



Department of Financial Services  
 Division of Risk Management  
 FISCAL YEAR 2015 ANNUAL REPORT



  
 CHIEF FINANCIAL OFFICER  
**JEFF ATWATER**  
 FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
 IN GOD WE TRUST



## A Message from CFO Jeff Atwater

Dear Colleagues:

We are pleased to present you the Division of Risk Management's Annual Report for Fiscal Year 2014-15. Last fiscal year, our program improved as we continued to implement initiatives to increase our effectiveness in administering state agency claims, and reducing the number of claims and their associated costs. This report highlights our efforts and successes over this past year.

The Division successfully implemented the first phase of its new Insurance Management System (Origami) in February 2015 and will implement additional phases during the 2015-16 fiscal year. In addition, the Division:

- Increased access to agency claims data and reporting capabilities by state agency and university risk managers, improving their ability to implement safety and claims reduction programs
- Improved data integrity and security through software updates
- Improved workers' compensation claim fraud prevention and detection, increasing the number of state staff and claim defense attorneys trained to look for signs of fraud, and strengthening internal controls to prevent potentially fraudulent payments

Because of our above actions, we will realize \$3.5 million in future claims cost savings due to claims closures or reduced settlements.

The Division also increased the amount and quality of state-owned building data to benefit consumers. In both February 2014 and February 2015, the availability of additional property data contributed to a reinsurance premium rate decrease per \$100 of coverage. Improved property data provided to insurance underwriters was a primary factor in this rate reduction, resulting in a 9.7% decrease in catastrophic loss modeling results for a one-in-twenty year catastrophic event, despite an increase in total insured property values of \$404 million.

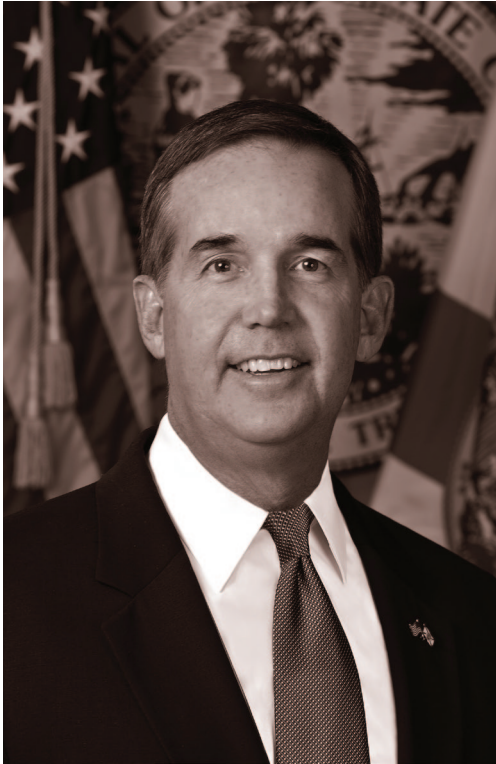
During the last fiscal year the Division worked to limit expenses despite a modest increase in total claims costs. Liability claims costs were \$650,000 higher in FY 2014-15 compared to FY 2013-14, due to a \$700,000 increase in general liability claims costs. In contrast, automobile liability and federal civil rights claims costs remained steady compared to the prior year.

Although fewer claims reported last year required monetary expense, total workers' compensation claims costs increased in FY 2014-15 by \$5 million. However, the majority of this increase was due to an increase in settlements, which totaled \$4.5 million higher than the previous fiscal year but eliminated the claims' costs in future years. Without those additional claims settlements, workers' compensation costs rose only slightly higher than costs for the previous fiscal year.

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



Jeff Atwater  
Chief Financial Officer  
State of Florida



JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
STATE OF FLORIDA



# Risk Management – What We Do

## Overview

The mission of the Division of Risk Management program is to ensure that participating state of Florida agencies and universities receive technical 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 of Risk Management 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 \$188 million annual budget, calculation of casualty and property premiums for the Division's customers, 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 loss prevention and safety program reviews; monitors agency return-to-work programs; and provides administrative support to the Interagency Advisory Council on Loss Prevention.

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

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

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

## 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 claim performance over a six-month period. It provides claim 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 claim activity within their respective agencies.

Quarterly and monthly reports are 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 claim reduction.



## Division of Risk Management Annual Report 2015



Monthly reports additionally make all agencies aware of casualty claims designated to their agency in our information system from the preceding month. This allows agencies to verify that all claims have been properly entered, including correct cause and location codes. Utilizing 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 claim performance data. These reports give agencies the tools to conduct trend analyses and track their performance over 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 by 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 2014–15 fiscal year, the Division facilitated training to 2,146 agency employees, including supervisors, workers' compensation coordinators, and safety program personnel. Training media include webinars, online learning options, training materials, instructor-led courses, and training videos, many of which were developed in-house by the Division's Loss Prevention Section.

The Division also develops and publishes a bimonthly 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 and awareness tool to core safety personnel at all state agencies and universities for dissemination among employees.

**Consultation Services and Technical Assistance**—Our staff works directly with agencies to assist with program development and implementation of loss prevention industry best practices. Assistance may involve travel to a site or location, meeting with headquarters officials, or discussing the inquiry on the telephone. 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 utilizes contracted consultants to support agency loss prevention efforts. The Division conducted 224 consultations in Fiscal Year 2014–15.

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

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

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

## *Claims Management and Resolution*

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

**Workers' Compensation**—The Division administers workers' compensation claims for Florida's agencies and universities. The Division received 11,898 new workers' compensation claims and paid \$106.5 million in medical and indemnity benefits during the 2014-15 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. 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 (FSU's) campus, the Division is at the forefront of protecting Florida's assets. The Division also administers coverage for state-owned business equipment and furnishings contained in buildings not owned by the state.

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







## Program Highlights

### *Insurance Management System Implementation*

The Division contracted with Origami Risk in June 2014 to implement a new Insurance Management System (IMS) to replace its existing risk management information system. The Division successfully implemented the first phase of the IMS on schedule in February 2015. This phase included all basic functionality for claims processing, policy management, financial management, and reporting. State agency and university risk managers have access to Origami as well as their agency-specific claim data and reporting capabilities. Additional phases with advanced functionality are being implemented during the 2015-16 fiscal year.

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

### *Agency Loss Prevention Program Reviews*

Florida Statutes require that the Division evaluate each agency's risk management program once at least every five years. During the 2011-12 fiscal year, the Division developed the agency evaluation process and began performing agency reviews. During the 2012-13 fiscal year, the Division adopted more consistent review methodologies and restructured the report format, which continued to improve the quality and efficiency of its agency loss prevention program reviews into the 2014-15 fiscal year. As of the end of the 2014-15 fiscal year, the Division completed a total of 24 program reviews and continues to remain on schedule to complete the first cycle of evaluations within the required timetable. The next cycle of agency reviews, scheduled to begin in July 2016, will incorporate assessment of liability loss prevention standards in addition to the administrative, safety, and workers' compensation standards reviewed during the first cycle.

**Benefit to Floridians:** The Division's agency review component promotes positive loss prevention outcomes by assisting agencies in identifying and building upon the comprehensive program elements outlined in the State Loss Prevention Standards. Assessment of agency safety and loss prevention programs additionally contributes to the cross-agency sharing of training, safety awareness, claim loss strategies, and other processes designed to reduce costs.

### *Online Safety & Loss Prevention Training*

The Division continues to develop the loss prevention training program for state agencies and universities to include web-based courses in addition to instructor-led training. Training offered to agencies and universities includes various loss prevention courses developed in-house such as employee accident investigation, workers' compensation, return to work, and property coordinator training; as well as relevant courses developed by external partners in subjects such as building an organizational safety culture, defensive driving, and diagnosing Carpal Tunnel Syndrome.

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

## *Return-to-Work Programs*

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

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

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 21 of this annual report.

**Benefit to Floridians:** The monitoring of agency RTW programs, along with frequent collaboration between the Division and agency workers' compensation personnel, works to advocate the successful reintegration of injured employees back into the workforce. Effective return-to-work 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.

## *Interagency Advisory Council*

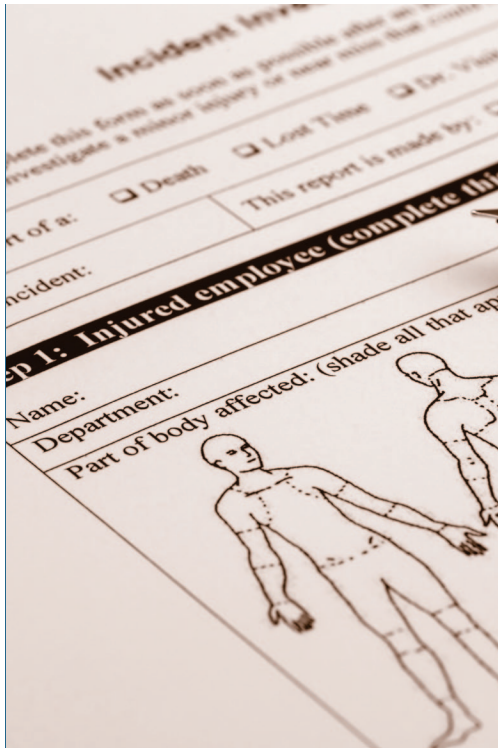
The Interagency Advisory Council on Loss Prevention (IAC) continues to be a valuable venue for agency risk managers to discuss statewide loss prevention issues, share training resources, and collaborate on interagency loss prevention projects. During the 2014-15 fiscal year, Council members participated in discussions on subjects such as distracted driving policy implementation and workers' compensation case law; and have attended presentations on topics that included active-shooter scenarios and federal coverage requirements under the Jones Act, Longshore & Harbor Workers' Act, and Defense Based Act. IAC Council members have additionally continued to provide suggestions and feedback on loss prevention training presentations.

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

## *Bureau of State Employee Workers' Compensation Claims Improvements*

During the past year, the Bureau enhanced its fraud detection and prevention efforts regarding the review and payment of claims, increasing the number of state agency and university staff and claim defense attorneys trained to look for signs of fraud, and additionally strengthening internal controls to prevent potentially fraudulent payments. During the 2014-15 fiscal year, Bureau and Special Investigation Unit investigations of potential fraudulent activities resulted in \$3.5 million in future savings as a result of claims closures or realistic





settlements that would not have been possible without evidence collected in the investigations. Eight cases of alleged fraud were referred to the Division of Insurance Fraud during the 2014-15 fiscal year.

Since January 1, 2014, the Bureau has worked closely with the new medical case management vendor, AmeriSys, to improve claims intake, administration of medical claims and other workers' compensation processes. AmeriSys has implemented a presumption case management team, which provides nurse case managers with a clinical background in cardiology and physician advisors to ensure the unique needs of our presumption claimants are met. In addition, AmeriSys has also implemented a program to meet the needs of employees who are having issues with pain management. Case managers are receiving specialized training in the area of pain management and adherence to the latest treatment protocols. The Bureau has also organized several meetings with AmeriSys and the agencies and universities to enhance care to injured workers. The Division has also worked with AmeriSys and Helios, the contracted pharmacy benefits management vendor, to increase the use of generic medications when appropriate, which can control prescription costs and has initially resulted in documented savings. These efforts will continue to be monitored long-term to ensure health care costs are appropriately spent.

**Benefit to Floridians:** Enhancing fraud detection efforts can not only directly reduce workers' compensation claims costs to the program and State, but also deter future fraudulent activity. In addition, working closely with our medical and pharmacy management vendors to address specific needs of our claimants while also controlling medical and pharmacy costs can have a positive impact on the recovery of our claimants and overall program costs.

### *Contract Administration Improvements*

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

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



## *State Property Data Collection Improvements*

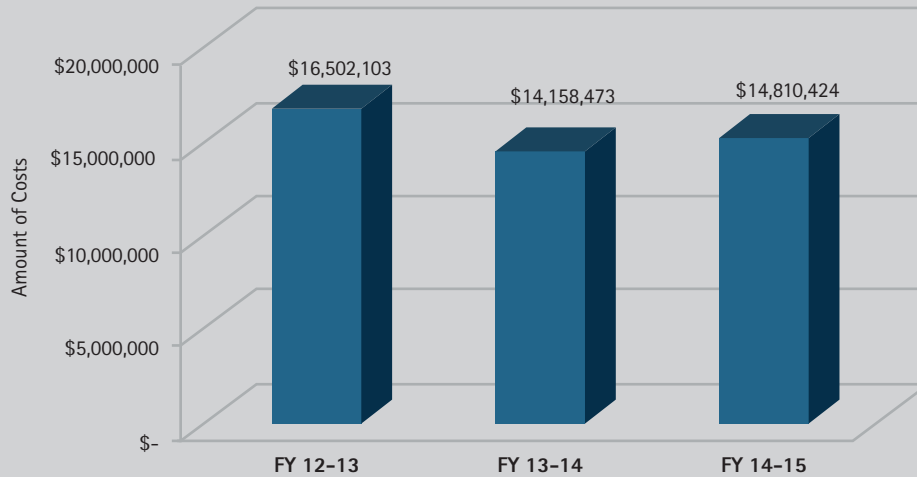
The State Property Claims Unit continued to collaborate with other state agencies and universities to develop a comprehensive database for state-owned real estate and to increase the data on state buildings. Utilizing complete and accurate data on buildings and contents helps assure that buildings and contents are adequately insured and fairly rated for insurance premium purposes. Better information on state property provides reinsurers improved data to use in offering coverage to the State Property Program, and increases interest in the program from the insurance companies that write its reinsurance coverage, possibly resulting in premium cost savings. When the property reinsurance coverage was placed in February 2013, our premium rate decreased from \$.4487 per \$100 of coverage to \$.4479 per \$100 of coverage. In February of 2014, the availability of additional property data contributed to a premium rate decrease from \$.4479 per \$100 of coverage to \$.4411 per \$100 of coverage, followed in February 2015 with a decrease to \$.4331 per \$100 of coverage. This reduction in premium rate allowed for the program to pay the same premium in February 2015 as was paid in February 2014 for the same level of coverage, although the program's total insured values increased by over \$404 million. The improved property information provided to the underwriters was a primary factor in the rate reduction, resulting in a 9.7% decrease in catastrophe model results for a one-in-twenty year event despite the increase in total insured values. Additionally, the coverage was expanded to include replacement cost insurance coverage for non-named wind and flood perils, rather than actual cash value coverage.

Regardless of the extent to which the availability of additional property data contributed to these savings, the Division and the insured state agencies will also benefit in the management of this program as a result of more accurate and complete data.

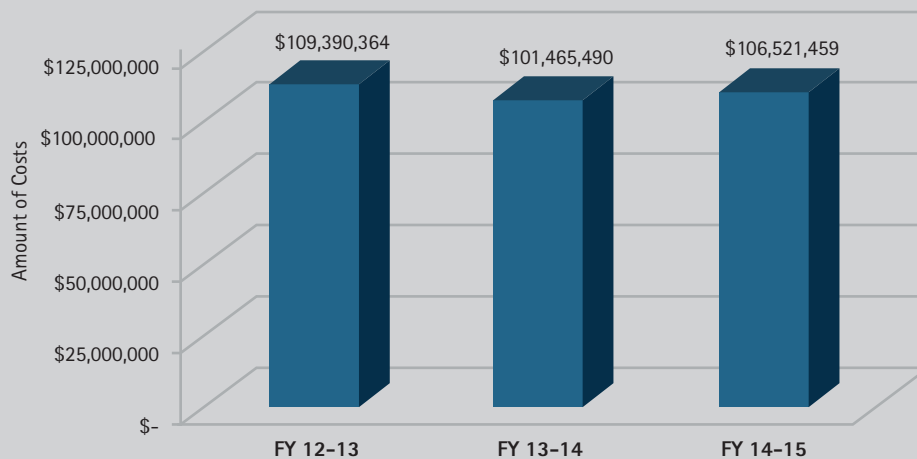
**Benefit to Floridians:** Increased insurance coverage can be purchased to protect state-owned buildings and property, reducing the amount of tax dollars spent on replacing or repairing the State's buildings and their contents. Better underwriting information on state-owned buildings also increases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



Florida Liability Claims Cost Comparison  
(Excludes Adjusting and Defense Costs)  
FY 2012-13 through FY 2014-15



Florida Workers' Compensation Cost Comparison  
(Excludes Adjusting and Defense Costs)  
FY 2012-13 through FY 2014-15



*Program Claims Costs Analysis:*

The Division continues to work closely with the state agencies to control claims costs. Overall, state liability claims costs were \$650,000 higher in FY 2014-15 compared to FY 2013-14, which was due to a \$700,000 increase in general liability claims costs. Automobile liability claims costs and federal civil rights claims costs remained steady compared to the prior year. Overall workers' compensation claims costs increased in FY 2014-15 by \$5 million, totaling \$106.5 million compared to \$101.5 million in FY 2013-14. Workers' compensation medical costs increased in FY 2014-15 by \$3.2 million and indemnity costs increased by \$1.8 million for the fiscal year. The majority of the increase in workers' compensation claims costs in FY 2014-15 was due to an increase in settlements, which totaled \$4.5 million higher than the previous fiscal year. Other than this increase in settlements, workers' compensation costs remained consistent with the previous fiscal year.

# Looking Ahead

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

The Division has validated its agency loss prevention program review methodology and will refine the process in order to provide the greatest value possible to agency loss prevention programs. The Division will also continue to partner with the Interagency Advisory Council on Loss Prevention to review and update the State Loss Prevention Standards that were established in 2010. The agency review process will continue to identify areas within each agency's loss prevention program that may benefit from training or consultative services to improve loss prevention outcomes, and will expand its scope during the subsequent cycle of reviews to include evaluation and monitoring of all lines of coverage, including liability, property, and federal civil rights. The Division will additionally maintain monitoring on the impact of the increase in monetary caps for tort claims paid by state agencies that occurred in October 2011.

The Division will expand the training and risk control consultative resources provided to agencies through its new broker of record contract with Public Risk Insurance Agency (PRIA). The new broker of record contract allows for agencies and universities to contract directly with PRIA for risk management consulting services over and above services provided by PRIA that are offered through the Division. This ability to contract directly with PRIA will allow agencies and universities to draw on PRIA's resources

at the levels needed to meet their widely diverse needs for risk management solutions, with national leaders in areas such as:

- Enterprise risk management
- Education
- Corrections
- Mental health programs
- Emerging risks (e.g. cyber liability)

Relevant loss prevention training will continue to be provided to agency and university safety personnel through the quarterly Interagency Advisory Council meetings to assist them in fulfilling their program responsibilities under Section 284.50, Florida Statutes.

The Division will carry forward efforts to utilize resources from organizations such as the Center for Disease Control (CDC); the National Institute of Occupational Safety and Health (NIOSH); the National Safety Council (NSC); the Occupational Safety and Health Administration (OSHA); and the State Risk and Insurance Management Association (STRIMA) in its loss prevention program efforts. The Division anticipates these resources will increase the technical and educational materials made available to all state agencies and universities.

The Division's Property Unit will sustain its work with agencies and universities to add property data that enhances the ability of underwriters to model the State's properties for catastrophic losses. During the 2014-15 fiscal year, the Division assisted the Florida Catastrophic Storm Risk Management Center at Florida State University (FSU) with their project to inspect and provide construction data on







state-owned buildings valued in excess of \$500,000. FSU contracted with a private vendor, SkyTec, to conduct onsite inspections and collect data for the primary purpose of providing more accurate information for use in loss projection models. This information was provided to state agencies and universities during the 2014-2015 fiscal year and will be used by the broker of record in the upcoming insurance renewal for coverage placed in February 2016. The Division is hopeful that this will lead to more competition among reinsurers to provide excess insurance to the State and lower premium costs. This enhanced information will enable the Division and state agencies to better manage the State's property program. Additionally, the Property Unit will coordinate activities between the agencies, universities, and the new broker of record to have state properties valued using state-of-the-art property valuation software, which will ensure that buildings and their contents are adequately insured in the event of loss and that they have appropriate premiums charged to them.

The Division's Data Management Section will continue to work closely with Origami Risk on additional phases of the IMS implementation. Once the IMS is fully implemented, the Division anticipates that the new IMS will improve the efficiency of claims management, improve collaboration and system integration with third-party administrators and other Division partners, and support robust performance management. Upcoming functionality will include FileNet integration for seamless document imaging, a web portal for agency users to report claims, and interfacing of payments with FLAIR, the State's accounting system. The Division anticipates that Origami will be fully implemented by the second quarter of 2016.

The Division's Contract Monitoring Section will develop and improve its contract monitoring efforts for the Division's multiple service contracts. It will also coordinate the adoption and implementation of recommendations made by the Department's Office of the Inspector General's consulting engagement finalized in June 2015. The Division also plans to reorganize the Contract Monitoring Section and the Medical

Services Contracts Unit in the 2015-16 fiscal year to improve the effectiveness of medical services contract monitoring. This reorganization will allow for increased managerial oversight of the Division's medical service contracts, which are the most complex contracts administered by the Division as well as those with the most potential for increased cost savings. The reorganization of the section will also more closely align Division contract monitoring staff by job duties and allow audit information on the medical service contracts to be better integrated with other contract monitoring activities, thereby allowing medical service contract managers to implement cost-saving efficiencies in a more timely fashion in order to decrease claims costs.

The Division will enhance its quality assurance efforts with the addition of four new management analyst positions within the Bureau of State Employee Workers' Compensation Claims effective July 1, 2015. Three of the new positions will conduct audits of workers' compensation claims and one position will serve as a dedicated trainer for the Bureau. These four new positions will significantly increase the amount of time devoted to auditing workers' compensation claims and training staff, both of which should result in more efficient and effective claims handling, as well as controlling costs in the program.

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## GENERAL FUNDING INFORMATION

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 2014-15, 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 claims obligations. This is called "cash flow" funding. This type of funding requires continuous, careful monitoring of the Trust Fund's cash flow so that all obligations can be paid.

Because of "cash flow" funding, an unfunded liability exists each year for financial obligations owed in the future. The chart below illustrates the "cash flow" funding methodology's impact. It reflects that if the program ceased operations as of June 30, 2015, participating agencies would have an estimated \$1.17 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, 2015, actuarial analysis:

Workers' Compensation:	\$ 1,083.3 million
Federal Civil Rights:	\$ 57.5 million
General Liability:	\$ 21.2 million
Automobile Liability:	\$ 5.4 million
Property:	\$ .6 million
	<u>\$ 1.17 billion</u>

## RISK MANAGEMENT PROGRAM FUNDING

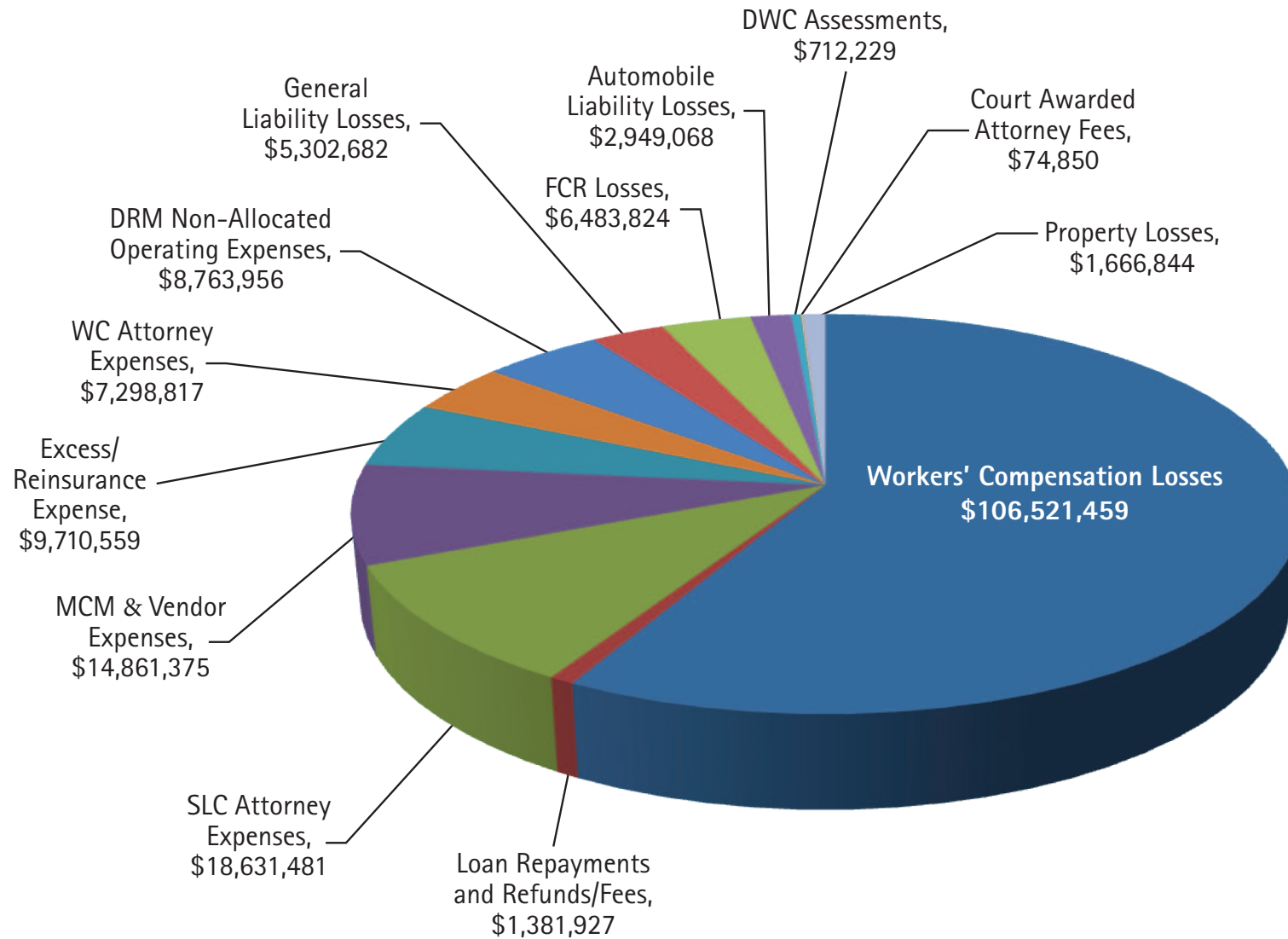
PROGRAM	NUMBER OF COVERED EMPLOYEES OR PROPERTY	NUMBER OF CLAIMS REPORTED FY 14-15	FUNDING
Workers' Compensation	197,069	11,898	\$151,425,382
State Property	20,242 Property Locations	75	\$12,195,647
Auto Liability <sup>(1)</sup>	24,801 (state-titled motor vehicles)	597	\$4,358,483
General Liability	203,242	1,135	\$8,429,155
Court-Awarded Attorney's Fees	N/A	13	Included in General Liability Funding
Federal Civil Rights/Employment	196,153	404	\$11,375,712

<sup>(1)</sup> - Automobile liability coverage is also extended to state employees driving their personal vehicle on state business.



**FY 2014-15 DRM TOTAL EXPENDITURES  
OF \$184,359,071 BY MAJOR CATEGORY**

The following chart denotes the total expenditures for the Division of Risk Management by major category during the 2014-15 fiscal year.



**LINES OF INSURANCE COVERAGE**

*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 Claims Services, Inc. Defense of litigated claims is provided by contracted law firms.

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

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

**Medical Case Management:**

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

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

Commencement Date	Coverage Period	Program	Vendor
January 1, 1997	Accident date on or after January 1, 1997, through December 31, 2002	Responsible for providing medical services for three years following the date of injury and continuing case management for the duration of the claim.	Humana
January 1, 2003	Accident date on or after January 1, 2003, and reported prior to January 1, 2009 <sup>(1)</sup>	Provide medical case management for duration of contract.	CorVel <sup>(1)</sup>
January 1, 2009	Reported date on or after January 1, 2009, and reported prior to January 1, 2014 <sup>(1)</sup>	Provide medical case management for duration of contract.	OptaComp <sup>(1)</sup>
January 1, 2014	Report date on or after January 1, 2014 <sup>(1)</sup>	Provide medical case management for duration of contract.	USIS, Inc., doing business as AmeriSys <sup>(1)</sup>

<sup>(1)</sup>**Note:** On January 1, 2014, USIS, Inc., doing business as AmeriSys, began providing medical case management services for the Division. In addition to administering new claims reported on or after January 1, 2014, AmeriSys also assumed the administration of claims formally administered by CorVel and OptaComp. Therefore, on January 1, 2014, AmeriSys began administering all claims reported on or after January 1, 2003.

## *Property*

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

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

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

## *Automobile Liability*

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

The program is responsible for investigating, evaluating, negotiating and making appropriate disposition of any automobile claims and lawsuits filed against the State. 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, 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 utilized for approved off-duty use by a law enforcement officer. The Division establishes a premium each year for this coverage and there is a \$500 deductible per incident if the law enforcement officer is determined to be at fault.

## *General Liability*

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

The program has the responsibility of investigating, evaluating, negotiating, defending, and making appropriate disposition of claims/lawsuits filed against the State due to the negligent act or omission of a state employee, agent, or volunteer. 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, 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.

## *Federal Civil Rights/Employment*

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

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





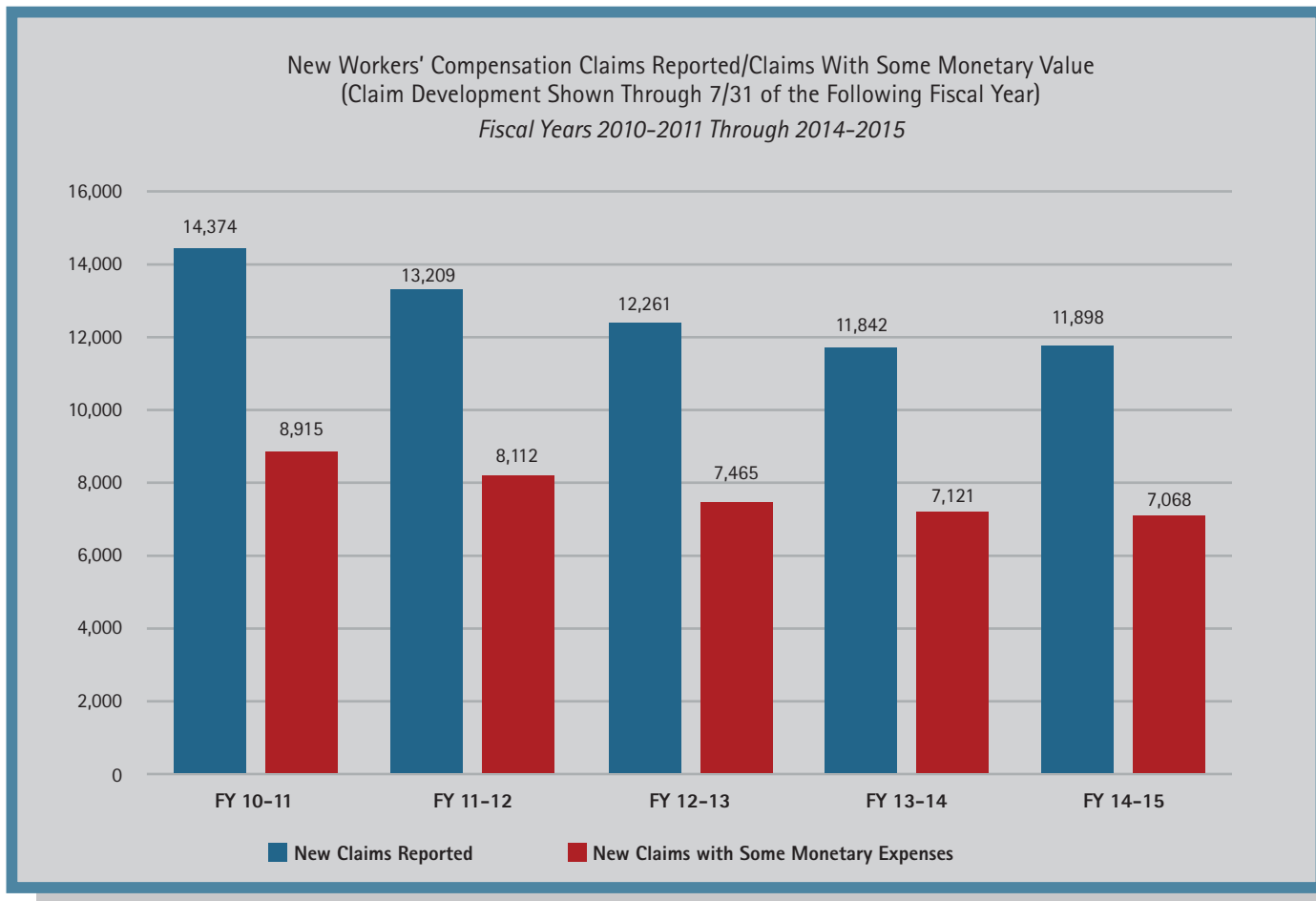
The program has the responsibility for investigating, evaluating, negotiating, defending, and making appropriate disposition of any covered action filed against state agencies, their employees, agents, or volunteers. Investigations of claims are conducted by staff and/or in concert with contracted adjusting 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 fee 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 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.

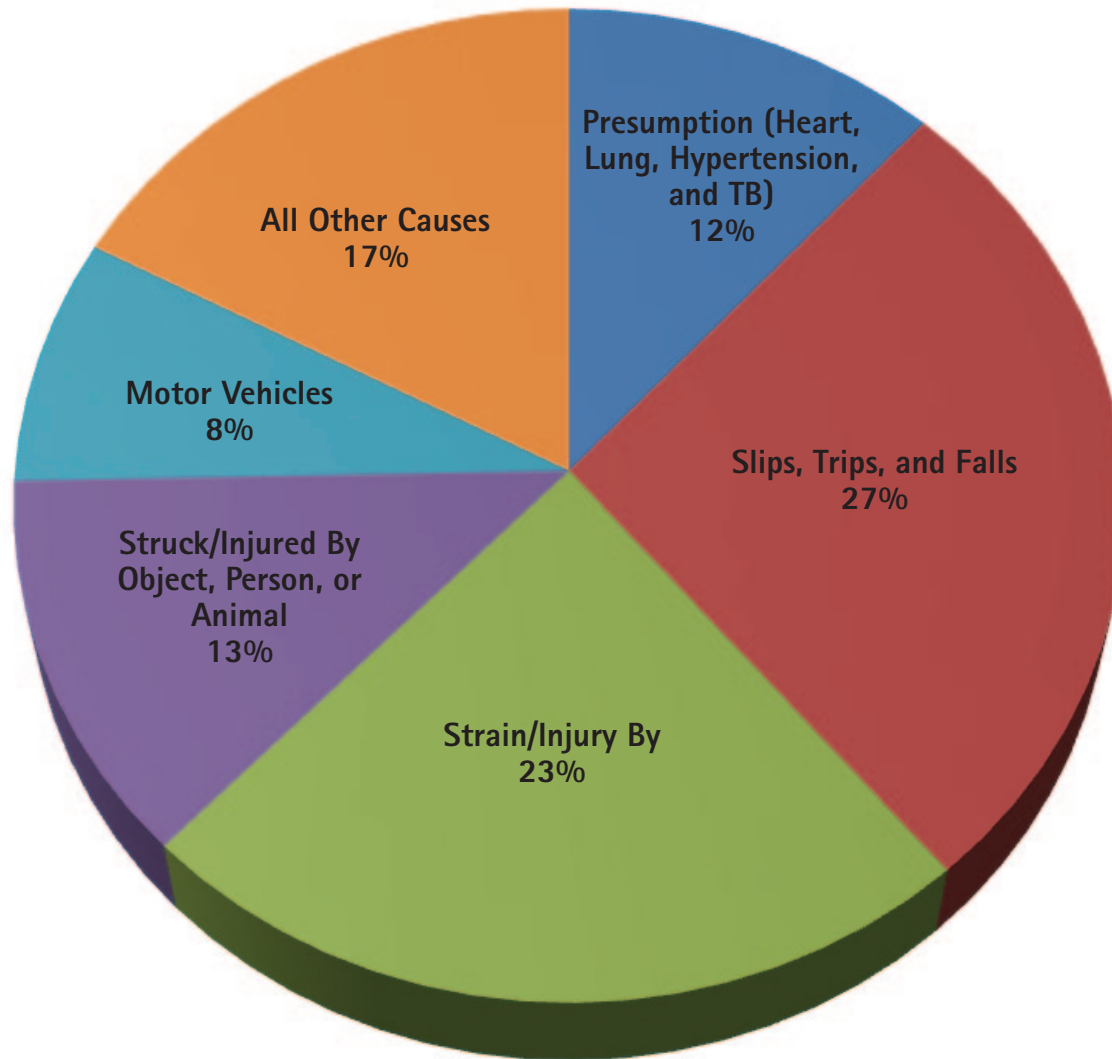
## WORKERS' COMPENSATION CLAIMS AND EXPENSES

The Risk Management program averaged 12,717 new workers' compensation insurance claims with dates of accident occurring during each of the past five fiscal years. As of July 31, 2015, the program received 11,898 claims that occurred in the 2014-15 fiscal year. Of those, 7,068 had some monetary expense associated with them (benefits paid or reserves established in anticipation of payment). Although there was a slight increase in new workers' compensation claims reported in the 2014-15 fiscal year compared to the prior year, the program continued to experience a decline in new claims having some monetary expenses. For the 2014-15 fiscal year, 7.2 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 three job-related deaths during the 2014-15 fiscal year.



**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 the 2014-15 fiscal year.



## RETURN-TO-WORK PROGRAM

### *Background Information*

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

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

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

### *Statutory Reporting Requirement for Return-to-Work Programs*

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

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

Agency/University	WC Covered FTEs
Agency for Persons with Disabilities	3,712
Department of Agriculture & Consumer Services	3,876
Department of Children & Families	12,265
Department of Corrections	26,275
Department of Education	3,154
Department of Environmental Protection	4,297
Department of Financial Services*	2,492
Department of Health	18,248
Department of Highway Safety & Motor Vehicles	4,419
Department of Juvenile Justice	3,419
Department of Revenue	5,133
Department of Transportation	6,630
Florida Atlantic University	5,104
Florida International University	5,952
Florida State University	9,290
Public Defenders	3,031
State Attorneys	6,098
State Courts System	4,662
University of Central Florida	6,954
University of Florida	21,756
University of South Florida	8,868

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

There are two disability categories commonly referred to as "lost-time claims." The first is Temporary Partial Disability (TPD); the second is Temporary Total Disability (TTD). Claimants in TPD status can return to work as long as they operate within the restrictions provided by their physician.



## Division of Risk Management Annual Report 2015

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 25-26 of this report, which present lost-time claim counts and total costs of lost-time claims.

The maximum amount of time temporary-disability payments are allowed per Chapter 440, Florida Statutes, is 104 weeks. After the initial 104 weeks, the employee is placed at mandatory maximum medical improvement. This means they no longer qualify for TTD/TPD benefits. If the employee is administratively accepted as being permanently totally disabled (PTD), the Division must pay benefits until the employee reaches the age of 75 or until death occurs, whichever comes first. The Department of Children and Families has an alternate-duty limit of 180 days and the Department of Corrections has a limit of 360 days. At these two agencies, if the employee continues to have medical restrictions after this time, the employee is no longer eligible for alternate duty, and the Division must begin paying TPD benefits.

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

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

Many agencies and universities maintained a RTW program prior to the statutory requirement enacted in 2011. Per Florida Administrative Code 60L-34.0061(1)(a), "an employee who sustains a job-connected disability that is compensable under Chapter 440, Florida Statutes, shall be carried in full-pay status for up to forty work hours without being required to use accrued leave, beginning immediately following the onset of the injury." The Division's IMS does not maintain the data regarding the number of days an injured employee spends out of work for the initial 40 hours or if the injured employee is working reduced hours; therefore, the Division depends upon the agencies and universities to provide information on the exhaustion of disability

leave and modified- or alternate-duty provisions. As the data is self-reported by agencies and universities, there may be reporting inconsistencies; in some cases, an agency or university may not report the data. This affects the ability of the Division to compile accurate data for benchmarking purposes.

### *Summary of Results*

For state agencies and universities required to have a return-to-work program:

- The total cost of lost-time claims increased by over \$2.3 million compared to the previous fiscal year.
- The number of lost-time claims increased slightly as compared to the previous fiscal year, with 627 lost time claims reported in the 2014-15 fiscal year as compared to 621 lost time claims reported in the 2013-2014 fiscal year.
- The percentage of workers' compensation claims that are lost-time claims remained nearly constant with 6.04% in FY 2013-14 and 6.05% in FY 2014-15.
- Temporary Partial Disability claims increased by 18.64% compared to the previous fiscal year.
- Temporary Partial Disability claim costs increased by 35.07% compared to the previous fiscal year.
- Injured state employees were at work (in some type of return-to-work program) for 37,848 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 a TPD payment and includes all subsequent payments through September 30 following each 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 a TPD payment and includes all subsequent payments through September 30 following each fiscal year).
3	The number of alternate-duty claim 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 that 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 a TPD payment and includes all subsequent payments through September 30 following each fiscal year).
6	The percentage change as compared to the preceding fiscal year of the average TPD claim cost per year, with claim costs valued as of September 30 following each fiscal year.
7	The percentage change as compared to the preceding fiscal year of the number of TPD claims.
8	The percentage of workers' compensation claims that are lost-time claims, per 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.

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### Return-to-Work Benchmarks

### Fiscal Year 2014-2015

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 14/15	Total Alternate Duty Days of Work FY 14/15	Total TPD Claims Cost			% of WC Claims that are Lost-Time Claims									
FY 13/14	FY 14/15	% Change	FY 13/14	FY 14/15	% Change	FY 13/14			FY 14/15	% Change	FY 13/14	FY 14/15	% Change								
Agency for Persons with Disabilities	\$ 3,941	\$ 10,556	167.87%	8	24	200.00%	152	3,040	\$ 31,525	\$ 253,336	703.61%	6.25%	6.74%	0.49%							
Dept. of Agriculture and Consumer Services	\$ 7,330	\$ 12,460	69.98%	3	1	-66.67%	96	1,062	\$ 21,991	\$ 12,460	-43.34%	2.97%	2.92%	-0.05%							
Dept. of Children and Families	\$ 12,600	\$ 17,446	38.45%	29	41	41.38%	528	6,402	\$ 365,405	\$ 715,269	95.75%	5.22%	6.20%	0.98%							
Dept. of Corrections	\$ 18,839	\$ 16,202	-14.00%	33	50	51.52%	755	13,079	\$ 621,679	\$ 810,094	30.31%	6.46%	6.42%	-0.05%							
Dept. of Education	\$ 2,157	\$ 14,967	593.96%	2	3	50.00%	33	303	\$ 4,314	\$ 44,902	940.94%	6.02%	5.56%	-0.47%							
Dept. of Environmental Protection	\$ 11,478	\$ 5,094	-55.62%	9	2	-77.78%	3	20	\$ 103,304	\$ 10,189	-90.14%	8.21%	5.17%	-3.05%							
Dept. of Financial Services	\$ 0	\$ 0	0.00%	0	0	0.00%	32	405	\$ 0	\$ 0	0.00%	6.73%	0.96%	-5.77%							
Dept. of Health	\$ 25,532	\$ 34,846	36.48%	13	10	-23.08%	56	1,372	\$ 331,921	\$ 348,456	4.98%	2.75%	4.40%	1.66%							
Dept. of Highway Safety and Motor Vehicles	\$ 25,571	\$ 11,404	-55.40%	5	5	0.00%	105	1,251	\$ 127,853	\$ 57,018	-55.40%	5.03%	4.09%	-0.95%							
Dept. of Juvenile Justice	\$ 10,459	\$ 13,404	28.16%	26	49	88.46%	157	1,852	\$ 271,923	\$ 656,803	141.54%	8.95%	12.80%	3.85%							
Dept. of Revenue	\$ 11,555	\$ 38,508	233.26%	4	1	-75.00%	80	1,324	\$ 46,220	\$ 38,508	-16.68%	8.28%	3.20%	-5.08%							
Dept. of Transportation	\$ 9,637	\$ 14,796	53.52%	17	19	11.76%	39	422	\$ 163,836	\$ 281,119	71.59%	12.17%	12.74%	0.56%							
Florida Atlantic University	\$ 4,727	\$ 7,932	67.82%	2	3	50.00%	48	579	\$ 9,453	\$ 23,796	151.72%	7.02%	9.46%	2.44%							
Florida International University	\$ 12,352	\$ 9,997	-19.07%	3	12	300.00%	58	715	\$ 37,056	\$ 119,963	223.74%	5.83%	13.74%	7.91%							
Florida State University	\$ 12,888	\$ 14,573	13.07%	26	14	-46.15%	0	0	\$ 335,088	\$ 204,021	-39.11%	13.50%	8.99%	-4.51%							
State Attorneys	\$ 0	\$ 0	0.00%	0	0	0.00%	0	0	\$ 0	\$ 0	0.00%	5.93%	2.34%	-3.59%							
State Courts System	\$ 0	\$ 0	0.00%	0	0	0.00%	6	212	\$ 0	\$ 0	0.00%	2.02%	2.17%	0.15%							
Public Defenders	\$ 0	\$ 0	0.00%	0	0	0.00%	0	0	\$ 0	\$ 0	0.00%	0.00%	0.00%	0.00%							
University of Central Florida	\$ 4,507	\$ 9,175	103.58%	24	20	-16.67%	67	802	\$ 108,167	\$ 183,504	69.65%	12.40%	8.50%	-3.89%							
University of Florida	\$ 13,930	\$ 12,412	-10.90%	28	20	-28.57%	372	4,140	\$ 390,039	\$ 248,241	-36.35%	4.58%	3.00%	-1.57%							
University of South Florida	\$ 8,478	\$ 8,225	-2.99%	4	6	50.00%	65	868	\$ 33,914	\$ 49,348	45.51%	4.71%	3.23%	-1.48%							
<b>Totals</b>	<b>\$ 12,727</b>	<b>\$ 14,489</b>	<b>13.84%</b>	<b>236</b>	<b>280</b>	<b>18.64%</b>	<b>2,652</b>	<b>37,848</b>	<b>\$3,003,686</b>	<b>\$4,057,026</b>	<b>35.07%</b>	<b>6.04%</b>	<b>5.84%</b>	<b>-0.20%</b>							

## 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) claim counts.
- Chart 2 provides a fiscal year cost comparison that details indemnity costs; medical and legal costs; other costs; and total costs.

In Fiscal Year 2014-15, agencies required to have a RTW program had about the same number of lost-time claims as compared to Fiscal Year 2013-14 (6 more claims in 2014-15). Of the 21 agencies presented in the chart above, 11 had a decrease in lost-time claims.

**Chart 1: Fiscal Year Comparison of Lost-Time (TPD and TTD) Claims For State Agencies and Universities Participating in the Return-to-Work Program Claim Counts for FY 2013-14 and 2014-15**

AGENCY/UNIVERSITY	Lost-Time Claim Count		
	FY 13/14	FY 14/15	DIFFERENCE
Agency for Persons with Disabilities	39	42	3
Department of Agriculture and Consumer Services	12	12	0
Department of Children and Families	66	82	16
Department of Corrections	189	201	12
Department of Education	10	8	(2)
Department of Environmental Protection	23	14	(9)
Department of Financial Services	7	1	(6)
Department of Health	28	34	6
Department of Highway Safety and Motor Vehicles	23	19	(4)
Department of Juvenile Justice	46	74	28
Department of Revenue	12	4	(8)
Department of Transportation	28	27	(1)
Florida Atlantic University	4	7	3
Florida International University	7	18	11
Florida State University	32	17	(15)
Public Defenders	0	0	0
State Attorneys	8	4	(4)
State Courts System	2	2	0
University of Central Florida	30	21	(9)
University of Florida	42	28	(14)
University of South Florida	13	12	(1)
<b>Totals</b>	<b>621</b>	<b>627</b>	<b>6</b>



## Division of Risk Management Annual Report 2015

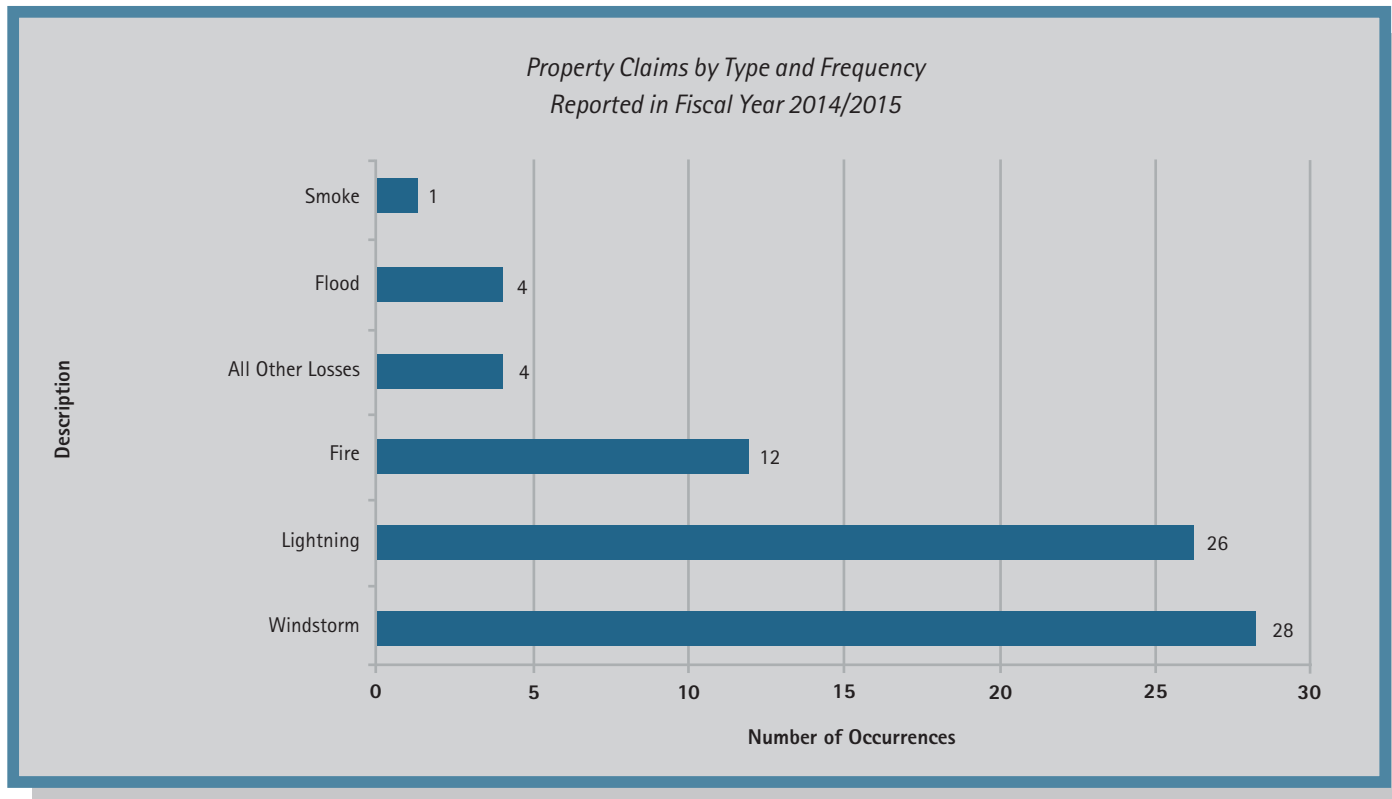
**Chart 2: Fiscal Year Comparison – Indemnity, Medical/Legal, and Other Costs  
For State Agencies and Universities Participating in the Return-to-Work Program  
All Lost-Time Claims (TPD and TTD Claims)  
FY 2013–14 and FY 2014–15**

AGENCY/UNIVERSITY	INDEMNITY COSTS			MEDICAL & LEGAL COSTS			OTHER COSTS & RECOVERIES <sup>(1)</sup>			TOTAL LOST-TIME CLAIMS COST		
	FY 13/14	FY 14/15	DIFFERENCE	FY 13/14	FY 14/15	DIFFERENCE	FY 13/14	FY 14/15	DIFFERENCE	FY 13/14	FY 14/15	DIFFERENCE
Agency for Persons with Disabilities	\$ 92,008	\$ 93,731	\$ 1,723	\$ 432,529	\$ 315,577	\$ (116,952)	\$ (29,956)	\$ (499)	\$ 29,458	\$ 494,580	\$ 408,810	\$ (85,770)
Dept. of Agriculture and Consumer Services	\$ 25,970	\$ 30,115	\$ 4,146	\$ 209,153	\$ 137,124	\$ (72,029)	\$ (14,554)	\$ (12,089)	\$ 2,466	\$ 220,568	\$ 155,150	\$ (65,418)
Dept. of Children and Families	\$ 191,629	\$ 378,722	\$ 187,093	\$ 758,779	\$ 882,800	\$ 124,021	\$ (53,210)	\$ (25,117)	\$ 28,094	\$ 897,198	\$ 1,236,406	\$ 339,208
Dept. of Corrections	\$ 856,575	\$ 942,163	\$ 85,588	\$ 3,560,757	\$ 4,117,378	\$ 556,620	\$ (305,875)	\$ (122,402)	\$ 183,473	\$ 4,111,458	\$ 4,937,139	\$ 825,681
Dept. of Education	\$ 22,918	\$ 33,444	\$ 10,525	\$ 102,247	\$ 163,301	\$ 61,053	\$ (7,335)	\$ (10,823)	\$ (3,488)	\$ 117,831	\$ 185,921	\$ 68,091
Dept. of Environmental Protection	\$ 36,144	\$ 26,131	\$ (10,013)	\$ 320,254	\$ 309,554	\$ (10,700)	\$ (18,719)	\$ (7,825)	\$ 10,895	\$ 337,678	\$ 327,860	\$ (9,819)
Dept. of Financial Services	\$ 10,383	\$ 159	\$ (10,224)	\$ 69,112	\$ 18,834	\$ (50,279)	\$ (4,104)	\$ 221	\$ 4,325	\$ 75,391	\$ 19,214	\$ (56,178)
Dept. of Health	\$ 136,057	\$ 130,828	\$ (5,229)	\$ 588,627	\$ 651,003	\$ 62,376	\$ (33,255)	\$ (31,303)	\$ 1,952	\$ 691,429	\$ 750,528	\$ 59,099
Dept. of Highway Safety and Motor Vehicles	\$ 98,093	\$ 66,978	\$ (31,115)	\$ 385,149	\$ 1,138,166	\$ 753,017	\$ (53,820)	\$ (20,803)	\$ 33,017	\$ 429,422	\$ 1,184,342	\$ 754,919
Dept. of Juvenile Justice	\$ 159,231	\$ 293,218	\$ 133,988	\$ 453,527	\$ 729,166	\$ 275,639	\$ (21,036)	\$ (15,653)	\$ 5,382	\$ 591,721	\$ 1,006,731	\$ 415,009
Dept. of Revenue	\$ 26,248	\$ 9,011	\$ (17,237)	\$ 169,317	\$ 74,902	\$ (94,415)	\$ 1,925	\$ 5,032	\$ 3,107	\$ 197,490	\$ 88,945	\$ (108,545)
Dept. of Transportation	\$ 89,844	\$ 140,223	\$ 50,379	\$ 288,378	\$ 501,538	\$ 213,160	\$ (7,705)	\$ (15,805)	\$ (8,100)	\$ 370,517	\$ 625,956	\$ 255,439
Florida Atlantic University	\$ 17,552	\$ 34,159	\$ 16,606	\$ 41,834	\$ 726,724	\$ 684,891	\$ (3,488)	\$ (22,397)	\$ (18,909)	\$ 55,897	\$ 738,486	\$ 682,588
Florida International University	\$ 29,709	\$ 63,986	\$ 34,276	\$ 760,618	\$ 166,303	\$ (594,315)	\$ (10,022)	\$ (5,224)	\$ 4,797	\$ 780,306	\$ 225,064	\$ (555,242)
Florida State University	\$ 78,002	\$ 42,683	\$ (35,319)	\$ 398,908	\$ 198,922	\$ (199,986)	\$ 823	\$ 2,683	\$ 1,860	\$ 477,733	\$ 244,288	\$ (233,445)
State Attorneys	\$ 22,649	\$ 77,709	\$ 55,059	\$ 94,482	\$ 140,241	\$ 45,759	\$ (12,541)	\$ (4,298)	\$ 8,243	\$ 104,590	\$ 213,651	\$ 109,061
State Courts System	\$ 4,600	\$ 8,664	\$ 4,064	\$ 19,337	\$ 36,830	\$ 17,493	\$ (3,359)	\$ (3,486)	\$ (127)	\$ 20,578	\$ 42,008	\$ 21,430
Public Defenders	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
University of Central Florida	\$ 40,426	\$ 33,420	\$ (7,006)	\$ 177,455	\$ 152,565	\$ (24,890)	\$ (4,286)	\$ 6,502	\$ 10,788	\$ 213,595	\$ 192,487	\$ (21,107)
University of Florida	\$ 110,998	\$ 82,180	\$ (28,818)	\$ 555,543	\$ 371,755	\$ (183,788)	\$ (29,982)	\$ (3,719)	\$ 26,263	\$ 636,559	\$ 450,216	\$ (186,343)
University of South Florida	\$ 54,139	\$ 65,318	\$ 11,179	\$ 131,855	\$ 266,277	\$ 134,422	\$ (17,220)	\$ (7,847)	\$ 9,373	\$ 168,774	\$ 323,749	\$ 154,974
<b>Totals</b>	<b>\$ 2,103,175</b>	<b>\$ 2,552,841</b>	<b>\$ 449,666</b>	<b>\$ 9,517,861</b>	<b>\$ 11,098,959</b>	<b>\$ 1,581,098</b>	<b>\$ (627,720)</b>	<b>\$ (294,851)</b>	<b>\$ 332,869</b>	<b>\$ 10,993,316</b>	<b>\$ 13,356,950</b>	<b>\$ 2,363,633</b>

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.

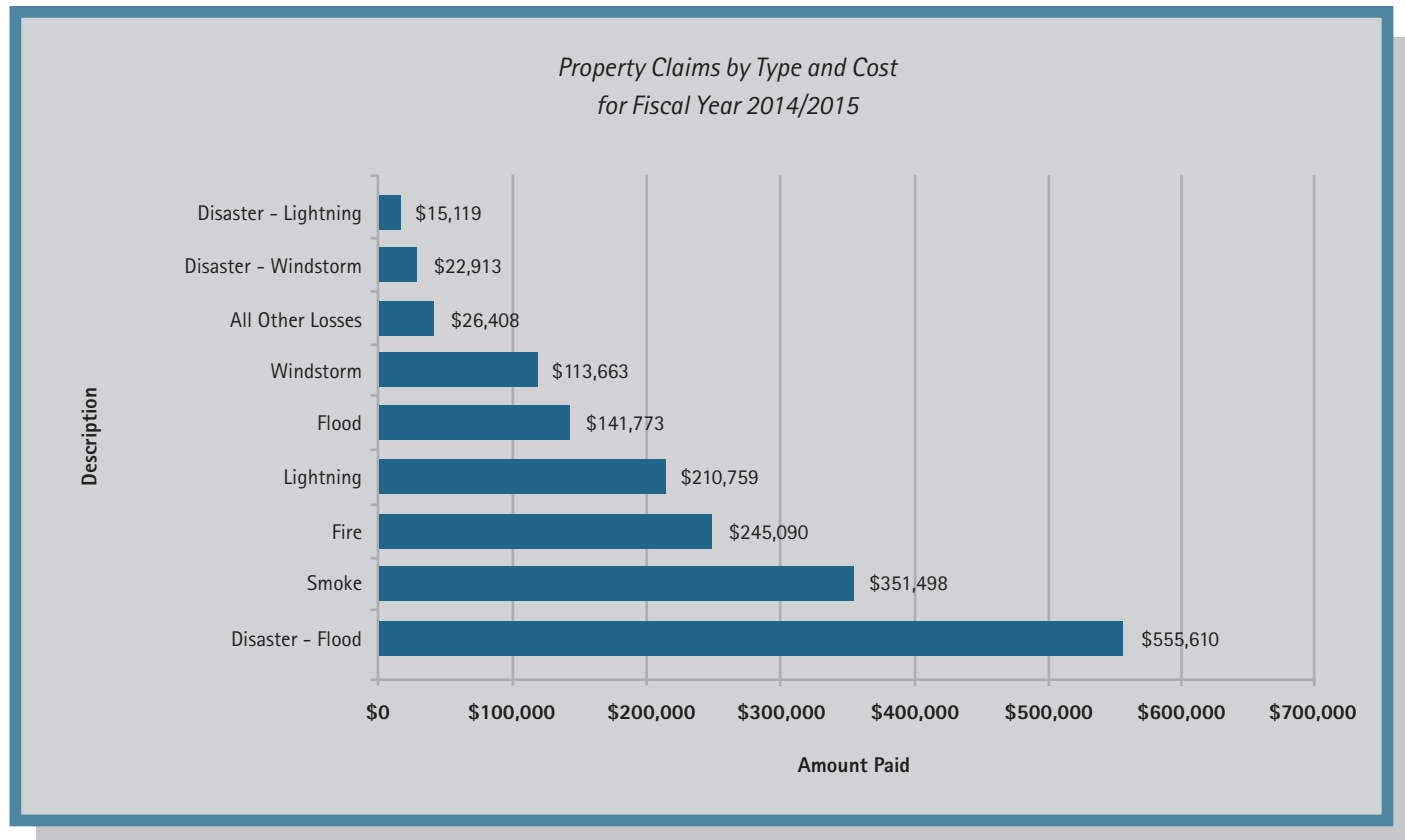
## PROPERTY CLAIMS BY TYPE AND FREQUENCY

Property losses are caused by a variety of covered perils, such as wind, lightning, flood, and fire. In Fiscal Year 2014-15, 75 property claims were reported compared to 147 claims reported in Fiscal Year 2013-14, a decrease of 72 claims. In Fiscal Year 2014-15 windstorm losses were the most frequent cause of state-owned property damage, followed by lightning. In comparison, flooding during a declared disaster was the most frequent cause of state-owned property damage in Fiscal Year 2013-14, followed by lightning.



**PROPERTY CLAIMS BY TYPE AND COST**

Property claims are tracked by the type of peril that caused the damage. For Fiscal Year 2014-15, property losses totaled \$1.7 million, an increase of \$1.6 million from Fiscal Year 2013-14. This increase was due to several loss occurrences during Fiscal Year 2014-15 related to flooding, fire and smoke events. For the Fiscal Year 2014-15 flood losses from a declared disaster were the most costly perils for which claims have been paid, followed by smoke claims.



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

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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 2014-2015.

### *Inspections performed during FY 2014-2015*

The State Fire Marshal's Office inspected 14,337 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*

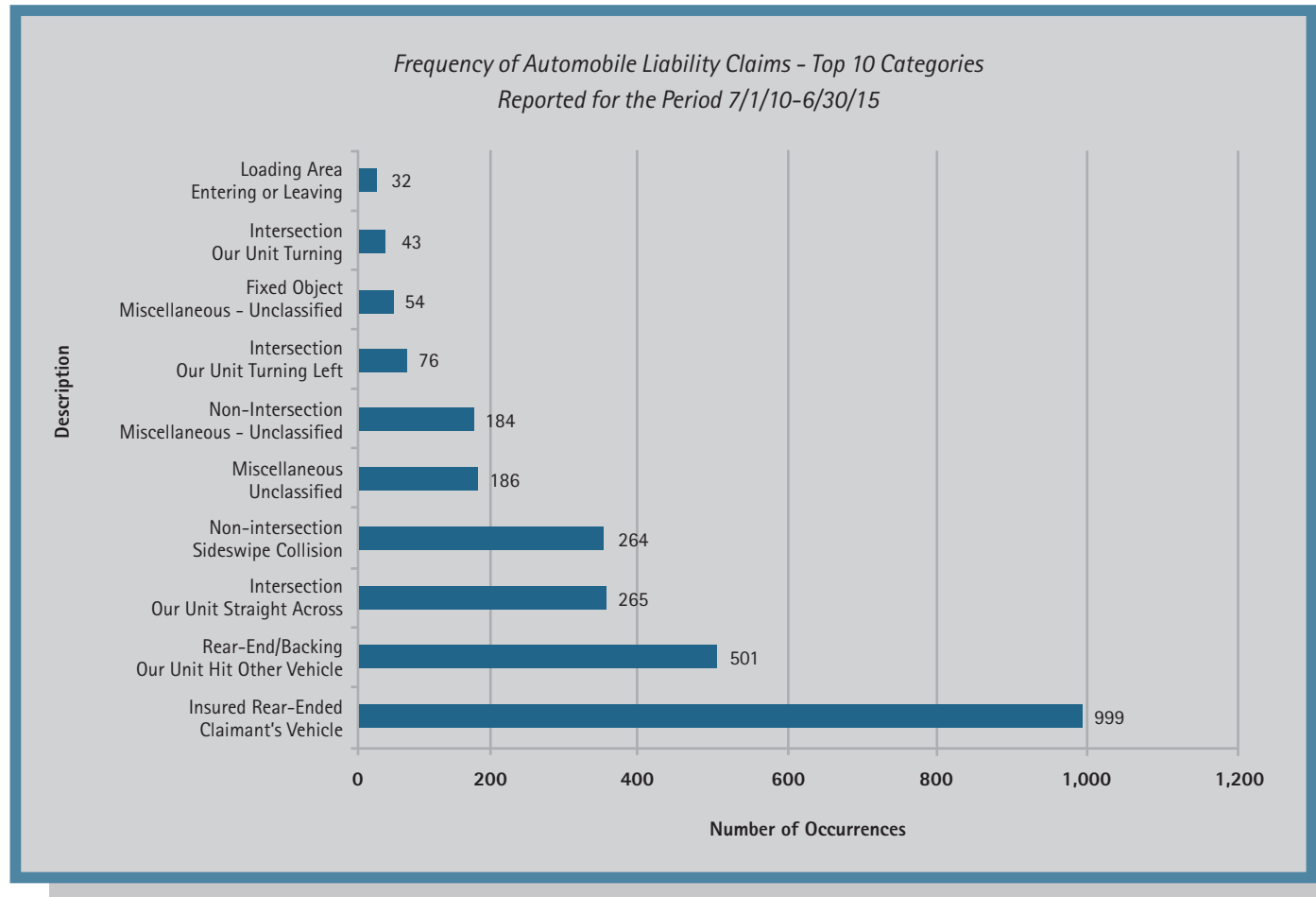
- We recommend that a month within the calendar year be designated as "Fire Awareness and Prevention Month" and that the leadership of state government actively support this issue with the intent of reducing the fire hazards imperiling state-owned properties.
- We recommend that all agency heads file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



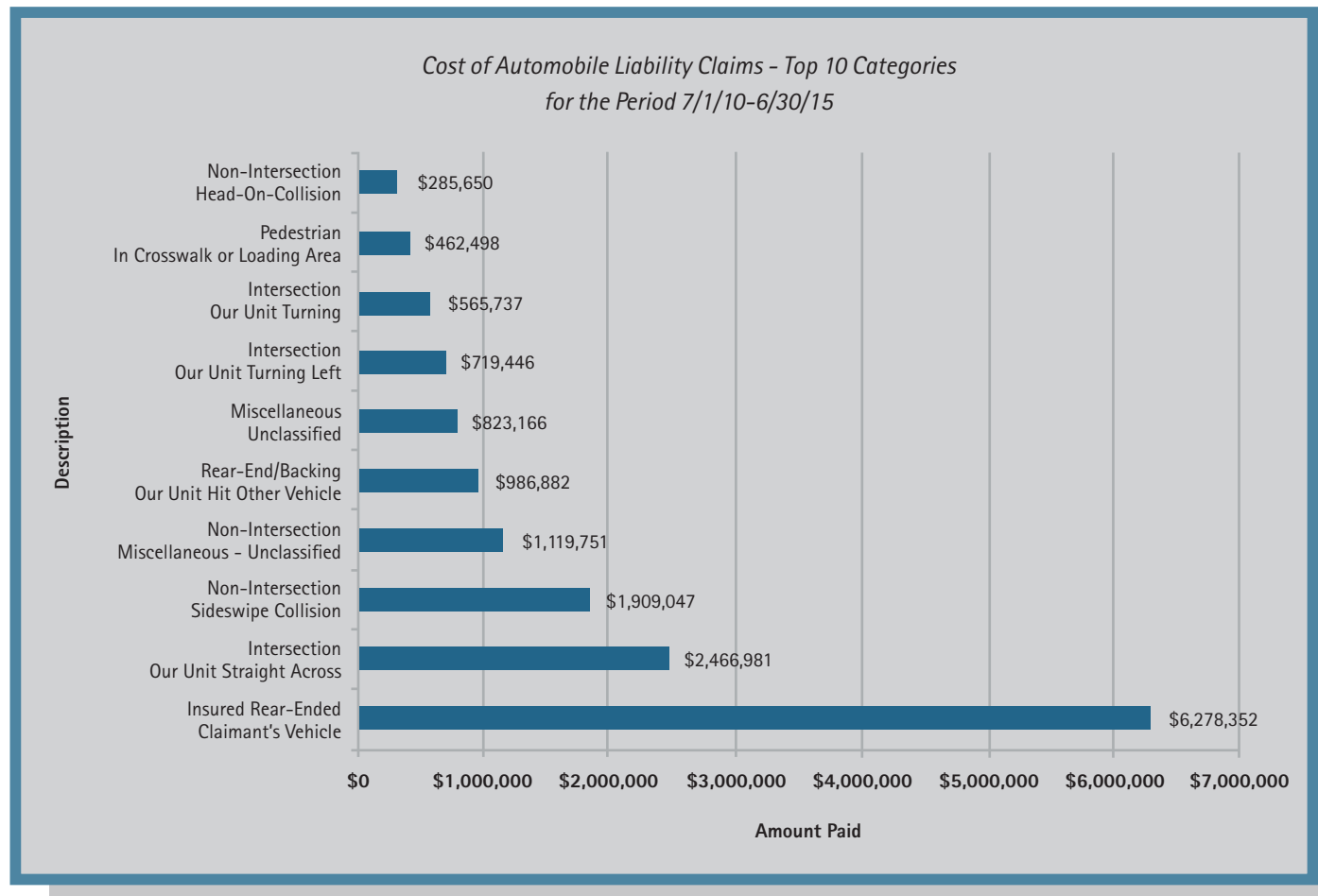
**AUTOMOBILE LIABILITY CLAIMS  
BY TYPE AND FREQUENCY**

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 in which 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.



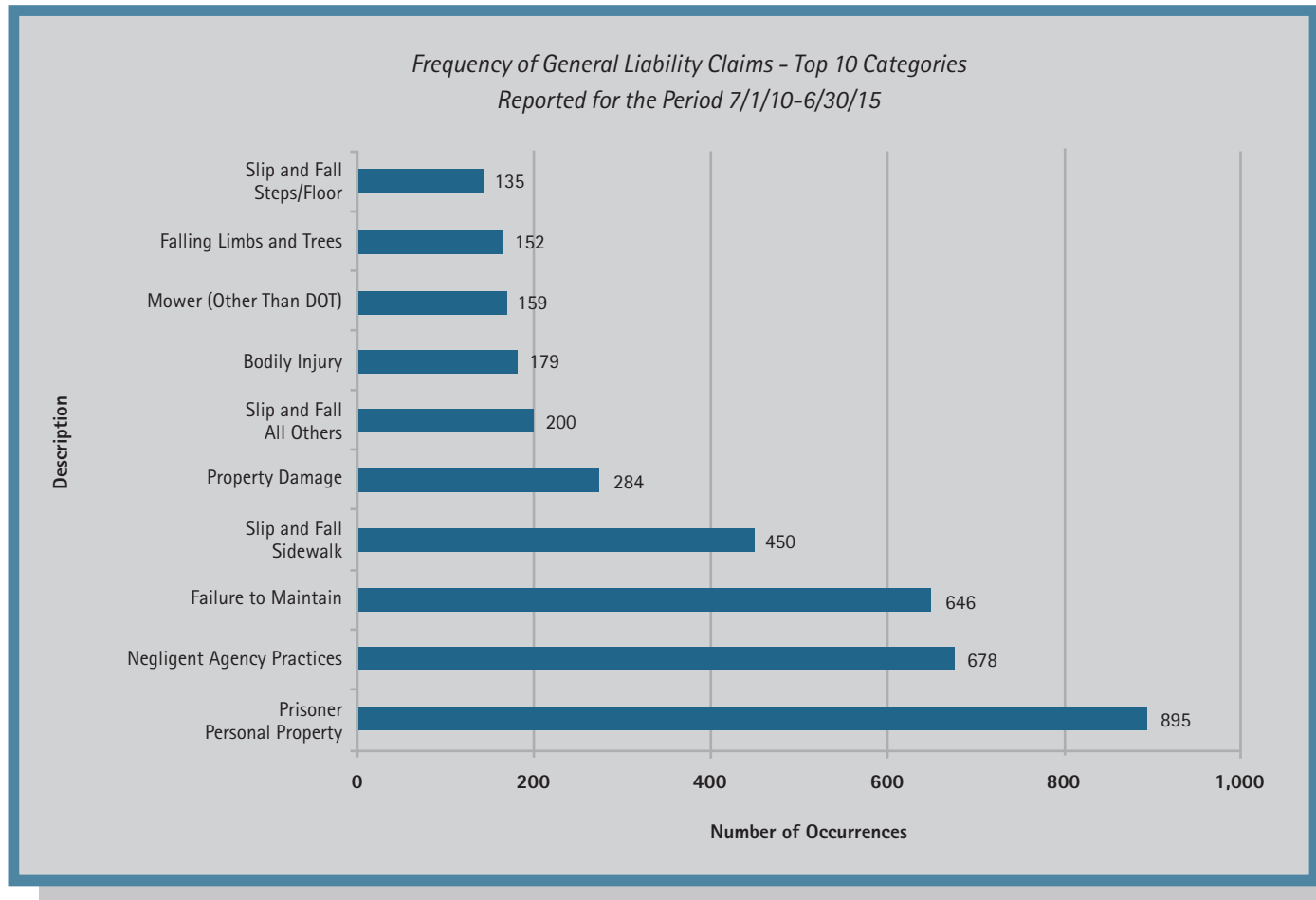
## AUTOMOBILE LIABILITY CLAIMS BY TYPE AND COST

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 category of auto accident claims is our insured driver hitting another vehicle from behind.



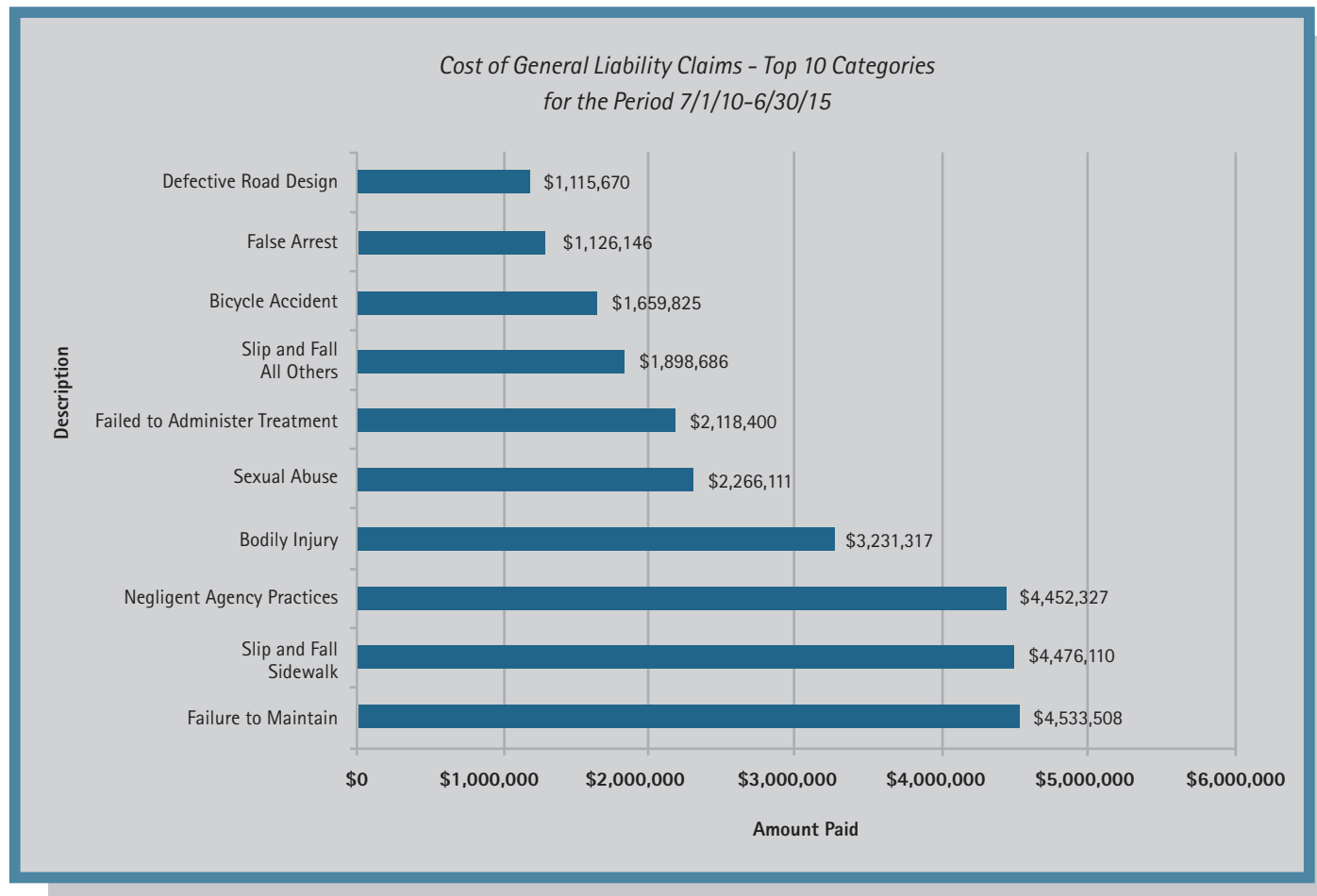
**GENERAL LIABILITY CLAIMS  
BY TYPE AND FREQUENCY**

General liability claims are a "catch-all" term for all claims of negligence other than automobile liability, and are tracked in five-year increments. Prisoner personal property claims are the most frequent general liability claims, followed by claims alleging negligent agency practices.



## GENERAL LIABILITY CLAIMS BY TYPE AND COST

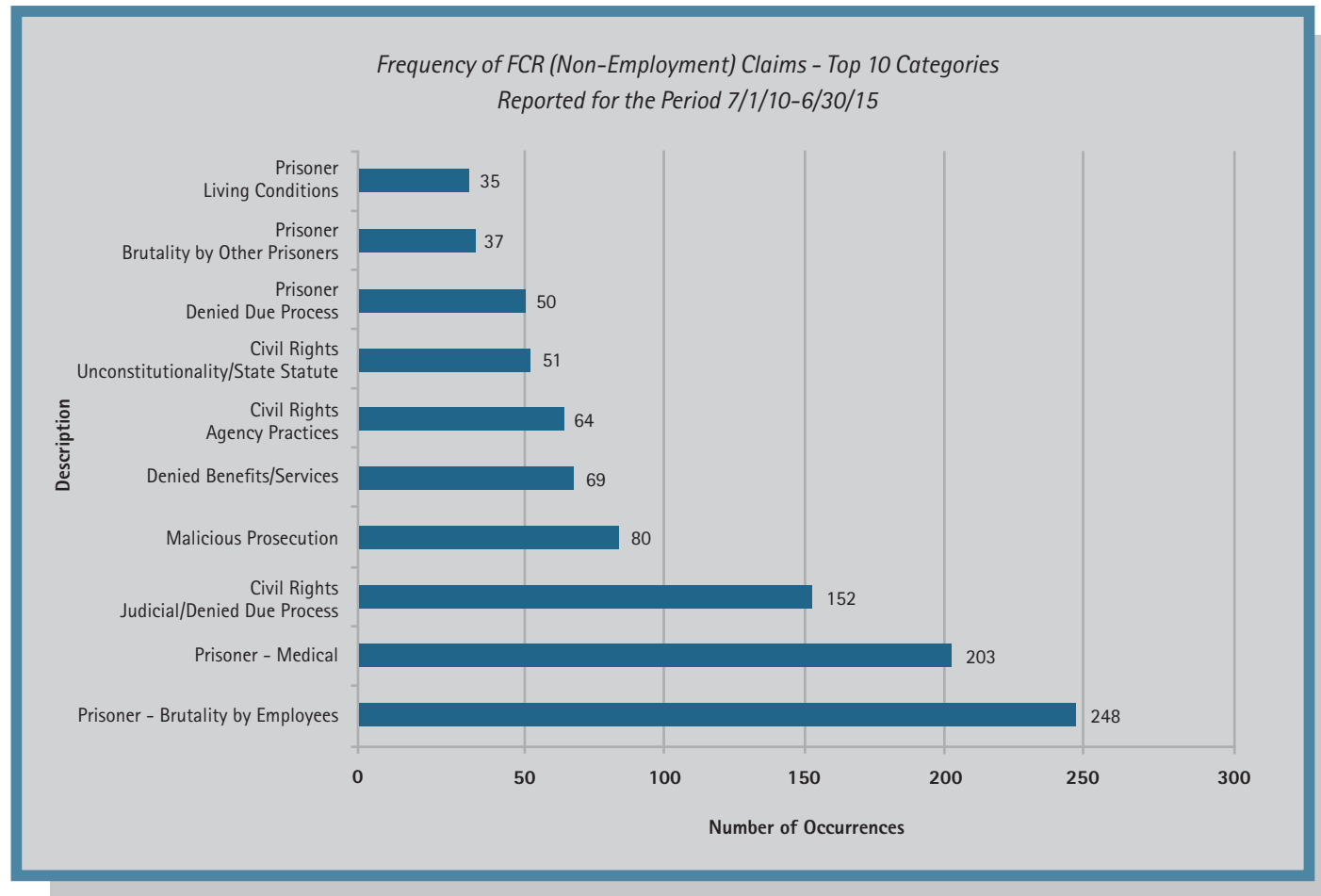
The cost of general liability claims is tracked in five-year increments. The most costly categories of general liability claims paid by the State are for failure to maintain property such as state buildings, roads and parks, followed closely by slips and falls on sidewalks and negligent agency practices such as negligent investigations or licensure.





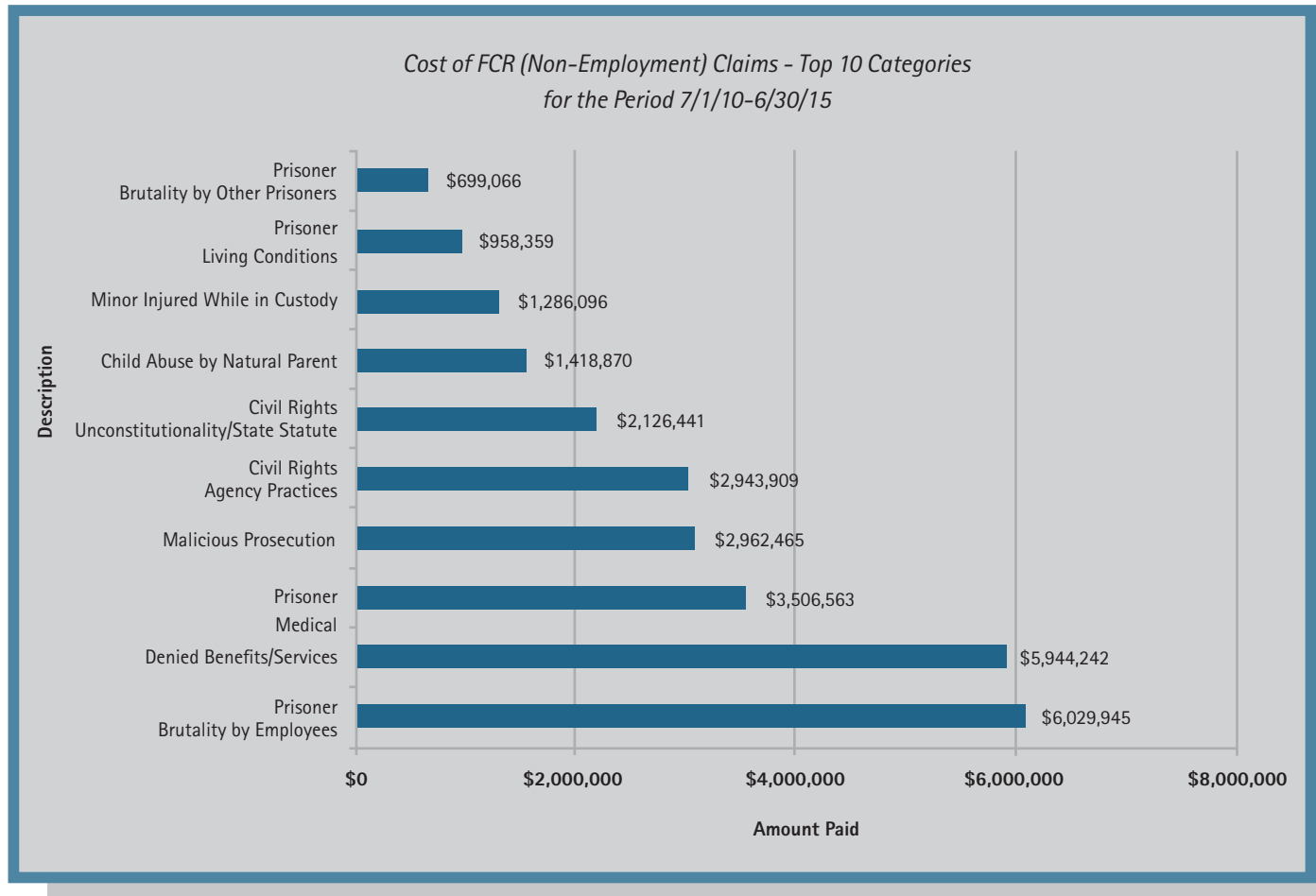
**FEDERAL CIVIL RIGHTS CLAIMS  
BY TYPE AND FREQUENCY**

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.



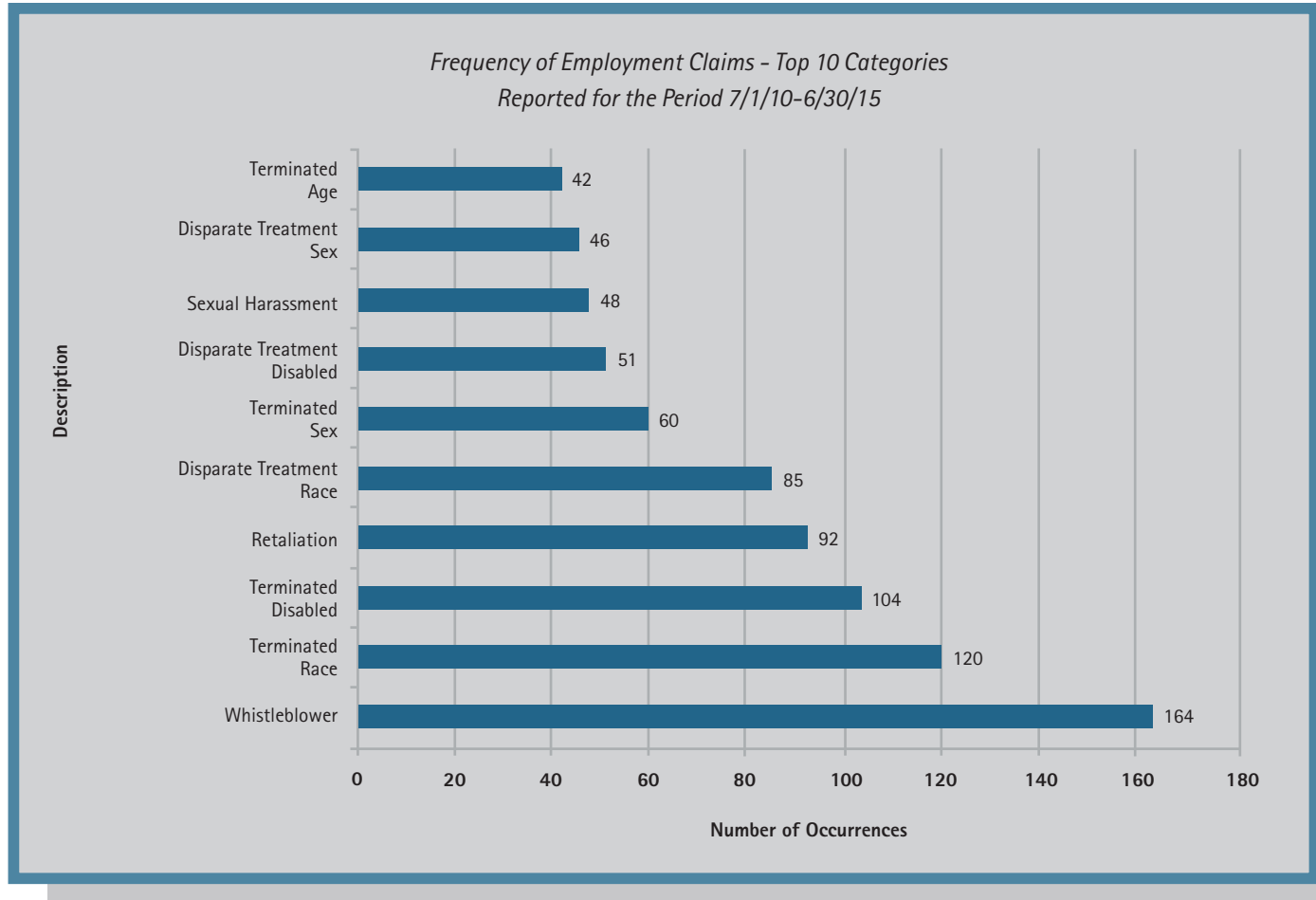
## FEDERAL CIVIL RIGHTS CLAIMS BY TYPE AND COST

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



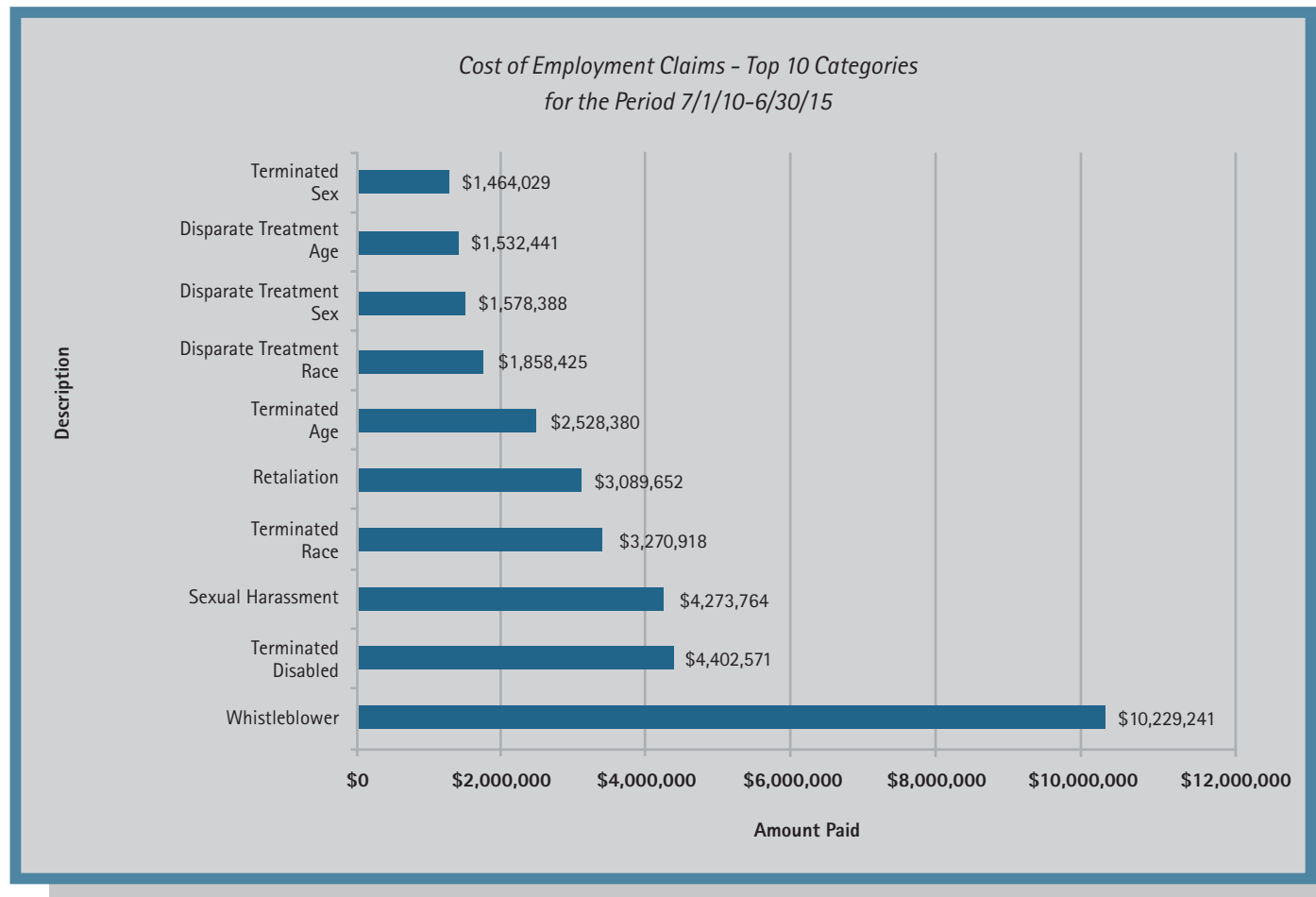
**EMPLOYMENT DISCRIMINATION CLAIMS BY TYPE AND FREQUENCY**

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. Whistleblower and terminated due to race 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 category of employment discrimination claims are for whistleblower claims, followed by termination due to disability claims.







# Department of Financial Services

## Division of Risk Management

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