

## Executive Summary

- The Florida State Risk Management Trust Fund 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 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 \$164.3 million in FY 2009-10, \$174.7 million in FY 2010-11, \$175.7 million in FY 2011-12, \$181.7 million in FY 12-13, and \$187.5 million in FY 2013-14.
- 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 \$0.8 million in FY 2009-10, and \$0.5 million for each of the future fiscal years in 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. For FY 2010-11 and future fiscal years, the total operating expenditures reflect the appropriated amount for FY 2010-11.
- During the period FY 2004-05 to FY 2006-07, the BSF loaned the Risk Management TF a total of \$22,813,741. The Risk Management TF has repaid \$16,213,668.40 with an outstanding balance of \$6,600,072.60 as of February 25, 2010. The outstanding balance includes \$6,087,154.60 to be transferred from agencies and universities once they receive their FEMA reimbursements. There is also a balance of \$512,918 representing losses not eligible for FEMA reimbursement because they are normal property losses. These losses were not reimbursed using funds from the BSF, but were inadvertently included on the list as such. Beginning in FY 2009-10, 215.32(3) F.S. requires repayment to the BSF to be made in equal installments of \$1,756,330.20 for the next five fiscal years. For FY 2009-10, the installment amount is \$383,432 since a prepayment of \$1,372,898.17 was made in FY 2008-09 for FY 2009-10. In FY 2009-10, actual repayment from the Division of risk Management to the BSF was \$808,680.23. This is \$425,248 over the required FY 2009-10 installment payment to the BSF. The extra amount will be considered a prepayment for FY 2010-11. This will lower the FY 2010-11 installment payment to \$1,331,082.23.

- From FY 2009-10 on, the ending balances are projected to be negative, and legislative action has been assumed to eliminate the shortfalls. Accordingly, the beginning balances for the subsequent years are zero.

**RISK MANAGEMENT TRUST FUND**  
Revenue Estimating Conference (March 1, 2010)

	08-09 Actual	2009-10		2010-11		2011-12		2012-2013		2013-14	
		Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate	Current REC Estimate	New REC Estimate
(In millions)											
<b>Beginning Cash Balance</b>	<b>22.2</b>	<b>10.9</b>	<b>10.9</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Income</b>											
Premiums											
Casualty	136.5	138.4	138.4	136.5	136.5	136.5	136.5	136.5	136.5	n/a	136.5
Property	13.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	12.2	n/a	12.2
Law Vehicles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Subrogations/TTD refunds/Others	5.5	3.9	3.5	5.3	4.9	5.3	4.9	5.3	4.9	n/a	4.9
Transfer from BSF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Investment Income	2.1	2.9	1.7	2.9	2.0	2.9	2.3	2.9	2.6	n/a	2.9
<b>Total Income</b>	<b>157.3</b>	<b>157.4</b>	<b>155.7</b>	<b>156.9</b>	<b>155.6</b>	<b>156.9</b>	<b>155.9</b>	<b>156.9</b>	<b>156.2</b>	<b>n/a</b>	<b>156.5</b>
<b>Expenditures</b>											
Non-operating expenditures											
Casualty Losses											
WC Indemnity	0.0	39.4	43.1	40.3	43.8	41.5	45.1	42.8	46.5	n/a	47.9
WC Medical (4)	108.9	72.0	78.7	75.5	82.3	79.2	85.9	83.6	90.2	n/a	94.5
WC MCM Contract	7.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	8.2	n/a	8.2
Total WC Payments	116.1	119.6	129.9	124.0	134.3	128.8	139.2	134.6	144.9	n/a	150.6
General Liability	10.5	12.0	10.5	11.9	10.4	12.5	10.9	12.3	10.8	n/a	10.8
Automotive Liability	3.2	3.2	3.5	3.3	3.6	3.3	3.7	3.3	3.6	n/a	3.3
Federal Civil Rights	19.5	26.8	19.5	25.9	25.9	21.5	21.5	21.9	21.9	n/a	22.3
Total Casualty Losses	149.3	161.6	163.5	165.0	174.2	166.1	175.2	172.0	181.2	n/a	187.0
Property Losses	0.3	0.5	0.8	0.5	0.5	0.5	0.5	0.5	0.5	n/a	0.5
Total Payment of Losses	149.6	162.1	164.3	165.5	174.7	166.6	175.7	172.5	181.7	n/a	187.5
Transfer to BSF (1)	1.5	0.4	0.8	1.8	1.3	1.8	1.8	1.8	1.8	n/a	1.8
Transfer to ATF- DFS Admin Spt	0.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	n/a	1.0
Refunds	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total Non-operating Expenditures	<b>151.3</b>	<b>163.5</b>	<b>166.1</b>	<b>168.3</b>	<b>177.0</b>	<b>169.4</b>	<b>178.5</b>	<b>175.3</b>	<b>184.4</b>	<b>n/a</b>	<b>190.3</b>
Operating Expenditures:											
Salaries & Benefits	4.9	5.3	5.3	5.3	5.3	5.4	5.3	5.4	5.3	n/a	5.3
Other Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Expenses	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	n/a	0.9
Operating Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Contracted Services	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	n/a	0.3
Excess Insurance & Claim Service											
Excess Property Insurance	7.3	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	n/a	6.5
DWC Assessments	3.3	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	n/a	3.8
Broker Fees/RMIS Spt Fees	0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	n/a	0.6
Total Excess Insurance	11.0	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	n/a	10.9
Risk Management Insurance	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	n/a	0.1
HR Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	n/a	0.0
Total Operating Expenditures (2)	<b>17.3</b>	<b>17.5</b>	<b>17.5</b>	<b>17.5</b>	<b>17.6</b>	<b>17.5</b>	<b>17.6</b>	<b>17.5</b>	<b>17.6</b>	<b>#VALUE!</b>	<b>17.6</b>
<b>Total Expenditures</b>	<b>168.6</b>	<b>181.1</b>	<b>183.7</b>	<b>185.7</b>	<b>194.6</b>	<b>186.9</b>	<b>196.1</b>	<b>192.9</b>	<b>202.0</b>	<b>#VALUE!</b>	<b>207.9</b>
<b>Net Income</b>	<b>(11.3)</b>	<b>(23.7)</b>	<b>(27.9)</b>	<b>(28.9)</b>	<b>(39.0)</b>	<b>(30.1)</b>	<b>(40.2)</b>	<b>(36.0)</b>	<b>(45.8)</b>	<b>#VALUE!</b>	<b>(51.4)</b>
<b>Ending Cash Balance (3)</b>	<b>10.9</b>	<b>(12.8)</b>	<b>(17.0)</b>	<b>(28.9)</b>	<b>(39.0)</b>	<b>(30.1)</b>	<b>(40.2)</b>	<b>(36.0)</b>	<b>(45.8)</b>	<b>#VALUE!</b>	<b>(51.4)</b>

Notes:

(1) During the period FY 04-05 to FY 06-07, the BSF loaned the Risk Management TF a total of \$22,813,741. The Risk Management TF has repaid \$16,213,668.40 with an outstanding balance of \$6,660,072.60 as of February 25, 2010. The outstanding balance includes \$6,505,117.77 to be transferred from agencies and universities once they receive their FEMA reimbursement. There is also a balance of \$512,918 representing losses not eligible for FEMA reimbursement from eight entities as these are normal property losses that were not reimbursed using funds from the BSF but were inadvertently included on the list as such. Beginning in FY 09-10, 215.32(3) F.S. requires repayment to the BSF to be made in equal installments of \$1,756,330.20 for the next five fiscal years. For FY 09-10, the installment amount is \$383,432 and a prepayment of \$1,372,898.17 was made in FY 08-09 for FY 09-10. For FY 09-10, actual repayment from DRM to the BSF is \$808,680.23. This is \$425,248 over the FY 09-10 installment payment to the BSF & it will be considered a pre-payment for FY 10-11. This will lower the FY 10-11 installment payment to \$1,331,082.23.

(2) For FY 10-11 and future FY's, Total Operating Expenditures reflect the appropriated amount.

(3) FY 09-10 ending balance is a deficit as are FY's 11-12, 12-13 & 13-14. It is assumed that legislative action will be taken to eliminate the shortfalls. All FY beginning balances are zero except for the current FY.

(4) WC MCM Contract cost is backed out of WC Medical in order to balance the Total WC Payments. See page 4 of the 6/30/2009 Actuarial Report for verification of the methodology.

(5) FY 2009-2010 WC Medical & Indemnity payments are determined by pro-rating actual & forecast expenditures based upon FY 09-10 Current REC projection percentages.