

Executive Summary

- The Florida State Risk Management Trust Fund provides services that protect state property and workforce members that are exposed to the risk of financial losses through property damage, employee injuries, and alleged negligent or improper acts of state employees.
- The Florida Revenue Estimating Conference forecasts the annual funding that is needed to cover such losses on a fiscal year basis.
- The income of this trust fund is calculated mainly based on information provided by the Division of Risk Management, Department of Financial Services. In FY 05-06, with respect to the Budget Stabilization Fund (BSF) transfer, the new forecast reduces the amount from \$19.4 million to \$9.5 million used to cover the losses caused by hurricanes that hit the state in 2004 and 2005, as the agency estimates that only \$9.5 million will be needed to cover the expected payments to be made in FY 05-06. In FY 06-07, \$9.9 million is planned (but not shown) as a request through the Legislative Budget Committee (LBC) process to cover property losses caused by 2005 hurricanes.
- On the expenditure-side, the most critical item of the Risk Management Trust Fund is the payment to cover casualty losses. This loss payment includes coverage of state workers' compensation, Federal Civil rights settlements, general liability, and state automotive liability. Projected costs are \$125.5 million for FY 05-06, \$138.2 million for FY 06-07, and 145.4 million for FY 07-08.
- The property loss payment is forecasted to be \$15.3 million for FY 05-06 and \$11.9 million for FY 06-07. The remaining loss payments caused by 2004 and 2005 hurricanes are expected to be made in these two fiscal years. In addition to \$9.5 million BSF transfer, another \$17.1 million is included to cover the damage made by the 2005 hurricanes (\$6 million to be paid in FY 05-06 and \$11.1 million to be paid in FY 06-07). Of this \$17.1 million, the first \$5 million is to be paid from the Risk Management Trust Fund and \$12.1 million is anticipated to be paid with dollars transferred from the BSF pursuant to s.216.222(2)(a) and (b), Florida Statutes. The non-hurricane losses are projected to be \$0.8 million for both FY 05-06 and FY 06-07. In FY 07-08, the property loss payment is \$1.2 million, reflecting only estimated non-hurricane loss payments.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, contract expenses associated with worker's compensation premiums and worker's compensation managed care.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
February 28, 2006

	2004-05 Actual	2005-2006		2006-2007		2007-2008	
		Cur REC Estimates	New REC Estimates	Cur REC Estimates	New REC Estimates	Cur REC Estimates	New REC Estimates
Beginning Cash Balance	45.3	34.4	34.4	13.4	28.2	#N/A	9.9
Reserve	0.0						
Balance (available for use)	45.3	34.4	34.4	13.4	28.2	#N/A	9.9
Income							
Premiums: Casualty	149.9	135.8	135.8	135.8	135.8	#N/A	135.8
Property	13.5	11.1	11.1	11.9	11.9	0.0	11.9
Law Vehicles	0.1	0.0	0.0	0.1	0.1	0.0	0.1
Subrogation's	0.1	0.6	0.6	0.6	0.6		0.6
TTD refunds	5.8	1.6	3.6	1.6	1.6	0.0	1.6
Transfer from BSF*	3.4	19.4	9.5				
Investment Income	3.8	3.4	3.5	3.4	3.4	0.0	3.4
Total Income	176.6	171.9	164.1	153.4	153.4	#N/A	153.4
Expenditures							
Loss Pmts: Casualty	122.4	135.1	125.5	138.2	138.2	0.0	145.4
Property**	9.2	30.3	15.3	11.9	11.9	0.0	1.2
Law Vehicles	0.0	0.1	0.1	0.1	0.1		0.1
Operating Expenses	6.7	6.6	6.7	6.9	6.9	0.0	7.0
Managed Care	13.5	6.8	6.8	0.0	0.0		
Property Premium	4.2	5.2	7.0	5.7	7.0	0.0	7.0
Worker's Comp Premiums	0.1						
FWCIGA Assessments	2.1						
DWC Assessments	7.6	7.1	7.1	7.1	7.4	0.0	7.4
Transfer	20.0					0.0	
Refunds	1.7	1.7	1.8	0.2	0.2	0.0	0.2
Total Expenditures	187.5	192.9	170.3	170.1	171.7	0.0	168.3
Net Income	(10.9)	(21.0)	(6.2)	(16.7)	(18.3)	#N/A	(14.9)
Ending Balance (available for use)	34.4	13.4	28.2	(3.3)	9.9	#N/A	(5.0)
add Reserve	0.0						
Ending Balance (Including Reserve)	34.4	13.4	28.2	(3.3)	9.9	#N/A	(5.0)

* The \$19.4 million has been approved as a transfer from the Budget Stabilization Fund (BSF), pursuant to s. 216.222(2)(a) and (b), F.S., to cover the damages caused by hurricanes that hit Florida in 2004 and 2005. The agency estimate of \$9.5 million depicts the amount actually needed to cover expected payments to be made in FY 05-06. For FY 06-07, \$9.9 million is planned as a request through the LBC process to cover property losses caused by future hurricanes.

** Remaining losses caused by the 2004 and 2005 hurricanes will be paid in FY 05-06 and FY 06-07.

In addition to the funds already approved through the LBC process, another \$17.1 million for estimated losses arising from damages caused by 2005 hurricanes has been included in the estimate (\$6 million to be paid in FY 05-06 and \$11.1 million to be paid in FY 06-07.) Of this \$17.1 million in estimated losses, the first \$5 million is to be paid from the Risk Management TF. The remainder will be offset by the BSF funds that will be approved in the future.