

Division of **Risk Management**

Florida Department of Financial Services



Fiscal Year 2016 Annual Report



A MESSAGE FROM CFO JEFF ATWATER



Dear Colleagues:

We are pleased to present you the Division of Risk Management's Fiscal Year 2015-2016 Annual Report. Our program continues to improve as we implement initiatives to increase our effectiveness in administering state agency claims, and reducing the number of claims and their associated costs in our program. This report highlights our efforts and successes during the previous year.

The Division successfully completed implementation of a new Insurance Management System called Origami in June 2016. This new system enhances the Division's ability to adjust claims more efficiently and effectively, provides improved internal controls, and enhances the Division's data mining and analytics capabilities, which will ultimately assist with controlling claims costs in the future.

In addition, the Division:

- Improved workers' compensation claims fraud prevention and detection by increasing the number of state staff and claim defense attorneys trained to look for signs of fraud, and strengthening internal controls to prevent potentially fraudulent payments. These initiatives resulted in over \$7 million saved in future claims costs due to claims closures or reduced settlements;
- Completed the first cycle of reviews of all state agency risk management programs, which assists agencies in strengthening their risk management programs as well as promoting cross-agency sharing of training, safety awareness, claim-loss strategies, and other processes designed to reduce costs; and
- Continued to make significant process improvements in contract administration and management, insuring vendor accountability and transparency in its claims management contracts.

The Division also increased the state's excess insurance coverage for named windstorms and floods to protect state-owned buildings and property. This will allow excess insurance to cover broader losses to state-owned buildings than in prior years in the event of a catastrophic hurricane event. In addition, the Division has significantly improved the quality of its property data, which contributed to an 18 percent decrease in catastrophic loss-modeling results for a one-in-twenty-year catastrophic event when excess insurance policies were renewed in February 2016.

Total workers' compensation claims costs increased in fiscal year 2015-16 by \$3.5 million due to an increase in settlements, as well as an increase in medical and pharmaceutical costs. However, despite a slight increase in the number of new workers' compensation claims reported, the program continued to experience a decrease in the number of new claims requiring medical or indemnity benefits for the sixth year in a row. This report contains a more in-depth analysis of workers' compensation costs, as well as the program's other lines of coverage.

We appreciate your interest in our risk management program and hope the information provided in this report is beneficial. We welcome your feedback.

A handwritten signature in black ink that reads "Jeff Atwater". The signature is written in a cursive, flowing style.

Jeff Atwater
Chief Financial Officer
State of Florida

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Overview

The Division of Risk Management works to ensure that participating State of Florida agencies and universities receive assistance in managing risk, and quality workers' compensation, liability, federal civil rights, automobile liability, and property insurance coverage at reasonable rates by providing self-insurance, purchase of insurance, and claims administration.

The Division is comprised of three Bureaus: Risk Financing and Loss Prevention, State Employee Workers' Compensation Claims, and State Liability and Property Claims. The Bureau of Risk Financing and Loss Prevention provides administrative support to the Division, including the cash management for the Division's \$225 million annual budget, calculation of casualty and property premiums for the state's agencies and universities, monitoring the Division's contracts, and providing data management and IT support. This Bureau also contains the Loss Prevention Section, which provides training and consulting services to agency safety coordinators, conducts agency risk management program evaluations, monitors agency return-to-work programs, and provides administrative support to the Interagency Advisory Council on Loss Prevention.

The Bureau of State Employee Workers' Compensation Claims is responsible for the administration of all workers' compensation claims filed by state and university employees and volunteers who are injured on the job. This Bureau typically receives approximately 12,000 new claims each year, and is primarily responsible for ensuring that covered individuals receive timely benefits, while safeguarding the state from instances of fraud, waste, and abuse.

The Bureau of State Liability and Property Claims is responsible for the investigation and resolution of liability and property claims involving or against state agencies and universities. Coverage types provided by the Division include:

- Property
- General Liability
- Fleet Automobile Liability
- Federal Civil Rights/Employment Discrimination
- Court-Awarded Attorney Fees

Loss Prevention Services

Data Analytics

The Division of Risk Management produces several regularly-distributed data reports to participating agencies and universities. The "Stop Light Report" is sent to agency heads and agency risk managers, and is a snapshot of agency claims performance over a six-month period. It provides claims frequency and cost information, and includes a data trending section that covers a period of three years. This report provides agency heads with a high-level overview of claims to assist them in effective decision-making and monitoring claims activity within their respective agencies.

Quarterly and monthly reports are also distributed to all agency risk managers. Quarterly reports cover the development and cost growth of open claims, and allow for a three-month valuation date on the claims. The report enables agencies to focus their loss prevention efforts on areas that will have the largest impact on claims reduction.

Monthly reports inform agencies of casualty claims incurred in the preceding month. This allows agencies to verify that all claims have been properly entered, including correct cause and location codes. Using this information, agencies can also further pinpoint concerns and take corrective actions as needed.

Annual Fiscal Year Trending Reports which show three and one-half years of agency claims performance data are distributed. These reports give agencies the tools to conduct trend analyses and track their performance across time.

Agency risk managers also have the ability to conduct advanced searches and create customized reports within restricted parameters through the Division's Insurance Management System (IMS). When a more specialized report is needed, the Bureau of Risk Financing and Loss Prevention can assist agency risk managers in developing customized ad-hoc reports to meet their specific needs.

Training and Publications

The Division provides training services for all agencies in the disciplines of occupational health and safety, loss prevention, and risk management. During the 2015-16 fiscal year, the Division provided training to 1,511 agency employees, including supervisors, workers' compensation coordinators, and safety program personnel. Training options include online learning, workshops, training materials, instructor-led courses, and training videos, many of which were developed in-house by the Division's Loss Prevention Section.

The Division also develops and publishes a bi-monthly newsletter titled Safety & Loss Prevention Outlook. This newsletter includes risk management industry trends, occupational health and safety news, interviews with fellow risk managers from around the state, and links to informational resources. The Division distributes this educational awareness tool to core safety personnel at all state agencies and universities for dissemination among employees.

Consulting Services and Technical Assistance

Our staff works directly with agencies to assist with program development and implementation of loss prevention industry best practices. Assistance may involve travel to a site or location, meeting with headquarters officials, discussing the inquiry on the telephone, or providing educational materials and resources. Due to the specialized nature of safety and loss prevention consulting, only Division staff with expertise in occupational safety, workers' compensation, or data analytics provide this service. For specific situations, the Division also uses contracted consultants to support agency loss prevention efforts. The Division conducted 423 consultations during the 2015-16 fiscal year.

Agency Review and Evaluation

The Division conducts agency safety and loss prevention program reviews and has developed a return-to-work (RTW) dashboard. As required by Florida law (F.S. 284.50(4)), agency risk management program evaluations are conducted on a five-year cycle of all state agencies and universities. Evaluation of agency safety and loss prevention programs promotes recognition of individual program strengths and best practices that can be shared across agencies. The Division developed a standard review methodology that covers the Loss Prevention Standards provided to all agencies and assesses agency adoption of best practices to improve program effectiveness. This assessment process further assists agencies in enhancing their respective programs through the identification of systems, policies, and procedures that may benefit from further development.

The RTW Dashboard evaluation system collects monthly data from agencies with more than 3,000 full-time employees. The Division uses this data set, along with data extracted from the IMS, to analyze agency RTW program performance and to determine the status of program implementation.

Awards and Recognition

In conjunction with the Interagency Advisory Council on Loss Prevention, the Division is authorized to recognize individuals that make a significant contribution to their agency safety and loss prevention program.

Claims Management and Resolution

General Liability and Automobile Liability

The Division manages general liability and automobile liability claims for the state, including claims for bodily injury, property damage, or death resulting from negligence of a state employee conducting state business or while driving a vehicle. The Division also pays legal costs awarded as a result of lawsuits against agencies.

Workers' Compensation

The Division administers workers' compensation claims for Florida's agencies and universities. The Division received 12,326 new workers' compensation claims and paid \$110 million in medical and indemnity benefits during the 2015-16 fiscal year.

Employment Discrimination and Federal Civil Rights

The Division also administers employment discrimination and civil rights claims. As an insurer of approximately 200,000 employees and volunteers and having custody over countless individuals in the prison system and other capacities, claims can arise from those custodial relationships. We insure employees acting under color of Florida law for alleged constitutional deprivations of civil rights. Employment discrimination claims can arise from all aspects of the employee-employer relationship, under both state and federal laws.

Protecting State Facilities

With responsibility for insuring Florida's approximately 17,000 state-owned buildings ranging from storage sheds to the Capitol buildings in Tallahassee, and ranging in complexity from beachfront tiki huts at Florida state parks to the magnetic laboratory on Florida State University's (FSU's) campus, the Division is at the forefront of protecting Florida's assets. The Division also administers coverage for state-owned business equipment and furnishings contained in buildings not owned by the state.

All agencies are exposed to such perils as fire, storm damage, flood, wind, and sinkholes. The Division administers Florida's self-insurance property program through the State Risk Management Trust Fund and purchases additional insurance coverage for catastrophic losses.

Program Highlights & Accomplishments

Insurance Management System Implementation

The Division has completed the implementation of the Origami Insurance Management System (IMS). The Division contracted with Origami Risk in June 2014 to implement a new IMS to replace its existing risk management information system, and successfully completed full implementation of the new system in 2016. State agency and university risk managers have access to Origami as well as their agency-specific claims data and reporting capabilities.

Benefit to Floridians:

The IMS is critical to the Division's ability to efficiently and effectively process claims against participating state agencies and perform its statutory duties.

Agency Risk Management Program Evaluations

Florida law requires that the Division evaluate each agency's risk management program once at least every five years. During the 2011-12 fiscal year, the Division developed the agency evaluation process and began performing agency risk management program evaluations. During the 2012-13 fiscal year, the Division adopted more consistent review methodologies and restructured the report format, which continued to improve the quality and efficiency of its agency risk management program evaluations into the 2015-16 fiscal year. As of the end of the 2015-16 fiscal year, the Division completed a total of 41 program evaluations. Working in conjunction with departmental legal professionals, subject-matter experts, and the Interagency Advisory Council on Loss Prevention, the Division conducted an extensive review and redevelopment of the State Loss Prevention Standards during the 2015-16 fiscal year. The resulting Agency Risk Management Program Evaluation Guidelines represent a basic framework of best practices for program development that, in their role as an assessment tool in the Division's evaluation process, can allow the Division to identify and share successful risk management models across agencies.

The next cycle of agency program evaluations, scheduled to begin in early 2017, will incorporate assessment of employment discrimination, federal civil rights, and liability loss prevention guidelines in addition to the administrative, safety, and workers' compensation elements that were reviewed during the first cycle of program evaluations.

Benefit to Floridians:

The Division's agency risk management program evaluation component promotes positive loss prevention outcomes by assisting agencies in identifying and building upon the comprehensive program elements outlined in the Agency Risk Management Program Evaluation Guidelines. Assessment of agency risk management programs additionally contributes to the cross-agency sharing of training, safety awareness, claims loss strategies, and other processes designed to reduce costs.

Safety & Loss Prevention Training

The Division continues to develop the loss prevention training program for state agencies and universities. Training offered to agency and university personnel includes various loss prevention courses developed in-house on topics such as facility and equipment inspections, workers' compensation, return to work, job safety analysis, and property coordinator training, as well as relevant courses developed by external partners in subjects such as insurance-focused planning for effective disaster response, defensive driving, and hurricane preparedness.

Benefit to Floridians:

In addition to providing targeted training to state agency employees designed to reduce and/or eliminate specific claims losses, the Division coordinates a variety of loss prevention training directly to the agency safety coordinators—who, in turn, educate and disseminate this information to the employees in their respective departments.

Return-to-Work Programs

All agencies that are provided workers' compensation insurance coverage by the State Risk Management Trust Fund and employ more than 3,000 full-time employees must establish and maintain return-to-work (RTW) programs for employees who are receiving workers' compensation benefits. The programs have the primary goal of enabling injured workers to remain at work or return to work to perform job duties that are within the physical or mental functional limitations and restrictions established by the workers' treating physicians. If no limitation or restriction is established in writing by a worker's treating physician, the worker is deemed to be able to fully perform the same work duties he or she performed before the injury.

Throughout the year, the Division gathers data from participating agencies in support of statutory reporting requirements related to agency RTW programs. The information submitted by agency risk managers includes, but is not limited to, agency RTW program efforts, the number of claims provided accommodation for the injured worker's work restrictions, and the number of work days accommodated.

Benefit to Floridians:

The monitoring of agency RTW programs, along with frequent collaboration between the Division and agency workers' compensation personnel, works to advocate the successful reintegration of injured employees back into the workforce. Effective RTW practices promote lowered medical and indemnity costs, and improve employee morale by maintaining work conditioning and reducing the need to replace and/or retrain personnel.

This annual report includes an analysis of agency RTW program efforts including, but not limited to, agency RTW program performance metrics and a status report on participating RTW programs. The analysis of agency RTW programs begins on Page 12 of this annual report.

Interagency Advisory Council

The Interagency Advisory Council on Loss Prevention (IAC) continues to be an important venue for agency risk managers to discuss statewide loss prevention issues, share resources, and collaborate on interagency initiatives. During the 2015-16 fiscal year, Council members participated in discussions on subjects such as coverage of agency and university direct service organizations, timely indemnity payments, the importance of hurricane preparedness, providing modified duties to injured workers in an effort to lower claims costs and reduce litigation, the development of risk management program guidelines, and legislative workers' compensation case law updates. Quarterly IAC meetings included presentations such as job safety analysis and facility and equipment inspections, and IAC Council members have additionally continued to provide suggestions and feedback on loss prevention training materials.

Benefit to Floridians:

The IAC brings together agency safety and loss prevention officials from around the state and allows them to communicate program concerns with each other and the Division on a regular basis. These quarterly conferences allow newly appointed safety personnel to work directly with veteran safety coordinators to share successful approaches to program implementation.

Bureau of State Employee Workers' Compensation Claims

The Bureau is in the process of implementing a quality assurance program. Effective July 1, 2015, the Division added three operations and management consultant managers within the Bureau and a government analyst II position. The three managers are conducting audits/quality assurance reviews of workers' compensation claims, as well as cost containment reviews. Also, the Bureau added a government analyst II that is responsible for developing and conducting a formal training program for the Bureau employees. The managers are using the results to focus on the training needs of staff, which is expected to result in more efficient and effective claims handling as well as controlling costs in the program.

The Bureau continued to experience substantial costs savings through its fraud detection and prevention efforts. These efforts included increasing the number of state agency and university staff and claims defense attorneys trained to look for signs of fraud, and strengthening internal controls to prevent potentially fraudulent payments. During the 2015-16 fiscal year, Bureau and contracted Special Investigation Unit investigations of potentially fraudulent activities resulted in more than \$7 million in future savings as a result of claims closures or realistic settlements that would not have been possible without the evidence collected. Fourteen cases of alleged fraud were referred to the Division of Investigative and Forensic Services during the 2015-16 fiscal year.

During the last fiscal year, the Bureau worked with its medical case management contractor, AmeriSys, to augment the list of providers that treat injured workers. Providers are selected based on quality of care and responsiveness to completing required information that is necessary to determine work status. Additionally, efforts continued to control the escalating cost of prescription medications. Steps were taken to seek less expensive medically equivalent drugs for large pharmaceutical expenses and to ensure the prescription was medically necessary as a result of the work-related accident.

Benefit to Floridians:

Enhancing the Bureau's auditing and training programs for adjusters will result in cost savings through improved claims-handling techniques. The Bureau's fraud detection efforts can not only directly reduce workers' compensation claims costs to the program and the State of Florida, but also deter future fraudulent activity. In addition, working closely with our medical and pharmacy management vendors to address specific needs of our claimants while also controlling medical and pharmacy costs can have a positive impact on the recovery of our claimants and overall program costs.

Contract Administration Improvements

The Division's Contract Monitoring Section continued to make significant process improvements in contract administration and management. Throughout the 2015-2016 fiscal year, the Section continued to improve its contract monitoring efforts through the development and maintenance of sound monitoring plans and viable monitoring approaches, including on-site visits to contractors. During the 2014-15 fiscal year, the Department's Office of the Inspector General (OIG) conducted a consulting engagement for the Section's contract monitoring and management processes. The Division implemented many of the recommendations prior to finalization of the OIG's report in June 2015, and implemented the majority of the remaining recommendations during the 2015-16 fiscal year. These efforts have resulted in ongoing improvement in the Division's oversight of its medical contracts, as well as its contracts for attorney services, claims investigation and processing services, Medicare set-asides, and other services.

During fiscal year 2015-16, the Division requested funding to assign medical case management of its workers' compensation claims handled by former contractors to the current workers' compensation medical case management contractor, AmeriSys. Approximately 1,450 older workers' compensation claims have been either self-administered by the Division or administered by previous contractors. The Division received funding to transfer these claims to AmeriSys beginning in fiscal year 2016-2017, and is in the process of this transfer. Transferring these claims will allow claimants to receive treatment recommendations from health care professionals that should result in better clinical outcomes for our injured state employees. This transfer will also allow the Division to consolidate its medical case management services under a single contract that contains modern contract requirements, such as quantifiable performance standards linked to financial consequences that are applied if those standards are not met.

The Division is also reorganizing the Contract Monitoring Section by transferring the existing medical services contracts personnel to the direct supervision of the Chief of Risk Financing and Loss Prevention. This Section is responsible for administering and monitoring the Division's medical services contracts, which are the most complex and costliest contracts maintained by the Division. This change will add a higher level section supervisor and provide two registered nurse consultant positions focusing on conducting specialized contract monitoring, performance reviews, and audits.

Benefit to Floridians:

Improved oversight of the Division's contracts has resulted in controlling workers' compensation claims costs due to reduced medical costs from more effective negotiations of large medical bills, and more efficient utilization of medical service providers that also results in lowered medical treatment costs. Legal costs have additionally been controlled by increased scrutiny of invoices for legal services and emphasis on legal defense planning pertaining to use of expert witnesses and other legal expenses.

State Property Data Collection and Excess Insurance Purchase Improvements

Building on previous collaboration with state agencies and universities, the State Property Claims Unit worked closely with the contracted broker of record to obtain secondary property data on large state-owned buildings to be used by excess insurance underwriters in determining what insurance premiums to charge for coverage. Underwriters use various types of data when determining what rates to charge for premiums, such as insured value, building location, type of construction, type of occupancy, and availability of fire protection. This information is entered into catastrophe modeling software to determine what dollar losses may be expected for various levels of catastrophic events. By including secondary property data on 20 secondary data elements (such as roof type, roof age, roof geometry, ground-level equipment protection, and opening protection) underwriters can obtain more precise modeling results that can reduce the premiums charged for a given property. Using secondary data in the Risk Management Solutions catastrophe modeling software allowed a 18 percent decrease in the probable maximum loss (PML) that the model estimated for a one-in-twenty-year event, reducing the PML from \$179,893,293 to \$147,844,834. Using secondary data also reduced the average annual loss (AAL) from \$29,446,261 to \$24,772,720. These more favorable modeling results, combined with a continuing soft market, allowed the Division to increase its excess insurance coverage for named windstorm and flood perils from \$54 million in coverage purchased in February 2015 at a cost of \$9,343,039 to \$85 million in coverage purchased in February 2016 at a cost of \$10,457,072.

Benefit to Floridians:

Increased insurance coverage can be purchased to protect state-owned buildings and property, reducing the amount of tax dollars spent on replacing or repairing the State of Florida's buildings and their contents. Better underwriting information on state-owned buildings also increases the number of insurers willing to provide coverage for the state's property, which increases competition and potentially reduces the premiums paid by the State of Florida for property insurance.

General Funding Information

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 2015-16, the Division invoiced, processed, and deposited \$187.8 million in premiums: \$175.6 million in casualty premiums and \$12.2 million in property premiums. Only the estimated expenses required to pay all insurance claims and Division operational expenses projected for the fiscal year are funded. Although the funding is determined by coverage line, funds are pooled to provide flexibility in assuring all insurance claims are paid timely. No funding is provided to meet sudden adverse loss trends or unexpected large insurance claims obligations. This is called "cash flow funding." This type of funding requires continuous, careful monitoring of the trust fund's cash flow so that all obligations can be paid.

Because of cash flow funding, an unfunded liability exists each year for financial obligations owed in the future. The chart below illustrates the cash flow funding methodology's impact. It reflects that if the program ceased operations as of June 30, 2016, participating agencies would have an estimated \$1.16 billion in existing insurance claims obligations payable in future years. This estimated liability consists of the following claims obligations by insurance type and is based on a June 30, 2016, actuarial analysis:

Workers' Compensation	\$1,070.6 million
Federal Civil Rights	\$ 64.5 million
General Liability	\$ 21.4 million
Automobile Liability	\$ 5.0 million
Property	\$.4 million
Total	\$ 1.16 billion

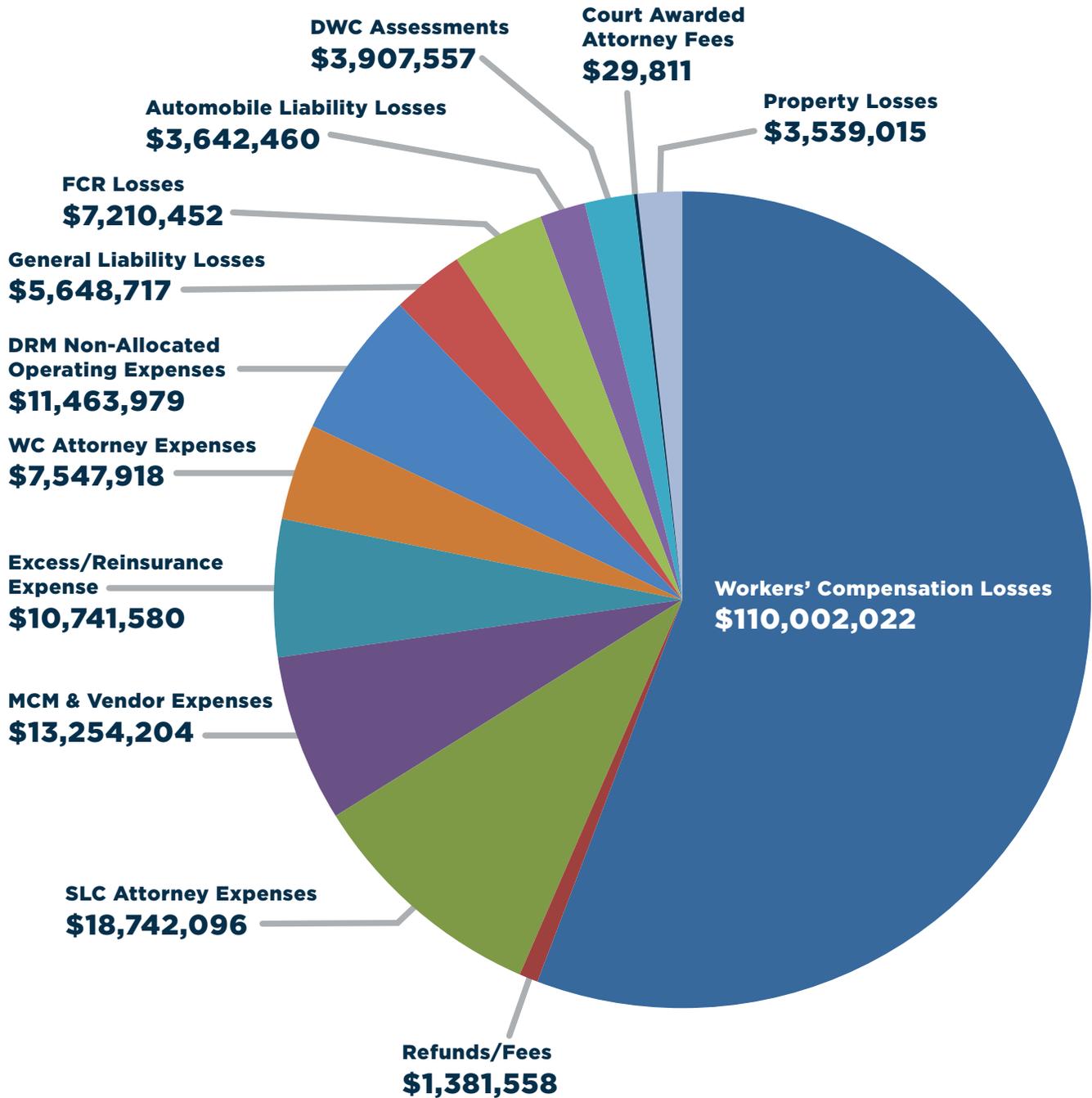
RISK MANAGEMENT PROGRAM FUNDING

Program	Number of Covered Employees or Property	Number of Claims Reported FY 15-16	Agency Premiums
Workers' Compensation	196,051	12,326	\$154,672,983
State Property	20,296 Property Locations	127	\$12,195,647
Auto Liability ⁽¹⁾	25,059 (State-titled motor vehicles)	617	\$3,577,589
General Liability	201,901	1,819	\$6,094,474
Court-Awarded Attorney Fees	N/A	41	Included in General Liability Funding
Federal Civil Rights/Employment	197,247	369	\$11,243,686

⁽¹⁾ Automobile liability coverage is also extended to state employees driving their personal vehicle on state business.

The following chart denotes the total expenditures for the Division of Risk Management by major category during the 2015-16 fiscal year.

FY 2015-16 DRM TOTAL EXPENDITURES OF \$197,111,370 BY MAJOR CATEGORY



Lines of Insurance Coverage

*Performance & Results
FY 2015-16*

WORKERS' COMPENSATION CLAIMS AND EXPENSES

Workers' Compensation

The Bureau of State Employee Workers' Compensation Claims is responsible for adjusting claims for state employees who are injured on the job. This includes payment of medical, indemnity, and death benefits; determination of compensability; and litigation management of workers' compensation claims. Field investigations, surveillance, and investigations of suspected cases of workers' compensation fraud are performed by York Risk Services Group, Inc. Defense of litigated claims is provided by contracted law firms.

Pending claims administered by our program are covered under our self-insurance program or by private commercial insurance as follows:

Commencement Date	Coverage Period	Coverage Provider
Prior to January 1, 1998	Accident date before January 1, 1998	Self-insured
January 1, 1998	Accident date on or after January 1, 1998, through February 9, 2002	North American Specialty Insurance Company (NASIC) with a large deductible
February 10, 2002	Accident date on or after February 10, 2002, through February 9, 2005	Hartford Casualty Insurance Company with a \$15M deductible, plus three years of medical services
February 10, 2005	Accident date on or after February 10, 2005	Self-insured

Medical Case Management:

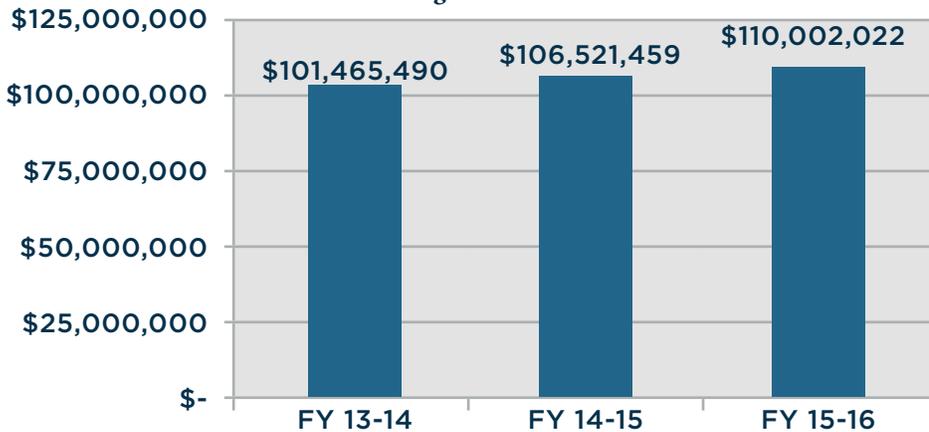
Since January 1, 1997, the Program has contracted with vendors to provide medical care services. Medical care is "managed" by medical case managers who are registered nurses, or are supervised by registered nurses, in conjunction with either a medical network or panel of clinicians. A contract vendor reviews and reprices medical bills, and provides hospital pre-certification and continued stay review services.

The following chart reflects the vendors currently providing medical case management services:

Commencement Date	Coverage Period	Program	Vendor
January 1, 1997	Accident date on or after January 1, 1997, through December 31, 2002	Responsible for providing medical services for three years following the date of injury and continuing case management for the duration of the claim.	Humana
January 1, 2014	Accident date on or after January 1, 2003	Provide medical case management for duration of contract.	USIS, Inc. doing business as AmeriSys

The chart below reflects the claims costs for the preceding three years:

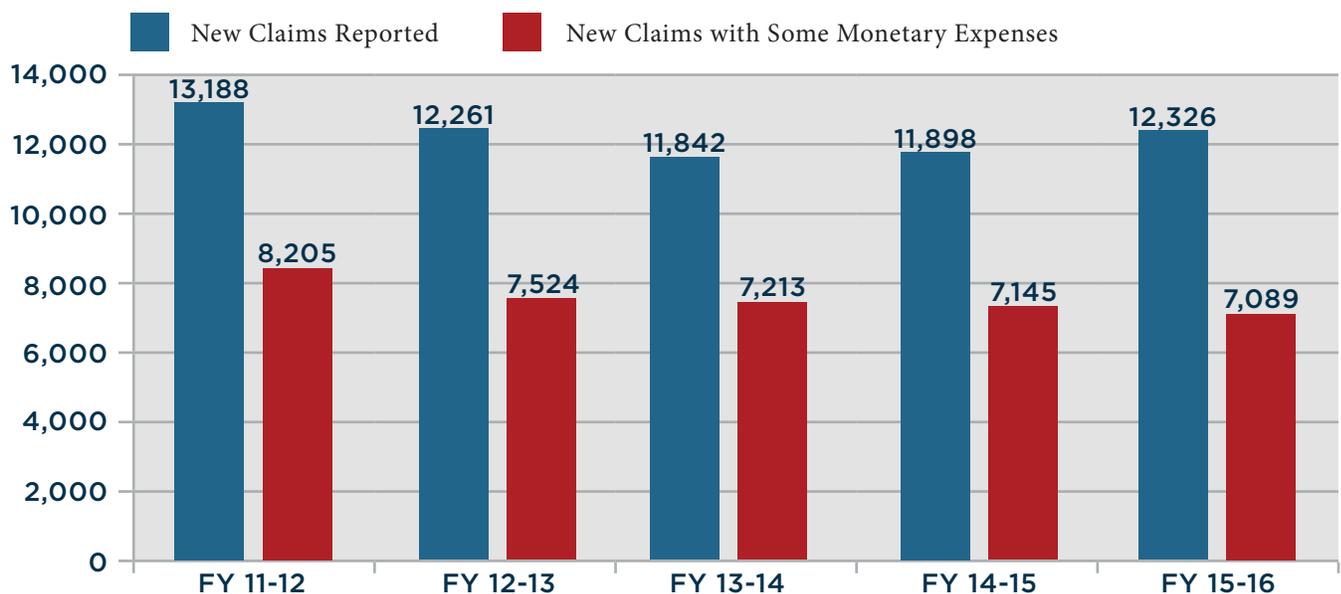
Florida Workers' Compensation Cost Comparison
(Excludes Adjusting and Defense Costs)
 FY 2013-14 through FY 2015-16



Overall workers' compensation claims costs increased by \$3.5 million during the 2015-16 fiscal year, totaling \$110 million compared to \$106.5 million during the 2014-15 fiscal year. Workers' compensation medical costs increased by \$3.9 million during the 2015-16 fiscal year and indemnity costs decreased by \$381,941 for the fiscal year. Cost increases have been driven by increasing medical and pharmaceutical costs.

The following chart reflects the number of new claims reported and the number of new claims with some monetary expense for the prior five-year period:

New Workers' Compensation Claims Reported / Claims With Some Monetary Value
(Claim Development Shown Through 8/31 of the Following Fiscal Year)
 Fiscal Years 2011-12 through 2015-16*



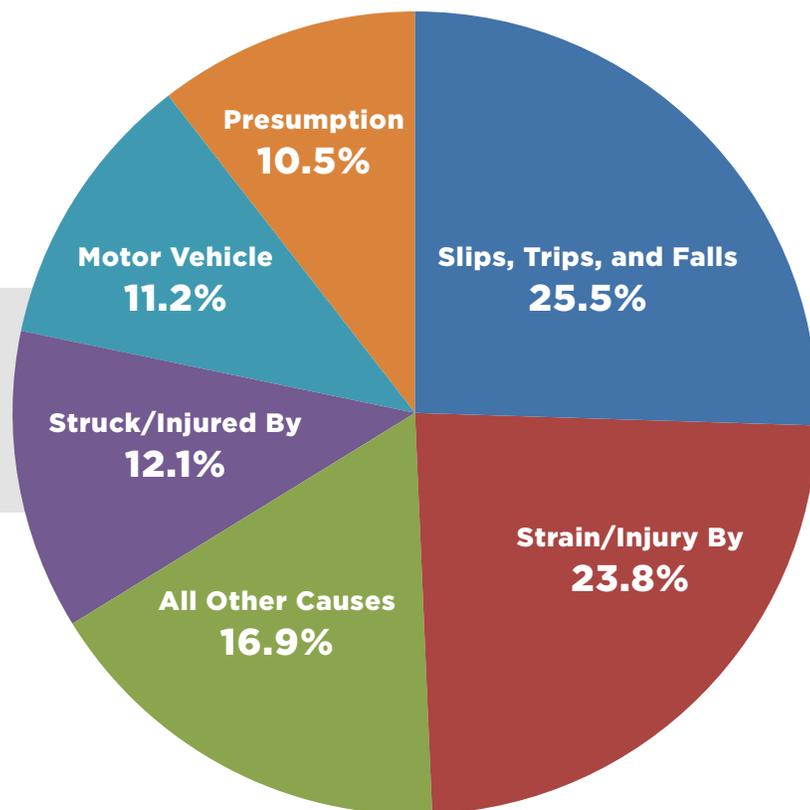
*Annual data has been revised and restated for prior fiscal years.

The Risk Management Program averaged 12,307 new workers' compensation insurance claims with dates of accident occurring during each of the past five fiscal years. As of August 31, 2016, the Program received 12,326 claims that occurred in the 2015-16 fiscal year. Of those, 7,089 had some monetary expense associated with them (benefits paid or reserves established in anticipation of payment). Although there was a three percent increase in new workers'

compensation claims reported in the 2015-16 fiscal year compared to the prior year, the Program continued to experience a decline in new claims having some monetary expense. For the 2015-16 fiscal year, 7.9 percent of the total new claims received were determined to be "lost-time claims," with employees unable to work for a time due to their job-related injury. No job related deaths occurred during the 2015-16 fiscal year and no death benefits were paid.

CAUSES OF WORKERS' COMPENSATION CLAIMS

The following chart denotes the causes of workers' compensation claims during the 2015-16 fiscal year:



Return-to-Work Program

Background Information

The Division of Risk Management continues its mission to aid agencies and universities in improving their return-to-work (RTW) programs. Pursuant to Section 284.50(3), Florida Statutes, "the Department of Financial Services and all agencies that are provided workers' compensation insurance coverage by the State Risk Management Trust Fund and employ more than 3,000 full-time employees shall establish and maintain return-to-work programs for employees who are receiving workers' compensation benefits. The programs shall have the primary goal of enabling injured workers to remain at work or return to work to perform job duties within the physical or mental functional limitations and restrictions established by the workers' treating physicians. If no limitation or restriction is established in writing by a worker's treating physician, the worker shall be deemed to be able to fully perform the same work duties he or she performed before the injury." In 2010, the Division's State of Florida Loss Prevention Program, along with the RTW Ad Hoc Committee of the Interagency Advisory Council on Loss Prevention, developed RTW guidelines that provided all agencies with a model written RTW policy that could be adapted to each agency's unique needs.

Historically, RTW programs have been an effective tool in reducing workers' compensation and disability costs. In addition, RTW programs provide a safe and timely transition back to work, maintain productivity in the workplace, and promote the employee's rapid recovery from injuries and illness.

An important component in RTW programs is to provide the employer with physician documentation outlining the employee's restrictions so the employer can make the determination as to whether it can accommodate the restrictions and return the employee to an alternate duty position. The treating physician is required to provide this documentation by completing and submitting a DWC-25 form to the injured worker's employer. In recent years, the untimely completion of DWC-25 forms has limited state agency employers from returning their employees to work as quickly as possible. However, the rate of timely completion for DWC-25 forms has improved since AmeriSys began providing medical case management services for the Division on January 1, 2014. Continued improvement in this area should have a positive impact on state agency employer RTW programs in the future.

Statutory Reporting Requirement for Return-to-Work Programs

Chapter 284, Florida Statutes, requires the Division to include a report on agency and university RTW programs within the Division's annual report. Per Section 284.42(1)(b), Florida Statutes, "beginning January 1, 2013, the Division of Risk Management shall include in its annual report an analysis of agency return-to-work efforts, including, but not limited to, agency return-to-work program performance metrics and a status report on participating return-to-work programs. The report shall specify benchmarks, including, but not limited to, the average lost-time claims per year, per agency; the total number of lost-time claims; and specific agency measurable outcomes indicating the change in performance from year to year."

The agencies/universities that reported more than 3,000 full-time equivalent (FTE) employees to the Division are listed below. These agencies/universities are required by Florida law to establish and maintain a RTW Program:

Agency/University	WC Covered FTEs
Agency for Persons with Disabilities	3,776
Department of Agriculture & Consumer Services	3,845
Department of Children & Families	12,887
Department of Corrections	24,186
Department of Education	3,135
Department of Environmental Protection	4,232
Department of Financial Services*	2,528
Department of Health	17,555
Department of Highway Safety & Motor Vehicles	4,456
Department of Juvenile Justice	3,364
Department of Revenue	5,136
Department of Transportation	6,504
Florida Atlantic University	4,905
Florida International University	6,732
Florida State University	9,333
Public Defenders	3,101
State Attorneys	6,207
State Courts System	4,796
University of Central Florida	7,076
University of Florida	22,411
University of South Florida	8,937

*The Department of Financial Services is also required to participate in the program per Section 284.50(3), F.S., even though it has less than 3,000 FTEs.

There are two disability categories commonly referred to as “lost-time claims.” The first is Temporary Partial Disability (TPD); the second is Temporary Total Disability (TTD). Claimants in TPD status can return to work as long as they operate within the restrictions provided by their physician. Claimants in TTD status cannot be returned to work under any capacity since the worker is designated as totally

disabled. Due to the inability of the employer to return a TTD claimant to work, TTD claims are only included in one benchmark (percentage of workers’ compensation claims that are lost-time claims, per fiscal year). However, TTD claims data is included in Charts 1 and 2 on Pages 16-17 of this report, which present lost-time claims counts and total costs of lost-time claims.

The maximum number of weeks for temporary total benefits per statute is 104 weeks. As a result of a recent court ruling, claimants may receive up to 260 weeks of temporary total benefits. A separate ruling also extended the duration of temporary partial benefits to 260 weeks. If the employee is administratively accepted as being permanently totally disabled (PTD), the Division must pay benefits until the employee reaches the age of 75 or until death occurs, whichever comes first. The Department of Children and Families has an alternate-duty limit of 180 days and the Department of Corrections has a limit of 360 days. At these two agencies, if the employee continues to have medical restrictions after this time, the employee is no longer eligible for alternate duty, and the Division must begin paying TPD benefits.

Many times, the employee is not returned to an alternate-duty position due to the medical provider’s inadequate definition of restrictions provided on the DWC-25. In order to accommodate an employee, a clear definition of restrictions is paramount. The ultimate goal is to return all employees to work as soon as medically possible to reduce the overall cost of workers’ compensation claims.

The agencies and universities required by statute to maintain a RTW program work closely with the Division to reduce the number of claims receiving TPD payments by creating and/or maintaining alternate-duty positions to allow employees to return to work within their medical restrictions rather than remaining out of work due to their injury or illness. The State Courts System does not currently maintain a written RTW program; however, it does have alternate-duty positions available and allows its employees who have restrictions to return to work.

Many agencies and universities maintained a RTW program prior to the statutory requirement enacted in 2011. Per Florida Administrative Code 60L-34.0061(1)(a), “an employee who sustains a job-connected disability that is compensable under Chapter 440, Florida Statutes, shall be carried in full-pay status for up to forty work hours without being required to use accrued leave, beginning immediately following the onset of the injury.” The Division’s IMS does not maintain the data regarding the number of days an injured employee spends out of work for the initial 40 hours or if the injured employee is working reduced hours; therefore, the Division depends upon the agencies and universities to provide information on the exhaustion of disability leave and modified- or alternate-duty provisions. As the data is self-reported by agencies and universities, there may be reporting inconsistencies; in some cases, an agency or university may not report the data. This affects the ability of the Division to compile accurate data for benchmarking purposes.

Summary of Results

These summary results represent data reported by state agencies and universities required to have a return-to-work program:

- The total cost of lost-time claims increased by over \$3.2 million compared to the previous fiscal year.
- The number of lost-time claims increased as compared to the previous fiscal year, with 806 lost-time claims reported in the 2015-16 fiscal year as compared to 723 lost time claims reported in the 2014-2015 fiscal year.
- The percentage of workers' compensation claims that are lost-time claims increased slightly with 6.80% in FY 2014-15 and 7.17% in FY 2015-16.
- The number of Temporary Partial Disability claims increased by 29.94% compared to the previous fiscal year.
- Temporary Partial Disability claims costs increased by 33.99% compared to the previous fiscal year.
- Injured state employees were at work (in some type of return-to-work program) for 20,792 days rather than at home collecting benefits.

Return-to-Work Benchmarks

The following benchmarks have been selected to analyze agency RTW efforts:

Benchmark #	Description of Benchmark
1	The average cost of TPD claims per year (includes claims with an accident date between July 1 and June 30 that received TPD payments through September 30 of the following fiscal year).
2	The total number of TPD claims per year (includes claims with an accident date between July 1 and June 30 that received TPD payments through September 30 of the following fiscal year).
3	The number of alternate-duty claims assignments per agency/university (total number of claims reported by the agency between July 1 and June 30 that were provided accommodations based on restrictions documented on the DWC-25 by the claimant's treating physician, regardless of accident date).
4	The number of alternate-duty days of work per each agency/university (the total number of work days between July 1 and June 30 reported by the agency during which accommodations were provided to claimants based on restrictions listed on the DWC-25 by the claimant's treating physician, regardless of accident date).
5	The total cost of TPD claims paid per year (includes claims with an accident date between July 1 and June 30 that received TPD payments through September 30 of the following fiscal year).
6	The percentage change in the average TPD claim cost per year as compared to the preceding fiscal year (with claims costs valued as of September 30 of the following fiscal year)
7	The percentage of change in the number of TPD claims as compared to the preceding fiscal year (includes claims with an accident date between July 1 and June 30 that received TPD payments through September 30 of the following fiscal year).
8	The percentage of workers' compensation claims that are lost-time claims, per fiscal year (includes claims with an accident date between July 1 and June 30 that received TTD and/or TPD payments through September 30 following each fiscal year).

As previously discussed, claimants in TPD status can return to work as long as they operate within the restrictions provided by their physician. However, claimants in TTD status cannot be returned to work under any capacity. Therefore, agency RTW efforts can impact TPD claims and costs, and are more effective for benchmarking. Benchmark # 8, the percentage of workers' compensation claims that are lost-time claims, includes both TPD and TTD claims.

Data for Benchmarks 3 and 4 are provided by the state agencies and universities that are required to have RTW programs under Florida Statutes. Data for all other benchmarks are provided by the Division's IMS.

Return to Work Benchmarks

Fiscal Year 2015-16

Agency/University	BENCHMARK NUMBER																							
	1			6			2			7			3			4			5			8		
	Average TPD Claims Cost			Total TPD Claims			Total Alternate Duty Claim Assignments in FY 15/16			Total Alternate Duty Days of Work FY 15/16			Total TPD Claims Cost			% of WC Claims that are Lost-Time Claims								
	FY 14/15*	FY 15/16	% Change	FY 14/15*	FY 15/16	% Change				FY 14/15*	FY 15/16	% Change	FY 14/15*	FY 15/16	% Change									
Agency for Persons with Disabilities	\$10,294	\$7,769	-24.53%	25	16	-36.00%	105	2,594	\$257,345	\$124,296	-51.70%	7.54%	6.67%	-0.87%										
Dept. of Agriculture and Consumer Services	\$9,148	\$52,988	479.26%	2	9	350.00%	52	932	\$18,295	\$476,890	2506.67%	3.65%	4.88%	1.23%										
Dept. of Children and Families	\$16,441	\$17,033	3.60%	49	77	57.14%	205	3,928	\$805,587	\$1,311,547	62.81%	7.76%	9.06%	1.30%										
Dept. of Corrections	\$17,071	\$15,961	-6.50%	55	93	69.09%	105	2,683	\$938,922	\$1,484,375	58.09%	6.99%	7.34%	0.35%										
Dept. of Education	\$37,998	\$29,302	-22.89%	4	5	25.00%	20	189	\$151,991	\$146,509	-3.61%	5.56%	10.20%	4.64%										
Dept. of Environmental Protection	\$5,095	\$3,165	-37.87%	2	1	-50.00%	0	0	\$10,189	\$3,165	-68.94%	5.90%	4.33%	-1.57%										
Dept. of Financial Services	\$0	\$9,288	100.00%	0	1	100.00%	19	143	\$0	\$9,288	100.00%	1.92%	2.02%	0.10%										
Dept. of Health	\$32,308	\$28,801	-10.85%	11	13	18.18%	30	1,256	\$355,385	\$374,419	5.36%	5.44%	6.25%	0.81%										
Dept. of Highway Safety and Motor Vehicles	\$14,177	\$44,124	211.24%	6	8	33.33%	51	777	\$85,061	\$352,993	314.99%	4.73%	5.99%	1.26%										
Dept. of Juvenile Justice	\$12,993	\$9,775	-24.77%	56	80	42.86%	36	482	\$727,629	\$781,965	7.47%	13.84%	17.82%	3.98%										
Dept. of Revenue	\$32,835	\$27,214	-17.12%	2	1	-50.00%	13	425	\$65,670	\$27,214	-58.56%	5.56%	2.13%	-3.43%										
Dept. of Transportation	\$13,477	\$8,430	-37.45%	23	15	-34.78%	24	611	\$309,973	\$126,452	-59.21%	14.15%	10.05%	-4.10%										
Florida Atlantic University	\$7,932	\$26,577	235.06%	3	6	100.00%	21	571	\$23,796	\$159,460	570.11%	9.46%	11.90%	2.44%										
Florida International University	\$9,997	\$9,026	-9.71%	12	14	16.67%	18	227	\$119,963	\$126,370	5.34%	13.74%	15.70%	1.96%										
Florida State University	\$11,387	\$12,802	12.42%	20	19	-5.00%	0	0	\$227,741	\$243,233	6.80%	12.11%	11.11%	-1.00%										
Public Defenders	\$0	\$0	0.00%	0	0	0.00%	0	0	\$0	\$0	0.00%	0.00%	0.00%	0.00%										
State Attorneys	\$0	\$8,634	100.00%	0	1	100.00%	0	0	\$0	\$8,634	100.00%	3.51%	4.38%	0.87%										
State Courts System	\$0	\$18,981	100.00%	0	1	100.00%	10	170	\$0	\$18,981	100.00%	3.26%	2.70%	-0.56%										
University of Central Florida	\$9,211	\$6,831	-25.84%	22	18	-18.18%	33	558	\$202,636	\$122,951	-39.32%	10.12%	9.96%	-0.16%										
University of Florida	\$14,008	\$9,286	-33.71%	26	33	26.92%	222	4,213	\$364,205	\$306,435	-15.86%	3.79%	4.51%	0.72%										
University of South Florida	\$8,225	\$11,098	34.94%	6	10	66.67%	64	1,033	\$49,348	\$110,982	124.90%	3.76%	3.58%	-0.18%										
Totals	\$14,549	\$15,003	3.12%	324	421	29.94%	1,028	20,792	\$4,713,736	\$6,316,159	33.99%	6.80%	7.17%	0.37%										

* Annual data has been revised and restated for prior fiscal years.

Return-to-Work Program – Fiscal Year Comparisons of Lost-time Claims and Cost

The following section contains data for lost-time claims and costs, which includes both TPD and TTD claims. Although benchmarking in the previous section primarily includes TPD costs, analyzing data on all lost-time claims is beneficial for risk management programs.

The following two charts provide fiscal year comparisons of all lost-time claims (including TPD and TTD claims) in two key areas:

- Chart 1 provides a fiscal year comparison of total lost-time (TPD and TTD) claims counts.
- Chart 2 provides a fiscal year cost comparison that details indemnity costs, medical and legal costs, other costs, and total costs.

Chart 1: Lost-Time Claim Count Comparison for State Agencies and Universities Participating in the Return-to-Work Program

FY 2014-15 and FY 2015-16

Agency/University	Lost-Time Claim Count		
	FY 14/15*	FY 15/16	Difference
Agency for Persons with Disabilities	47	34	(13)
Department of Agriculture and Consumer Services	15	19	4
Department of Children and Families	103	127	24
Department of Corrections	219	271	52
Department of Education	8	10	2
Department of Environmental Protection	16	11	(5)
Department of Financial Services	2	2	0
Department of Health	42	37	(5)
Department of Highway Safety and Motor Vehicles	22	26	4
Department of Juvenile Justice	80	98	18
Department of Revenue	7	3	(4)
Department of Transportation	30	20	(10)
Florida Atlantic University	7	10	3
Florida International University	18	19	1
Florida State University	23	24	1
Public Defenders	0	0	0
State Attorneys	6	7	1
State Courts System	3	2	(1)
University of Central Florida	25	24	(1)
University of Florida	36	47	11
University of South Florida	14	15	1
Totals	723	806	83

*Annual data has been revised and restated for prior fiscal year.

In Fiscal Year 2015-16, agencies required to have a RTW program had an increase in the number of lost-time claims as compared to Fiscal Year 2014-15 (83 more claims reported in 2015-16). Of the 21 agencies presented in the chart above, seven had a decrease in lost-time claims.

Chart 2: Fiscal Year Comparison - Indemnity, Medical/Legal, and Other Costs for State Agencies and Universities Participating in the Return-to-Work Program

All Lost-Time Claims (TPD and TTD Claims)

FY 2014-15 and FY 2015-16

Agency/University	Indemnity Costs			Medical & Legal Costs			Other Costs & Recoveries ⁽¹⁾			Total Lost-Time Claims Cost		
	FY 14/15	FY 15/16	Difference	FY 14/15	FY 15/16	Difference	FY 14/15	FY 15/16	Difference	FY 14/15	FY 15/16	Difference
Agency for Persons with Disabilities	\$93,731	\$111,155	\$17,424	\$315,577	\$298,555	(\$17,022)	\$(499)	\$(10,385)	(\$9,886)	\$408,810	\$399,325	(\$9,485)
Dept. of Agriculture and Consumer Services	\$30,115	\$50,615	\$20,500	\$137,124	\$628,598	\$491,475	\$(12,089)	\$(9,412)	\$2,677	\$155,150	\$669,801	\$514,651
Dept. of Children and Families	\$378,722	\$489,474	\$110,751	\$882,800	\$1,717,970	\$835,170	\$(25,117)	\$33,889	\$59,005	\$1,236,406	\$2,241,332	\$1,004,926
Dept. of Corrections	\$942,163	\$1,234,079	\$291,916	\$4,117,378	\$6,190,843	\$2,073,465	\$(122,402)	\$(298,643)	(\$176,242)	\$4,937,139	\$7,126,278	\$2,189,139
Dept. of Education	\$33,444	\$31,584	(\$1,859)	\$163,301	\$205,086	\$41,786	\$(10,823)	\$(10,255)	\$568	\$185,921	\$226,416	\$40,495
Dept. of Environmental Protection	\$26,131	\$16,643	(\$9,488)	\$309,554	\$156,253	(\$153,300)	\$(7,825)	\$(4,871)	\$2,953	\$327,860	\$168,025	(\$159,835)
Dept. of Financial Services	\$159	\$9,804	\$9,645	\$18,834	\$22,621	\$3,788	\$221	\$(3,240)	(\$3,461)	\$19,214	\$29,186	\$9,972
Dept. of Health	\$130,828	\$152,148	\$21,320	\$651,003	\$674,643	\$23,640	\$(31,303)	\$(34,028)	(\$2,725)	\$750,528	\$792,764	\$42,235
Dept. of Highway Safety and Motor Vehicles	\$66,978	\$184,690	\$117,712	\$1,138,166	\$1,090,695	(\$47,471)	\$(20,803)	\$(61,188)	(\$40,385)	\$1,184,342	\$1,214,197	\$29,856
Dept. of Juvenile Justice	\$293,218	\$383,273	\$90,054	\$729,166	\$788,338	\$59,172	\$(15,653)	\$(7,645)	\$8,008	\$1,006,731	\$1,163,965	\$157,235
Dept. of Revenue	\$9,011	\$19,886	\$10,875	\$74,902	\$33,193	(\$41,710)	\$5,032	\$671	(\$4,361)	\$88,945	\$53,750	(\$35,196)
Dept. of Transportation	\$140,223	\$70,503	(\$69,721)	\$501,538	\$196,686	(\$304,851)	\$(15,805)	\$(12,056)	\$3,750	\$625,956	\$255,133	(\$370,822)
Florida Atlantic University	\$34,159	\$55,384	\$21,225	\$726,724	\$191,710	(\$535,015)	\$(22,397)	\$(9,652)	\$12,745	\$738,486	\$237,441	(\$501,045)
Florida International University	\$63,986	\$58,779	(\$5,206)	\$166,303	\$369,653	\$203,350	\$(5,224)	\$(11,774)	(\$6,549)	\$225,064	\$416,659	\$191,595
Florida State University	\$42,683	\$227,486	\$184,803	\$198,922	\$219,162	\$20,240	\$2,683	\$8,032	\$5,349	\$244,288	\$454,679	\$210,391
Public Defenders	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Attorneys	\$77,709	\$8,483	(\$69,226)	\$140,241	\$21,434	(\$118,806)	\$(4,298)	\$(47)	\$4,251	\$213,651	\$29,870	(\$183,781)
State Courts System	\$8,664	\$7,063	(\$1,601)	\$36,830	\$21,867	(\$14,963)	\$(3,486)	\$(1,901)	\$1,585	\$42,008	\$27,029	(\$14,979)
University of Central Florida	\$33,420	\$48,930	\$15,510	\$152,565	\$139,756	(\$12,809)	\$6,502	\$2,581	(\$3,921)	\$192,487	\$191,268	(\$1,220)
University of Florida	\$82,180	\$207,524	\$125,344	\$371,755	\$477,722	\$105,967	\$(3,719)	\$(18,893)	(\$15,174)	\$450,216	\$666,353	\$216,137
University of South Florida	\$65,318	\$77,379	\$12,061	\$266,277	\$148,891	(\$117,386)	\$(7,847)	\$(5,440)	\$2,407	\$323,749	\$220,830	(\$102,919)
Totals	\$2,552,841	\$3,444,881	\$892,040	\$11,098,959	\$13,593,677	\$2,494,718	\$(294,851)	\$(454,256)	(\$159,406)	\$13,356,950	\$16,584,301	\$3,227,352

Note⁽¹⁾: "Other Costs & Recoveries" columns include all other claims related costs, such as administration cost for medical expense, as well as recoveries such as claim overpayment reimbursements and receipts for subrogation.

PROPERTY CLAIMS AND EXPENSES

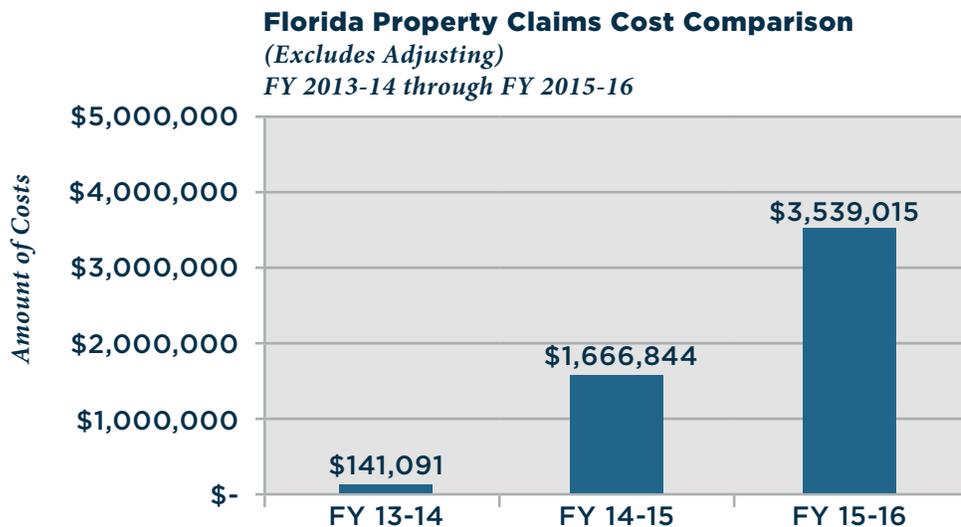
Property

This Program provides property coverage through the State Risk Management Trust Fund. The state offers actual cash value coverage for damages to covered property caused by specific insured perils such as fire, wind, and lightning. Coverage is provided for flood damage that is identical to the National Flood Insurance Program. The self-insurance coverage includes:

- Buildings
- Contents
- Loss of rental income when the coverage is required by bonding or revenue certificates or resolutions
- Non-owned, state-leased real property covered if an approved lease provides and conforms to the coverage under the property policy

The Program is responsible for investigating, evaluating, negotiating, and settling covered property claims. Investigations are conducted by staff and/or in concert with a contracted adjusting service.

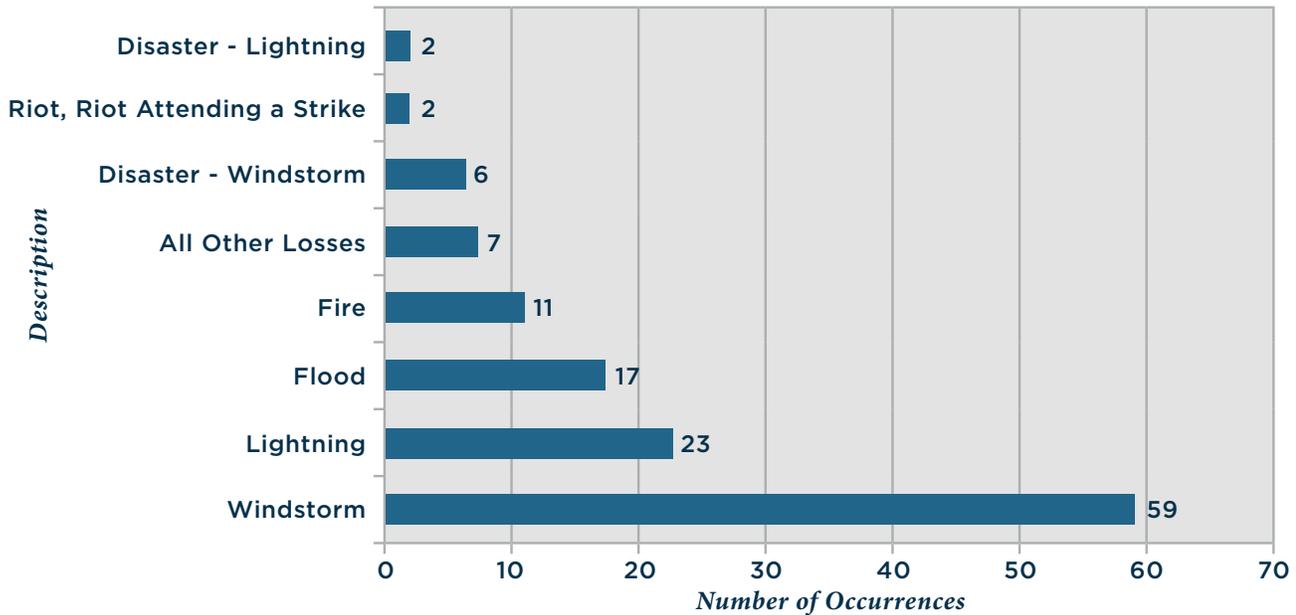
Program property claims costs for the prior three-year period are illustrated in the graph below:



Property losses totaled \$3.5 million during the 2015-16 fiscal year, an increase of \$1.8 million over the 2014-15 fiscal year. This increase was due primarily to two large losses: windstorm damage to a state prison and a fire at a state university.

Property losses are caused by a variety of covered perils, such as wind, lightning, flood, and fire. The types and frequency of property claims reported in the 2015-16 fiscal year are included in the following graph:

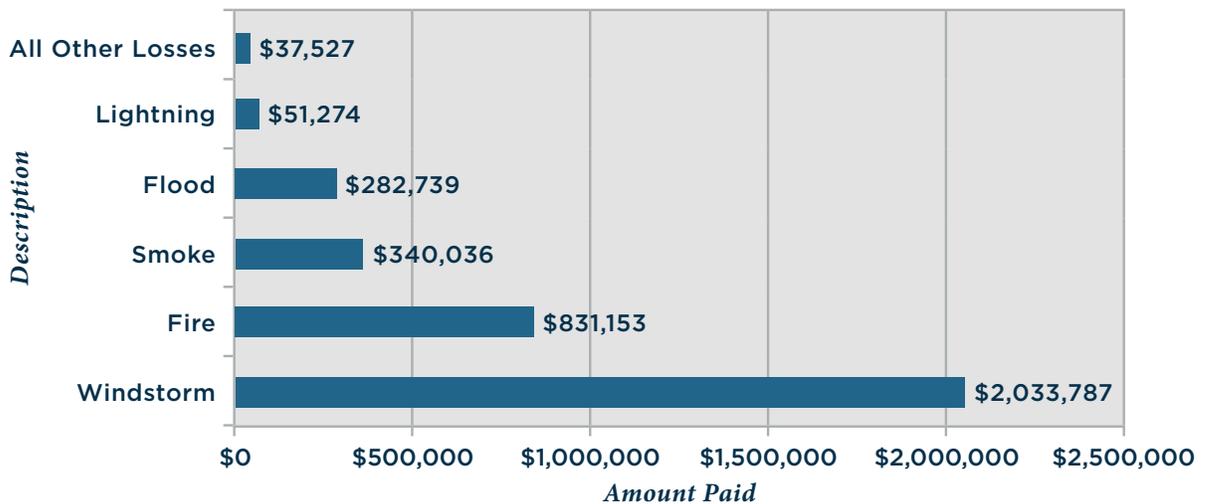
Property Claims by Type and Frequency
Reported in Fiscal Year 2015/2016



During the 2015-16 fiscal year, 127 property claims were reported compared to 75 claims reported during the 2014-15 fiscal year, an increase of 52 claims. Windstorm was the primary type of loss to the property program.

Reported property claims for the 2015-16 fiscal year are shown by type and cost in the graph below:

Property Claims by Type and Cost
For Fiscal Year 2015/2016



Property claims are tracked by the type of peril that caused the damage. For the 2015-2016 fiscal year, windstorm losses were the costliest peril for which claims have been paid, followed by fire claims.

INSPECTIONS OF STATE BUILDINGS, ACTIONS TAKEN TO DECREASE FIRE HAZARDS, AND RECOMMENDATIONS

The following report regarding inspections of state-owned buildings and insurable properties is provided pursuant to Section 284.06, Florida Statutes, for the 2015-16 fiscal year.

Inspections Performed During FY 2015-16

The State Fire Marshal's Office inspected 14,869 state-owned buildings during the fiscal year.

Actions Taken to Decrease the Fire Hazard of State Properties

Pursuant to Section 633.085(1), Florida Statutes, the State Fire Marshal's Office, within seven days of each inspection, is required to submit a report of such inspection to the head of state government responsible for the building. The department head responsible for the inspected building is also responsible for ensuring that any deficiencies noted in the inspection are corrected as soon as practicable. If necessary, each department shall include in its annual budget request sufficient funds to correct any fire safety deficiencies noted by the State Fire Marshal.

Recommendations to Decrease the Fire Hazard to State Properties

- We recommend that a month within the calendar year be designated as "Fire Awareness and Prevention Month" and that the leadership of state government actively support this issue with the intent of reducing the fire hazards imperiling state-owned properties.
- We recommend that all agency heads file an annual report to the Governor and to the State Fire Marshal listing all fire safety deficiencies reported to their agency, and the number of deficiencies corrected. This report should also include a listing of any deficiencies reported but not corrected, and the agency's intended actions and anticipated time to correct those deficiencies.
- We recommend that special consideration is made to fund all budget requests intended to correct any fire safety deficiencies noted by the State Fire Marshal.
- We recommend that the leadership of state government encourage and promote fire safety training opportunities offered to all state employees and give special consideration to fund all budget requests regarding the expansion of those training efforts.

Detailed information regarding the individual building inspections and recommendations may be obtained from the Office of the State Fire Marshal, Department of Financial Services.



AUTOMOBILE LIABILITY CLAIMS AND EXPENSES

Automobile Liability

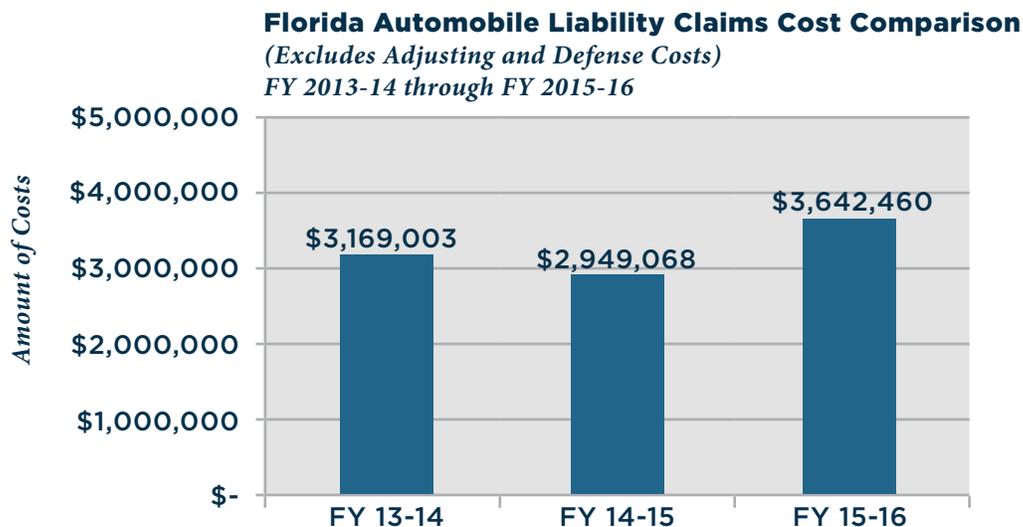
This Program provides automobile liability insurance through the State Risk Management Trust Fund for claims arising out of the ownership, maintenance, or use of an automobile by an employee, agent, or volunteer of the state, while acting within the course and scope of his or her office or employment. This includes loading or unloading of any owned, hired, or non-owned automobile.

The Program is responsible for investigating, evaluating, negotiating, and making appropriate disposition of any automobile claims and lawsuits filed against the State of Florida. Claims investigations are conducted by staff and/or in concert with a contracted adjusting service. Defense of litigated claims is provided by the Attorney General's Office, contracted law firms, or state agency attorneys.

In accordance with Section 768.28, Florida Statutes, the current limits of liability (under the waiver of sovereign immunity law) for which the state may be sued are \$200,000 per person's claim and \$300,000 for all claims arising from a single incident.

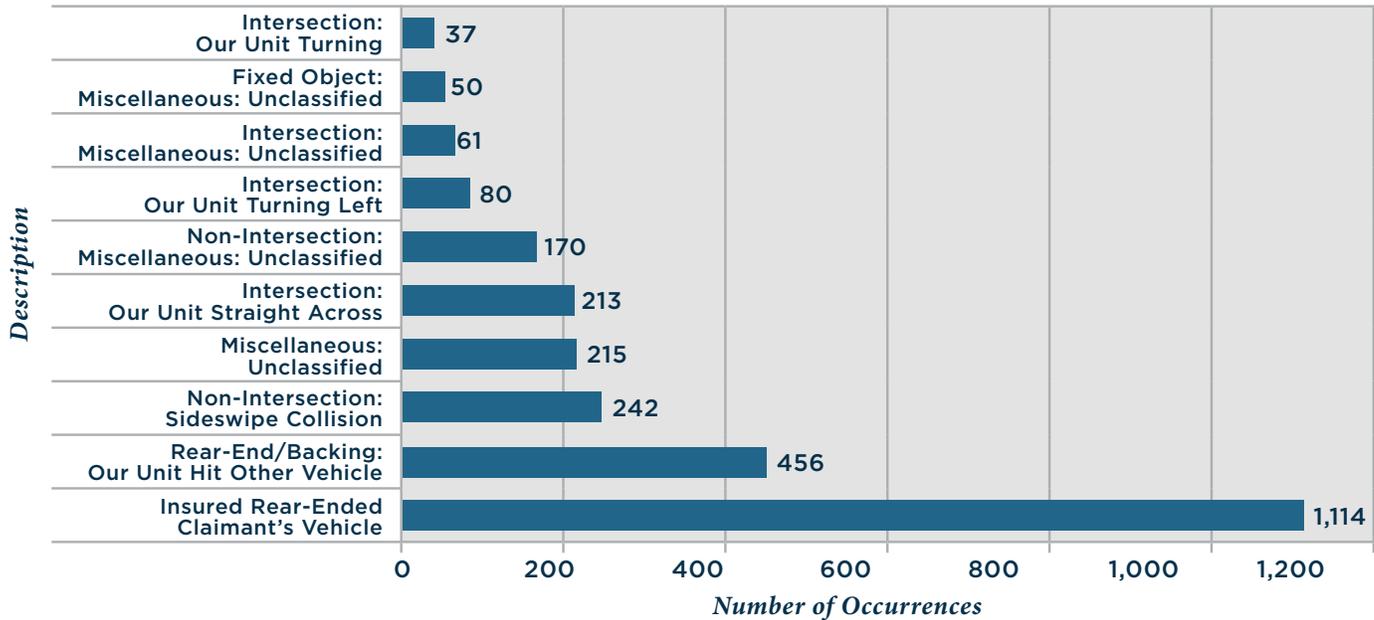
As of July 1, 2004, the Division has offered coverage for property damage to state vehicles sustained when these vehicles are used for approved off-duty use by a law enforcement officer. The Division establishes a premium each year for this coverage and there is a \$500 deductible per incident if the law enforcement officer is determined to be at fault.

Automobile liability claims costs for the prior three-year period are detailed in the following chart:



The State of Florida tracks automobile accidents in five-year increments by the type of accident that has occurred. For example, “Intersection – Our Unit Turning Left” refers to claims in which the state was negligent when its driver made a left turn at an intersection. The frequency of reported automobile accidents for the prior five-year period by type are illustrated in the following graph:

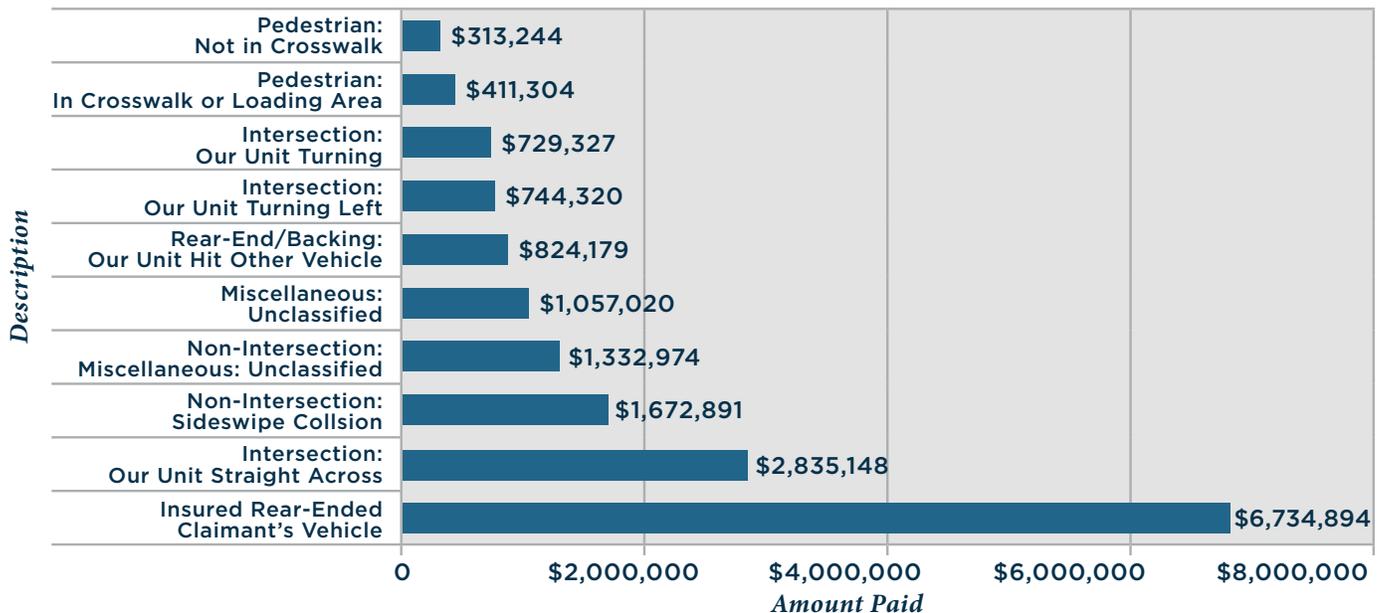
Frequency of Automobile Liability Claims: Top 10 Categories
Reported for the Period 7/1/11-6/30/16



The most frequent type of accident and resulting claim was from state drivers hitting another vehicle from behind, followed by backing into another vehicle.

The State of Florida also tracks the cost of automobile accidents by cause and related cost, as shown in the chart below:

Cost of Automobile Liability Claims: Top 10 Categories
For the Period 7/1/11-6/30/16



Again, automobile accidents are tracked in five-year increments; and the costliest category of these accident claims is our insured driver hitting another vehicle from behind.

GENERAL LIABILITY CLAIMS AND EXPENSES

General Liability

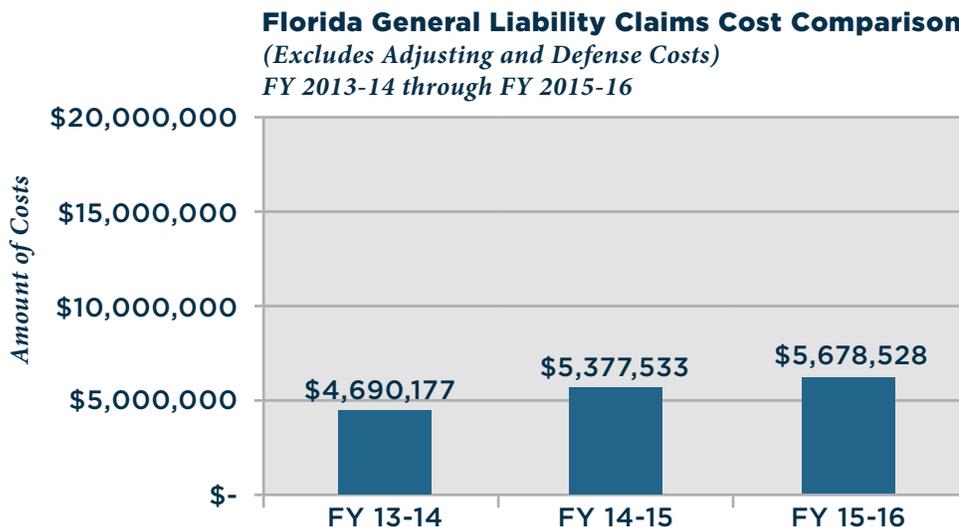
This Program provides general liability claims coverage through the State Risk Management Trust Fund. The state is liable for damages for injury, death, or loss of property caused by the negligence of its employees, agents, or volunteers while acting within the course and scope of their employment or responsibilities. The self-insurance coverage includes premises and operations, personal injury, and professional liability.

The Program has the responsibility of investigating, evaluating, negotiating, defending, and making appropriate disposition of claims/lawsuits filed against the state due to the negligent act or omission of a state employee, agent, or volunteer. Claims investigations are conducted by staff and/or in concert with a contracted adjusting service. Defense of litigated claims is provided by the Attorney General's Office, contracted law firms, or state agency attorneys.

In accordance with Section 768.28, Florida Statutes, the current limits of liability (under the waiver of sovereign immunity law) are \$200,000 per person's claim and \$300,000 for all claims arising from a single incident.

This Program also provides court-awarded attorney fee coverage through the State Risk Management Trust Fund. The self-insurance coverage pays, on behalf of the State of Florida, court-awarded attorney fees and costs in other proceedings (for which coverage is not afforded under Section 284.30, Florida Statutes) in which the state is not a prevailing party. The Division has the right to participate in the defense of any suit or appeal with respect to the payment of attorney fees.

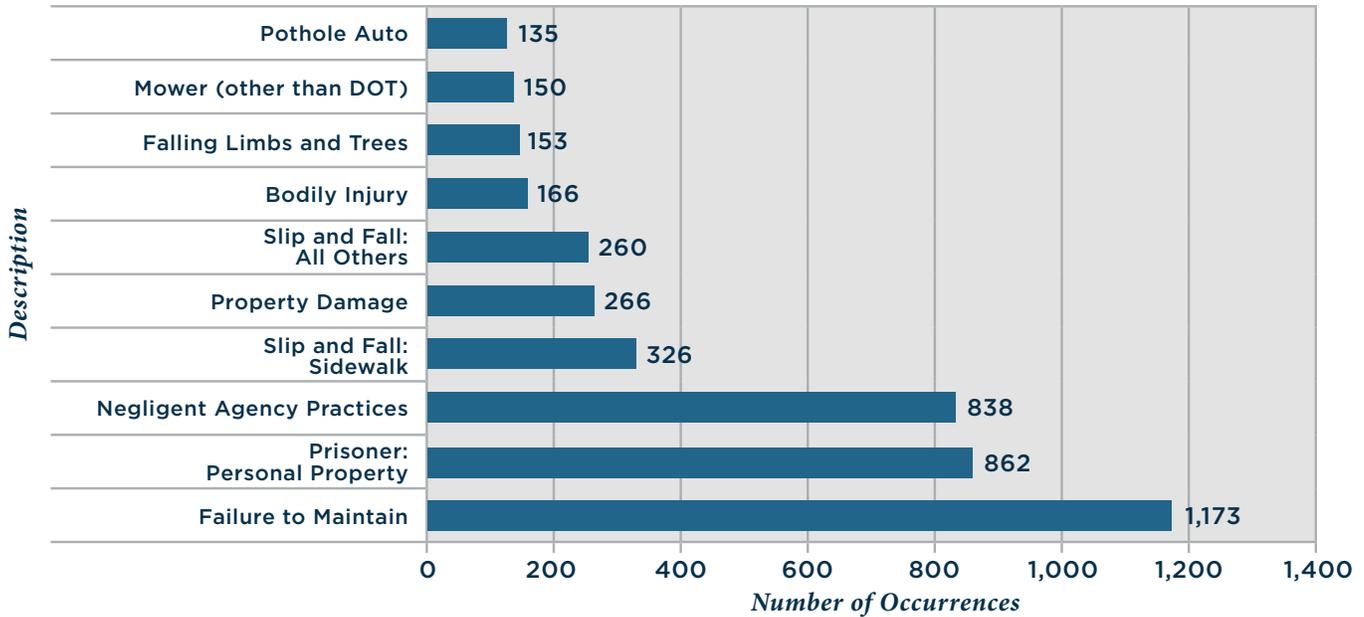
The Division continues to work closely with state agencies to control claims costs. The chart below depicts the general liability claims costs for the previous three years:



Overall, state liability claims costs were \$300,000 higher in FY 2015-16 compared to the 2014-15 fiscal year.

General liability claims are claims of negligence other than automobile liability, and are tracked in five-year increments as seen in the following graph:

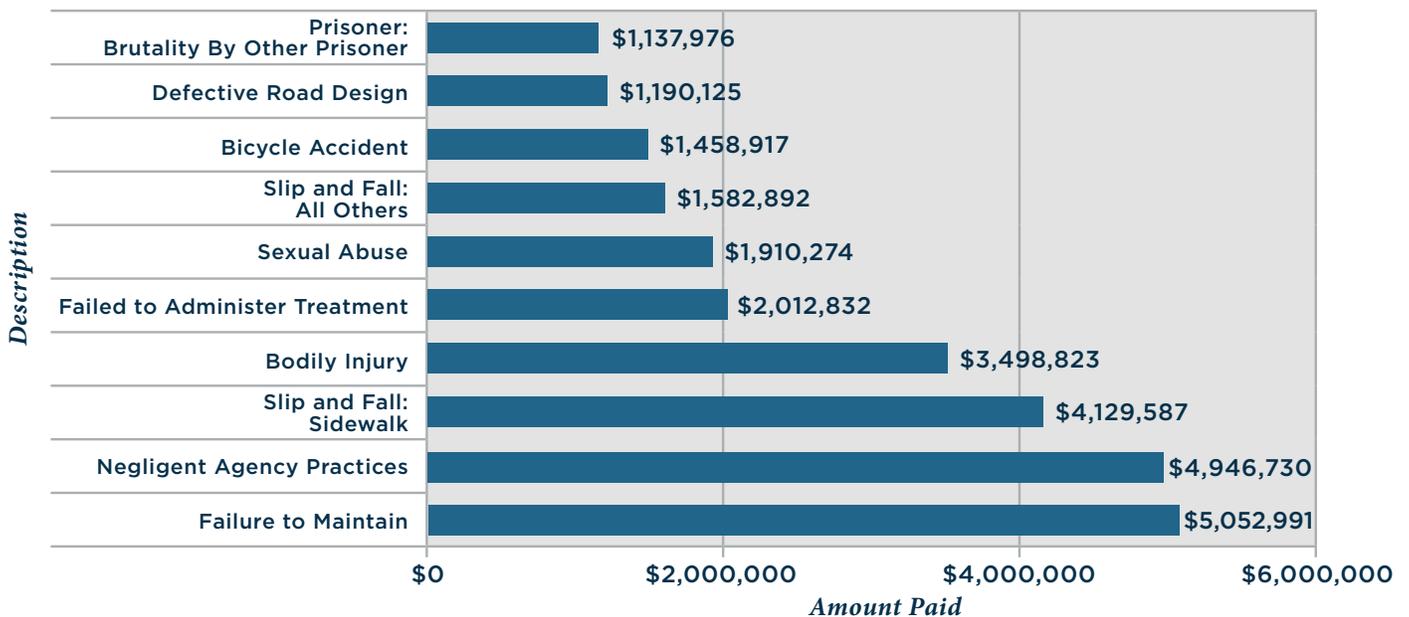
Frequency of General Liability Claims: Top 10 Categories
Reported for the Period 7/1/11-6/30/16



Failure to maintain property such as state buildings, roads, and parks claims are the most frequent general liability claims, followed by prisoner personal property claims.

The cost of general liability claims is also tracked in five-year increments. Depicted below are the top ten categories of general liability claims reported in the prior five-year period by cost:

Cost of General Liability Claims: Top 10 Categories
For the Period 7/1/11-6/30/16



The costliest categories of general liability claims paid by the State of Florida are for failure to maintain property such as state buildings, roads, and parks; followed closely by negligent agency practices.

FEDERAL CIVIL RIGHTS/EMPLOYMENT CLAIMS AND EXPENSES

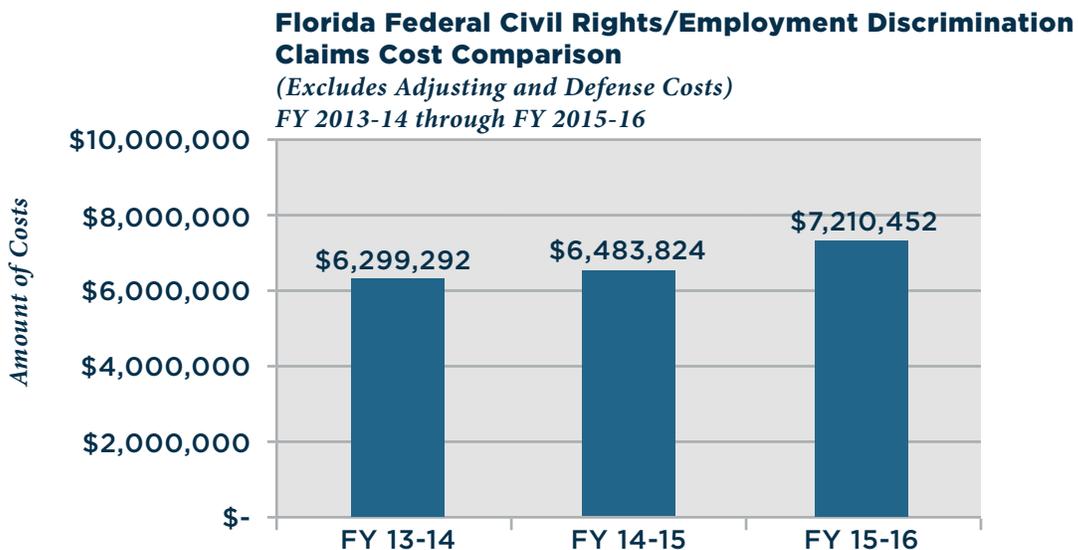
Federal Civil Rights/Employment

This Program provides federal civil rights and employment discrimination claims coverage through the State Risk Management Trust Fund. This coverage includes:

- Federal civil rights actions filed under 42 U.S.C. 1983 (and other similar federal statutes)
- Plaintiff attorney fees/awards (where so provided by the covered federal statutes)
- Employment discrimination actions filed under 42 U.S.C. 2000e, Title VII of the 1964 Civil Rights Act
- The Civil Rights Act of 1991
- Florida Civil Rights Act of 1992, and other similar employment discrimination acts and statutes

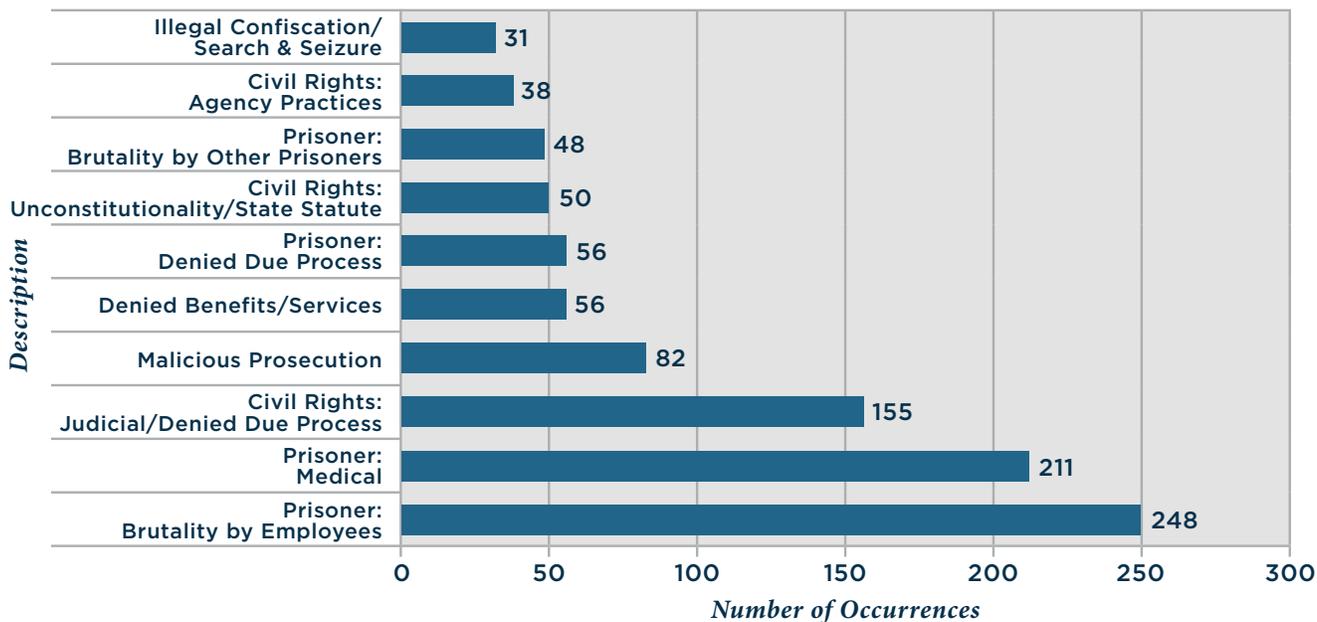
The Program has the responsibility for investigating, evaluating, negotiating, defending, and making appropriate disposition of any covered action filed against state agencies, their employees, agents, or volunteers. Claims investigations are conducted by staff and/or in concert with contracted adjusting services. Defense of litigated claims is provided by the Attorney General's Office, contract law firms, or state agency attorneys. There are no monetary liability caps associated with federal civil rights actions. Title VII has a \$300,000 cap for the compensatory damages portion of the available relief. The Florida Civil Rights Act of 1992 has a total cap of \$200,000. In addition to these amounts, front pay, back pay, and plaintiff attorney fees are available to the plaintiffs in these and other similar employment discrimination acts and statutes. Front pay is the responsibility of the individual insured rather than the Division of Risk Management. Punitive damages, although available under 42 USC 1983, are specifically excluded under risk management coverage.

Below is a chart that provides the Florida Federal Civil Rights/Employment Discrimination claims costs for the preceding three years:



The State of Florida has custody over many individuals, including foster children, prisoners, juveniles, and the elderly and infirm housed in state-owned facilities. Federal civil rights claims arise from complaints that the State violated a person's federal constitutional rights while the person was in state custody or control, or interacting with state employees. The frequency of federal civil rights claims is tracked in five-year increments:

Frequency of FCR (Non-Employment) Claims: Top 10 Categories
Reported for the Period 7/1/11-6/30/16



The most frequent federal civil rights claims are for alleged employee brutality of prisoners while the prisoner is in state custody, followed by claims by prisoners relating to medical care.

The cost of federal civil rights claims is also tracked in five-year increments:

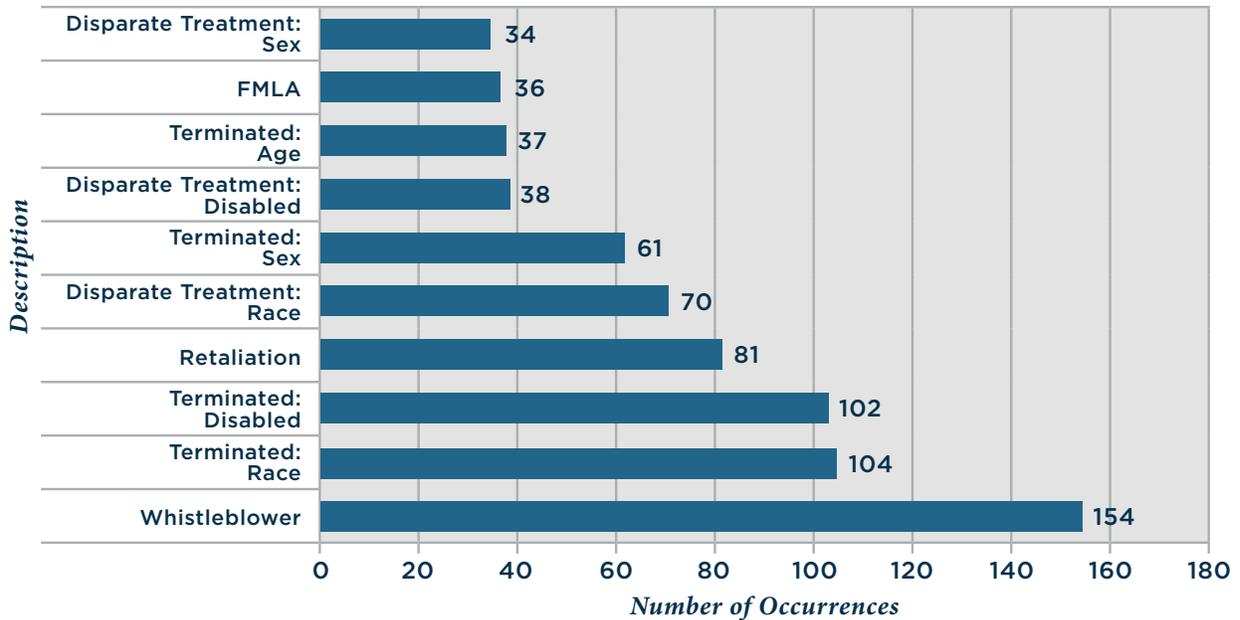
Cost of FCR (Non-Employment) Claims: Top 10 Categories
For the Period 7/1/11-6/30/16



The costliest federal civil rights claims for the five-year period are denied benefits or services involving a person in state custody or control followed by alleged employee brutality of prisoners.

As the largest employer in the state, the State of Florida has broad exposure to employment discrimination claims. Employment discrimination claims frequency is tracked by the type of claim and in five-year increments:

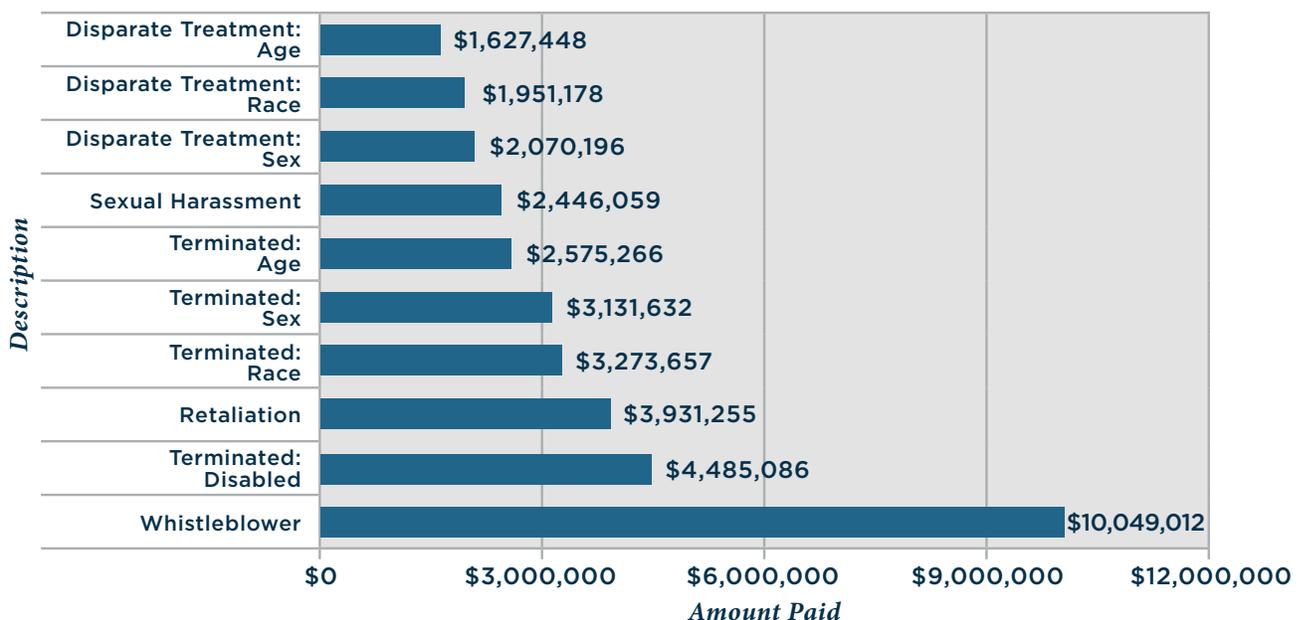
Frequency of Employment Claims: Top 10 Categories
Reported for the Period 7/1/11-6/30/16



Whistleblower and terminated due to race/disability claims are the most frequently occurring.

Employment discrimination claims costs are also tracked by the type of claim and in five-year increments, as seen below:

Cost of Employment Claims: Top 10 Categories
For the Period 7/1/11-6/30/16



The costliest category of employment discrimination claims is for whistleblower claims, followed by termination due to disability claims.

Division of Risk Management

Florida Department of Financial Services



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