

# Workers' Compensation Rate Hearing and Proposed Cat Fund

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The Florida Office of Insurance Regulation conducted a rate hearing last week to discuss the National Council on Compensation Insurance's (NCCI) proposed overall average statewide workers' compensation premium decrease of 4.9%. If approved, it would have an effective date of January 1, 2022, for new and renewal policies. COVID-19-related losses in Florida were excluded from the data used to determine the proposed decrease in order to better reflect conditions that will be in effect during the filing's proposed effective period.

NCCI has also proposed establishing a workers' compensation insurance catastrophe fund, which would provide for an assessment on employers' premiums. The assessment would generate revenue to cover workers' compensation claims costs in the event of a catastrophe event. NCCI notes, "After extensive analysis of how to best reflect pandemics in future rate filings, NCCI determined that a catastrophe provision is the most appropriate way to reflect exposure to future pandemics. Consequently, a separate NCCI item filing was made that proposes a Catastrophe (other than Certified Acts of Terrorism) provision, for any single event or peril resulting in workers compensation losses in excess of \$50 million nationwide."

While Florida Insurance Commissioner David Altmaier has thus far indicated that the cat proposal will not receive a public hearing, it is important to monitor this pending filing.

Key takeaways: The workers' compensation system in Florida is performing well due to better risk management practices, safer workplaces, declining frequency, and other factors. The proposed workers' compensation catastrophe fund should be monitored for potential impact.

Video and presentation materials: <https://bit.ly/2Xd5fUN>

Please contact the author of this article or any member of the Insurance Regulatory Practice for additional information.

## Authored By

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Erin J. VanSickle

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