

Division of **Risk Management**

Fiscal Year 2019 Annual Report



Florida Department of Financial Services



A Message from CFO Jimmy Patronis

Dear Colleagues:

We are pleased to present you the Division of Risk Management's Fiscal Year 2018-19 Annual Report. Our program continues its efforts in gaining efficiencies and effectiveness in administering state agency claims, and reducing the number of claims and their associated costs in our program. This report highlights our initiatives and successes over this past year.

As the insurer of state-owned buildings across Florida, the Division of Risk Management's operations were significantly impacted for a second year in a row by a major hurricane. While Florida was still recovering from Hurricane Irma, which made landfall as a Category 4 hurricane in the Florida Keys on September 10, 2017, Hurricane Michael made landfall in the Florida Panhandle as a Category 5 hurricane on October 10, 2018. The Risk Management Trust Fund experienced 1,571 property claims on state-owned buildings and losses totaling \$31 million as a result of Hurricane Michael. By the one-year anniversary of Hurricane Michael, the Division paid and closed 99.2 percent of all claims. The Division's expeditious resolution of the hurricane claims contributed to the state's ability to make repairs and resume operations promptly.



As a result of catastrophic events worldwide, the state's excess property insurance pricing increased for a second consecutive year, resulting in a reduction in the amount of coverage the state was able to purchase. The Division maximized the amount of excess insurance coverage that could be purchased within the available budget; however, this was a \$9.5 million reduction in total coverage for named wind and flood from \$78.0 million per storm for the policy year beginning February 15, 2018, to \$68.5 million per storm for the policy year beginning February 15, 2019. Although Hurricane Michael impacted our property program's costs, total losses did not exceed its excess insurance self-insured retention. Despite the price increases for named wind and flood coverage, the Division successfully secured the same level of coverage for all other perils for the policy year beginning February 15, 2019, as compared to the prior policy year.

Workers' Compensation costs decreased \$6.5 million during the fiscal year, primarily driven by a 6.1 percent decrease in new claims reported compared to the previous fiscal year. This decrease in new claims was the primary driver in reducing medical costs by 3.6 percent and played a role in decreasing indemnity costs by 8.9 percent compared to the previous year. The Division continued to improve workers' compensation claims fraud prevention and detection through extensive collaboration with Division adjusters, defense attorneys, and the Division's contracted Special Investigative Unit. These initiatives resulted in over \$3.85 million saved in future claims costs due to claims closures and reduced settlements. 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.

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

Jimmy Patronis
Chief Financial Officer
State of Florida

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The Division of Risk Management

Overview

The Division of Risk Management (Division) 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 \$280.9 million annual budget, calculation of casualty and property premiums for the state 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 consultative 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 12,300 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 the following:

- 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 "Six Months at a Glance" 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 designated to their agency from 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.

Fiscal Year Trending Reports are distributed annually and show three and one-half years of agency claims performance data. 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 2018-19 fiscal year, the Division facilitated training for 2,636 agency employees, including supervisors, workers' compensation coordinators, and safety program personnel. Training options include online learning courses, workshops, training materials, instructor-led courses, and training webinars, several of which were developed within the Division.

The Division also develops and publishes a quarterly 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

Division 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 headquarter officials, discussing inquiries 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 689 consultations during the 2018-19 fiscal year.

Agency Risk Management Program Evaluation

The Division conducts evaluations of agency risk management programs and maintains a Return-to-Work (RTW) Dashboard Evaluation System. As required by section 284.50(4), Florida Statutes, agency risk management program evaluations are conducted on a five-year cycle for state agencies and universities. Assessment of agency programs promotes recognition of best practices and individual program strengths that can be shared across agencies. The Division utilizes a standard review methodology that covers the Agency Risk Management Program Evaluation Guidelines provided to all agencies and assesses agency adoption of best practices to improve program effectiveness. The evaluation 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 the Department of Financial Services and 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.

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 12,043 new workers' compensation claims and paid \$113.1 million in medical and indemnity benefits during the 2018-19 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 having custody over countless individuals in the prison system and other capacities, claims can arise from those custodial relationships. The Division insures employees acting under color of Florida state 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 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

Bureau of State Liability and Property Claims

The Bureau of State Liability and Property Claims had a decrease in non-hurricane related claims in fiscal year 2018-19. The Bureau worked a total of 3,733 claims.

The Bureau's Property Section has been heavily impacted by hurricane losses in fiscal years 2017-18 and 2018-19. Hurricane Irma made landfall in the state during the 2017 hurricane season, followed by Hurricane Michael during the 2018 season, resulting in nearly \$63 million in losses to state property. The Division successfully utilized its contract adjusters to handle the field adjusting for the hurricanes and to supplement internal property staff to ensure claims were adjusted and resolved in a timely manner.

The Division's Origami Insurance Management System (IMS) was improved to increase efficiency in the handling of property claims. Enhancements were implemented to provide additional tracking and management of the claims from Hurricane Michael. New features were implemented allowing for the reporting of property values directly into the system by agency and university property coordinators. Claim reporting capability was also added to the Origami IMS this year.

The annual Property Training Seminar was conducted for agency and university property coordinators. The training provides guidance regarding covered perils, coverage limits, and the reporting of claims.

The Division's excess property insurance was renewed on February 14, 2019. The Division secured limits of \$68.5 million for named wind and flood coverage and \$225 million for all other named perils, which is a reduction in coverage from the prior fiscal year. The Division's broker indicated the reduction in available coverage for named wind and flood is primarily a result of losses sustained by the reinsurance markets due to the impacts of hurricanes Harvey, Irma, Maria, and Michael, along with several other natural disasters worldwide. This situation resulted in the Division being unable to purchase the same limits for named wind and flood coverage without a significant increase in premium as compared to the previous year. Therefore, the Division maximized the amount of coverage that could be purchased with the available budget.

Hurricane Irma

Hurricane Irma hit Florida during the 2017 hurricane season. The losses to state property from Hurricane Irma in fiscal year 2017-18 were \$16.8 million. Claims adjusting continued into fiscal year 2018-19 and resulted in an additional \$15.3 million in loss payments. Through June 30, 2019, paid hurricane

losses from Irma totaled \$32.1 million on 3,135 reported claims. Currently less than one percent (1%) of all claims are open. Many of these have been reopened to assist the agencies with claims made to FEMA.

Hurricane Michael

While still recovering from the losses from Hurricane Irma in the prior year, the state experienced Hurricane Michael in the prior year, the state experienced Hurricane Michael in the prior year. On October 10, 2018, Hurricane Michael made landfall at Mexico Beach in the Florida Panhandle. This powerful storm was the first category five hurricane to strike Florida since Hurricane Andrew, resulting in over \$25 billion in damages in the United States. Estimated losses from Hurricane Michael to state-owned property totaled \$30.9 million as of June 30, 2019, \$13.9 million of which was paid during the 2018-19 fiscal year.

State facilities experienced considerable damage from Hurricane Michael and over 1,500 claims were reported. The Florida Department of Corrections (FDC), which was heavily impacted by the hurricane, reported a total of 677 claims as of June 30, 2019. The total covered losses to FDC facilities from the storm totaled \$13 million. Florida State University's Panama City Campus had 75 claims and total covered losses of \$5 million. Seventy percent of covered losses occurred in Bay, Gulf and Jackson counties. By the one-year anniversary of Hurricane Michael's landfall, the Division had paid and closed 99.2 percent of hurricane-related claims reported.

Benefit to Floridians:

Enhanced claims management systems provide interdepartmental claims efficiencies to reduce the amount of time claims are open. These efficiencies resulted in more rapid claim reimbursements, allowing state facilities to restore and resume business operations in a timely manner. Excess insurance coverage can be purchased to protect state-owned buildings and property, reducing the amount of tax dollars spent on replacing or repairing state of Florida buildings and their contents.



Insurance Management System Enhancements

The Division continues to enhance the Origami IMS to better suit its needs and the needs of its customers. During fiscal year 2018-19, the Division purchased the Values Collection module for the IMS. In previous years, the collection of values which impact premium generation was performed manually. This new process saves time, but also removes the potential for human error from the process, as there are controls in place requiring

comments when changes exceed an established percentage. The generation of surveys and the sending of communication is performed directly through the IMS, greatly reducing the time necessary for the collection and review process.

Additional enhancements focused on improving customer access and utilization of the IMS by allowing claim file documentation access and updating user guides. Improvements were made to the Incident Reporting Module, allowing external agency users to directly report non-workers' compensation and property incidents using the IMS. The property module was updated to allow for improved tracking of claims resulting from a specific loss event such as Hurricane Michael. The Property Portal was also released, allowing agency users to request coverage for new buildings, as well as to deactivate coverage no longer needed, directly through the IMS.

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.

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Agency Risk Management Program Evaluations

Florida law requires that the Division evaluate each agency's risk management program at least once every five years. The Division developed and initiated the agency evaluation process in 2011, completing 41 program evaluations during the first five-year cycle. During the 2015-16 fiscal year, the Division worked in conjunction with departmental legal professionals, subject-matter experts, and the Interagency Advisory Council on Loss Prevention to conduct an extensive review of the State Loss Prevention Standards. This review resulted in the redevelopment of the Agency Risk Management Program Evaluation Guidelines (Guidelines) for use as an assessment tool in the Division's evaluation process. The Guidelines represent a basic framework of best practices for program development that allows the Division to identify and share successful risk management models across agencies.

Utilizing the Guidelines for the evaluation framework, the Division initiated the second five-year cycle of risk management program evaluations in the Fall of 2017. The second cycle of evaluations incorporates assessment of the areas of employment discrimination, federal civil rights, and liability loss prevention in addition to the administrative, safety, and workers' compensation elements that were reviewed during the first cycle of program evaluations. During the 2018-19 fiscal year, as the second cycle progressed, the Division re-engineered the evaluation process. The new process places the evaluative emphasis on risk assessment and risk mitigation. In addition, the report itself was re-designed to improve its effectiveness and readability.

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.

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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 that include workers' compensation, return to work, facility and equipment inspections, job safety analysis, employee accident investigations, and property coordinator training, as well as relevant courses developed by external partners in subjects such as fire drills and evacuation planning, liability claims, and defensive driving. In 2017, the Division implemented a rotating schedule of online webinars for safety coordinators and other agency safety personnel throughout the State of Florida. During the 2018-19 fiscal year, the Division continued to provide online webinars, and a total of 809 safety professionals participated in 40 webinars offered by the Division's Loss Prevention Section.

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.

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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 are required to 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 in which accommodation was provided for injured workers' 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 for 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) serves as an important venue for agency safety coordinators to discuss statewide loss prevention issues, share resources, and collaborate on interagency initiatives. Quarterly IAC meetings held throughout fiscal year 2018-19 included presentations on topics covering the various claim data reports produced by the Division; the personal cost of distracted driving; excess insurance coverage options for state agencies; and legislation and case law updates.

Quarterly IAC meetings also involved discussions on subjects such as values collection modules within the Division's IMS; the impact of Hurricane Michael and related property claims; and workers' compensation data reporting and trend analyses, with Council members continuing to provide suggestions and feedback on loss prevention training materials.

Benefit to Floridians:

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



Bureau of State Employee Workers' Compensation Claims

During fiscal year 2018-19, the Bureau received 12,043 new claims and made 164,595 payments, including both medical and indemnity benefits. In conjunction with the Division's registered nurses, the Bureau continues to convene regular utilization committee meetings, during which claims are reviewed to determine whether physicians are treating injured workers within acceptable treatment guidelines. The Division's pharmacy benefit manager, Optum, also participates in the utilization committee, significantly enhancing appropriate methods to reduce claims costs.

Additionally, the Bureau continues to experience significant savings in claims costs as a result of effective investigations and settlements. During the 2018-19 fiscal year, the Bureau settled 40.6% of all cases mediated. The Bureau also achieved an estimated \$3.85 million in cost savings during the 2018-19 fiscal year that would not have occurred without the benefit of surveillance or other investigative methods, with a savings of \$29.4 million over the last seven years. These results were only possible due to extensive collaboration between Bureau adjusters and the Division's contracted Special Investigative Unit (SIU), as well as contracted counsel.

Benefit to Floridians:

Expanding utilization review will reduce unnecessary treatment costs and improve treatment to injured workers. An effective fraud program not only reduces claims costs, but deters fraudulent activity, avoiding unnecessary claims expense.



Contract Administration, Procurement, and Management

The Division's Contract Management Section coordinates the administration, procurement and management of the Division's contracts. This section has continued to build upon recent improvements in contract administration and looks for areas where contracted services can maximize value to the state. During fiscal year 2018-19, in preparation for upcoming medical service contract procurements, the Division initiated an evaluation of the current Pharmacy Benefit Management (PBM) and Medical Case Management (MCM) programs in preparation for the upcoming PBM and MCM procurements. In addition, the Division continued to utilize the retroactive application of Preferred Provider Organization (PPO) network discounts to reduce medical costs.

During fiscal year 2018-19, a new contract was executed between the Department of Financial Services and the Office of the Attorney General to assist in defense litigation. Also, during fiscal year 2018-19, new contracts were executed with a total of eleven private defense attorney law firms to assist the Division in defense litigation.

Benefit to Floridians:

Improved oversight of the Division's contracts is critical to controlling workers' compensation claims and more effective negotiations of large medical bills. The savings to the state from the application of PPO discounts to medical bills reviewed resulted in a cost savings of \$2.3 million in fiscal year 2018-19. Additionally, attorney fees have been controlled by increased scrutiny of invoices for legal services and emphasis on defense planning related to the use of expert witnesses and other legal expenses.

General Funding Information

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 2018-19, the Division invoiced, processed, and deposited \$188.2 million in premiums: \$176 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 demonstrates that if the program ceased operations as of June 30, 2019, participating agencies would have an estimated \$1.15 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, 2019, actuarial analysis:

Workers' Compensation	\$1,073.0 million
Federal Civil Rights	\$ 42.7 million
General Liability	\$ 21.7 million
Automobile Liability	\$ 10.0 million
Property	\$ 1.1 million
Total	\$ 1.15 billion

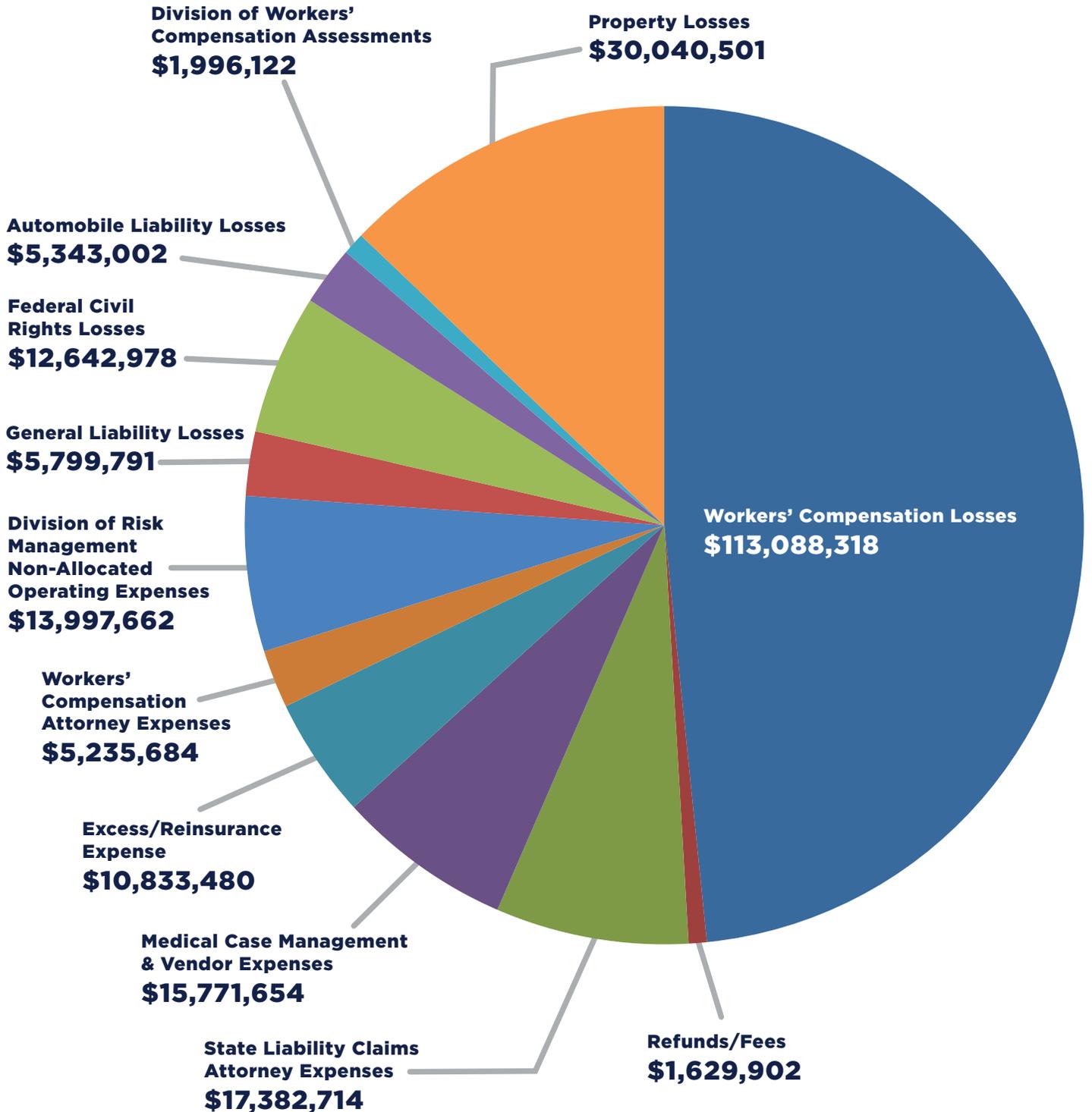
Risk Management Program Funding

Program	Number of Covered Employees or Property	Number of Claims Reported FY 18-19	Agency Premiums
Workers' Compensation	194,801	12,043	\$150,522,401
State Property	19,887 Property Locations	1,659	\$12,195,647
Auto Liability ⁽¹⁾	25,457 (State-titled motor vehicles)	692	\$5,599,034
General Liability	201,782	2,629	\$7,353,081
Court Awarded-Attorney Fees	N/A	1	Included in General Liability Funding
Federal Civil Rights/Employment	196,433	412	\$12,555,204

⁽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 2018-19 fiscal year.

Fiscal Year 2018-19 Division of Risk Management Total Expenditures of \$233,761,808 by Major Category



Lines of Insurance Coverage

Performance & Results

FY 2018-19

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 the Division are covered under the self-insurance program or by private commercial insurance as follows:

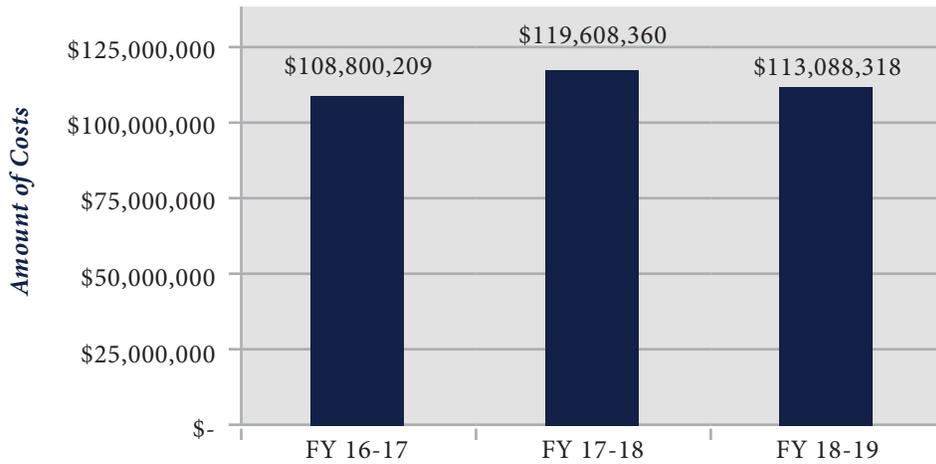
Commencement Date	Coverage Period	Coverage Provider
Prior to January 1, 1998	Accident date before January 1, 1998	Self-insured
January 1, 1998	Accident date on or after January 1, 1998, through February 9, 2002	North American Specialty Insurance Company (NASIC) with a large deductible
February 10, 2002	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:

The self-insurance program contracts 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. USIS, Inc., doing business as AmeriSys, has provided the medical case management services since January 1, 2014. The Division's contract vendor, Genex, reviews and reprices medical bills, provides hospital pre-certification, and continued-stay review services.

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

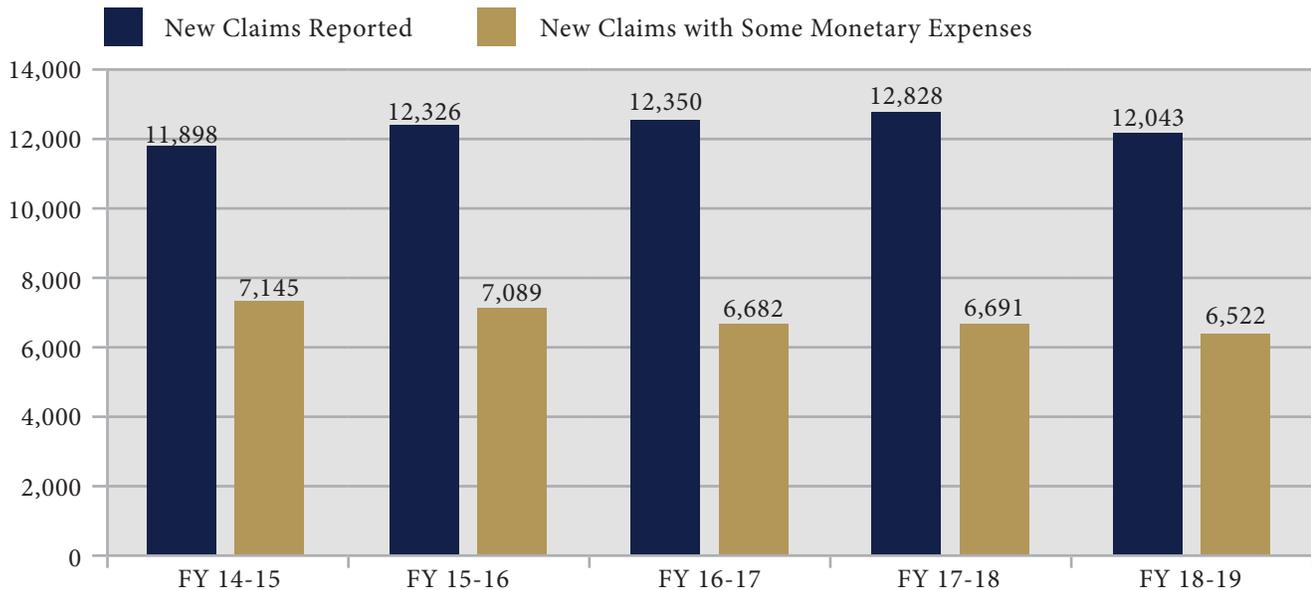
Florida Workers' Compensation Cost Comparison
(Excludes Adjusting and Defense Costs)
 FY 2016-17 through FY 2018-19



Overall workers' compensation claims costs decreased \$6.5 million during the 2018-19 fiscal year, totaling \$113.1 million compared to \$119.6 million during the prior fiscal year. Workers' compensation medical costs decreased \$2.9 million (3.64 percent) while indemnity costs decreased \$3.6 million (8.97 percent) during the 2018-19 fiscal year.

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:

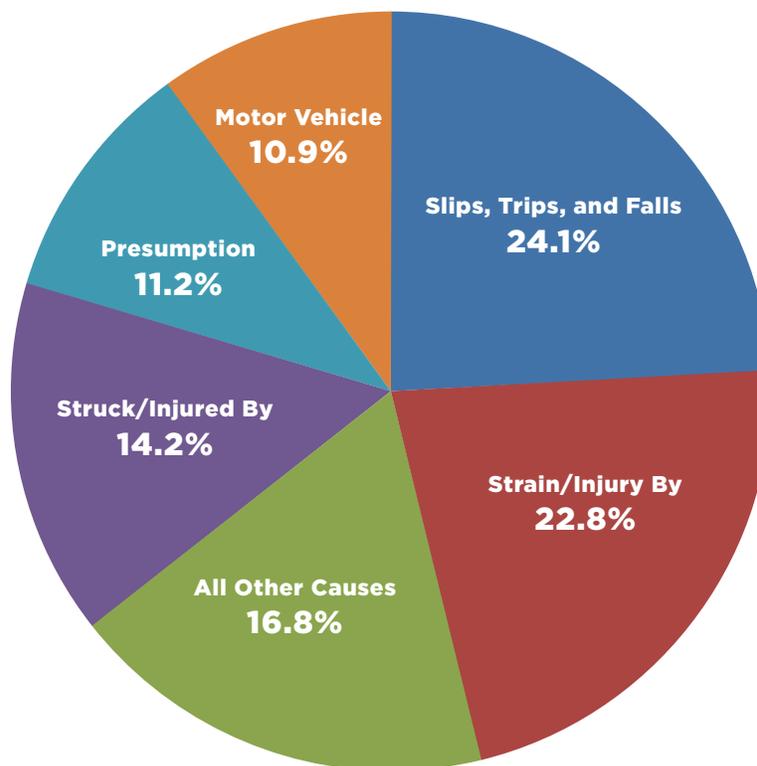
New Workers' Compensation Claims Reported/Claims With Some Monetary Value
(Claims Development Shown Through 8/31 of the Following Fiscal Year)
 Fiscal Years 2014-15 through 2018-19



The Risk Management Program averaged 12,289 new workers' compensation insurance claims with dates of accident occurring during each of the past five fiscal years. As of August 31, 2019, this program received 12,043 claims that occurred in the 2018-19 fiscal year. Of those, 6,522 had some monetary expense associated with them (benefits paid or reserves established in anticipation of payment). The Risk Management Program continues to experience a downward trend in the number of new claims having some monetary expense over the past five years. For the 2018-19 fiscal year, eight 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. Three job-related deaths occurred during the 2018-19 fiscal year.

Causes of Workers' Compensation Claims

The following chart denotes the causes of workers' compensation claims that represent the highest percentage of benefit payments during the 2018-19 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."

The Division maintains RTW guidelines developed by its Loss Prevention Section and the RTW Ad Hoc Committee of the Interagency Advisory Council on Loss Prevention to provide agencies with a model written RTW policy that can 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.

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."

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. 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. 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.

An important component in RTW programs is the provision of documentation by the treating physician outlining an employee's functional limitations and restrictions so the employer can make the determination as to whether it can accommodate the restrictions, allowing the employee to return to work in 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. 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 Division's IMS does not maintain data regarding the number of days an injured employee spends out of work for the initial 40 hours or data on whether 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. This affects the ability of the Division to compile accurate data for benchmarking purposes. Return-to-Work data on the Public Defender and State Attorney offices, which are administratively housed within the Justice Administrative Commission, have been removed from this report due to the independent operational structure of the organization.

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	3,377
Department of Agriculture & Consumer Services	3,894
Department of Children & Families	12,776
Department of Corrections	24,635
Department of Education	3,415
Department of Environmental Protection	4,273
Department of Financial Services*	2,843
Department of Health	14,520
Department of Highway Safety & Motor Vehicles	4,434
Department of Juvenile Justice	3,370
Department of Revenue	5,176
Department of Transportation	6,299
Florida Atlantic University	5,407
Florida International University	7,214
Florida State University	9,263
State Courts System	4,386
University of Central Florida	8,196
University of Florida	23,436
University of South Florida	9,568

* 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.

Summary of Results

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

- The total cost of lost-time claims decreased by over \$1.98 million compared to the previous fiscal year. Decreases were primarily driven by reductions in both medical and indemnity costs as reflected in Chart 2 on page 17.
- The number of lost-time claims decreased as compared to the previous fiscal year, with 766 lost-time claims reported in the 2018-19 fiscal year as compared to 776 lost-time claims reported in the 2017-18 fiscal year.
- The percentage of workers' compensation claims that are lost-time claims increased slightly with 7.98% in fiscal year 2018-19 compared to 7.22% in fiscal year 2017-18.
- The number of Temporary Partial Disability claims decreased by 1.52% compared to the previous fiscal year.
- Temporary Partial Disability claims costs decreased by 1.24% compared to the previous fiscal year.
- Injured state employees were at work (in some type of return-to-work program) for 48,789 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 claims 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 2018-19

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 18/19	Total Alternate Duty Days of Work FY 18/19	Total TPD Claims Cost			% of WC Claims that are Lost-Time Claims												
FY 17/18	FY 18/19	% Change	FY 17/18	FY 18/19	% Change	FY 17/18			FY 18/19	% Change	FY 17/18	FY 18/19	% Change	FY 17/18	FY 18/19	% Change								
Agency for Persons with Disabilities	\$10,217	\$10,370	1.50%	50	81	62.00%	118	3,950	\$510,853	\$839,980	64.43%	9.29%	14.12%	4.83%										
Dept. of Agriculture and Consumer Services	\$11,722	\$44,350	278.35%	2	6	200.00%	64	1,552	\$23,444	\$266,098	1035.05%	2.56%	4.89%	2.33%										
Dept. of Children and Families	\$12,005	\$33,254	177.00%	69	36	-47.83%	187	4,280	\$828,352	\$1,197,161	44.52%	7.01%	5.35%	-1.66%										
Dept. of Corrections	\$21,847	\$30,098	37.77%	75	57	-24.00%	586	12,628	\$1,638,515	\$1,715,566	4.70%	6.76%	6.86%	0.10%										
Dept. of Education	\$25,681	\$13,623	-46.95%	5	6	20.00%	36	2,623	\$128,405	\$81,740	-36.34%	4.76%	7.09%	2.32%										
Dept. of Environmental Protection	\$3,836	\$23,286	507.11%	1	2	100.00%	48	885	\$3,836	\$46,573	1114.23%	2.48%	4.67%	2.18%										
Dept. of Financial Services	\$8,687	\$86,121	891.42%	2	1	-50.00%	29	1,049	\$17,373	\$86,121	395.71%	2.68%	4.17%	1.49%										
Dept. of Health	\$12,854	\$26,627	107.16%	8	7	-12.50%	100	4,163	\$102,828	\$186,392	81.26%	4.83%	6.55%	1.72%										
Dept. of Highway Safety and Motor Vehicles	\$21,043	\$27,190	29.21%	11	10	-9.09%	35	1,119	\$231,478	\$271,905	17.46%	9.38%	6.24%	-3.15%										
Dept. of Juvenile Justice	\$10,552	\$14,165	34.24%	58	64	10.34%	152	2,736	\$612,040	\$906,566	48.12%	15.32%	17.08%	1.76%										
Dept. of Revenue	\$4,024	\$14,360	256.84%	1	3	200.00%	44	1,612	\$4,024	\$43,081	970.53%	6.19%	8.59%	2.40%										
Dept. of Transportation	\$22,353	\$18,263	-18.30%	14	17	21.43%	43	1,954	\$312,939	\$310,463	-0.79%	11.73%	14.36%	2.63%										
Florida Atlantic University	\$17,729	\$13,635	-23.09%	1	2	100.00%	17	516	\$17,729	\$27,270	53.82%	2.25%	4.65%	2.40%										
Florida International University	\$28,233	\$5,274	-81.32%	11	18	63.64%	38	1,379	\$310,559	\$94,931	-69.43%	11.36%	13.16%	1.79%										
Florida State University	\$29,338	\$9,729	-66.84%	22	13	-40.91%	62	1,296	\$645,425	\$126,478	-80.40%	12.01%	6.19%	-5.83%										
State Courts System	\$39,080	\$8,279	-78.81%	4	4	0.00%	13	440	\$156,321	\$33,117	-78.81%	10.13%	10.94%	0.81%										
University of Central Florida	\$48,688	\$8,712	-82.11%	20	26	30.00%	34	1,253	\$973,755	\$226,508	-76.74%	9.70%	9.33%	-0.37%										
University of Florida	\$11,517	\$16,150	40.23%	25	28	12.00%	175	3,950	\$287,919	\$452,211	57.06%	3.28%	4.38%	1.10%										
University of South Florida	\$16,549	\$8,875	-46.37%	16	8	-50.00%	71	1,404	\$264,778	\$71,000	-73.18%	5.40%	3.05%	-2.34%										
Totals	\$17,900	\$17,952	0.29%	395	389	-1.52%	1,852	48,789	\$7,070,573	\$6,983,160	-1.24%	7.22%	7.98%	0.77%										

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: Fiscal Year Comparison of Lost-Time (TPD and TTD) Claims For State Agencies and Universities Participating in the Return-to-Work Program

Claims Counts for FY 2017-18 and 2018-19

Agency/University	Lost-Time Claim Count		
	FY 17/18	FY 18/19	Difference
Agency for Persons with Disabilities	58	87	29
Department of Agriculture and Consumer Services	9	18	9
Department of Children and Families	99	66	(33)
Department of Corrections	296	261	(35)
Department of Education	5	9	4
Department of Environmental Protection	7	14	7
Department of Financial Services	3	5	2
Department of Health	26	27	1
Department of Highway Safety and Motor Vehicles	38	28	(10)
Department of Juvenile Justice	72	76	4
Department of Revenue	7	11	4
Department of Transportation	21	27	6
Florida Atlantic University	2	4	2
Florida International University	15	20	5
Florida State University	34	19	(15)
State Courts System	8	7	(1)
University of Central Florida	23	28	5
University of Florida	34	47	13
University of South Florida	19	12	(7)
Totals	776	766	(10)

In fiscal year 2018-19, agencies required to have RTW programs had a decrease in the number of lost-time claims as compared to fiscal year 2017-18 (10 less claims reported in 2018-19). Of the 19 agencies presented in the chart above, six 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 2017-18 and FY 2018-19

Agency/ University	Indemnity Costs			Medical & Legal Costs			Other Costs & Recoveries ⁽¹⁾			Total Lost-Time Claims Cost		
	FY 17/18	FY 18/19	Difference	FY 17/18	FY 18/19	Difference	FY 17/18	FY 18/19	Difference	FY 17/18	FY 18/19	Difference
Agency for Persons with Disabilities	\$186,721	\$346,774	\$160,053	\$509,063	\$1,485,627	\$976,564	\$(14,007)	\$1,222	\$15,229	\$681,777	\$1,833,623	\$1,151,846
Dept. of Agriculture and Consumer Services	\$23,224	\$105,173	\$81,949	\$525,143	\$799,583	\$274,440	\$(1,715)	\$(21,219)	(\$19,504)	\$546,652	\$883,537	\$336,885
Dept. of Children and Families	\$362,148	\$317,208	(\$44,940)	\$1,064,727	\$1,524,545	\$459,819	\$(11,691)	\$26,971	\$38,662	\$1,415,184	\$1,868,724	\$453,540
Dept. of Corrections	\$1,768,956	\$1,488,235	(\$280,721)	\$5,814,492	\$5,547,721	(\$266,771)	\$(261,527)	\$(265,424)	(\$3,897)	\$7,321,921	\$6,770,532	(\$551,389)
Dept. of Education	\$52,471	\$24,059	(\$28,412)	\$86,893	\$135,897	\$49,004	\$807	\$(6,489)	(\$7,296)	\$140,171	\$153,467	\$13,296
Dept. of Environmental Protection	\$16,887	\$23,241	\$6,354	\$248,043	\$158,492	(\$89,551)	\$(5,879)	\$(4,564)	\$1,315	\$259,051	\$177,170	(\$81,882)
Dept. of Financial Services	\$12,591	\$56,184	\$43,593	\$22,627	\$161,904	\$139,277	\$(1,254)	\$(12,523)	(\$11,270)	\$33,964	\$205,565	\$171,601
Dept. of Health	\$99,964	\$132,500	\$32,536	\$636,280	\$626,315	(\$9,965)	\$(32,601)	\$(25,588)	\$7,013	\$703,643	\$733,227	\$29,583
Dept. of Highway Safety and Motor Vehicles	\$299,174	\$159,358	(\$139,816)	\$1,918,340	\$660,692	(\$1,257,648)	\$(75,060)	\$(51,716)	\$23,344	\$2,142,454	\$768,334	(\$1,374,120)
Dept. of Juvenile Justice	\$339,229	\$297,748	(\$41,481)	\$752,852	\$704,439	(\$48,412)	\$(6,397)	\$(3,527)	\$2,870	\$1,085,683	\$998,660	(\$87,023)
Dept. of Revenue	\$24,231	\$40,189	\$15,958	\$29,798	\$331,511	\$301,713	\$(2,023)	\$(782)	\$1,241	\$52,006	\$370,918	\$318,912
Dept. of Transportation	\$176,953	\$120,711	(\$56,243)	\$247,097	\$304,330	\$57,232	\$(23,878)	\$(16,307)	\$7,571	\$400,172	\$408,733	\$8,561
Florida Atlantic University	\$10,554	\$28,659	\$18,105	\$63,208	\$65,218	\$2,010	\$(2,590)	\$(5,768)	(\$3,178)	\$71,172	\$88,109	\$16,937
Florida International University	\$90,399	\$59,268	(\$31,131)	\$866,238	\$199,519	(\$666,718)	\$2,225	\$(2,118)	(\$4,343)	\$958,862	\$256,670	(\$702,193)
Florida State University	\$121,152	\$27,495	(\$93,657)	\$945,146	\$175,624	(\$769,522)	\$(24,549)	\$17,607	\$42,156	\$1,041,749	\$220,726	(\$821,023)
State Courts System	\$34,412	\$39,629	\$5,217	\$155,180	\$127,421	(\$27,759)	\$(4,414)	\$(11,688)	(\$7,273)	\$185,178	\$155,362	(\$29,815)
University of Central Florida	\$162,926	\$71,956	(\$90,970)	\$916,896	\$212,147	(\$704,749)	\$(4,721)	\$(7,578)	(\$2,857)	\$1,075,101	\$276,525	(\$798,576)
University of Florida	\$139,218	\$216,846	\$77,628	\$613,946	\$710,388	\$96,442	\$(14,895)	\$(43,204)	(\$28,309)	\$738,269	\$884,030	\$145,761
University of South Florida	\$99,819	\$49,460	(\$50,359)	\$220,607	\$90,789	(\$129,817)	\$2,364	\$(1,863)	(\$4,226)	\$322,789	\$138,387	(\$184,402)
Totals	\$4,021,030	\$3,604,693	(\$416,337)	\$15,636,575	\$14,022,164	(\$1,614,411)	\$(481,806)	\$(434,559)	\$47,247	\$19,175,799	\$17,192,297	(\$1,983,501)

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

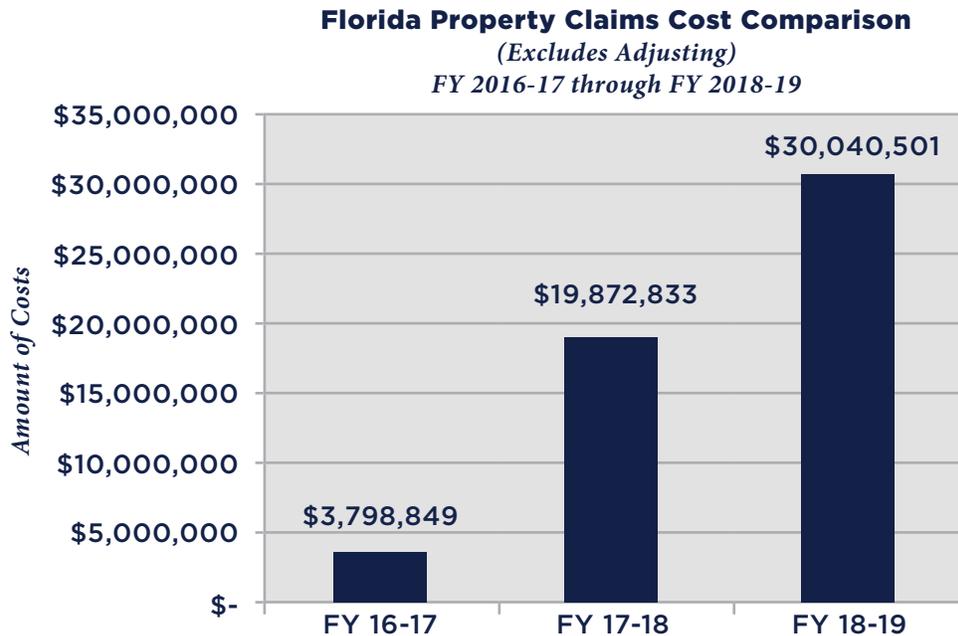
PROPERTY

The Property 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. Replacement cost 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

This 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.

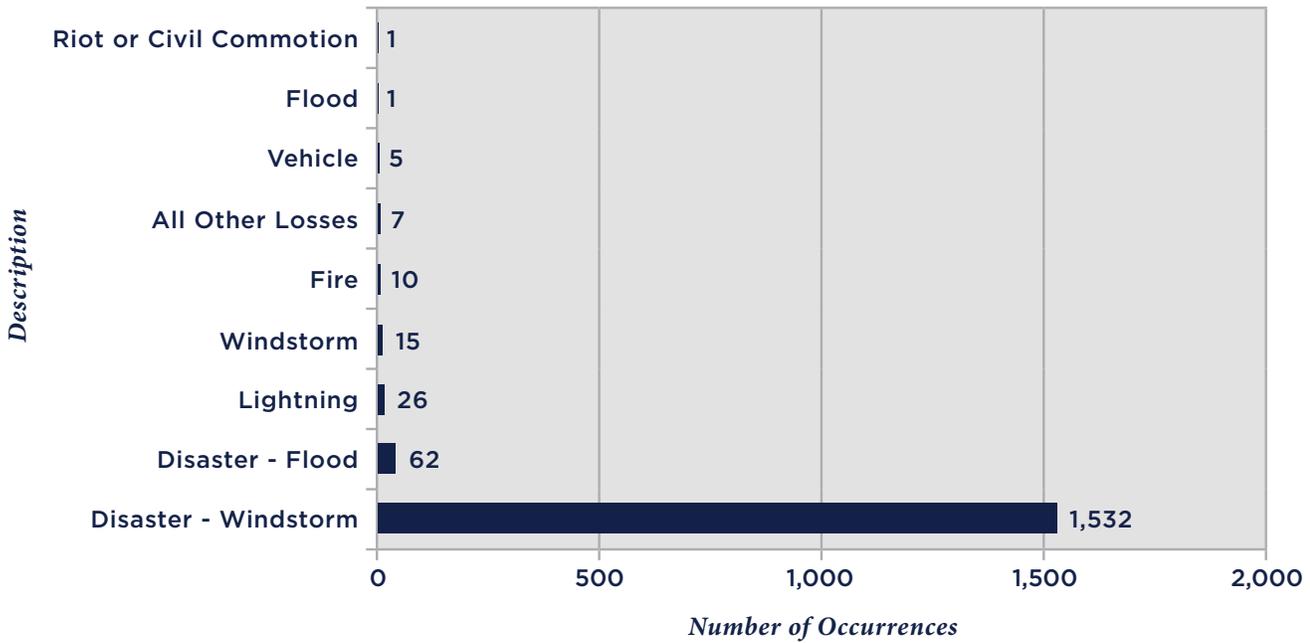
Program property claims costs for the prior three-year period are illustrated in the graph below:



The Program has been significantly impacted by hurricane losses in the past three fiscal years. Property losses totaled \$30.0 million during fiscal year 2018-19, an increase of \$10.2 million over the 2017-18 fiscal year. For the 2018-19 fiscal year, the Division paid \$15.3 million in Hurricane Irma losses, \$13.9 million in Hurricane Michael losses, \$128,000 in Hurricane Hermine losses, and \$711,000 in non-hurricane related losses. For the 2017-18 fiscal year, the Division paid a total of \$19.9 million in property losses, including \$16.8 million in Hurricane Irma losses, \$2.1 million in Hurricane Matthew losses, \$110,000 in Hurricane Hermine losses, and \$865,000 in non-hurricane related losses. Additional information on the impact of hurricanes Michael and Irma can be found on page 4 of this report.

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 2018-19 fiscal year are included in the following graph:

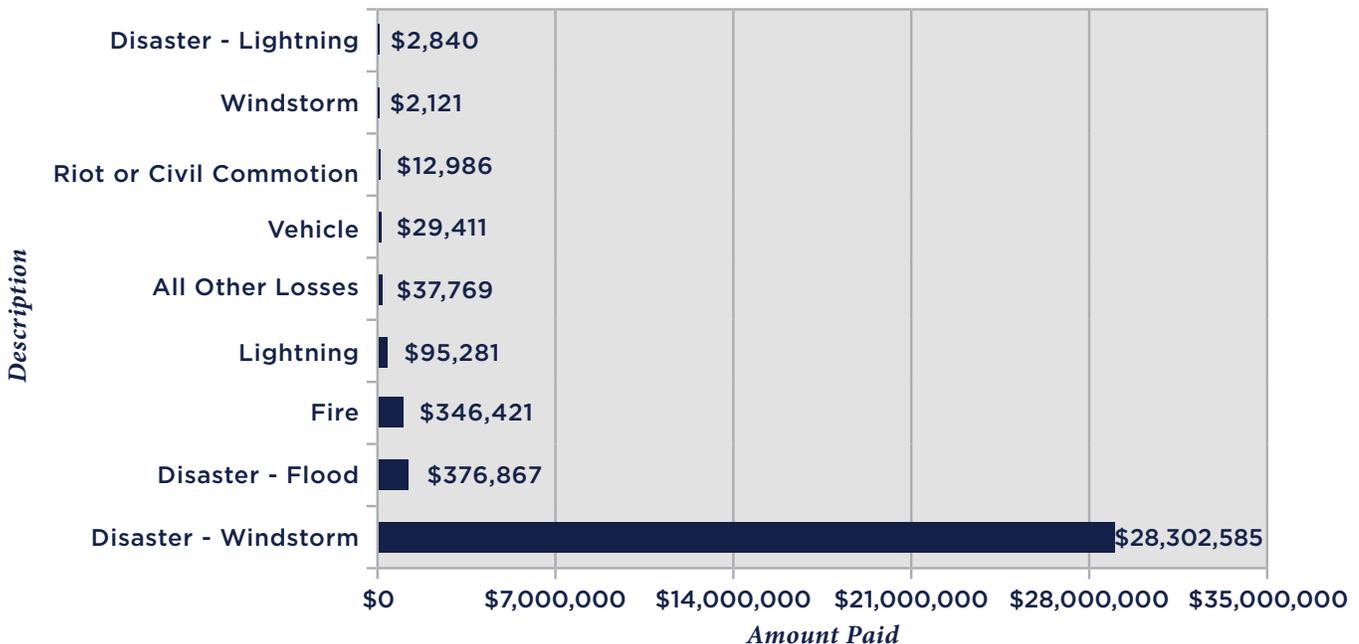
Property Claims by Type and Frequency
Reported in Fiscal Year 2018/19



During the 2018-19 fiscal year, 1,659 property claims were reported compared to 3,196 claims reported during the 2017-18 fiscal year, a decrease of 1,537 claims. Hurricanes caused the large number of claims in both fiscal year 2018-19 (Hurricane Michael) and fiscal year 2017-18 (Hurricane Irma). Windstorm loss by a declared disaster was the most frequent type of loss to the property program in the 2018-19 fiscal year.

Reported property claims for the 2018-19 fiscal year are shown by type and cost in the graph below:

Property Claims by Type and Cost
For Fiscal Year 2018/19



Property claims are tracked by the type of peril that caused the damage. For fiscal year 2018-19, disaster-related windstorm losses were the costliest peril for which claims have been paid, followed by disaster-related flood claims. These losses were predominantly caused by hurricanes Michael and Irma.

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 2018-19 fiscal year.

Inspections Performed During Fiscal Year 2018-19

The State Fire Marshal's Office inspected 14,816 state-owned buildings during the fiscal year.

Actions Taken to Decrease the Fire Hazard of State Properties

Pursuant to section 633.218, 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

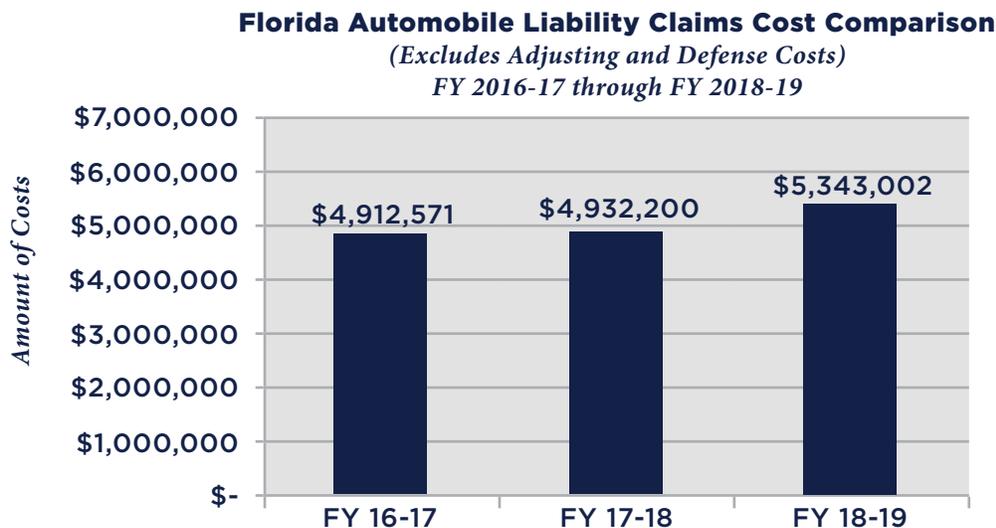
The Automobile Liability program provides automobile liability insurance through the State Risk Management Trust Fund for claims arising out of the ownership, maintenance, or use of an automobile by an employee, agent, or volunteer of the state, while acting within the course and scope of his or her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

This 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 \$100 deductible per incident for the 2018-19 fiscal year if the law enforcement officer is determined to be at fault.

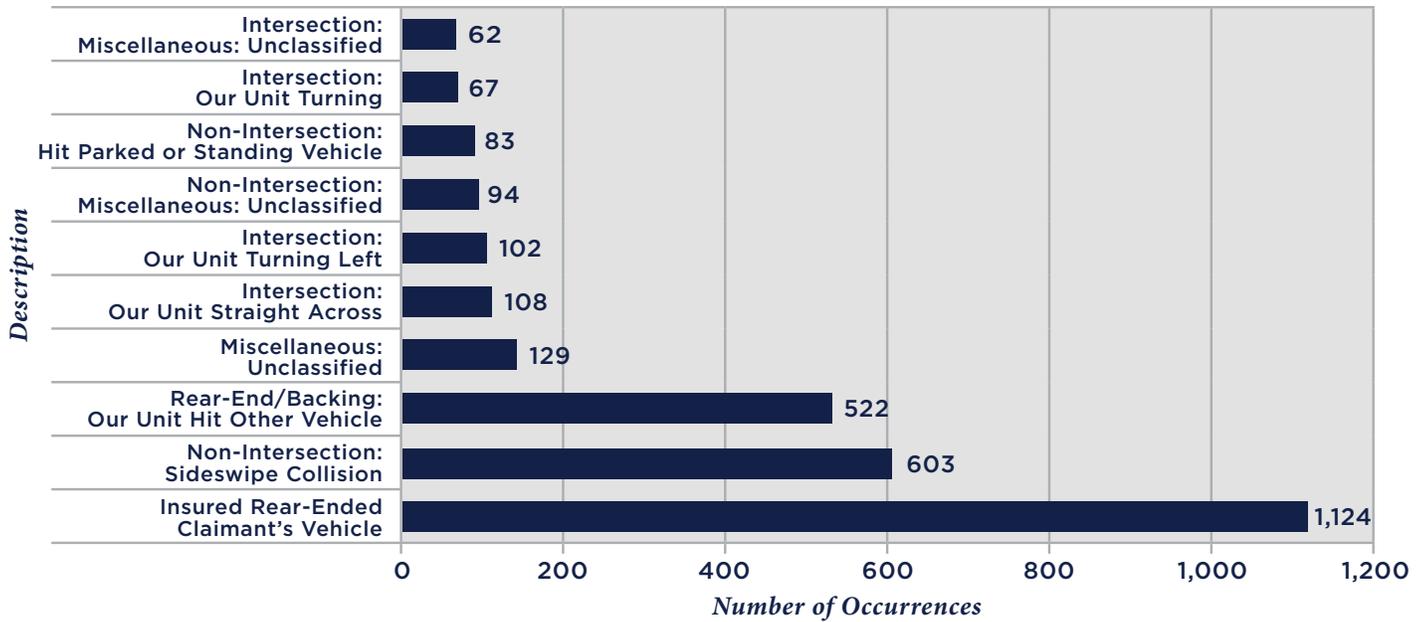
Automobile liability claims costs for the prior three-year period are detailed in the following chart:



Automobile liability claims costs increased from the prior fiscal year. Claims costs increased 8.3 percent in fiscal year 2018-19 compared to the 2017-18 fiscal year. The number of claims also increased from 656 in fiscal year 2017-18 to 692 in the current fiscal year, representing a 5.5 percent increase in new claims.

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 is illustrated in the following graph:

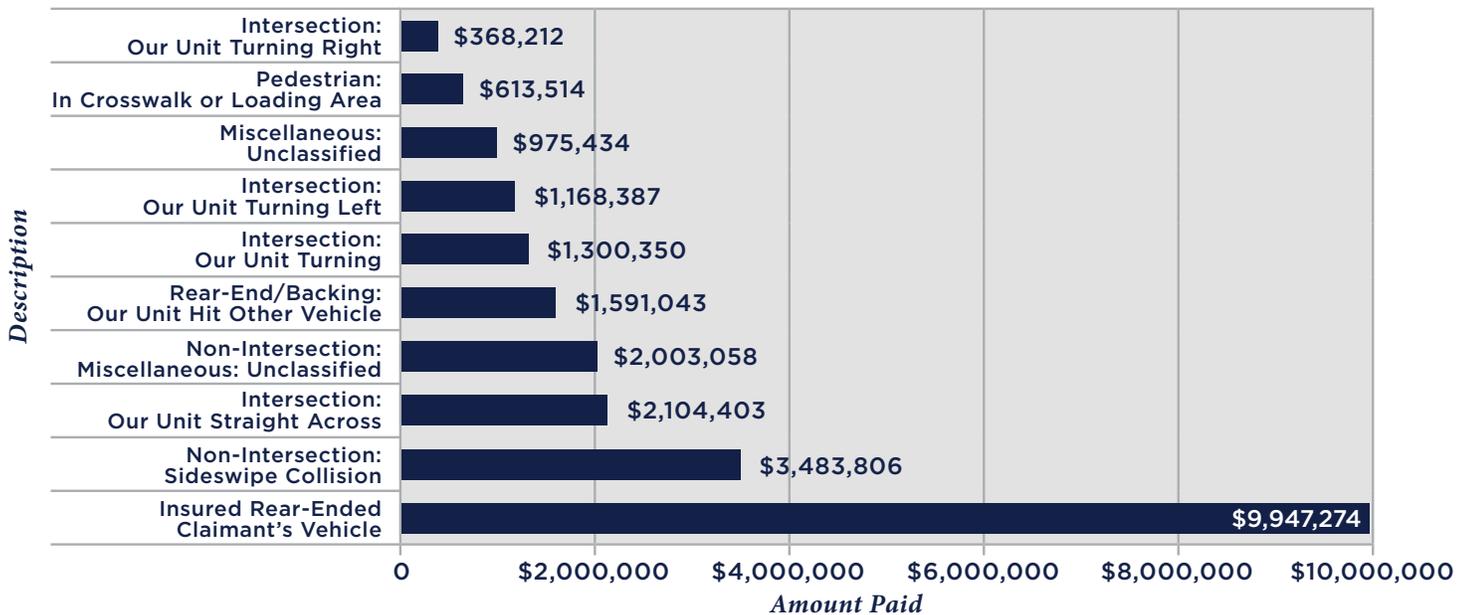
Frequency of Automobile Liability Claims: Top 10 Categories
Reported for the Period 7/1/14-6/30/19



The most frequent type of accident and resulting claim was from state drivers hitting another vehicle from behind, followed by side-swipe collisions.

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 7/1/14-6/30/19



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

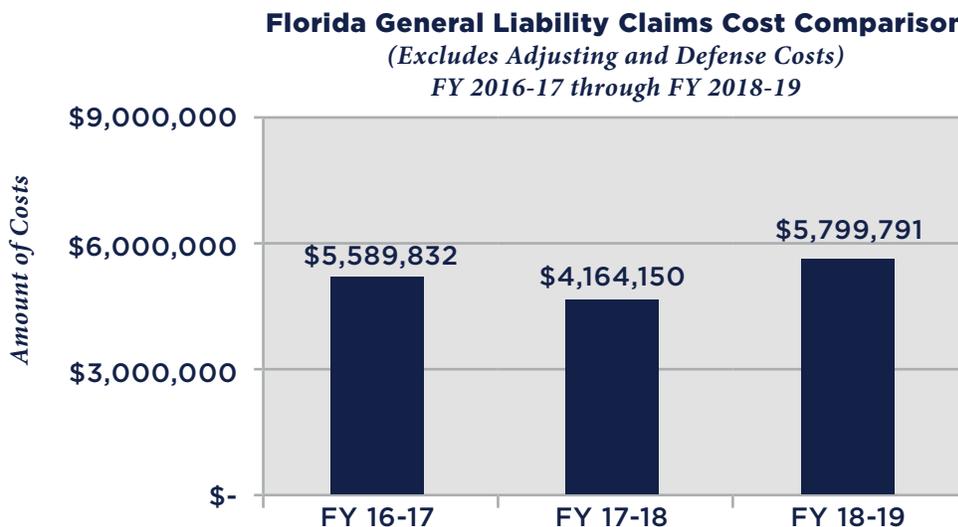
The General Liability Program provides general liability claims coverage through the State Risk Management Trust Fund. The state is liable for damages for injury, death, or loss of property caused by the negligence of its employees, agents, or volunteers while acting within the course and scope of their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

This 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.

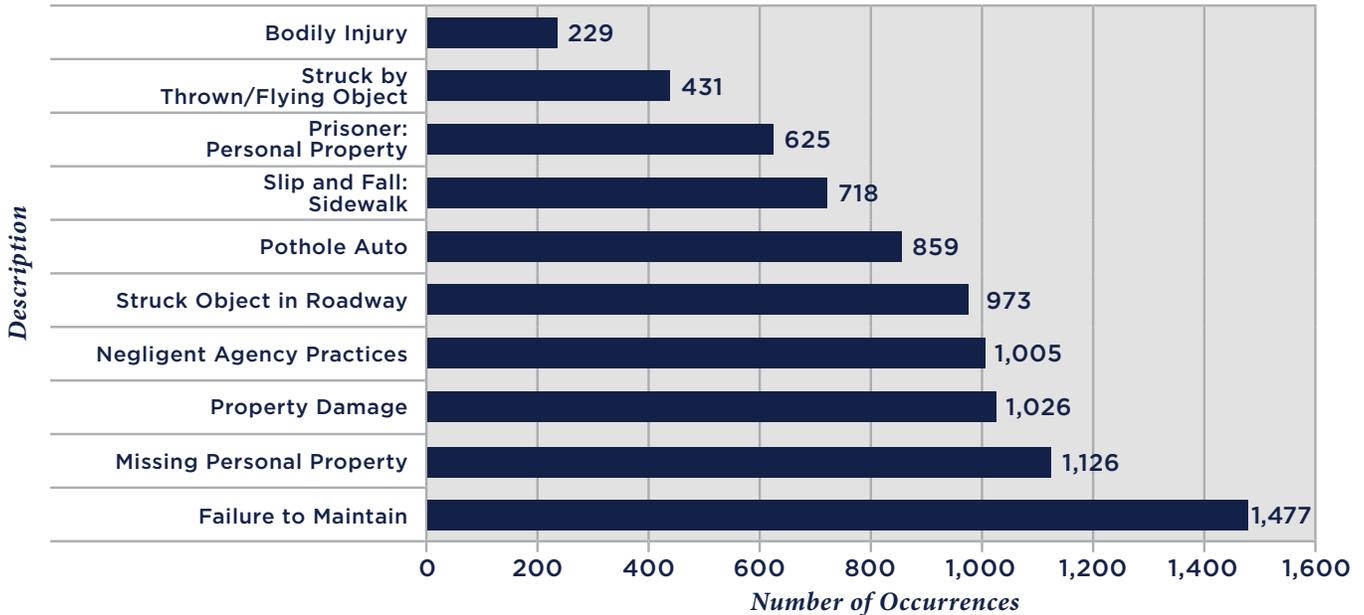
The Division continues to work closely with state agencies to control claims costs. The chart below depicts the general liability claims costs for the previous three years:



Overall, state liability claims costs increased 39 percent in fiscal year 2018-19 compared to the 2017-18 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:

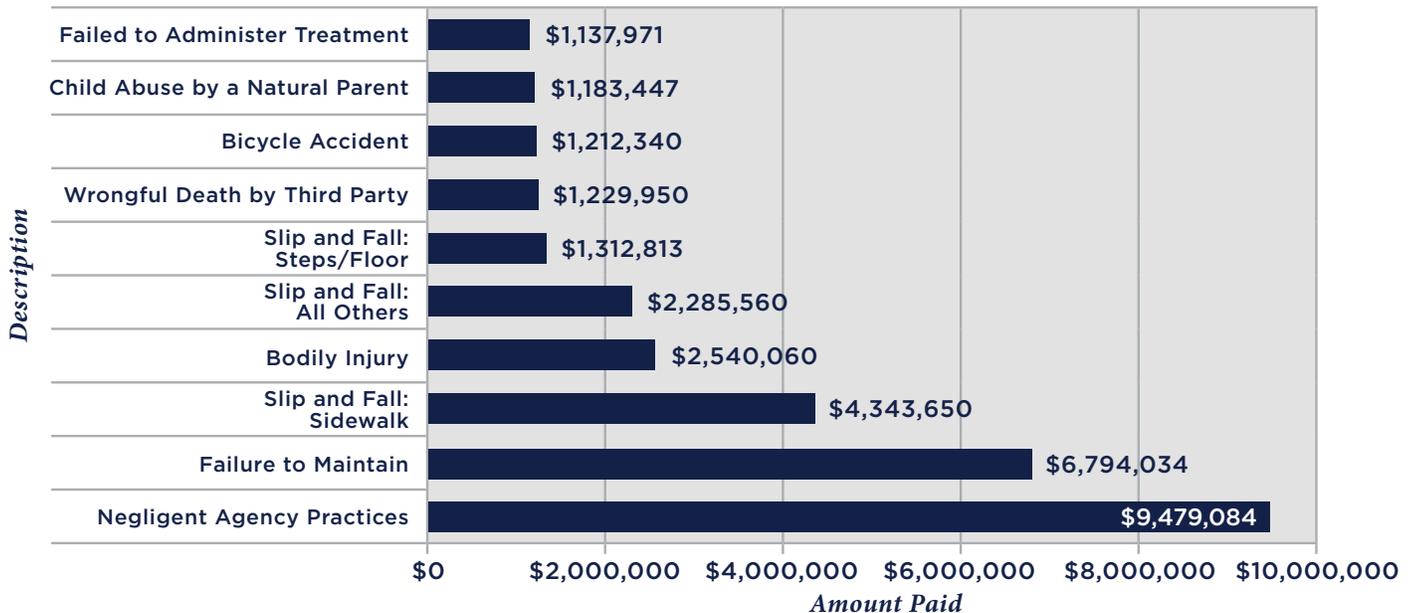
Frequency of General Liability Claims: Top 10 Categories
Reported for the Period 7/1/14-6/30/19



Failure to maintain property such as state buildings, roads, and parks claims are the most frequent general liability claims, followed by missing personal property of persons in the state's custody.

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 7/1/14-6/30/19



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

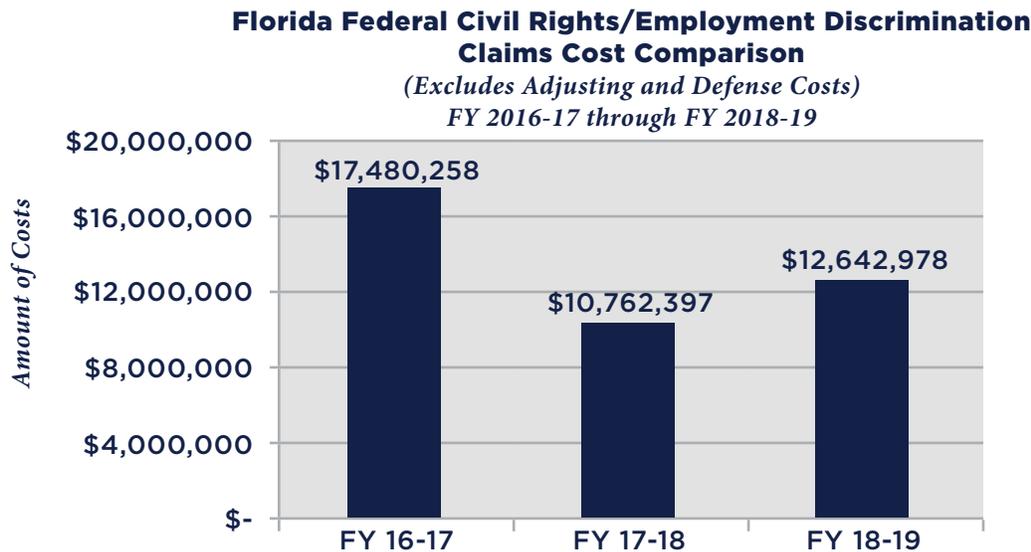
FEDERAL CIVIL RIGHTS/EMPLOYMENT CLAIMS AND EXPENSES

The 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 Civil Rights Act of 1964.
- The Civil Rights Act of 1991
- Florida Civil Rights Act of 1992, and other similar employment discrimination acts and statutes

This 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, contracted 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 U.S.C. 1983, are specifically excluded under Risk Management coverage.

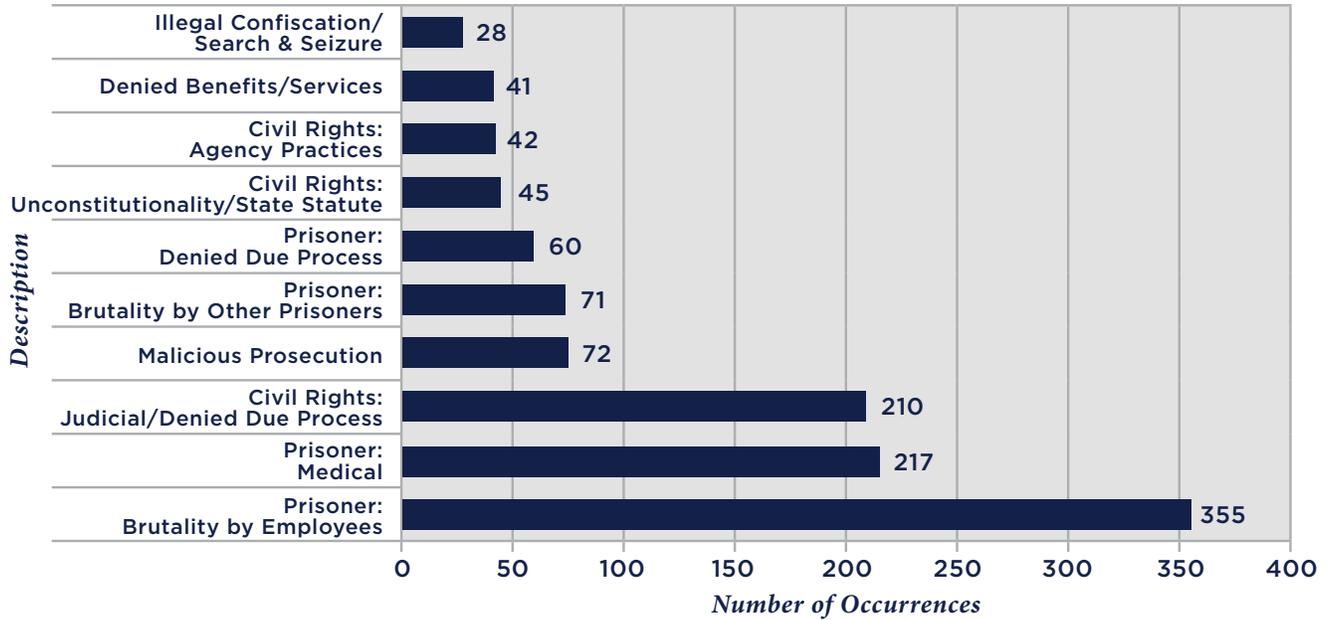
Below is a chart that provides the Florida Federal Civil Rights/Employment Discrimination claims costs for the preceding three years:



Claims costs increased approximately \$1.9 million this fiscal year compared to fiscal year 2017-18. The large losses in fiscal year 2016-17 were due to the settlement and payment of plaintiff attorney fees in one large federal civil rights claim for \$12 million.

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, as seen below:

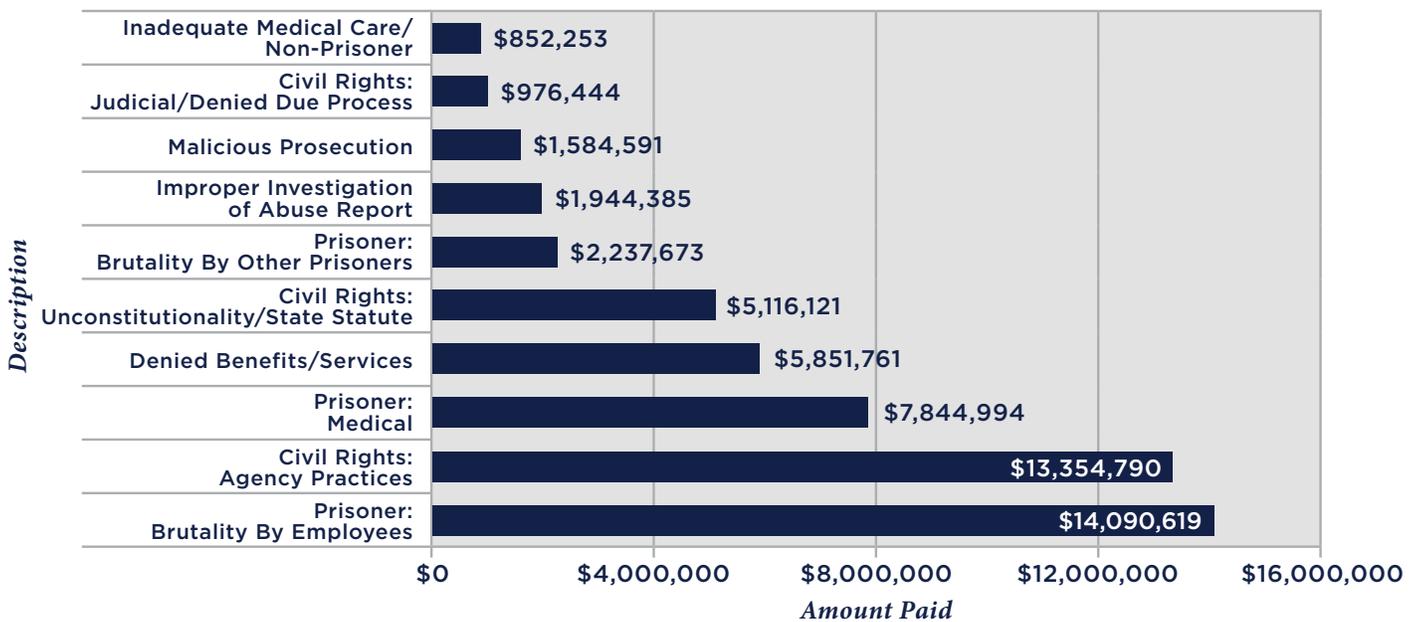
Frequency of FCR (Non-Employment) Claims: Top 10 Categories
Reported for the Period 7/1/14-6/30/19



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, as seen below:

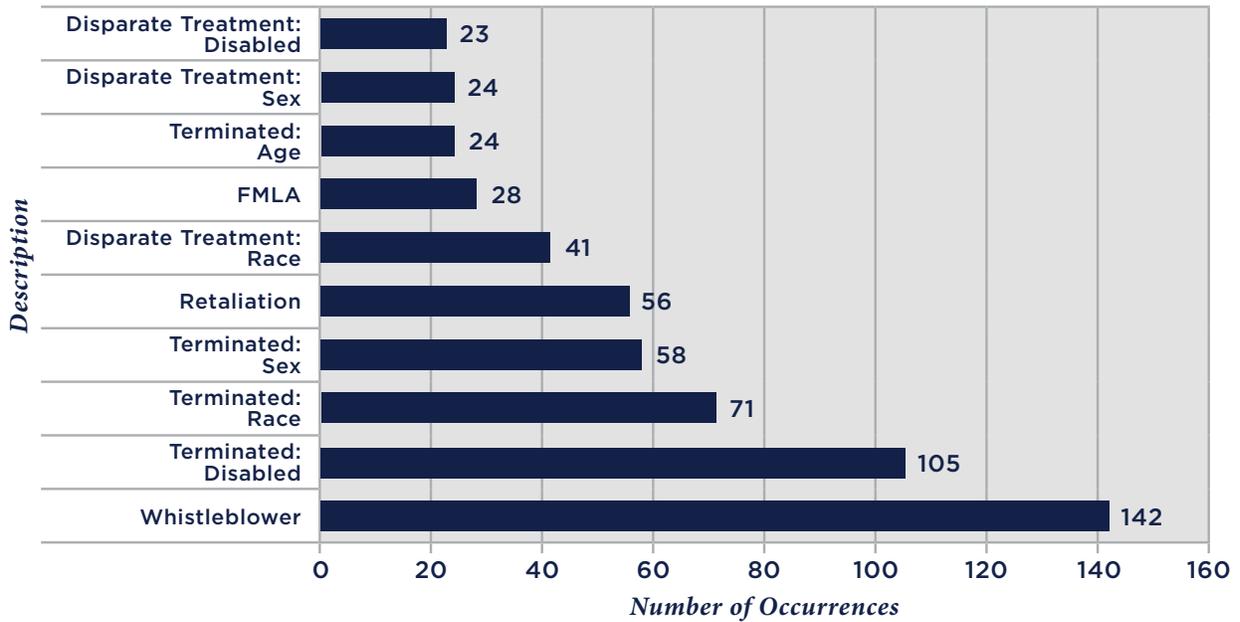
Cost of FCR (Non-Employment) Claims: Top 10 Categories
For the Period 7/1/14-6/30/19



The costliest federal civil rights claims for the five-year period are alleged employee brutality of prisoners followed by civil rights – agency practices.

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, as seen below:

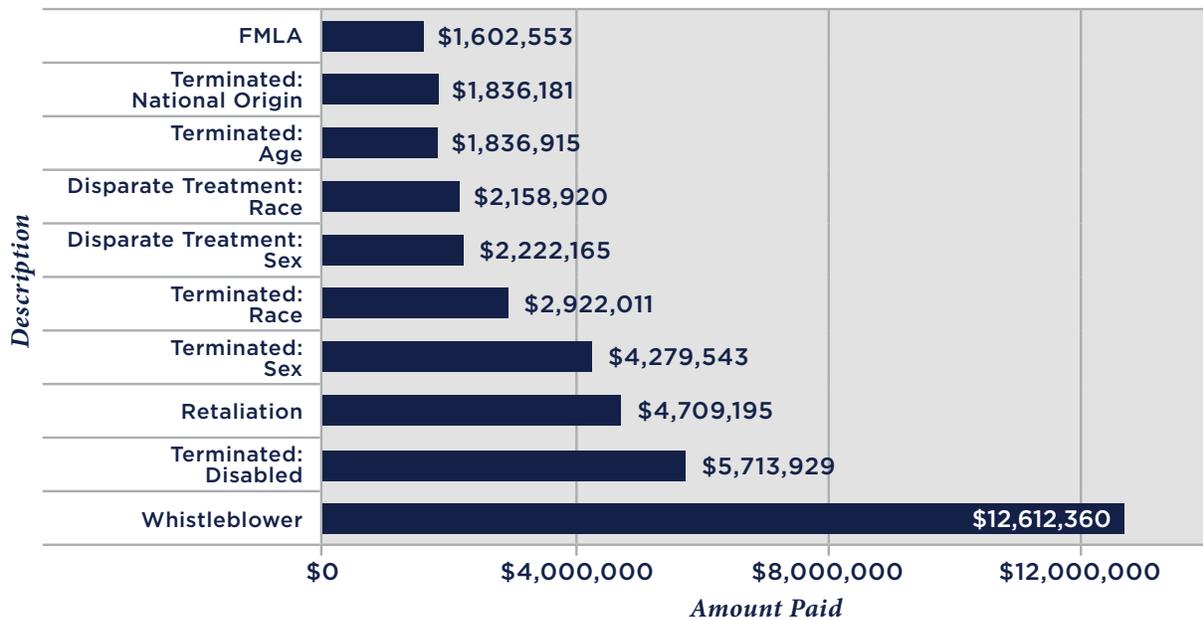
Frequency of Employment Claims: Top 10 Categories
Reported for the Period 7/1/14-6/30/19



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

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 7/1/14-6/30/19



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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