

Division of **Risk Management**

Fiscal Year 2017 Annual Report



Florida Department of Financial Services



A Message from CFO Jimmy Patronis

Dear Colleagues:

We are pleased to present you the Division of Risk Management's Fiscal Year 2016-17 Annual Report. Our program continues to improve as we implement initiatives to increase our effectiveness in administering state agency claims, and reducing the number of claims and their associated costs in our program. This report highlights our efforts and successes over this past year.

The Division continued to make significant process improvements in contract administration and management, ensuring vendor accountability and transparency in its claims management contracts. Improved oversight of the Division's contracts contributed to a decrease in workers' compensation claims medical costs due to more effective negotiations of large medical bills and more efficient utilization of medical service providers.

In addition, the Division:

- Successfully updated its agency risk management program evaluation processes. The Division's agency risk management program evaluations promote positive loss prevention outcomes by assisting agencies in identifying and building upon the comprehensive program elements outlined in the Agency Risk Management Program Evaluation Guidelines. Assessment of agency risk management programs contributes to the cross-agency sharing of training, safety awareness, claims loss strategies, and other processes designed to reduce costs.
- Continued to improve workers' compensation claims fraud prevention and detection including strengthening internal controls to prevent potentially fraudulent payments. These initiatives resulted in over \$3.8 million saved in future claims costs due to claims closures and reduced settlements.

The Division was again successful in increasing the state's excess insurance coverage for named windstorm and flood to protect state-owned buildings and property. This will allow excess insurance to cover more losses to state-owned buildings than in prior years in the event of a catastrophic hurricane event. The state experienced two hurricanes during this fiscal year, Hermine and Matthew. Although these storms impacted our property program's costs, they were not catastrophic events and the Division did not exceed its excess insurance self-insured retention.

Total workers' compensation claims costs decreased in fiscal year 2016-17 by \$1.2 million. While the total number of new claims reported remained constant, the number of new claims requiring medical or indemnity benefits continued a seven-year downward trend. This report contains a more in-depth analysis of workers' compensation costs, as well as the program's other lines of coverage.

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



Jimmy Patronis
Chief Financial Officer
State of Florida



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The Division of Risk Management

Overview

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

The Division is comprised of three Bureaus: Risk Financing and Loss Prevention, State Employee Workers' Compensation Claims, and State Liability and Property Claims. The Bureau of Risk Financing and Loss Prevention provides administrative support to the Division, including the cash management for the Division's \$232 million annual budget, calculation of casualty and property premiums for the state agencies and universities, monitoring the Division's contracts, and providing data management and IT support. This Bureau also contains the Loss Prevention Section, which provides training and consultative services to agency safety coordinators, conducts agency risk management program evaluations, monitors agency return-to-work programs, and provides administrative support to the Interagency Advisory Council on Loss Prevention.

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

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

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

Loss Prevention Services

Data Analytics

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

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

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

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

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

Training and Publications

The Division provides training services for all agencies in the disciplines of occupational health and safety, loss prevention, and risk management. During the 2016-17 fiscal year, the Division facilitated training for 2,187 agency employees, including supervisors, workers' compensation coordinators, and safety program personnel. Training options include online learning courses, workshops, training materials, instructor-led courses, and training videos, several of which were developed within the Division.

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

Consulting Services and Technical Assistance

Our staff works directly with agencies to assist with program development and implementation of loss prevention industry best practices. Assistance may involve travel to a site or location, meeting with headquarter officials, discussing inquiries on the telephone, or providing educational materials and resources. Due to the specialized nature of safety and loss prevention consulting, only Division staff with expertise in occupational safety, workers' compensation, or data analytics provide this service. For specific situations, the Division also uses contracted consultants to support agency loss prevention efforts. The Division conducted 268 consultations during the 2016-17 fiscal year.

Agency Risk Management Program Evaluation

The Division conducts evaluations of agency risk management programs and has developed a Return-to-Work (RTW) Dashboard Evaluation System. As required by section 284.50(4), Florida Statutes, agency risk management program evaluations are conducted on a five-year cycle for state agencies and universities. Assessment of agency programs promotes recognition of best practices and individual program strengths that can be shared across agencies. The Division developed a standard review methodology that covers the Agency Risk Management Program Evaluation Guidelines provided to all agencies and assesses agency adoption of best practices to improve program effectiveness. The evaluation process further assists agencies in enhancing their respective programs through the identification of systems, policies, and procedures that may benefit from further development.

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

Awards and Recognition

In conjunction with the Interagency Advisory Council on Loss Prevention (IAC), the Division is authorized to recognize individuals that make a significant contribution to their agency safety and loss prevention program. The Division implemented a new initiative this year—the IAC Excellence Award for Occupational Safety and Loss Prevention—that provides funds to each agency for the procurement of awards to commend employees, agents, and volunteers who make an exceptional contribution to the reduction and control of employment-related accidents.

Claims Management and Resolution

General Liability and Automobile Liability

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

Workers' Compensation

The Division administers workers' compensation claims for Florida's agencies and universities. The Division received 12,350 new workers' compensation claims and paid \$109 million in medical and indemnity benefits during the 2016-17 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 Florida state law for alleged constitutional deprivations of civil rights. Employment discrimination claims can arise from all aspects of the employee-employer relationship under both state and federal laws.

Protecting State Facilities

With responsibility for insuring Florida's approximately 17,000 state-owned buildings ranging from storage sheds to the Capitol buildings in Tallahassee, and ranging in complexity from beachfront tiki huts at Florida state parks to the magnetic laboratory on Florida State University's (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.

During the 2016-17 fiscal year, the state experienced two hurricanes. Hurricane Hermine made landfall in the Florida Panhandle on September 2, 2016. It was the first hurricane to make landfall in Florida since Hurricane Wilma in 2005. Damages to state agency facilities and universities were incurred throughout the Florida panhandle and North Florida region.

Hurricane Matthew moved north parallel to the east coast of Florida in early October, 2016. This hurricane caused significant wind damage and flooding to state facilities and universities located on the east coast in the St. Augustine and Daytona Beach areas.

Program Highlights & Accomplishments

Insurance Management System Implementation

Since completing the implementation of the Origami Insurance Management System (IMS), the Division has continued to enhance the system to better suit its needs and build new interfaces with external systems. One such interface is with the Florida Accounting Information Resource (FLAIR) system. This enables the Division to directly send payments to FLAIR for processing rather than printing them in-house, allowing for greater oversight into the payment process by the Division of Accounting and Auditing.

Benefit to Floridians:

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

Agency Risk Management Program Evaluations

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

During the 2016-17 fiscal year, the Division reviewed and updated its agency risk management program evaluation processes in preparation to implement the next cycle of evaluations that began in the Fall of 2017. The upcoming cycle of evaluations incorporates assessment of the areas of employment discrimination, federal civil rights, and liability

loss prevention in addition to the administrative, safety, and workers' compensation elements that were reviewed during the first cycle of program evaluations.

Benefit to Floridians:

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

Safety & Loss Prevention Training

The Division continues to develop the loss prevention training program for state agencies and universities. Training offered to agency and university personnel includes various loss prevention courses developed in-house on topics that include workers' compensation, return to work, facility and equipment inspections, job safety analysis, and property coordinator training, as well as relevant courses developed by external partners in subjects such as fire drills and evacuation planning, liability claims, defensive driving, and employee accident investigations. During the 2016-17 fiscal year, the Division also completed a month-long transition of online training from an outdated interface into STATS, the department's learning management system.

Benefit to Floridians:

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

Return-to-Work Programs

All agencies that are provided workers' compensation insurance coverage by the State Risk Management Trust Fund and employ more than 3,000 full-time employees are required to establish and maintain return-to-work (RTW) programs for employees who are receiving workers' compensation benefits. The programs have the primary goal of enabling injured workers to remain at work or return to

work to perform job duties that are within the physical or mental functional limitations and restrictions established by the workers' treating physicians. If no limitation or restriction is established in writing by a worker's treating physician, the worker is deemed to be able to fully perform the same work duties he or she performed before the injury.

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

Benefit to Floridians:

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

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

Interagency Advisory Council

The Interagency Advisory Council on Loss Prevention (IAC) serves as an important venue for agency risk managers to discuss statewide loss prevention issues, share resources, and collaborate on interagency initiatives. Quarterly IAC meetings involved discussions on subjects such as unique workers' compensation compensability issues, accident reporting, handling of state liability claims files, and proposed workers' compensation legislation and case law updates.

During the 2016-17 fiscal year, the IAC participated in a workshop to examine and provide input on the redevelopment of guidelines for agency risk management programs to be used in the Division's evaluation of these programs. Additionally, the IAC Excellence Award for Occupational Safety and Loss Prevention was established for the recognition of State of Florida employees, agents, and volunteers who make exceptional contributions to the reduction and control of employment-related accidents. Under the new awards protocol, the IAC members may nominate award candidates and, once approved by the Council, the award may be presented as part of the agency's internal employee recognition program. Pursuant to section 284.50(2), Florida Statutes, the necessary funds for the administration of this program of recognition shall be considered an authorized administrative expense payable from the State Risk Management Trust Fund.

Quarterly IAC meetings held throughout the 2016-17 fiscal year also included presentations on topics covering accident investigations, fire drills and evacuation, and general program information on the Bureau of State Liability and Property Claims, with Council members continuing to provide suggestions and feedback on loss prevention training materials.

Benefit to Floridians:

The IAC brings together agency safety and loss prevention 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 interact directly with veteran safety coordinators to share successful approaches to program implementation.

Bureau of State Employee Workers' Compensation Claims

The Bureau, in conjunction with the Division's contract management nurses, expanded the scope of expertise on the utilization committee, which reviews claims files to determine if physicians are treating injured workers within acceptable treatment guidelines. During the past year, the Division utilized the expertise of its pharmacy benefit manager, Optum, in utilization review committee meetings. Optum's expertise significantly enhanced the Division's strategies in reducing claim costs.

The Bureau continues to experience significant savings in claims file costs as a result of effective investigations. During the 2016-17 fiscal year, the Bureau achieved an estimated \$3.8 million in cost savings that would not have occurred without the benefit of surveillance or other investigative methods. These results were only possible due to extensive interaction between Bureau adjusters and the Division's contracted Special Investigative Unit (SIU), as well as contracted counsel. In an effort to improve a successful fraud program, three statewide training sessions were held with the Bureau's SIU staff and outside counsel. These meetings reviewed appropriate discovery techniques to determine fraudulent activity under the workers' compensation statute. Several of the meetings were attended by detectives from the Department's Division of Investigative and Forensic Services as well as state attorneys.

The Bureau transferred over 480 files that were from a legacy case management vendor to the current medical case management contractor, AmeriSys, for appropriate medical treatment. This consolidation of cases to the current medical case management vendor will enhance efficiency and provide improved medical care for these older claims.

The Bureau experienced an approximately \$1.2 million increase in the payment of employer carrier paid fees to claimant attorneys. The increase was anticipated as a result of the Florida Supreme Court's Castellanos decision, which increased the amount of fees payable to a claimant if a

carrier does not prevail on a litigated position. The full effect of the Castellanos decision will not be known for several more years.

Benefit to Floridians:

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

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Contract Administration, Procurement, and Management

The Division’s Contract Monitoring Section continued making progress in contract administration, contract procurement, and program management. During fiscal year 2016-17, four separate contracts were amended and/or renewed; these included AmeriSys, GENEX Services Inc., Optum, and York Risk Services Group, Inc.

Considerable efforts were expended to revise and renew defense attorney contracts with the Division of Risk Management. A new contract was executed between the Department of Financial Services and the Office of Attorney General to assist in defense litigation. Also, during the 2016-17 fiscal year, revised contracts were executed with a total of 116 private defense attorney law firms to assist the Division in defense litigation.

The Contract Monitoring Section revised several policies and procedures during the fiscal year. These policies were revised to enhance contract review and monitoring processes and procedures to be followed by Division Contract Managers.

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 resulted in lowered medical treatment costs. Additionally, attorney fees have been controlled by increased scrutiny of invoices for legal services and emphasis on defense planning related to the use of expert witnesses and other legal expenses.

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Bureau of State Liability and Property Claims

The Bureau of State Liability and Property Claims had a significant increase in the number of claims this fiscal year. General liability and federal civil rights claims had an increase of 37 percent, from 2,801 in fiscal year 2015-16 to 3,825 in fiscal year 2016-17. This was primarily due to multiple agencies updating their claims management systems and improving their timely reporting of claims.

The Property Section had its busiest year for property claims since 2005/2006 due to damage from the two hurricanes which impacted the state. Over the 2016-17 fiscal year, it received 1,066 claims, with 970 of these being closed to date.

Using the capabilities of the Division’s Origami IMS, this past year saw a number of major improvements in property claims efficiency. For example, claims acknowledgements to the agencies were automated. Additionally, property loss forms were redesigned to allow agencies the option of submitting notice of multiple losses.

The annual Property Training Seminar was conducted for agency and university property coordinators, with planned expansion to an online webinar format in the upcoming fiscal year to provide options for both live and on-demand web training.

The Bureau continues to increase its property excess insurance coverage as feasible within the Division’s budget. Working with the contracted broker of record, the Division increased named windstorm and flood coverage from the prior \$85 million limit of coverage to \$92.5 million, and increased coverage for all other named perils to \$225 million from the prior \$200 million limit of coverage.

The most recent legislative session brought two changes impacting the Bureau of State Liability and Property Claims. First, section 768.28(6), Florida Statutes, was changed to exempt claimants from having to provide a written notice of claim to the Department of Financial Services when pursuing claims against a county. Additionally, section 768.28(7), Florida Statutes, removed the requirement for servicing the Department of Financial Services a copy of the complaint when filing a lawsuit against a county.

Benefit to Floridians:

The elimination of the notice and service requirements to DFS will provide greater access to local civil remedies. Enhanced claims management systems will produce more effective interdepartmental claims efficiencies to reduce the amount of time claims are open. Increased insurance coverage can be purchased to protect state-owned buildings and property, reducing the amount of tax dollars spent on replacing or repairing State of Florida buildings and their contents.

General Funding Information

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 2016-17, the Division invoiced, processed, and deposited \$187.8 million in premiums: \$175.6 million in casualty premiums and \$12.2 million in property premiums. Only the estimated expenses required to pay all insurance claims and Division operational expenses projected for the fiscal year are funded. Although the funding is determined by coverage line, funds are pooled to provide flexibility in assuring all insurance claims are paid timely. No funding is provided to meet sudden adverse loss trends or unexpected large insurance claims obligations. This is called cash flow funding. This type of funding requires continuous, careful monitoring of the trust fund's cash flow so that all obligations can be paid.

Because of cash flow funding, an unfunded liability exists each year for financial obligations owed in the future. The chart below illustrates the cash flow funding methodology's impact. It reflects that if the program ceased operations as of June 30, 2017, participating agencies would have an estimated \$1.14 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, 2017, actuarial analysis:

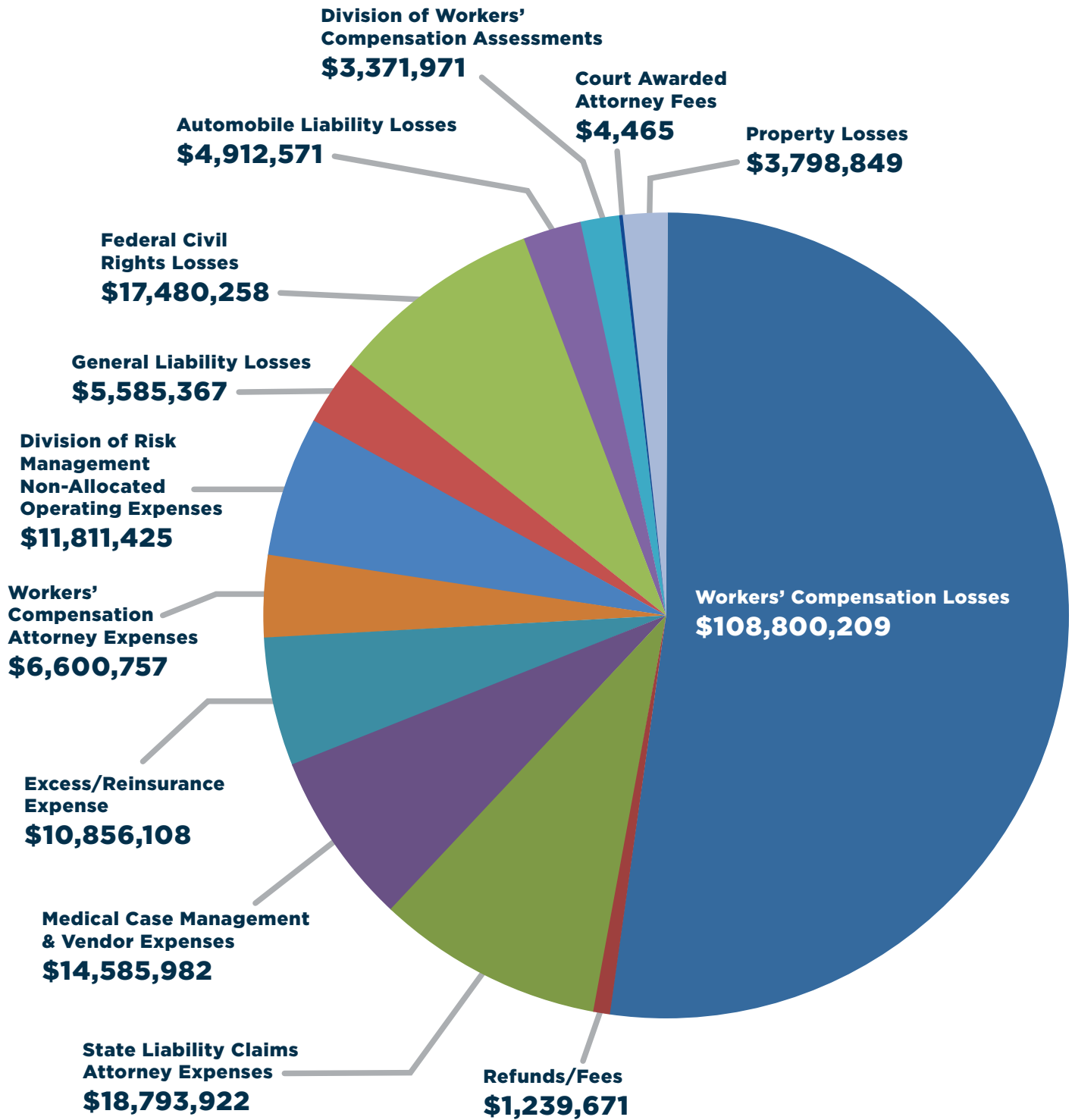
Workers' Compensation	\$1,069.7 million
Federal Civil Rights	\$ 42.5 million
General Liability	\$ 21.1 million
Automobile Liability	\$ 6.5 million
Property	\$ 1.2 million
Total	\$ 1.14 billion

Risk Management Program Funding

Program	Number of Covered Employees or Property	Number of Claims Reported FY 16-17	Agency Premiums
Workers' Compensation	199,151	12,350	\$155,093,993
State Property	20,141 Property Locations	1,066	\$12,195,647
Auto Liability ⁽¹⁾	25,212 (State-titled motor vehicles)	709	\$3,601,665
General Liability	204,816	2,636	\$5,762,888
Court Awarded-Attorney Fees	N/A	11	Included in General Liability Funding
Federal Civil Rights/Employment	199,733	447	\$11,130,186

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

The following chart denotes the total expenditures for the Division of Risk Management by major category during the 2016-17 fiscal year.



Lines of Insurance Coverage

Performance & Results

FY 2016-17

WORKERS' COMPENSATION CLAIMS AND EXPENSES

Workers' Compensation

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

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

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

Medical Case Management:

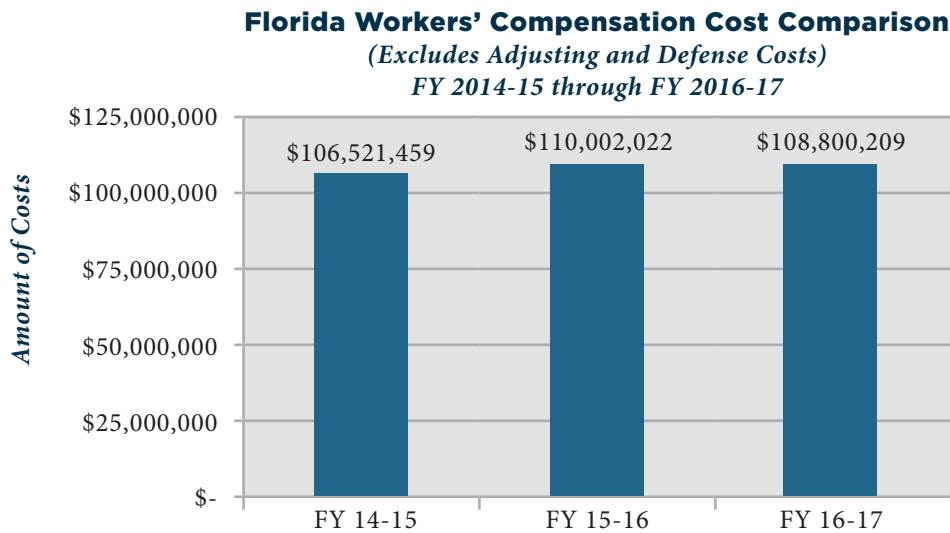
Since January 1, 1997, the Program has contracted with vendors to provide medical care services. Medical care is "managed" by medical case managers who are registered nurses, or are supervised by registered nurses, in conjunction with either a medical network or panel of clinicians. A contracted vendor reviews and reprints 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 ⁽¹⁾
January 1, 2014	Accident date on or after January 1, 2003	Provide medical case management for duration of contract.	USIS, Inc. doing business as AmeriSys

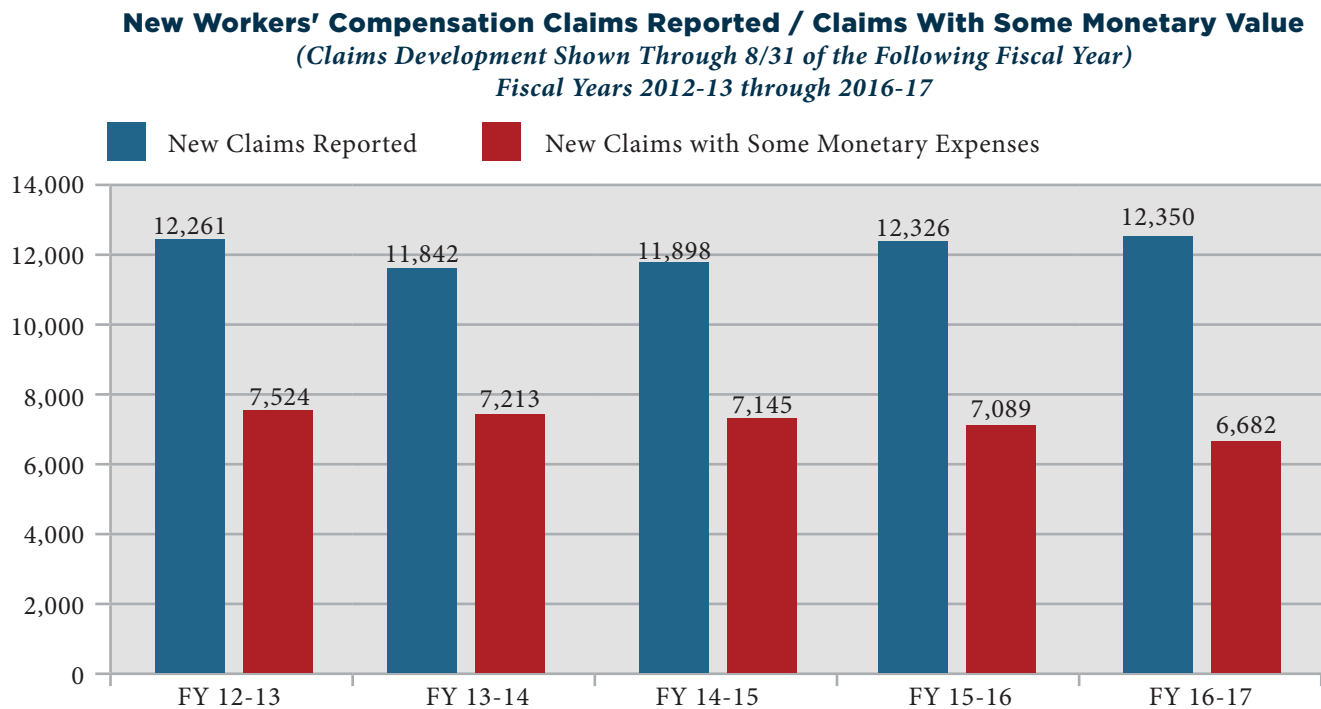
⁽¹⁾ All Humana claims were transferred to AmeriSys in Fiscal Year 16-17

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



Overall workers' compensation claims costs decreased by \$1.2 million during the 2016-17 fiscal year, totaling \$108.8 million compared to \$110 million during the 2015-16 fiscal year. Workers' compensation medical costs decreased by \$2.4 million during the 2016-17 fiscal year and indemnity costs increased by \$1.2 million during the 2016-17 fiscal year.

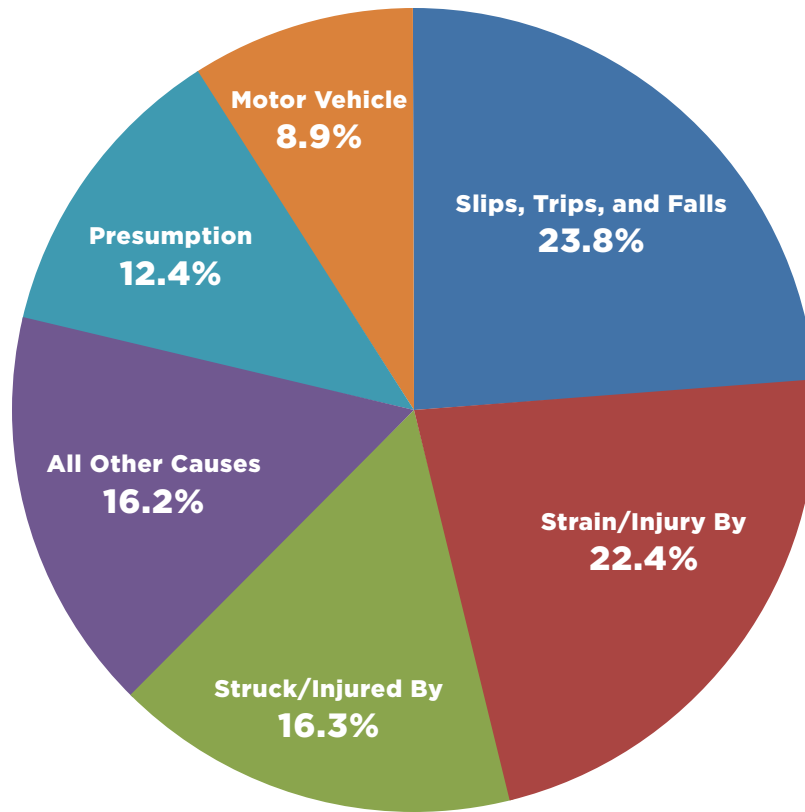
The following chart reflects the number of new claims reported and the number of new claims with some monetary expense for the prior five-year period:



The Risk Management Program averaged 12,135 new workers' compensation insurance claims with dates of accident occurring during each of the past five fiscal years. As of August 31, 2017, the Program received 12,350 claims that occurred in the 2016-17 fiscal year. Of those, 6,682 had some monetary expense associated with them (benefits paid or reserves established in anticipation of payment). Although there was no material increase in new workers' compensation claims reported in the 2016-17 fiscal year compared to the prior year, the Program continued to experience a decline in new claims having some monetary expense. For the 2016-17 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. Six job-related deaths occurred during the 2016-17 fiscal year and \$101,153 in death benefits were paid.

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 2016-17 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.”

An important component in RTW programs is to provide the employer with physician documentation outlining the employee’s restrictions so the employer can make the determination as to whether it can accommodate the restrictions and return the employee to an alternate duty position. The treating physician is required to provide this documentation by completing and submitting a DWC-25 form to the injured worker’s employer.

The Division maintains RTW guidelines developed by its State Loss Prevention Program and the RTW Ad Hoc Committee of the Interagency Advisory Council on Loss Prevention to provide agencies with a model written RTW policy that can be adapted to each agency’s unique needs.

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

Statutory Reporting Requirement for Return-to-Work Programs

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

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

Agency/University	WC Covered FTEs
Agency for Persons with Disabilities	3,540
Department of Agriculture & Consumer Services	3,879
Department of Children & Families	12,939
Department of Corrections	24,346
Department of Education	3,131
Department of Environmental Protection	4,228
Department of Financial Services*	2,513
Department of Health	16,900
Department of Highway Safety & Motor Vehicles	4,447
Department of Juvenile Justice	3,309
Department of Revenue	5,192
Department of Transportation	6,454
Florida Atlantic University	5,081
Florida International University	6,741
Florida State University	9,378
Public Defenders	3,066
State Attorneys	6,363
State Courts System	4,539
University of Central Florida	7,385
University of Florida	21,835
University of South Florida	9,416

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

There are two disability categories commonly referred to as “lost-time claims.” The first is Temporary Partial Disability (TPD); the second is Temporary Total Disability (TTD). Claimants in TPD status can return to work as long as they operate within the restrictions provided by their physician. Claimants in TTD status cannot be returned to work under any capacity since the worker is designated as totally disabled. Due to the inability of the employer to return a TTD claimant to work, TTD claims are only included in one benchmark (percentage of workers’ compensation claims that are lost-time claims, per fiscal year). However, TTD claims data is included in Charts 1 and 2 on Pages 16-17 of this report, which present lost-time claims counts and total costs of lost-time claims.

The maximum number of weeks for temporary total benefits per statute is 104 weeks. As a result of a court ruling in 2016, claimants may receive up to 260 weeks of temporary total benefits. A separate ruling also extended the duration of temporary partial benefits to 260 weeks. If the employee is administratively accepted as being permanently totally disabled (PTD), the Division must pay benefits until the employee reaches the age of 75 or until death occurs, whichever comes first. The Department of Children and Families has an alternate-duty limit of 180 days and the Department of Corrections has a limit of 360 days. At these two agencies, if the employee continues to have medical restrictions after this time, the employee is no longer eligible for alternate duty, and the Division must begin paying TPD benefits.

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

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

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

Summary of Results

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

- The total cost of lost-time claims decreased by over \$16,000 compared to the previous fiscal year.
- The number of lost-time claims decreased as compared to the previous fiscal year, with 745 lost-time claims reported in the 2016-17 fiscal year as compared to 806 lost time claims reported in the 2015-2016 fiscal year.
- The percentage of workers' compensation claims that are lost-time claims decreased slightly with 7.17% in fiscal year 2015-16 and 7.01% in fiscal year 2016-17.
- The number of Temporary Partial Disability claims decreased by 18.53% compared to the previous fiscal year.
- Temporary Partial Disability claims costs decreased by 12.78% compared to the previous fiscal year.
- Injured state employees were at work (in some type of return-to-work program) for 22,159 days rather than at home collecting benefits.

Return-to-Work Benchmarks

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

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

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

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

Return-to-Work Benchmarks

Fiscal Year 2016-17

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 16/17	Total Alternate Duty Days of Work FY 16/17	Total TPD Claims Cost			% of WC Claims that are Lost-Time Claims												
FY 15/16	FY 16/17	% Change	FY 15/16	FY 16/17	% Change	FY 15/16			FY 16/17	% Change	FY 15/16	FY 16/17	% Change											
Agency for Persons with Disabilities	\$7,769	\$7,232	-6.91%	16	39	143.75%	100	2,518	\$124,296	\$282,045	126.91%	6.67%	9.96%	3.29%										
Dept. of Agriculture and Consumer Services	\$52,988	\$33,039	-37.65%	9	5	-44.44%	56	889	\$476,890	\$165,196	-65.36%	4.88%	4.16%	-0.72%										
Dept. of Children and Families	\$17,033	\$15,682	-7.93%	77	64	-16.88%	208	4,401	\$1,311,547	\$1,003,653	-23.48%	9.06%	7.60%	-1.46%										
Dept. of Corrections	\$15,961	\$15,122	-5.26%	93	57	-38.71%	0	0	\$1,484,375	\$861,958	-41.93%	7.34%	6.18%	-1.16%										
Dept. of Education	\$29,302	\$20,295	-30.74%	5	6	20.00%	12	59	\$146,509	\$121,771	-16.89%	10.20%	12.50%	2.30%										
Dept. of Environmental Protection	\$3,165	\$15,884	401.87%	1	1	0.00%	0	0	\$3,165	\$15,884	401.87%	4.33%	3.97%	-0.36%										
Dept. of Financial Services	\$9,288	\$0	-100.00%	1	0	-100.00%	18	270	\$9,288	\$0	-100.00%	2.02%	1.30%	-0.72%										
Dept. of Health	\$28,801	\$19,871	-31.01%	13	13	0.00%	18	389	\$374,419	\$258,326	-31.01%	6.25%	7.01%	0.76%										
Dept. of Highway Safety and Motor Vehicles	\$44,124	\$22,147	-49.81%	8	8	0.00%	43	633	\$352,993	\$177,179	-49.81%	5.99%	6.96%	0.97%										
Dept. of Juvenile Justice	\$9,775	\$12,669	29.62%	80	28	-65.00%	112	2,234	\$781,965	\$354,743	-54.63%	17.82%	10.18%	-7.64%										
Dept. of Revenue	\$27,214	\$0	-100.00%	1	0	-100.00%	35	1,642	\$27,214	\$0	-100.00%	2.13%	6.45%	4.32%										
Dept. of Transportation	\$8,430	\$31,148	269.48%	15	18	20.00%	47	1,732	\$126,452	\$560,658	343.38%	10.05%	14.42%	4.37%										
Florida Atlantic University	\$26,577	\$0	-100.00%	6	0	-100.00%	29	1,958	\$159,460	\$0	-100.00%	11.90%	6.90%	-5.00%										
Florida International University	\$9,026	\$11,443	26.77%	14	12	-14.29%	23	844	\$126,370	\$137,314	8.66%	15.70%	10.19%	-5.51%										
Florida State University	\$12,802	\$15,028	17.39%	19	27	42.11%	0	0	\$243,233	\$405,768	66.82%	11.11%	11.04%	-0.07%										
Public Defenders	\$0	\$0	0.00%	0	0	0.00%	0	0	\$0	\$0	0.00%	0.00%	5.00%	5.00%										
State Attorneys	\$8,634	\$2,301	-73.35%	1	1	0.00%	0	0	\$8,634	\$2,301	-73.35%	4.38%	0.57%	-3.81%										
State Courts System	\$18,981	\$13,666	-28.00%	1	1	0.00%	7	160	\$18,981	\$13,666	-28.00%	2.70%	4.55%	1.85%										
University of Central Florida	\$6,831	\$23,018	236.98%	18	15	-16.67%	26	515	\$122,951	\$345,268	180.82%	9.96%	8.51%	-1.45%										
University of Florida	\$9,286	\$19,565	110.70%	33	36	9.09%	171	2,928	\$306,435	\$704,343	129.85%	4.51%	5.54%	1.03%										
University of South Florida	\$11,098	\$8,257	-25.60%	10	12	20.00%	56	987	\$110,982	\$99,080	-10.72%	3.58%	4.24%	0.66%										
Totals	\$15,003	\$16,062	7.06%	421	343	-18.53%	961	22,159	\$6,316,159	\$5,509,152	-12.78%	7.17%	7.01%	-0.16%										

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

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

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

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

Chart 1: Fiscal Year Comparison of Lost-Time (TPD and TTD) Claims For State Agencies and Universities Participating in the Return-to-Work Program

Claims Counts for FY 2015-16 and FY 2016-17

Agency/University	Lost-Time Claim Count		
	FY 15/16	FY 16/17	Difference
Agency for Persons with Disabilities	34	53	19
Department of Agriculture and Consumer Services	19	16	(3)
Department of Children and Families	127	111	(16)
Department of Corrections	271	241	(30)
Department of Education	10	10	0
Department of Environmental Protection	11	12	1
Department of Financial Services	2	1	(1)
Department of Health	37	39	2
Department of Highway Safety and Motor Vehicles	26	27	1
Department of Juvenile Justice	98	40	(58)
Department of Revenue	3	8	5
Department of Transportation	20	30	10
Florida Atlantic University	10	6	(4)
Florida International University	19	16	(3)
Florida State University	24	36	12
Public Defenders	0	2	2
State Attorneys	7	1	(6)
State Courts System	2	3	1
University of Central Florida	24	20	(4)
University of Florida	47	57	10
University of South Florida	15	16	1
Totals	806	745	(61)

In Fiscal Year 2016-17, agencies required to have a RTW program had a decrease in the number of lost-time claims as compared to Fiscal Year 2015-16 (61 fewer claims reported in 2016-17). Of the 21 agencies presented in the chart above, nine had a decrease in lost-time claims.

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

All Lost-Time Claims (TPD and TTD Claims)

FY 2015-16 and FY 2016-17

Agency/University	Indemnity Costs			Medical & Legal Costs			Other Costs & Recoveries ⁽¹⁾			Total Lost-Time Claims Cost		
	FY 15/16	FY 16/17	Difference	FY 15/16	FY 16/17	Difference	FY 15/16	FY 16/17	Difference	FY 15/16	FY 16/17	Difference
Agency for Persons with Disabilities	\$111,155	\$94,558	(\$16,597)	\$298,555	\$353,506	\$54,951	\$(10,385)	\$(6,134)	\$4,251	\$399,325	\$441,930	\$42,604
Dept. of Agriculture and Consumer Services	\$50,615	\$117,110	\$66,495	\$628,598	\$1,464,978	\$836,380	\$(9,412)	\$(30,120)	(\$20,707)	\$669,801	\$1,551,969	\$882,168
Dept. of Children and Families	\$489,474	\$561,725	\$72,252	\$1,717,970	\$1,358,910	(\$359,060)	\$33,889	\$9,349	(\$24,540)	\$2,241,332	\$1,929,984	(\$311,348)
Dept. of Corrections	\$1,234,079	\$1,048,786	(\$185,293)	\$6,190,843	\$4,049,529	(\$2,141,314)	\$(298,643)	\$(274,346)	\$24,297	\$7,126,278	\$4,823,969	(\$2,302,310)
Dept. of Education	\$31,584	\$63,397	\$31,813	\$205,086	\$103,813	(\$101,273)	\$(10,255)	\$(16,843)	(\$6,588)	\$226,416	\$150,368	(\$76,048)
Dept. of Environmental Protection	\$16,643	\$31,199	\$14,556	\$156,253	\$123,977	(\$32,276)	\$(4,871)	\$(4,849)	\$22	\$168,025	\$150,327	(\$17,698)
Dept. of Financial Services	\$9,804	\$510	(\$9,294)	\$22,621	\$1,587	(\$21,034)	\$(3,240)	\$(417)	\$2,822	\$29,186	\$1,680	(\$27,506)
Dept. of Health	\$152,148	\$197,375	\$45,227	\$674,643	\$652,859	(\$21,784)	\$(34,028)	\$(14,930)	\$19,098	\$792,764	\$835,305	\$42,541
Dept. of Highway Safety and Motor Vehicles	\$184,690	\$230,189	\$45,499	\$1,090,695	\$1,829,336	\$738,640	\$(61,188)	\$(82,871)	(\$21,683)	\$1,214,197	\$1,976,654	\$762,457
Dept. of Juvenile Justice	\$383,273	\$179,905	(\$203,367)	\$788,338	\$423,311	(\$365,027)	\$(7,645)	\$(21,544)	(\$13,898)	\$1,163,965	\$581,673	(\$582,293)
Dept. of Revenue	\$19,886	\$21,157	\$1,271	\$33,193	\$103,846	\$70,653	\$671	\$(8,665)	(\$9,337)	\$53,750	\$116,337	\$62,588
Dept. of Transportation	\$70,503	\$219,571	\$149,069	\$196,686	\$921,297	\$724,611	\$(12,056)	\$(22,614)	(\$10,558)	\$255,133	\$1,118,255	\$863,122
Florida Atlantic University	\$55,384	\$49,416	(\$5,968)	\$191,710	\$278,495	\$86,786	\$(9,652)	\$(8,338)	\$1,315	\$237,441	\$319,574	\$82,132
Florida International University	\$58,779	\$91,469	\$32,690	\$369,653	\$207,416	(\$162,237)	\$(11,774)	\$(15,099)	(\$3,326)	\$416,659	\$283,786	(\$132,873)
Florida State University	\$227,486	\$107,589	(\$119,896)	\$219,162	\$397,926	\$178,764	\$8,032	\$(27,060)	(\$35,092)	\$454,679	\$478,455	\$23,776
Public Defenders	\$0	\$8,982	\$8,982	\$0	\$18,685	\$18,685	\$0	\$(7,119)	(\$7,119)	\$0	\$20,548	\$20,548
State Attorneys	\$8,483	\$4,327	(\$4,156)	\$21,434	\$14,964	(\$6,470)	\$(47)	\$1,378	\$1,424	\$29,870	\$20,668	(\$9,202)
State Courts System	\$7,063	\$17,504	\$10,441	\$21,867	\$60,600	\$38,733	\$(1,901)	\$(3,864)	(\$1,962)	\$27,029	\$74,241	\$47,212
University of Central Florida	\$48,930	\$93,946	\$45,016	\$139,756	\$356,223	\$216,467	\$2,581	\$(7,857)	(\$10,439)	\$191,268	\$442,312	\$251,044
University of Florida	\$207,524	\$252,606	\$45,083	\$477,722	\$892,516	\$414,794	\$(18,893)	\$(38,994)	(\$20,102)	\$666,353	\$1,106,128	\$439,775
University of South Florida	\$77,379	\$59,551	(\$17,828)	\$148,891	\$80,952	(\$67,940)	\$(5,440)	\$3,277	\$8,718	\$220,830	\$143,780	(\$77,050)
Totals	\$3,444,881	\$3,450,873	\$5,993	\$13,593,677	\$13,694,726	\$101,049	\$(454,256)	\$(577,659)	(\$123,403)	\$16,584,301	\$16,567,941	(\$16,361)

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

PROPERTY CLAIMS AND EXPENSES

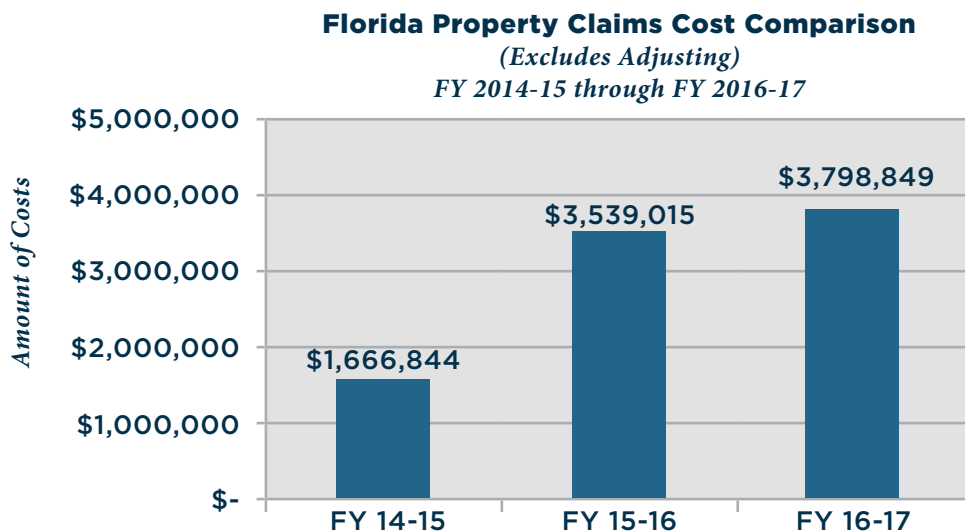
Property

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

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

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

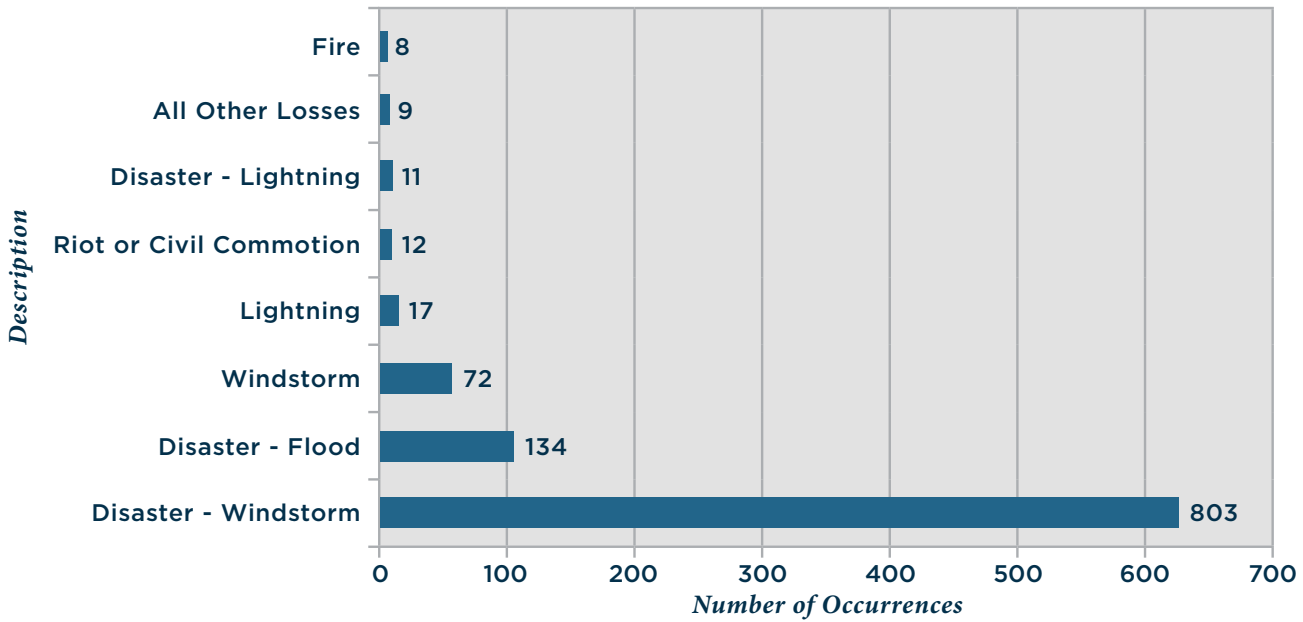
Program property claims costs for the prior three-year period are illustrated in the graph below:



Property losses totaled \$3.8 million during fiscal year 2016-17, an increase of \$259,000 over the 2015-16 fiscal year. This increase was due primarily to hurricanes Hermine and Matthew, which impacted the state during the 2016-17 fiscal year.

Property losses are caused by a variety of covered perils, such as wind, lightning, flood, and fire. The types and frequency of property claims reported in the 2016-17 fiscal year are included in the following graph:

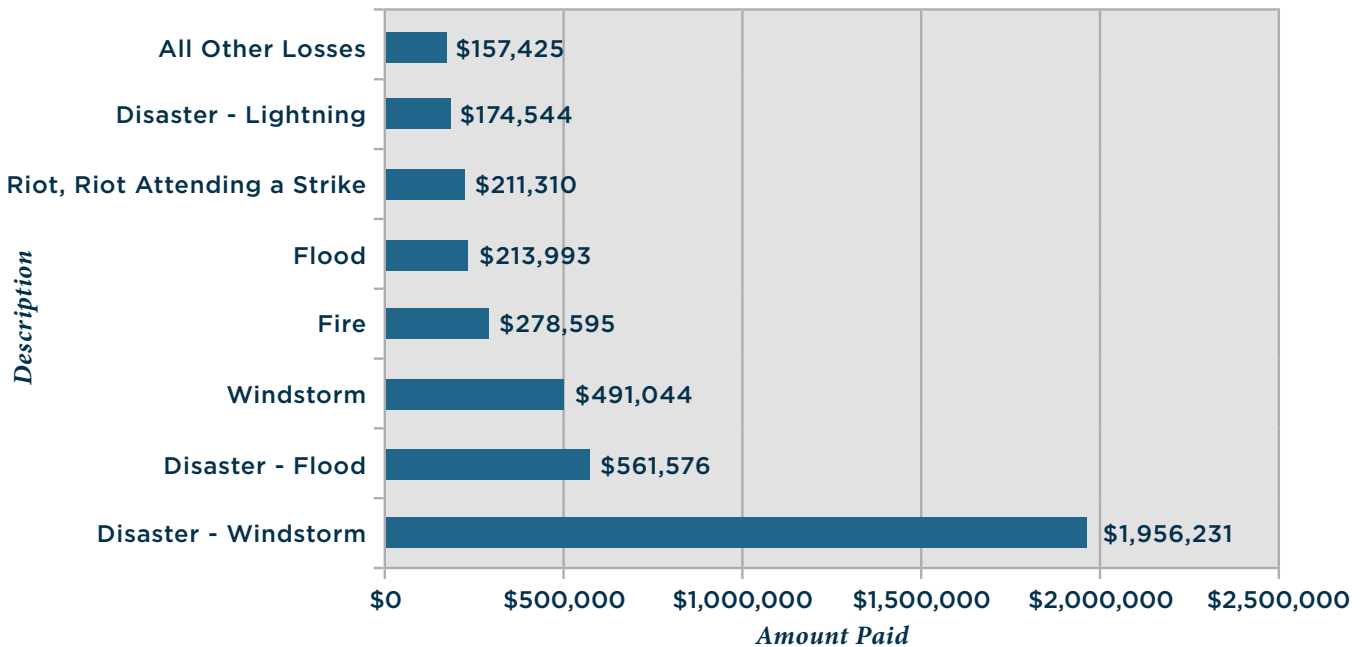
Property Claims by Type and Frequency
Reported in Fiscal Year 2016/2017



During the 2016-17 fiscal year, 1,066 property claims were reported compared to 127 claims reported during the 2015-16 fiscal year, an increase of 939 claims. This increase was primarily due to flood and windstorm losses from hurricanes Hermine and Matthew. Windstorm loss by a declared disaster was the most frequent type of loss to the property program in the 2016-17 fiscal year.

Reported property claims for the 2016-17 fiscal year are shown by type and cost in the graph below:

Property Claims by Type and Cost
For Fiscal Year 2016/2017



Property claims are tracked by the type of peril that caused the damage. For fiscal year 2016-2017, disaster-related windstorm losses were the costliest peril for which claims have been paid, followed by disaster-related flood claims. The windstorm losses were a result of hurricanes Hermine and Matthew.

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 2016-2017 fiscal year.

Inspections Performed During Fiscal Year 2016-2017

The State Fire Marshal's Office inspected 14,445 state-owned buildings during the fiscal year.

Actions Taken to Decrease the Fire Hazard of State Properties

Pursuant to section 633.218, Florida Statutes, the State Fire Marshal's Office, within seven days of each inspection, is required to submit a report of such inspection to the head of state government responsible for the building. The department head responsible for the inspected building is also responsible for ensuring that any deficiencies noted in the inspection are corrected as soon as practicable. If necessary, each department shall include in its annual budget request sufficient funds to correct any fire safety deficiencies noted by the State Fire Marshal.

Recommendations to Decrease the Fire Hazard to State Properties

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

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



AUTOMOBILE LIABILITY CLAIMS AND EXPENSES

Automobile Liability

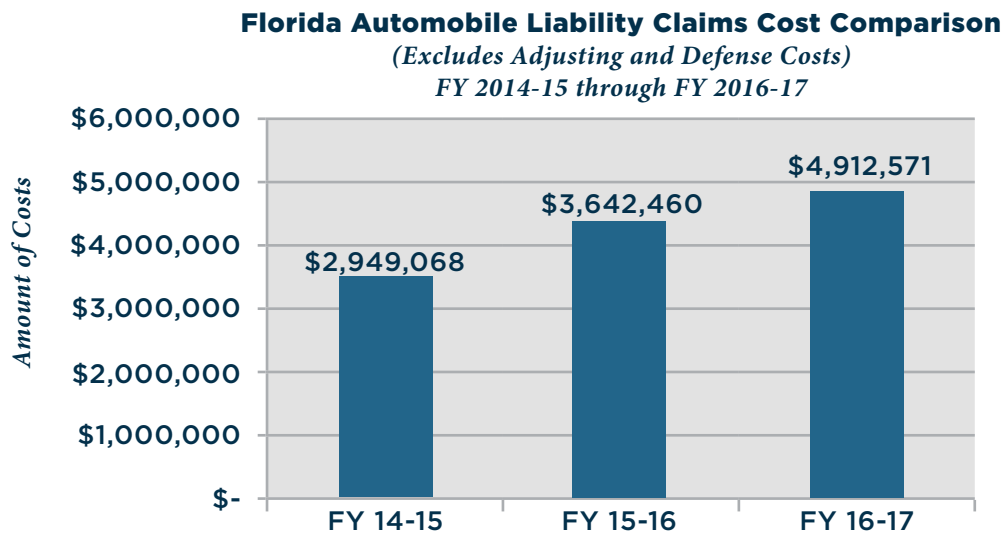
This Program provides automobile liability insurance through the State Risk Management Trust Fund for claims arising out of the ownership, maintenance, or use of an automobile by an employee, agent, or volunteer of the state, while acting within the course and scope of his or her office or employment.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

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

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

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

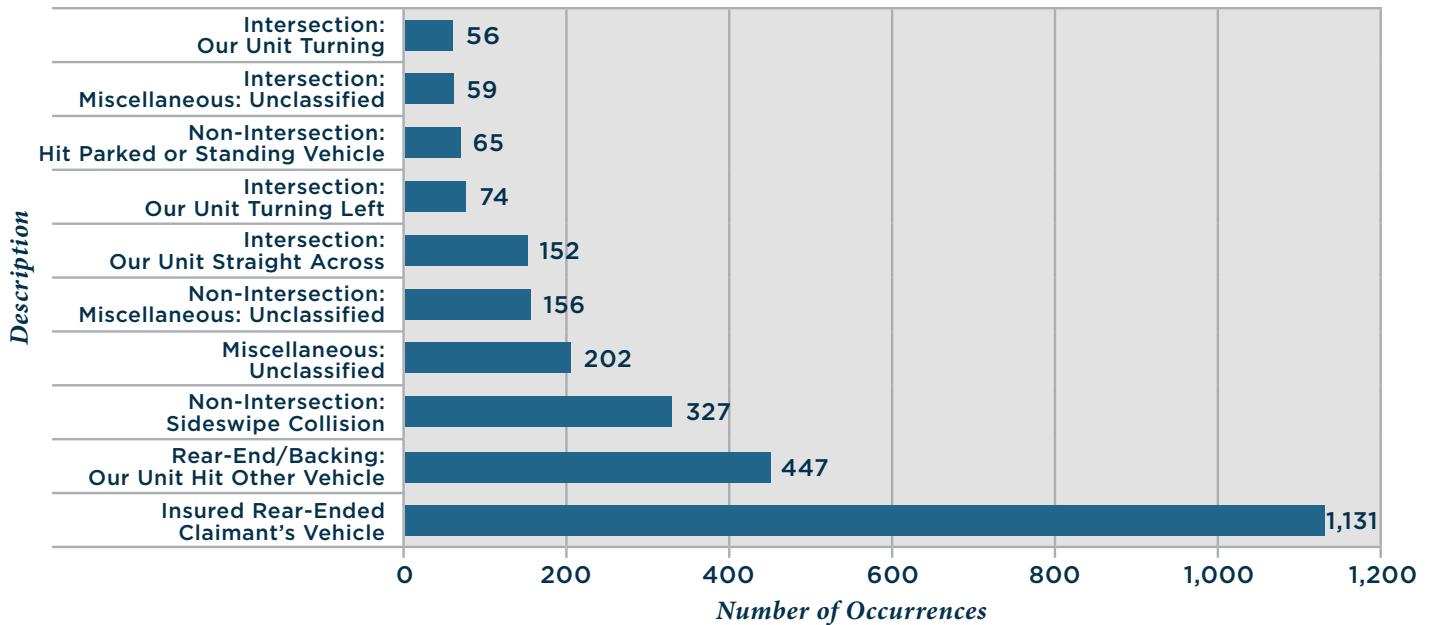
Automobile liability claims costs for the prior three-year period are detailed in the following chart:



Overall, automobile liability claims costs increased 35 percent in fiscal year 2016-17 compared to the 2015-16 fiscal year, accompanied by a 16 percent increase in the number of claims reported. The primary cause of the increase in costs was an increase in claims resulting from our insured driver hitting another vehicle from behind and non-intersection sideswipe collisions.

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

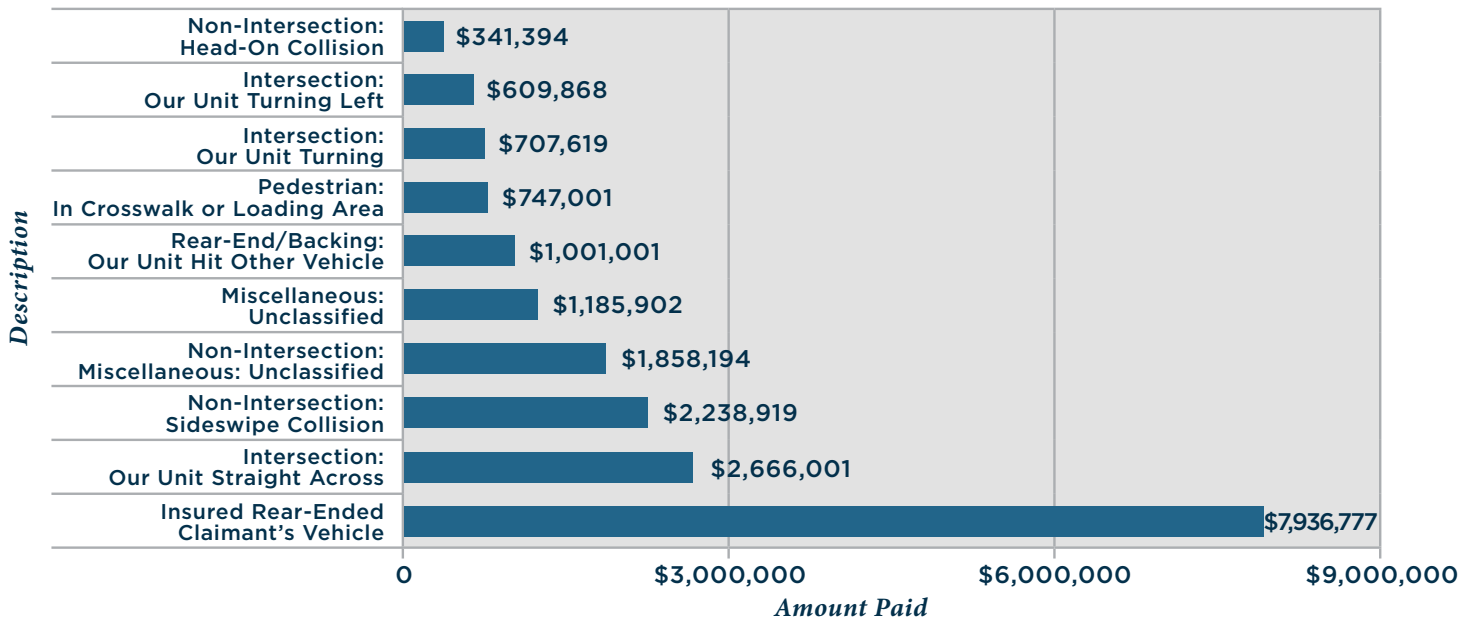
Frequency of Automobile Liability Claims: Top 10 Categories
Reported for the Period 7/1/12-6/30/17



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

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

Cost of Automobile Liability Claims: Top 10 Categories
For the Period 7/1/12-6/30/17



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

GENERAL LIABILITY CLAIMS AND EXPENSES

General Liability

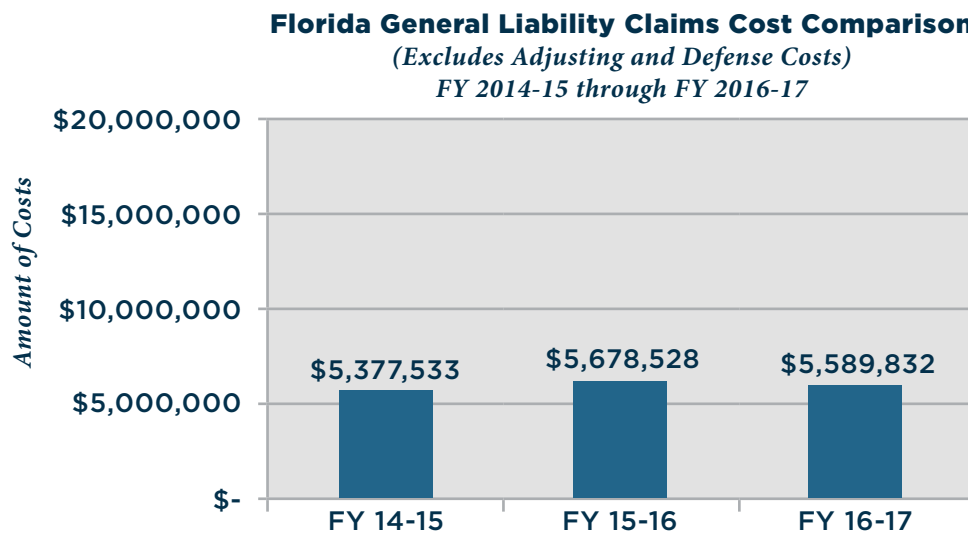
This Program provides general liability claims coverage through the State Risk Management Trust Fund. The state is liable for damages for injury, death, or loss of property caused by the negligence of its employees, agents, or volunteers while acting within the course and scope of their employment or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

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

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

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

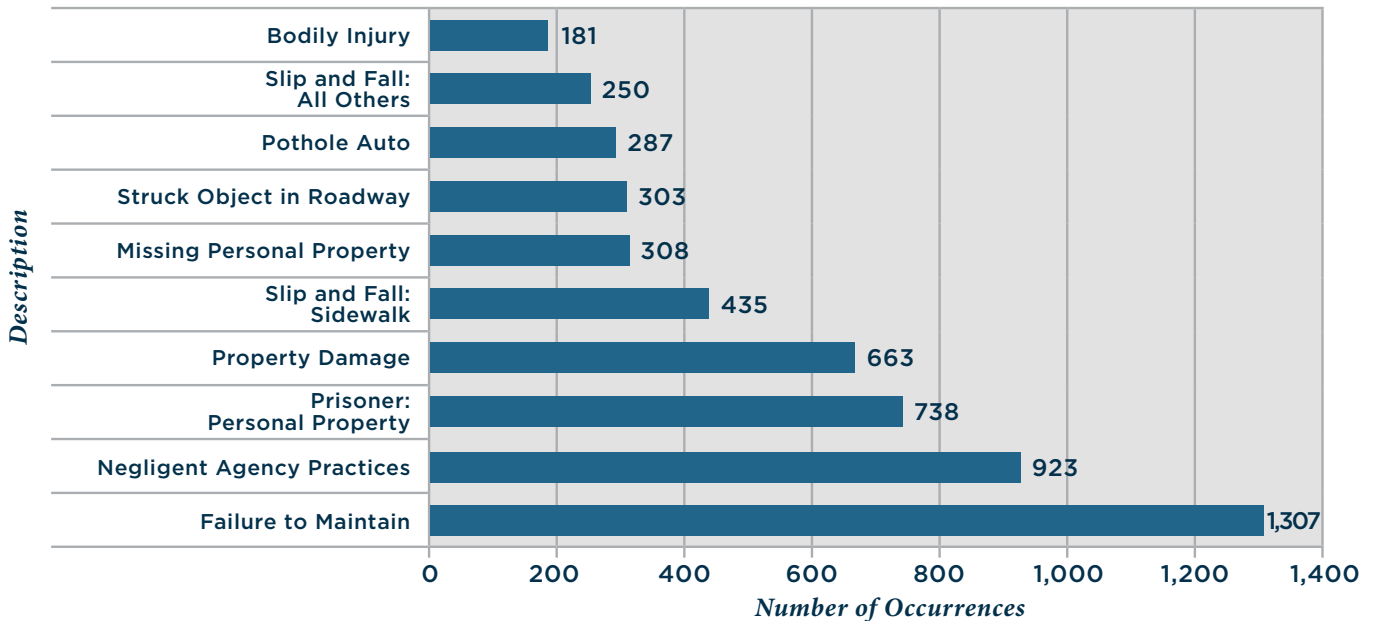
The Division continues to work closely with state agencies to control claims costs. The chart below depicts the general liability claims costs for the previous three years:



Overall, state liability claims costs were 2 percent lower in fiscal year 2016-2017 compared to the 2015-2016 fiscal year.

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

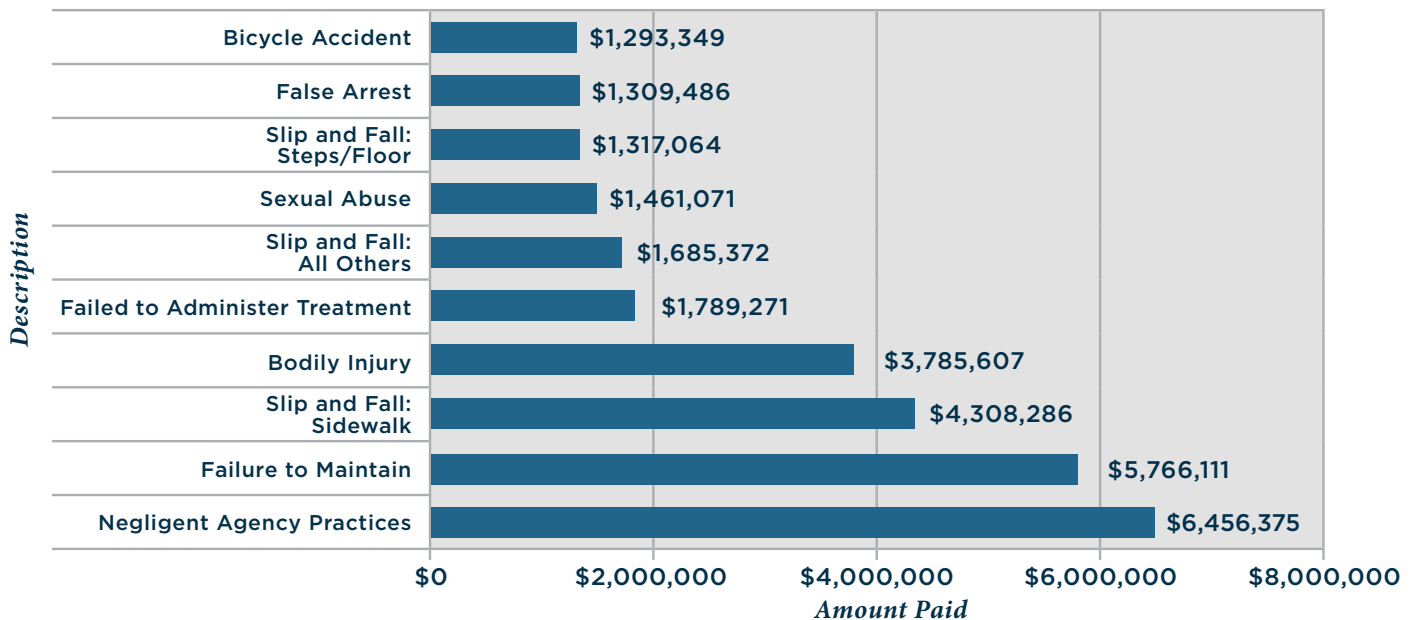
Frequency of General Liability Claims: Top 10 Categories
Reported for the Period 7/1/12-6/30/17



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

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

Cost of General Liability Claims: Top 10 Categories
For the Period 7/1/12-6/30/17



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

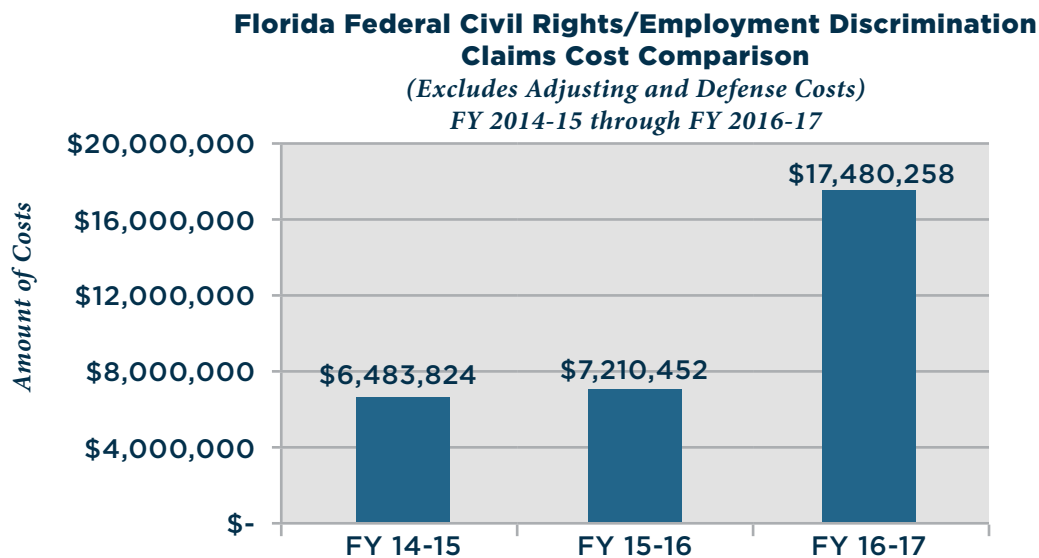
FEDERAL CIVIL RIGHTS/EMPLOYMENT CLAIMS AND EXPENSES

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

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

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

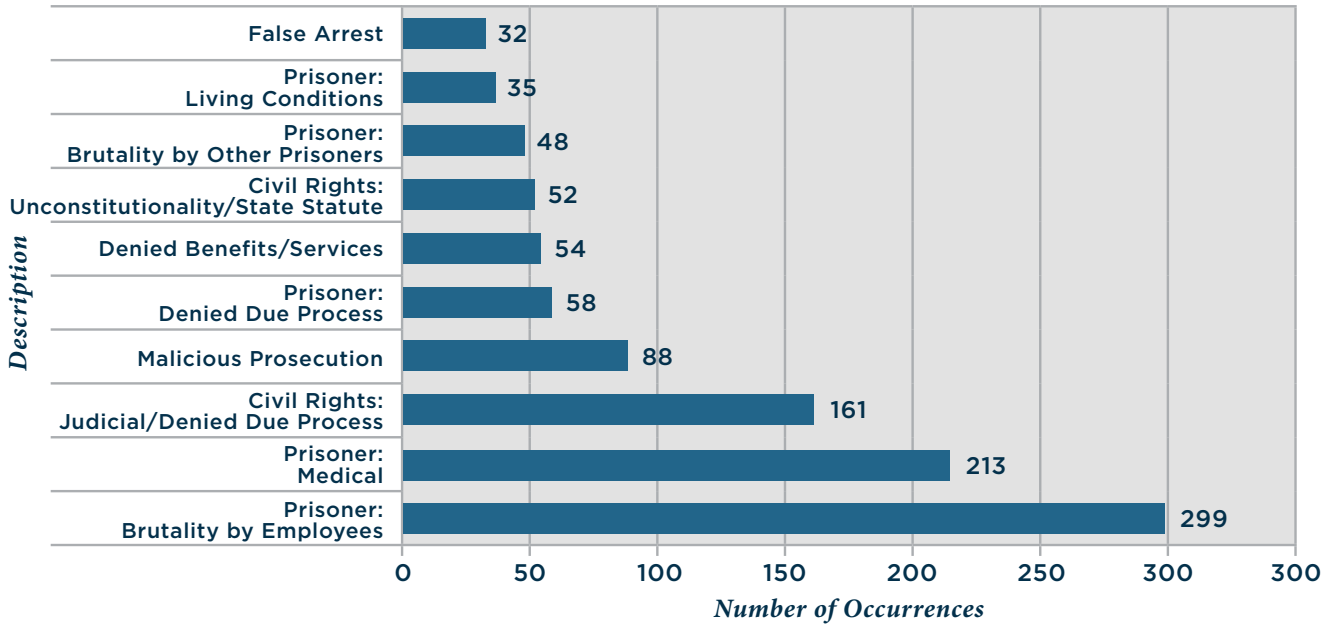
Below is a chart that provides the Florida Federal Civil Rights/Employment Discrimination claims costs for the preceding three years:



Claims costs increased approximately \$10 million this fiscal year. This was due to the settlement and payment of plaintiff attorney fees in one large federal civil rights claim for \$12 million.

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

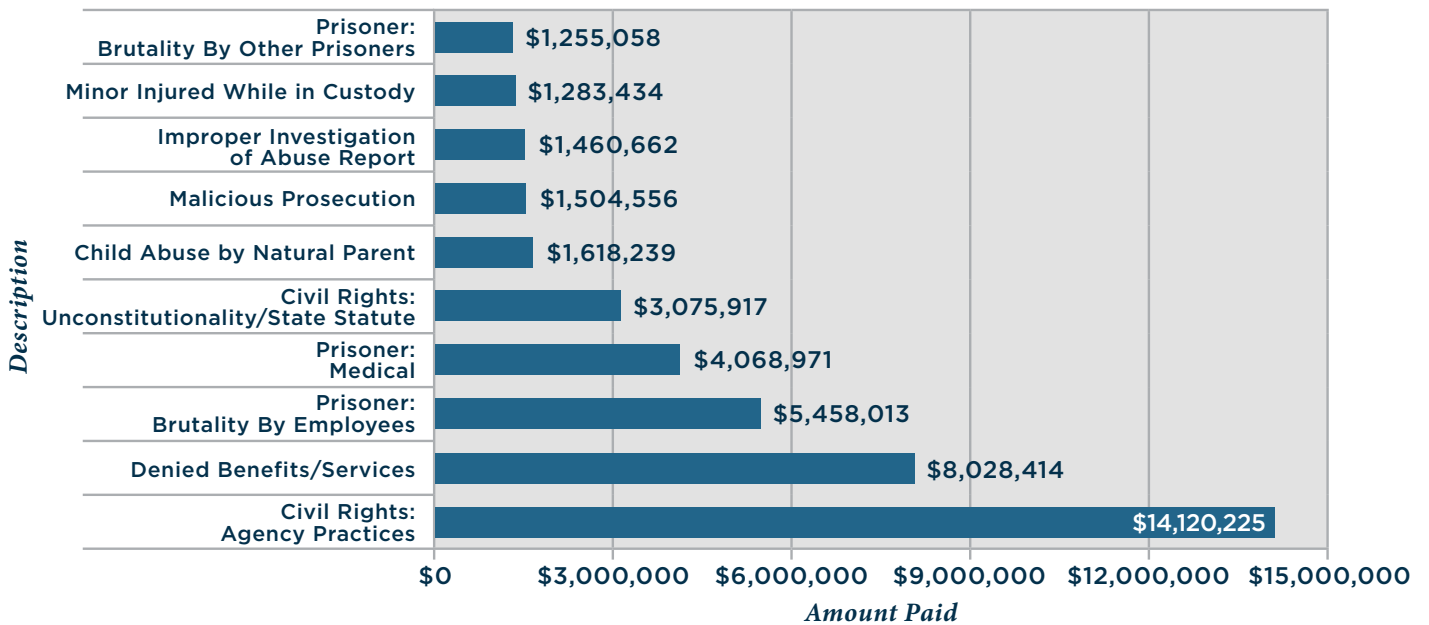
Frequency of FCR (Non-Employment) Claims: Top 10 Categories
Reported for the Period 7/1/12-6/30/17



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

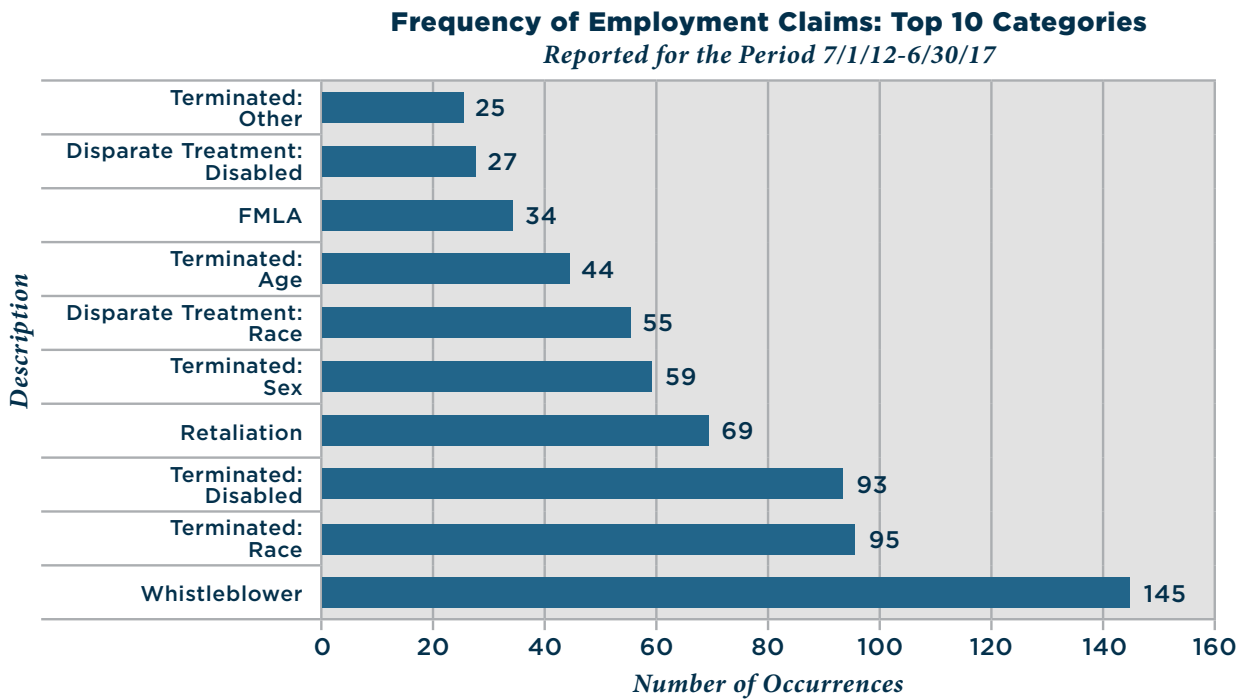
The cost of federal civil rights claims is also tracked in five-year increments:

Cost of FCR (Non-Employment) Claims: Top 10 Categories
For the Period 7/1/12-6/30/17



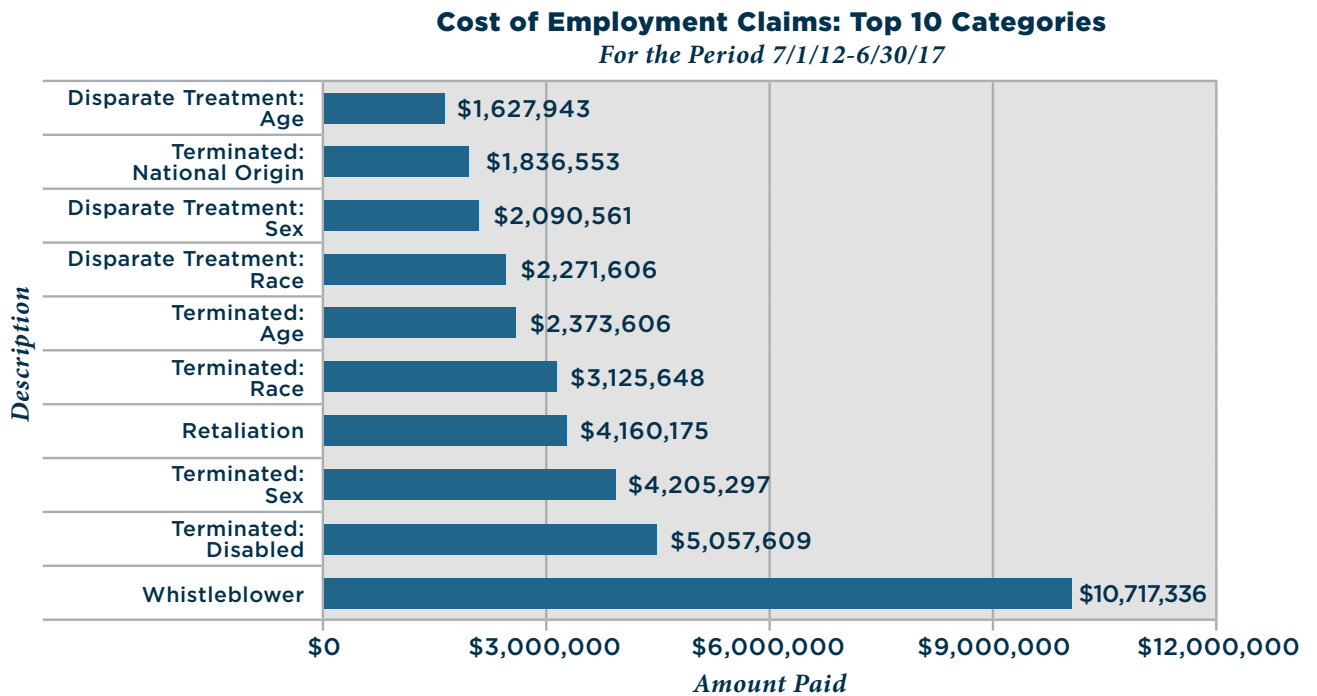
The costliest federal civil rights claims for the five-year period are civil rights – agency practices followed by denied benefits or services involving a person in state custody or control.

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



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

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



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

Division of Risk Management

Florida Department of Financial Services



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