

## **Florida Insurance Commissioner Issues Order with Respect to NCCI's Workers' Compensation Rate Filing**

**Monday, October 24, 2011**

**TALLAHASSEE, Fla.** - Florida Insurance Commissioner Kevin McCarty today announced that he has advised the National Council on Compensation Insurance (NCCI) that he would approve their initial rate increase request of 8.9% to become effective January 1, 2012 for workers' compensation insurance rates in Florida based on evidence submitted in NCCI's rate filing, and during the [October 11th rate hearing](#).

Commissioner McCarty's [Order](#) is technically a denial of NCCI's rate filing. The Office did not accept NCCI's methodology for input parameters including policyholder dividends, the loading for these dividends, and investment yields. The Office also did not accept specific rate changes for certain classes, specifically the "F" classes for workers covered by the Federal Acts, classification code 5551 (roofers), and classification code 7705 (Ambulance and EMS providers). The Office also disapproved the proposed increase in minimum premiums.

"The rate increase that has been justified would still give Florida the lowest workers' compensation insurance rates among the large states, the lowest workers' compensation insurance rates in the southeast, and most importantly -- a 58.6% cumulative decrease from the highs prior to the legislative forms in 2003," stated Commissioner McCarty.

"I am also very concerned about the evidence presented in the filing and during the rate hearing about the increased costs associated with physician-dispensed repackaged drugs. This practice has become a critical cost driver in the workers' compensation insurance marketplace. It is imperative that the Florida Legislature address this issue during the upcoming legislative session."

Prior to the 2003 legislative reforms, Florida consistently ranked No. 1 or No. 2 in the country for the highest workers' compensation rates; however, post-reform Florida rates have become some of the most competitive in the nation.

The Office conducted a public hearing on this rate issue on October 11, 2011 in the Senator Jim King Committee Room in the Senate Office building. NCCI presented its analysis; other industry experts and the Florida's Consumer Advocate also provided testimony. The Office prepared a [graph](#) to illustrate the rate changes from 2003 to present. The last data point is what the Office would approve.

### **About the Florida Office of Insurance Regulation**

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