

Executive Summary

- The Florida State Risk Management Trust Fund provides coverage that protects 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 \$161.6 million in FY 09-10, \$165.0 million in FY 10-11, \$166.1 million in FY 11-12, and \$172.0 million in FY 12-13.
- 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 estimated to be \$0.5 million for each of the fiscal years in the forecast period.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, and worker's compensation assessments. The total operating expenditures for FY 09-10 reflect the appropriated amount for this fiscal year.
- 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 repaid \$15,404,988 as of June 30, 2009, with an outstanding balance of \$7,408,753. According to s. 215.32(3), F.S., this outstanding balance will be repaid in five equal annual installments beginning in FY 09-10 (with a prepayment of \$1,372,898 already made in FY 08-09). The Risk Management TF is anticipated to transfer a total of \$6,895,835 in FEMA reimbursements 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 this amount to the BSF.
- From FY 09-10 on, the ending balances are projected to be negative and legislative action has been assumed to eliminate the shortfalls. The beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
30-Oct-09

	08-09 Actual	2009-10		2010-11		2011-12		2012-2013	
		Current REC Estimate	New REC Estimate						
Beginning Cash Balance	22.2	10.8	10.9	0.0	0.0	0.0	0.0	0.0	0.0
Premiums Casualty	136.5	136.5	138.4	136.5	136.5	136.5	136.5	136.5	136.5
Property	13.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subrogations/TTD refunds/Others (1)	5.5	3.9	3.9	5.3	5.3	5.3	5.3	5.3	5.3
Transfer from BSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	2.1	3.8	2.9	3.8	2.9	3.8	2.9	3.8	2.9
Total Income	157.3	156.4	157.4	157.7	156.9	157.7	156.9	157.7	156.9
Non-operating expenditures									
Casualty Losses	142.1	147.6	153.4	143.7	156.8	149.7	157.9	155.2	163.9
WC MCM Contract	7.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2
Total Casualty Losses	149.3	155.7	161.6	151.9	165.0	157.9	166.1	163.4	172.0
Property Losses	0.3	0.5	0.5	0.6	0.5	0.6	0.5	0.7	0.5
Total Payment of Losses	149.6	156.3	162.1	152.5	165.5	158.5	166.6	164.1	172.5
Transfer to BSF (1)	1.5	0.4	0.4	1.8	1.8	1.8	1.8	1.8	1.8
Transfer to ATF- DFS Admin Spt	0.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Refunds	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Non-operating Expenditures	151.3	157.7	163.5	155.3	168.3	161.3	169.4	166.9	175.4
Operating Expenditures:									
Salaries & Benefits	4.9	5.3	5.3	5.3	5.3	5.4	5.4	5.5	5.4
Other Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenses	0.9	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
Contracted Services	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Excess Insurance & Claim Service									
Excess Property Insurance	7.3	6.5	6.5	5.6	6.5	5.6	6.5	5.6	6.5
DWC Assessments	3.3	3.8	3.8	5.3	3.8	5.3	3.8	5.3	3.8
Broker Fees/RMIS Spt Fees	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Excess Insurance	11.0	10.9	10.9	11.5	10.9	11.5	10.9	11.5	10.9
Risk Management Insurance	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
Total Operating Expenditures (2)	17.3	17.5	17.5	18.1	17.5	18.2	17.5	18.3	17.5
Total Expenditures	168.6	175.2	181.1	173.4	185.8	179.4	187.0	185.1	192.9
Net Income	(11.3)	(18.9)	(23.7)	(15.6)	(28.9)	(21.7)	(30.1)	(27.4)	(36.0)
Ending Cash Balance (3)	10.9	(8.0)	(12.8)	(15.6)	(28.9)	(21.7)	(30.1)	(27.4)	(36.0)

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 \$15,404,988.17 with an outstanding balance of \$7,408,752.83 as of June 30, 2009. The repayment includes \$6,895,834.83 to be transferred from agencies and universities for FEMA reimbursement. The remaining balance of \$512,918 represents losses not eligible for FEMA reimbursement from eight entities as these are normal property losses that were not reimbursed using funds from the BSF but were inadvertently included on the list as such. Beginning in FY 09-10, 215.32(3) F.S. requires repayment to the BSF to be made in equal installments of \$1,756,330.20 for the next five fiscal years. For FY 09-10, the installment amount is \$383,432 as a prepayment of \$1,372,898.17 was made in FY 08-09.

(2) Total Operating Expenditures reflect the appropriated amount for FY 09-10. The actual operating expenditures may differ in future years.

(3) From FY 09-10 forward, the ending balances are projected to be negative. It is assumed that future legislative action will be taken to eliminate the shortfalls. The beginning balances for the subsequent years are zero.