

Risk Management Trust Fund
November 7, 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, the total payments of these casualty losses are separated into two parts: (1) loss payments and (2) the payments for contracted services, contracted legal services--Attorney General, and contracted legal services--private attorneys (the latter part of the total payment is recategorized into the Operating Expenditures of the program). Total casualty losses are \$133.9 million in FY 2014-15, \$153.6 million in FY 2015-16, \$139.1 million in FY 2016-17, \$141.7 million in 2017-18, \$145.5 million in FY 2018-19 and \$145.5 million FY 2019-20.

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 \$0.6 million in FY 2014-15 and between \$0.5 million and \$0.6 million through to the end 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, and contracted legal services--private attorneys. For FY 2014-15 the forecast for contracted services, and contracted legal expenditures has remained stable based on actual expenditures year to date. For future fiscal years, the total operating expenditures mainly reflect the witnessed amounts from FY 2013-14.

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. Any FEMA funds received by the Agencies from claims on these catastrophic hurricane losses are transferred to the SRMTF.

From FY 2014-15 through to FY 2018-19, the ending cash balances are projected to be positive. Only the last year of the forecast (FY 2019-20) has a projected negative cash balance. When a negative balance occurs, it is assumed that annual legislative actions will eliminate the shortfalls. Accordingly, the beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (November 7, 2014)

(In millions)	13-14 Actual	2014-15		2015-16		2016-17		2017-2018		2018-19		2019-20	
		Curr REC	New Est	Curr REC	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est
Beginning Cash Balance	49.0	66.8	66.8	71.6	68.3	51.6	45.4	46.4	36.6	39.0	25.0	28.8	9.3
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	9.6	9.6	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	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	198.7	198.7	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4	192.4
Expenditures													
Non-operating Expenditures													
Casualty Losses													
WC Indemnity	37.8	34.4	36.3	34.1	36.0	33.8	35.6	33.4	35.3	33.4	35.3	33.4	35.3
WC Medical	63.7	77.7	80.1	79.6	82.7	81.6	85.7	83.8	88.6	86.5	91.9	86.5	91.9
Total WC Payments	101.5	112.1	116.4	113.7	118.7	115.4	121.3	117.2	123.9	119.9	127.2	119.9	127.2
General Liability	4.7	6.5	5.9	6.4	5.7	6.2	5.6	6.2	5.5	6.2	5.5	6.2	5.5
Automotive Liability	3.1	3.4	3.2	3.4	3.1	3.5	3.1	3.6	3.2	3.6	3.2	3.6	3.2
Federal Civil Rights	6.4	8.8	8.4	26.7	26.1	10.0	9.1	10.1	9.1	10.1	9.6	10.1	9.6
Total Casualty Losses	115.6	130.8	133.9	150.2	153.6	135.1	139.1	137.1	141.7	139.8	145.5	139.8	145.5
Property Losses	0.2	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.6
Total Payment of Losses	115.8	131.3	134.5	150.7	154.1	135.6	139.6	137.6	142.2	140.3	146.1	140.3	146.1
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	132.9	136.1	152.3	155.7	137.2	141.2	139.2	143.8	141.9	147.7	141.9	147.7
Operating Expenditures:													
Salaries & Benefits	5.3	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	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	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	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	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Contracted Legal - Attorney General	4.8	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
Contracted Legal - Private Attorneys	16.4	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5
Contracted Medical Services	0.0	12.1	12.1	12.3	12.3	12.5	12.5	12.8	12.8	13.0	13.0	13.0	13.0
Excess Insurance & Claim Service													
Excess Property Insurance	9.7	10.9	10.9	9.9	9.3	9.9	9.5	9.9	9.5	9.9	9.5	9.9	9.5
DWC Assessments	3.9	1.9	1.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Broker Fees/RMIS Spt Fees	0.6	0.9	0.9	0.3	0.5	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Excess Insurance	14.2	13.7	13.7	14.1	13.7	14.1	13.7	14.1	13.7	14.1	13.7	14.1	13.7
Risk Management Information Claims Sys (2)	0.0	1.6	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	61.0	61.0	60.1	59.7	60.4	60.0	60.6	60.2	60.8	60.4	60.8	60.4
Total Expenditures	174.6	193.9	197.2	212.4	215.4	197.6	201.2	199.8	204.1	202.7	208.1	202.7	208.1
Net Income	17.8	4.8	1.5	(20.0)	(22.9)	(5.2)	(8.8)	(7.4)	(11.6)	(10.3)	(15.7)	(10.3)	(15.7)
Ending Cash Balance	66.8	71.6	68.3	51.6	45.4	46.4	36.6	39.0	25.0	28.8	9.3	18.5	(6.4)

Notes:

(1) The DFS, Division of Risk Management, has indicated a need of \$554,000 recurring funds beginning in Fiscal Year 2015-16 for operations and maintenance of the Risk Management Information Claims System. The agency has included the issue in its Legislative Budget Request.