



Florida

January 1, 2022

Workers Compensation Rate Filing

NCCI Representatives

Dawn Ingham, CPCU, ARM, State Relations Executive

Jay Rosen, FCAS, MAAA, Practice Leader and Senior Actuary

Leonard F. Herk, PhD, Executive Director and Senior Economist



About Us

- The National Council on Compensation Insurance was founded in 1923
- We are a workers compensation advisory and rating organization in 37 states
- Our headquarters are in Boca Raton, FL



Mission and Vision

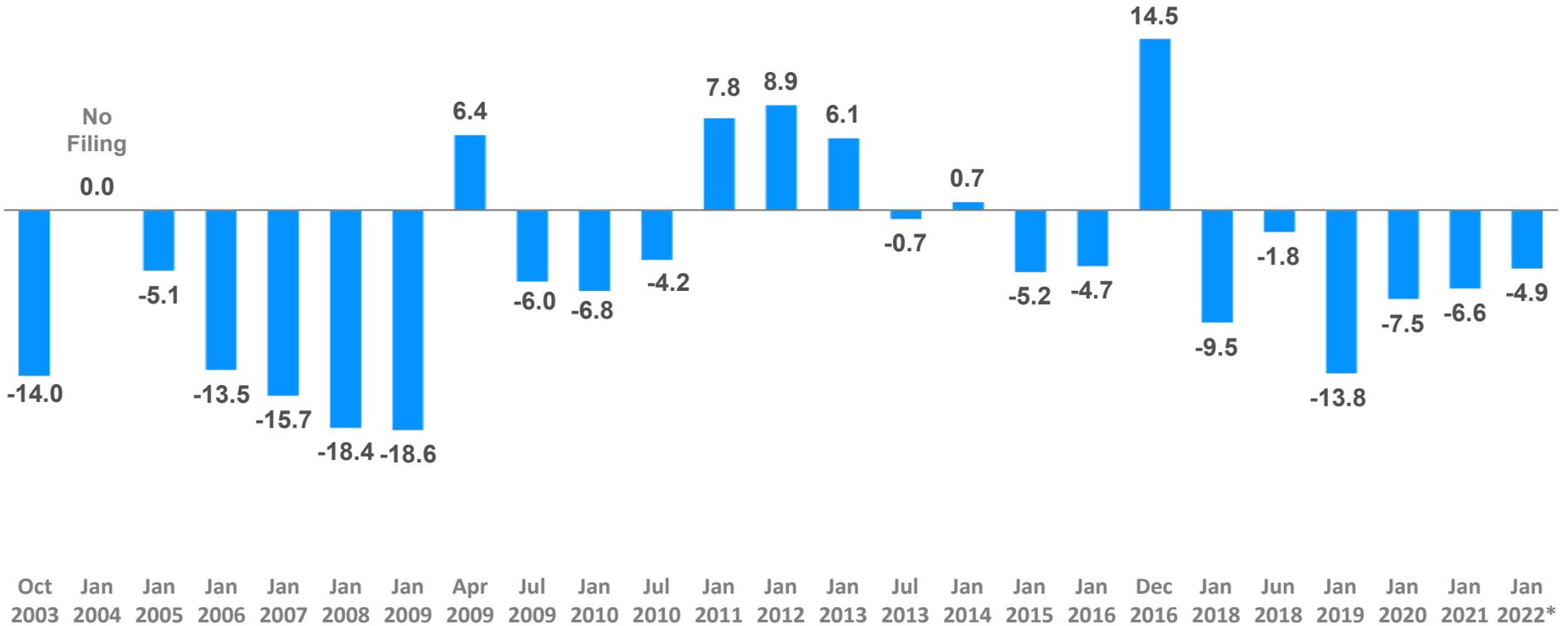
Mission: To foster a healthy workers compensation system

Vision: To be a recognized leader and trusted source of information



Florida's Historical Rate Level Changes (%)

Cumulative Change: -69.9%
(Oct 2003 to Jan 2021)



Filing Effective Date

* Pending





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Workers Compensation Rate Filing Actuarial Analysis

Jay Rosen, FCAS, MAAA
Practice Leader and Senior Actuary

Florida January 1, 2022 Rate Filing

Component	Impact
Change in Experience, Trend and Benefits	-6.9%
Change in Production and General Expenses	+0.6%
Change in Taxes and Assessments	0.0%
Change in the Profit and Contingency Provision	+0.7%
Change in Loss-Based Expenses	+0.7%
Proposed Overall Average Rate Level Change	-4.9%

Florida January 1, 2022 Rate Filing

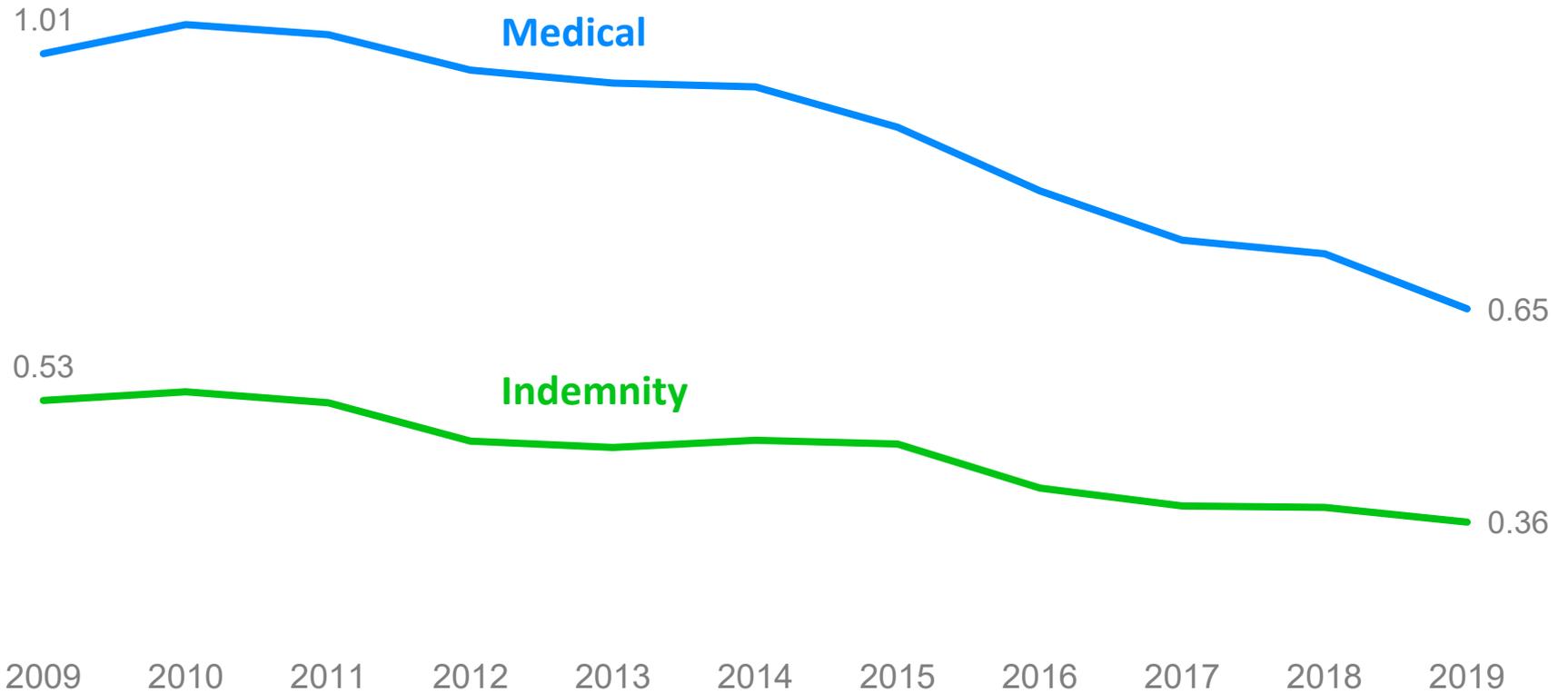
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Filing Methodology

Calculation	Methodology Used
Experience Period	Most recent two full policy years
Loss Development	Average of the results produced by the paid and paid plus case loss aggregations
Trend	Indemnity: Selected -3.0% per year Medical: Selected -4.0% per year

Florida Loss Ratios

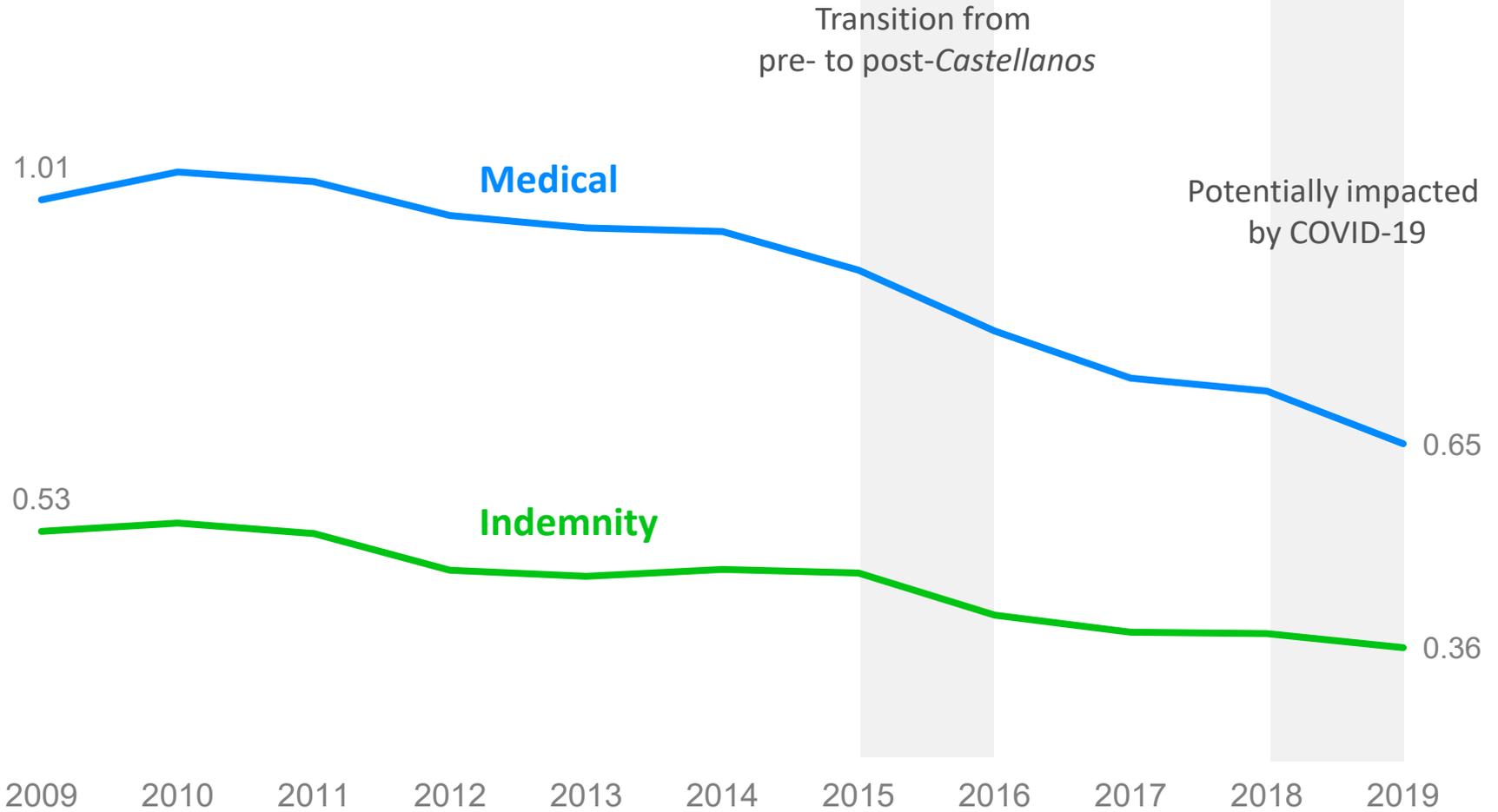
Policy Year



Based on an average of paid and paid plus case financial data at current benefit level and developed to ultimate

Florida Loss Ratios

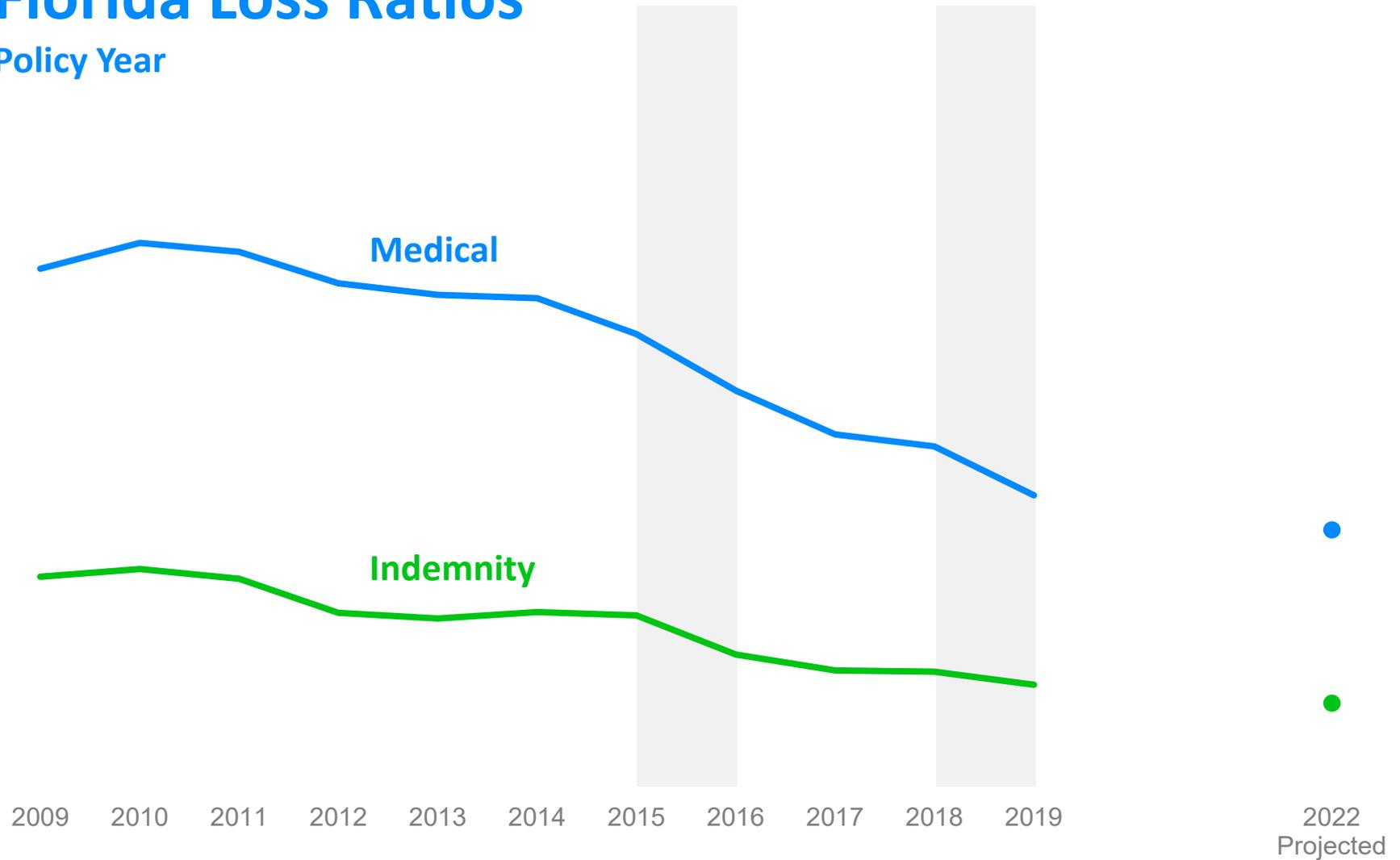
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Florida Loss Ratios

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Expense Provisions—Profit and Contingency

Provision	Methodology
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Profit and Contingency (P&C)

Based on the results of NCCI's Internal Rate of Return (IRR) model:

- “Static” estimate: 5.4%
- “Dynamic” estimate: 3.8%
- Proposed provision: 1.5%
- Current provision: 1.0%

The proposed P&C provision was selected after reviewing the results of the two individual approaches and the currently approved P&C provision

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Expense Provisions—Loss Adjustment Expense

Component	Current	Proposed
Loss Adjustment Expense (LAE)	21.6%	22.4%

The loss adjustment expense provision reflects costs associated with the handling of workers compensation claims

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