

## 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 2005-06, \$9.1 million was authorized for transfer from the Budget Stabilization Fund (BSF) to the Trust Fund 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 significant 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 \$150.4 million in FY 2007-08, \$151.7 million in FY 2008-09, \$159.8 million in FY 2009-10, \$168.3 million in FY 2010-11, and \$176.5 million in FY 2011-12.
- Because the remaining hurricane loss is much lower than previously estimated, the Division of Risk Management transferred \$10.3 million back to the BSF in FY 2006-07. As state agencies receive their expected reimbursements, additional transfers are expected of \$4.8 million for FY 2007-08 and \$6.9 million for FY 2008-09.
- For the current fiscal year and the other future years in this forecast period, only non-hurricane property loss payments are forecasted. The property loss payment is forecast to be \$0.5 million in FY 2007-08 and ranges from \$1.2 to \$1.9 million in the other fiscal years.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, and worker's compensation assessments.
- Operating shortfalls occur in every year of the forecast, but Fiscal Years 2007-08 and 2008-09 retain positive ending cash balances. For FY 2009-10, FY 2010-11 and FY 2011-12, the ending cash balances turn negative and assume that there is no legislative action in the intervening time to eliminate the operating shortfalls.

**RISK MANAGEMENT TRUST FUND**  
**Revenue Estimating Conference**  
**February 26, 2008**

	2006-07 Actual	2007-2008		2008-2009		2009-2010		2010-2011		2011-2012	
		Cur REC Est	New REC Est								
<b>Beginning Cash Balance</b>	31.4	28.2	28.2	14.8	16.8	0.4	0.4	(22.2)	(24.3)	(53.1)	(58.0)
<b>Income</b>											
Premiums:    Casualty	135.8	136.6	136.6	136.6	136.6	136.6	136.6	136.6	136.6	n/a	136.6
Property	11.9	13.7	13.7	13.2	13.2	13.2	13.2	13.2	13.2	n/a	13.2
Law Vehicles	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	n/a	0.1
Subrogations/TTD refunds/Others (7)	4.5	7.8	8.9	7.4	10.4	3.5	3.5	3.5	3.5	n/a	3.5
Transfer from BSF (1)	9.1										
Investment Income	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8		3.8
<b>Total Income</b>	165.2	162.0	163.1	161.1	164.1	157.1	157.2	157.1	157.2	n/a	157.2
<b>Expenditures</b>											
Loss Pmts:    Casualty (2)	128.6	150.2	150.4	149.3	151.7	156.9	159.8	164.8	168.3	n/a	176.5
Property (3)	8.4	0.5	0.5	1.2	1.2	1.4	1.4	1.7	1.7	n/a	1.9
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 (4)	6.5	7.2	7.1	8.0	8.1	8.0	8.1	8.0	8.2	n/a	8.2
Property Premium	7.9	6.8	5.6	7.0	6.0	7.0	6.0	7.0	6.0	n/a	6.0
DWC Assessments	6.7	6.0	6.2	6.2	6.7	6.4	6.7	6.5	6.7	n/a	6.7
Transfer to BSF (5)	10.3	4.8	4.8	3.9	6.9						
Refunds	0.0		0.0								
<b>Total Expenditures</b>	168.4	175.5	174.6	175.6	180.4	179.7	181.9	188.0	190.8	n/a	199.3
<b>Net Income</b>	(3.2)	(13.4)	(11.5)	(14.4)	(16.3)	(22.6)	(24.7)	(30.9)	(33.6)	n/a	(42.1)
<b>Ending Cash Balance (6)</b>	28.2	14.8	16.8	0.4	0.4	(22.2)	(24.3)	(53.1)	(58.0)	n/a	(100.1)

(1) The \$9.1 million was transferred from the BSF using the certified forward process and represents the unused transfer authority approved during FY2005-2006.

(2) Casualty loss payments for FY07-08 based on internal cash flow projections. FY08-09, FY09-10 and FY10-11 are based on the actuarial report as of 06/30/07. FY11-12 projection is a linear trend of FY08-09 through FY10-11. WC Projection adjusted for continuing medical case management services with CPI increases and increased claims load.

(3) Property loss payments for FY07-08 based on five-year average of regular loss payments. FY08-09, FY09-10 and FY10-11 are based on the actuarial report as of 06/30/07. FY11-12 projection is a linear trend of FY08-09 through FY10-11.

(4) Operating expenses include \$149,371 in FY07-08 & \$845,000 in remaining fiscal years for departmental administrative cost allocations.

(5) \$10.3 million of unused BSF funds were returned to the BSF in FY06-07. Transfers in FY07-08 & FY08-09 based on life to date balance due to BSF & current cash receipts from agencies.

(6) While this is the anticipated ending balance, for FY 08-09 there may be cash flow issues that should be taken into consideration. For Fiscal Years 09-10, 10-11 and 11-12, the negative ending balances assume that there is no legislative action in the intervening time to eliminate the operating shortfalls.

(7) Includes an estimated \$4.8 million in FY07-08 and an estimated \$6.9 million on FY08-09 for amounts received from agencies for reimbursement of BSF funds. FY07-08 also includes \$1.142 million in return premiums from the excess property insurance purchased in FY06-07.