

Risk Management Trust Fund
December 18, 2019
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 mainly based on information provided by the Division of Risk Management, Department of Financial Services. Trust fund income for FY 2019-20 is expected to be \$222.1 million. This amount is slightly higher than the prior estimate due to expected increases of \$0.2 million in the Subrogations/TTD Refunds category and \$1.6 million in the Investment Income Category. For FY 2020-21 through FY 2024-25, the trust fund income is forecasted at a constant \$203.7 million.

For non-operating expenditures, FY 2019-20 has been revised from \$162.0 million to \$159.6 million. Both WC Indemnity and WC Medical were revised notably downward. WC Indemnity is now forecasted at \$39.6 million (reduced from \$42.9 million) and WC Medical is now forecasted at \$73.6 million (reduced from \$79.6 million).

The combined reduction to these categories is partially offset by increases in other categories. Notably, Property Losses has been revised upward to \$20.1 million (from \$16.9 million) due to higher than expected Hurricane Michael payouts and atypical payouts related to tornado and fire damage. Also, Federal Civil Rights has been revised upward to \$12.4 million (from \$9.9 million) due to several large payments expected to occur by the end of the fiscal year.

Many of these changes affected subsequent years as well; the total for non-operating expenditures has been revised downward for all years in the forecast horizon: FY 2020-21 through FY 2024-25. By FY 2024-25, combined non-operating expenditures is projected to total \$144.0 million.

No significant changes to operating expenditures were made. Operating expenditures are expected to total \$75.0 million for FY 2020-21 to FY 2024-25.

The ending cash balance for FY 2019-20 is expected to be positive at \$40.1 million. The ending cash balance will then remain positive through FY 2022-23, a significant improvement relative to the prior forecast. As a result of the revised forecast, the new projected ending balances are:

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2019-20	\$36.0	\$40.1	\$4.1
2020-21	\$17.9	\$30.1	\$12.2
2021-22	(\$1.1)	\$18.5	\$19.6
2022-23	(\$20.1)	\$5.3	\$25.4
2023-24	(\$20.0)	(\$9.5)	\$10.5
2024-25	(\$20.0)	(\$15.4)	\$4.6

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, 2019)

0

1 (In millions)

2 **Beginning Cash Balance**

3 **Income**

4 Premiums

5 Casualty (1)

6 Property

7 Law Vehicles

8 Subrogations/TTD refunds/Others

9 Transfer from BSF

10 Investment Income

11 Other Non Operating Receipts/Settlement

12 Trust fund Loan

13 Additional Funding from GAA (2)

14 Recoveries from Excess Insurance for Michael

15 **Total Income**

16 **Expenditures**

17 Non-operating Expenditures

18 Casualty Losses

19 WC Indemnity

20 WC Medical

21 Total WC Payments

22 General Liability

23 Automotive Liability

24 Federal Civil Rights

25 Total Casualty Losses

26 Property Losses (3)

27 Total Payment of Losses

28 Transfer to BSF

29 Transfer to ATF- DFS Admin Spt

30 Refunds

31 Trust Fund Loan

32 **Total Non-operating Expenditures**

33 Operating Expenditures:

34 Salaries & Benefits

35 Other Personal Services

36 Expenses

37 Operating Capital Outlay

38 Contracted Services

39 Contracted Legal - Attorney General

40 Contracted Legal - Private Attorneys

41 Contracted Medical Services

42 Excess Insurance & Claim Service

43 Excess Property Insurance

44 DWC Assessments

45 Broker Fees/RMIS Spt Fees

46 Total Excess Insurance

47 Risk Management Information Claims Sys

48 Operation/Motor Vehicles

49 Risk Management Insurance

50 Public Assistance - State Ops (4)

51 Lease or Lease Purchase of Equip

52 HR Services

53 **Total Operating Expenditures**

54 **Total Expenditures**

55 **Net Income**

56 **Ending Cash Balance**

	2019-2020		2020-2021		2021-2022		2022-23		2023-24		2024-25						
	14-15 Actual	15-16 Actual	16-17 Actual	17-18 Actual	18-19 Actual	Curr REC	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est	Curr Est	New Est		
2 Beginning Cash Balance	67.1	76.5	73.0	64.0	34.4	52.7	52.7	36.0	40.1	17.9	30.1	0.0	18.5	0.0	5.3	0.0	0.0
3 Income																	
4 Premiums																	
5 Casualty (1)	175.6	175.6	175.6	175.1	176.0	175.6	175.6	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7	183.7
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	12.2	12.2	12.2	12.2
7 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	0.0	0.0	0.0	0.0
8 Subrogations/TTD refunds/Others	3.7	3.7	3.4	5.9	7.0	5.8	6.0	5.8	5.6	5.8	5.6	5.8	5.6	5.8	5.6	5.8	5.6
9 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	0.0	0.0	0.0	0.0
10 Investment Income	2.3	2.1	1.8	2.2	2.3	2.2	3.8	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
11 Other Non Operating Receipts/Settlement	0.0	0.0	5.8	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12 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	0.0	0.0	0.0	0.0
13 Additional Funding from GAA (2)	0.0	0.0	0.0	0.0	54.6	24.6	24.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14 Recoveries from Excess Insurance for Michael	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	0.0	0.0	0.0	0.0
15 Total Income	193.8	193.6	198.8	195.9	252.1	220.4	222.1	203.9	203.7	203.9	203.7	203.9	203.7	203.9	203.7	203.9	203.7
16 Expenditures																	
17 Non-operating Expenditures																	
18 Casualty Losses																	
19 WC Indemnity	39.6	39.2	40.4	40.7	37.1	42.9	39.6	42.5	39.1	42.2	39.2	41.9	39.2	41.9	39.4	41.9	39.7
20 WC Medical	66.9	70.8	68.4	78.9	76.0	79.6	73.6	80.8	74.7	81.8	75.8	83.0	77.0	83.0	78.2	83.0	78.2
21 Total WC Payments	106.5	110.0	108.8	119.6	113.1	122.5	113.3	123.3	113.8	124.0	114.9	124.9	116.2	124.9	117.5	124.9	117.9
22 General Liability	5.4	5.7	5.6	4.2	5.8	5.6	5.9	5.8	5.6	5.9	5.8	5.9	5.9	5.9	6.1	5.9	6.1
23 Automotive Liability	2.9	3.6	4.9	4.9	5.3	5.1	5.8	5.1	5.7	5.1	5.8	5.1	6.0	5.1	6.1	5.1	6.3
24 Federal Civil Rights	6.5	7.2	17.5	10.8	12.6	9.9	12.4	9.5	9.8	9.6	9.9	9.6	9.9	9.6	9.9	9.6	9.9
25 Total Casualty Losses	121.3	126.5	136.8	139.5	136.9	143.1	137.4	143.7	134.8	144.6	136.5	145.5	138.1	145.5	139.6	145.5	140.3
26 Property Losses (3)	1.7	3.5	3.8	19.9	30.0	16.9	20.1	1.3	1.7	1.2	1.7	1.5	1.7	1.4	1.7	1.4	1.7
27 Total Payment of Losses	123.0	130.1	140.6	159.3	166.9	159.9	157.5	145.0	136.5	145.8	138.2	147.0	139.8	146.9	141.3	146.9	142.0
28 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	0.0	0.0	0.0	0.0
29 Transfer to ATF- DFS Admin Spt	1.3	1.4	1.2	1.4	1.6	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
30 Refunds	0.1	0.0	0.0	0.0	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
31 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	0.0	0.0	0.0	0.0
32 Total Non-operating Expenditures	124.4	131.5	141.8	160.8	168.5	162.0	159.6	147.0	138.6	147.9	140.2	149.1	141.9	149.0	143.4	149.0	144.0
33 Operating Expenditures:																	
34 Salaries & Benefits	5.7	5.7	6.3	6.8	6.6	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1	7.1
35 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	0.0	0.0	0.0	0.0
36 Expenses	0.7	3.9	4.2	3.8	2.9	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1	5.1
37 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	0.0	0.0	0.0	0.0
38 Contracted Services	4.4	3.7	3.5	3.5	3.5	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
39 Contracted Legal - Attorney General	5.5	4.9	5.4	4.1	4.0	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
40 Contracted Legal - Private Attorneys	20.4	21.4	20.0	17.9	18.6	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0
41 Contracted Medical Services	10.8	13.3	14.6	15.5	15.8	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
42 Excess Insurance & Claim Service																	
43 Excess Property Insurance	9.7	10.7	10.9	10.9	10.8	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
44 DWC Assessments	0.7	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	0.0	0.0	0.0
45 Broker Fees/RMIS Spt Fees	0.8	0.3	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	0.0	0.0
46 Total Excess Insurance	11.2	11.7	10.9	10.9	10.8	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9	10.9
47 Risk Management Information Claims Sys	1.1	0.9	0.8	0.5	0.6	0.7	0.7	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
48 Operation/Motor 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	0.0	0.0	0.0	0.0
49 Risk Management Insurance	0.1	0.0	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	0.1	0.1
50 Public Assistance - State Ops (4)	0.0	0.0	0.2	1.6	2.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
51 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	0.0	0.0	0.0	0.0
52 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	0.0	0.0	0.0	0.0
53 Total Operating Expenditures	60.0	65.7	66.0	64.7	65.2	75.1	75.2	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
54 Total Expenditures	184.4	197.1	207.8	225.5	233.8	237.1	234.7	222.0	213.6	222.9	215.3	224.0	216.9	223.9	218.4	223.9	219.0
55 Net Income	9.5	(3.5)	(9.1)	(29.6)	18.3	(16.7)	(12.6)	(18.1)	(10.0)	(18.9)	(11.6)	(20.1)	(13.2)	(20.0)	(14.8)	(20.0)	(15.4)
56 Ending Cash Balance	76.5	73.0	64.0	34.4	52.7	36.0	40.1	17.9	30.1	(1.1)	18.5	(20.1)	5.3	(20.0)	(9.5)	(20.0)	(15.4)

Notes: