Department of Financial Services
Division of Risk Management
FISCAL YEAR 2012 ANNUAL REPORT

CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

JEFF ATWATER
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

A Message from CFO Jeff Atwater

Dear Colleagues:

We are pleased to present the Division of Risk Management Annual Report for 2011/12.

During this last fiscal year we made a number of substantial improvements to our workers' compensation program. We changed our methodology for assigning claims so that state agencies and universities now have dedicated adjusters to handle their claims. This increased our staff's ability to address issues unique to an agency and improved the focus on assisting injured workers and returning them to work. We also reorganized the workers' compensation bureau to accommodate the new claims assignment methodology and to create a compliance unit that specializes in complying with state and federal claims data reporting requirements.

We also made substantial process improvements in contract administration. Our contracts now include stronger compliance terms, including specific required deliverables and sanctions for vendor non-compliance. They also include provisions for greater transparency and accountability on the part of both parties.

We have continued to make progress in assisting state agencies' efforts to reduce claims costs in some areas. Workers' compensation costs for indemnity benefits paid in 2011/12 were $1.8 million less than the amount paid in the prior fiscal year. Similarly, the cost of negligence liability claims decreased by $1.9 million from the prior fiscal year. Consistent with the rising cost of medical care generally, the cost of medical claims by workers' compensation claimants increased by $ 2.4 million over the prior fiscal year. However, this increase was well below the rise in past years of Florida workers' compensation costs for all employers, as reflected by insurance premium rate increases of 7.8% for 2011, 8.9% for 2012, and 6.1% for 2013 authorized by the Office of Insurance Regulation. In addition, the cost of civil rights and employment practices claims increased by $ 4.3 million over the prior fiscal year.

This report provides an overview of our program details regarding our operations for the last year, including claims and cost data.

We appreciate your interest in our risk management program and hope the information provided in this report is beneficial. Please contact us if you have any questions or suggestions.

Jeff Atwater
Chief Financial Officer
State of Florida

Risk Management – What We Do

Loss Prevention Services

Data Analytics — Our Division produces several regularly distributed data reports to the agencies (including universities) participating in our program. 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.

Quarterly and monthly reports are distributed to all agency risk managers. Quarterly reports cover the development of open claims and the cost growth on those claims. The report allows for a three month valuation date on the claims. The report allows agencies to develop their loss prevention focus on areas that will have the largest impact on reducing claims.

Monthly reports also make all agencies aware of casualty claims designated to their agency in our information system from the previous month. This allows agencies to verify all claims have been properly entered, including the correct cause of the claims and location codes. From this information agencies can also further pinpoint concerns and take corrective actions as needed.

Annual Fiscal Year Trending Reports are distributed to all agencies and show three and one half years of agency claims performance data. These reports give agencies the ability to conduct trend analysis and track their performance over time.

Agency risk managers also have access to a number of standard reports available through the Division's Risk Management Information System (RMIS). Each agency risk manager has access to the Division's RMIS and can run standard reports themselves. They can also create custom reports to a limited degree. When a more specialized report is needed, our Division staff in the Bureau of Loss Prevention can assist agency risk managers by developing custom ad hoc reports to meet their specific needs.

Training and Publications — The Division provides training services for all agencies. Our training services apply innovative use of technology, and features webinars, a digital library of presentation materials, and digital training videos that have been filmed and produced in-house in collaboration with other agencies.

Division publications include the Safety Outlook Newsletter and the Safety Notes E-Bulletin. These publications are distributed regularly to all agencies and universities. The Safety Outlook covers educational and informational articles on safety and liability awareness issues. It also covers features on agency risk managers and agency activities. The Safety Notes provides concise tips on various safety measures and links the reader to credible websites for additional information.

Consultation Services and Technical Assistance — Our staff works directly with agencies to assist with program development and implementation of loss prevention best practices. Assistance may involve travel directly to a site or location, meeting with headquarters officials, conducting targeted question and answer sessions, or discussing the problem or concern on the telephone. Due to the specialized nature of consulting, only Division staff members with expertise in occupational safety, workers' compensation or data analytics provide this service. The Division also utilizes contracted consultants to support agency loss prevention efforts.

Agency Review and Evaluation — The Division conducts agency reviews and has developed a Return-to-Work (RTW) Dashboard Evaluation System. Agency reviews are conducted on a five year cycle of all agencies participating in our risk management program. The Division uses 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.

The RTW Dashboard process collects monthly data from agencies with more than 3,000 full time employees. The Division uses this data along with data extracted from the RMIS 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 recognizes agency and university performance annually. This event significantly promotes loss prevention awareness by attracting agency senior officials, including agency heads and senior executives. Awards are given to the agencies with the highest reductions in claims and costs calculated as a rate per 100 FTEs, and are stratified by small, medium and large agency sizes based on number of employees. Individual awards are given to the top ranking safety coordinators and alternate safety coordinators. An award is also provided that recognizes the agency that exemplifies best practices, has shown reductions in claims and costs, and has provided major contributions to statewide risk management.

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 as a result of lawsuits against agencies.

Workers' Compensation – The Division administers workers' compensation claims for Florida's agencies. In 2012, we paid $112.5 million as medical and indemnity benefits in workers' compensation claims. During the 2011-12 fiscal year, the Division reorganized the workers' compensation program to more efficiently utilize adjusters and enhance claims communications. See Page 5 of this report for more information on this reorganization.

Employment Discrimination and Federal Civil Rights – Our Division also administers employment discrimination and civil rights claims. As an insurer of more than 206,000 employees 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 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 in value from storage sheds to the Capitol buildings in Tallahassee, and ranging in complexity from beachfront tiki huts at state parks to the Magnetic Laboratory building on Florida State University's campus, the Division is at the forefront of protecting Florida's assets.

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 arranges additional coverage for catastrophic losses beyond the limits of our self-insurance.

Program Highlights

Statutory Changes Now Authorize Agency Evaluations and Return-to-Work Reports

In May of 2011 legislation was enacted granting the Division statutory authority to review and evaluate agency loss prevention programs, and to analyze agency return-to-work (RTW) programs. These legislative enactments completed the Division's comprehensive, coordinated program model developed in 2010 to promote effective agency loss prevention programs. An important component of the model was to evaluate and hold agencies accountable for their programs.

These laws require that the Division evaluate each agency's risk management programs once at least every five years, and that premiums charged to agencies for coverage be also based on their loss prevention program results rather than only on their recent loss experience history. During the 2011-12 fiscal year, the Division developed the agency evaluation process and began performing agency reviews. As of June 30, 2012, the Division completed 4 agency reviews.

The new laws also require the Division to include in this annual report an analysis of agency return-to-work program 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 is located on Page 18 of this annual report, and specifies benchmarks, including, but not limited to, the average cost of 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.

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 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 with 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.

Reorganization of the Bureau of State Employee Workers' Compensation Claims

In June 2012, the Division reorganized its Bureau of State Employee Workers' Compensation Claims. Due to changes that have occurred in the workers' compensation system and industry over the years, the Division determined that restructuring was needed to improve efficiencies and productivity, as well as align the program with the operational organization of claims programs throughout the industry.

After restructuring, the Bureau is now composed of four units:

1. **Unit 1** – Administers Permanent and Total (PT) Disability claims, as well as legacy claims prior to 1997. These claims usually involve lengthy litigation and more costly indemnity and medical payments.
2. **Unit 2** – Administers University and other miscellaneous claims.
3. **Unit 3** – Administers all Presumption claims and other claims from most law enforcement agencies.
4. **Compliance Unit** – Monitors compliance with complex regulatory requirements applicable to workers' compensation programs, such as Electronic Data Interchange (EDI) and Centralized Performance System (CPS) regulatory programs.

The reorganization has reduced the number of adjusters that each covered agency must interact with, and has allowed adjusters to become more knowledgeable about the agencies to which they are assigned. Feedback from the agencies regarding the reorganization has been very positive.

Tort Liability Limits Increased due to Changes in Sovereign Immunity Law

Effective October 1, 2011 the monetary limits applicable to payments on tort claims against state agencies were increased due to changes in Florida's sovereign immunity laws. The limits were increased to $200,000 for a person's claim and $300,000 for claims by all persons arising out of the same incident or occurrence. These changes will ultimately increase the costs of tort claims to our risk management program. Prior to October 1, 2011, the limits were $100,000 per person's claim and $200,000 for all claims arising out of the same incident or occurrence.

Contract Administration Improvements

The Division has made significant process improvements this past fiscal year in contract administration. All new contracts now include specific deliverables with sanctions for vendor non-compliance, and where applicable, service level agreements and key performance indicators. In addition, new contracts now include provisions for greater transparency and accountability on the part of both parties. These improvements should result in better contract monitoring and ultimately, improved services to our customers. The Division also completed a reorganization that re-established a contract monitoring unit responsible for monitoring the Division's contracts and performing other contract management and procurement activities.

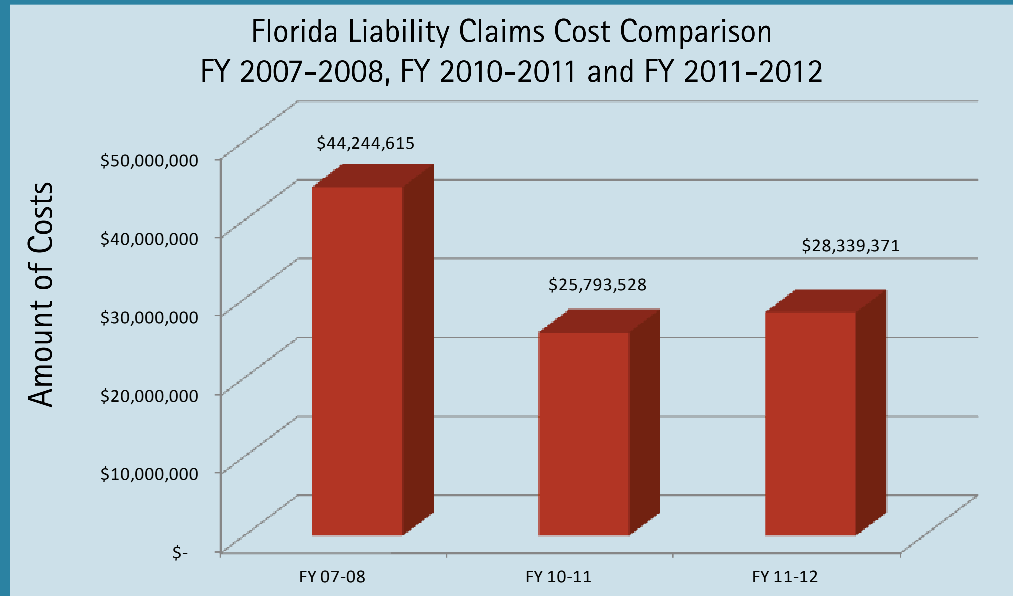
Increase in Customer Focus and Promotion of Best Practices

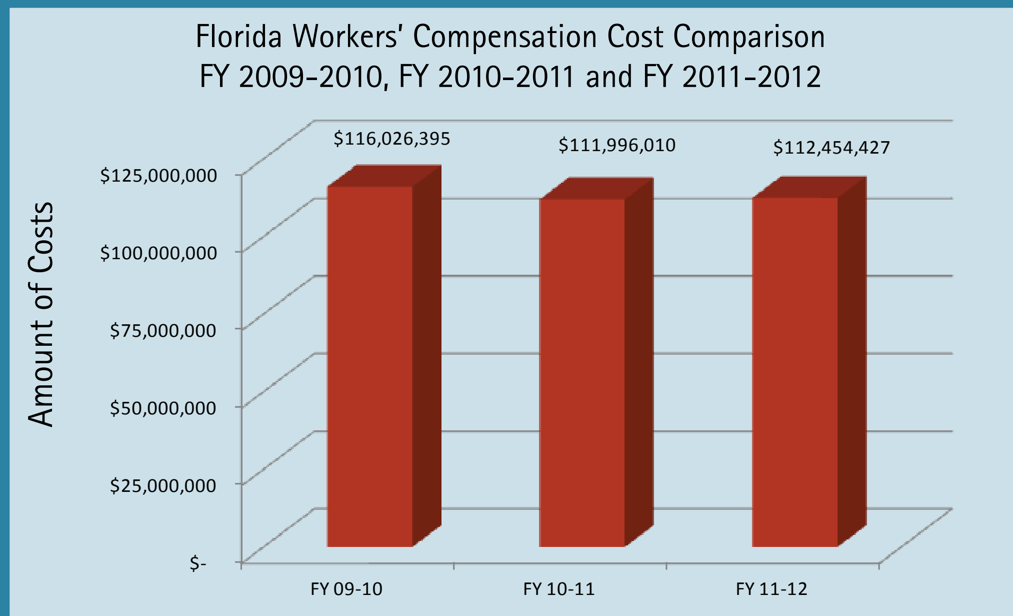
The Annual Interagency Advisory Council on Loss Prevention's Planning Retreat is a vehicle for agency risk managers to discuss statewide risk management issues and determine customer priorities for the Division. The June 2010 retreat resulted in several Division process changes including basing the Annual Safety Awards on performance criteria, revising the Annual Safety Program Evaluation Survey to be consistent with the Loss Prevention Standards, expanding training services and products to accommodate lack of agency training funds, and providing expert presentations to the IAC on Functional Capacity Testing and Job Safety Analysis. The Spring 2011 retreat added an award for Division Loss Prevention staff and an award for consistently high agency performance trends to the Annual Safety Awards. Members also determined that the training year should have quarterly themes assigned by season, injury types or health and wellness issues, and that all agencies and universities should have a return-to-work program in place by 2013. The Spring 2012 retreat focused on determining appropriate topics for the next year's quarterly Interagency Advisory Council meetings based on data indicating the highest frequency workers' compensation claims. The fiscal year 2012-13 IAC quarterly meetings will include presentations on low back strains; struck-by claims; slip, trip and fall claims; and office ergonomic training.

The Division also focused on agency relations and agency use of best practices. Specific initiatives included expanded agency involvement in Division decision-making through formation of interagency committees and work groups, with improved and increased data reports to agencies for data-driven decision making to include monthly, quarterly, semi-annual and annual data reports. The Division's award program allowed recognition for the top performing agencies and universities for reducing claims and costs. In addition, the Division increased awareness of loss prevention best practices through weekly Safety Note E-Bulletins and bi-monthly Safety Outlook Newsletters to every state agency. The Division expanded training options to agencies statewide through use of webinars and face to face training, and expanded the Annual Safety Academy to feature National Institute of Occupational Safety and Health presenters and expert state presenters. A library of free digital training videos and canned training presentations was created for agency use without copyright restrictions or limitations, and the Division's website was expanded to feature loss prevention products and services for easy agency accessibility and use, including activation of a service request function. The Division also provided expert safety consultation services to agencies relating to hazard identification, job safety analysis, and ergonomics.

Program Claims Costs Analysis:

The Division continues to work closely with the state agencies to control claims costs. The Division's efforts have contributed to a reduction of $15.9 million for state liability claims since FY 2007-2008 as compared to FY 2011-2012. Overall, state liability claims costs were $2.5 million higher in FY 2011-2012 compared to FY 2010-2011, which was primarily due to a $4.3 million increase in Federal Civil Rights claims. The cost of general and automotive liability claims for FY 2011-12 decreased by $1.9 million from the prior fiscal year. Overall workers' compensation claims costs only increased slightly in FY 2011-12, totaling $112.5 million compared to $112 million in FY 2010-11. Although workers' compensation medical costs increased in FY 2011-12 by $2.4 million, indemnity costs decreased by $1.8 million for the fiscal year.





Many agencies have implemented Division promoted best practices. The Department of Environmental Protection (DEP) received the Division's 2011 Award of Excellence for their loss prevention program, which had decreases in both claim frequency and average claim costs in workers' compensation coverage. The DEP loss prevention program exemplifies best practices such as the direct involvement of the agency head and management in their loss prevention program, effective use of data to direct loss prevention efforts and a proactive statewide safety committee.

Florida State University also has implemented best loss prevention practices in their loss prevention program, and has consistently reduced their workers' compensation claim costs over the last five years. Their Department of Environmental Health and Safety (EH&S) has actively promoted the university's loss prevention program by focusing on three key loss prevention initiatives with defined outcomes.

Similarly, the Florida Fish and Wildlife Commission has consistently reduced their workers' compensation claims frequency over the last five years. Their loss prevention program embraces best practices and utilizes a three tiered program that stresses decentralization, data-driven decision making and senior management participation in their loss prevention program. Each of these agencies were recognized for effective loss prevention programs at the 2011 Annual Loss Prevention Awards held May 22, 2012.

Looking Ahead

The Division will focus on outcome measurement of its loss prevention and claims administration products and services, with the goal of targeted value added services to state agencies and universities. The Division has presently created measurement systems for all of its major loss prevention products and services, and will be monitoring evaluation results and making program adjustments as needed.

The Division has fully implemented all aspects of the new laws regarding agency loss prevention program and return-to-work program evaluation that became effective July 1, 2011. This has required focusing staff resources within the Bureau of Loss Prevention on these two key areas, in addition to voluntary reporting of return-to-work information by several state agencies. The Division has validated its agency loss prevention program review methodology and will continue to refine the process in order to provide the greatest value possible to agency loss prevention programs. One of the refinements will be to use the program review process to identify areas within each agency's loss prevention program that the Division can provide training or consultative services to improve loss prevention outcomes. Another refinement will be scheduling agency reviews based on a data driven approach that has the agencies with the highest claim costs and claim counts being reviewed sooner than agencies that have lower claim costs. The Division will also partner with the Interagency Advisory Council on Loss Prevention to review and update the State Loss Prevention Standards that were established in 2010. The Division will also be monitoring the impact of the new increase in the monetary caps for tort claims paid by state agencies.

The Division will continue to expand its training resources to agencies through technology and innovation. The Division will increase its digital training library and canned training presentations, and will make them widely available to every agency and university. The Division will also pursue obtaining authority to offer continuing education credits for selected courses.

The Division will expand old and pursue new partnerships with NIOSH, the University of South Florida Safety Florida Consultation Program, the Division of the State Fire Marshall, the Interagency Advisory Council on Loss Prevention and other state agencies. The Division anticipates these partnerships will increase technical resources and educational materials available to all state agencies and universities. These partnerships have contributed to the certification of four of the Bureau of Loss Prevention's trainers as OSHA General Industry Safety Instructors.

In an effort to simplify calculation of deductibles for workers' compensation claims, the Division is proposing legislation in the 2013 legislative session to modify the current requirement for agencies to repay the Division for injured workers that are temporarily out of work due to workplace injuries for the first ten weeks. Instead, the Division is proposing that agencies reimburse the Division for a small percentage of their total workers' compensation claim costs each quarter. This percentage deductible will approximate what has been collected in the past from state agencies for this purpose, and will reduce the administrative burden of calculating the amounts due on the agencies that have had to make such reimbursements in the past.

The Division has also embarked on a long-term plan to streamline its workers' compensation medical case management contracts and to "unbundle" those services to achieve greater cost efficiencies. These activities should result in reduced operating costs which will allow the Division to reduce the casualty premiums it charges to state agencies.

Appendix

GENERAL FUNDING INFORMATION

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 11/12, 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 expense required to pay all insurance claims and Division operational expenses projected for the fiscal year is 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 claim 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 page illustrates the "cash flow" funding methodology's impact. It reflects that if the program ceased operations as of June 30, 2012, participating agencies would have an estimated $1.2 billion in existing insurance claim obligations payable in future years. This estimated liability consists of the following claims obligations by insurance type and is based on a June 30, 2012, actuarial analysis:

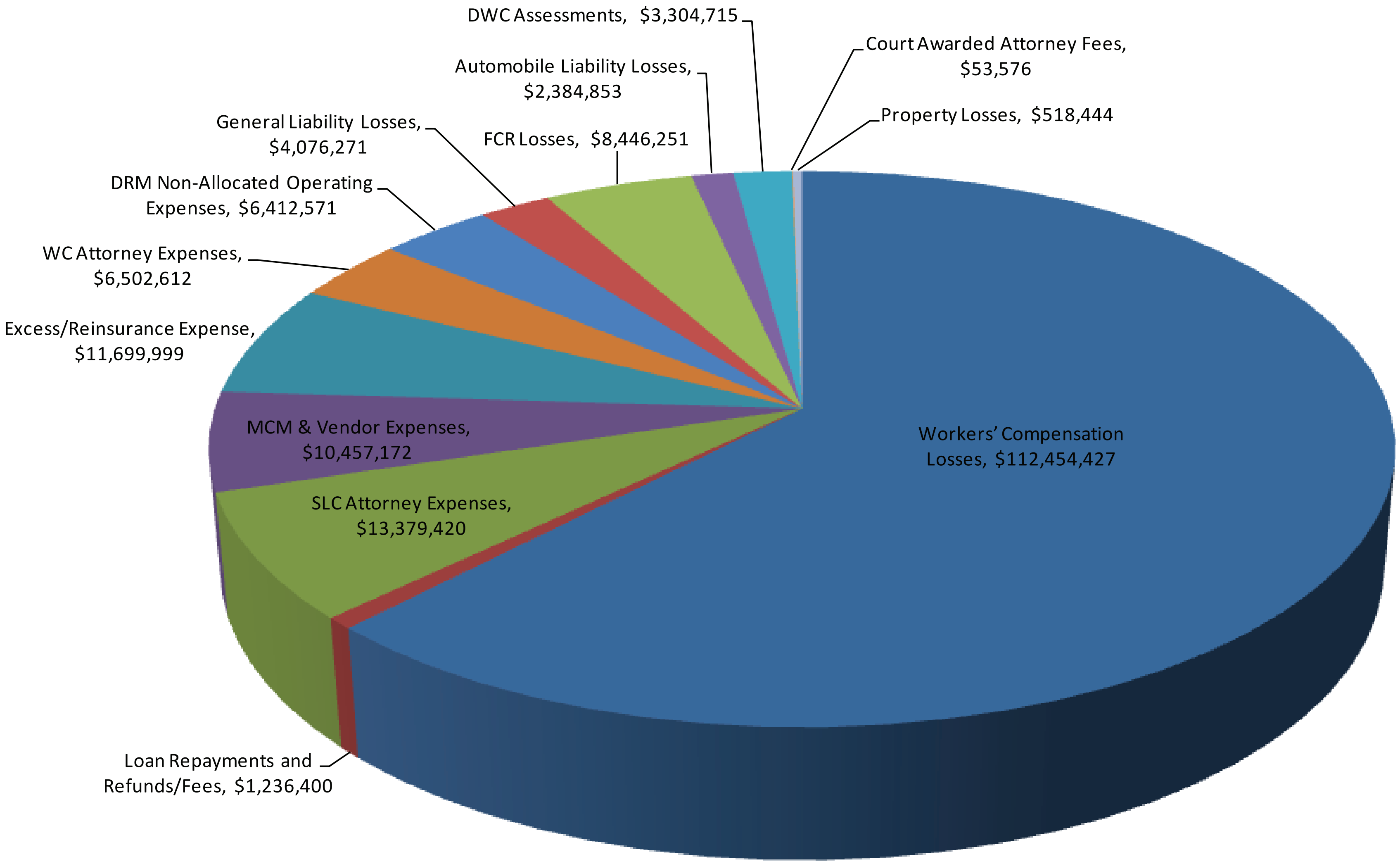
Workers' Compensation:	$	1,081.9 million
Federal Civil Rights:	$	87.0 million
General Liability:	$	27.1 million
Automobile Liability:	$	5.2 million
Property:	$	1.4 million
	$	1.2 billion

RISK MANAGEMENT PROGRAM FUNDING

PROGRAM	NUMBER OF COVERED EMPLOYEES	NUMBER OF CLAIMS REPORTED FY 11-12	FUNDING
Workers' Compensation	208,425	13,152	$138,906,095
State Property	N/A	48	$12,195,674
Auto Liability[1]	25,755 (state-titled motor vehicles)	598	$3,892,269
General Liability	214,697	1,282	$9,170,659
Court-Awarded Attorney's Fees	N/A	84	Included in General Liability Funding
Federal Civil Rights/Employment	206,639	489	$23,619,709

[1] – Automobile liability coverage is also extended to state employees driving their personal vehicle on state business.

FY 2012 DRM Total Expenditures of $180,926,711 by Major Category



LINES OF INSURANCE COVERAGE

Workers' Compensation

The Workers' Compensation Section staff 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 Claims Services, Inc. Defense of litigated claims is provided by contract 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 pre-managed care medical bills, and provides hospital pre-certification and continued stay review services.

The following chart reflects the vendors currently providing medical 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, 2003	Accident date on or after January 1, 2003, and reported prior to January 1, 2009	Provide medical case management for duration of contract.	CorVel
January 1, 2009	Reported date on or after January 1, 2009	Provide medical case management for duration of contract.	OptaComp

Property

This program provides property coverage through the State Risk Management Trust Fund. The state offers coverage for damages to covered property caused by specific insured perils, such as fire, wind, flood and lightning. 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.

Automobile Liability

This program provides auto 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 their 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 auto claims and lawsuits filed against the state. Investigations of claims 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, contract law firms or state agency attorneys.

In accordance with Chapter 768.28, Florida Statutes, the 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 per occurrence for all claims.

As of July 1, 2004, Risk Management has offered coverage for property damage to state vehicles sustained when these vehicles are being used in approved off-duty use by a law enforcement officer. Risk Management 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.

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 because of a negligent act or omission of a state employee, agent or volunteer. Investigations of claims 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, contract law firms or state agency attorneys.

In accordance with Chapter 768.28, Florida Statutes, the limits of liability (under the waiver of sovereign immunity law) are $200,000 per person's claim and $300,000 per occurrence for all claims.

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, as amended by
- the Civil Rights Act of 1991 and
- the 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. Investigations of claims 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 compensatory damages, while the Florida Civil Rights Act of 1992 has a $200,000 cap. In addition to these amounts, front and back pay (past and future salary amounts determined to be due from a state agency), and plaintiff attorney fees for which a state agency becomes liable, can be paid under Title VII and The Florida Civil Rights Act of 1992 cases.

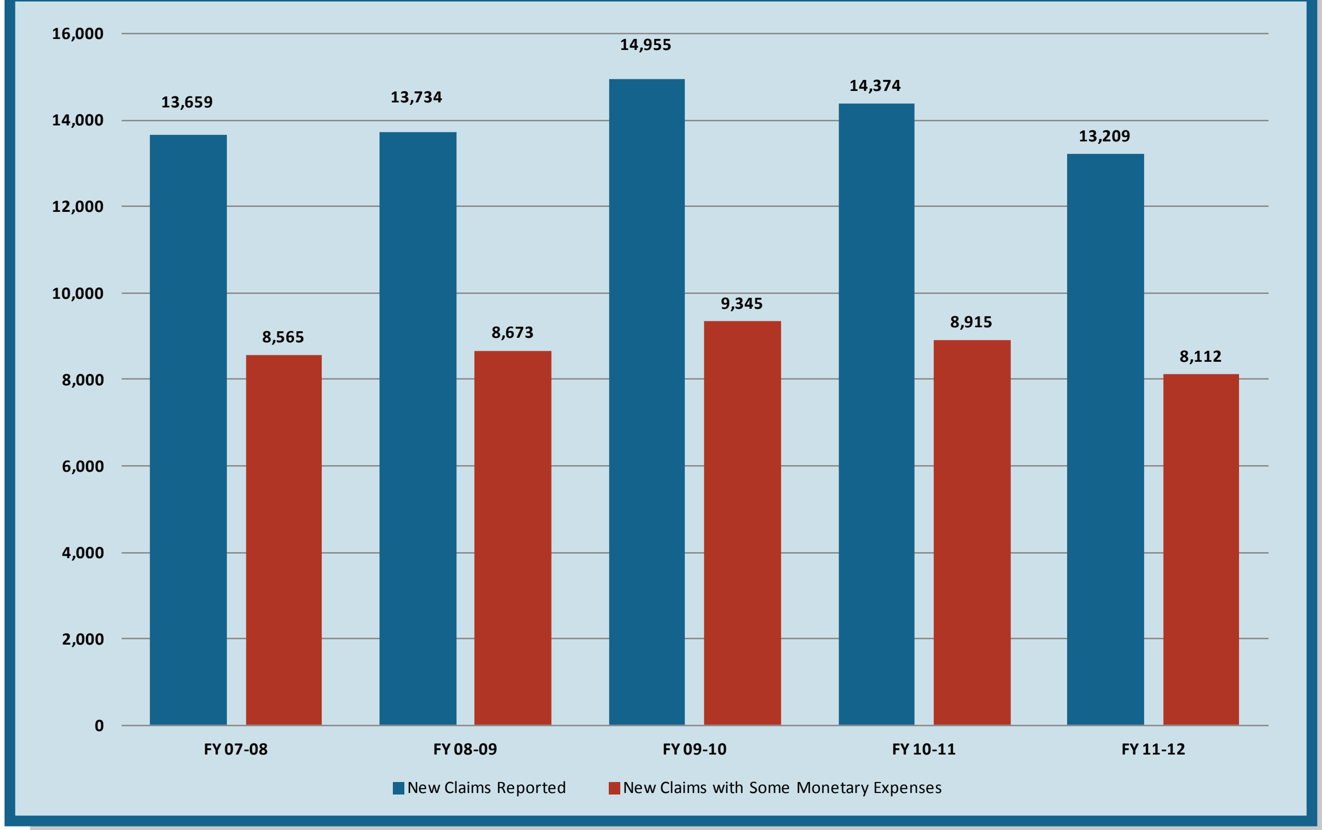
Court-Awarded Attorney Fees

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

WORKERS' COMPENSATION CLAIMS AND EXPENSES

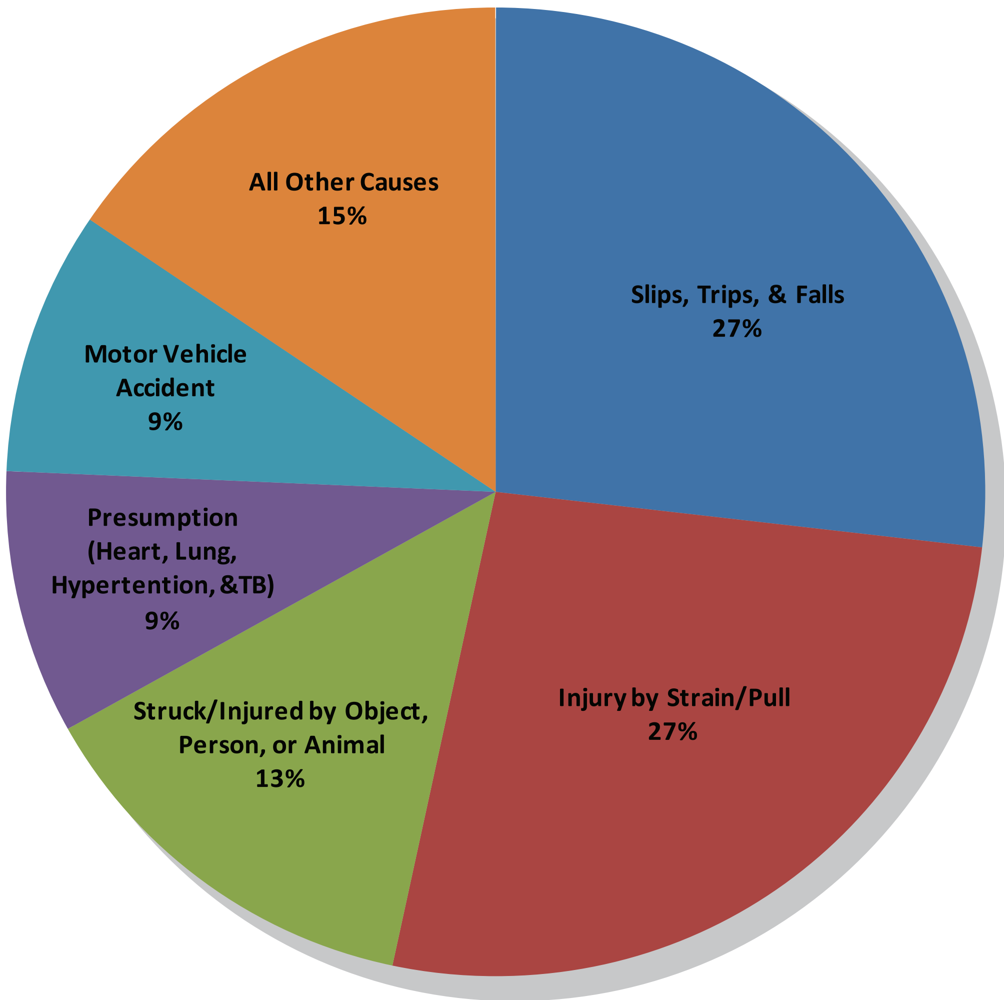
The Risk Management program averaged 13,986 new workers' compensation insurance claims with dates of accident occurring during each of the past five fiscal years. As of July 31, 2012, the program received 13,209 claims that occurred in FY 2011-2012. Of those, 8,112 had some monetary expense associated with them (benefits paid or reserves established in anticipation of payment). For the 2011-12 fiscal year 7.5 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. Death benefits were paid for six job-related deaths during fiscal year 2011-12.

New Workers' Compensation Claims Reported/Claims with Some Monetary Value
(Claim Development Shown Through 7/31 of the Following Fiscal Year)
Fiscal Years 2007-2008 Through 2011-2012



THE MAJOR CAUSES OF WORKERS' COMPENSATION CLAIMS

The following chart denotes the causes of workers' compensation claims that represent the highest percentage of benefit payments during FY 2011-2012.



RETURN-TO-WORK PROGRAM

Summary of Results

- $1,464,427 in claim cost savings due to return to work program for a nine month period.
- 171 fewer lost time from work claims compared to previous fiscal year period.
- 33,887 days that injured State employees were at work rather than at home collecting benefits.

Background Information

The Division of Risk Management, in keeping with its mission to provide technical assistance in managing and controlling risk, is committed to helping agencies and universities improve their return-to-work (RTW) programs. Pursuant to Section 284.50(3),F.S., "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 a return-to-work program 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' compensation treating physicians. If no limitation or restriction is established in writing by a worker's treating physician, the worker shall be deemed able to fully perform the same work duties he or she performed before the injury."

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.

In 2009, the Division contracted with OptaComp to serve as the medical case manager for the treatment of injured employees of state agencies and universities. One role of OptaComp in the agency return-to-work programs is to provide the employer/agency with physician documentation outlining the employee's restrictions, so the employer can make the determination whether they can accommodate the restrictions and return the employee to an alternate duty position. The treating physician is required to complete and submit a DWC-25 form to the injured worker's employer. The contract with OptaComp required that at a minimum the contractor must obtain and process 90% of form DWC -25's within two business days of the injured workers' appointment for medical treatment. In many cases this documentation is not provided by OptaComp in a timely manner due to the treating physician not completing the DWC-25 form timely. OptaComp has never met the 90% requirement and has been well below this standard, which has created an obstacle to the agencies' effort to return employees to work. This delay in receiving the DWC-25 form limits the ability of the employer to return the employee to work. In 2010, the Division's State of Florida Loss Prevention Program along with the RTW Ad Hoc Committee developed the RTW guidelines which provided all agencies with a model written RTW policy which could be adapted for their agency's unique needs.

In 2011, Chapter 284, Florida Statutes was revised to require the Division to include a report on agency and university RTW programs within the Division's annual report. Per Section 284.42(1)(b), F.S., "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 Section 284.50(3), Florida Statutes, to establish and maintain a return-to- work program.

Agency/University	# of FTEs
Florida State University	8,889
University of Florida	21,093
Florida Atlantic University	5,087
University of Central University	6,463
Florida International University	5,203
University of South Florida	8,846
Department of Agriculture and Consumer Services	3,897
Department of Education	3,330
Department of Highway Safety and Motor Vehicles	4,917
Department of Financial Services *	2,550
Department of Environmental Protection	4,767
Department of Revenue	5,190
Department of Transportation	7,443
State Court Systems	4,162
Public Defenders	3,099
States Attorneys	5,982
Agency for Persons with Disabilities	3,953
Department of Children and Families	14,566
Department of Health	19,774
Department of Juvenile Justice	5,992
Department of Corrections	30,001

**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.*

The agencies and universities required to maintain a RTW program are working closely with the Division to reduce the number of lost-time claims by creating and/or maintaining alternate or modified 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 Court System does not currently maintain a written RTW Program; however, they do have alternate duty positions available and allow their employees with restrictions to return to work.

Many of the agencies and universities maintained a RTW program prior to the statutory requirement enacted in 2011, but they were not required to report the information to the Division. 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 Risk Management Information System (RMIS) 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, so 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 the agencies and universities, there may be some reporting inconsistencies and in some cases an agency or university may not report the data, which affects the ability of the Division to compile data for benchmarking purposes. Due to this reporting inconsistency, data reported may not be complete for some agencies and universities.

Agencies and universities were requested to report the status of their RTW programs to the Division beginning August 1, 2011. The months of August and September were used as a training period so that the agencies could familiarize themselves with the dashboard used to collect their RTW data. Accordingly, the information in the following charts is based upon data compiled beginning October 1, 2011 through June 30, 2012, rather than the entire fiscal year. Future annual reports will contain data for the entire fiscal year from July 1 through June 30.

Benchmarks Utilized and Comparison of Benchmark Data

The following benchmarks have been selected to analyze agency return-to-work efforts:

Benchmark #	Description of Benchmark
1	The average cost of lost-time claims per year, per agency, with claims valued as of September 30th following each fiscal year.
2	The total number of lost-time claims per year, per agency.
3	The number of alternate duty claim assignments per agency/university.
4	The number of alternate duty days of work per agency/university.
5	The amount of Temporary Partial Disability (TPD) paid and the number of TPD claims per fiscal year per agency/university.
6	The percentage change as compared to the previous fiscal year of the average lost-time claim cost per agency/university, with claims valued as of September 30th following each fiscal year.
7	The percentage change as compared to the previous fiscal year of the number of lost-time claims per agency/university.
8	The percentage of workers' compensation claims that are lost-time claims, per fiscal year, per agency/university.
9	The percentage of alternate duty claim assignments made compared to the total number of reported workers' compensation claims per fiscal year, per agency/university.

Because they compare the current fiscal year results to the previous fiscal year, the data for Benchmarks 6 and 7 will not be available until the end of fiscal year 2012-2013. The chart on the following page contains the fiscal year 2011-2012 data for all other benchmarks.

Return-to-Work Benchmarks Fiscal Year 2011-2012

	BENCHMARK NUMBER								
	1	2	3	4	5	5	8	9
AGENCY/UNIVERSITY	AVERAGE COST LOST-TIME CLAIM	[1]TOTAL LOST-TIME CLAIMS	[2]TOTAL ALTERNATE DUTY CLAIMS	[2]TOTAL DAYS ALTERNATE DUTY	TPD CLAIMS	TPD TOTAL PAID	% OF TOTAL CLAIMS THAT ARE LOST-TIME CLAIMS	% OF TOTAL CLAIMS WITH ALTERNATE DUTY
Florida State University	$ 17,026	24	3	28	16	$ 18,299	10.04%	1.26%
University of Florida	$ 27,677	39	147	4,021	29	$ 62,702	3.78%	14.24%
Florida Atlantic University	$ 14,818	3	2	50	2	$ 9,251	5.88%	3.92%
University of Central Florida	$ 16,522	12	53	1,296	7	$ 6,840	5.38%	23.77%
Florida International University	$ 12,067	16	22	948	12	$ 18,889	14.81%	20.37%
University of South Florida	$ 11,355	15	38	865	9	$ 19,580	4.53%	11.48%
Dept of Agriculture and Consumer Services	$ 18,782	16	52	1,708	1	$ 871	3.85%	12.50%
Dept of Education	$ 15,664	12	5	23	5	$ 6,663	6.82%	2.84%
Dept of Highway Safety and Motor Vehicles	$ 49,418	31	71	1,430	4	$ 3,568	6.74%	15.43%
Dept of Financial Services	$ 49,884	2	6	204	0	$ -	1.92%	5.77%
Dept of Environmental Protection	$ 17,882	15	0	0	2	$ 2,845	3.88%	0.00%
Dept of Revenue	$ 15,333	9	27	927	1	$ 2,695	6.47%	19.42%
Dept of Transportation	$ 16,035	35	42	875	17	$ 21,735	10.94%	13.13%
State Courts System	$ 30,679	3	9	77	0	$ -	2.97%	8.91%
Public Defenders	$ 26,754	3	3	82	3	$ 2,350	4.17%	4.17%
State Attorneys	$ 31,317	13	23	495	3	$ 16,295	6.95%	12.30%
Agency for Persons with Disabilities	$ 24,400	41	146	3,000	20	$ 19,714	5.93%	21.13%
Dept of Children and Families	$ 18,853	59	179	3,888	11	$ 23,187	4.47%	13.55%
Dept of Health	$ 18,944	41	18	249	13	$ 22,537	3.42%	1.50%
Dept of Juvenile Justice	$ 14,904	56	122	5,155	40	$ 94,359	11.45%	24.95%
Dept of Corrections	$ 23,233	286	332	8,566	30	$ 61,334	8.08%	9.38%
Grand Totals	**$ 22,066**	**731**	**1,300**	**33,887**	**225**	**$ 413,715**	**6.31%**	**11.22%**

NOTE: Benchmarks 6 and 7 are not reported as they compare the current fiscal year results to the previous fiscal year. They will be reported for the first time in next year's report.

[1] Total lost-time claims - This is a combination of Temporary Partial Disability (TPD) and Temporary Total Disability (TTD) indemnity benefits paid between 7/1/2011 and 6/30/2012.

[2] Total alternate duty claims/total alternate duty days - The agencies and universities are not mandated to provide this information. However, some agencies/universities began voluntarily providing the information after Section 284.42(1)(b) F.S., became effective July 1, 2011. Due to the complexity of the information requested, the Division did not begin utilizing the information until October 1, 2011. Therefore, this information covers the period from October 1, 2011 through June 30, 2012.

Return-to-Work Program - Fiscal Year Comparisons as to Number of Lost-Time Claims and Costs

The following two charts provide fiscal year comparisons in two key areas:

- Chart 1 provides a fiscal year comparison of total lost-time claim counts.
- Chart 2 provides a fiscal year cost comparison which details indemnity costs, medical and legal costs, and total costs.

As discussed above, due to a training period in August and September of 2011, data received from the agencies was not utilized until October 2011. Therefore, data presented on the following two charts is not based upon a full fiscal year, but begins 10/1/2011. For comparison purposes, the prior fiscal year data from 10/1/2010 to 6/30/2011 is provided to indicate the numbers prior to a statutorily regulated return-to-work program. The comparison shows a cost reduction of $1,464,427 for the time periods evaluated. This is an 11.94% reduction in overall cost for the 9 month periods represented.

Chart 1: Fiscal Year Comparison
Claim Counts FY 2010/11 and 2011/12

AGENCY	CLAIM COUNT FY 10/11	CLAIM COUNT FY 11/12	COUNT DIFFERENCE
Agency for Persons with Disabilities	72	30	(42)
Dept of Agriculture and Consumer Services	19	17	(2)
Dept of Children and Families	55	48	(7)
Dept of Corrections	265	223	(42)
Dept of Education	13	13	0
Dept of Environmental Protection	22	13	(9)
Dept of Financial Services	8	2	(6)
Dept of Health	49	39	(10)
Dept of Highway Safety and Motor Vehicles	38	28	(10)
Dept of Juvenile Justice	53	38	(15)
Dept of Revenue	12	6	(6)
Dept of Transportation	31	30	(1)
State Courts System	3	3	0
Public Defenders	2	3	1
State Attorneys	16	8	(8)
Florida Atlantic University	9	3	(6)
Florida International University	12	11	(1)
Florida State University	7	15	8
University of Central Florida	21	10	(11)
University of Florida	44	38	(6)
University of South Florida	7	9	2
Grand Total	**758**	**587**	**(171)**

Note: Fiscal Year 10/11 includes data from 10/1/2010-7/1/2011 and Fiscal Year 11/12 includes data from 10/1/2011-7/1/2012.

Chart 2: Fiscal Year Comparison – Indemnity, Medical and Legal Costs
FY 2010/11 and 2011/12

AGENCY	INDEMNITY COSTS			MEDICAL AND LEGAL COSTS			TOTAL COSTS		
	FY 10/11	FY 11/12	DIFFERENCE	FY 10/11	FY 11/12	DIFFERENCE	FY 10/11	FY 11/12	DIFFERENCE
Agency for Persons with Disabilities	$ 111,938	$ 38,908	$ (73,031)	$ 327,707	$ 213,480	$ (114,227)	$ 439,645	$ 252,388	$ (187,258)
Dept of Agriculture and Consumer Services	53,567	19,967	(33,599)	197,821	232,270	34,449	251,387	252,237	850
Dept of Children and Families	117,303	143,473	26,170	615,597	546,692	(68,905)	732,900	690,165	(42,736)
Dept of Corrections	710,838	663,190	(47,648)	3,970,885	4,090,660	119,775	4,681,723	4,753,850	72,126
Dept of Education	37,936	30,658	(7,278)	137,437	123,719	(13,718)	175,373	154,377	(20,996)
Dept of Environmental Protection	74,840	27,972	(46,867)	365,556	194,243	(171,313)	440,396	22,215	(218,180)
Dept of Financial Services	13,009	19,129	6,119	61,630	78,675	17,045	74,640	97,804	23,164
Dept of Health	165,414	83,871	(81,542)	672,584	528,540	(144,045)	837,998	612,411	(225,587)
Dept of Highway Safety and Motor Vehicles	152,215	84,225	(67,990)	993,100	1,051,081	57,981	1,145,315	1,135,305	(10,009)
Dept of Juvenile Justice	183,464	131,383	(52,081)	346,442	331,818	(14,624)	529,906	463,201	(66,705)
Dept of Revenue	31,593	9,735	(21,857)	967,005	56,283	(910,722)	998,598	66,019	(932,579)
Dept of Transportation	57,257	94,016	36,759	229,297	301,020	71,722	286,554	395,035	108,481
State Courts System	7,303	6,691	(612)	21,287	18,122	(3,165)	28,589	24,812	(3,777)
Public Defenders	1,606	6,168	4,562	14,164	9,289	(4,875)	15,769	15,457	(313)
State Attorneys	43,964	37,028	(6,935)	140,765	281,930	141,165	184,729	318,959	134,230
Florida Atlantic University	34,867	10,358	(24,509)	140,240	9,200	(131,040)	175,107	19,558	(155,550)
Florida International University	15,416	30,233	14,818	42,433	125,909	83,476	57,849	156,143	98,294
Florida State University	8,232	43,737	35,504	40,405	208,206	167,801	48,638	251,943	203,305
University of Central Florida	50,759	28,407	(22,352)	152,957	139,793	(13,164)	203,716	168,200	(35,516)
University of Florida	103,792	104,712	920	774,246	574,961	(199,285)	878,038	679,673	(198,365)
University of South Florida	15,686	21,005	5,319	64,672	52,046	(12,625)	80,357	73,052	(7,306)
Grand Total	**$1,990,999**	**$1,634,866**	**$(356,133)**	**$10,276,230**	**$9,167,936**	**$(1,108,294)**	**$12,267,229**	**$10,802,802**	**$(1,464,427)**

Note: Fiscal Year 10/11 includes data from 10/1/2010-7/1/2011 and Fiscal Year 11/12 includes data from 10/1/2011-7/1/2012.

Disability Payments on Lost Time from Work Claims and Number of Days Where Payments Not Made Due to Return to Work

The chart on the following page indicates the number and amount of Temporary Total Disability (TTD) and Temporary Partial Disability (TPD) payments made by the Division between the dates of October 1, 2011 and June 30, 2012 per agency/university. It also indicates the number of claims accommodated by the RTW Program and the total number of days accommodated. While no exact savings costs are shown due to the difference in salaries of the affected employees in the RTW Program, these were claims that would have normally incurred TPD payments had the restrictions not been accommodated by the employer. These claims would have also incurred medical, other expenses, and litigation costs. However, by continuing to keep the employee an integral part of the workforce, those costs are reduced and the employee remains work conditioned. Please note that while Section 284.42(1)(b), F.S.,requires the Division to analyze and report all lost-time claims, which includes both TTD and TPD claims, only TPD claims may be offered alternate duty accommodations.

The maximum amount of time temporary disability payments are allowed per Chapter 440, F.S., is 104 weeks and then the employee is placed at mandatory maximum medical improvement. This means they no longer qualify for TTD/TPD benefits. Many times at this point a determination must be made whether the employee will be administratively accepted as Permanently Totally Disabled and the Division must then pay benefits until the employee reaches the age of 75 years or death occurs, whichever comes first. Also, 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 of alternate duty. 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 then begin paying them TPD benefits due to the fact they may no longer report to work in any capacity.

TTD claims are paid at 66 2/3% of the average weekly wage and TPD claims are generally paid at 64% of the average weekly wage.

Many times the employee is not returned to an alternate duty position due to the medical provider(s) failing to provide adequate definitions of restrictions to allow employers to determine whether the employee could be accommodated to return-to-work in a position within the outlined restrictions. The ultimate goal is to return all employees to an alternate duty position when medically possible to reduce the overall cost of workers' compensation coverage provided to injured state workers.

The Division of Risk Management will continue to work closely with the agencies/universities and the medical providers to improve the RTW Program and additional data will be analyzed to determine the best practices to reduce claims costs. These efforts will be reflected in future reports.

Workers' Compensation Claims – 10/1/2011 through 6/30/2012
With TTD Payments, TPD Payments or Alternate Duty Provided

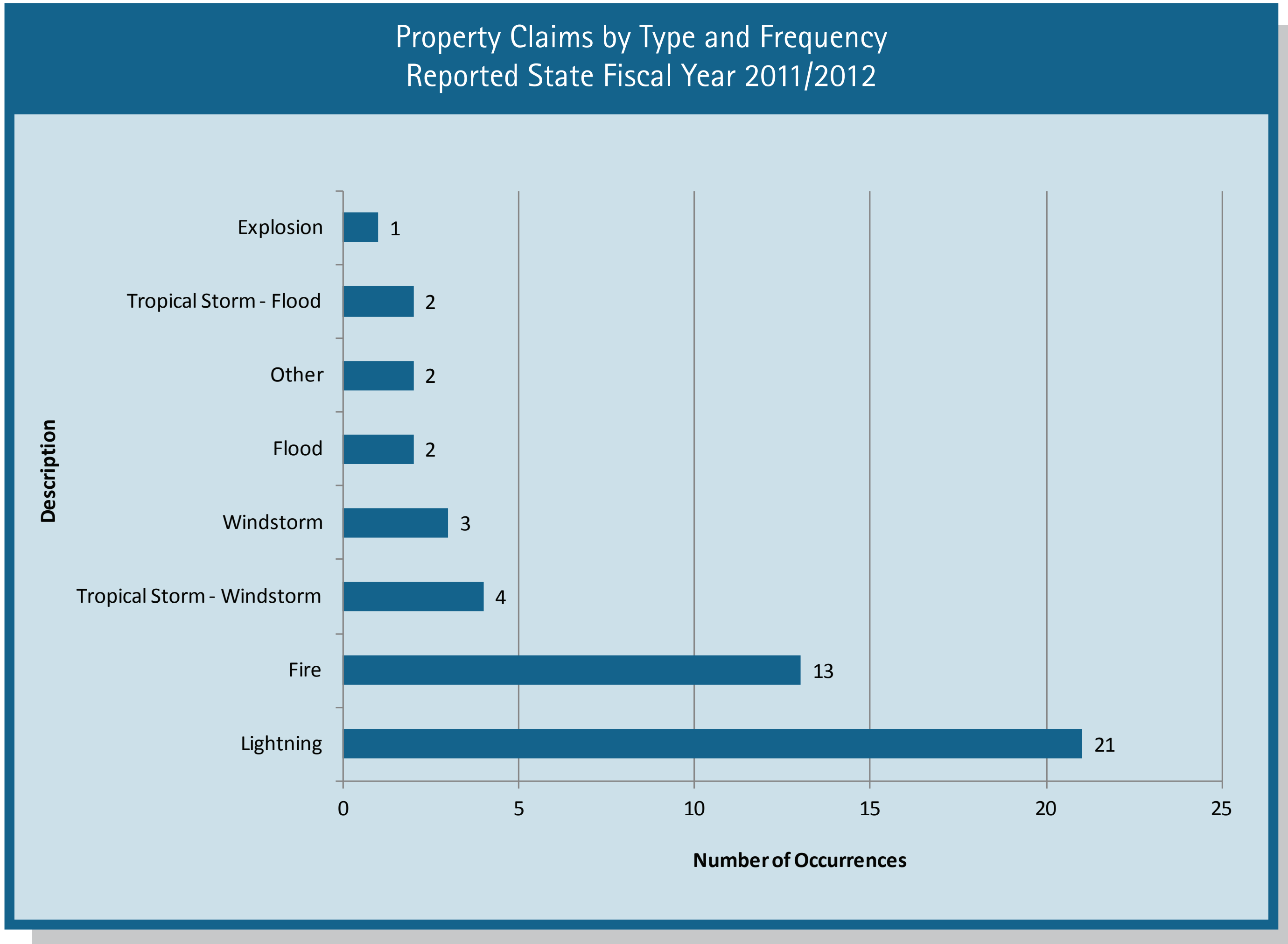
AGENCY	TTD CLAIMS	TTD PAID	TPD CLAIMS	TPD PAID	ALTERNATE DUTY CLAIMS	NUMBER OF DAYS ALTERNATE DUTY
*Florida State University	8	$ 24,952	8	$ 10,805	3	28
University of Florida	11	$ 19,280	19	$ 37,343	147	4,021
Florida Atlantic University	0	$ -	2	$ 9,251	2	50
University of Central Florida	5	$ 16,078	1	$ 3,477	53	1,296
Florida International University	5	$ 11,488	8	$ 14,965	22	948
University of South Florida	1	$ 3,373	5	$ 11,135	38	865
Dept of Agriculture and Consumer Services	10	$ 8,669	0	$ -	52	1,708
Dept of Education	8	$ 13,383	5	$ 6,663	5	23
Dept of Highway Safety and Motor Vehicles	22	$ 50,655	2	$ 1,268	71	1,430
Dept of Financial Services	2	$ 5,829	0	$ -	6	204
Dept of Environmental Protection	10	$ 12,109	2	$ 2,845	0	0
Dept of Revenue	5	$ 4,372	0	$ -	27	927
Dept of Transportation	22	$ 51,064	13	$ 16,543	42	875
State Courts System	2	$ 3,570	0	$ -	9	77
Public Defenders	0	$ -	2	$ 1,887	3	82
State Attorneys	8	$ 13,499	2	$ 14,108	23	495
Agency for Persons with Disabilities	15	$ 21,131	11	$ 8,938	146	3,000
Dept of Children and Families	32	$ 57,497	6	$ 14,453	179	3,888
Dept of Health	23	$ 49,637	8	$ 5,313	18	249
Dept of Juvenile Justice	11	$ 45,202	28	$ 60,384	122	5,155
Dept of Corrections	178	$ 323,778	18	$ 28,902	332	8,566
Totals	**378**	**$ 735,565**	**140**	**$ 248,282**	**1,300**	**33,887**

** Florida State University only reported one month of data for the number of alternate duty claims and the number of days on alternate duty.*

TTD represents temporary total claims, which are claims where the employee is restricted from work by the medical provider and the employer is not given the option to accommodate their restrictions. The employer therefore has no control over these claims. TPD indicates temporary partial claims where the employee is provided with work restrictions which the employer is unable to accommodate, resulting in the employee being placed out of work so benefits are paid by the Division. Alternate Duty claims are those claims where the employer is accommodating the work restrictions by placing the employee in a position working within the restrictions outlined by the medical provider. The number of days of alternate duty is the total number of days that an employee with restriction is accommodated by the employer. The alternate duty claims would have resulted in benefits being paid if the employer could not accommodate the restrictions. This is money saved by the state due to the fact that the employee remains at work, which greatly reduces the overall claim cost to the state.

PROPERTY CLAIMS BY TYPE AND FREQUENCY

Property losses are caused by a variety of perils, such as wind, lightning, flood and fire. Lightning is the most frequent cause of state-owned property damage, followed by fire.



PROPERTY CLAIMS BY TYPE AND COST

Property claims are tracked by the type of peril that caused the damage. Fire is the most costly peril for which claims have been paid, followed by lightning.

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 fiscal year 2011-2012.

Inspections performed during FY 2011-2012

The State Fire Marshal's Office inspected 17,047 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

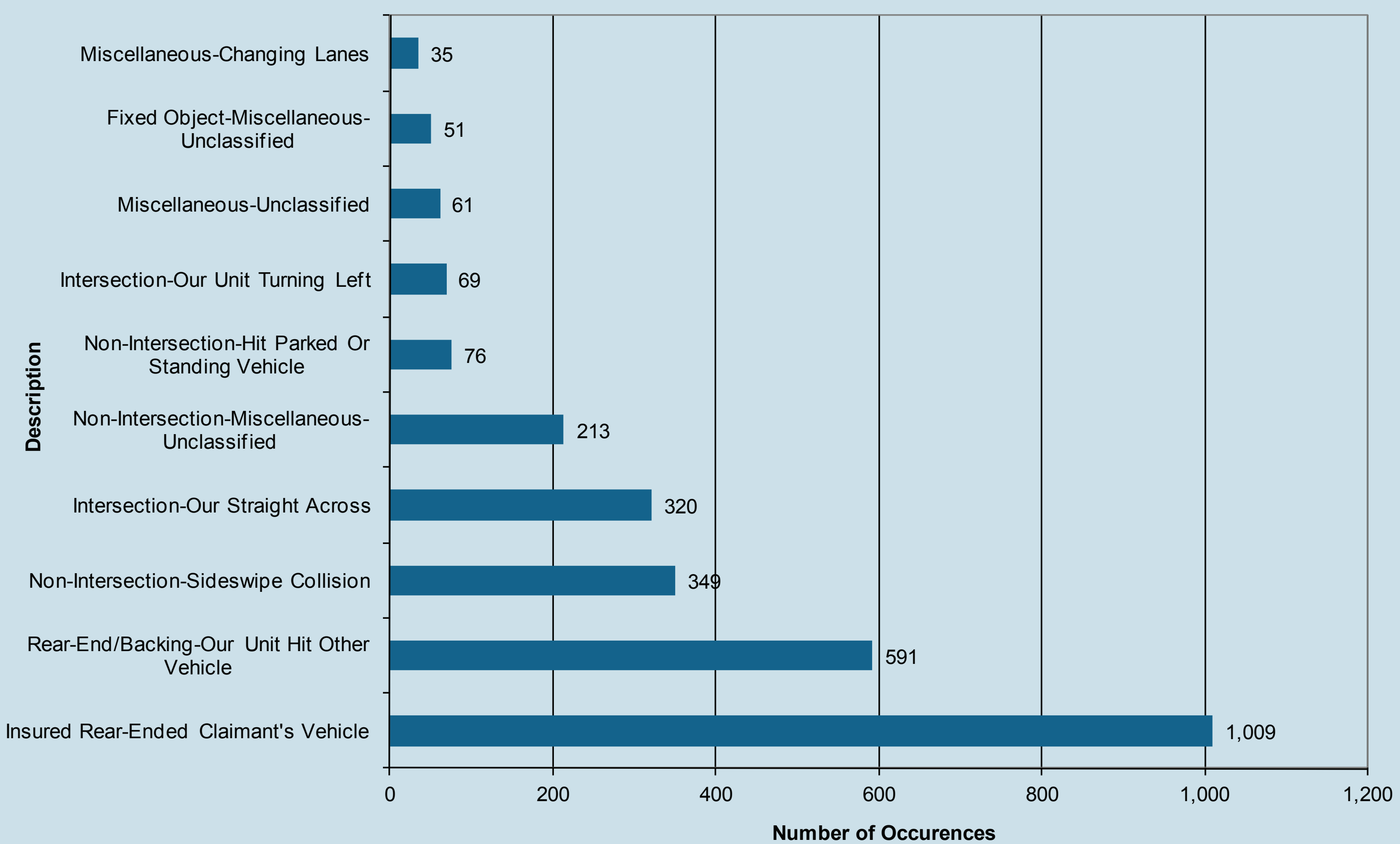
- We recommend that a month within the calendar year be designated as "Fire Awareness and Prevention Month" and that the leadership of State government actively support this issue with the intent of reducing the fire hazards imperiling state-owned properties.
- We recommend that all agency heads file 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 BY TYPE AND FREQUENCY

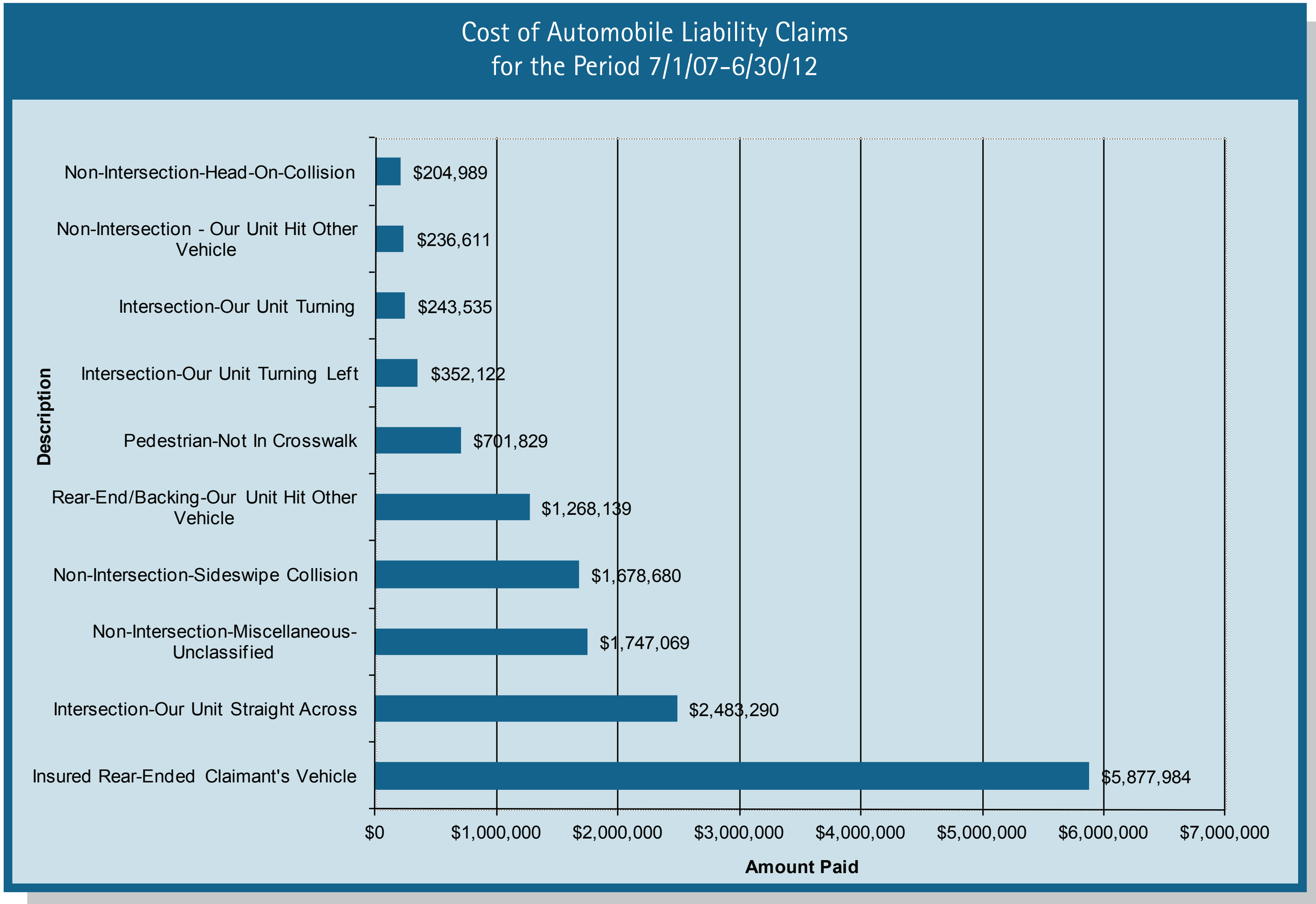
The state tracks automobile accidents in five-year increments by the type of accident that has occurred. For example, "intersection – our unit turning left" refers to claims that the state was negligent when its driver made a left turn at an intersection. The most frequent type of accident and resulting claim was from state drivers hitting another vehicle from behind followed by backing into another vehicle.

Frequency of Automobile Claims
Reported for the Period 7/1/07-6/30/12



AUTOMOBILE LIABILITY CLAIMS BY TYPE AND COST

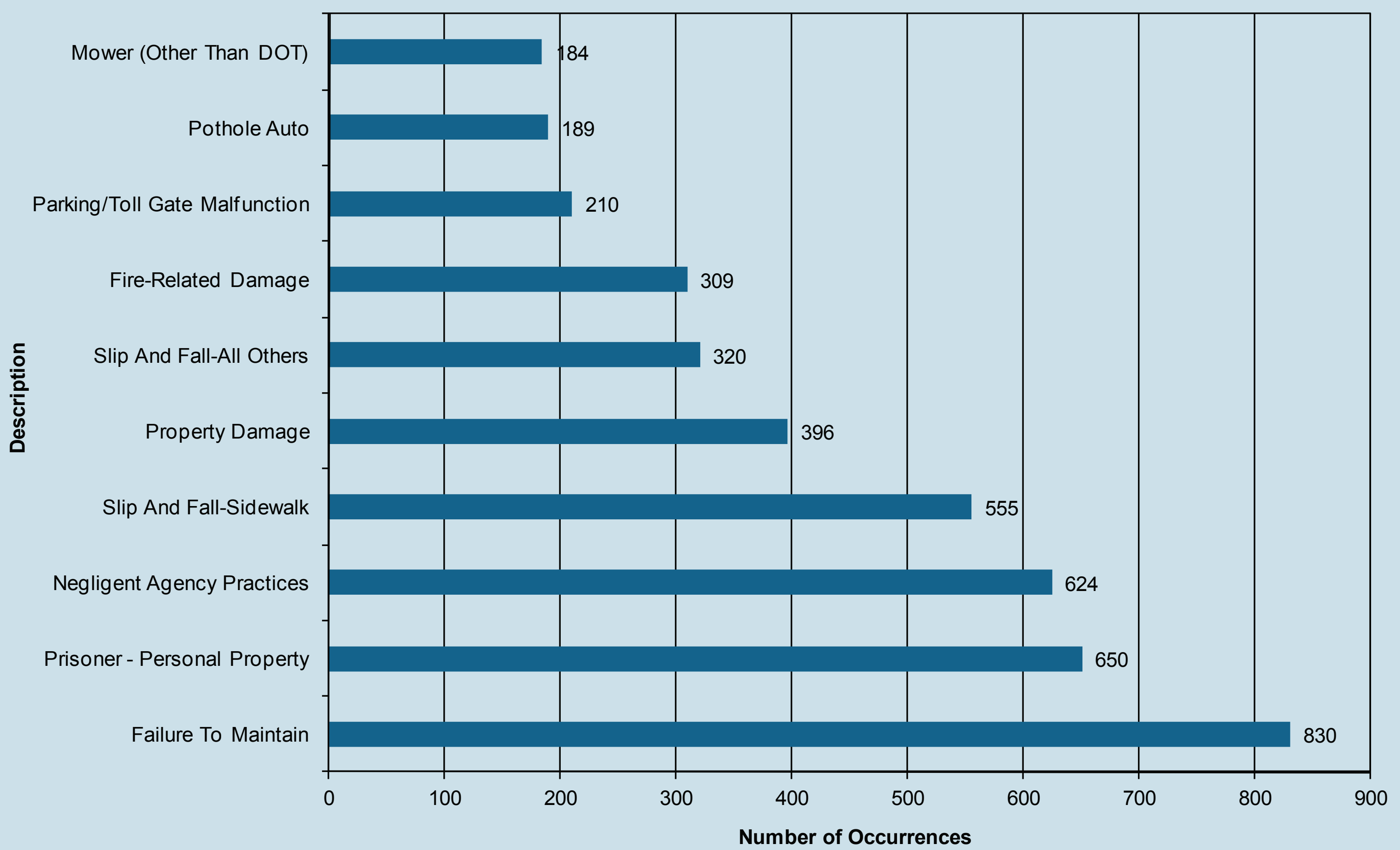
The state also tracks the cost of automobile accidents by cause and related cost. Accidents are tracked in five-year increments and the most costly accident claims result from our driver hitting another vehicle from behind.



GENERAL LIABILITY CLAIMS BY TYPE AND FREQUENCY

General liability claims are a "catch all" term for all claims of negligence other than automobile liability and are tracked in five-year increments. Failure to maintain state-owned property used by the public, such as a broken sidewalk that results in injury, is the most frequent general liability claim, followed by prisoner - personal property claims.

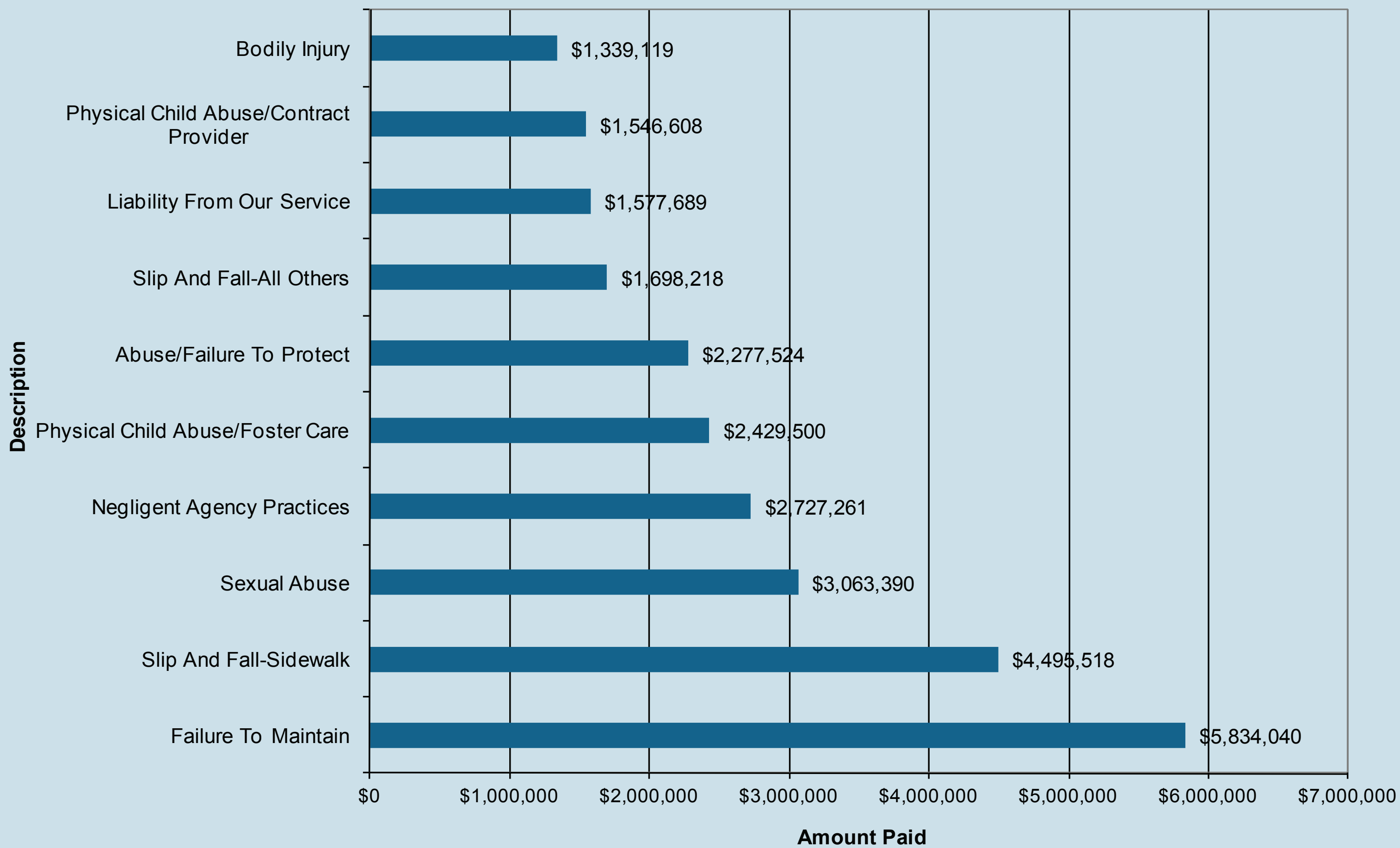
Frequency of General Liability Claims
Reported for the Period 7/1/07-6/30/12



GENERAL LIABILITY CLAIMS BY TYPE AND COST

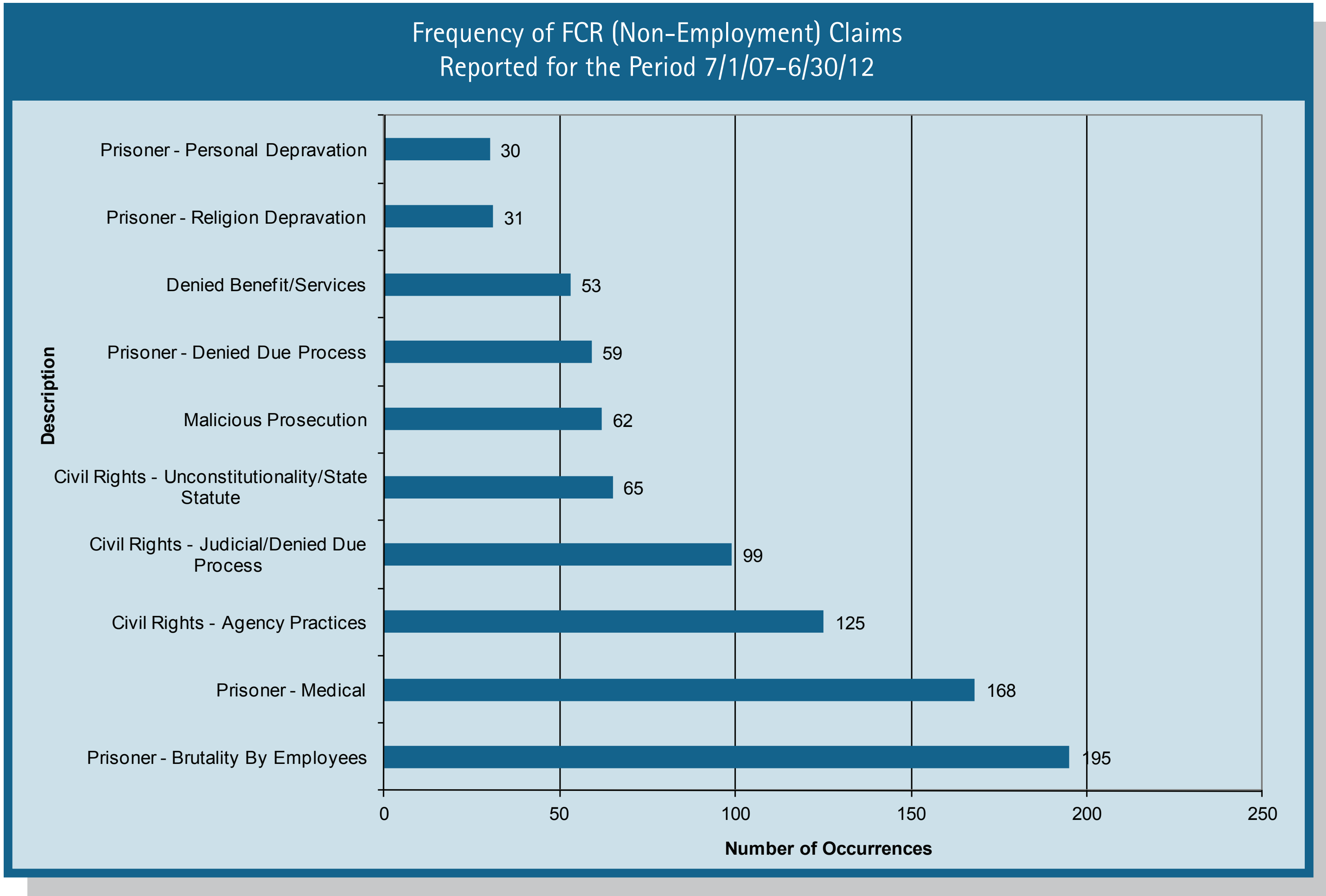
The most costly general liability claims paid by the state are for the failure to maintain state owned property and are tracked in five-year increments. These claims can include failure to maintain such property as state buildings, roads, signage, parks and recreational areas.

Cost of General Liability Claims
for the Period 7/1/07-6/30/12



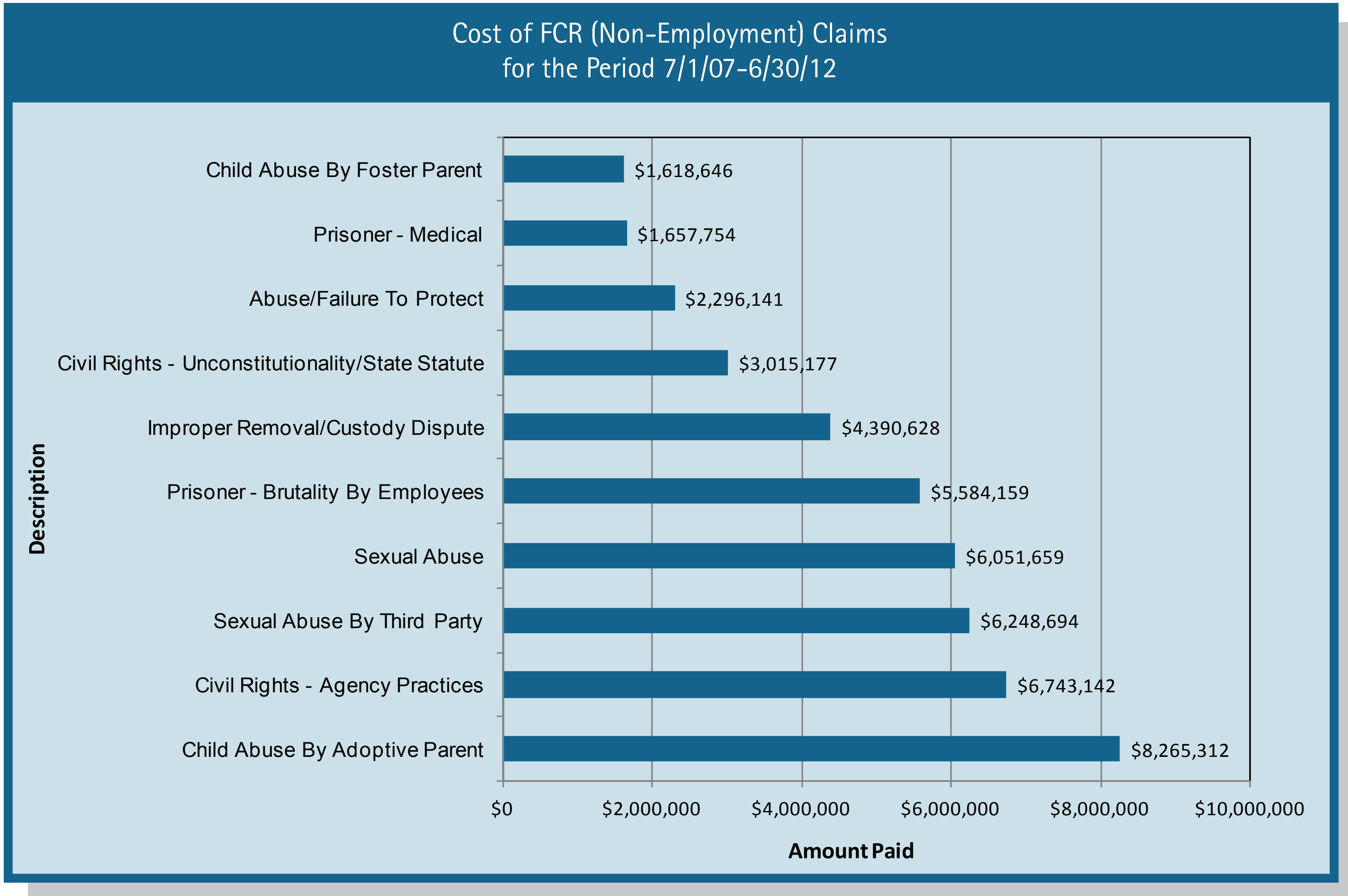
FEDERAL CIVIL RIGHTS CLAIMS BY TYPE AND FREQUENCY

The state 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. The most frequent combined 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.



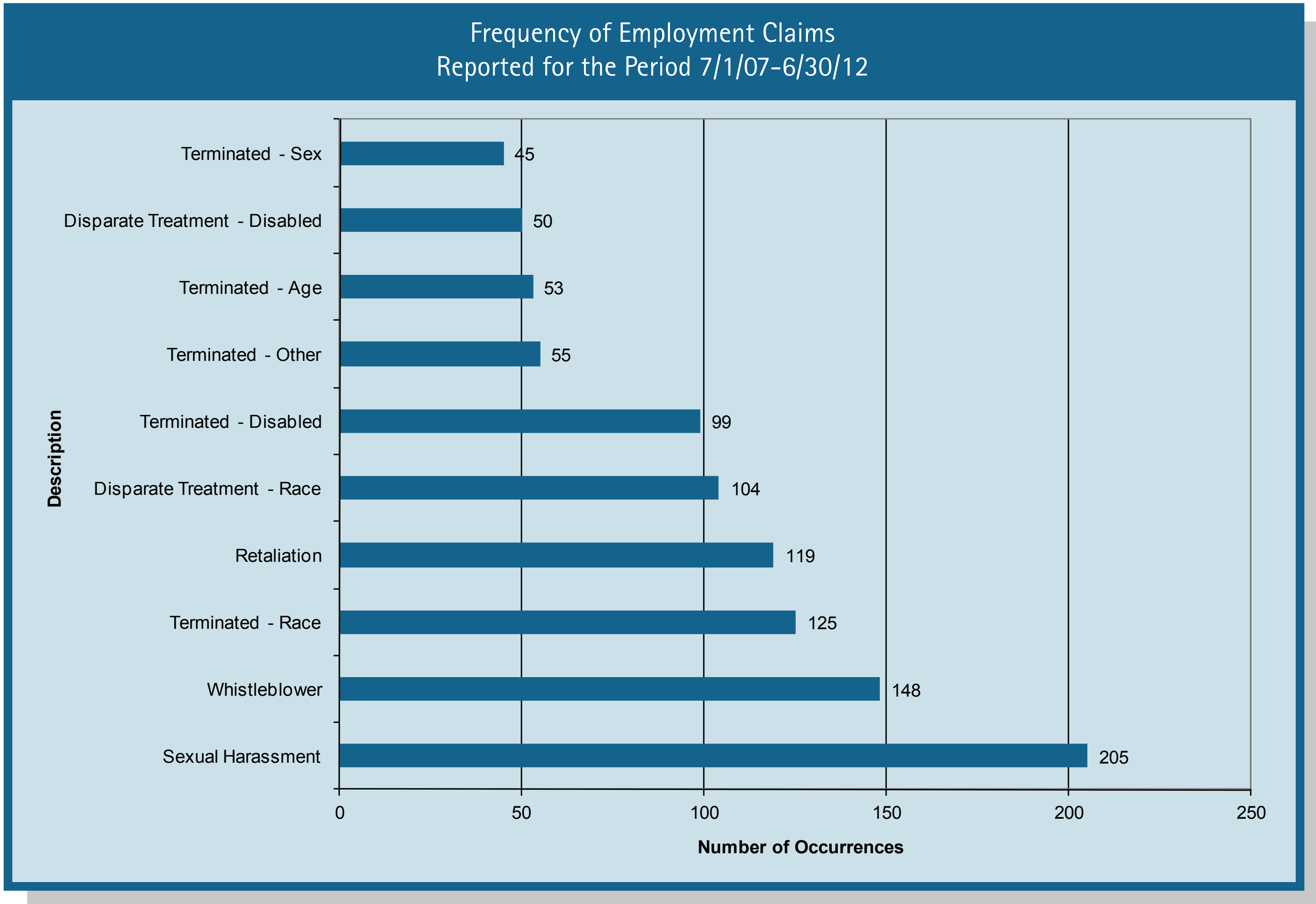
FEDERAL CIVIL RIGHTS CLAIMS BY TYPE AND COST

The most costly federal civil rights claims for the five-year period are for child abuse by adoptive parent followed by complaints that agency practices violated a person's civil rights.



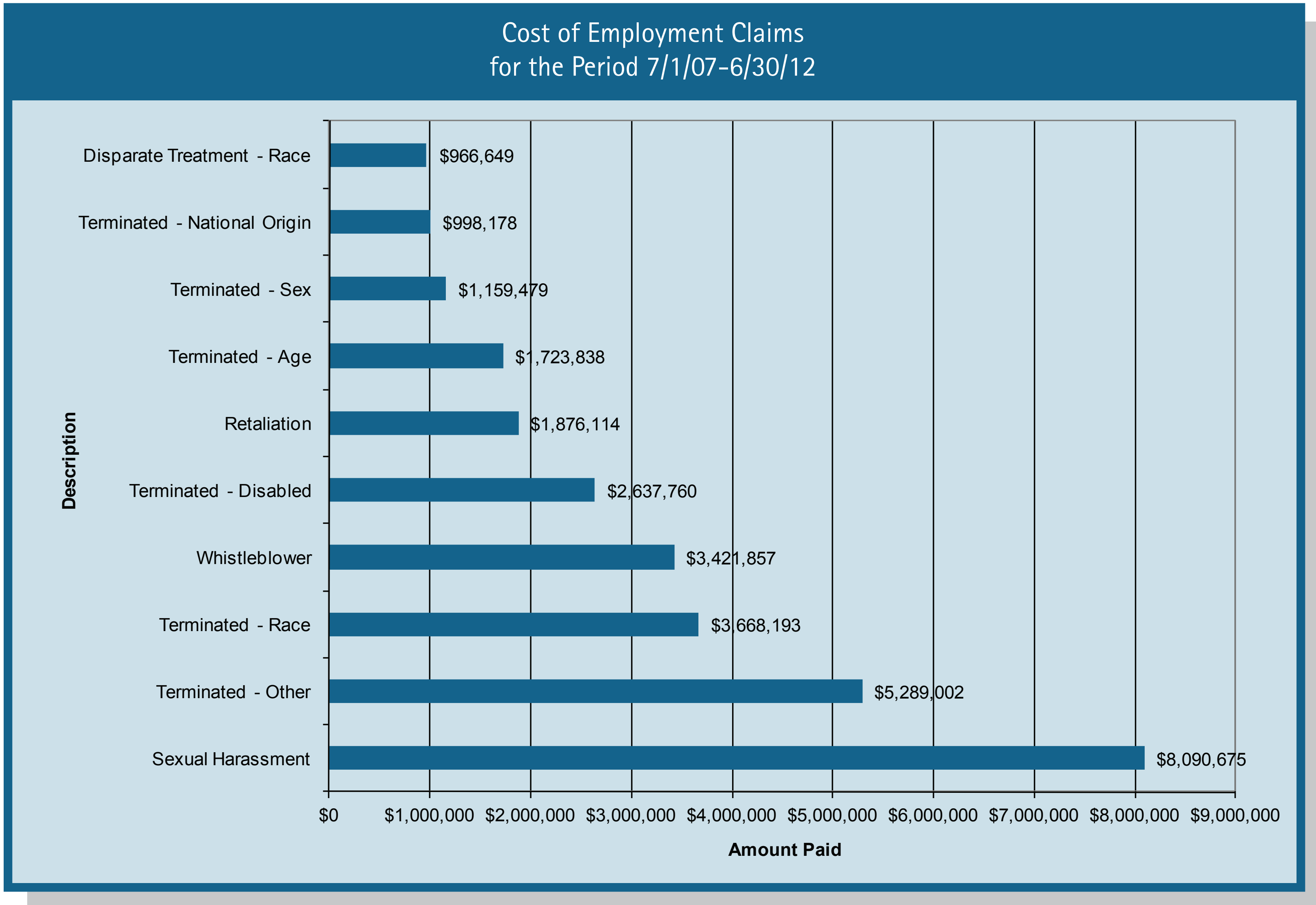
EMPLOYMENT DISCRIMINATION CLAIMS BY TYPE AND FREQUENCY

As the largest employer in the state, the state of Florida has broad exposure to employment discrimination claims. The frequency of employment discrimination claims is tracked by the type of claim and in five-year increments. Sexual harassment claims and whistleblower claims are the most frequently occurring.



EMPLOYMENT DISCRIMINATION CLAIMS BY TYPE AND COST

The cost of employment discrimination claims is also tracked by the type of claim and in five-year increments. The most costly employment discrimination claim is for sexual harassment followed by termination for reasons other than those specified in the remainder of this chart.



Department of Financial Services
Division of Risk Management

For More Information Contact:

R.J. CASTELLANOS
DIRECTOR OF DIVISION OF RISK MANAGEMENT
200 EAST GAINES STREET
TALLAHASSEE, FL 32399-0336
TELEPHONE (850) 413-4700

CHIEF FINANCIAL OFFICER
JEFF ATWATER
FLORIDA DEPARTMENT OF FINANCIAL SERVICES

SEAL OF THE STATE OF FLORIDA
IN GOD WE TRUST