Risk Management Trust Fund
July 23, 2014
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 income of this trust fund is calculated mainly based on information provided by the Division of Risk Management, Department of Financial Services.

On the expenditure-side, 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. Starting from FY 2010-11, total payments for these casualty losses have been separated into two parts: (1) loss payments and (2) payments for contracted services, contracted legal services--Attorney General, and contracted legal services--private attorneys (the latter part of the total payment has been re-categorized into the Operating Expenditures of the program). Total casualty losses are $130.8 million in FY 2014-15, $150.2 million in FY 2015-16, $135.1 million in FY 2016-17, $137.1 million in 2017-18, $139.8 million in FY 2018-19 and $139.8 million FY 2019-20. The most significant adjustment made by the Conference was a revision to the likely payout schedule for the Federal Civil Rights category.

For the current fiscal year and the future years in this forecast period, only non-hurricane property loss payments are forecasted. The property loss payment is estimated to be $0.5 million for all years of the forecast period.

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, contracted legal services--private attorneys and contracted medical services. For the covered period, the overall forecast for expenditures is relatively stable.

During the period FY 2004-05 to FY 2006-07, the BSF loaned the State Risk Management Trust Fund a total of $22,813,741 to cover catastrophic hurricane loss claims. The final installment of $1,453,753.81 was repaid by SRMTF in FY 2013-14. Any future FEMA funds received by agencies from claims on these catastrophic hurricane losses will be transferred to the SRMTF.

From FY 2014-15 through to FY 2019-20, the ending balances are projected to be positive and have detectably improved since the February forecast. The differences are: +$32.2 million in FY 2014-15; +$13.1 million in FY 2015-16; +$10.7 million in FY 2016-17; +$8.1 million in FY 2017-18; +$5.3 million in FY 2019-18; and +$2.5 million in FY 2019-20.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (July 23, 2014)

(In millions)	13-14 Actual	2014-15 Curr REC	2014-15 New Est	2015-16 Curr REC	2015-16 New Est	2016-17 Curr Est	2016-17 New Est	2017-2018 Curr Est	2017-2018 New Est	2018-19 Curr Est	2018-19 New Est	2019-20 Curr Est	2019-20 New Est
Beginning Cash Balance	49.0	56.7	66.8	39.4	71.6	38.5	51.6	35.7	46.4	30.9	39.0	23.5	28.8
Income													
Premiums													
Casualty	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6	175.6
Property	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2
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
Subrogations/TTD refunds/Others	3.4	4.7	9.6	4.7	3.4	4.7	3.4	4.7	3.4	4.7	3.4	4.7	3.4
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
Investment Income	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
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
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
Total Income	192.4	193.8	198.7	193.8	192.4	193.8	192.4	193.8	192.4	193.8	192.4	193.8	192.4
Expenditures													
Non-operating Expenditures													
Casualty Losses													
WC Indemnity	37.8	34.4	34.4	34.1	34.1	33.8	33.8	33.4	33.4	33.4	33.4	33.4	33.4
WC Medical	63.7	77.7	77.7	79.6	79.6	81.6	81.6	83.8	83.8	86.5	86.5	86.5	86.5
Total WC Payments	101.5	112.1	112.1	113.7	113.7	115.4	115.4	117.2	117.2	119.9	119.9	119.9	119.9
General Liability	4.7	6.5	6.5	6.4	6.4	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Automotive Liability	3.1	3.4	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.6	3.6	3.6
Federal Civil Rights	6.4	25.8	8.8	9.7	26.7	10.0	10.0	10.1	10.1	10.1	10.1	10.1	10.1
Total Casualty Losses	115.6	147.8	130.8	133.2	150.2	135.1	135.1	137.1	137.1	139.8	139.8	139.8	139.8
Property Losses	0.2	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Payment of Losses	115.8	148.3	131.3	133.7	150.7	135.6	135.6	137.6	137.6	140.3	140.3	140.3	140.3
Transfer to BSF (1)	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
Transfer to ATF- DFS Admin Spt	0.9	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Refunds	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
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
Total Non-operating Expenditures	118.2	149.9	132.9	135.3	152.3	137.2	137.2	139.2	139.2	141.9	141.9	141.9	141.9
Operating Expenditures:													
Salaries & Benefits	5.3	6.1	6.2	6.1	6.2	6.1	6.2	6.1	6.2	6.1	6.2	6.1	6.2
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
Expenses	0.7	1.0	0.9	1.0	0.9	1.0	0.9	1.0	0.9	1.0	0.9	1.0	0.9
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
Contracted Services	14.9	14.8	3.9	14.8	3.9	14.8	3.9	14.8	3.9	14.8	3.9	14.2	3.9
Contracted Legal - Attorney General	4.8	6.3	5.1	6.3	5.1	6.3	5.1	6.3	5.1	6.3	5.1	6.3	5.1
Contracted Legal - Private Attorneys	16.4	17.3	17.5	17.3	17.5	17.3	17.5	17.3	17.5	17.3	17.5	18.0	17.5
Contracted Medical Services	0.0		12.1		12.3		12.5		12.8		13.0		13.0
Excess Insurance & Claim Service													
Excess Property Insurance	9.7	9.9	10.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9
DWC Assessments	3.9	2.9	1.9	2.9	3.9	2.9	3.9	2.9	3.9	2.9	3.9	2.9	3.9
Broker Fees/RMIS Spt Fees	0.6	0.9	0.9	0.9	0.3	0.9	0.3	0.9	0.3	0.9	0.3	0.9	0.3
Total Excess Insurance	14.2	13.7	13.7	13.7	14.1	13.7	14.1	13.7	14.1	13.7	14.1	13.7	14.1
Risk Management Information Claims Sys (2)	0.0	1.9	1.6	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
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
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
Total Operating Expenditures	56.4	61.3	61.0	59.3	60.1	59.3	60.4	59.3	60.6	59.3	60.8	59.3	60.8
Total Expenditures	174.6	211.1	193.9	194.6	212.4	196.6	197.6	198.6	199.8	201.2	202.7	201.2	202.7
Net Income	17.8	(17.3)	4.8	(0.9)	(20.0)	(2.8)	(5.2)	(4.8)	(7.4)	(7.5)	(10.3)	(7.5)	(10.3)
Ending Cash Balance	66.8	39.4	71.6	38.5	51.6	35.7	46.4	30.9	39.0	23.5	28.8	16.0	18.5

Notes:

(1) During the period FY 2004-05 to FY 2006-07, the BSF loaned the State Risk Management Trust Fund a total of $22,813,741 to cover catastrophic hurricane loss claims. The last installment of $1,453,753.81 was repaid by SRMTF in FY 2013-14.

(2) The DFS, Division of Risk Management, has indicated a need of $600,000 recurring funds beginning in Fiscal Year 2015-16 for operations and maintenance of the Risk Management Information Claims System. The agency plans to include an issue in its Legislative Budget Request.