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FLORIDA SUPREME COURT DECISION THREATENS ECONOMIC BENEFITS OF 2003 WORKERS' COMPENSATION REFORMS

TALLAHASSEE, Fla. – Today, the Florida Supreme Court delivered a blow to Florida's future economic prosperity with their decision to overturn *Murray Mariners Health/ACE USA* and reinstate hourly attorney fees associated with workers' compensation claims. The Court's ruling could derail the success of Florida's current workers' compensation system, which made coverage available to employers by reducing legal fees, court costs and wasted dollars.

According to the Workers' Compensation Coalition for Business & Insurance Industry, the Court's decision could negatively impact Florida's hard-working employees through potential rate increases that will constrict job growth and employee raises. With the restoration of hourly attorney fees, the Court has nullified one of the system's prime drivers of claim costs – excessive attorney involvement.

"Florida's workers' compensation system diverted a crisis with landmark reform in 2003, which eliminated unaffordable rates, widespread fraud and poor compliance with insurance requirements, while providing reasonably priced workers' compensation insurance that covered more employees than ever before," said Kevin Perdue, Workers' Compensation Coalition for Business & Insurance Industry. "As a result, injured workers continued to receive benefits, found legal representation when needed, and returned to work. Unfortunately, today's Supreme Court has put us right back into another potential crisis."

Last week, Florida Insurance Commissioner Kevin McCarty ruled on the latest filing from the National Council on Compensation Insurance (NCCI) for workers' compensation insurance rates due to become effective next year. His ruling called for an overall average rate decrease of at least 18.6 percent statewide and, if finalized,

would be the sixth consecutive rate decrease since the Florida Legislature passed sweeping reforms to the state's workers' compensation system in 2003 and with Florida employers more than \$610 million.

Representative Dennis Ross (R-Lakeland) remarked, "This decision puts the savings and decreases of the past five years in jeopardy. Availability and affordability will once again be thrust to crisis levels for Florida employers."

Prior to the reforms, Florida workers' compensation rates were among the highest in the country. Five years ago, the cost of workers' compensation claims in Florida were 40 percent higher than any state in the U.S. due to increased litigation. A hallmark 2003 reforms eliminated legal fees based on hours worked to be replaced with a fee percentage schedule based on the value of benefits secured. According to the NCCI, this change saved businesses \$2.9 billion in wasted costs, allowing employers to hire more employees, increase benefits and invest in Florida's economy.

"As the owner of a family business and an advocate for contractors across the state, I'm concerned about the ripple effects today's Supreme Court decision will have on our employees," said Keith Swope, Tampa Roofing Company, Inc. President and Florida Roofing, Sheet Metal and Air Conditioning Contractors Association President. "Potential premium increases and unnecessary legal fees put the burden on the number of available jobs, pay increases and other benefits employees receive as part of their compensation."

The Workers' Compensation Coalition of Business & Insurance Industry is calling on its members in requesting the Florida Legislature to restate its intention to curb unbridled attorney fee and litigation costs and prohibit the award of hourly fees based on any court created factors.

The Coalition represents thousands of businesses across the state and unites the business community through its association members like Associated Industries of Florida, Florida Chamber of Commerce, Florida United Business Association, Florida Retail Federation, National Federation of Independent Businesses; large employers like AT&T and Marriott; and trade groups, including, Associated Builders and Contractors, Florida Refrigeration and Air Conditioning Contractors Association and the Florida Roofing, Sheet Metal and Air Conditioning Contractors Association.

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*516 North Adams Street • Post Office Box 784 • Tallahassee, Florida 32301
0784 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • www.aif.com*