



## **Summary of the Florida Workers Compensation Rate Filing Recommendation Effective January 1, 2026**

The National Council on Compensation Insurance (NCCI)<sup>1</sup> is pleased to provide this summary of the accompanying workers compensation insurance rate filing recommendation that was filed under separate cover on August 22, 2025, with the Florida Office of Insurance Regulation for its review and approval.

The filing recommends a –6.9% decrease to the current rates for the voluntary market, effective January 1, 2026.

### **Florida Overview**

The recommended filing is based on experience data for Policy Years 2022 and 2023 as of year-end 2024. Improved loss experience has been observed in these time periods—the primary driver of the rate decrease recommended in the filing. This improved loss experience is the result of continued lost-time claim frequency declines in both Policy Year 2022 and 2023.

The recommended rate level change also reflects the estimated impact of the Health Care Provider Fee Schedule changes effective January 1, 2026, and updates to the expense provisions underlying the proposed rates.

### **Multistate Overview**

The Calendar Year 2024 combined ratio for workers compensation was under 100% (the break-even point) at 86%, a measure of underwriting profitability for the overall system. The net written premium in the voluntary market decreased slightly, and the residual market premium in states serviced by NCCI remained approximately the same as last year.


The number of claims occurring, as measured by frequency, and the cost of claims, as measured by severity, continue to be key metrics for the health of the workers compensation system. The frequency of workers compensation lost-time claims continues its long-term decline across all NCCI states. In fact, claim frequency declined at a faster pace in 2024 than the long-term average rate of decline, an indication of safer workplaces and fewer injured workers.

Claim severity increased for both the medical and wage replacement components in 2024. Medical cost increases were driven in part by some inflationary pressures. However, the primary driver of the increase in medical costs was the increased utilization of medical services by injured workers. Physician services account for more than 40% of all workers compensation medical services, although the cost of these services only increased by 1.5% over the past three years. The increase in indemnity benefits is primarily driven by an increase in wages.

### **Decimal Extension of Loss Costs, Rates, and Expected Loss Rates**

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<sup>1</sup> NCCI is a licensed rating organization authorized to make recommended rate filings on behalf of workers compensation insurance companies in Florida. NCCI's filings are objectively prepared, utilizing widely accepted actuarial ratemaking methodologies.



In this year's filing, NCCI recommends the application of an additional digit to its published rating values to extend them from two to three decimal places. This change, known as "decimal extension," allows for more precise adjustments to rates and Expected Loss Rates (ELRs). Decimal extension will be particularly beneficial for classification codes with lower rates because it will minimize rounding limitations that are currently more likely to impact these class codes. Currently, the smallest change in one of these values has to be at least 0.01, but after decimal extension, changes can be as small as 0.001. The methodology for determining the filed rates and ELRs is unchanged. The proposed decimal extension is premium-neutral on both a statewide and industry group basis.

For more information on decimal extension, visit [https://www.ncci.com/Articles/Pages/IL\\_Decimal-Extension-Loss-Costs-Rates-Expected-Loss-Rates.aspx](https://www.ncci.com/Articles/Pages/IL_Decimal-Extension-Loss-Costs-Rates-Expected-Loss-Rates.aspx).

## **Conclusion**

The workers compensation system remains healthy. For the last decade, the system has broadly benefited from a steady drop in claim frequency, rising wages, and moderate severity. The changing workforce and evolving economy also continue to impact workers compensation. Overall payroll growth persists, driven by an increase in employment and wage rates year over year. Preliminary data indicates a decrease in workers compensation net written premium in 2024, notwithstanding the growth in payroll. The combination of frequency declines and moderate benefit costs have contributed to reductions in overall workers compensation system costs.