

Risk Management Trust Fund
March 4, 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. For FY 2020-21, trust fund income was revised upward to \$213.7 million from \$213.5 million. This was attributable to an increase in the Subrogations/TTD Refunds/Others category, coupled with a slight reduction in expected Investment Income. 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 stabilize at \$204.1 million annually.

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 February 25th, the trust fund has paid out \$10.2 million in COVID-19 Worker's Compensation claims. Of the total, \$2.9 million in claims is associated with WC Medical and \$7.3 million in claims is associated with WC Indemnity. The Conference decided to maintain the current forecast for WC Medical and WC Indemnity, because the prior forecast remains on target even with two more months of data.

Another category potentially affected by COVID-19 is General Liability (GL). For FY 2020-21, General Liability was reduced to \$4.7 million due to GL claims being considerably lower than prior years. The Conference discussed the possibility that government building closures may have led to the lower claims.

Several other expense categories were changed. The Conference increased the Automotive Liability forecast to \$6.2 million. This upward readjustment is due to average cost per claim being significantly higher than prior years. For FY 2020-21, the Property Losses category was revised up to \$8.5 million to reflect higher cost claims from Hurricane Sally and Tropical Storm Eta. Federal Civil Rights was adjusted downward to \$11.9 million due to several large payouts being moved to FY 2021-22. Consequently, FY 2021-22 Federal Civil Rights was increased by \$1.2 million. This was the only revision 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 \$76.1 million per year for the entire forecast period.

The forecasted ending cash balance for FY 2020-21 is \$52.5 million. As before, the cash balance then remains positive until FY 2024-25.

	Old Ending Cash Balance	New Ending Cash Balance	Difference
2020-21	\$50.5	\$52.5	\$2.0
2021-22	\$39.0	\$39.7	\$0.7
2022-23	\$25.7	\$26.3	\$0.6
2023-24	\$10.9	\$11.4	\$0.5
2024-25	(\$4.6)	(\$4.1)	\$0.5
2025-26	(\$15.5)	(\$15.5)	\$0.0

