Risk Management Trust Fund
July 28, 2017
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 overall changes made by this Conference were modest.

The trust fund income is calculated mainly based on information provided by the Division of Risk Management, Department of Financial Services. This area saw only a small adjustment.

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. In total, projected casualty losses were $134.9 million in FY 2017-18, $140.2 million in FY 2018-19, $146.0 million in FY 2019-20, $146.7 million in FY 2020-21, $147.3 million in FY 2021-22 and $147.3 million in FY 2022-23.

The new estimates for casualty losses were affected primarily by two changes that were partially offsetting. First, the estimates for Workers’ Compensation—Medical were reduced for the 2017-18, 2018-19, and 2019-20 fiscal years due to the lower than expected expenditures for FY 2016-17. Second, the new property loss payment estimate for FY 2017-18 is $3.8 million, $3.2 million higher than the prior estimate due to last year’s hurricane activity. For FY 2018-19 and onward, covered property losses are projected to decline to $0.6 million each year.

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 all fiscal years, the total annual operating expenditures are expected to be $73.4 million.

The expected ending balances have improved overall for the first three years of the forecast (2017-18, 2018-19 and 2019-20). In the prior forecast, a negative balance was projected for FY 2018-19, but that outcome has now been pushed out to FY 2019-20. 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. For this forecast, the new projected ending balances are:

- FY 2017-18... higher by $27.0 million to +$43.8 million
- FY 2018-19... higher by $28.4 million to +$21.6 million
- FY 2019-20... higher by $20.8 million to ($6.8) million
- FY 2020-21... lower by $2.1 million to ($29.1) million
- FY 2021-22... lower by $2.1 million to ($29.7) million
- FY 2022-23... ($29.7) million