

Risk Management Trust Fund

July 27, 2022

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 Self-Insurance Estimating Conference forecasts the annual funding that is needed to cover such losses on a fiscal year basis.

Trust fund income is calculated based on information provided by the Division of Risk Management, Department of Financial Services. Overall income for FY 2021-22 totaled \$205.8 million. This amount was slightly above the estimate made in December 2021 because the gain in Subrogations/TTD Refunds more than offset a small loss in Investment Income.

The Conference lowered the casualty premium revenue estimate for FY 2022-23 from the original projection of \$183.7 million to \$177.6 million. The final allocation of premiums among agencies in FY 2022-23 was heavily influenced by the FY 2020-21 COVID-19 claims data. As a result, the Department of Corrections' premium cost grew by \$10.2 million in FY 2022-23. This amount exceeded the FY 2022-23 appropriation from General Revenue by \$6.1 million. The COVID-19 claims data will also impact the FY 2023-24 and FY 2024-25 agency casualty premium allocations; however, the Conference assumed the agencies' casualty premiums will be fully funded in the future. For FY 2023-24 through FY 2027-28, trust fund income is expected to remain at the prior estimate of \$204.6 million.

Non-operating expenditures totaled \$152.6 million in FY 2021-22, \$7.9 million below the prior estimate of \$160.5 million. The difference was primarily attributed to lower than expected losses for WC Indemnity and Federal Civil Rights. The losses for WC Indemnity totaled \$39.8 million, which was \$3.4 million below the prior estimate. For Federal Civil Rights, the final number was \$4.1 million below the expected \$15.3 million, but several large claims have now shifted into FY 2022-23. All of the other non-operating categories were within \$1 million of the prior estimates.

The Conference increased the forecast for non-operating expenditures to \$151.1 for FY 2022-23. This expenditure level is \$7.7 million above the prior forecast. WC Medical was increased by \$2.9 million to incorporate a large expected payout of a medical claim in FY 2022-23. Both General Liability and Automotive Liability were increased to reflect FY 2021-22 data that suggests the average payout per claim will be higher than previously thought. Federal Civil Rights was increased by \$2.9 million to address the payouts that shifted from FY 2021-22 to FY 2022-23. Both Property Losses and WC Indemnity remained the same. For FY 2023-24, the non-operating expenditure total is forecasted to drop to \$145.9 million, before stabilizing at \$146.2 million for each of the remaining years.

Annual operating expenditures are expected to stay at \$76.7 million for the entire forecast.

The ending cash balance for FY 2021-22 was \$54.9 million. The balance is projected to remain positive until FY 2024-25 when it turns negative. This matches the outlook adopted as part of the prior forecast. Implicit in the results is the assumption that the Legislature will address any deficits in the year in which they appear. See the table on the following page for details.

	Dec 2021 Ending Cash Balance	July 2022 Ending Cash Balance	Difference
2022-23	\$17.6	\$25.7	\$8.1
2023-24	\$0.7	\$7.7	\$7.0
2024-25	(\$16.9)	(\$10.5)	\$6.4
2025-26	(\$17.5)	(\$18.3)	(\$0.8)
2026-27	(\$17.5)	(\$18.3)	(\$0.8)
2027-28		(\$18.3)	