

**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 not 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% less 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 200% 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.

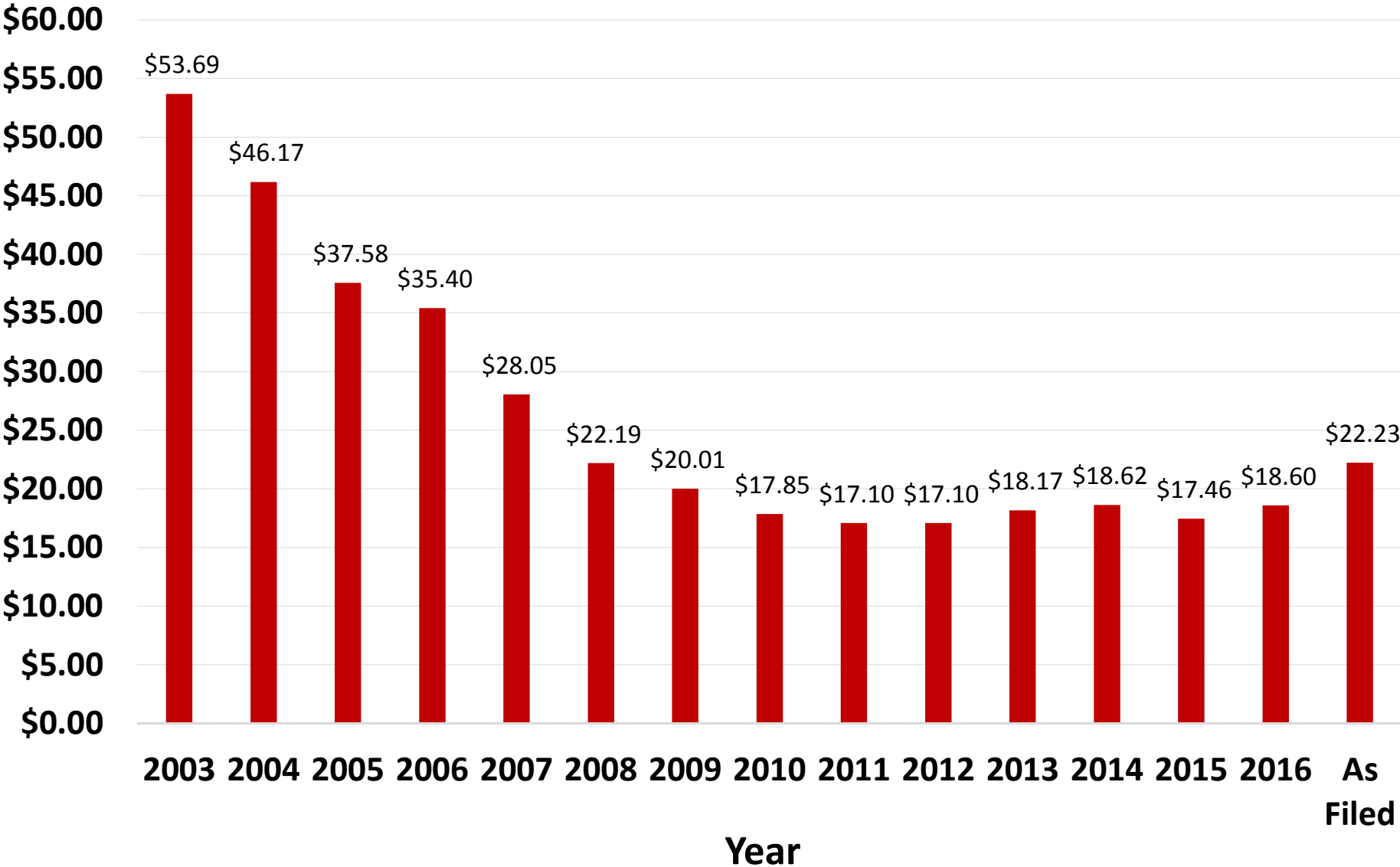
In conclusion, we appreciate the expertise held by you and your staff and we feel like we are not telling you anything you do not already know. I guess our comments may have been more beneficial if shared with the Supreme Court Justices before their decisions so negatively impacted a law that had operated 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.

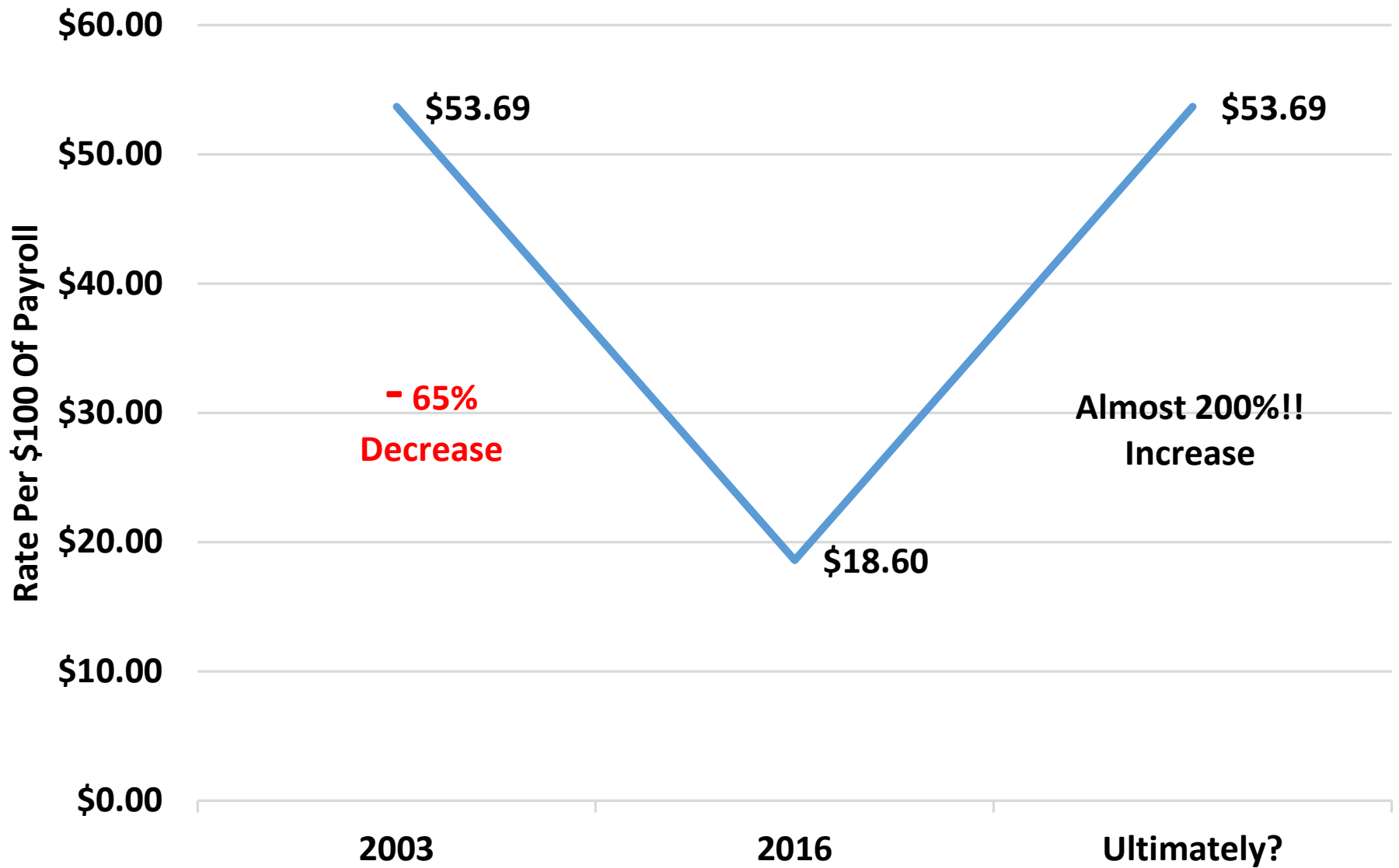
FRSA has always played an active role in developing and supporting positive legislation to make and keep Florida's SELF EXECUTING workers' compensation strong for employers and employees. We will support any smart legislation filed to get these problems fixed to protect Florida employers and their employees.

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



Roofing Rate - Where Will It Go?



Roofing Manual Premium On A \$40,000/Yr. Employee

