

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)

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference (February, 2023)

0

1 (In millions)

2 **Beginning Cash Balance**

3 **Income**

4 Premiums

5 Casualty

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

14 Recoveries from Excess Insurance for Ian

15

16 **Expenditures**

17 Non-operating Expenditures

18 Casualty Losses

19 WC Indemnity

20 WC Medical

21 Total WC Payments (1)

22 General Liability

23 Automotive Liability

24 Federal Civil Rights

25 Total Casualty Losses

26 Property Losses (2)

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 FLAIR System Replacement

40 Contracted Legal - Attorney General

41 Contracted Legal - Private Attorneys

42 Contracted Medical Services

43 Excess Insurance & Claim Service

44 Excess Property Insurance

45 DWC Assessments

46 Broker Fees/RMIS Spt Fees

47 Total Excess Insurance

48 Risk Management Information Claims Sys

49 Operation/Motor Vehicles

50 Risk Management Insurance

51 Public Assistance - State Ops (3)

52 Lease or Lease Purchase of Equip

53 HR Services

54 Total Operating Expenditures

55

56 **Total Expenditures**

58 **Net Income**

60 **Ending Cash Balance**

								2022-2023		2023-24		2024-25		2025-26		2026-2027		2027-2028	
	16-17 Actual	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Actual	22-23 YTD	Curr Est	New Est										
2 Beginning Cash Balance	73.0	64.0	34.4	52.7	67.0	64.8	54.9	54.9	54.9	25.7	6.7	7.7	0.0	0.0	0.0	0.0	0.0	0.0	
3 Income																			
4 Premiums																			
5 Casualty	175.6	175.1	176.0	175.6	183.7	183.7	183.5	177.6	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	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	0.0	
8 Subrogations/TTD refunds/Others	3.4	5.9	7.0	6.6	14.7	9.0	3.9	7.0	7.2	7.0	7.1	7.0	7.1	7.0	7.1	7.0	7.1	7.0	
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	0.0	
10 Investment Income	1.8	2.2	2.3	4.2	2.4	1.0	0.9	1.7	1.5	1.7	1.5	1.7	1.5	1.7	1.5	1.7	1.5	1.7	
11 Other Non Operating Receipts/Settlement	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	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	0.0	
13 Additional Funding from GAA	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	0.0	0.0	
14 Recoveries from Excess Insurance for Ian	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	14.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
15 Total Income	198.8	195.9	252.1	223.2	213.0	205.8	200.6	198.6	204.6	204.6	219.0	204.6	204.4	204.6	204.4	204.6	204.4	204.6	
16 Expenditures																			
17 Non-operating Expenditures																			
18 Casualty Losses																			
19 WC Indemnity	40.4	40.7	37.1	38.4	45.8	39.8	21.4	39.2	38.2	39.4	39.4	39.7	39.7	39.7	39.7	39.7	39.7	39.7	
20 WC Medical	68.4	78.9	76.0	68.1	74.6	80.6	48.2	79.9	82.7	78.2	79.8	78.2	81.4	78.2	83.0	78.2	84.6	78.2	
21 Total WC Payments (1)	108.8	119.6	113.1	106.5	120.5	120.3	69.6	119.1	120.9	117.6	119.1	117.9	121.1	117.9	122.7	117.9	124.4	117.9	
22 General Liability	5.6	4.2	5.8	5.5	4.2	7.6	4.0	6.8	6.9	6.1	6.5	6.1	6.5	6.1	6.5	6.1	6.5	6.1	
23 Automotive Liability	4.9	4.9	5.3	5.4	5.9	6.7	3.7	6.5	6.6	6.5	6.6	6.5	6.6	6.5	6.6	6.5	6.6	6.5	
24 Federal Civil Rights	17.5	10.8	12.6	7.1	11.7	11.2	6.7	12.8	11.6	9.9	11.6	9.9	11.6	9.9	11.6	9.9	11.6	9.9	
25 Total Casualty Losses	136.8	139.5	136.9	124.5	142.2	145.9	84.1	145.2	145.9	140.1	143.8	140.4	145.8	140.5	147.4	140.5	149.1	140.5	
26 Property Losses (2)	3.8	19.9	30.0	19.9	9.1	5.0	7.0	2.5	23.9	2.5	39.1	2.5	2.5	2.5	2.5	2.5	2.5	2.5	
27 Total Payment of Losses	140.6	159.3	166.9	144.4	151.3	150.8	91.0	147.7	169.8	142.6	182.9	142.9	148.3	143.0	149.9	143.0	151.6	143.0	
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	
29 Transfer to ATF- DFS Admin Spt	1.2	1.4	1.6	1.7	1.2	1.7	1.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2	
30 Refunds	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.2	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	141.8	160.8	168.5	146.1	152.5	152.6	92.3	151.1	173.2	145.9	186.2	146.2	151.6	146.2	153.2	146.2	154.9	146.2	
33 Operating Expenditures:																			
34 Salaries & Benefits	6.3	6.8	6.6	6.8	7.0	6.4	4.0	8.2	8.7	8.2	8.7	8.2	8.7	8.2	8.7	8.2	8.7	8.2	
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	4.2	3.8	2.9	2.2	2.0	2.1	1.0	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	3.5	3.5	3.5	3.9	4.0	3.7	2.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	
39 FLAIR System Replacement						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	
40 Contracted Legal - Attorney General	5.4	4.1	4.0	4.6	4.3	3.7	2.3	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6	
41 Contracted Legal - Private Attorneys	20.0	17.9	18.6	17.4	18.3	18.0	10.7	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	22.0	
42 Contracted Medical Services	14.6	15.5	15.8	16.1	15.5	17.7	10.3	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	
43 Excess Insurance & Claim Service																			
44 Excess Property Insurance	10.9	10.9	10.8	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	
45 DWC Assessments	0.0	0.0	0.0	0.0	-	0.0	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 Broker Fees/RMIS Spt Fees	0.0	0.0	0.0	0.0	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
47 Total Excess Insurance	10.9	10.9	10.8	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	
48 Risk Management Information Claims Sys	0.8	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	
49 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	
50 Risk Management Insurance	0.0	0.1	0.1	0.1	0.1	0.0	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 Public Assistance - State Ops (3)	0.2	1.6	2.2	0.2	0.0	0.0	0.0	0.0	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
52 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	
53 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	
54 Total Operating Expenditures	66.0	64.7	65.2	62.8	62.7	63.2													