

NCCI Proposes Reduction for Workers Compensation Rates in Florida

On May 7, 2010, the National Council on Compensation Insurance (NCCI)* delivered an off-cycle workers compensation rate filing to the Florida Office of Insurance Regulation (OIR). This filing proposes a voluntary rate level decrease of 4.2% for industrial classifications and for F-Classifications effective July 1, 2010 for new and renewal policies.

This proposed change stems from an order by the Florida Department of Financial Services revising the Special Disability Trust Fund (SDTF) assessment effective July 1, 2010. The SDTF was established to encourage the employment of workers with pre-existing conditions. The SDTF reimburses insurance carriers and self-insured employers for benefits they must pay because a pre-existing permanent impairment has merged with a subsequent permanent impairment as a result of a work-related accident. Injuries occurring on or after January 1, 1998 are excluded from reimbursement by the SDTF. The SDTF is maintained by assessments on carriers and self-insurers.

The SDTF assessment is calculated by the Florida Department of Financial Services pursuant to Section 440.49(9)(b)(2), Florida Statutes. The assessment rate has been at the statutory cap of 4.52% since 1994 and is being reduced to 1.46%. The rate impact of this reduction is -4.2%.

Component	Current Approved	Proposed	Rate Impact
SDTF Assessment Change Effective 7-1-10	4.52%	1.46%	-4.2%

This proposed workers compensation rate decrease follows seven experience-related workers compensation rate decreases since Florida workers compensation rates hit a high point prior to the 2003 workers compensation reform. The previous rate reductions approved by the OIR are as follows:

-14.0% (10/1/03)	-5.1% (1/1/05)	-13.5% (1/1/06)
-15.7% (1/1/07)	-18.4% (1/1/08)	-18.6% (1/1/09)
-6.8% (1/1/10)		

Assuming this rate filing is approved as proposed, the cumulative overall average rate impact for the above seven experience-related decreases plus the SDTF decrease is 64.7%.

NCCI is also planning to submit another workers compensation rate filing this year. NCCI's annual experience review is tracking the usual schedule. Another Florida workers compensation rate filing is anticipated in August 2010 with a proposed effective date of January 1, 2011.

*National Council on Compensation Insurance, Inc., based in Boca Raton, FL, manages the nation's largest database of workers compensation insurance information. NCCI analyzes industry trends, prepares workers compensation insurance rate recommendations, determines the cost of proposed legislation, and provides a variety of services and tools to maintain a healthy workers compensation system.