

Risk Management Trust Fund
July 19, 2016
Executive Summary

The Florida State Risk Management Trust Fund (SRMTF) 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 of the forecast, the most critical item of the SRMTF 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. Total casualty losses were \$126.5 million in FY 2015-16 and projected to be \$143.6 million in FY 2016-17, \$134.3 million in FY 2017-18, \$138.4 million in 2018-19, \$142.4 million in 2019-20 and for the rest of the outlook. These estimates are based on the actuarial report and the new triangle data supplied by the Department of Financial Services.

The property loss payment came in at \$3.5 million versus the estimate of \$1.6 million in FY 2015-16 primarily based on unexpected storm wind damage claims. The forecast drops this amount to \$0.6 million for all subsequent 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. In FY 2015-16, expenditures for both types of contracted legal expenditures was \$26.3 million versus the \$27.6 million projected in the prior forecast. For future fiscal years, the total operating expenditures largely reflect the witnessed amounts from FY 2015-16.

Overall, FY 2015-16 ended with a cash balance of \$11.2 million more than anticipated due to the lower than expected costs. This circumstance benefits the subsequent years as well. While FY 2016-17 and FY 2017-18 both had projected positive cash balances in the prior forecast, the new forecast extends the positive balance by one more year to encompass FY 2018-19. In FY 2019-20, the projected balance turns negative and stays that way through the end of the forecast period. When a negative balance occurs, the Conference assumes that annual legislative actions will eliminate the shortfalls in the year that they occur. Accordingly, the beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (July 19, 2016)

(In millions)

	History				15-16 Difference	2016-17		2017-18		2018-19		2019-2020		2020-21		2021-22	
	13-14 Actual	14-15 Actual	15-16 Actual	15-16 Est		Curr REC	New Est	Curr REC	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est
Beginning Cash Balance	49.0	67.1	76.5	76.5		61.8	73.0	28.1	49.1	10.7	34.5	0.0	16.0	0.0	0.0	0.0	0.0
Income																	
Premiums																	
Casualty	175.6	175.6	175.6	175.6	0.0	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6
Property	12.2	12.2	12.2	12.2	0.0	12.2	12.2	12.2	12.2	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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subrogations/TTD refunds/Others	3.4	3.7	3.7	3.4	0.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
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	0.0	0.0	0.0	0.0	0.0	0.0
Investment Income	1.3	2.3	2.1	2.3	-0.2	2.3	2.1	2.3	2.2	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Trust fund Loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional Funding from BOB of GAA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Income	192.4	193.8	193.6	193.5	0.1	193.5	193.3	193.5	193.4	193.5	193.5	193.5	193.5	193.5	193.5	0.0	193.5
Expenditures																	
Non-operating Expenditures																	
Casualty Losses																	
WC Indemnity	37.8	39.6	39.2	36.1	3.1	36.4	39.2	36.8	39.6	37.0	39.8	37.3	40.1	37.3	40.1		40.1
WC Medical	63.7	66.9	70.8	83.1	-12.3	84.8	74.8	87.8	77.8	91.1	81.1	94.3	84.3	94.3	84.3		84.3
Total WC Payments	101.5	106.5	110.0	119.2	-9.2	121.2	114.0	124.6	117.4	128.1	120.9	131.6	124.4	131.6	124.4	0.0	124.4
General Liability	4.7	5.4	5.7	5.6	0.1	5.3	5.3	5.1	5.1	5.2	5.2	5.3	5.3	5.3	5.3		5.3
Automotive Liability	3.1	2.9	3.6	3.4	0.3	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3		3.3
Federal Civil Rights	6.4	6.5	7.2	8.8	-1.6	26.0	21.0	8.6	8.6	9.1	9.1	9.5	9.5	9.5	9.5		9.5
Total Casualty Losses	115.6	121.3	126.5	137.0	-10.5	155.8	143.6	141.5	134.3	145.6	138.4	149.6	142.4	149.6	142.4	0.0	142.4
Property Losses	0.2	1.7	3.5	1.6	2.0	2.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6
Total Payment of Losses	115.8	123.0	130.1	138.6	-8.5	158.3	144.1	142.1	134.9	146.3	139.1	150.3	143.1	150.3	143.1	0.0	143.1
Transfer to BSF	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Transfer to ATF- DFS Admin Spt	0.9	1.3	1.4	1.5	-0.1	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5		1.5
Refunds	0.0	0.1	0.0	0.1	-0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1		0.1
Trust Fund Loan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Total Non-operating Expenditures	118.2	124.4	131.5	140.2	-8.7	160.0	145.8	143.8	136.6	147.9	140.7	151.9	144.7	151.9	144.7	0.0	144.7
Operating Expenditures:																	
Salaries & Benefits	5.3	5.7	5.7	6.4	-0.8	6.4	6.6	6.4	6.6	6.4	6.6	6.4	6.6	6.4	6.6		6.6
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	0.0	0.0	0.0	0.0		0.0
Expenses	0.7	0.7	3.9	5.2	-1.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2		5.2
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	0.0	0.0	0.0	0.0		0.0
Contracted Services	14.9	4.4	3.7	4.2	-0.5	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2		4.2
Contracted Legal - Attorney General (1)	4.8	5.5	4.9	5.6	-0.8	5.6	6.6	5.6	6.6	5.6	6.6	5.6	6.6	5.6	6.6		6.6
Contracted Legal - Private Attorneys (1)	16.4	20.4	21.4	22.0	-0.5	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0		22.0
Contracted Medical Services	0.0	10.8	13.3	12.3	1.0	12.3	15.3	12.3	15.2	12.3	15.2	12.3	15.2	12.3	15.2		15.2
Excess Insurance & Claim Service																	
Excess Property Insurance	9.7	9.7	10.7	10.7	0.0	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9		10.9
DWC Assessments	3.9	0.7	0.7	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Broker Fees/RMIS Spt Fees	0.6	0.8	0.3	0.1	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Total Excess Insurance	14.2	11.2	11.7	10.9	0.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	0.0	10.9
Risk Management Information Claims Sys	0.0	1.1	0.9	1.3	-0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6
Risk Management Insurance	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
Lease or Lease Purchase of Equip	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
HR Services	0.0	0.0	0.0	0.0	0.0	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	56.4	60.0	65.7	68.0	-2.3	67.2	71.5	67.2	71.4	67.2	71.4	67.2	71.4	67.2	71.4	0.0	71.4
Total Expenditures	174.6	184.4	197.1	208.2	-11.1	227.2	217.2	211.0	207.9	215.1	212.0	219.1	216.1	219.1	216.1	0.0	216.1
Net Income	17.8	9.5	(3.5)	(14.7)	11.2	(33.7)	(24.0)	(17.5)	(14.5)	(21.6)	(18.6)	(25.6)	(22.6)	(25.6)	(22.6)	0.0	(22.6)
Ending Cash Balance	66.8	76.5	73.0	61.8	11.2	28.1	49.1	10.7	34.5	(10.9)	16.0	(25.6)	(6.6)	(25.6)	(22.6)	0.0	(22.6)