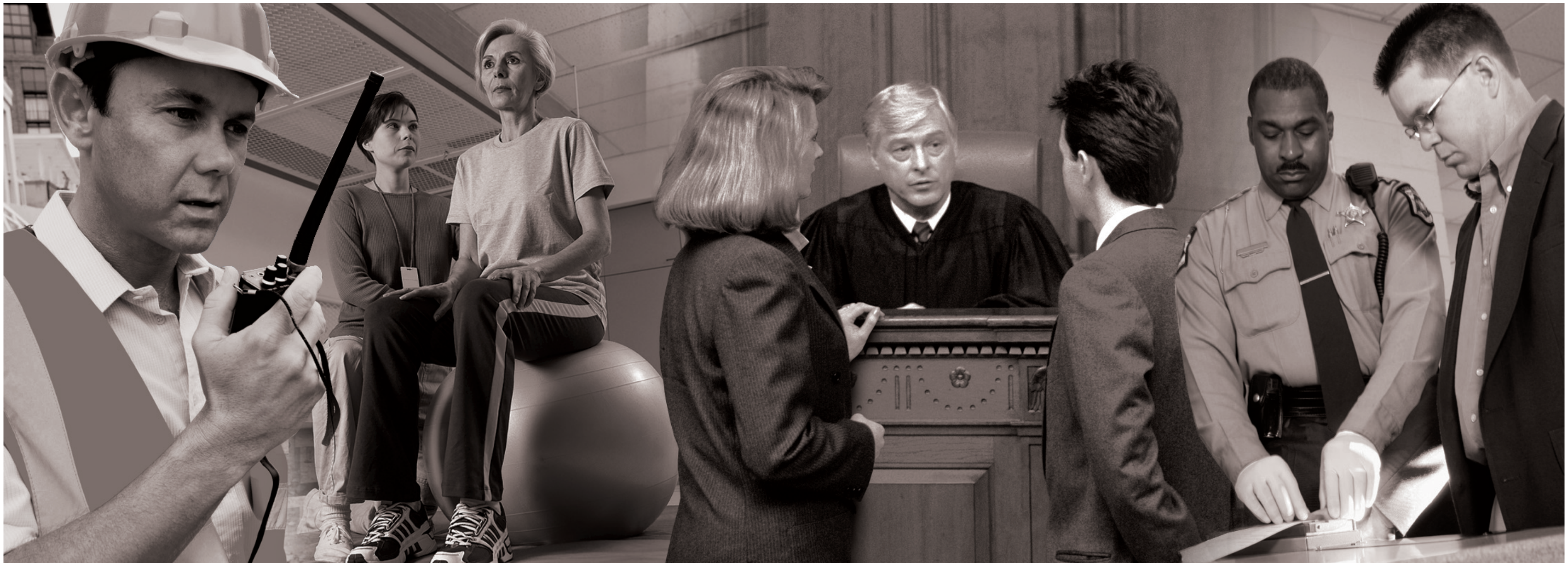
Department of Financial Services
Division of Risk Management
FISCAL YEAR 2009 ANNUAL REPORT



ALEX SINK
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

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CHIEF FINANCIAL OFFICER
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{A Message from CFO Alex Sink}

Innovation in Florida's Risk Management

Reflecting on the past year, I am particularly proud of the accomplishments of the Florida Department of Financial Services (DFS) Division of Risk Management for translating private sector innovation into $12 million in savings for the taxpayers of Florida in 2009.

Reforming the way we do business from top to bottom, we are pleased to share our results and look forward to further efforts to save money and improve our service through the creation of our new private-sector CFO Advisory Council on Risk Management.

The five-member Council will meet at least twice a year. The Council has three representatives of the private-sector risk management community, one faculty member of the academic risk management community and a risk manager from an agency participating in Florida's self-insurance program. We look forward to the Council sharing its expertise on risk management best practices to allow our state to run in a more businesslike manner.

Building on the success of our 2008 risk management program redesign, we are transforming the way risk management supports Florida's state agencies. As a result, injured employee satisfaction with our services is up 30 percent and lost time claims are down 28 percent, saving more than $520,000 by promptly giving employees the care they need and the opportunity to return to work faster.

We also looked at how to reduce the millions spent every year in legal costs on employment discrimination claims. Early review and intervention in discrimination claims saved more than $800,000, and application of this process to federal civil rights claims reduced litigated cases and saved the state more than $7.5 million.

My congratulations go to the Division of Risk Management's Claims Cost Reduction Team, nominated this year for a TaxWatch Prudential Davis Productivity Award. This team helped us realize a majority of our savings in 2009.

Need for Risk Management Reform

The state of Florida insures more than 206,000 people in 48 agencies providing services to our citizens. Florida's Division of Risk Management is tasked with making sure all of these agencies receive assistance in reducing their losses from claims against the state for workers' compensation, general and automobile liability, employment discrimination, federal civil rights and property insurance.

During my early days as Florida's CFO in 2007, and drawing on decades of experience as a business leader, I reviewed the entire Department of Financial Services with the goal of identifying the most promising opportunities to cut waste, improve service quality and use taxpayer dollars more efficiently. I found that Florida's Division of Risk Management paid more than $140 million annually in claims, mostly for workers' compensation.

Adopting Private Sector Innovation

To reduce these costs, I did something state government doesn't do often enough. I invited the risk management experts from Publix, Walt Disney World and Rosen Hotels and Resorts to donate their time and expertise and advise our Division of Risk Management on private-sector practices that could improve our program and help us be more proactive and efficient.

The results were eye-opening. Our Division was focused almost completely on managing claims, with 95 percent of our resources concentrated on paying claims. This compared to private-sector programs that focused more on loss prevention, with an almost 50-50 split between their prevention and claims management efforts. This prevention approach was helping these private businesses save millions every year and it was clear we needed to move toward this approach.

I offer my thanks to these industry leaders for sharing their loss prevention best practices with us, free of charge.

A New Approach

In 2008, veteran risk management professional R.J. Castellanos joined the Division of Risk Management as our new director. He has led the development of a three-year strategic plan to reduce claims and better manage costs. We continue to refine the improvements in our risk management program as we implement a comprehensive approach to managing risk that focuses on prevention.

To achieve the highest level of cost savings, we prioritized reforming Florida's major risk management cost drivers: workers' compensation, employment discrimination and federal civil rights claims. We also targeted Florida's five agencies with the highest claims costs, as these five agencies alone accounted for 51 percent of the state's claims.

I was able to meet with the leaders of four of the five agencies with the highest claims to share my vision for a fresh approach to managing our state's risks, and to ask for their collaboration in implementing new risk management strategies. Our Risk Management team followed up, providing in-depth analyses of each agency's performance to provide a baseline for improvement. After we addressed these targeted agencies, we began to broaden our approach. We are now providing all of Florida's insured agencies with new tools to reduce losses and save the state money.

We've enhanced efficiency and improved injured employees' medical care, producing better medical results and reducing lost time costs. Using national benchmarks for both government and private industry, we score better than average in the key measures of promptly reporting claims, number of claims involving lost time from work, timely rehabilitating injured employees and returning them to work, and total claims costs for lost salary and medical benefits.

Looking Ahead

Everyone has a stake in improving the state's risk management services. Through the Division of Risk Management, we continue to improve both cost-effectiveness and quality. In addition to our new Advisory Council, I am advocating risk management legislation during the 2010 Legislative Session to establish comprehensive risk management requirements for all state agencies and to reward agencies that demonstrably improve their performance and achieve even more taxpayer savings. In these difficult budget times, holding state government accountable for its performance, especially with millions of dollars at stake, is more important than ever.

Our FY 2008-2009 results demonstrate that strong loss prevention programs equal real savings of taxpayer dollars. I thank the leaders and employees of our Division of Risk Management for their commitment and hard work in this multi-year effort to improve loss prevention in Florida's state agencies. I am also grateful to our agency partners who are working with us to better serve the people of Florida. We look forward to building on our risk management reforms in the coming year.

Sincerely,

Alex Sink

Alex Sink
Chief Financial Officer
State of Florida

{Risk Management – What We Do}

Risk management is the acceptance of responsibility for recognizing, identifying and controlling exposure to loss or injury resulting from the daily operation of Florida's government. Through the Florida Department of Financial Services, the Division of Risk Management is responsible for delivering sound, professional guidance to Florida's 48 state agencies and universities to help control loss and mitigate risk.

The Division's mission is three-fold: to provide Florida's participating state agencies with quality, cost-effective workers' compensation, liability, federal civil rights and property insurance coverage either through the state's self-insurance program or by purchasing commercial insurance; to administer claims; and to provide loss prevention program technical assistance. In 2008 the Division began implementing a three-year strategic plan to strengthen the focus on loss prevention by reorganizing its work units.

Prevention and Training

The Division is a loss prevention resource for all of Florida's agencies across all categories of risk. One way this is accomplished is through the Interagency Safety Advisory Council (IAC), a quarterly forum for Florida's 48 safety coordinators to work collaboratively to find cost-effective solutions to agency safety challenges.

The Division provides biannual reports to agency leaders on the type, frequency and severity of claims, safety training, a web-based safety coordinators' toolbox and information site, safety newsletters and bulletins, and custom consultation to enhance safety programs.

Claims Management and Resolution

General Liability – The Division manages general liability and property 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 state vehicle. The Division also pays legal costs as a result of lawsuits against agencies.

Workers' Compensation – The Division administers workers' compensation claims for Florida's agencies. In 2009 we paid more than $100 million in workers' compensation claims. As part of our strategic plan, we have assigned agency-specific workers' compensation adjustors to better understand and identify potential or existing areas of higher-than-average claims activity and provide customized loss prevention feedback.

Employment Discrimination and Federal Civil Rights – The Division also administers employment discrimination and civil rights claims. As an insurer of more than 206,000 people providing services on behalf of the state and having custody over countless individuals in the prison system and other capacities, claims can arise from these relationships. Through newly established procedures and partnerships with agency leadership, we are assuring that clients are provided services promptly, reducing claims and litigation costs and achieving better outcomes for all.

Protecting State Facilities

With responsibility for insuring Florida's approximately 22,000 state-owned buildings ranging in value from storage sheds to the Capitol buildings in Tallahassee, and ranging in complexity from beachfront tiki huts at state parks to the Magnetic Laboratory building on Florida State University's campus, the Division is at the forefront of protecting Florida's assets.

All agencies are exposed to such perils as fire, storm damage and sinkholes. The Division administers Florida's self-insurance program through the Risk Management Trust Fund and arranges additional coverage for catastrophic losses beyond the limits of our self-insurance.

{Building Partnerships}

Without our agency partners, managing the scope, complexity and costs of Florida's risk profile would be impossible. Florida's 48 agencies are our clients and our goal is to help them provide a safer experience for employees and those they serve.

Increased Focus on Prevention

The Division of Risk Management had served primarily as a claims administrator in Florida's decentralized risk management structure. CFO Alex Sink, looking for ways to use taxpayer dollars more effectively, saw opportunities to help the agencies we serve improve loss prevention efforts and reduce claims costs.

With our 2009 implementation of a comprehensive approach to managing risk, we have reallocated staff to partner with agencies in analyzing data, identifying and reporting risk, collaborating on problem identification and resolution, training and evaluating loss prevention results. Our initial focus has been on our agency partners in the five agencies with the most claims and highest costs.

Impressive results and significant cost savings are already evident in loss prevention, claims reduction and related costs. These successes are possible because agency leaders have welcomed this new approach and are willing to collaborate with us. We will continue meeting individually with additional agency leaders in 2010 to share how this approach to loss prevention can benefit their agencies, employees and budgets.

Private Sector Partnerships and Sharing Best Practices

A 2007 review of the Division's program revealed little change in policies and procedures since it began in 1970. More than 90 percent of our efforts were focused on managing claims, with little emphasis on prevention. By contrast, much has changed in the risk management field over the last 40 years including the techniques for managing risk in meeting the challenges of today's workforce.

CFO Sink, drawing on her more than 26 years of business experience, turned to leaders of a diverse group of Florida companies for advice on risk management best practices to improve the state's risk management program. She initially reached out to Walt Disney World, Publix Supermarkets and Rosen Hotels and Resorts of Orlando, who share many risk management similarities with the state.

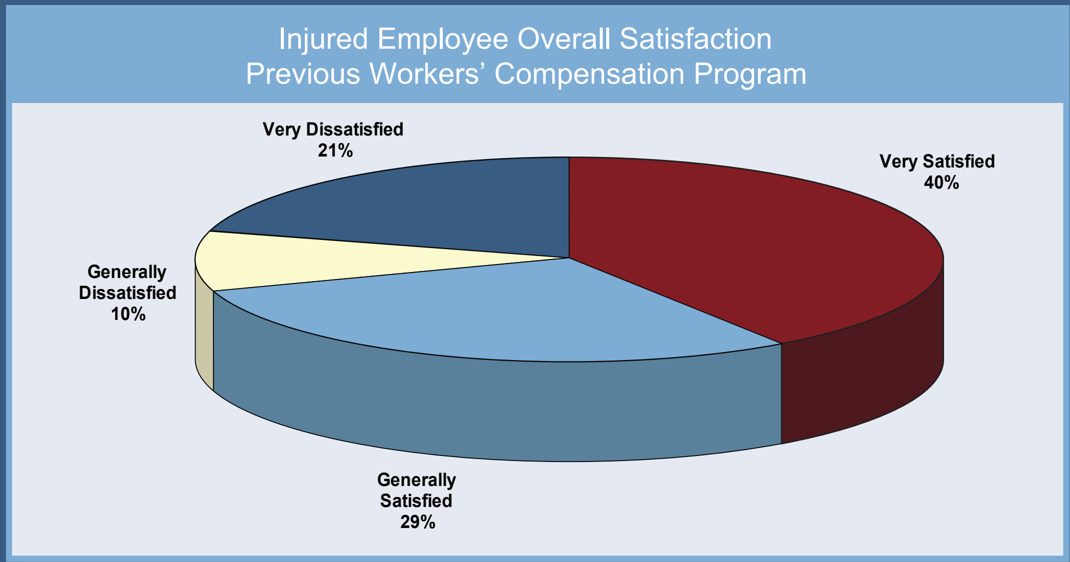
These Florida companies voluntarily shared best practices in employee training, management of workers' compensation claims and maximizing web-based safety training. The peer review of the state's program by these industry leaders helped us strengthen Florida's loss prevention program and reduce costs.

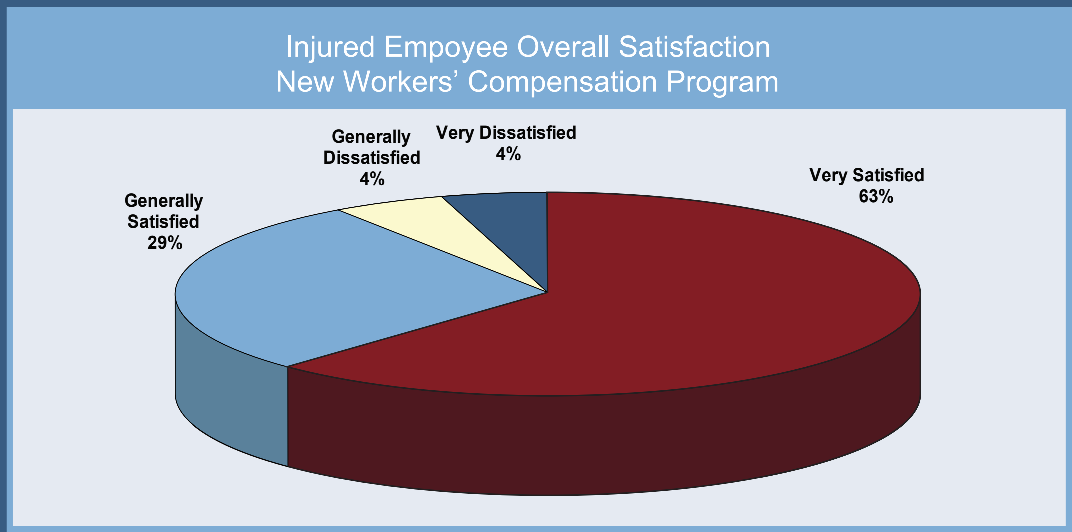
Stronger Vendor Partnerships

The Division engages vendors to fulfill our core service of providing medical care for injured employees. In 2008 nearly one of every three injured employees was dissatisfied with long wait times for initial medical evaluation, treatment and clearance to return to work.

The January 2009 implementation of a new program to manage workers' compensation injuries provides more timely and injury-specific medical attention to employee injuries, increasing agency and employee satisfaction by more than 30 percent within just the first six months.

The new program applies a sports medicine approach to work-related injuries. It also assigns a nurse case manager to each injured employee to coordinate timely and medically appropriate care. With prompt and targeted medical care and rehabilitative therapy, injured employees recover faster and more completely, and are provided alternate duty opportunities to return to work as soon as medically possible.





{Accountability}

The best risk management tools, policies and applications have little value without accountability. Accountability requires clear standards, well-defined responsibilities and measurable results applied in a consistent manner. These elements are connected by rewarding excellence and providing assistance in improving outcomes.

Standards

In our risk management redesign, we conducted extensive research to identify governmental and private sector risk management best practices. These best practices form the foundation of the new loss prevention standards and accountability measures for Florida's state agencies.

These standards provide consistency in enhancing loss prevention with flexibility in developing comprehensive, mission-specific risk management programs. Agency size, complexity and employee, client and customer location shape the application of standards from one agency to another.

"I encourage each and every agency to embrace these new standards and to view loss prevention like any other part of their budgets," said David Wiggins, DMS Environmental Health and Safety supervisor and past chairman of the Interagency Advisory Council for Safety and Loss Prevention. "Claims represent dollars—expenses—and loss prevention programs deliver value to Florida's taxpayers through cost avoidance from reduced claims frequency or severity."

Training

The Division provides safety and loss prevention training, consulting and educational services through a risk management database, library and information clearinghouse and the staffing and coordination of the Interagency Safety Advisory Council (IAC). The IAC meets quarterly to share best practices and concerns, and is chaired by a member of our risk management team.

In 2009 we trained 284 workers' compensation coordinators and 1,630 supervisors on the new workers' compensation program. Forty-seven safety officers from 16 agencies participated in a one-day Safety Academy and another 765 participants received 95 hours of other safety and risk management training.

Measuring Results

New management tools to help state agencies measure loss prevention progress include our **Stop Light** and **How Are We Doing** reports. These biannual reports provide agency-specific loss data and comparative loss reports among agencies. The Division also assists agencies with generating customized statistical reports and prepares the IAC's Annual Report to the governor.

Accountability requires measurement of results and beginning in 2010 the Division will conduct agency loss prevention program reviews. Agencies will have the opportunity to take corrective actions as needed before the next review.

New Premium Calculation Methodology

CFO Sink sought to change loss prevention thinking among agencies by holding them accountable for claims cost and frequency in 2009 with a new methodology for calculating agency premiums. Decreases in cost and frequency will lower agencies' annual insurance premiums, while agencies without savings will see higher insurance rates.

A portion of the insurance premium is now based on the preceding year's claims activity, much as a private citizen's automobile insurance premium reflects recent accident experience.

Financial Controls

The Division continued to renegotiate its vendor contracts, looking for ways to cut costs. Renegotiation of a claims processing contract has produced a recurring annual net savings of $455,000 by bringing the work in-house at a cost of $60,000 – the annual salary and benefits of a state employee now assigned the work.

We also moved the Division's revolving account into the Division of Treasury's consolidated revolving account, saving $24,000 per year in bank fees. Increased use of direct deposit banking also saved $13,870 in paper, printing and postage costs.

"I encourage each and every agency to embrace these new standards and to view loss prevention like any other part of their budgets"

—David Wiggins, DMS Environmental Health and Safety Supervisor and past chairman of the Interagency Advisory Council for Safety and Loss Prevention

{Leveraging Results}

A proactive loss prevention plan begins with sound data analysis that allows the Division to draw heavily on leveraging claims data to identify and target opportunities to prevent losses and lower costs. Florida's Division of Risk Management captures data on every claim, providing an excellent analytical database for effective loss prevention and control.

Doing More with Existing Resources

Changes in our risk management program providing a greater focus on loss prevention were undertaken at the same time that Florida began to feel the global economic slowdown and decline in general revenue. Leveraging existing assets and reallocating personnel to accomplish more is allowing the Division to better manage losses and reduce costs.

Lost time claims represent the majority of workers' compensation program expenses. Better management of Florida's lost time claims will result in substantial cost savings and improved productivity to allow agencies to do more with existing resources.

The Division implemented a new approach to handling workers' compensation claims in January 2009 and began measuring the effects of those changes at the end of the first six months. By early fall, the state's lost time weeks fell approximately 28 percent as compared to the prior four years under the previous program.

Targeted Intervention

Historical claims analysis provides an excellent basis for predicting future claims cost and frequency as well as preventing loss. The Division is now able to provide agencies customized reports with precise data for targeted intervention that may include staff training or changes in policy and procedure.

Targeted intervention produces measurable results and allows us to do more with our limited resources. The Division's analysis, intervention and consulting work in Florida's federal civil rights and employment discrimination claims resulted in changes in training, policies and procedures that saved the state more than $8.4 million in 2009.

Improving Productivity at Juvenile Justice

The Department of Juvenile Justice (DJJ), one of the state's five agencies with the highest claims, is a compelling success story of how targeted intervention and implementation of the new workers' compensation program caused lost time weeks to decrease by 49 percent in just nine months.

CFO Sink met with DJJ leadership in early 2009 to discuss the importance of a more proactive and aggressive approach to managing lost time claims. Recognizing the value to the agency's mission, overall productivity and the bottom line, DJJ leadership appointed a lead workers' compensation coordinator responsible for monitoring injured employees' claims.

The DJJ coordinator ensures that employees receive timely and appropriate medical care by working closely with injured employees, nurse case managers and supervisors. The coordinator also facilitates injured employees' return to an appropriate level of work as soon as medically approved. This winning combination was accomplished at minimal cost, but more importantly, allows employees to return to work at full salary, and restores productivity at DJJ much more quickly. This simple, but effective strategy is one of several DJJ has used to reduce claims losses.

"This new information from CFO Sink's Division of Risk Management allows us to better manage our claims experience, reduce overtime costs and enhance productivity," said DJJ Risk Manager and Director of Program Accountability Beth Davis. "I am confident that our policies here at DJJ, especially our requirement for all employees to take an annual safety refresher course online, will allow us to continue to improve safety, reduce loss and direct resources toward the young people we serve."

Building a strong workforce culture around safety, prevention and loss control is our goal for all of Florida's agencies, recognizing that all agencies are unique in their service delivery and the challenges they face in improving loss prevention.

Reducing Cost

Another agency the Division partnered with that has made several improvements in loss prevention is the Department of Children and Families (DCF). After meeting with CFO Sink, DCF leadership readily accepted her challenge to reduce their rising risk management costs. The Division has stepped up to provide tailored consulting services that address specific issues and an overall plan for reducing the agency's lost time claims frequency and costs.

Following the January 2009 implementation of the new workers' compensation program, DCF's lost time weeks rose unexpectedly by 14 percent. This was in sharp contrast to a statewide drop of about 28 percent. DCF quickly addressed the situation by engaging the Division to provide training on the new workers' compensation program to 1,630 of the agency's supervisors in nine Florida cities over 30 days.

Their positive results have already validated the considerable investment of agency leadership time, especially for an agency the size of DCF. This intensive training effort has resulted in the reduction of lost time weeks by 16 percent, and the Division will track their continued progress over the coming months.

"In our agency, the needs of children and families and the health and wellness of our employees are at the heart of everything we do," DCF Secretary George Sheldon said. "We have invested in training 1,630 DCF supervisors and our call centers on the new workers' compensation program. Every dollar saved through improving our loss prevention program is another dollar available to help the people of our state. In this economic climate where the needs are greater than the resources available, this savings can make a tremendous difference in the lives of the children and families we serve."

Going even further, DCF is addressing high claims frequency in some of its call centers by asking the Division to conduct safety evaluations and supervisory training in those facilities. We've also visited DCF's three hospitals, where workers' compensation claims run higher than agency averages, and are working with them to develop plans to address those cost drivers in the future.

"This new information from CFO Sink's Division of Risk Management allows us to better manage our claims experience, reduce overtime costs and enhance productivity"

—Beth Davis, DJJ
Risk Manager

{Looking Ahead}

Florida's Division of Risk Management has made great strides in strengthening agency loss prevention, saving millions of taxpayer dollars. But the most successful risk managers are never satisfied with their results and continue to pursue a goal of zero injuries, lost time and liability claims. We are committed to excellence and to completing the execution of our three-year strategic plan.

CFO Sink Creates Advisory Council

CFO Sink created Florida's first Advisory Council on State Risk Management to continue the public/private partnership that greatly benefited the state's redesign of its risk management program. Council members include three private sector risk managers, a university faculty member and an agency risk manager.

Council meetings will be held twice a year in person, with conference call meetings as needed to advise the CFO and the Division of Risk Management on such matters as risk management resources, ongoing risk management best practices, policies and procedures, risk management trends, development of the Division's strategic plan and annual report, best practices in developing meaningful risk management metrics, and legislative and budgetary issues to support and enhance our risk management program.

The advisory council's inaugural meeting is scheduled for January 19, 2010. Current membership includes: Marc Salm of Publix Supermarkets, Ashley Bacot of Rosen Hotels and Resorts, Cory Meyers of Baptist Health System Jacksonville, Patrick Maroney of the Florida State University College of Business and Beth Davis of the Florida Department of Juvenile Justice.

Legislation to Strengthen Accountability

Florida's state agencies have proven in 2009 that strong loss prevention programs save taxpayer dollars and create value. CFO Sink and the Division are looking ahead to the 2010 legislative session and engaging Florida's legislators in support of laws that empower agencies to build stronger, more cost-effective loss prevention programs.

The Department of Financial Services' legislative agenda for the Division of Risk Management includes the following reform initiatives:

- Requiring Florida's agencies to develop workers' compensation "return to work" programs that meet minimum standards set by the Division of Risk Management.
- Providing the Division statutory authority to review and monitor agency loss prevention programs, including requiring agencies to submit corrective action plans in response to identified program deficiencies.
- Incentivizing agencies to reduce claims cost by basing agency premiums not only on loss history, but also on agency-specific outcome measures.

Inspecting Results

The Division of Risk Management has worked closely with state agencies in 2009 to develop meaningful loss prevention and safety standards tailored to each agency's particular mission to drive improved results. In spring 2010 we will begin reviewing agency loss prevention programs using these standards as a basis for compliance with a goal of decreasing claims costs and frequency.

All business activities involve risk, including the business of running our state. Florida's Division of Risk Management 2009 results are evidence that strong loss prevention and control programs create taxpayer value. In these difficult economic times and with declining revenues and budget shortfalls, the role of risk management in protecting taxpayer dollars is more important than ever. With the support of our agency partners, we look forward to providing additional savings in 2010.

{Appendix}

GENERAL FUNDING INFORMATION

A Legislative Revenue Estimating Conference establishes the program's funding needs for each fiscal year. During fiscal year 08/09, the Division invoiced, processed and deposited $136.6 million in casualty premiums and $13.2 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 page illustrates the "cash flow" funding methodology's impact. It reflects that if the Program ceased operations as of June 30, 2009, participating agencies would have an estimated $1,047.5 million 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, 2009, actuarial analysis:

Workers' Compensation:	$ 850.3 million
Federal Civil Rights:	$ 132.7 million
General Liability:	$ 57.6 million
Automobile Liability:	$ 6.2 million
Property:	$ .6 million
	$1,047.4 million

The Division has changed its premium calculation methodology to be more reflective of each agency's recent loss experience. The new plan takes a percentage of the total casualty premium assessed to each agency by insurance coverage line (workers' compensation, general liability, auto liability and federal civil rights/employment actions) and allocates that percentage to each agency based on the most recently reported fiscal year's claim payments and reported insurance claims. This change in methodology applies more emphasis on each agency's recent claim activity, resulting in premiums that are more closely aligned with agency risk management practices.

RISK MANAGEMENT PROGRAM FUNDING

PROGRAM	NUMBER OF COVERED EMPLOYEES	NUMBER OF CLAIMS REPORTED FY 08-09	FUNDING
Workers' Compensation	206,609	13,842	$108,405,760
State Property	N/A	146	$13,174,272
Auto Liability	25,359 (state-titled motor vehicles)	585	$2,965,339
General Liability	217,557	1,747	$8,483,111
Court-Awarded Attorney's Fees	N/A	43	Included
Federal Civil Right/Employment	211,933	583	$19,435,552

LINES OF INSURANCE COVERAGE

Workers' Compensation

The Workers' Compensation Section is responsible for processing and paying workers' compensation benefits for injured state employees, including medical, indemnity and death benefits. Investigations of claims are conducted by staff. Field investigations, surveillance and investigations of suspected cases of workers' compensation fraud are performed by York Claims Services, Inc. Defense of litigated claims is provided by contract law firms.

A contract vendor reviews and reprices pre-managed care medical bills, and provides hospital pre-certification and continued stay review services. 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.

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

Commencement Date	Coverage Period	Program	Vendor
January 1, 1997	Accident date on or after January 1, 1997, through December 31, 2002	Responsible for providing medical services for three years following the date of injury and continuing case management for the duration of the claim.	Humana
January 1, 2003	Accident date on or after January 1, 2003, and reported prior to January 1, 2009	Provide medical case management for duration of contract.	CorVel
January 1, 2009	Reported date on or after January 1, 2009	Provide medical case management for duration of contract.	OptaComp

Property

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

- Buildings
- Contents
- Loss of rental income when the coverage is required by bonding or revenue certificates or resolution
- 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.

Fleet Automobile Liability

This program provides auto liability insurance through the State Risk Management Trust Fund for claims arising out of the ownership, maintenance or use by an employee, agent or volunteer of the state, while acting within the course and scope of their office or employment. This includes loading or unloading, of any:

- owned,
- hired or
- non-owned automobile.

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

In accordance with Chapter 768.28, Florida Statutes, the limits of liability (under the waiver of sovereign immunity law) for which the state may be sued are $100,000 per person's claim and $200,000 for all claims.

As of 7/1/04, Risk Management has offered coverage for property damage to state vehicles sustained when these vehicles are being used in approved off-duty use by a law enforcement officer. Risk Management establishes a premium each year for this coverage and there is a $500 deductible per incident if the law enforcement officer is determined to be at fault.

General Liability

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

- premises and operations,
- personal injury and
- professional liability.

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

In accordance with Chapter 768.28, Florida Statutes, the limits of liability (under the waiver of sovereign immunity law) are $100,000 per person's claim and $200,000 per occurrence for all claims.

Federal Civil Rights/Employment

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

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

The program has the responsibility for investigating, evaluating, negotiating (settling), 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 $100,000 cap. In addition to these amounts, front and back pay (past and future salary amounts determined to be due from a state agency), and plaintiff attorney fees for which a state agency becomes liable, can be paid under Title VII and The Florida Civil Rights Act of 1992 cases.

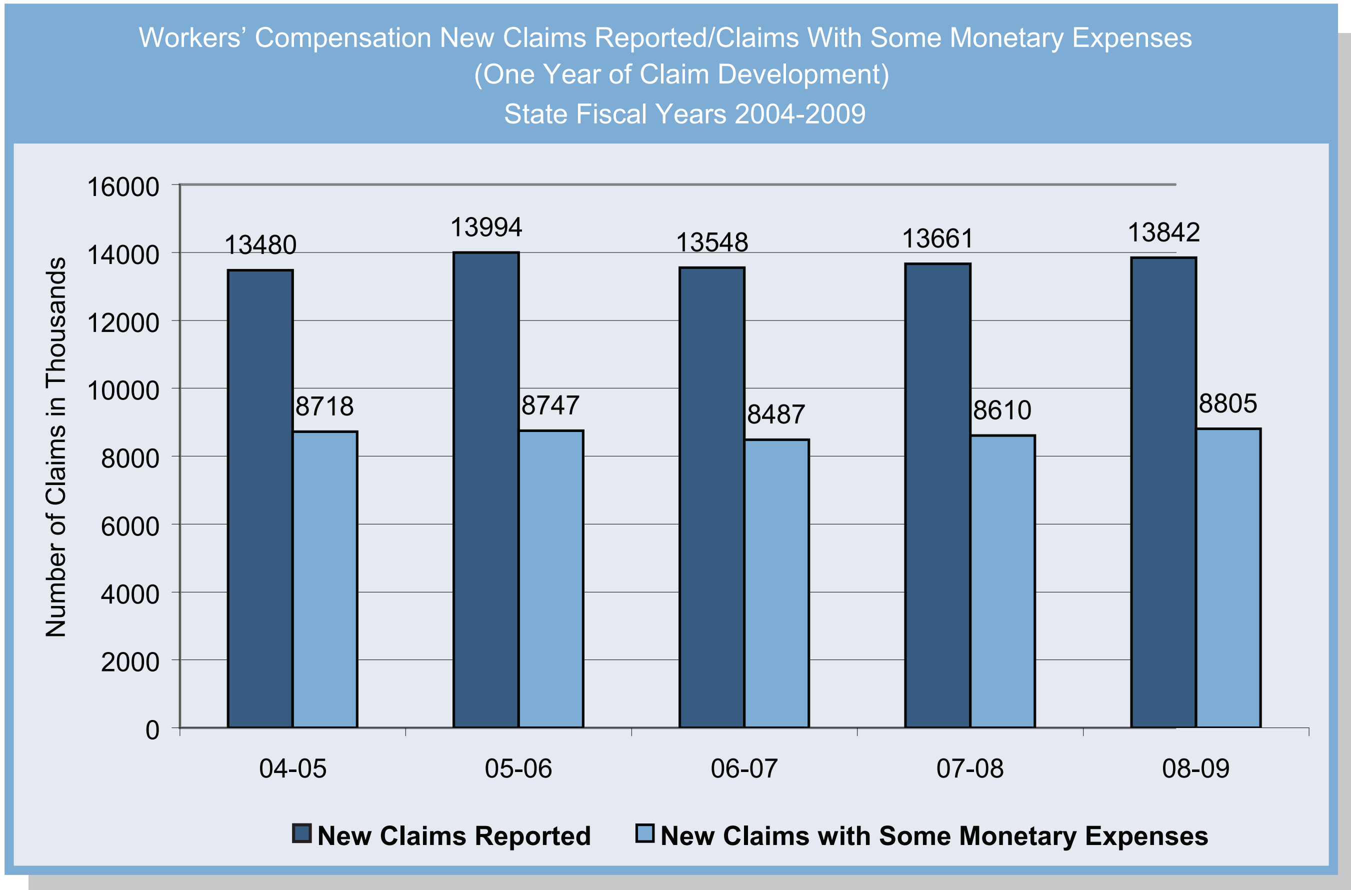
Court-Awarded Attorney Fees

This program provides court-awarded attorney fees coverage through the State Risk Management Trust Fund.

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

WORKERS' COMPENSATION CLAIMS AND EXPENSE

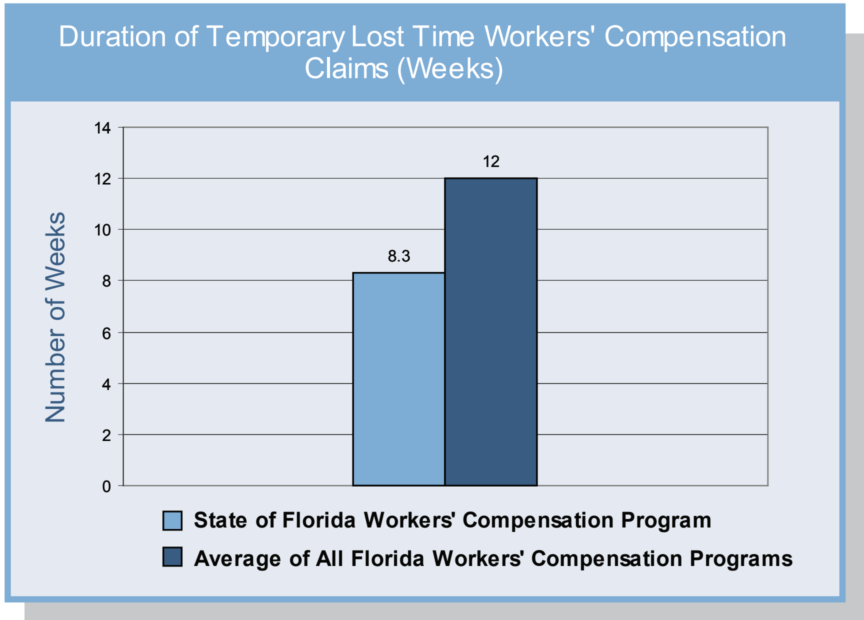
The Risk Management program averaged 13,667 new workers' compensation insurance claims per year during the past five fiscal years. As of Oct. 9, 2008, the program received reports of 13,842 claims for fiscal year 08/09. Of those, 8,805 had some monetary expense associated with them, either already paid or with cash reserved for possible future payment. The program classified 8.5% of those claims as "lost time claims," where employees actually were unable to work for a time due to a job-related injury. Death benefits were paid for four job-related deaths during fiscal year 08/09.



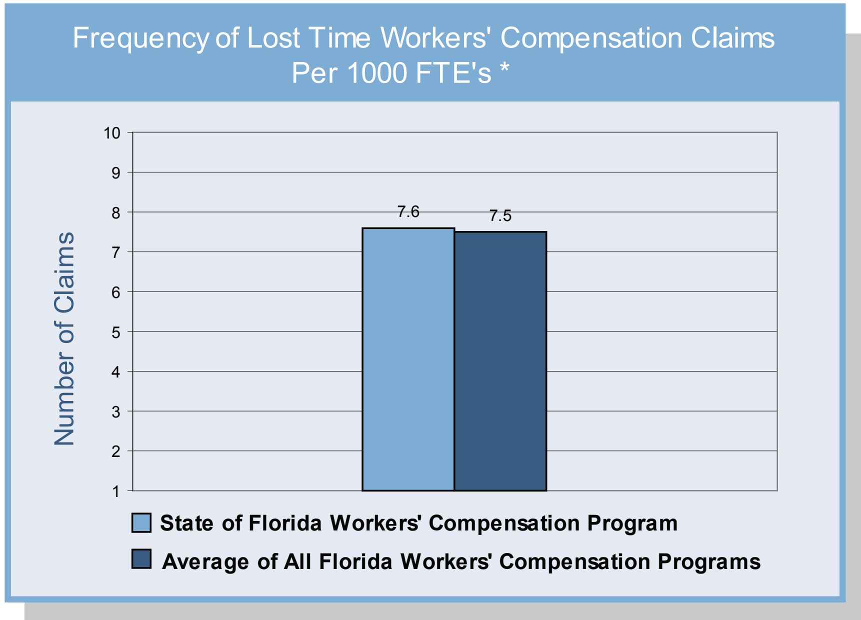
WORKERS' COMPENSATION PROGRAM COMPARISON

Lost Time Duration and Frequency

Florida's state employees who miss work because of work-related injuries return to work an average of 3.7 weeks earlier than the average of all other public and private sector employees in the state. State employees also return to full pay sooner, improving productivity by reducing employee overtime or inadequate staffing because the injured employee is unable to work.



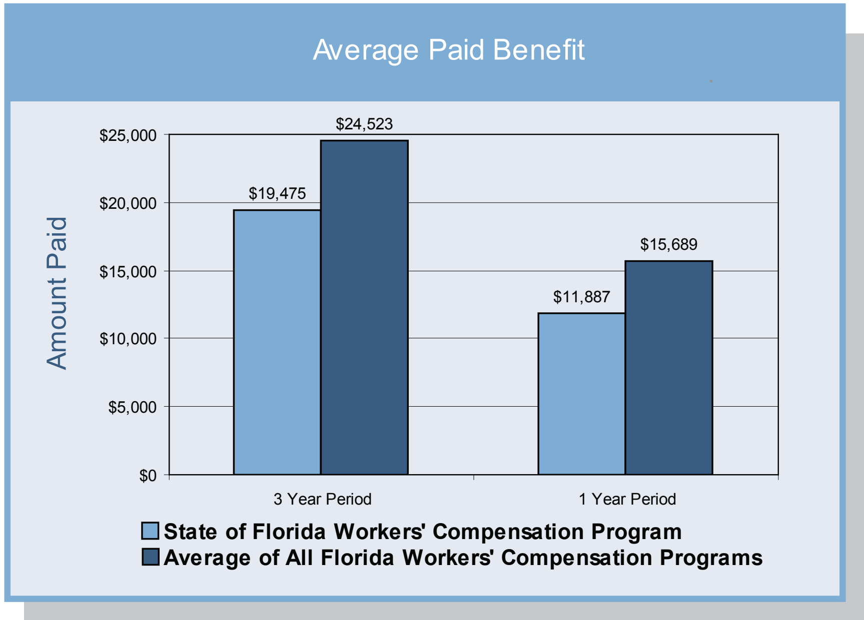
The percentage of Florida's state employees who miss work because of workplace injuries averages the same as all other public and private sector employees in the state. An average of 7.5 of every 1000 persons employed in Florida, whether state employees or other employees, are injured seriously enough to cause them to miss work because of workplace injuries.



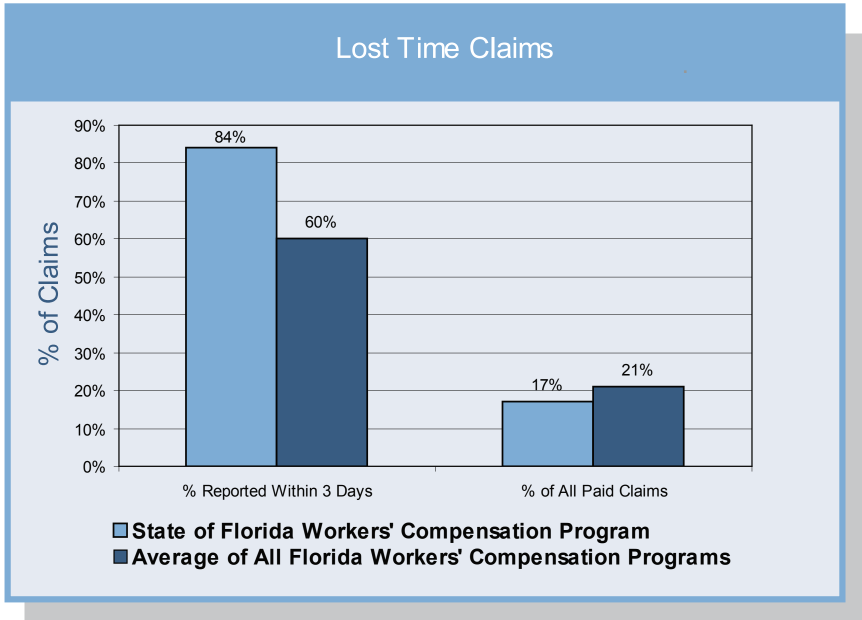
**The Workers' Compensation Research Institute (WCRI) Web site provided a frequency comparison of lost-time claims per 1000 FTEs but not for all workers' compensation claims. This information was obtained from the Division of Workers' Compensation Web site rather than the WCRI Web site.*

Average Paid Benefits and Lost Time Claims

Three years after injury, benefits paid to state employees average $5,000 less than the average of benefits paid to all other public and private sector employees in the state. One year after injury, benefits paid to injured state employees average $4,000 less than the average of benefits paid to all other public and private employees in the state.

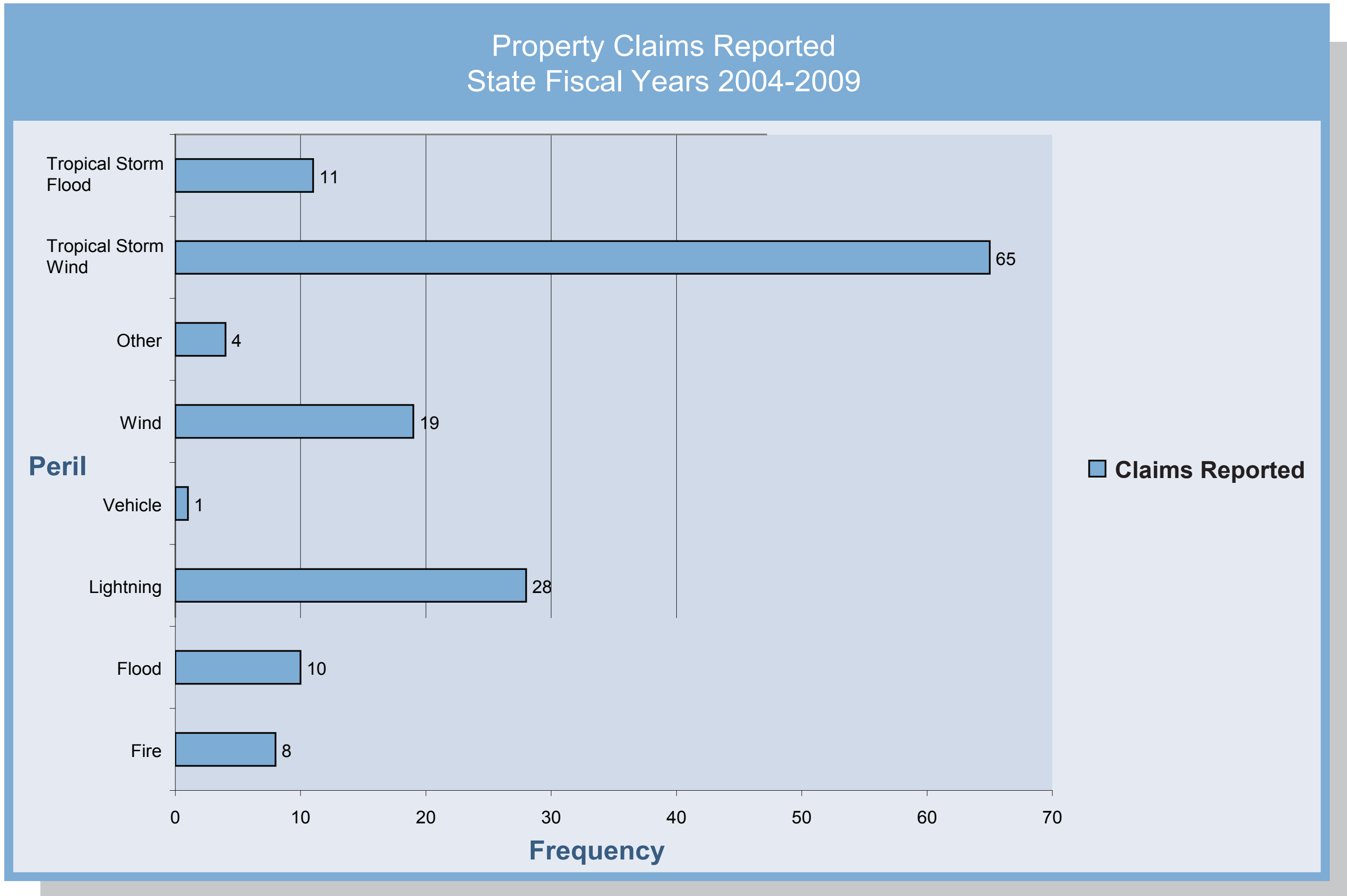


On average, 84 percent of all state employee injuries are reported within three days after the injury occurs as compared to 60 percent of all other employees injured in Florida. Early reporting helps ensure that injured employees receive prompt and medically appropriate care as soon as possible after an injury happens to help ensure the best recovery possible. On average, only 17 percent of Florida's state employees who become injured at work lose time from work due to their injuries as compared to an average of 21 percent of all other public and private sector employees injured in Florida.



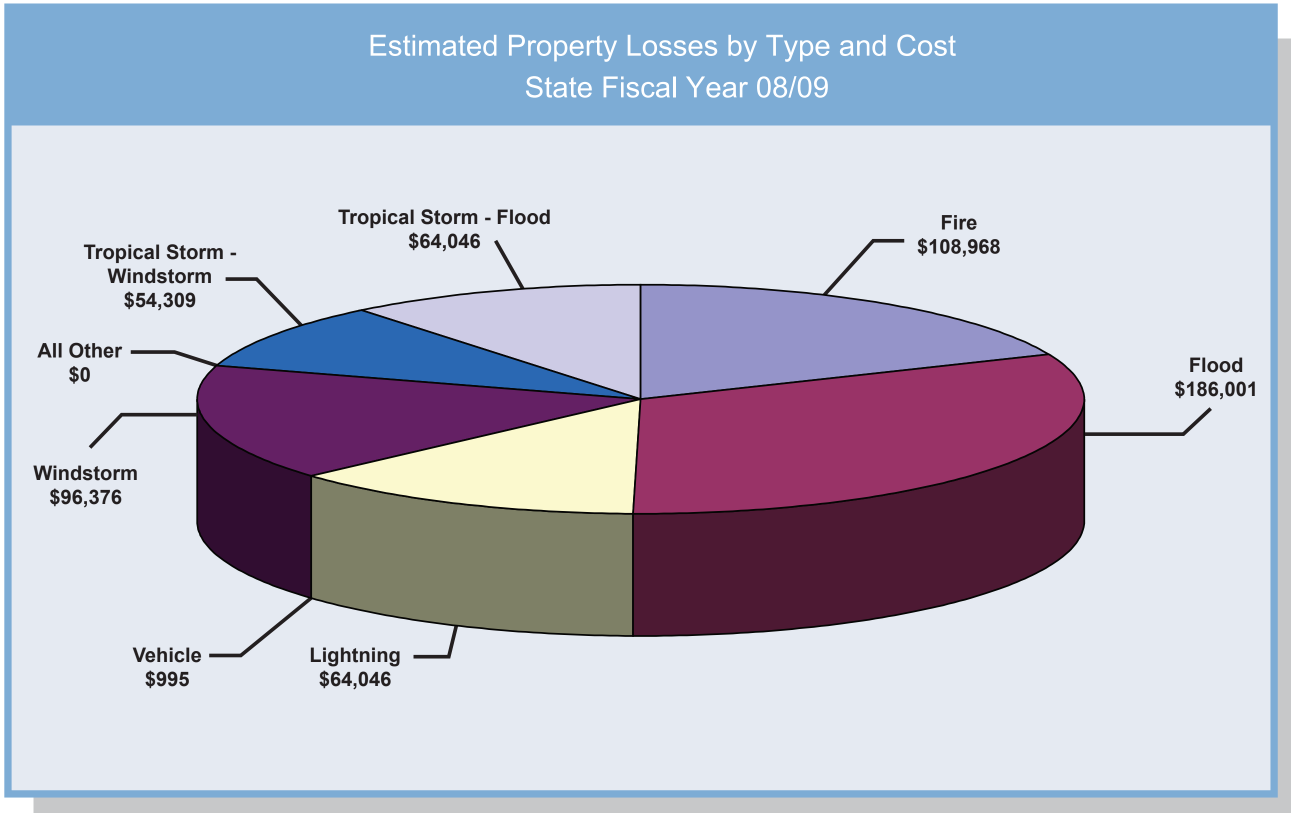
PROPERTY CLAIMS BY TYPE AND FREQUENCY

State-owned property losses are caused by a variety of perils, such as wind, lightning, flood and fire. Damage caused by named tropical storms is broken out for record keeping purposes only, and was the most frequent cause of state-owned property damage for the past five years.



PROPERTY CLAIMS BY TYPE AND COST

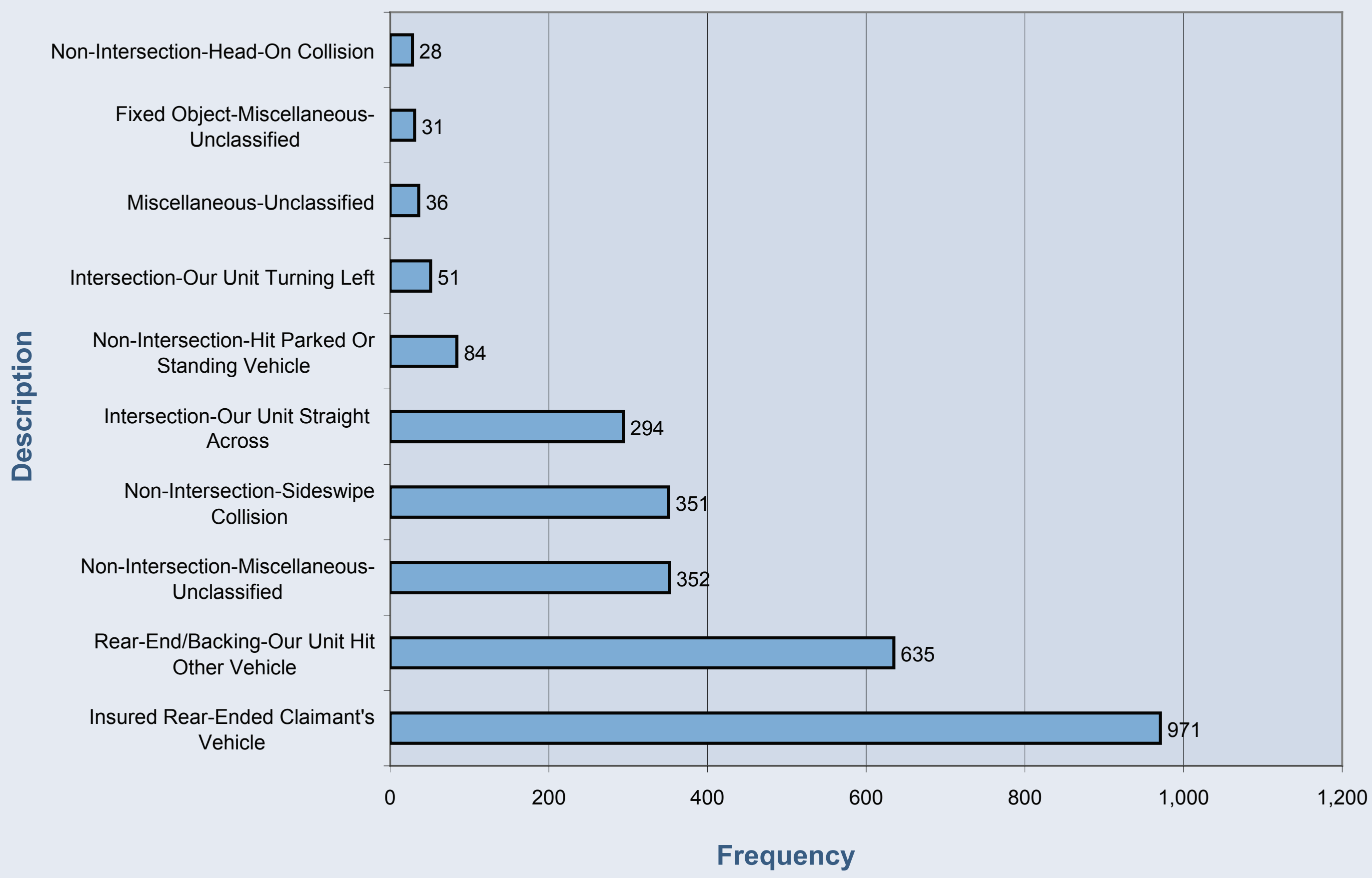
Property claims are tracked by the type of peril that caused the damage. Flood is the most costly peril for which claims have been paid, followed by fire.



AUTOMOBILE LIABILITY CLAIMS BY TYPE AND FREQUENCY

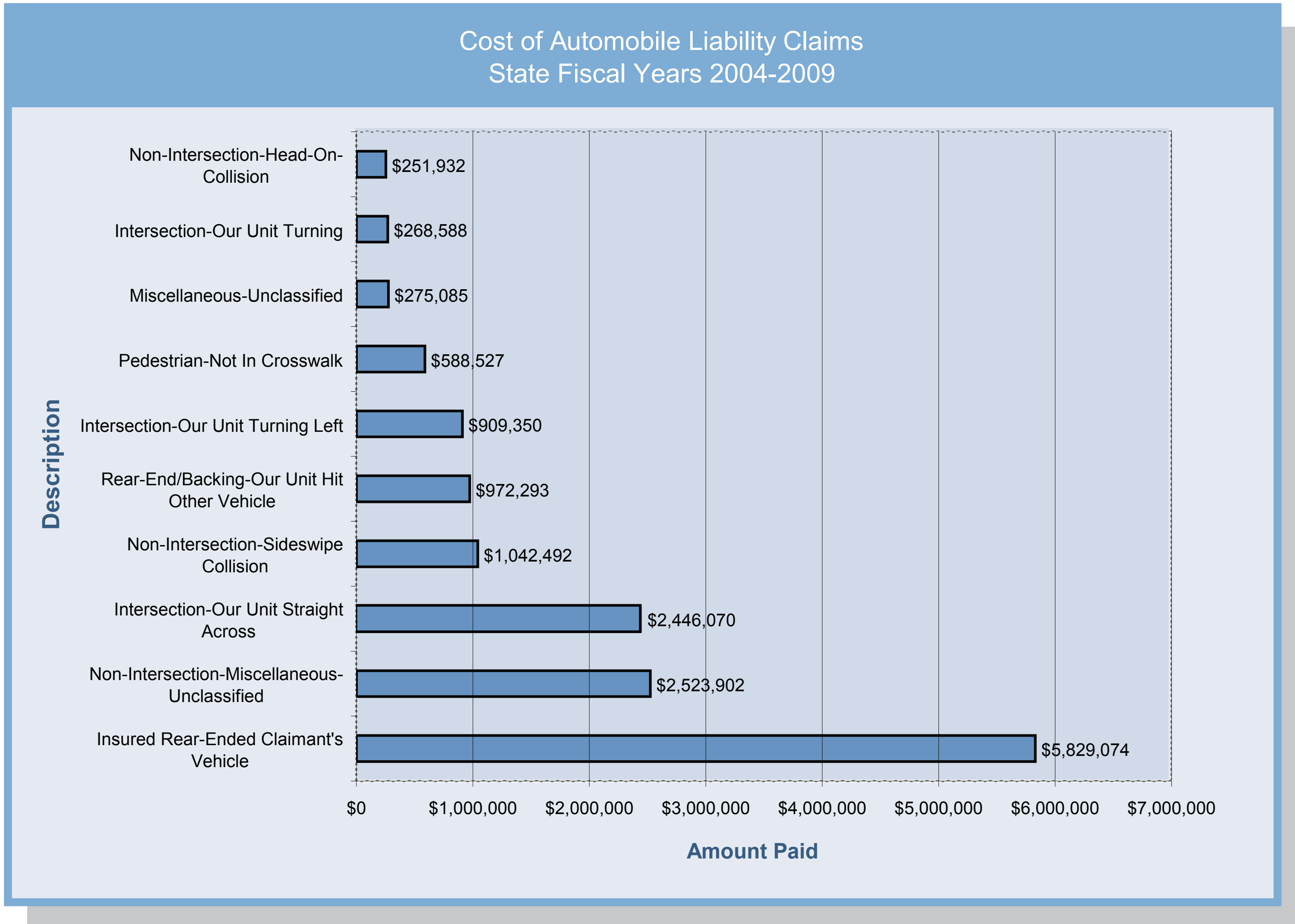
The state tracks automobile accidents in five-year increments by the type of accident that has occurred. For example, "intersection – our unit turning left" refers to claims that the state was negligent when its driver made a left turn at an intersection. The most frequent type of accident and resulting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

Frequency of Automobile Liability Claims Reported
State Fiscal Years 2004-2009



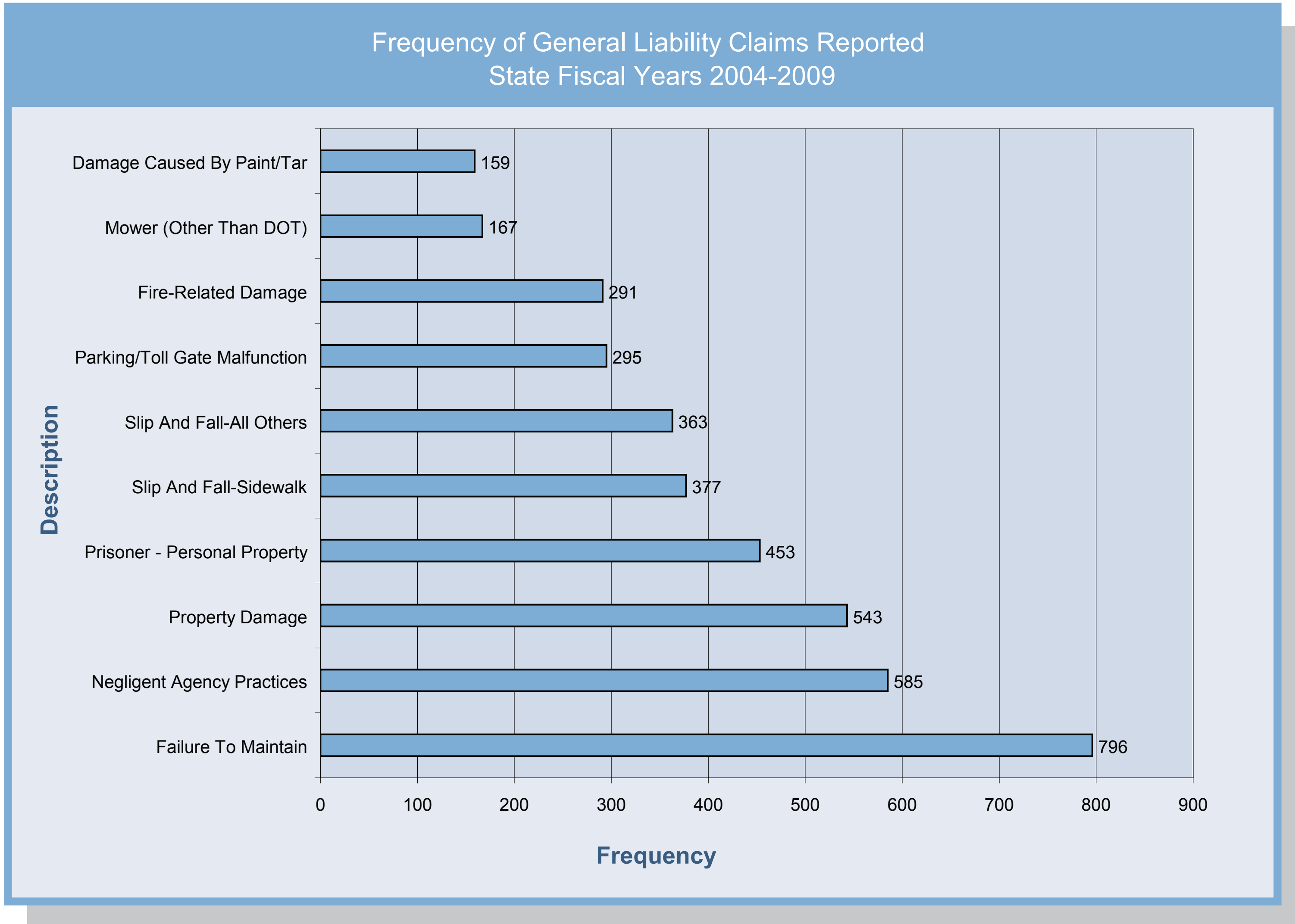
AUTOMOBILE LIABILITY CLAIMS BY TYPE AND COST

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



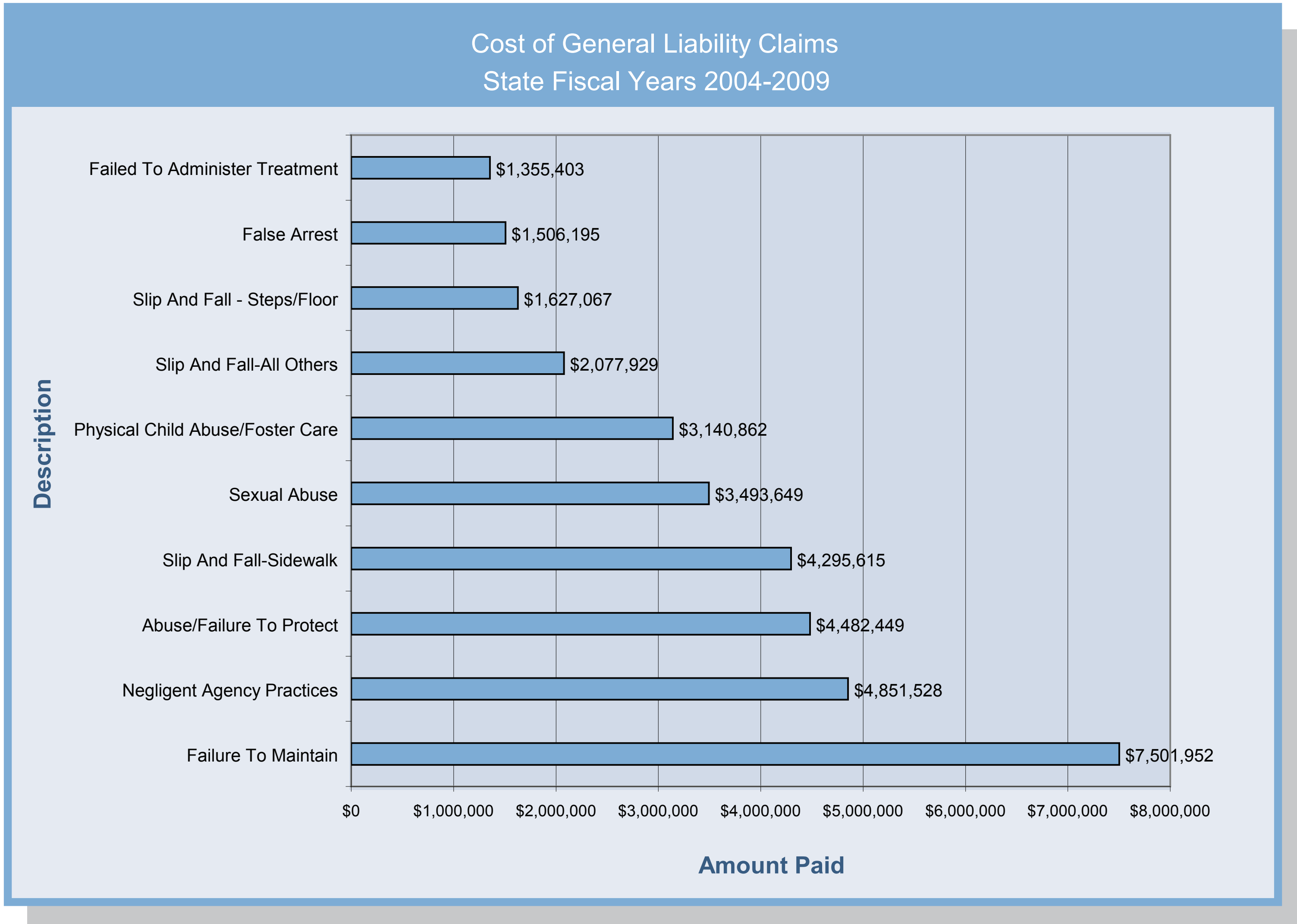
GENERAL LIABILITY CLAIMS BY TYPE AND FREQUENCY

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



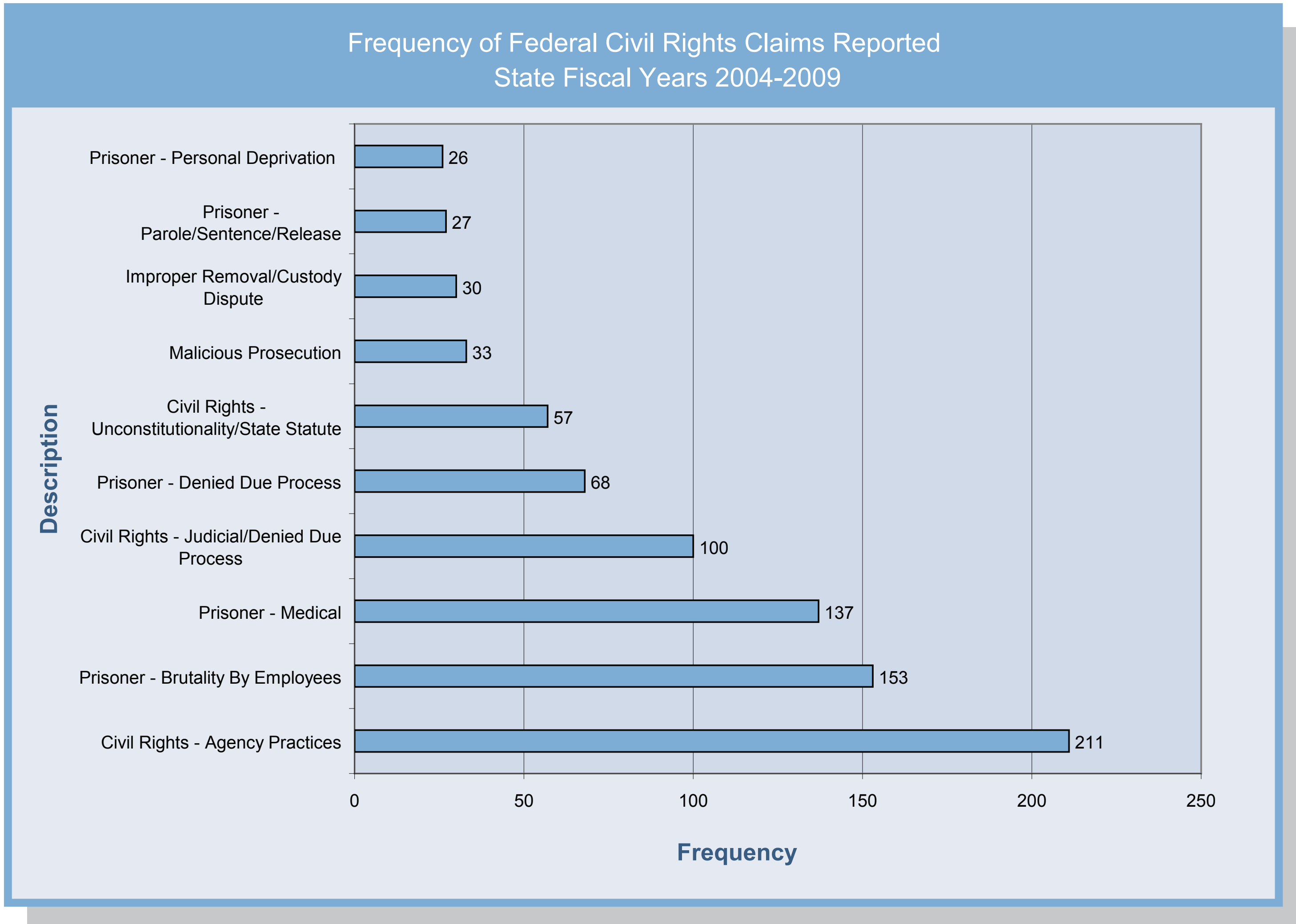
GENERAL LIABILITY CLAIMS BY TYPE AND COST

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



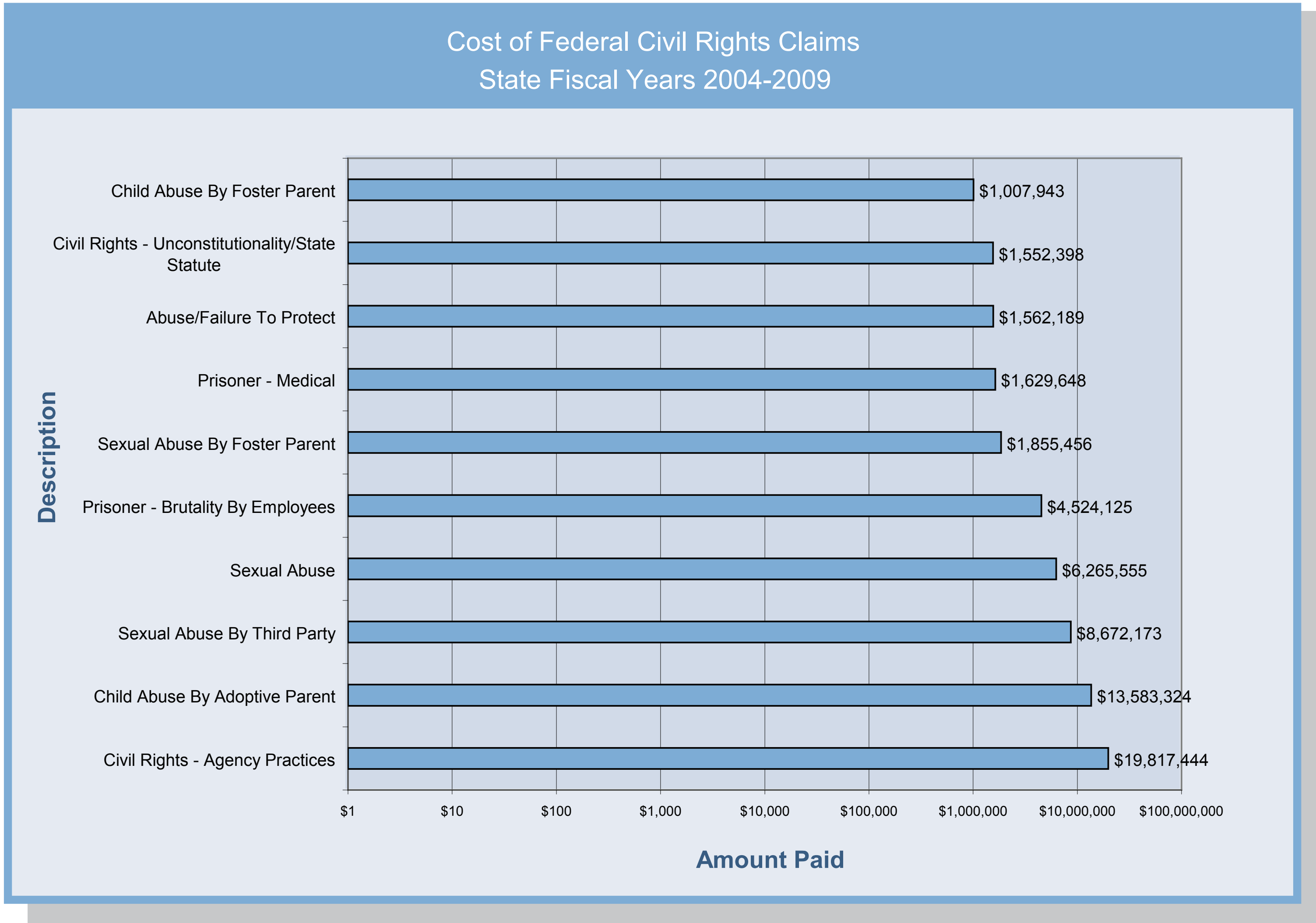
FEDERAL CIVIL RIGHTS CLAIMS BY TYPE AND FREQUENCY

The state has custody over many individuals, including foster children, prisoners, juveniles in the custody of the Department of Juvenile Justice 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. The frequency of federal civil rights claims is tracked in five-year increments. The most frequent combined federal civil rights claims are for violations of prisoners' rights to constitutionally adequate medical care and alleged employee brutality of prisoners while the prisoner is in state custody. The most frequent singly occurring claims are for agency practices that violate an individual's federal civil rights.



FEDERAL CIVIL RIGHTS CLAIMS BY TYPE AND COST

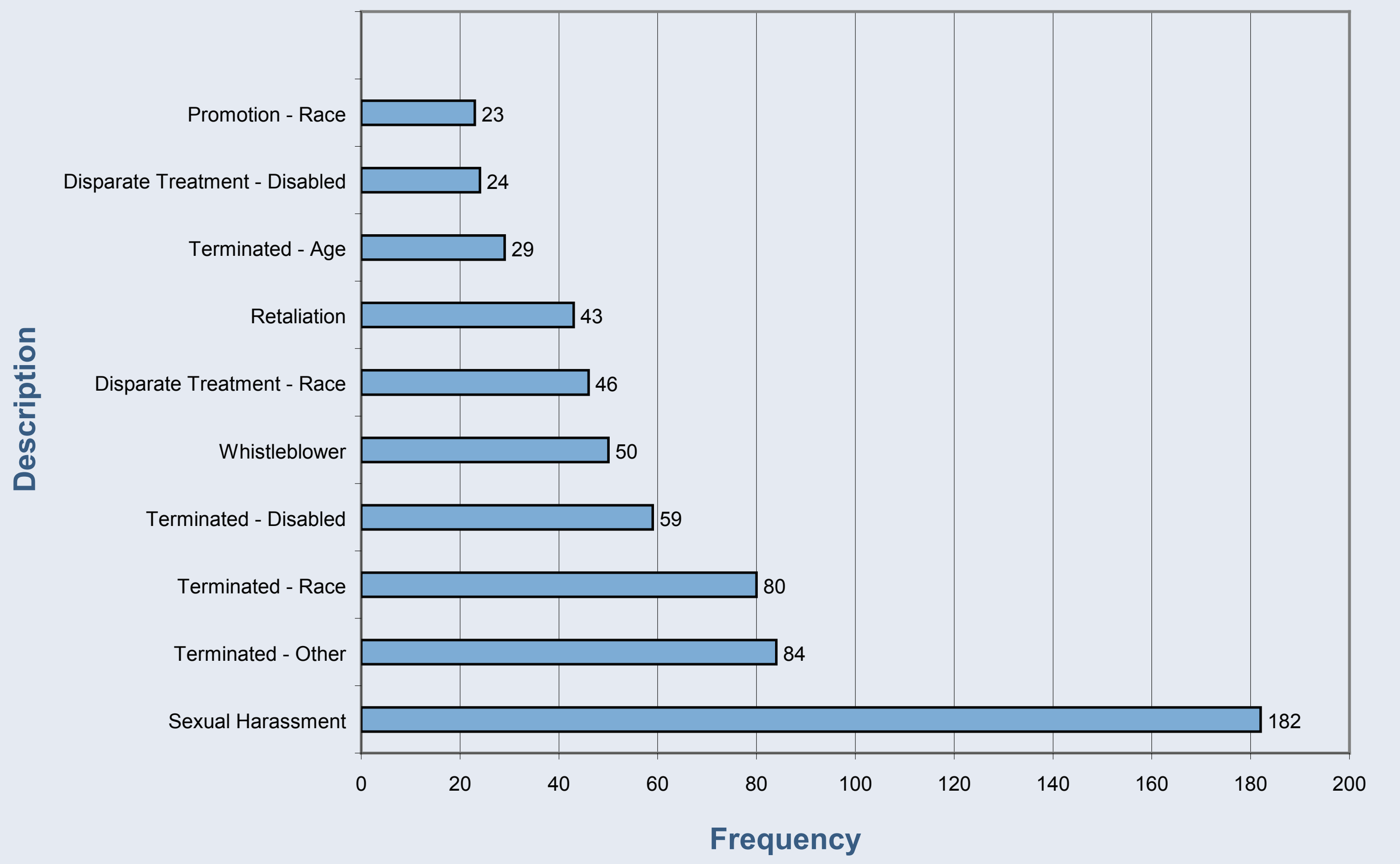
The most costly federal civil rights claims are for complaints that agency practices violated a person's civil rights and are tracked in five-year increments. The second most costly federal civil rights claims are for child abuse caused by an adoptive parent.



EMPLOYMENT DISCRIMINATION CLAIMS BY TYPE AND FREQUENCY

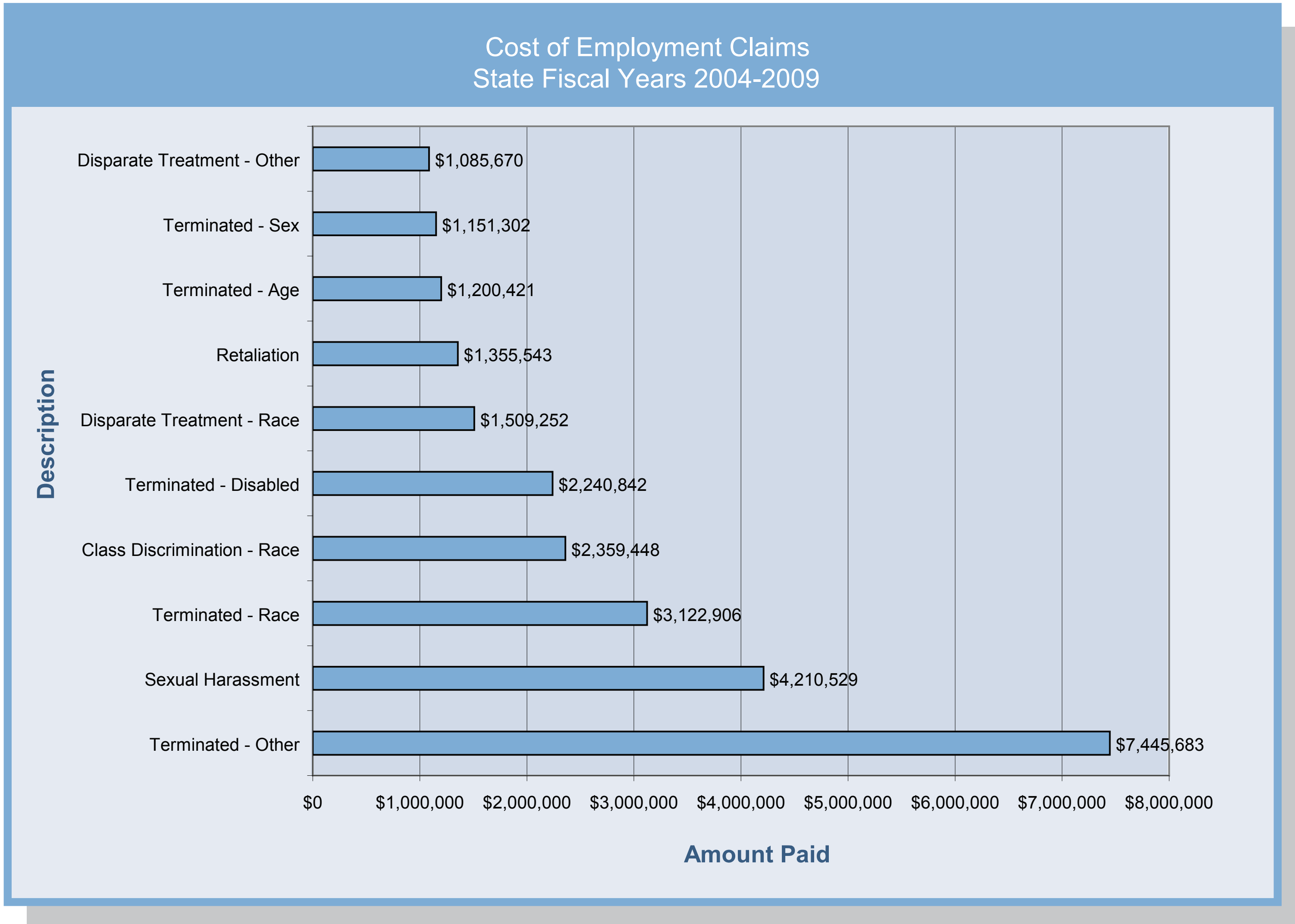
As the largest employer in the state, the state of Florida has broad exposure to employment discrimination claims. The frequency of employment discrimination claims is tracked by the type of claim and in five-year increments. Sexual harassment claims and claims of unlawful employment termination for race or other reasons are the most frequently occuring.

Frequency of Employment Claims Reported
State Fiscal Years 2004-2009



EMPLOYMENT DISCRIMINATION CLAIMS BY TYPE AND COST

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



Department of Financial Services
Division of Risk Management

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