

Executive Summary
November 3, 2005

- The Florida State Risk Management Trust Fund provides services that protect state property and workforce members that are exposed to the risk of financial losses through property damage, employee injuries, and alleged negligent or improper acts of state employees.
- The Florida Revenue 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. In FY 05-06, additional \$19.4 million has been approved as a transfer income from the Budget Stabilization Fund to cover the losses caused by hurricanes that hit the state in 2004.
- On the expenditure-side, the most critical item of the Risk Management Trust Fund is the payment to cover casualty losses. This loss payment includes coverage of state workers' compensation, Federal Civil rights settlements, and state automotive liability. Projected costs are \$135.1 million for FY 2005 - 2006 and \$138.2 million for FY 2006 - 2007.
- The property loss payment is forecasted to be \$30.3 million and \$11.9 million for FY 2005 - 2006 and FY 2006 - 2007, respectively. For FY 2005 - 2006, \$19.4 million is included to cover the damage made by the four hurricanes in 2004. For losses caused by the 2005 hurricanes, the first \$5 million is to be paid from the Risk Management Trust Fund. In addition, \$5 million in FY 05-06 and \$11 million in FY 06-07 are anticipated to be paid with dollars transferred from the Budget Stabilization Fund pursuant to s.216.222(2)(a) and (b), Florida Statutes. The non-hurricane losses are projected to be about \$0.9 million for each of FY 05-06 and FY 06-07.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, contract expenses associated with worker's compensation premiums and worker's compensation managed care.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
November 3, 2005

	2004-05 Actual	2005-2006		2006-2007	
		Cur REC Estimates	New REC Estimates	Cur REC Estimates	New REC Estimates
Beginning Cash Balance	45.3	28.7	34.4	42.8	13.4
Reserve					
Balance (available for use)	45.3	28.7	34.4	42.8	13.4
Income					
Premiums: Casualty	149.9	149.9	135.8	149.9	135.8
Property	13.5	11.6	11.1	12.1	11.9
Law Vehicles	0.1	0.1	0.0	0.1	0.1
Subrogation's	0.1	0.5	0.6	0.5	0.6
TTD refunds	5.8	2.4	1.6	2.4	1.6
Transfers from BSF*	3.4		19.4		
Investment Income	3.8	3.3	3.4	3.3	3.4
Total Income	176.6	167.8	171.9	168.3	153.4
Expenditures					
Loss Pmts: Casualty	122.4	128.8	135.1	134.8	138.2
Property**	9.2	0.8	30.3	1.0	11.9
Law Vehicles		0.1	0.1	0.1	0.1
Operating Expenses	6.7	6.7	6.6	6.8	6.9
Managed Care	13.5	6.8	6.8		
Property Premium	4.2	5.0	5.2	5.5	5.7
Worker's Comp Premiums	0.1				
FWCIGA Assessments	2.1				
DWC Assessments	7.6	5.3	7.1	5.3	7.1
Transfer	20.0				
Refunds	1.7	0.2	1.7	0.2	0.2
Total Expenditures	187.5	153.7	192.9	153.7	170.1
Net Income	(10.9)	14.1	(21.0)	14.6	(16.7)
Ending Balance (available for use)	34.4	42.8	13.4	57.4	(3.3)
add Reserve	0.0				
Ending Balance (Including Reserve)	34.4	42.8	13.4	57.4	(3.3)

* The \$19.4 million has been approved as a transfer from the Budget Stabilization Fund (BSF), pursuant to s. 216.222(2)(a) and (b), F.S, to cover the damages caused by hurricanes that hit Florida in 2004.

** Remaining losses caused by the 2004 hurricanes will be paid in FY 05-06 from the \$19.4 million transfer from the BSF referenced above.

In addition to these funds that have been approved through the LBC process, another \$21 million for estimated losses arising from damages caused by the 2005 hurricanes has been included in the estimate (\$10 million to be paid in FY 05-06 and \$11 million to be paid in FY 06-07). Of this \$21 million in estimated losses, the first \$5 million is to be paid from the Risk Management Trust Fund. The rest will be offset by the BSF funds that will be approved in the future.