

Risk Management Trust Fund
December 21, 2015
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 of the forecast, 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. Total casualty losses were \$121.3 million in FY 2014-15 and \$137.0 million in FY 2015-16, \$155.8 million in FY 2016-17, \$141.5 million in 2017-18, \$145.6 million in 2018-19 and \$149.6 million for the rest of the outlook. These estimates are based on the actuarial report and the new triangle data supplied by the Department of Financial Services.

The property loss payment came in at \$1.7 million versus the estimate of \$3.8 million in FY 2014-15. For FY 2015-16 and FY 2016-17 the forecast is increased to account for storm wind damages to be paid. The forecast beyond is projected at \$0.6 million through to the end of the period for all other years.

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. Beginning FY 2015-16 the combined forecast for contracted legal expenditures is \$27.6 million, reduced from \$28.6 million in the prior forecast. For future fiscal years, the total operating expenditures mainly reflect the witnessed amounts from FY 2014-15, but the forecast is slightly lower overall than anticipated in July.

From FY 2015-16 through to FY 2017-18, the ending balances are projected to be positive but diminishing. In FY 2018-19, the balance turns negative due to the high annual operating expenditures. When a negative balance occurs, the Conference assumes that annual legislative actions will eliminate the shortfalls in the year that they occur. Accordingly, the beginning balances for the subsequent years are zero.

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (December 21, 2015)

(In millions)	2015-16		2016-17		2017-18		2018-2019		2019-20		2020-21		
	14-15 Actual	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 (3)	67.1	64.4	76.5	34.3	61.8	18.1	28.1	0.0	10.7	0.0	0.0	0.0	0.0
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	3.7	3.7	3.4	3.7	3.4	3.7	3.4	3.7	3.4	3.7	3.4	3.7	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	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
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	193.8	193.8	193.5	193.8	193.5	193.8	193.5	193.8	193.5	193.8	193.5	193.8	193.5
Expenditures													
Non-operating Expenditures													
Casualty Losses													
WC Indemnity	39.6	36.0	36.1	35.6	36.4	35.3	36.8	35.3	37.0	35.3	37.3	35.3	37.3
WC Medical	66.9	82.7	83.1	85.7	84.8	88.6	87.8	91.9	91.1	91.9	94.3	91.9	94.3
Total WC Payments	106.5	118.7	119.2	121.3	121.2	123.9	124.6	127.2	128.1	127.2	131.6	127.2	131.6
General Liability	5.4	5.7	5.6	5.6	5.3	5.5	5.1	5.5	5.2	5.5	5.3	5.5	5.3
Automotive Liability	2.9	3.1	3.4	3.1	3.2	3.2	3.2	3.2	3.3	3.2	3.3	3.2	3.3
Federal Civil Rights	6.5	26.1	8.8	9.1	26.0	9.1	8.6	9.6	9.1	9.6	9.5	9.6	9.5
Total Casualty Losses	121.3	153.6	137.0	139.1	155.8	141.7	141.5	145.5	145.6	145.5	149.6	145.5	149.6
Property Losses (4)	1.7	0.5	1.6	0.5	2.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Payment of Losses	123.0	154.1	138.6	139.6	158.3	142.2	142.1	146.1	146.3	146.1	150.3	146.1	150.3
Transfer to 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
Transfer to ATF- DFS Admin Spt	1.3	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	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
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	124.4	155.7	140.2	141.3	160.0	143.9	143.8	147.7	147.9	147.7	151.9	147.7	151.9
Operating Expenditures:													
Salaries & Benefits	5.7	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4	6.4
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	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
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	4.4	4.2	4.2	4.2	4.2	4.2	4.2	4.3	4.2	4.4	4.2	4.4	4.2
Contracted Legal - Attorney General (1)	5.5	5.6	5.6	6.6	5.6	6.6	5.6	6.6	5.6	6.6	5.6	6.6	5.6
Contracted Legal - Private Attorneys (1)	20.4	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
Contracted Medical Services	10.8	12.5	12.3	12.7	12.3	13.0	12.3	13.2	12.3	13.2	12.3	13.2	12.3
Excess Insurance & Claim Service													
Excess Property Insurance	9.7	10.7	10.7	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
DWC Assessments	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Broker Fees/RMIS Spt Fees	0.8	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Excess Insurance	11.2	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
Risk Management Information Claims Sys	1.1	1.3	1.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Risk Management Insurance	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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	60.0	68.2	68.0	68.7	67.2	69.0	67.2	69.2	67.2	69.4	67.2	69.4	67.2
Total Expenditures	184.4	223.9	208.2	209.9	227.2	212.8	211.0	216.9	215.1	217.1	219.1	217.1	219.1
Net Income	9.5	(30.1)	(14.7)	(16.1)	(33.7)	(19.0)	(17.5)	(23.1)	(21.6)	(23.3)	(25.6)	(23.3)	(25.6)
Ending Cash Balance	76.5	34.3	61.8	18.1	28.1	-0.9	10.7	(23.1)	(10.9)	-23.3	(25.6)	(23.3)	(25.6)

Notes:

(1) The DFS, Division of Risk Management, will submitted a budget amendment to the Legislative Budget Commission that upon approval increases Fiscal Year 2015-16 spending authority to fund the estimated budget deficits in Contracted Legal – Attorney General and Contracted Legal – Private Attorneys. The amendment was approved by the LBC and the budget increase posted September 16, 2015.

(2) Property Loss estimates for Fiscal Year 2015-16 include damage from fire losses at facilities owned by FDOT and UF, and flood losses at facilities owned by DOE. Property Loss estimates for Fiscal Year 2016-17 include damage from an unnamed windstorm at a DOC facility in Calhoun County. Those payments have not yet been made and final losses for the windstorm loss and pending subrogation of the fire loss were not available for the June 30, 2015 actuarial review.