Summary of the Florida Workers Compensation Rate Filing Recommendation Effective January 1, 2027

The National Council on Compensation Insurance (NCCI)[1] is pleased to provide this summary of the workers compensation insurance rate filing recommendation, which was submitted to the Florida Office of Insurance Regulation for its review and approval under separate cover on August 21, 2026.

The filing recommends a –7.4% decrease to the current rates for the voluntary market, effective January 1, 2027.

Florida Overview

The current recommended filing is based on premium and loss experience for Policy Years 2023 and 2024, evaluated as of year-end 2025. Compared to the data underlying the January 1, 2026 filing, the latest experience reflects a decline in lost-time claim frequency. This decline in claim frequency is a key component of the overall recommended rate level decrease of –7.4%.

While the underlying experience supports a lower proposed rate level, other components also affect the overall indication for the prospective filing term. Two of these components are loss development, which estimates future claim costs, and trend, which estimates how claims change over time.

NCCI's most recent evaluation of Florida loss development data for the current recommended filing indicates that a moderate increase in the loss development selections is warranted compared to the selections in the January 1, 2026 filing.

NCCI is proposing to maintain the indemnity loss ratio trend, reflecting continued declines in wage-replacement claim costs in comparison to payroll, driven primarily by declining lost-time claim frequency.

NCCI is also proposing to decrease the medical loss ratio trend. This lower medical loss ratio trend reflects an expectation that medical losses in comparison to payroll will decline at a faster pace than was reflected in the January 1, 2026 filing.

Declining lost-time claim frequency is a significant contributing factor to both the indemnity and medical loss ratio trend selections. In addition, strong wage growth in Florida has contributed to lower loss ratios because payroll serves as the exposure base for workers compensation. This effect is particularly relevant for medical losses, which are influenced more by medical inflation than by wage growth. In recent years, wage growth has outpaced medical inflation, placing additional downward pressure on medical loss ratios.

The recommended rate level change includes a +0.6% impact from updates to Florida's maximum reimbursement allowances (MRAs), effective January 1, 2027. These revisions align the physician

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

and nonhospital fee schedule with Medicare's 2026 Resource-Based Relative Value Scale (RBRVS), which serves as the basis for workers compensation reimbursement levels in Florida.

The recommended rates include updated expense provisions for items such as production and loss-based expenses, as well as premium taxes and assessments. Collectively, changes in these expense components result in a small increase in the indicated rate level.

Countrywide Overview for NCCI States

The countrywide Calendar Year 2025 combined ratio (a measure of overall underwriting profitability) for workers compensation was 91%, a change from 86% for Calendar Year 2024. The change is primarily due to an increase in the loss and underwriting expense ratios.

In 2025, voluntary market net written premium decreased by 1.5% from 2024. Residual market premium in states where NCCI serves as Plan Administrator also continued to decline—a trend that has persisted since 2014.

Payroll, as the exposure base, is a key component of workers compensation premium. From 2024 to 2025, payroll increased 4.8%, while employment rose just 0.5%. A significant portion of payroll growth appears to have come from higher wages, which were up an average of 4.3% in 2025. Employment growth was largely driven by the healthcare sector.

Claim frequency and severity reflect both the incidence of workplace injuries and the cost of those injuries when they occur. Lost-time claim frequency (claims with days away from work) continues its long-term decline across NCCI states, decreasing by 2% from 2024 to 2025, after accounting for changes in pay levels. This decline is more moderate than the long-term average and the observed declines in recent years.

Lost-time medical claim severity in 2025 grew by 4%. Increased utilization of medical services remains the primary driver, though results vary by state based on the mix of services used and applicable medical fee schedules. Lost-time indemnity claim severity in 2025 is also estimated to be 4% higher than in 2024 because indemnity benefits largely reflect wage growth.

Conclusion

Overall, the workers compensation system remained healthy in 2025. Long-term declines in lost-time claim frequency continued to help offset upward pressure on system costs from higher medical and indemnity claim severity. Payroll growth and a combined ratio below 100% are further indicators of the system's overall financial soundness. Collectively, these trends point to a well-functioning workers compensation system, recognizing that results can vary based on industry composition, carrier experience, and state-specific factors.