%
(4)	Current approved trend	-1.0%	0.0%
(5)	Selected annual trend	-1.0%	+0.5%

# Florida's Total Loss Ratio (Excl. LAE) Standard Coverage

Average of Paid and Paid+Case



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# Profit & Contingencies

- Recommending no change to the current P&C provision of 2.5%
- Economic analysis clearly supports 2.5%

	1/1/2012	1/1/2013	1/1/2014
Indicated*	+8.7%	+10.5%	+8.3%
<b>Filed</b>	<b>+2.5%</b>	<b>+2.5%</b>	<b>+2.5%</b>
<b>Approved</b>	<b>+2.5%</b>	<b>+2.5%</b>	

\* Based on economic internal rate of return analysis excluding anticipated policyholder dividends



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# Florida January 1, 2014 Workers Compensation Filing Summary

- Over the past several years, total loss experience has been relatively stable
- The trend component of recent filings reflects a shift from projecting improvement to projecting stability
- A stable system still requires minor periodic adjustments to the average rate level
- Full approval is necessary for rates to be adequate and help maintain stability going forward