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OFFICE OF INSURANCE REGULATION

**OFFICE OF
INSURANCE REGULATION**
Docketed by: WDS

KEVIN M. MCCARTY
COMMISSIONER

REVISED WORKERS' COMPENSATION
RATES AND RATING VALUES AS
CONTAINED IN THE FILING SUBMITTED
BY: NATIONAL COUNCIL ON
COMPENSATION INSURANCE, INC.

Case No. 178146-15

FINAL ORDER ON RATE FILING

TO: NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC.
901 Peninsula Corporate Circle
Boca Raton, FL 33487

On November 6, 2015, the **NATIONAL COUNCIL ON COMPENSATION INSURANCE, INC. ("NCCI")** filed a request with the **FLORIDA OFFICE OF INSURANCE REGULATION ("OFFICE")** requesting the **OFFICE** to reconsider three issues in response to the **OFFICE's** Order dated November 3, 2015. The filing specifically waived **NCCI's** right to an administrative hearing and indicated that additional information was to be provided to support its request to reconsider: 1) the disapproval of the \$160 expense constant; 2) the disapproval of the indemnity trend requested by **NCCI**; and 3) the disapproval of the profit and contingency factor requested by **NCCI**. Based on the record of the proceedings, the arguments of counsel, the analysis by the staff of the **OFFICE**, and the additional information provided by **NCCI** and being otherwise advised in the premises it is **ORDERED**:

1. **NCCI's** request to modify the expense constant is denied. However, the **OFFICE** reserves consideration as to the validity or persuasiveness of the study conducted by **NCCI** for review in future rate filings.

2. **NCCI's** request to modify the indemnity trend is denied. The request was not justified by the information provided which, in part, relied on speculation regarding the disposition of various court cases that may affect the provisions of the Florida Worker's Compensation Law.

3. **NCCI's** request to modify the profit and contingency factor is accepted. **NCCI** provided additional information and analyses that became available subsequent to the October 21, 2015 rate hearing for the **OFFICE's** consideration to justify increasing the profit and contingency factor above +2.5 %(+2.5 percent). This information included an assertion by **NCCI** that the Federal Reserve has once again declined to increase interest rates when they met in late October, a revision to the dynamic Internal Rate of Return Model based on Moody's latest forecast as of October, and a revision to the static Internal Rate of Return Model based on updated returns on investments using data from third quarter 2015. Substituting more appropriate and timely values for the investment yield and cost of capital and in consideration of the additional information provided by **NCCI**, the **OFFICE** approves a profit and contingency factor of +2.75% (+2.75 percent). Therefore, Exhibit II of the Filing shall be re-filed containing a profit and contingency provision of +2.75% (+2.75 percent), and the statewide overall rate level change for "F" classifications for new and renewal policies shall be adjusted to reflect the +2.75% (+2.75 percent) profit and contingency provision.

Upon receipt of an amended filing reflecting the revisions approved in paragraph 3. of this Order and in compliance with the other provisions of the November 3, 2015 Order on Rate Filing, a rate decrease of -4.7%(-4.7 percent) shall be and 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 12th day of November, 2015.




Kevin M. McCarty, Commissioner
Office of Insurance Regulation

Copies furnished to:

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