

Risk Management Trust Fund
December 14, 2020
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. For FY 2020-21, trust fund income was revised upward to \$213.5 million from \$204.8 million. This was attributable to a \$9.3 million increase in the Subrogations/TTD Refunds/Others category. The department has received a large number of Total Temporary Disability (TTD) refunds from agencies reimbursing the department for COVID-19 Worker's Compensation Indemnity claims. The Conference expects these COVID-19 TTD refunds to continue at least through the end of the fiscal year when the distribution of a vaccine becomes more widespread. For FY 2021-22 through FY 2025-26, overall trust fund income is expected to total \$204.1 million annually. This part of the new forecast is \$0.7 million below the prior forecast for each fiscal year.

Non-operating expenditures for FY 2020-21 were reevaluated in light of COVID-19's current and expected future effects on the Risk Management Trust Fund. As of December 10th, the trust fund has paid out \$7.39 million in COVID-19 Worker's Compensation claims. Of the total, \$1.79 million in claims is associated with WC Medical and \$5.60 million in claims is associated with WC Indemnity. The Conference discussed the potential for additional COVID-19 claims and—largely on this basis—increased WC Indemnity claims up to \$47.6 million for FY 2020-21. Overall WC Medical was adjusted downward to \$71.5 million from \$74.7 million for FY 2020-21, because year-to-date non-COVID medical claims have been lower than expected. Two other categories potentially affected by COVID-19 are General Liability and Automotive Liability; for FY 2020-21, the first was adjusted downward to \$5.3 million, and the latter was adjusted upward to \$6.1 million.

Several other expense categories were increased for other reasons. For FY 2020-21, the Property Losses category was revised up to \$7.8 million to reflect new claims from Hurricane Sally and Tropical Storm Eta. Federal Civil Rights was adjusted upward to \$14.0 million due to an increase in expected large payouts by the end of FY 2020-21. There were no revisions to non-operating expenditures for FY 2021-22 through FY 2025-26.

There was one minor adjustment to operating expenditures. Annual operating expenditures are now expected to total \$76.0 million per year for the entire forecast period.

The forecasted ending cash balance for FY 2020-21 is \$50.5 million. Thereafter, the cash balance remains positive until FY 2024-25 when it turns negative one year earlier than expected in July.

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2020-21	\$53.8	\$50.5	\$3.3
2021-22	\$43.2	\$39.0	\$4.2
2022-23	\$30.8	\$25.7	\$5.1
2023-24	\$16.9	\$10.9	\$6.0
2024-25	\$2.3	(\$4.6)	\$6.9
2025-26	(\$12.2)	(\$15.5)	\$3.3

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (December, 2020)

		2020-2021		2021-2022		2022-23		2023-24		2024-25		2025-2026							
15-16	16-17	17-18	18-19	19-20	20-21	Curr	New	Curr	New	Curr	New	Curr	New						
Actual	Actual	Actual	Actual	Actual	YTD	Est	Est	Est	Est	Est	Est	Est	Est						
0																			
1	(In millions)																		
2	Beginning Cash Balance	76.5	73.0	64.0	34.4	52.7	67.0	67.0	53.8	50.5	43.2	39.0	30.8	25.7	16.9	10.9	2.3	0.0	
3	Income																		
4	Premiums																		
5	Casualty	175.6	175.6	175.1	176.0	175.6	183.7	183.7	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	3.4	5.9	7.0	6.6	7.9	5.6	14.9	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	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	2.1	1.8	2.2	2.3	4.2	1.2	3.4	2.7	3.4	2.7	3.4	2.7	3.4	2.7	3.4	2.7	3.4	
11	Other Non Operating Receipts/Settlement	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	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	0.0	0.0	0.0	54.6	24.6	0.0	0.0	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	193.6	198.8	195.9	252.1	223.2	205.0	204.8	213.5	204.8	204.1	204.8	204.1	204.8	204.1	204.8	204.1	204.8	
16	Expenditures																		
17	Non-operating Expenditures																		
18	Casualty Losses																		
19	WC Indemnity	39.2	40.4	40.7	37.1	38.4	21.1	39.1	47.6	39.2	39.2	39.2	39.2	39.4	39.4	39.7	39.7	39.7	39.7
20	WC Medical	70.8	68.4	78.9	76.0	68.1	28.9	74.7	71.5	75.8	75.8	77.0	77.0	78.2	78.2	78.2	78.2	78.2	78.2
21	Total WC Payments (1)	110.0	108.8	119.6	113.1	106.5	50.0	113.8	119.1	114.9	114.9	116.2	116.2	117.5	117.5	117.9	117.9	117.9	117.9
22	General Liability	5.7	5.6	4.2	5.8	5.5	1.7	5.6	5.3	5.8	5.8	5.9	5.9	6.1	6.1	6.1	6.1	6.1	6.1
23	Automotive Liability	3.6	4.9	4.9	5.3	5.4	2.8	5.4	6.1	5.6	5.6	6.0	6.0	6.1	6.1	6.1	6.3	6.3	6.3
24	Federal Civil Rights	7.2	17.5	10.8	12.6	7.1	6.9	12.2	14.0	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9
25	Total Casualty Losses	126.5	136.8	139.5	136.9	124.5	61.4	137.1	144.5	136.3	136.3	138.1	138.1	139.6	139.6	140.3	140.3	140.3	140.3
26	Property Losses (2)	3.5	3.8	19.9	30.0	19.9	0.6	3.5	7.8	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7
27	Total Payment of Losses	130.1	140.6	159.3	166.9	144.4	62.0	140.6	152.3	138.0	138.0	139.8	139.8	141.3	141.3	142.0	142.0	142.0	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	0.0
29	Transfer to ATF- DFS Admin Spt	1.4	1.2	1.4	1.6	1.7	0.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
30	Refunds	0.0	0.0	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	0.0
32	Total Non-operating Expenditures	131.5	141.8	160.8	168.5	146.1	62.5	142.2	153.9	139.6	139.6	141.4	141.4	142.9	142.9	143.6	143.6	143.6	143.6
33	Operating Expenditures:																		
34	Salaries & Benefits	5.7	6.3	6.8	6.6	6.8	3.0	7.8	8.0	7.8	8.0	7.8	8.0	7.8	8.0	7.8	8.0	7.8	8.0
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	0.0
36	Expenses	3.9	4.2	3.8	2.9	2.2	0.6	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	0.0
38	Contracted Services	3.7	3.5	3.5	3.5	3.9	1.5	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
39	Contracted Legal - Attorney General	4.9	5.4	4.1	4.0	4.6	1.9	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	21.4	20.0	17.9	18.6	17.4	7.8	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	13.3	14.6	15.5	15.8	16.1	6.7	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	10.7	10.9	10.9	10.8	10.9	0.0	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	0.0	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
45	Broker Fees/RMIS Spt Fees	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	0.0	0.0
46	Total Excess Insurance	11.7	10.9	10.9	10.8	10.9	0.0	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	0.9	0.8	0.5	0.6	0.6	0.0	0.6	0.6	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	0.0
49	Risk Management Insurance	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	0.1	0.1
50	Public Assistance - State Ops	0.0	0.2	1.6	2.2	0.2	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
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	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	0.0
53	Total Operating Expenditures	65.7	66.0	64.7	65.2	62.8	21.6	75.8	76.0	75.8	76.0	75.8	76.0	75.8	76.0	75.8	76.0	75.8	76.0
54																			
55	Total Expenditures	197.1	207.8	225.5	233.8	208.9	84.1	218.0	229.9	215.4	215.6	217.2	217.4	218.7	219.0	219.4	219.6	219.4	219.6
56	Net Income	(3.5)	(9.1)	(29.6)	18.3	14.2	120.9	(13.2)	(16.5)	(10.6)	(11.5)	(12.4)	(13.3)	(13.9)	(14.8)	(14.6)	(15.5)	(14.6)	(15.5)
57	Ending Cash Balance	73.0	64.0	34.4	52.7	67.0	187.8	53.8	50.5	43.2	39.0	30.8	25.7	16.9	10.9	2.3	(4.6)	(12.2)	(15.5)
58																			
59																			

Notes:

(1) Per Chief Financial Officer Directive 2020-05, certain state workers can file Workers Compensation claims due to contracting COVID-19 while on the job. Directive 2020-05 qualifies any worker, defined as a "Frontline State Employee", who performs critical functions that cannot be performed remotely and involve contact with populations known or suspected of carrying COVID-19. As of December 10th, WC Indemnity has paid out \$5.6M in COVID-19 claims and WC Medical has paid out \$1.8M in COVID-19 claims.

(2) 2020-2021 property loss estimates include \$187K in Hurricane Michael losses, \$29K in Hurricane Irma losses, \$5.9M in Hurricane Sally losses, and \$360K in Tropical Storm Eta losses. Paid Hurricane Michael losses totaled \$16.7M in 2019-2020 and \$13.9M in 2018-2019 for a hurricane loss total of \$30.8M. Paid Hurricane Irma losses totaled \$497K in 2019-2020, \$15.3M in 2018-2019 and \$16.7M in 2017-2018, for a hurricane loss total of \$32.5M.