Risk Management Trust Fund
February 15, 2023
Executive Summary

The Florida State Risk Management Trust Fund (SRMTF) provides coverage that protects state property and workforce members who 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.

Trust fund income is calculated based on information provided by the Division of Risk Management, Department of Financial Services. For FY 2022-23, trust fund income was revised upward by $6.0 million to $204.6 million, primarily as a result of the new projection that Casualty Premiums will be paid in full by all departments. In addition, given the estimated claims level for Hurricane Ian, the department is expected to recover $14.6 million from its reinsurer in FY 2023-24. This increased that year's income to $219.0 million. All other changes to the income forecast were minor.

Overall non-operating expenditures were revised upward by $22.1 million from $151.1 million to $173.2 million in the current year. The upward revision was primarily driven by property losses associated with Hurricane Ian. Paid losses from that hurricane are expected to reach $20.8 million in this fiscal year. Further, another $35.2 million in Hurricane Ian claims is expected to be paid out in the next fiscal year, for a combined two-year total of $56.0 million. Additional storm claims from Tropical Storm Alex ($19,000) and Hurricane Nicole ($2,030,000) add to those totals in both the 2022-23 and the 2023-24 fiscal years. Other notable changes to non-operating expenditures include:

- WC Indemnity was revised downward by $1.0 million to $38.2 million in FY 2022-23, but was left unchanged in the out-years. WC Medical was revised upward for FY 2022-23 by $2.8 million to $82.7 million to reflect the department's recent experience of an unusually high volume of hospitalization claims. For the remaining years of the forecast, WC Medical was grown by 2% annually.

- General Liability was revised slightly upward to $6.9 million in FY 2022-23. The Department is seeing more claims being processed through the court system. The Department believes these higher claims are still a result of the backlog caused by the pandemic. For FY 2023-24 to FY 2027-28, General Liability was increased by $0.4 million to $6.5 million annually. Automotive Liability was also increased slightly to $6.6 million in FY 2022-23. The Department is not seeing an increase in claims; rather, the cost of each claim has increased. For FY 2023-24 to FY 2027-28, Automotive Liability was revised to match the FY 2022-23 level of $6.6 million per year.

- Federal Civil Rights was revised downward to $11.6 million in FY 2022-23. This is a reflection of both current claims paid and the expected payout of claims till the end of the fiscal year. For all other years, Federal Civil Rights was revised upward to maintain that level.

Operating Expenditures were adjusted to total $79.6 million for FY 2022-23. For FY 2023-24 to FY 2027-28, Operating Expenditures were stabilized at $77.1 million. The higher cost in the first year is related to expenses associated with claims adjusting for Hurricanes Ian and Nicole.

The expected ending cash balance for FY 2022-23 is $6.7 million. The cash balance is now expected to go negative in FY 2023-24, one year earlier than previously projected. The table below shows those differences.

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2022-23	$25.7	$6.7	($19.0)
2023-24	$7.7	($37.6)	($45.3)
2024-25	($10.5)	($24.3)	($13.8)
2025-26	($18.3)	($25.9)	($7.6)
2026-27	($18.3)	($27.5)	($9.2)
2027-28	($18.3)	($25.1)	($6.8)