

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.
- 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 \$142.5 million in FY 08-09, \$151.7 million in FY 09-10, \$151.9 million in FY 10-11, and \$157.9 million in FY 11-12.
- For the current fiscal year and the 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 08-09 and stays under \$1 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.
- In the period FY 04-05 to FY 06-07, the state Budget Stabilization Fund (BSF) loaned the Risk Management TF a total of \$22,813,741 to cover the 2004 and 2005 hurricane losses. The Risk Management TF has repaid \$13,938,239 since FY 05-06, with an outstanding balance of \$8,875,502. The FY 08-09 income includes \$8,362,584 to be transferred from agencies and universities for FEMA reimbursement. The Risk Management TF will repay this amount to the BSF. The remaining balance of \$512,918 represents losses not eligible for FEMA reimbursement and state legislative action is needed to address the future repayment of the BSF.
- For FY 10-11 and FY 11-12, the ending balances are projected to be negative and legislative action is assumed to eliminate the shortfalls. The beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
October 23, 2008

	2006-2007 Actual	2007-2008		2008-2009		2009-2010		2010-2011		2011-2012	
		Current REC Estimate	New REC Estimate								
	31.4	28.1	28.1	16.8	22.2	0.5	18.0	0.0	2.8	0.0	0.0
Premiums											
Casualty	135.8	136.6	136.6	136.6	136.5	136.6	136.5	136.6	136.5	136.6	136.5
Property	11.9	13.7	13.7	13.2	13.2	13.2	12.2	13.2	12.2	13.2	12.2
Law Vehicles	0.0	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0
Subrogations/TTD refunds/Others (1)	4.5	8.9	6.8	10.4	11.9	3.5	3.5	3.5	3.5	3.5	3.5
Transfer from BSF (1)	9.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	4.0	3.8	4.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Total Income	165.2	163.1	162.0	164.1	165.3	157.2	156.0	157.2	156.0	157.2	156.0
Non-operating expenditures											
Casualty Losses	124.6	150.4	141.9	145.4	135.5	153.0	143.6	161.1	143.7	176.5	149.7
WC MCM Contract	4.1		5.5	6.3	7.0	6.7	8.2	7.2	8.2		8.2
Total Casualty Losses	128.6	150.4	147.4	151.7	142.5	159.8	151.7	168.3	151.9	176.5	157.9
Property Losses	8.4	0.5	0.1	1.2	0.5	1.4	0.5	1.7	0.6	1.9	0.6
Total Payment of Losses	137.0	150.9	147.6	152.8	143.0	161.2	152.3	169.9	152.5	178.4	158.5
Transfer to BSF (1)	10.3	4.8	2.8	6.9	8.4	0.0	0.0	0.0	0.0	0.0	0.0
Transfer to ATF- DFS Admin Spt			0.1	0.8	0.1	0.8	1.0	0.8	1.0	0.8	1.0
Refunds	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-operating Expenditures	147.3	155.7	150.5	160.6	151.5	162.0	153.3	170.8	153.5	179.3	159.5
Operating Expenditures:											
Salaries & Benefits	4.9	5.1	5.0	5.2	5.1	5.2	5.1	5.3	5.3	5.3	5.4
Other Personal Services	0.1	0.2	0.0	0.3	0.0	0.3	0.0	0.3	0.0	0.3	0.0
Expenses	0.9	1.0	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Operating Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracted Services	0.1	0.1	0.1	0.1	0.4	0.1	0.3	0.1	0.3	0.1	0.3
Excess Insurance & Claim Service											
Excess Property Insurance	7.9	5.6	5.6	6.0	5.6	6.0	5.6	6.0	5.6	6.0	5.6
DWC Assessments	6.7	6.2	5.2	6.7	5.3	6.7	5.3	6.7	5.3	6.7	5.3
Broker Fees/RMIS Spt Fees	0.4	0.7	0.6	0.7	0.6	0.7	0.6	0.7	0.6	0.7	0.6
Total Excess Insurance	15.0	12.4	11.4	13.3	11.5	13.4	11.5	13.4	11.5	13.4	11.5
Risk Management Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
HR Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Operating Expenditures	21.2	18.8	17.5	19.9	18.0	19.9	17.9	20.1	18.1	20.1	18.2
Total Expenditures	168.5	174.5	168.0	180.4	169.6	181.9	171.2	190.8	171.6	199.3	177.7
Net Income	(3.3)	(11.4)	(6.0)	(16.3)	(4.2)	(24.7)	(15.2)	(33.6)	(15.6)	(42.1)	(21.7)
Ending Cash Balance	28.1	16.7	22.2	0.5	18.0	(24.3)	2.8	(33.6)	(12.8)	(42.1)	(21.7)

Notes:

1) During the period FY 04-05 to FY 06-07, the BSF loaned the Risk Management TF a total of \$22,813,741. The Risk Management TF has repaid \$13, 938,239 since FY 05-06, with an outstanding balance of \$8,875,502. The FY 08-09 income includes \$8,362,584 to be transferred from agencies and universities for FEMA reimbursement. The Risk Management TF will repay this amount to the BSF. The remaining balance of \$512,918 represents losses not eligible for FEMA imbursement and a state legislative action is needed to address the future repayment of the BSF.

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