

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

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (July 28, 2017)

0

1 (In millions)

2 **Beginning Cash Balance**

3 **Income**

4 Premiums

5 Casualty (1)

6 Property

7 Law Vehicles

8 Subrogations/TTD refunds/Others

9 Transfer from BSF

10 Investment Income

Other Non Operating Receipts/Settlement

11 Trust fund Loan

Additional Funding from BOB of GAA

12 **Total Income**

14 **Expenditures**

15 Non-operating Expenditures

16 Casualty Losses

17 WC Indemnity (2)

18 WC Medical (2)

19 Total WC Payments

20 General Liability

21 Automotive Liability

22 Federal Civil Rights

23 Total Casualty Losses

24 Property Losses

25 Total Payment of Losses

26 Transfer to BSF

27 Transfer to ATF- DFS Admin Spt

28 Refunds

29 Trust Fund Loan

30 **Total Non-operating Expenditures**

32 **Operating Expenditures:**

33 Salaries & Benefits

34 Other Personal Services

35 Expenses

36 Operating Capital Outlay

37 Contracted Services

38 Contracted Legal - Attorney General

39 Contracted Legal - Private Attorneys (2)

40 Contracted Medical Services

41 Excess Insurance & Claim Service

42 Excess Property Insurance

43 DWC Assessments

44 Broker Fees/RMIS Spt Fees

45 Total Excess Insurance

46 Risk Management Information Claims Sys

47 Operation/Motor Vehicles

Risk Management Insurance

48 **Public Assistance - State Ops (3)**

49 Lease or Lease Purchase of Equip

50 HR Services

51 **Total Operating Expenditures**

52 **Total Expenditures**

53 **Net Income**

54 **Ending Cash Balance**

57

	History					2017-18		2018-19		2019-20		2020-2021		2021-22		2022-23		
	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	16-17 Est	16-17 Difference	Curr REC	New Est	Curr REC	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est
2 Beginning Cash Balance	49.0	67.1	76.5	73.0	73.0	0.0	36.8	64.0	16.8	43.8	0.0	21.6	0.0	0.0	0.0	0.0	0.0	0.0
3 Income																		
4 Premiums																		
5 Casualty (1)	175.6	175.6	175.6	175.6	175.6	0.0	175.6	175.1	175.6	176.0	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6
6 Property	12.2	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
7 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	0.0
8 Subrogations/TTD refunds/Others	3.4	3.7	3.7	3.4	3.4	0.0	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
9 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	0.0
10 Investment Income	1.3	2.3	2.1	1.8	2.1	-0.3	2.2	2.1	2.3	2.1	2.3	2.1	2.3	2.1	2.3	2.1	2.3	2.1
Other Non Operating Receipts/Settlement				5.8	0.0	5.8	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11 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	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	0.0
12 Total Income	192.4	193.8	193.6	198.8	193.3	5.5	193.4	193.5	193.5	193.7	193.5	193.2	193.5	193.2	193.5	193.2	0.0	193.2
14 Expenditures																		
15 Non-operating Expenditures																		
16 Casualty Losses																		
17 WC Indemnity (2)	37.8	39.6	39.2	40.4	40.8	-0.4	41.4	41.4	41.8	41.8	42.2	42.2	42.6	42.6	42.9	42.9		42.9
18 WC Medical (2)	63.7	66.9	70.8	68.4	74.8	-6.4	77.8	73.0	81.1	78.0	84.3	83.0	84.3	84.3	84.3	84.3		84.3
19 Total WC Payments	101.5	106.5	110.0	108.8	115.6	-6.8	119.2	114.4	122.9	119.8	126.5	125.2	126.9	126.9	127.2	127.2	0.0	127.2
20 General Liability	4.7	5.4	5.7	5.6	5.8	-0.2	6.2	6.2	6.6	6.6	7.0	7.0	7.5	7.5	7.8	7.8		7.8
21 Automotive Liability	3.1	2.9	3.6	4.9	3.2	1.7	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3		3.3
22 Federal Civil Rights	6.4	6.5	7.2	17.5	24.5	-7.0	11.0	11.0	10.5	10.5	10.5	10.5	9.1	9.1	9.0	9.0		9.0
23 Total Casualty Losses	115.6	121.3	126.5	136.8	149.1	-12.3	139.7	134.9	143.3	140.2	147.3	146.0	146.7	146.7	147.3	147.3	0.0	147.3
24 Property Losses	0.2	1.7	3.5	3.8	7.2	-3.4	0.6	3.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6
25 Total Payment of Losses	115.8	123.0	130.1	140.6	156.3	-15.7	140.3	138.6	144.0	140.9	147.9	146.6	147.4	147.4	147.9	147.9	0.0	147.9
26 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		0.0
27 Transfer to ATF- DFS Admin Spt	0.9	1.3	1.4	1.2	1.5	-0.3	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5		1.5
28 Refunds	0.0	0.1	0.0	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
29 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
30 Total Non-operating Expenditures	118.2	124.4	131.5	141.8	157.9	-16.1	141.9	140.3	145.6	142.5	149.6	148.3	149.0	149.0	149.6	149.6	0.0	149.6
32 Operating Expenditures:																		
33 Salaries & Benefits	5.3	5.7	5.7	6.3	6.7	-0.4	6.7	6.8	6.7	6.8	6.7	6.8	6.7	6.8	6.7	6.8		6.8
34 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		0.0
35 Expenses	0.7	0.7	3.9	4.2	5.2	-1.0	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2		5.2
36 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		0.0
37 Contracted Services	14.9	4.4	3.7	3.5	3.9	-0.4	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2		4.2
38 Contracted Legal - Attorney General	4.8	5.5	4.9	5.4	6.6	-1.3	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6		6.6
39 Contracted Legal - Private Attorneys (2)	16.4	20.4	21.4	20.0	22.0	-2.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0		22.0
40 Contracted Medical Services	0.0	10.8	13.3	14.6	15.3	-0.7	15.3	17.1	15.3	17.1	15.3	17.1	15.3	17.1	15.3	17.1		17.1
41 Excess Insurance & Claim Service																		
42 Excess Property Insurance	9.7	9.7	10.7	10.9	10.9	0.0	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9		10.9
43 DWC Assessments	3.9	0.7	0.7	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
44 Broker Fees/RMIS Spt Fees	0.6	0.8	0.3	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
45 Total Excess Insurance	14.2	11.2	11.7	10.9	10.9	0.0	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	0.0	10.9
46 Risk Management Information Claims Sys	0.0	1.1	0.9	0.8	0.6	0.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6		0.6
47 Operation/Motor 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
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		0.0
48 Public Assistance - State Ops (3)	0.0	0.0	0.0	0.2	0.3	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		0.0
49 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		0.0
50 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		0.0
51 Total Operating Expenditures	56.4	60.0	65.7	66.0	71.5	-5.5	71.5	73.4	0.0	73.4								
52 Total Expenditures	174.6	184.4	197.1	207.8	229.5	-21.6	213.4	213.7	217.1	215.9	221.1	221.7	220.5	222.4	221.1	222.9	0.0	222.9
53 Net Income	17.8	9.5	(3.5)	(9.1)	(36.2)	<												