

Risk Management Trust Fund August 11, 2021 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 trust fund income is calculated based on information provided by the Division of Risk Management, Department of Financial Services. FY 2020-21 trust fund income was \$213.0 million. This amount is slightly below the February estimate due to Subrogations/TTD Refunds and Investment Income coming in lower than expected. For FY 2021-22 through FY 2026-27, trust fund income is expected drop slightly and then stabilize at \$204.7 million each year. This estimate is \$0.6 million above the February estimate.

Non-operating expenditures totaled \$152.5 million in FY 2020-2021—only \$0.4 million above the February estimate. Both WC Medical and Property Losses were higher than forecasted. For the year, WC Medical paid out \$8.1 million for COVID-19 related claims. This level of claims ultimately caused WC Medical to end the year \$3.1 million above the February estimate. Other than property losses which were modestly above estimate, the remaining non-operating expenditures came in below the February estimate.

The DFS Directive that authorized the Division of Risk Management to pay Worker’s Compensation claims related to COVID-19 ended on June 27, 2021. Any claims originating from the onset of COVID-19 occurring after that date are not valid; however, the Division projects that there are \$0.5 million in outstanding WC Indemnity claims and \$12.6 million in outstanding WC Medical claims. The level of outstanding WC Medical claims prompted the Conference to increase the WC Medical estimate for FY 2021-22 by \$4.0 million, in spite of an anticipated drop in non-COVID related claims.

Other significant changes in non-operating expenditures for FY 2021-22 include an upward revision to anticipated Property Losses of \$1.6 million. While approximately half of the adjustment addresses unpaid hurricane-related claims, the Conference also expects non-hurricane related claims to be higher than the February forecast. This latter expectation persists throughout the forecast period, prompting an increase of \$0.8 million per year. The administrative transfer to ATF- DFS Admin SPT was also revised upward to \$2.5 million from \$1.5 million.

Operating expenditures are expected to be range between \$76.5 million to \$76.6 million for FY 2021-22 through FY 2026-27. The changes reflect the Division’s latest approved budget.

The ending cash balance for FY 2020-21 was \$64.8 million. It is projected to remain positive until FY 2024-25 when it turn negative, one year earlier than the February forecast.

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2021-22	\$52.0	\$45.5	(\$6.5)
2022-23	\$38.7	\$30.4	(\$8.3)
2023-24	\$23.8	\$13.8	(\$10.0)
2024-25	\$8.2	(\$3.4)	(\$11.6)
2025-26	(\$7.3)	(\$17.2)	(\$9.9)
2026-27	(15.5)	(\$17.2)	(\$1.7)

