

Workers' Compensation Rates

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<http://www.floridawc.com/workerscompensation/policy/rates/>

Workers' compensation premium in Florida begins with manual rating. A single price or rate does not exist. Under manual rating, all employees are grouped according to their job duties and classification. There is a specific price or rate for each of the approximately 600 employment classifications, with each classification representing a specific activity (For more information regarding classifications, please see the [Classification section](#)). The estimated losses of the group are added together and this average cost is obtained through the ratemaking process. The rates determined for manual rating are averages reflecting the normal conditions found in each of the 600 classifications and represent the cost of workers compensation insurance per \$100 of payroll.

Employers use these rates to multiply their employees' payroll (in \$100 units) that is expected over the upcoming year. Businesses also often use multiple classifications to group their employees by job duties and use the rates associated with each classification. The resulting total is the manual premium for the policy. The experience modifier and discounts are then applied to this number to get the total estimated premium. At the end of the policy period, there will be an audit to determine the actual payroll over the year and the difference between that and the estimated premium will be paid or returned.

The Ratemaking Process

Workers' compensation rates in Florida are analyzed by a third party company called the National Council on Compensation Insurance (NCCI) and you can read more about them here. The company not only creates the workers comp class codes used in Florida, but also looks at claims data for each group of employees for those class codes and recommends the rates to the Florida Office of Insurance Regulation. The rates are then decided based on this information and used by each insurance carrier in the state.

Workers Comp Premium Calculation

The manual rates issued by the state of Florida for the classifications used for a company's employees are just the start of computing the total premium. By controlling claims costs and developing an [experience modification factor](#), an employer can reduce their total workers comp premium and there are also insurance carriers that offer premium reducing dividends and other ways to control costs. You can read more about [calculating workers comp premium in this article](#).

For more information about Florida Workers Comp, visit FloridaWC.com