

Executive Summary

- 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 damage, injuries, and alleged negligent or improper acts.
- 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 06-07, \$9.1 million was transferred from the Budget Stabilization Fund (BSF) to the Trust Fund according to 216.222(2)(a) and (b), Florida Statutes, to cover the remaining damages caused by hurricanes that hit the state in 2005.
- 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, general liability, and state automotive liability. Projected costs are \$150.2 million in FY 07-08, \$149.3 million in FY 08-09, \$156.9 million in FY 09-10, and \$164.8 million in FY 10-11.
- Due to the fact that the remaining hurricane loss is much lower than previously estimated, the Division of Risk Management transferred \$10.3 million back to the BSF in FY 06-07. This transfer will be \$4.8 million for FY 07-08 and \$3.9 million for FY 09-10, respectively.
- For the current fiscal year and the other future years in this forecast period, only non-hurricane property loss payments are forecasted. The property loss payment is forecast to be \$0.5 million in FY 07-08 and ranges from \$1.2 to \$1.7 million in the other fiscal years.
- Other expenditure items include costs to cover the program's operating expenses, coverage of excess property insurance, and worker's compensation assessments.
- For FY 09-10 and FY 10-11, the negative ending balances assume that there is no legislative action in the intervening time to eliminate the operating shortfalls.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference
November 15, 2007

	2006-07	2007-2008		2008-2009		2009-2010		2010-2011	
	Actual	Cur REC Est	New REC Est	Cur REC Est	New REC Est	Cur REC Est	New REC Est	Cur REC Est	New REC Est
Beginning Cash Balance	31.4	23.3	28.2	12.7	14.8	(5.3)	0.4	(31.6)	(22.2)
Income									
Premiums: Casualty	135.8	135.8	136.6	135.8	136.6	135.8	136.6	135.8	136.6
Property	11.9	13.7	13.7	13.7	13.2	13.7	13.2	13.7	13.2
Law Vehicles	0.0	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.1
Subrogations/TTD refunds/Others	4.5	3.5	7.8	3.5	7.4	3.5	3.5	3.5	3.5
Transfer from BSF (1)	9.1								
Investment Income	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Total Income	165.2	156.8	162.0	156.8	161.1	156.8	157.1	156.8	157.1
Expenditures									
Loss Pmts: Casualty (2)	128.6	145.3	150.2	152.3	149.3	159.9	156.9	167.4	164.8
Property (3)	8.4	1.1	0.5	1.1	1.2	1.3	1.4	1.3	1.7
Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating Expenses (4)	6.5	7.0	7.2	7.1	8.0	7.3	8.0	7.4	8.0
Property Premium	7.9	7.0	6.8	7.0	7.0	7.0	7.0	7.0	7.0
DWC Assessments	6.7	7.0	6.0	7.3	6.2	7.7	6.4	8.1	6.5
Transfer to BSF (5)	10.3		4.8		3.9				
Refunds									
Total Expenditures	168.4	167.3	175.5	174.8	175.5	183.2	179.7	191.3	188.0
Net Income	(3.2)	(10.5)	(13.4)	(18.0)	(14.4)	(26.4)	(22.6)	(34.4)	(30.9)
Ending Balance (Including Reserve) (6)	28.2	12.7	14.8	(5.3)	0.4	(31.6)	(22.2)	(66.1)	(53.1)

- (1) The \$9.1 million was transferred from the BSF using the certified forward process and represents the unused transfer authority approved during FY2005-2006.
- (2) Casualty loss payments for FY07-08, FY08-09, FY09-10 and FY10-11 are based on the actuarial report as of 06/30/07. FY07-08 WC projection adjusted for delay in new WC TCM vendor start date.
- (3) Property loss payments for FY07-08 based on five-year average of regular loss payments. FY08-09, FY09-10 and FY10-11 are based on the actuarial report as of 06/30/07.
- (4) Operating expenses include \$149,371 in FY07-08 & \$845,000 in remaining fiscal years for departmental administrative cost allocations.
- (5) \$10.3 million of unused BSF funds were returned to the BSF in FY06-07.
- (6) For Fiscal Years 08-09, 09-10, and 10-11, the negative ending balances assume that there is no legislative action in the intervening time to eliminate the operating shortfalls.