

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 Self-Insurance 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. Starting from FY 2010-11 on, the total payments of these casualty losses are separated into two parts: (1) loss payments; and, (2) the payments for contracted services, contracted legal services--Attorney General, and contracted legal services--private attorneys. The latter part of the total payment has been re-categorized into the Operating Expenditures of the program. Projected loss payment costs are \$138.1 million in FY 2010-11, \$145.3 million in FY 2011-12, \$147.3 million in FY 2012-13, \$153.5 million in FY 2013-14, and \$159.0 million in FY 2014-15.
- 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 the current fiscal year and to be kept at this level for each of the future fiscal years.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance and worker's compensation assessments, and payments for contracted services, contracted legal services--Attorney General, and contracted legal services--private attorneys. For FY 2010-11 and future fiscal years, the total operating expenditures reflect the appropriated amount for FY 2010-11.
- During the period FY 2004-05 to FY 2006-07, the BSF loaned the Risk Management Trust Fund a total of \$22,813,741. The Risk Management Trust Fund repaid \$16,446,753.40 by the end of FY 2009-10, with a remaining balance of \$6,366,987.60. In FY 2010-11 (as of the end of October 2010), an additional \$1,120,977.22 has been repaid, with the outstanding balance reduced to \$5,246,010.38. The outstanding balance includes \$3,323,480.80 to be transferred from agencies and universities once they receive their FEMA reimbursements and \$734,973.35 of losses not eligible for FEMA reimbursement. Beginning in FY 2009-10, s. 215.32(3) F.S. required repayment to the BSF to be made in equal installments of \$1,756,330.20 for

five fiscal years. For FY 2010-11, anticipated Transfers to the BSF are \$2,631,082, which is \$1,300,000 greater than previously anticipated. If the full amount is received and transferred, the FY 2011-12 Transfer to the BSF would decrease to \$223,245.20.

- From FY 2010-11 on, the ending trust fund balances are all projected to be negative. For the current year, the shortfall is only \$1.4 million and may be eliminated without intervention through lower than anticipated operating expenditures. However, legislative action must be taken to eliminate the shortfalls in the remaining years of the forecast. In this regard, the projected shortfall in FY 2011-12 is \$13.3 million. Since legislative action is assumed in all years, the beginning balances in the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (November 10, 2010)

(In millions)	09-10 Actual	2010-11		2011-12		2012-13		2013-2014		2014-15	
		Current REC Estimate	New REC Estimate								
Beginning Cash Balance	10.9	0.0	4.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income											
Premiums											
Casualty	158.4	136.5	175.6	136.5	175.6	136.5	175.6	136.5	175.6	0.0	175.6
Property	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	0.0	12.2
Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subrogations/TTD refunds/Others	3.2	4.9	6.2	4.9	3.6	4.9	4.9	4.9	4.9	0.0	3.1
Transfer from BSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	1.3	2.0	2.0	2.3	2.3	2.6	2.6	2.9	2.9	0.0	2.9
Trust fund Loan	15.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0	20.0
Total Income	190.1	155.6	216.0	155.9	213.7	156.2	215.3	156.5	215.6	0.0	213.8
Expenditures											
Non-operating expenditures											
Casualty Losses											
WC Indemnity	0.0	43.8	36.4	45.1	36.6	46.5	36.8	47.9	37.3	0.0	38.2
WC Medical (4)	123.4	82.3	74.7	85.9	78.7	90.2	82.7	94.5	86.5	0.0	90.1
WC MCM Contract	8.2	8.2	0.0	8.2	0.0	8.2	0.0	8.2	0.0	0.0	0.0
Total WC Payments	131.6	134.3	111.1	139.2	115.2	144.9	119.5	150.6	123.8	0.0	128.2
General Liability	11.4	10.4	7.0	10.9	7.4	10.8	7.8	10.8	8.2	0.0	8.5
Automotive Liability	3.3	3.6	3.1	3.7	3.1	3.6	3.2	3.3	3.2	0.0	3.3
Federal Civil Rights	11.9	25.9	17.0	21.5	19.5	21.9	16.9	22.3	18.3	0.0	19.0
Total Casualty Losses	158.2	174.2	138.1	175.2	145.3	181.2	147.3	187.0	153.5	0.0	159.0
Property Losses	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.0	0.5
Total Payment of Losses	158.7	174.7	138.7	175.7	145.8	181.7	147.8	187.5	154.0	0.0	159.5
Transfer to BSF (1)	1.0	1.3	2.6	1.8	0.2	1.8	1.8	1.8	1.8	0.0	0.0
Transfer to ATF- DFS Admin Spt	1.0	1.0	1.4	1.0	1.4	1.0	1.4	1.0	1.4	0.0	1.4
Refunds	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Trust Fund Loan	15.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0	20.0	0.0	20.0
Total Non-operating Expenditures	175.8	177.0	162.8	178.5	167.5	184.4	171.1	190.3	177.3	0.0	181.0
Operating Expenditures:											
Salaries & Benefits	5.0	5.3	5.6	5.3	5.6	5.3	5.6	5.3	5.6	0.0	5.6
Other Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Expenses	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.0	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 (2)	0.4	0.3	16.2	0.3	16.2	0.3	16.2	0.3	16.2	0.0	16.2
Contracted Legal - Attorney General (2)			4.3		4.3		4.3		4.3		4.3
Contracted Legal - Private Attorneys (2)			21.4		21.4		21.4		21.4		21.4
Excess Insurance & Claim Service											
Excess Property Insurance	9.3	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	0.0	6.5
DWC Assessments	4.2	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	0.0	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	0.0	0.6
Total Excess Insurance	13.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	0.0	10.9
Risk Management Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0	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 (3)	20.3	17.6	59.5	17.6	59.5	17.6	59.5	17.6	59.5	0.0	59.5
Total Expenditures	196.1	194.6	222.3	196.1	227.0	202.0	230.6	207.9	236.8	0.0	240.5
Net Income	(6.0)	(39.0)	(6.3)	(40.2)	(13.3)	(45.8)	(15.3)	(51.4)	(21.2)	(0.0)	(26.7)
Ending Cash Balance (4)	4.9	(39.0)	(1.4)	(40.2)	(13.3)	(45.8)	(15.3)	(51.4)	(21.2)	(0.0)	(26.7)

Notes:

- 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 repaid \$16,446,753.40 by the end of FY 09-10, with a remaining balance of \$6,366,987.60. In FY 10-11 (as of the end of October 2010), an additional \$1,120,977.22 has been repaid, with an outstanding balance reduced to \$5,246,010.38. The outstanding balance includes \$3,323,480.80 to be transferred from agencies and universities once they receive their FEMA reimbursement. The outstanding balance also includes \$734,973.35 representing losses not eligible for FEMA reimbursement. Of the loss not eligible for reimbursement, \$541,791.81 were not submitted to FEMA for reimbursement or are corrections that were not hurricane claims but were normal property losses that were not reimbursed using funds from the BSF but were inadvertently included on the list as such and the remaining \$193,191.54 are unresolved. Beginning in FY 09-10, 215.32(3) F.S. required repayment to the BSF to be made in equal installments of \$1,756,330.20 for the next five fiscal years. For FY 10-11, anticipated Transfers to the BSF are \$2,631,082, which is \$1,300,000 greater than previously anticipated. If the full amount is received & transferred, the FY 11-12 Transfer to the BSF would decrease to \$223,245.20
- Starting in FY 2010-11, the payments for Contracted Services, Contracted Legal Fees (Attorney General), and Contracted Legal Fees (Private Attorneys) are separated from the Non-operating Expenditure and held at the level of FY 2010-11 for all the future years under Operating Expenditure.
- For FY 10-11 and future FY's, Total Operating Expenditures reflect the appropriated amount.
- FY 10-11 ending balance is a deficit as are FY's 11-12,12-13,13-14, &14-15. It is assumed that legislative action will be taken to eliminate the shortfalls. All FY beginning balances are zero except for the current FY.