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 damage, injuries, and alleged negligent or improper acts.

- 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 06-07, $8.7 million in transfers from the Budget Stabilization Fund (BSF) have been approved according to 216.222(2)(a) and (b), Florida Statutes, to cover the remaining damages caused by hurricanes that hit the state in 2005.

- 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 $140.1 million in FY 06-07, $145.3 million in FY 07–08, $149.3 million in FY 08-09, $154.6 million in FY 09-10, and $167.4 million in FY 10-11. The increase in projected casualty loss payments mainly reflects the start-up costs associated with the transition of the state workers' compensation medical programs from the current Managed Care contract with Humana to the new Medical Case Management System starting in 2007.

- The property loss payment is forecast to be $9.1 million in FY 06-07, including payment for the remaining hurricane loss caused by the 2005 hurricanes and the loss payment caused by the tornado that hit the Orlando area in early 2007. Due to the fact that the remaining hurricane loss is much lower than previously estimated, the Division of Risk Management is transferring $7.0 million back to the BSF in FY 06-07. For other fiscal years in this forecast period, only non-hurricane property loss payments are forecasted.

- 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.

- For FY 08-09, FY 09-10, and FY 10-11, the negative ending balances assume that there is no legislative action in the intervening time to eliminate the operating shortfalls.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
March 1, 2007

		2005-06 Actual	2006-2007 Cur REC Est	2006-2007 New REC Est	2007-2008 Cur REC Est	2007-2008 New REC Est	2008-2009 Cur REC Est	2008-2009 New REC Est	2009-2010 Cur REC Est	2009-2010 New REC Est	2010-2011 Cur REC Est	2010-2011 New REC Est
Beginning Cash Balance		33.6	36.3	36.3	15.6	23.2	2.4	12.7	(15.1)	(5.3)	#N/A	(31.7)
Reserve		0.0										
Balance (available for use)		33.6	36.3	36.3	15.6	23.2	2.4	12.7	(15.1)	(5.3)	#N/A	(31.7)
Income												
Premiums:	Casualty	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	135.8	#N/A	135.8
	Property (1)	11.2	11.9	11.9	11.9	13.7	11.9	13.7	11.9	13.7	#N/A	13.7
	Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#N/A	0.0
Subrogation's		0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	#N/A	0.5
TTD refunds/Others		5.1	1.6	3.0	1.6	3.0	1.6	3.0	1.6	3.0	#N/A	3.0
Transfer from BSF (2)		10.6	8.7	8.7							#N/A	
Investment Income		2.9	3.4	3.8	3.4	3.8	3.4	3.8	3.4	3.8	#N/A	3.8
Total Income		166.3	161.9	163.7	153.2	156.8	153.2	156.8	153.2	156.8	#N/A	156.8
Expenditures												
Loss Pmts:	Casualty (3)	124.6	148.4	140.1	144.9	145.3	149.3	152.3	154.6	159.9	#N/A	167.4
	Property (4)	10.4	7.6	9.1	1.6	1.1	1.4	1.1	1.7	1.3	#N/A	1.3
	Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	#N/A	0.0
Operating Expenses		6.6	6.7	6.8	6.8	7.0	7.0	7.1	7.1	7.3	#N/A	7.4
Managed Care		6.8	0.0	0.0	0.0						#N/A	
Property Premium		6.7	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	#N/A	7.0
DWC Assessments		6.9	6.0	6.7	6.0	7.0	6.0	7.3	6.0	7.7	#N/A	8.1
Transfer to BSF (5)		0.9	6.9	7.0							#N/A	
Refunds		0.8	0.0	0.0	0.0		0.0	0.0	0.0	0.0	#N/A	0.0
Total Expenditures		163.7	182.6	176.7	166.3	167.3	170.7	174.8	176.4	183.2	#N/A	191.3
Net Income		2.6	(20.7)	(13.0)	(13.1)	(10.5)	(17.5)	(18.0)	(23.2)	(26.4)	#N/A	(34.4)
Ending Balance (available for use)		36.3	15.6	23.2	2.4	12.7	(15.1)	(5.3)	(38.3)	(31.7)	#N/A	(66.2)
add Reserve		0.0										
Ending Balance (Including Reserve) (6)		36.3	15.6	23.2	2.4	12.7	(15.1)	(5.3)	(38.3)	(31.7)	#N/A	(66.2)

(1) FY07-08 premium projection is for $13.7 million, primarily due to the increased cost of excess property insurance. FY05-06 premiums are net of refunds.

(2) The $8.7 million was transferred from the BSF using the certified forward process and represents the unused transfer authority approved during FY2005-2006.

(3) Casualty loss payments for FY07-08, FY08-09 and FY09-10 are based on the actuarial report as of 06/30/06. FY07-08 includes an additional $500,000 for a FCR case. FY10-11 estimate is based on a linear trend from prior years.

(4) Remaining losses caused by the 2005 hurricanes will be paid in FY 06-07. For the remainder of this year we have allowed $1,296,065 for regular and tornado property loss payments, and $1,197,057 for hurricane loss payments. Property losses of FY07-08, FY08-09 and FY09-10 are based on the actual report of 06/30/06. FY10-11 estimate is based on a linear trend from prior years.

(5) As a result of claims adjustment activities, transfers of $7 million are anticipated to be returned to the BSF due to decreases in the 2005 hurricane claims.

(6) For Fiscal Years 08-09, 09-10, and 10-11, the negative ending balances assume that there is no legislative action in the intervening time to eliminate the operating