

**Risk Management Trust Fund**  
**July 23, 2018**  
**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 \$146.5 million in FY 2018-19, \$145.0 million in FY 2019-20, \$146.6 million in FY 2020-21, \$147.2 million in FY 2021-22, FY 2022-23 and FY 2023-24.

The property loss payment estimate for FY 2018-19 is \$14.6 million. The estimate includes \$13.7 million in remaining Hurricane Irma losses. The actuals for property loss payments in FY 2017-18 included \$16.8 million in Hurricane Irma losses, for a total of \$30.5 million in Hurricane Irma losses over the two years. For FY 2019-20 and onward, covered property losses are projected to be \$0.9 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. The total annual operating expenditures are expected to be \$75.1 million in FY 2018-19 and \$72.8 thereafter.

In FY 2018-19, the ending cash balance turns positive since the Legislature provided \$19.6 million in additional funding to support the Trust Fund. It turns negative beginning FY 2019-20 as the annual non-operating and operating expenditures outstrip the fund's total income. 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:

	Old Ending Cash Balance	New Ending Cash Balance	Difference (new - old)
2018-19	(18.8m)	11.1m	29.9m
2019-20	(26.2m)	(14.8m)	11.4m
2020-21	(27.8m)	(27.5m)	0.3m
2021-22	(28.3m)	(28.0m)	0.3m
2022-23	(28.3m)	(28.0m)	0.3m
2023-24	0	(28.0m)	n/a

**RISK MANAGEMENT TRUST FUND**  
Revenue Estimating Conference (July 23, 2018)

	History							2018-19		2019-20		2020-21		2021-2022		2022-23		2023-24	
	13-14 Actual	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	17-18 Estimate	17-18 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
0																			
1 (In millions)																			
2 <b>Beginning Cash Balance</b>	49.0	67.1	76.5	73.0	64.0	64.0	0.0	10.7	34.4	0.0	11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
3 <b>Income</b>																			
4 Premiums																			
5 Casualty (1)	175.6	175.6	175.6	175.6	175.1	175.1	0.0	176.0	176.0	175.6	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	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	
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	5.9	4.9	1.0	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	4.9	
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	2.2	2.2	0.0	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	
Other Non Operating Receipts/Settlement	0.0	0.0	0.0	5.8	0.5	0.7	-0.2	0.0	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 GAA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
12 <b>Total Income</b>	<b>192.4</b>	<b>193.8</b>	<b>193.6</b>	<b>198.8</b>	<b>195.9</b>	<b>195.2</b>	<b>0.8</b>	<b>195.4</b>	<b>214.9</b>	<b>194.9</b>	<b>0.0</b>	<b>194.9</b>							
14 <b>Expenditures</b>																			
15 Non-operating Expenditures																			
16 Casualty Losses																			
17 WC Indemnity	37.8	39.6	39.2	40.4	40.7	41.6	-0.9	42.0	42.0	42.4	42.4	42.8	42.8	43.1	43.1	43.1	43.1	43.1	
18 WC Medical	63.7	66.9	70.8	68.4	78.9	75.6	3.3	78.0	78.0	83.0	83.0	84.3	84.3	84.3	84.3	84.3	84.3	84.3	
19 Total WC Payments	101.5	106.5	110.0	108.8	119.6	117.2	2.4	120.0	120.0	125.4	125.4	127.1	127.1	127.4	127.4	127.4	127.4	0.0	127.4
20 General Liability	4.7	5.4	5.7	5.6	4.2	5.3	-1.2	5.4	5.4	5.6	5.6	5.8	5.8	5.9	5.9	5.9	5.9	5.9	
21 Automotive Liability	3.1	2.9	3.6	4.9	4.9	4.5	0.4	4.1	4.9	4.2	4.2	4.3	4.3	4.3	4.3	4.3	4.3	4.3	
22 Federal Civil Rights	6.4	6.5	7.2	17.5	10.8	13.4	-2.6	9.8	16.2	9.9	9.9	9.5	9.5	9.6	9.6	9.6	9.6	9.6	
23 Total Casualty Losses	115.6	121.3	126.5	136.8	139.5	140.4	-1.0	139.3	146.5	145.0	145.0	146.6	146.6	147.2	147.2	147.2	147.2	0.0	147.2
24 Property Losses (2)	0.2	1.7	3.5	3.8	19.9	30.4	-10.5	10.4	14.6	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	
25 Total Payment of Losses	115.8	123.0	130.1	140.6	159.3	170.8	-11.5	149.7	161.1	145.9	145.9	147.5	147.5	148.1	148.1	148.1	148.1	0.0	148.1
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	0.0	
27 Transfer to ATF- DFS Admin Spt	0.9	1.3	1.4	1.2	1.4	1.5	-0.1	1.5	2.0	1.5	2.0	1.5	2.0	1.5	2.0	1.5	2.0	2.0	
28 Refunds	0.0	0.1	0.0	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	0.0	
30 <b>Total Non-operating Expenditures</b>	<b>118.2</b>	<b>124.4</b>	<b>131.5</b>	<b>141.8</b>	<b>160.8</b>	<b>172.5</b>	<b>-11.7</b>	<b>151.3</b>	<b>163.1</b>	<b>147.6</b>	<b>148.0</b>	<b>149.2</b>	<b>149.6</b>	<b>150.1</b>	<b>149.7</b>	<b>150.1</b>	<b>149.7</b>	<b>0.0</b>	<b>150.1</b>
32 Operating Expenditures:																			
33 Salaries & Benefits	5.3	5.7	5.7	6.3	6.8	6.9	-0.1	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.9	
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	0.0	
35 Expenses	0.7	0.7	3.9	4.2	3.8	5.2	-1.4	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	0.0	
37 Contracted Services	14.9	4.4	3.7	3.5	3.5	4.2	-0.7	4.2	4.3	4.2	4.3	4.2	4.3	4.2	4.3	4.2	4.3	4.3	
38 Contracted Legal - Attorney General	4.8	5.5	4.9	5.4	4.1	6.6	-2.5	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	16.4	20.4	21.4	20.0	17.9	22.0	-4.1	22.0	22.0	22.0	20.5	22.0	20.5	22.0	20.5	22.0	20.5	20.5	
40 Contracted Medical Services	0.0	10.8	13.3	14.6	15.5	17.1	-1.6	17.1	17.7	17.1	17.7	17.1	17.7	17.1	17.7	17.1	17.7	17.7	
41 Excess Insurance & Claim Service																			
42 Excess Property Insurance	9.7	9.7	10.7	10.9	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	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	0.0	
45 Total Excess Insurance	14.2	11.2	11.7	10.9	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	0.5	0.6	-0.1	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
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	0.0	0.0	0.0	0.0	
47 Risk Management Insurance	0.1	0.1	0.0	0.0	0.1	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	
48 Public Assistance - State Ops (3)	0.0	0.0	0.0	0.2	1.6	2.4	-0.8	0.0	0.8	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	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	0.0	
51 <b>Total Operating Expenditures</b>	<b>56.4</b>	<b>60.0</b>	<b>65.7</b>	<b>66.0</b>	<b>64.7</b>	<b>75.9</b>	<b>-11.2</b>	<b>73.5</b>	<b>75.1</b>	<b>73.5</b>	<b>72.8</b>	<b>73.5</b>	<b>72.8</b>	<b>73.5</b>	<b>72.8</b>	<b>73.5</b>	<b>72.8</b>	<b>0.0</b>	<b>72.8</b>
52 <b>Total Expenditures</b>	<b>174.6</b>	<b>184.4</b>	<b>197.1</b>	<b>207.8</b>	<b>225.5</b>	<b>248.4</b>	<b>-22.9</b>	<b>224.9</b>	<b>238.2</b>	<b>221.1</b>	<b>220.8</b>	<b>222.7</b>	<b>222.4</b>	<b>223.2</b>	<b>222.9</b>	<b>223.2</b>	<b>222.9</b>	<b>0.0</b>	<b>222.9</b>
53 <b>Net Income</b>	<b>17.8</b>	<b>9.5</b>	<b>(3.5)</b>	<b>(9.1)</b>	<b>(29.6)</b>	<b>(53.3)</b>	<b>23.7</b>	<b>(29.5)</b>	<b>(23.3)</b>	<b>(26.2)</b>	<b>(25.9)</b>	<b>(27.8)</b>	<b>(27.5)</b>	<b>(28.3)</b>	<b>(28.0)</b>	<b>(28.3)</b>	<b>(28.0)</b>	<b>0.0</b>	<b>(28.0)</b>
54 <b>Ending Cash Balance</b>	<b>66.8</b>	<b>76.5</b>	<b>73.0</b>	<b>64.0</b>	<b>34.4</b>	<b>10.7</b>	<b>23.7</b>	<b>(18.8)</b>	<b>11.1</b>	<b>(26.2)</b>	<b>(14.8)</b>	<b>(27.8)</b>	<b>(27.5)</b>	<b>(28.3)</b>	<b>(28.0)</b>	<b>(28.3)</b>	<b>(28.0)</b>	<b>0.0</b>	<b>(28.0)</b>

Notes:

(1) Casualty premium estimates reflect a \$440,990 increase in invoiced premiums due to a 2017-2018 processing error. The amount of the increase was included in the 2018-2019 premium development process and invoiced in July 2018.

(2) 2018-2019 property loss estimates include \$13.7M in Hurricane Irma losses. 2017-2018 property loss payments include \$16.8M in Hurricane Irma losses, for a total of \$30.5M in Hurricane Irma losses.

(3) The 2017-2018 Department of Financial Services approved budget amendment established the Public Assistance – ST Ops special operating category for recording Hurricane Irma contracted claims adjusting service expenditures. The 2017-2018 budget authority for the special category was \$2.4M. During 2017-2018, \$1.6M in Hurricane Irma related claims adjusting service expenditures were transferred from the contracted services category into the special operating category. For 2018-2019, budget authority for the special category will be the appropriation balance of \$803K.

(4) It is assumed the projected deficits in Fiscal Years 2019-2020 through 2023-2024 will be resolved prior to the end of each fiscal year.