

Risk Management Trust Fund

August 14, 2023

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. In FY 2022-23, trust fund income was \$274.8 million. This amount is above the February estimate primarily due to a one-time General Revenue transfer of \$70.0 million. For FY 2023-24 through FY 2028-29, trust fund income is expected to increase to \$231.1 million. The estimate is higher than the February forecast due to an increase in Casualty Premiums and Investment Income.

Non-operating expenditures totaled \$160.0 million in FY 2022-23. This estimate is \$13.2 million below the February estimate for non-operating expenditures. Both WC Medical and WC Indemnity were lower than forecasted with WC Medical paying out \$4.4 million less in claims than expected. Even so, the Conference reaffirmed the prior forecast for the out years. Conversely, WC Indemnity paid out \$0.9 million less than projected in February, but—in this case—the Conference slightly lowered the estimates.

Except for Automotive Liability, the remaining non-operating expenditures came in below the February forecast. Most significantly, Property Losses totaled \$18.1 million for the year which was \$5.7 million below the February forecast. For FY 2023-24, the projection for Property Losses was reduced by \$11.5 million to \$27.6 million—both years reflecting a downward revision in the total amount of Hurricane Ian claims. All subsequent years were left at the prior forecast levels. Both General Liability and Automotive Liability estimates were revised slightly upward from the February forecast. General Liability was revised upward due to an expected increase in tort claims. Automotive Liability was revised upward due to inflationary pressures. Federal Civil Rights came in \$0.9 million below the \$11.6 million estimate in FY 2022-23. As a result, the annual estimates for Federal Civil Rights were revised downward to \$11.2 million for the entire forecast.

Operating expenditures are expected to range between \$92.9 million to \$93.9 million throughout the forecast. These amounts reflect the Division’s latest approved budget.

The ending cash balance for FY 2023-24 is now projected to be \$65.3 million. It is expected to remain positive until FY 2027-28 when it turns negative, although to a far lesser extent than previously projected.

	Old Ending Cash Balance	New Ending Cash Balance	Difference (new – old)
2023-24	(\$37.6)	\$65.3	\$102.9
2024-25	(\$24.3)	\$51.5	\$75.8
2025-26	(\$25.9)	\$35.8	\$61.7
2026-27	(\$27.5)	\$18.5	\$46.0
2027-28	(\$25.1)	(\$0.5)	\$24.6
2028-29	-	(\$20.7)	-

RISK MANAGEMENT TRUST FUND
Revenue Estimating Conference August, 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 General Revenue Transfer Per GAA

14 Recoveries from Excess Insurance

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

33 Total Non-operating Expenditures

34 Operating Expenditures:

35 Salaries & Benefits

36 Other Personal Services

37 Expenses

38 Operating Capital Outlay

39 Contracted Services

40 FLAIR System Replacement

41 Contracted Legal - Attorney General

42 Contracted Legal - Private Attorneys

43 Contracted Medical Services

44 Excess Insurance & Claim Service

45 Excess Property Insurance

46 DWC Assessments

47 Broker Fees/RMS Spt Fees

48 Total Excess Insurance

49 Risk Management Information Claims Sys

50 Operation/Motor Vehicles

51 Risk Management Insurance

52 Public Assistance - State Ops (3)

53 Lease or Lease Purchase of Equip

54 HR Services

55

56 Total Operating Expenditures

57

58 Total Expenditures

59 Net Income

60 Ending Cash Balance

						2022-2023			2023-2024		2024-2025		2025-2026		2026-2027		2027-2028		2028-2029	
	17-18 Actual	18-19 Actual	19-20 Actual	20-21 Actual	21-22 Actual	22-23 Actual	22-23 Est	Diff	Curr Est	New Est										
2 Beginning Cash Balance	64.0	34.4	52.7	67.0	64.8	54.9	54.9		6.7	103.1	0.0	65.3	0.0	51.5	0.0	35.8	0.0	18.5	0.0	0.0
3 Income																				
4 Premiums																				
5 Casualty	175.1	176.0	175.6	183.7	183.7	183.7	183.7	0.0	183.7	208.8	183.7	208.8	183.7	208.8	183.7	208.8	183.7	208.8		208.8
6 Property	12.2	12.2	12.2	12.2	12.2	12.2	12.2	0.0	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		0.0
8 Subrogations/TTD refunds/Others	5.9	7.0	6.6	14.7	9.0	7.3	7.2	0.0	7.1	6.7	7.1	6.7	7.1	6.7	7.1	6.7	7.1	6.7		6.7
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		0.0
10 Investment Income	2.2	2.3	4.2	2.4	1.0	1.7	1.5	0.2	1.5	3.4	1.5	3.4	1.5	3.4	1.5	3.4	1.5	3.4		3.4
11 Other Non Operating Receipts/Settlement	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	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		0.0
13 General Revenue Transfer Per GAA	0.0	54.6	24.6	0.0	0.0	70.0	0.0	70.0	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	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		0.0
15 Total Income	195.9	252.1	223.2	213.0	205.8	274.8	204.6	70.2	219.0	231.1	204.4	231.1	204.4	231.1	204.4	231.1	204.4	231.1	0.0	231.1
16 Expenditures																				
17 Non-operating Expenditures																				
18 Casualty Losses																				
19 WC Indemnity	40.7	37.1	38.4	45.8	39.8	37.3	38.2	-0.9	39.4	38.6	39.7	39.0	39.7	39.0	39.7	39.0	39.7	39.0		39.0
20 WC Medical	78.9	76.0	68.1	74.6	80.6	78.2	82.7	-4.4	79.8	79.8	81.4	81.4	83.0	83.0	84.6	84.6	86.3	86.3		88.1
21 Total WC Payments (1)	119.6	113.1	106.5	120.5	120.3	115.5	120.9	-5.3	119.1	118.4	121.1	120.4	122.7	122.0	124.3	123.6	126.1	125.3	0.0	127.1
22 General Liability	4.2	5.8	5.5	4.2	7.6	6.7	6.9	-0.2	6.5	7.0	6.5	7.0	6.5	7.0	6.5	7.0	6.5	7.0		7.0
23 Automotive Liability	4.9	5.3	5.4	5.9	6.7	7.1	6.6	0.6	6.6	7.2	6.6	7.4	6.6	7.6	6.6	7.6	6.6	7.6		7.6
24 Federal Civil Rights	10.8	12.6	7.1	11.7	11.2	10.7	11.6	-0.9	11.6	11.2	11.6	11.2	11.6	11.2	11.6	11.2	11.6	11.2		11.2
25 Total Casualty Losses	139.5	136.9	124.5	142.2	145.9	140.1	145.9	-5.9	143.8	143.8	145.8	146.0	147.4	147.8	149.0	149.4	150.8	151.1	0.0	152.9
26 Property Losses (2)	19.9	30.0	19.9	9.1	5.0	18.1	23.9	-5.7	39.1	27.6	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5		2.5
27 Total Payment of Losses	159.3	166.9	144.4	151.3	150.8	158.2	169.8	-11.6	182.9	171.3	148.3	148.5	149.9	150.3	151.5	151.9	149.2	153.6	0.0	155.4
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	1.6	1.7	1.2	1.7	1.6	3.2	-1.5	3.2	3.5	3.2	3.5	3.2	3.5	3.2	3.5	3.2	3.5		3.5
30 Refunds	0.0	0.0	0.0	0.0	0.0	0.1	0.2	-0.1	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2	0.1	0.2		0.2
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	160.8	168.5	146.1	152.5	152.6	160.0	173.2	-13.2	186.2	175.0	151.6	152.2	153.2	154.0	154.8	155.6	152.5	157.3	0.0	159.0
33 Operating Expenditures:																				
34 Salaries & Benefits	6.8	6.6	6.8	7.0	6.4	7.0	8.7	-1.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7	8.7		8.7
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		0.0
36 Expenses	3.8	2.9	2.2	2.0	2.1	2.0	5.1	-3.1	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	3.5	3.5	3.9	4.0	3.7	3.7	4.8	-1.0	4.8	5.2	4.8	5.2	4.8	5.2	4.8	5.2	4.8	5.2		5.2
39 FLAIR System Replacement						0.0	0.1	-0.1	0.1	0.2	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0		0.0
40 Contracted Legal - Attorney General	4.1	4.0	4.6	4.3	3.7	3.6	6.6	-3.1	6.6	7.1	6.6	7.1	6.6	7.1	6.6	7.1	6.6	7.1		7.1
41 Contracted Legal - Private Attorneys	17.9	18.6	17.4	18.3	18.0	19.6	22.0	-2.4	22.0	32.0	22.0	32.0	22.0	32.0	22.0	32.0	22.0	32.0		32.0
42 Contracted Medical Services	15.5	15.8	16.1	15.5	17.7	17.3	18.2	-0.9	18.2	20.7	18.2	20.0	18.2	20.0	18.2	20.0	18.2	20.0		20.0
43 Excess Insurance & Claim Service																				
44 Excess Property Insurance	10.9	10.8	10.9	10.8	10.9	10.8	10.9	0.0	10.9	14.1	10.9	14.1	10.9	14.1	10.9	14.1	10.9	14.1		14.1
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		0.0
46 Broker Fees/RMS 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		0.0
47 Total Excess Insurance	10.9	10.8	10.9	10.8	10.9	10.8	10.9	0.0	10.9	14.1	10.9	14.1	10.9	14.1	10.9	14.1	10.9	14.1	0.0	14.1
48 Risk Management Information Claims Sys	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.6	0.8	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		0.0
50 Risk Management Insurance	0.1	0.1	0.1	0.1	0.0	0.														