

# COVID-19's Impact on Workers Compensation

## A Multi-Bureau Collaboration



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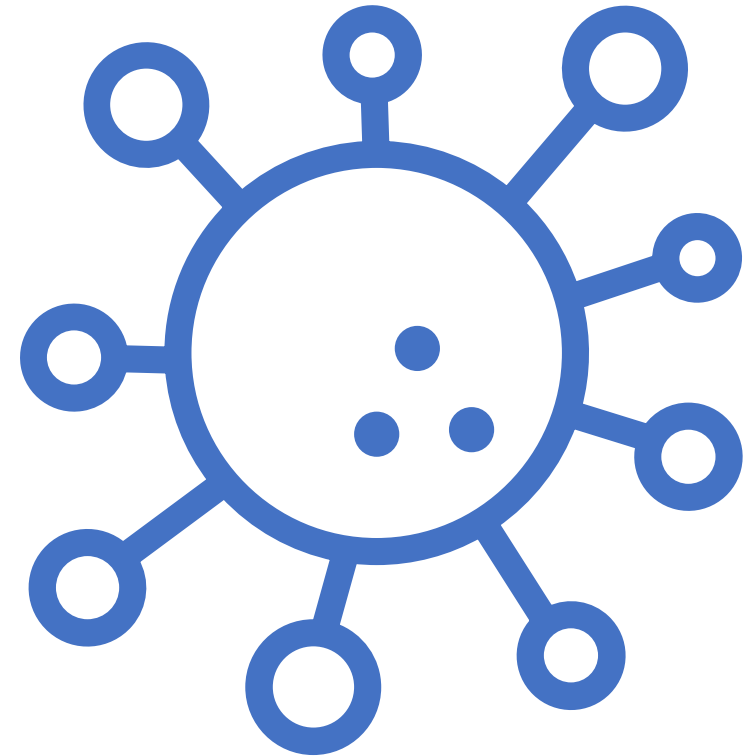
# Introduction | Background

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The COVID-19 pandemic has affected the United States population, including its workforce, since March 2020.

To better understand the pandemic's impact on the workers compensation (WC) industry, a multistate evaluation of the reported [COVID-19 claims](#) was undertaken.

This webinar summarizes key findings with respect to the impact the COVID-19 pandemic has had, and may continue to have, on the WC system.



# Speakers

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**Krystal Ross**

New Jersey Compensation Rating  
and Inspection Bureau



**Rebecca Williams**

North Carolina Rate Bureau



**Laura Carstensen**

Workers Compensation Insurance Rating  
Bureau of California



**Nadege Bernard-Ahrendts**

National Council on Compensation Insurance



**Carolyn Wise**

National Council on Compensation Insurance



# Analysis | Krystal Ross

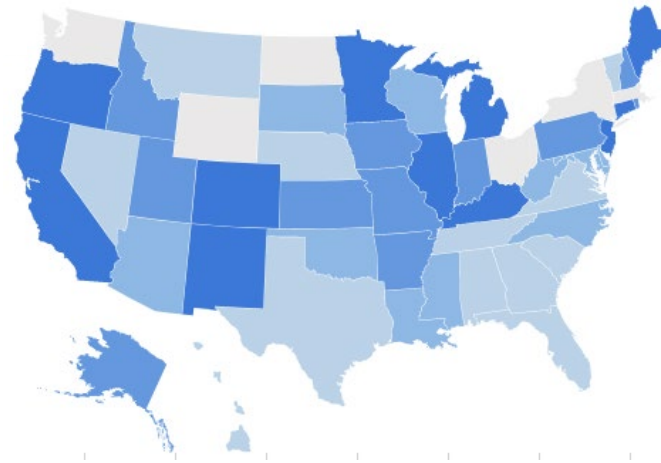
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**Countrywide trends** were evaluated using various state groupings.

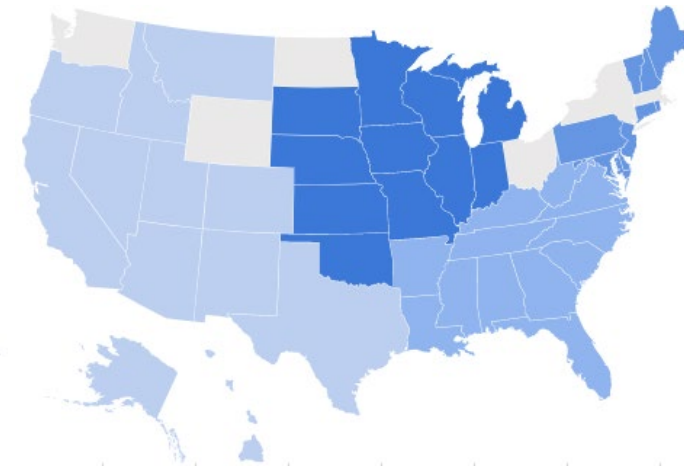
There were **no significant patterns** observed between these state groupings, which may be due to:

- Individual handling of business closures
- Industry mix
- Policy enforcement
- The introduction of state-level presumption legislation

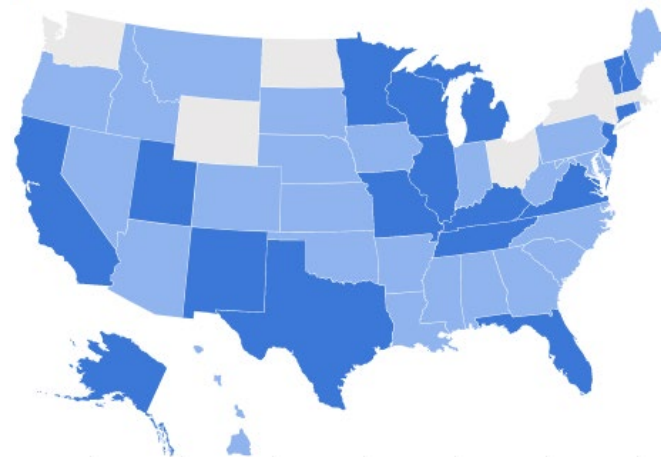
Share of COVID-19 claims to total claims



Geographical region



Presumption of compensability status



# Overview

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This section provides an overview of COVID-19 claim and loss shares for the WC industry as well as changes in claim counts observed between Accident Years (AYs) 2019 and 2020.

# Definitions

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**Indemnity-Only Claim:** An indemnity-only claim is typically small, representing a few weeks' indemnity payments. Examples include mild cases where a positive COVID-19 test was not reimbursed through WC, quarantine claims (where covered), and/or claims where the medical was paid by another payor.

**Medical + Indemnity Claim:** A claim with both an indemnity and medical benefit component. These claims tend to be the more serious claims requiring medical intervention and time out of work (i.e., wage replacement benefits).

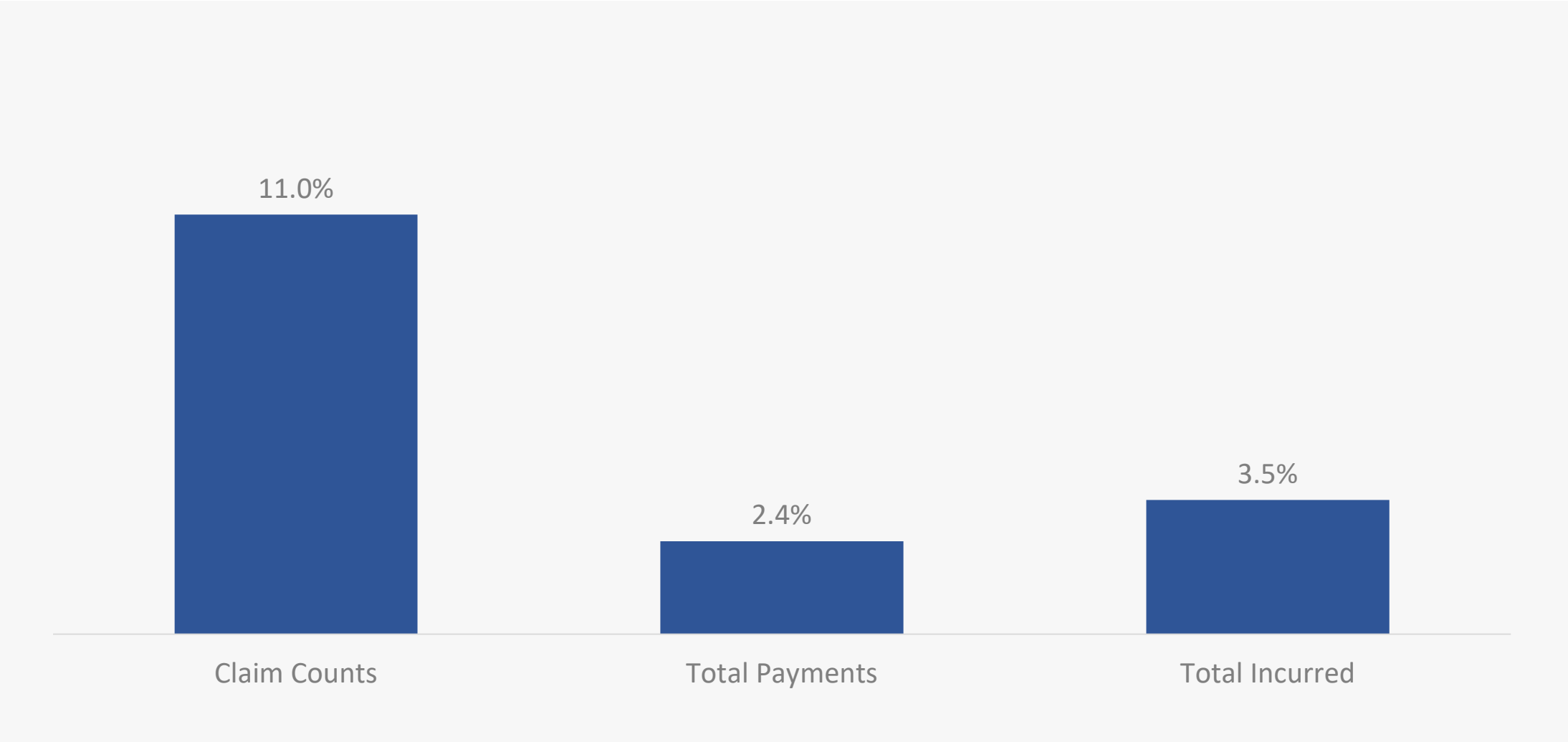
**Quarantine Claim:** Quarantine claims are those where there was no positive COVID-19 test but the worker was reimbursed for lost time while quarantining from exposure to the pandemic. These claims are only explicitly covered in some jurisdictions.

**Long COVID:** Post-COVID conditions are a wide range of new, returning, or ongoing health problems people can experience four or more weeks after first being infected with the virus that causes COVID-19. Even people who did not have COVID-19 symptoms in the days or weeks after they were infected can have post-COVID conditions<sup>1</sup>. Also referred to as post-acute COVID-19.

<sup>1</sup><https://www.cdc.gov/coronavirus/2019-ncov/long-term-effects/index.html>

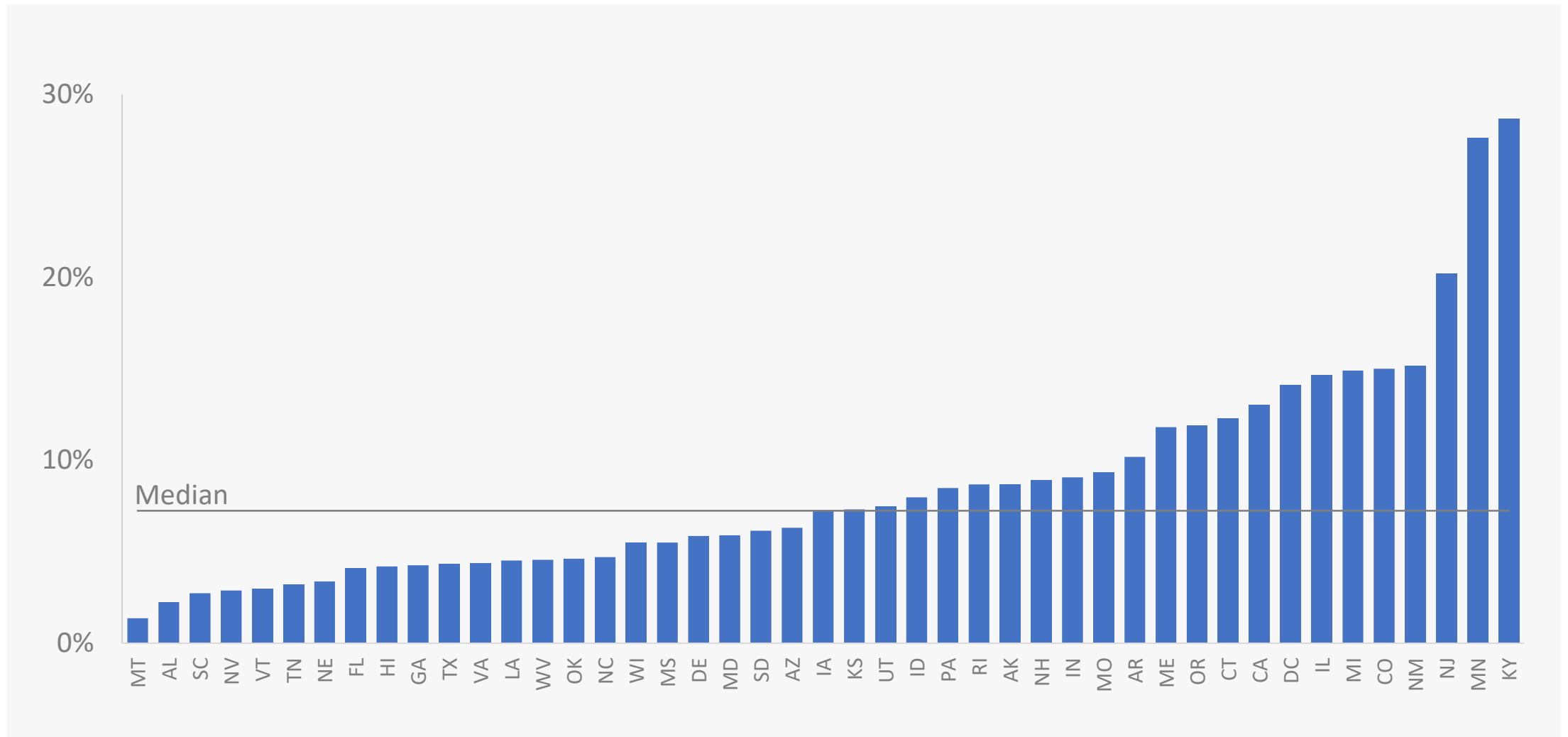
# COVID-19 Shares of Claim Counts, Payments, and Incurred Losses

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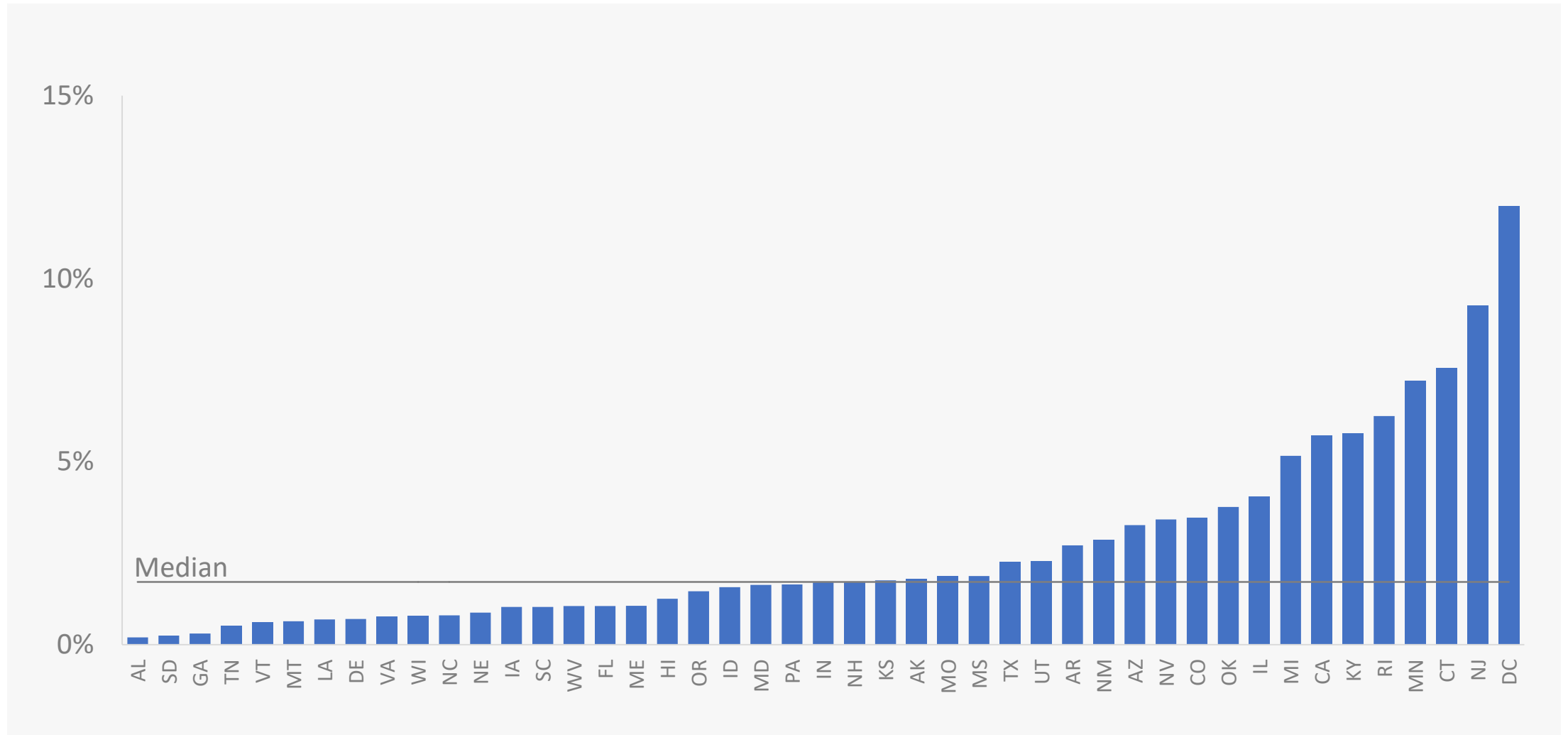




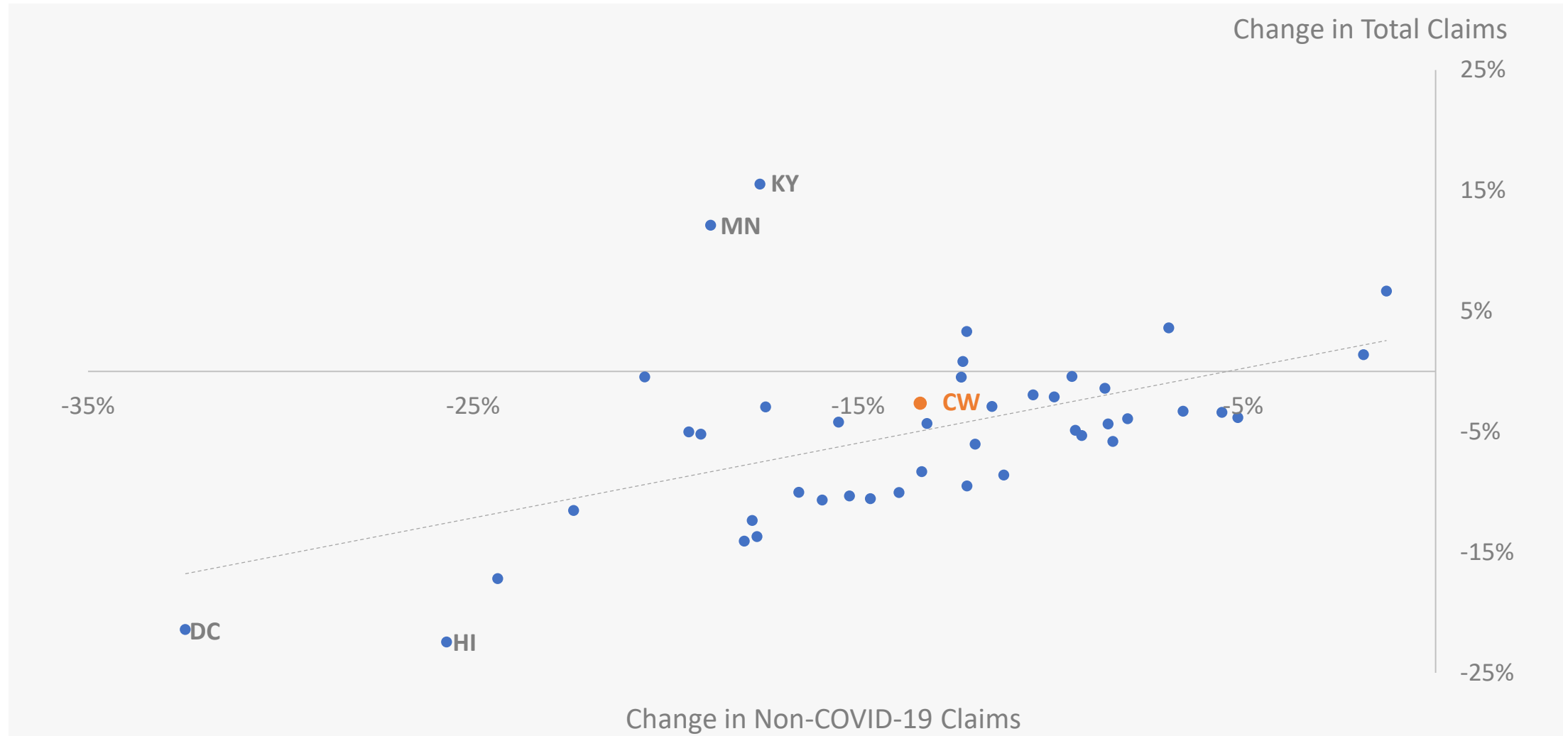
# COVID-19 Claim Count Shares by State



# COVID-19 Incurred Loss Shares by State



# Change in Claim Counts from AY2019 to AY2020



Change in Total Claims:  $[(AY2020 \text{ Total Claims} / AY2019 \text{ Total Claims}) - 1]$

Change in Non-COVID-19 Claims:  $[(AY2020 \text{ Non-COVID-19 Claims} / AY2019 \text{ Total Claims}) - 1]$

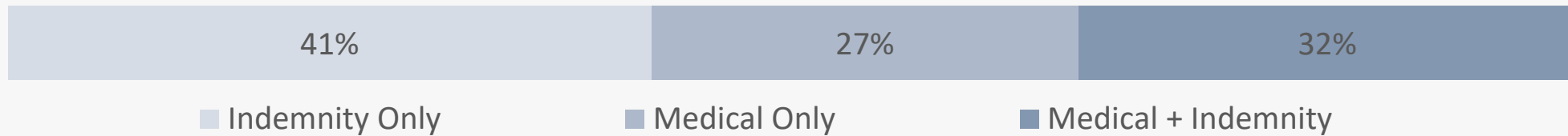
# Distributions | Laura Carstensen

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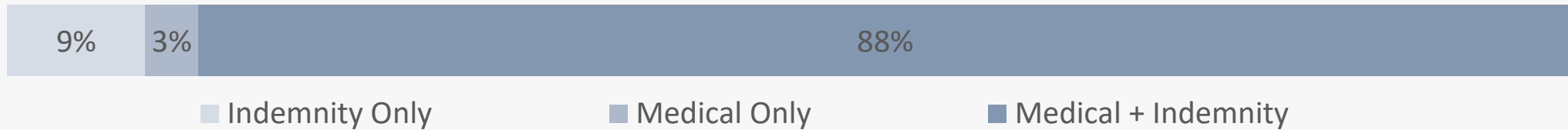
This section provides insight into distributions of COVID-19 claim count shares and incurred losses, and comparisons between COVID-19 and non-COVID-19 distributions.

# Countrywide Distribution of COVID-19 Shares by Loss Type

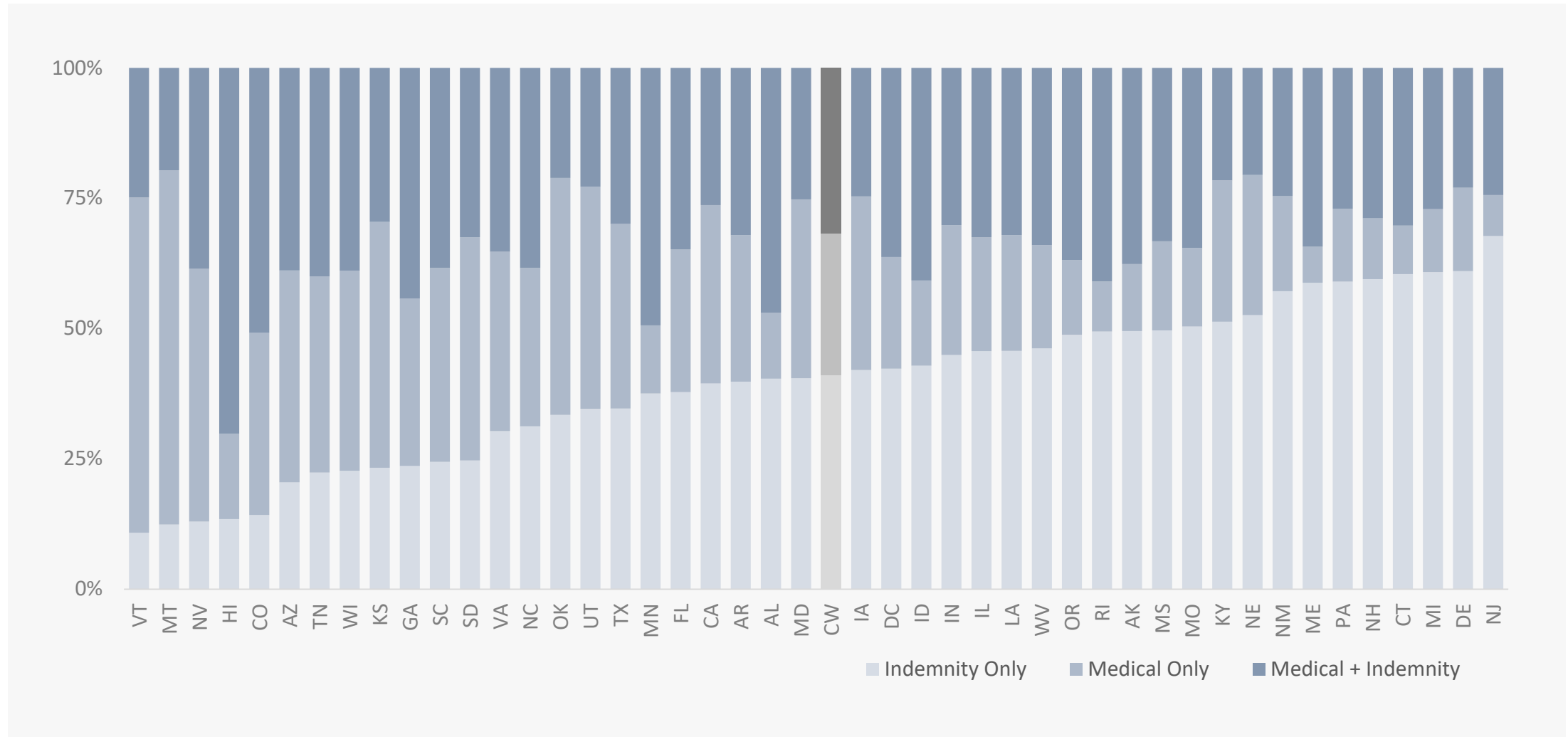
Distribution of COVID-19 Claim Count Shares by Loss Type



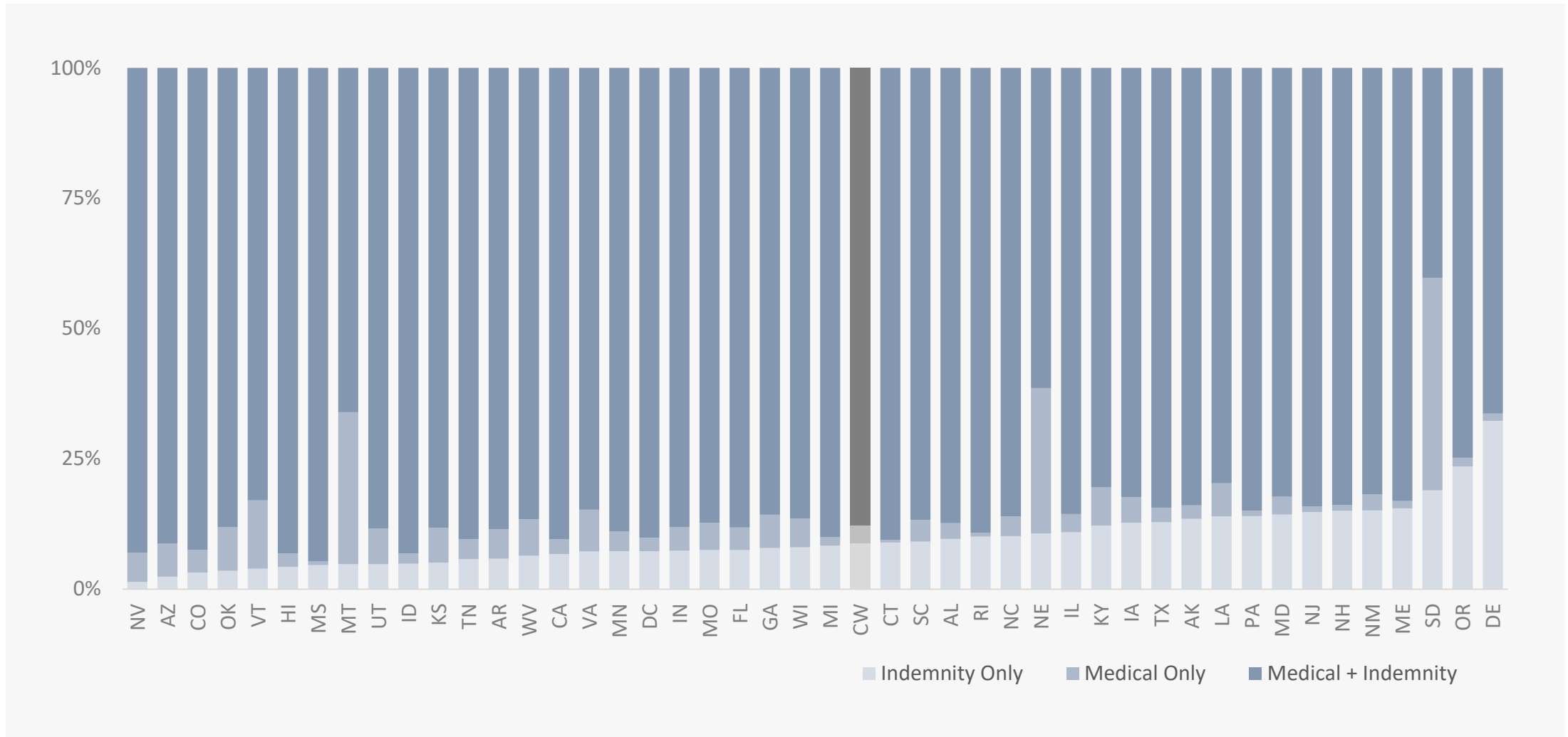
Distribution of COVID-19 Incurred Shares by Loss Type



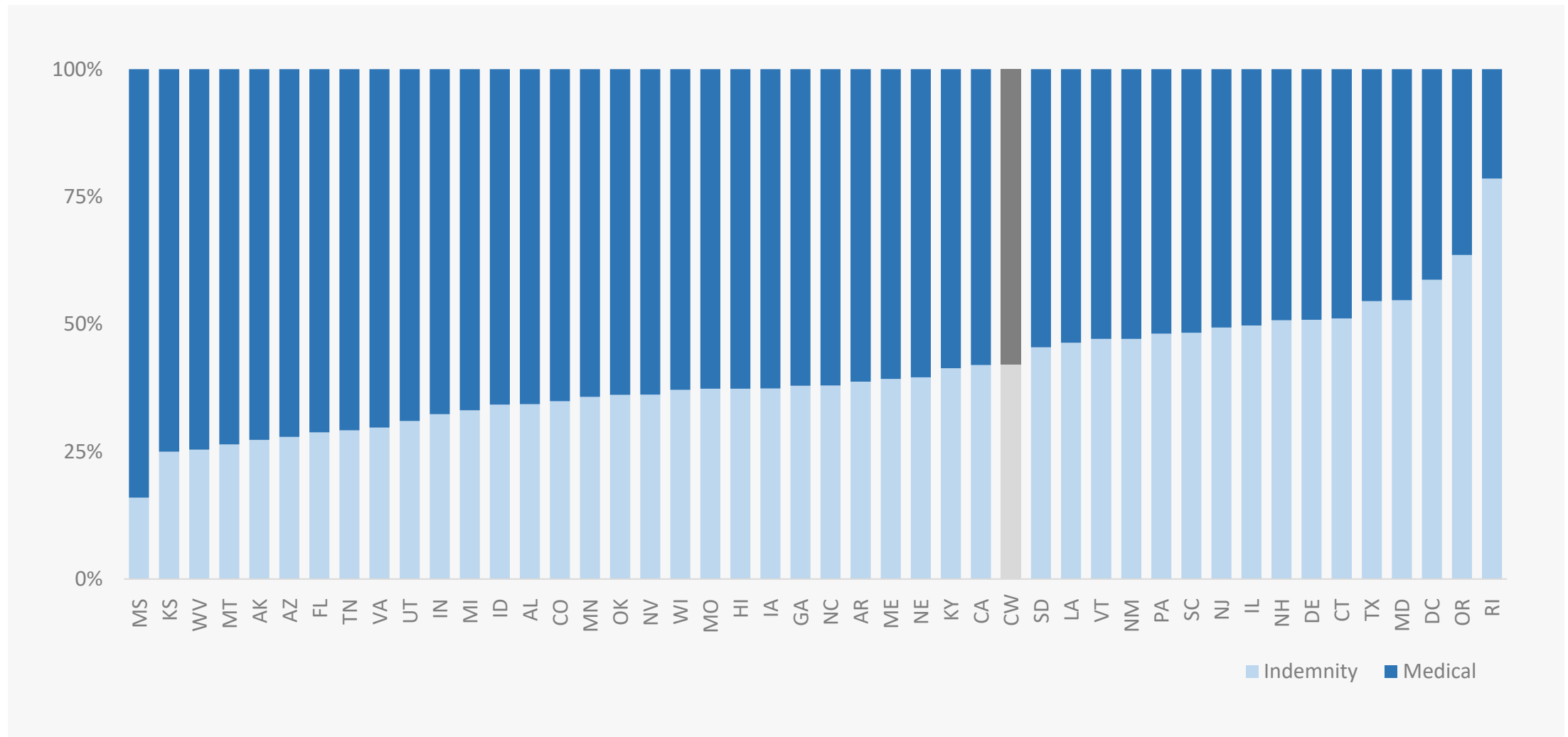
# Distribution of COVID-19 Claim Count Shares by Loss Type



# Distribution of COVID-19 Incurred Loss Shares by Loss Type

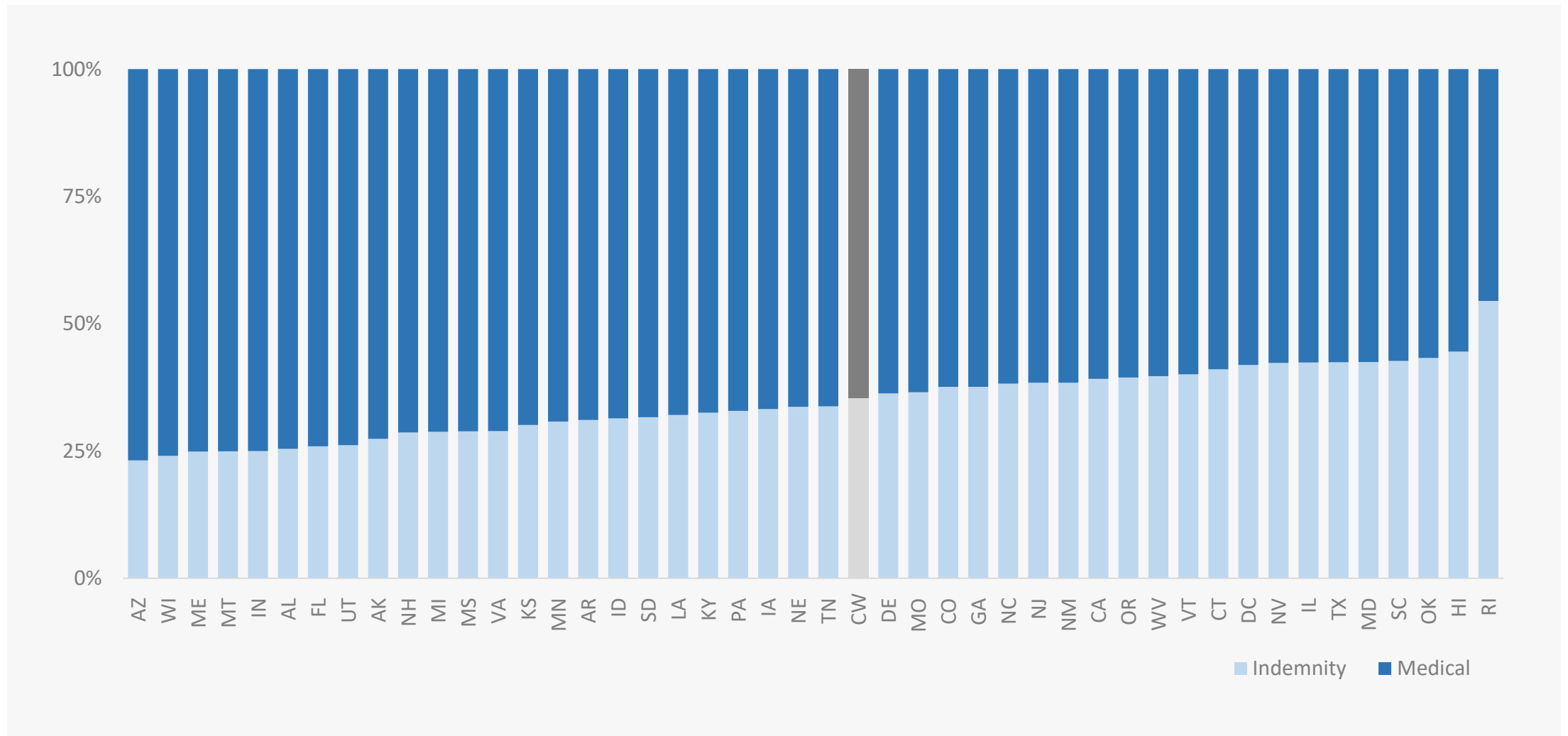


# Distribution of COVID-19 Indemnity and Medical Incurred Loss Amounts





# Distribution of non-COVID-19 Indemnity and Medical Incurred Loss Amounts

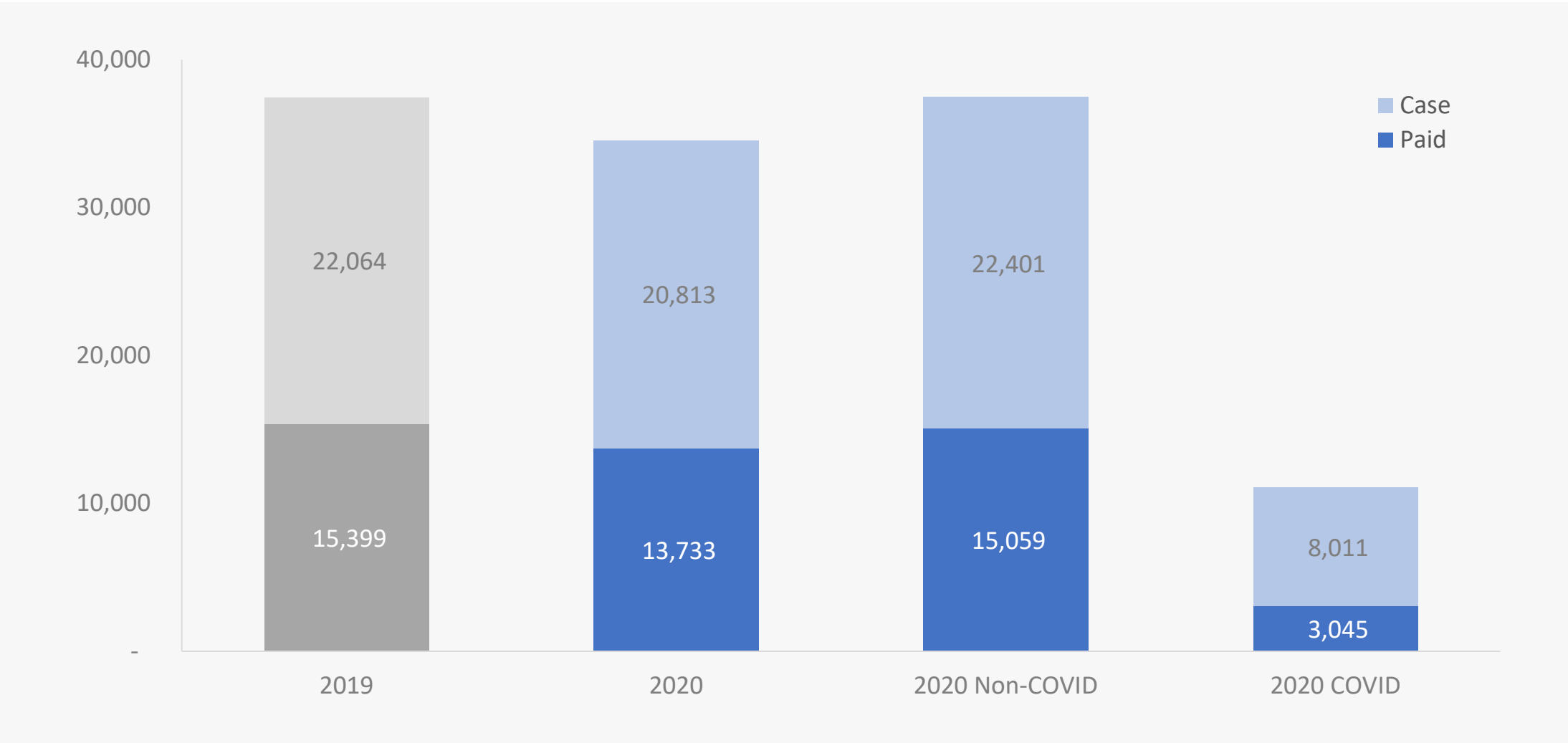


# Severities | Carolyn Wise

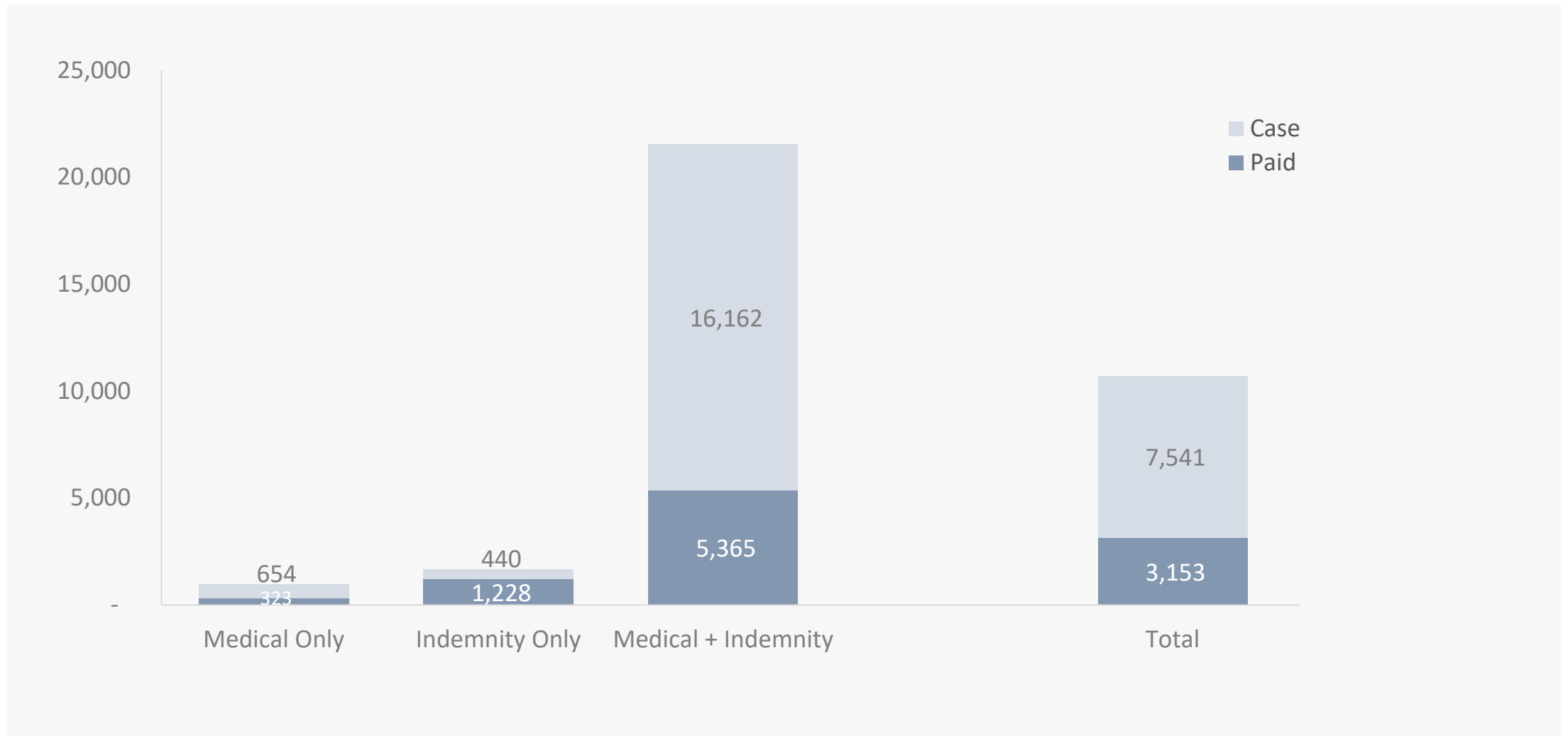
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This section focuses on **paid and paid plus case (incurred) severities** for the WC industry. Severities indicate the average paid or incurred amount per indemnity claim for each of the years shown. Unless stated otherwise, severities are lost-time claim severities.

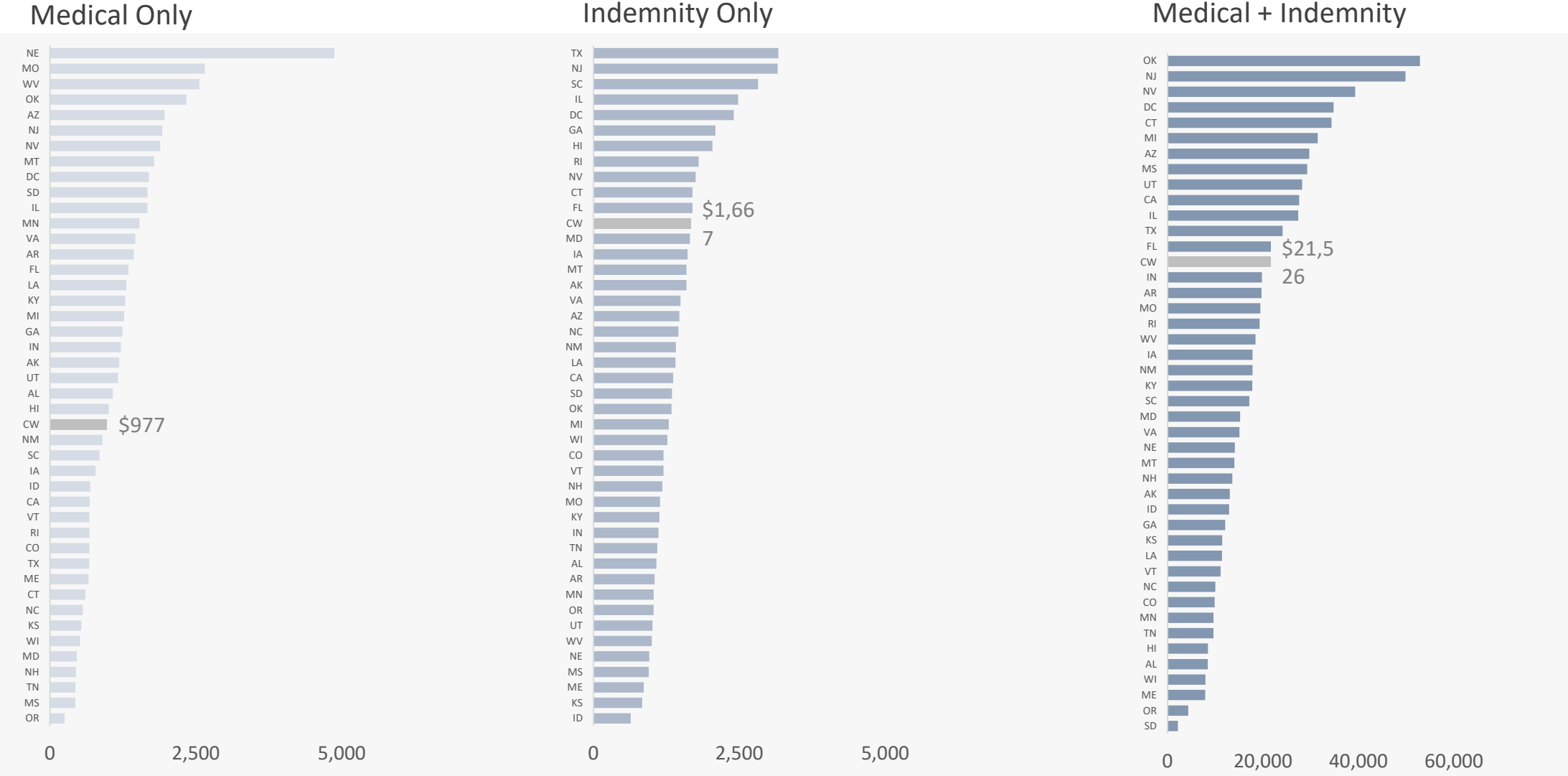
# Countrywide Average Lost-Time Severities by Accident Year



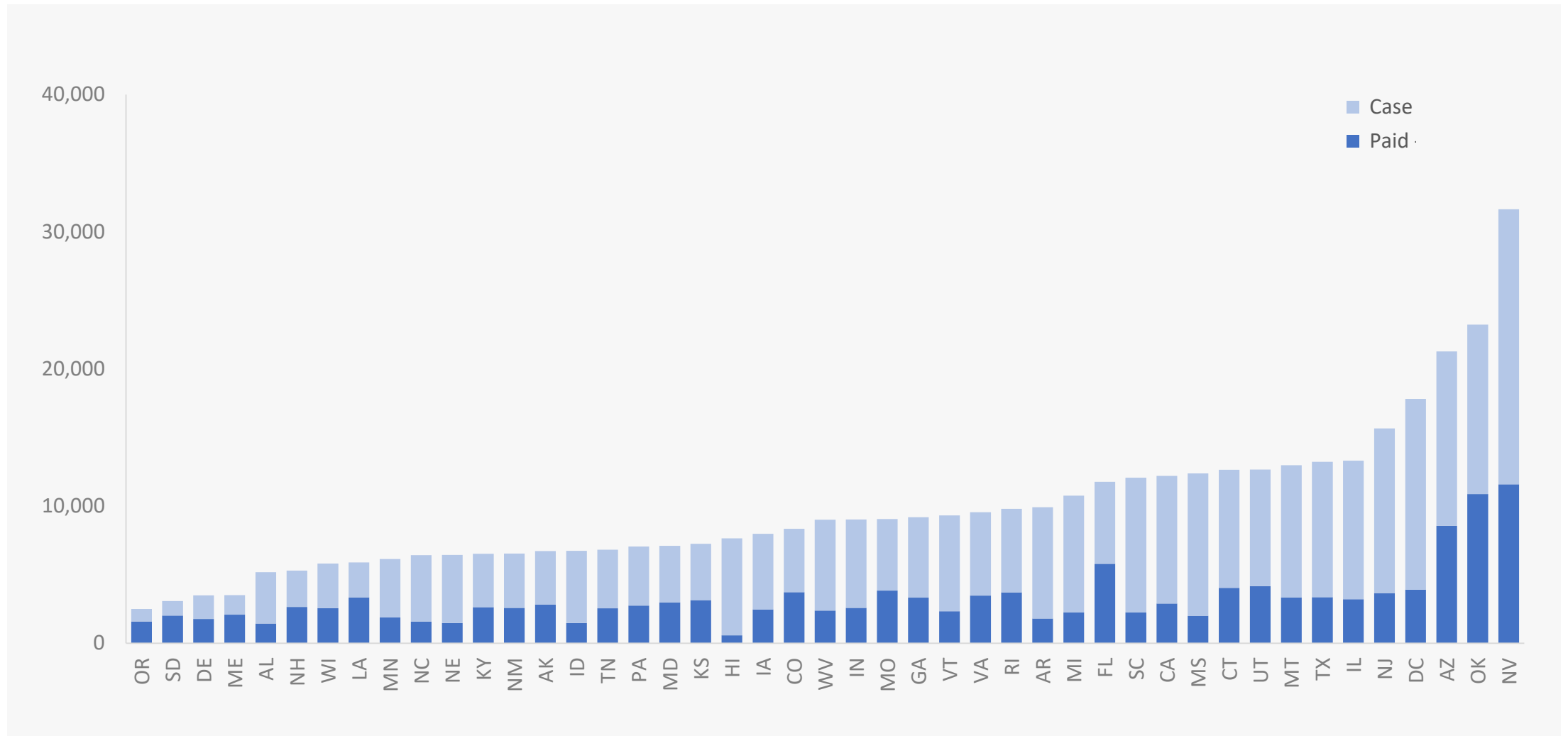
# COVID-19 Average Severities by Loss Type



# Average P+C Severity by Loss Type for COVID-19 Claims

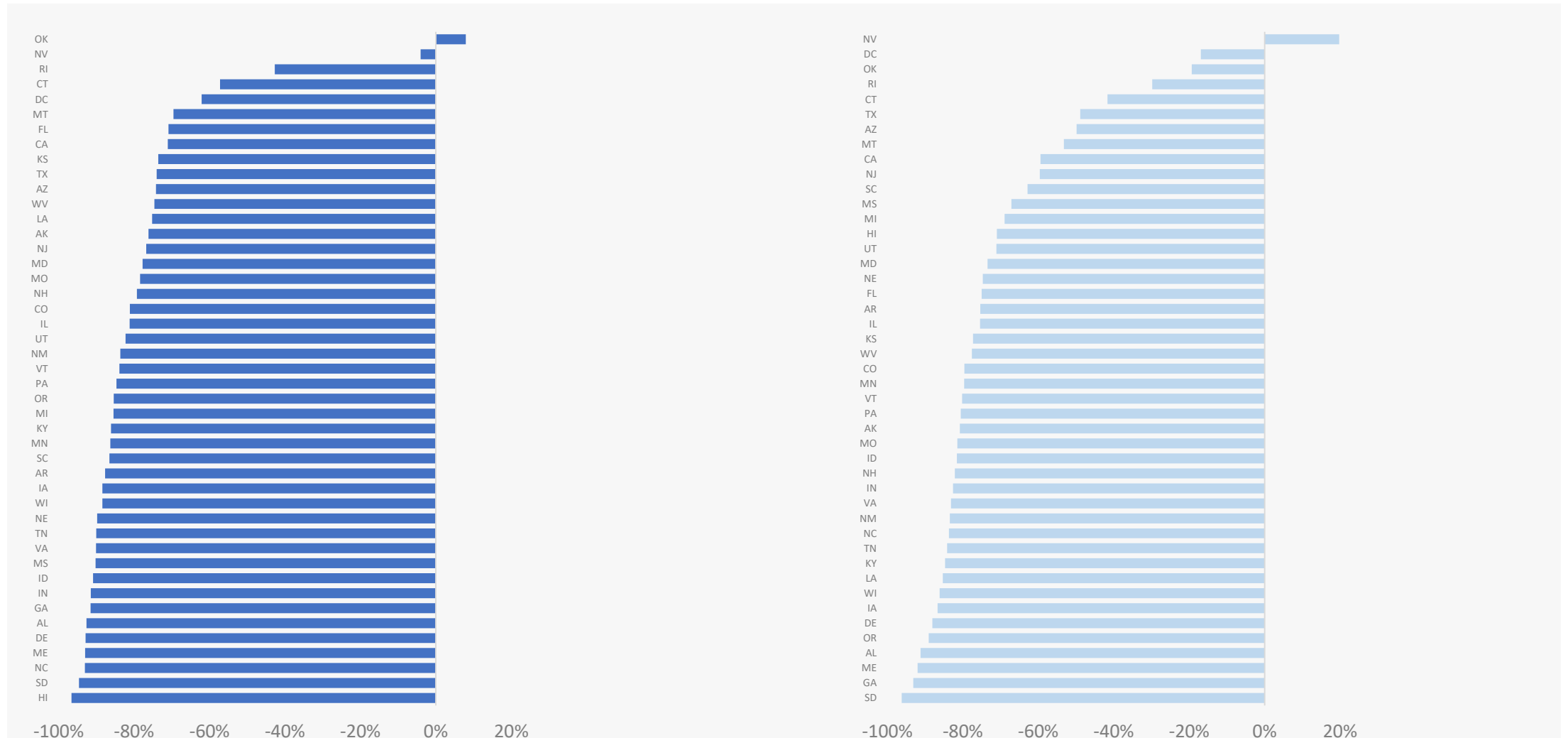


# COVID-19 Lost-Time Severities by State



# Difference in Average Severity between COVID-19 and Non-COVID-19 Claims

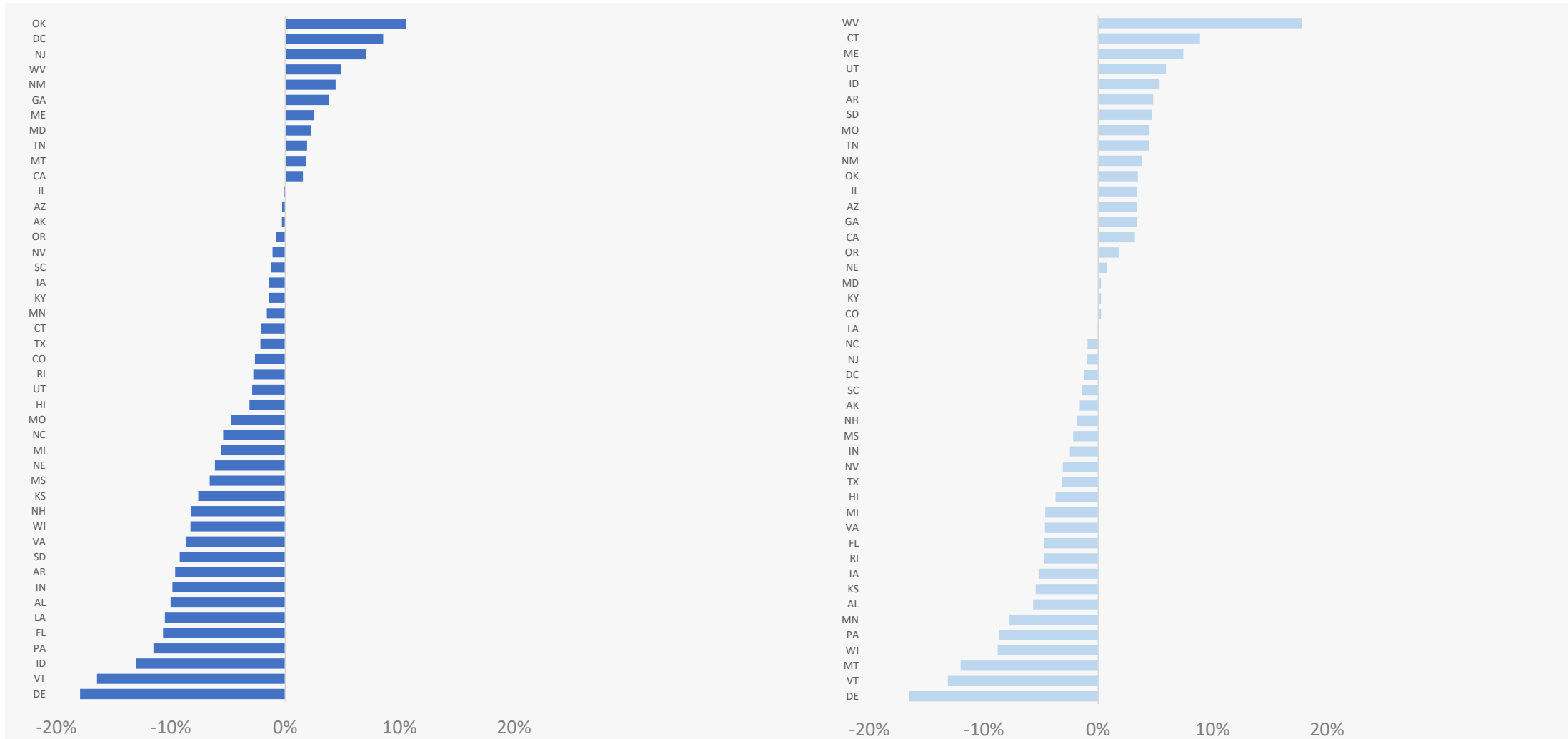
## Paid and Paid + Case



DE and PA COVID-19 experience is limited to PY2020 evaluated at 12/31/2020.

# Difference in Average Severity between AY19 and AY20 Non-COVID-19 Claims

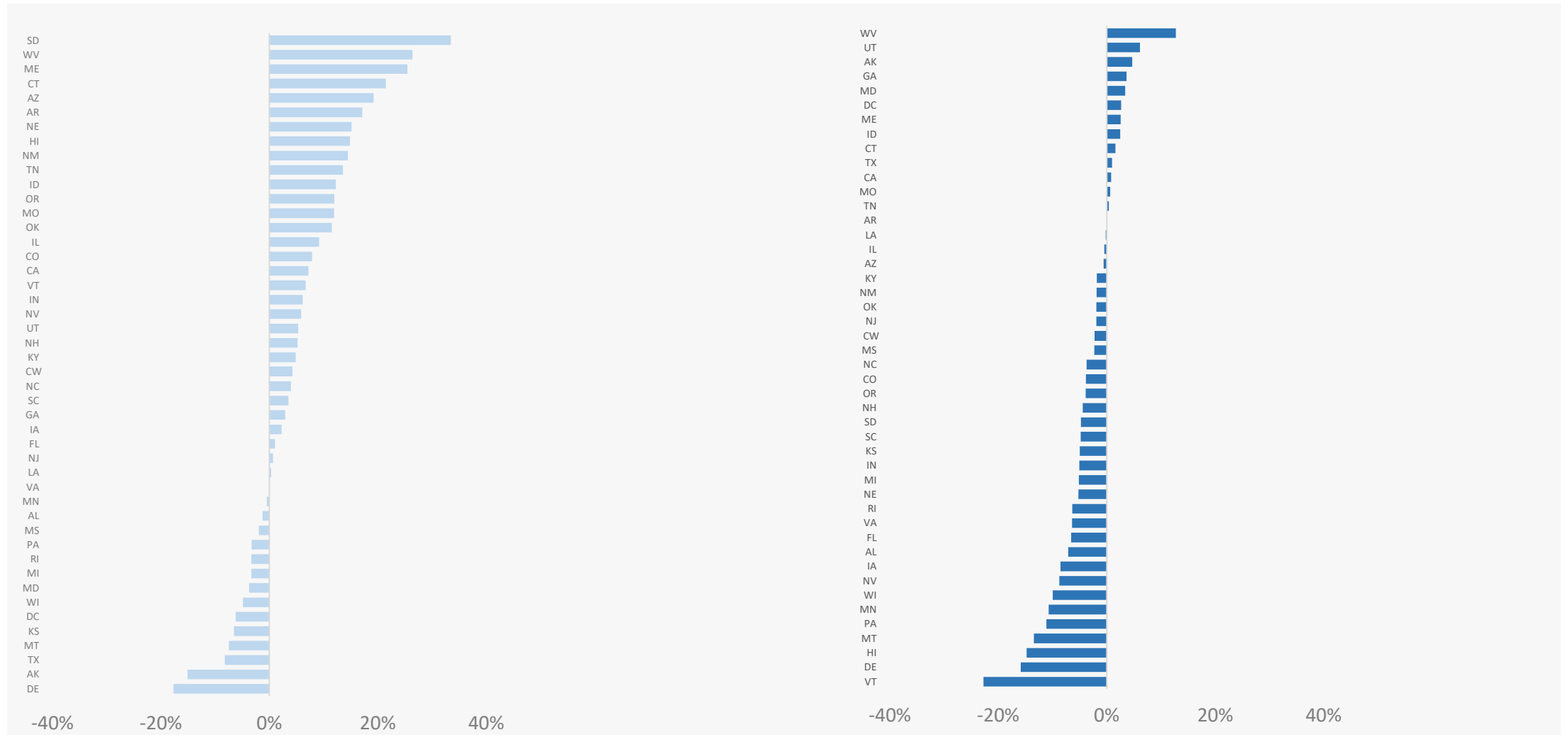
## Paid and Paid + Case





# Difference in Average P+C Severity between AY19 and AY20 Non-COVID-19 Claims

## Indemnity and Medical



# Open Ratios and Paid to Paid + Case Ratios | Nadege Bernard-Ahrendts

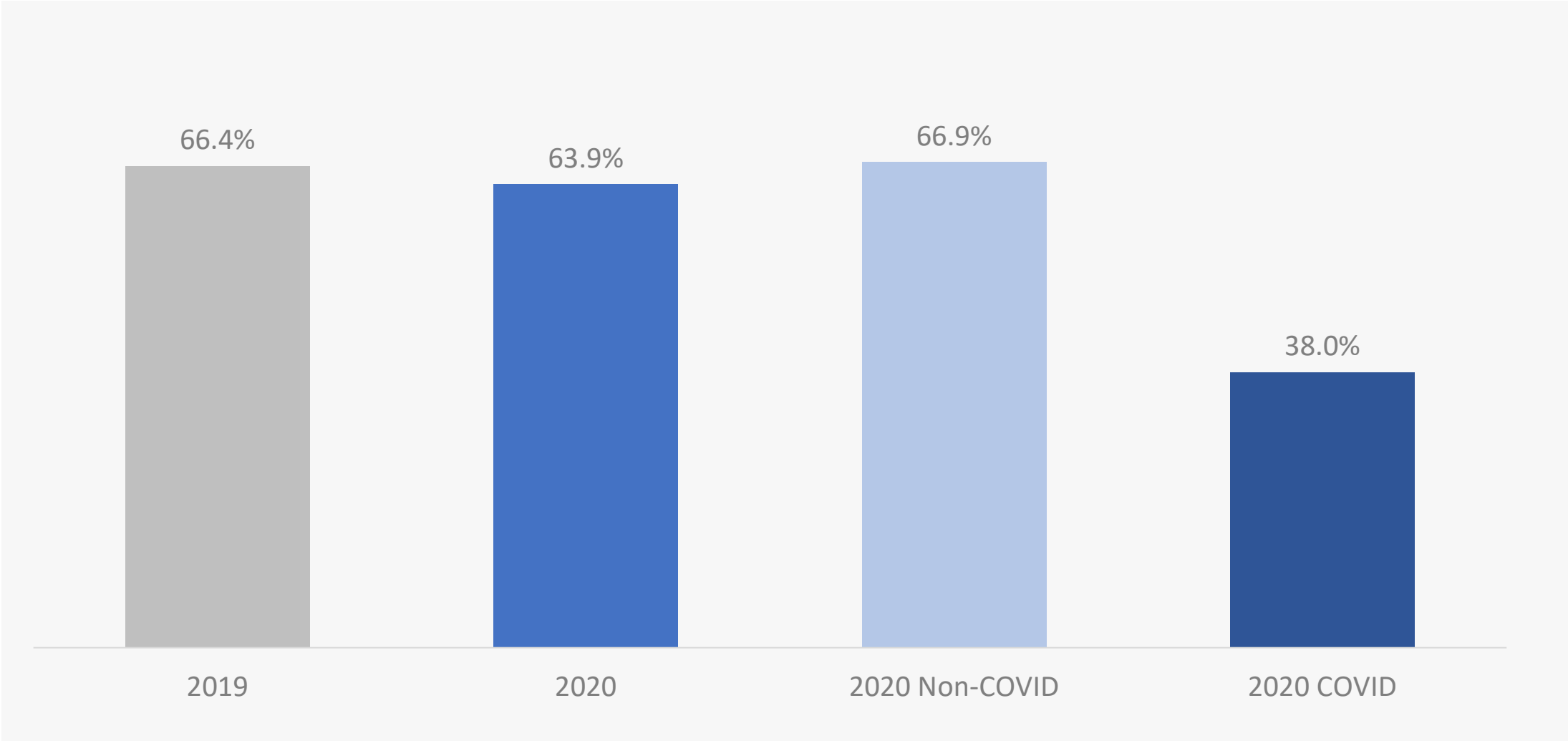
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This section focuses on open and paid to paid + case ratios for the WC industry. These metrics may aid in evaluating the expected portion of a claim that remains outstanding.

**Open ratios** indicate the number of claims that remained open at year-end for each of the years shown. Unless stated otherwise, open ratios are for indemnity lost-time claims.

**Paid to paid + case ratios** indicate the portion of the claim that has already been paid by the insurer, relative to the total amount anticipated to be paid. Unless stated otherwise, paid to paid + case ratios are for total losses.

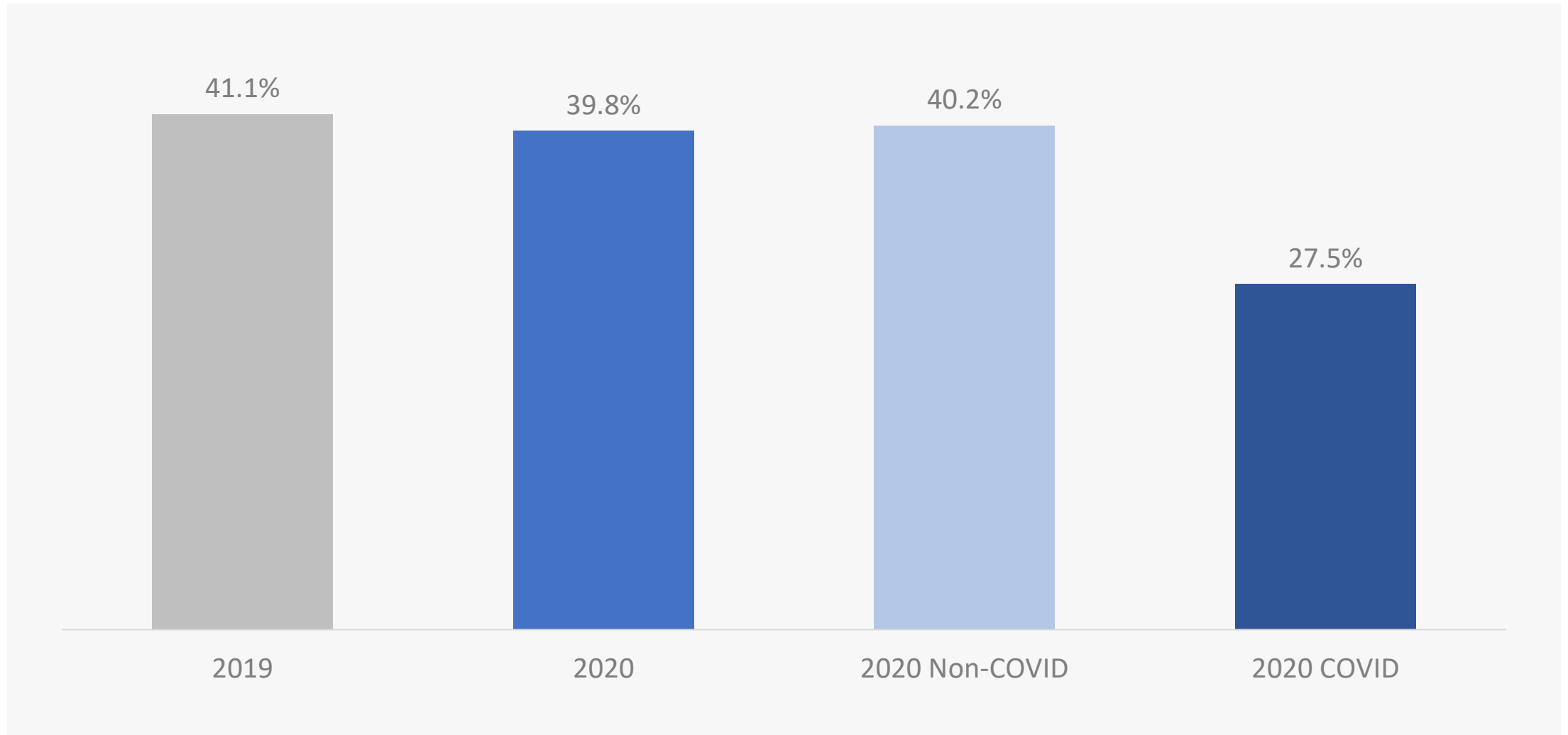
# Countrywide Open Ratios by Accident Year



Open ratios are for indemnity lost-time claims.  
Excludes data for DE, MN, and PA. Refer to full report for additional details.

## Countrywide Paid to Paid + Case Ratios by Accident Year

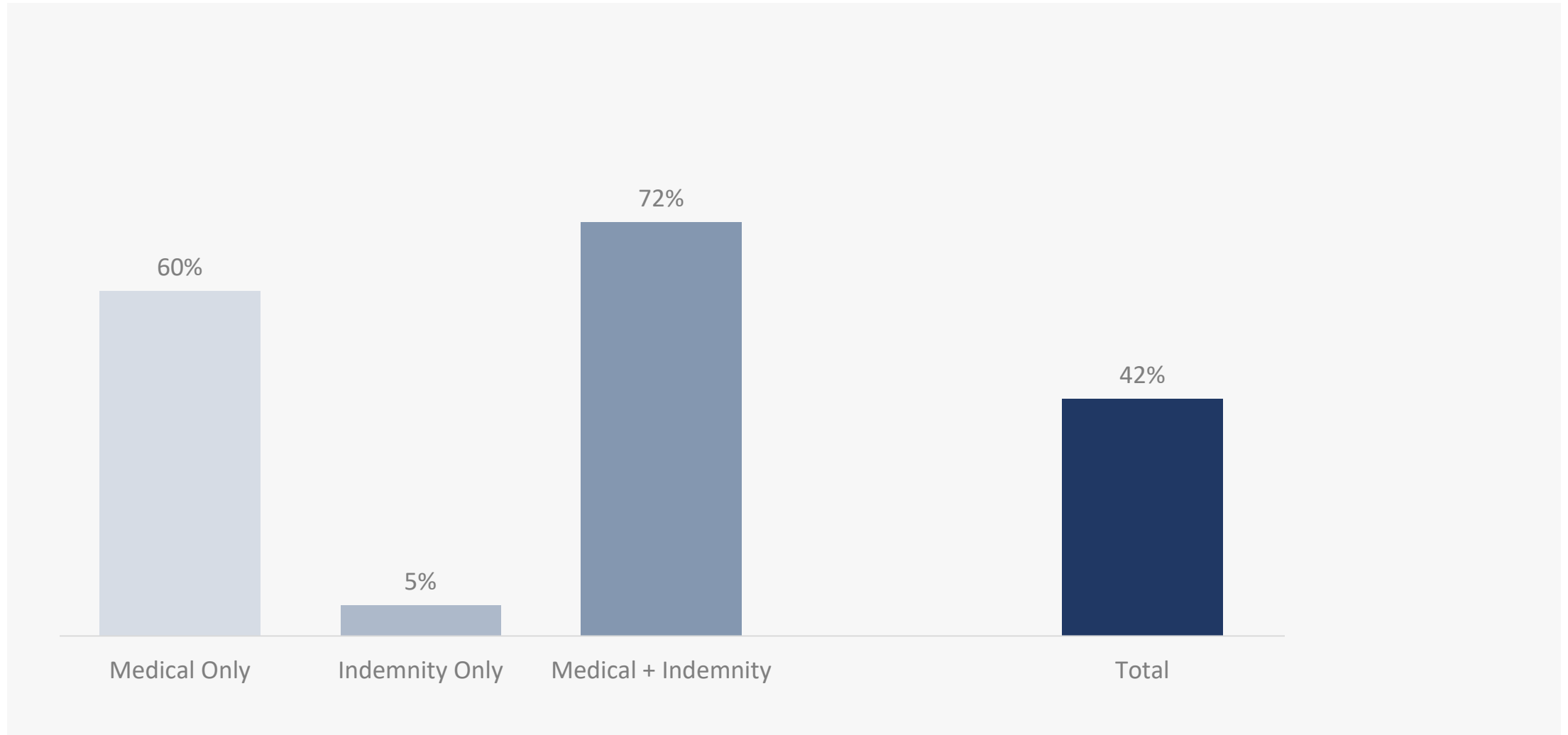
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Paid to paid + case ratios include indemnity and medical-only incurred loss amounts.

# COVID-19 Open Ratios by Loss Type

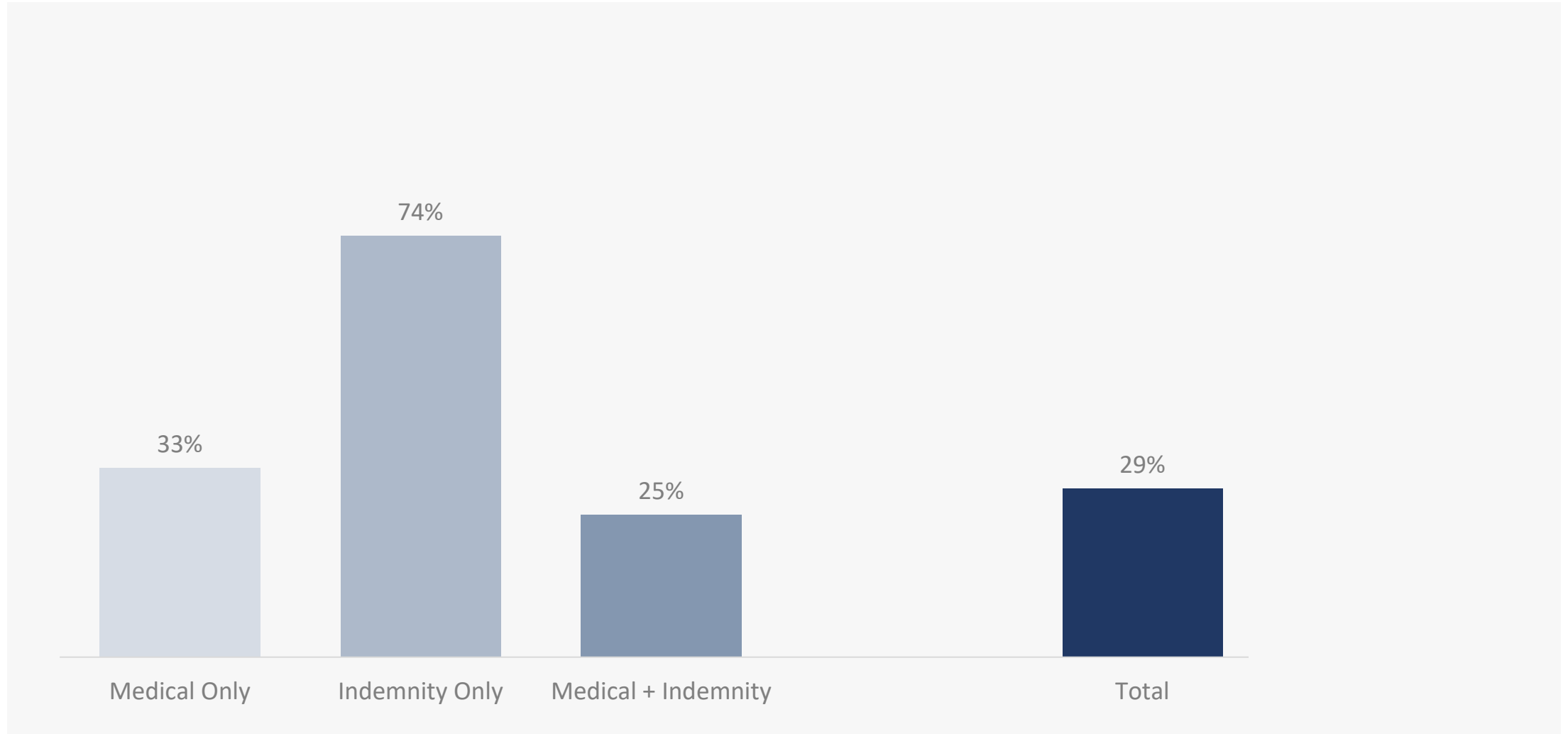
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“Total” includes indemnity and medical-only claim counts.  
Excludes data for CA, DE, and PA. Refer to full report for additional details.

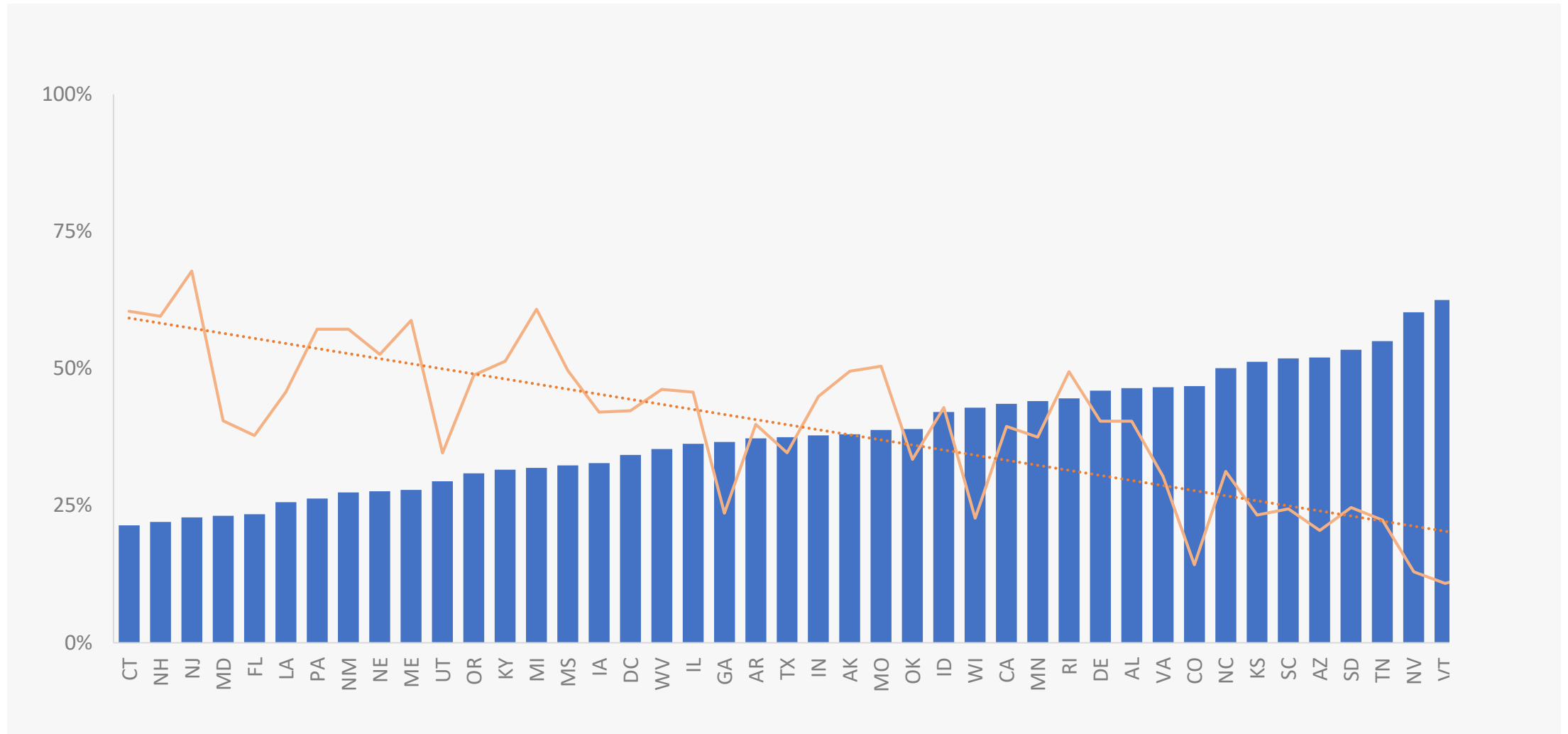
# COVID-19 Paid to Paid + Case Ratios by Loss Type

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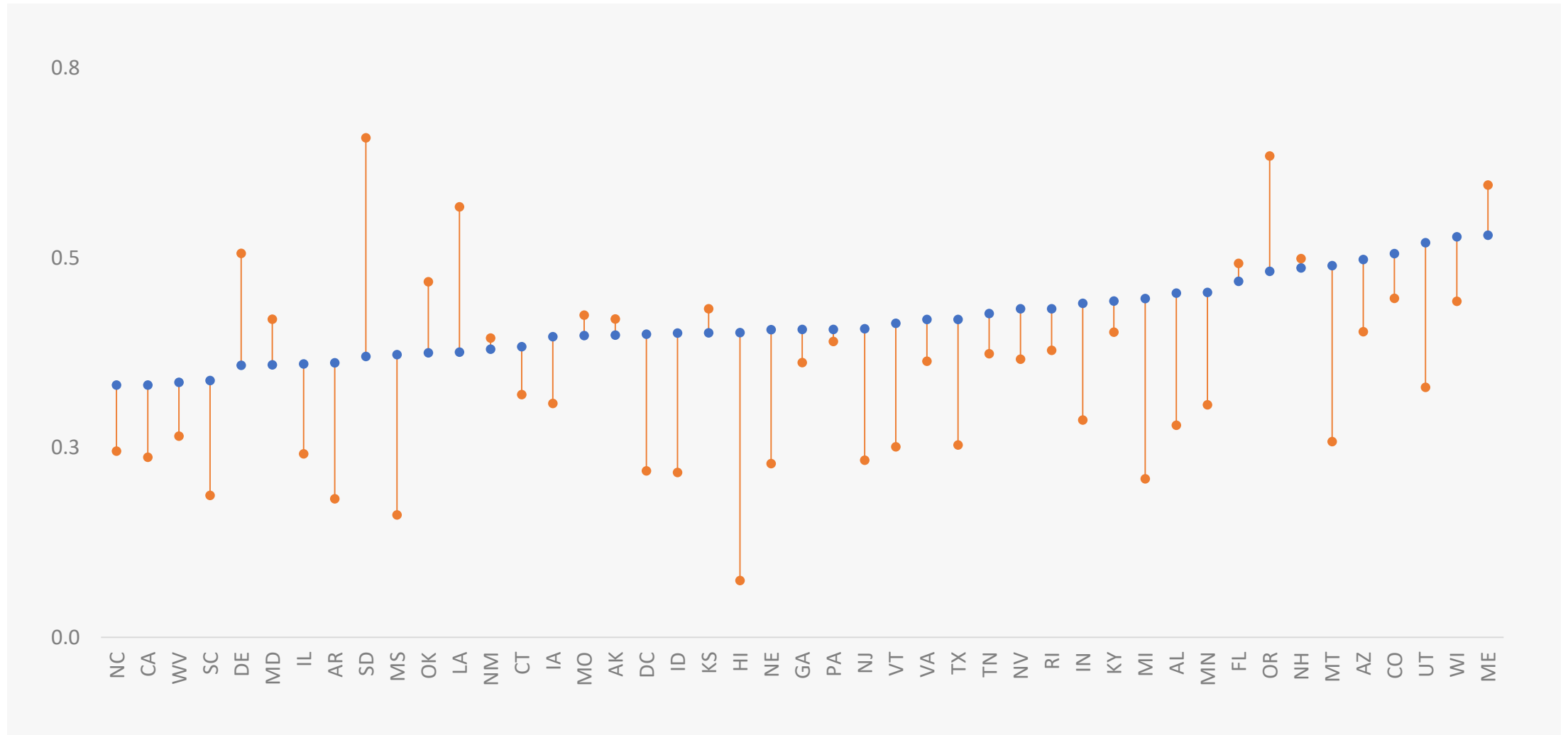
“Total” includes indemnity and medical-only claim counts.

# COVID-19 Open Ratios and Indemnity-Only Claim Count Shares by State



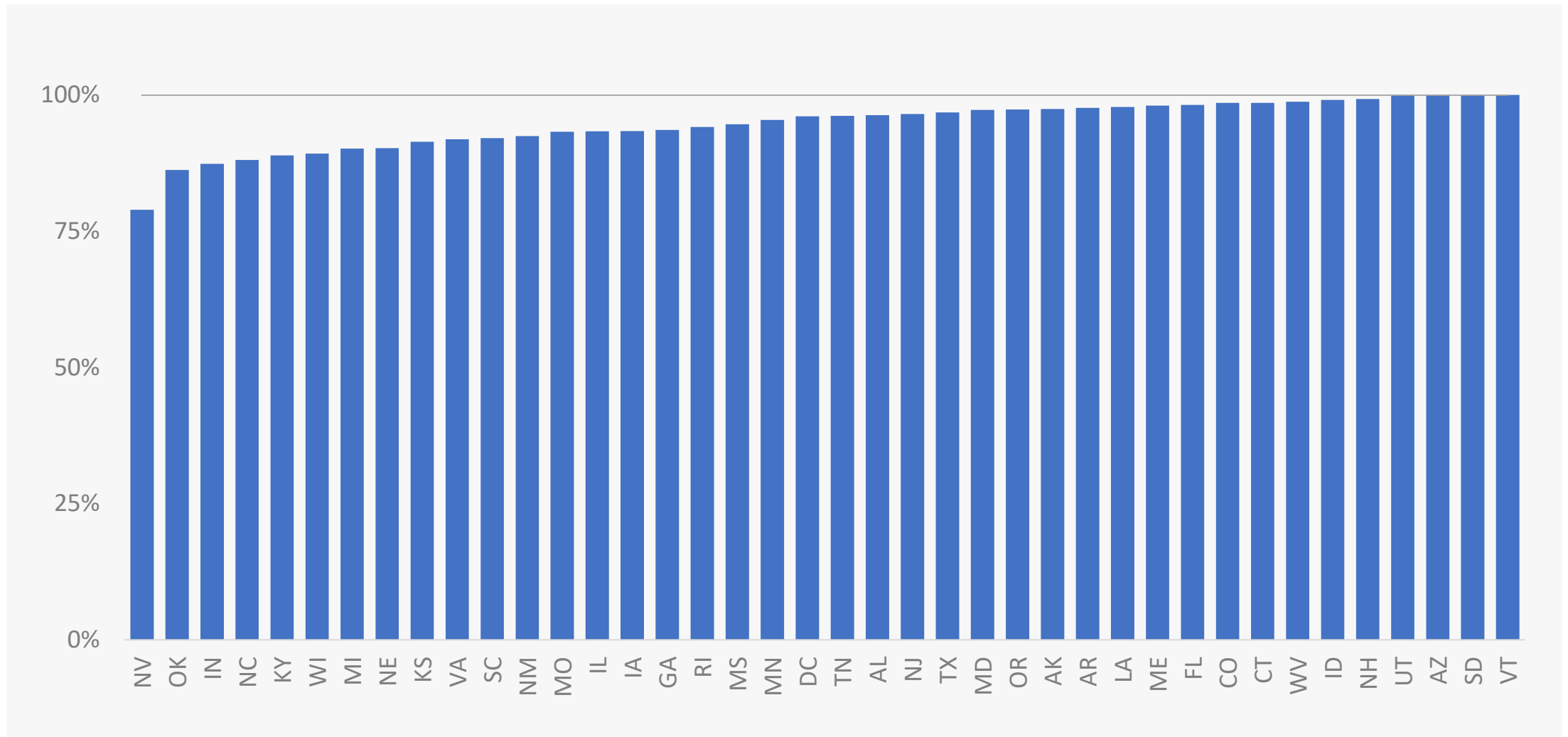
MT and HI are not shown due to low claim volume resulting in volatility.

# Paid to Paid + Case Ratios for Non-COVID-19 and COVID-19 by State





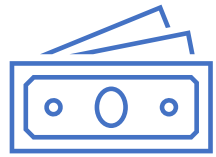
# COVID-19 Indemnity-Only Closed Ratios by State



MT and HI are not shown due to low claim volume resulting in volatility.

# Conclusion | Nadege Bernard-Ahrendts

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**Indemnity-only** claims emerged as a **significant share** of reported COVID-19 claims.



**COVID-19 indemnity** claims **closed more quickly** than non-COVID-19 indemnity claims.



The ratio of **paid to paid + case losses on COVID-19 claims is lower** than that for non-COVID-19 claims.



In aggregate, **COVID-19 claims that remained open** have relatively **higher case reserves**.

# Conclusion

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In 2020, COVID-19 lost-time claims accounted for **11%** of all lost-time claims and **3.5%** of total incurred losses.

**Uncertainties** remain around COVID-19 claims -

How will 2020 COVID-19 claims **develop**?

What's the impact of **vaccine rollout** and mandatory use of **PPEs**?

What's the **outlook** for COVID-19 WC Claims?



# Related Publications

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[Minnesota's workers' compensation response to COVID-19](#), Minnesota Department of Labor and Industry

[COVID-19 and Privately-Insured Workers Compensation in Minnesota](#), MWCIA

[COVID-19 WC Compensability Presumptions](#), NCCI

[2021 Pandemic Impact Research Brief](#), NYCIRB

[COVID-19 Research and Resources](#), Washington State Department of Labor & Industries

[COVID-19 in California Workers' Compensation – October 2021 Update](#), WCIRB

[Cost Impacts of Medical Care Delays in the California Workers' Compensation System](#), WCIRB

[Impact of Economic Downturn on California Workers' Compensation Claim Frequency](#), WCIRB

[The Early Impact of COVID-19 on Medical Treatment for Workers' Compensation Non-COVID-19 Claims](#), WCRI

[The Early Impact of COVID-19 on Workers' Compensation Claim Composition](#), WCRI

[Summary of COVID-19 Workers' Compensation Claims](#), Wyoming Department of Workforce Services

# COVID-19 in California Workers' Comp

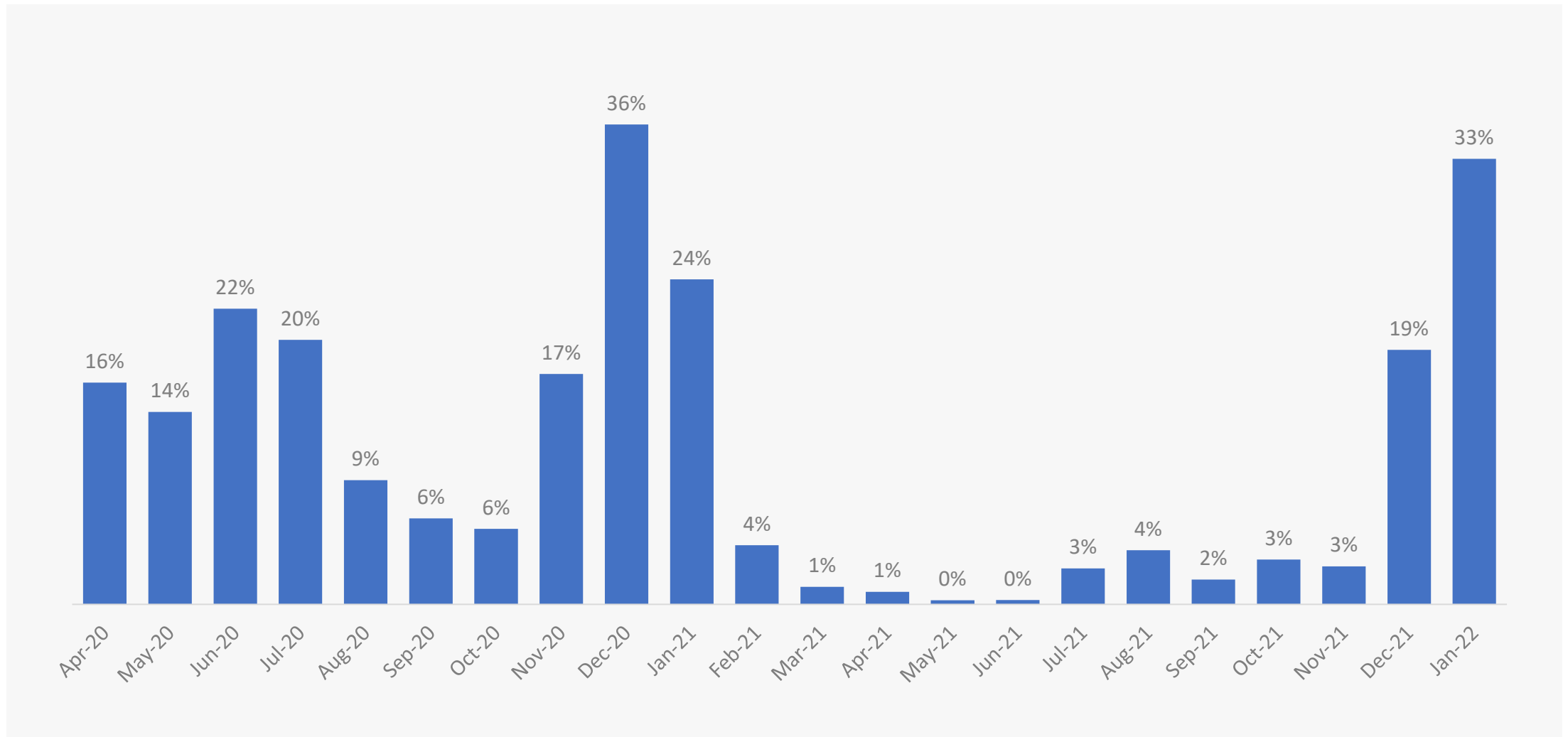
October 2021 Update

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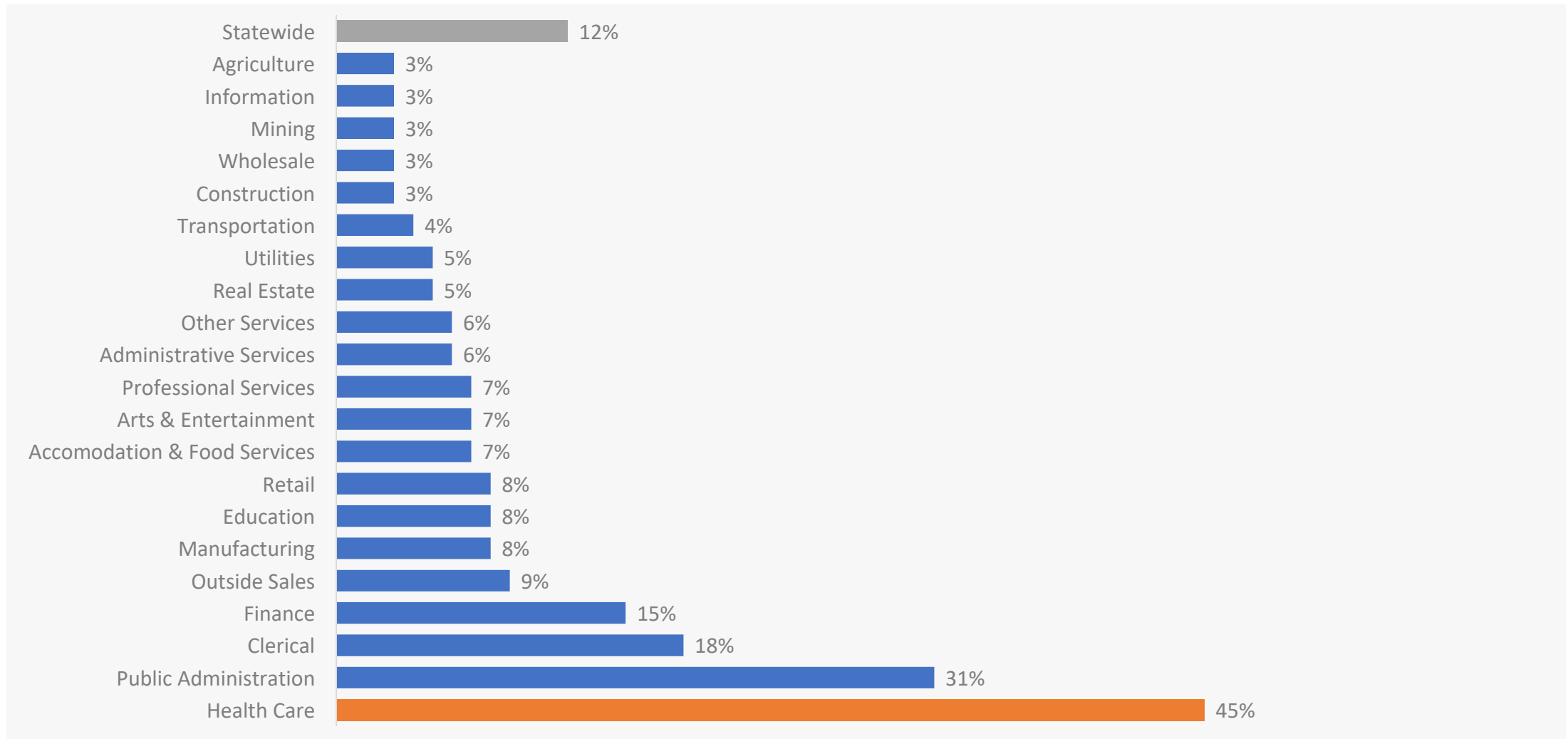
**Laura Carstensen**  
Workers Compensation Insurance Rating  
Bureau of California

# COVID-19 Share of Indemnity Claims in California



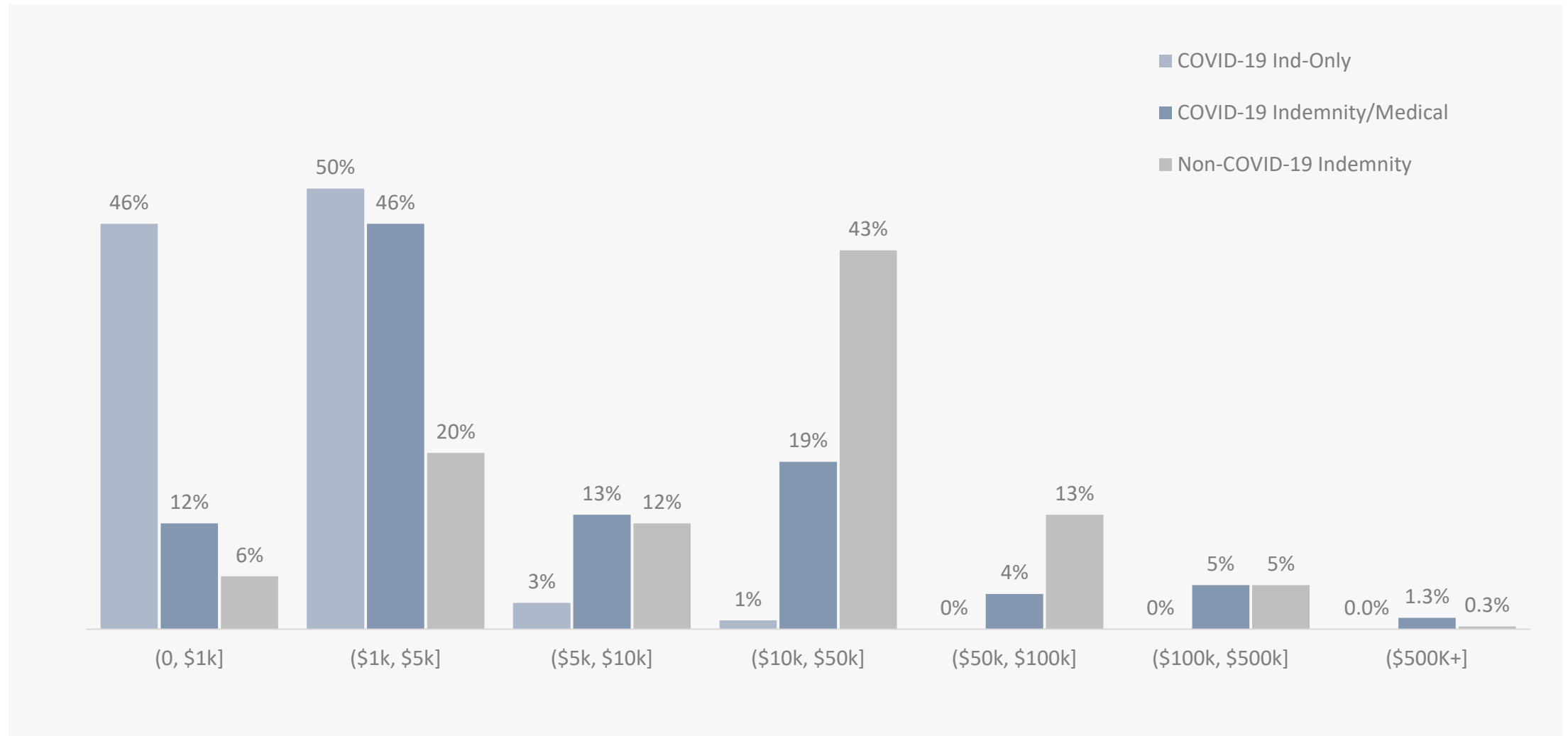
Refer to *COVID-19 in California Workers' Comp* October report for additional details.

# Share of COVID-19 Indemnity Claims *By Industry* in California



Refer to *COVID-19 in California Workers' Comp* October report for additional details.

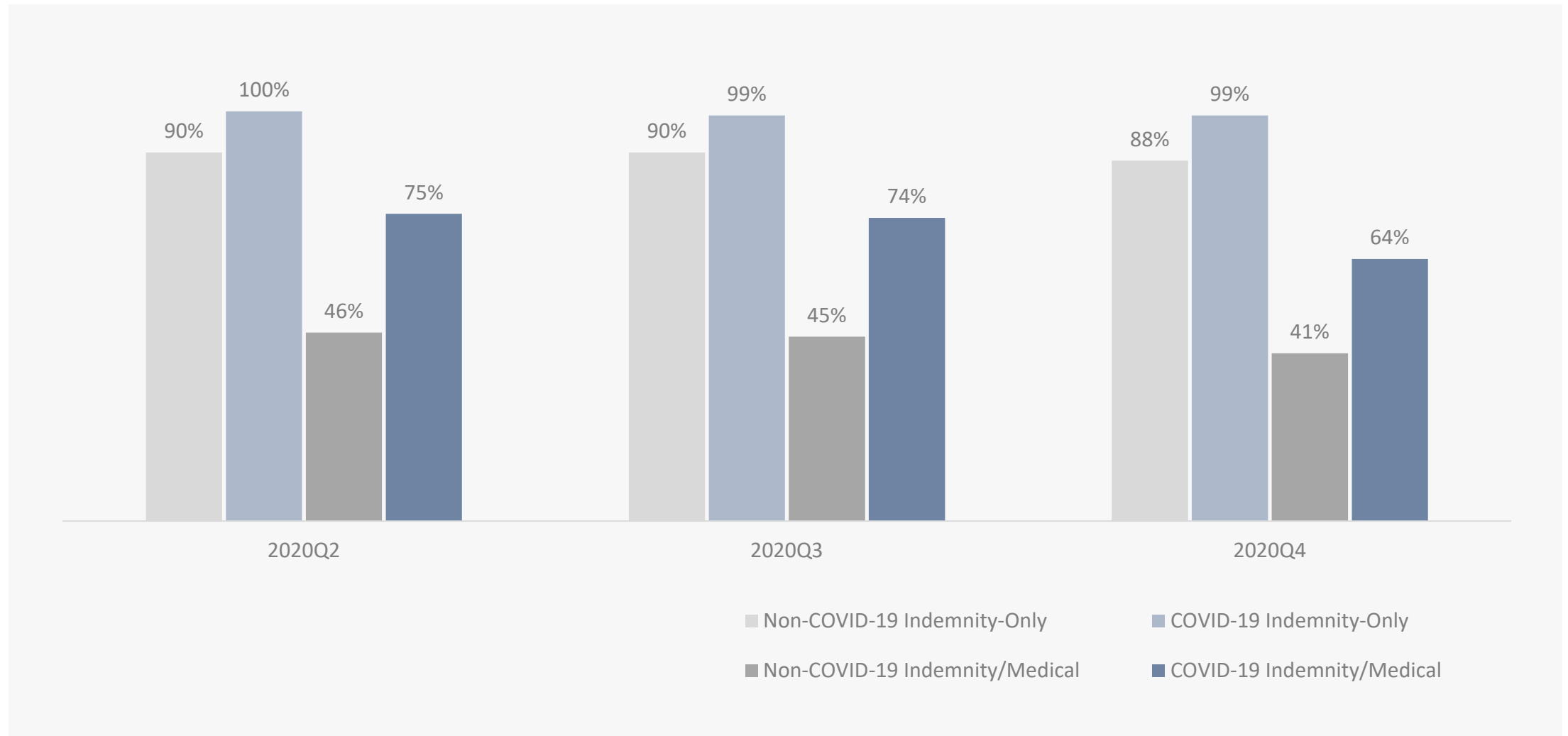
# Indemnity Claim Distribution by Incurred Loss Size in California



Refer to *COVID-19 in California Workers' Comp* October report for additional details.



# Indemnity Claims Closing Rate in California



Refer to *COVID-19 in California Workers' Comp* October report for additional details.

# General Notes

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This report reflects a compilation of individual insurer submissions of claim information to the WCIRB. While the individual insurer data submissions are regularly checked for consistency and comparability with other data submitted by the insurer as well as with data submitted by other insurers, the WCIRB can make no warranty with respect to the information provided by third parties.

The information in this report is based on the reported experience of insured employers only and may or may not be indicative of the experience of the state as a whole including self-insured employers.

This report is largely based on sources of information with various dates depending on the specific source of data no later than early February 2022. Subsequent updates to the information could impact the information presented in this report.

Some of the cost information has been estimated based on data reported representing less than 100% of the insured market.

# More Information

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## Chart: Share of Indemnity Claims due to COVID-19

Shows the number of indemnity COVID-19 claims relative to the total number of indemnity claims filed by accident month.

**Source Data:** Subsequent Report of Injury (SROI) records from WCIRB indemnity transaction data as of February 2022 where the claim is classified as indemnity by the claims administrator. Data is based on insured system only and excludes denied claims.

## Chart: Share of COVID-19 Indemnity Claims By Industry

Shows the number of indemnity COVID-19 claims relative to the total number of indemnity claims filed between April 1, 2020 and January 31, 2022.

**Source Data:** SROI records from WCIRB indemnity transaction data as of February 2022 (excludes denied claims). Industries are based on WCIRB classifications mapped to the North American Industry Classification System (NAICS) sectors.

# More Information

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## Chart: Indemnity Claim Distribution by Incurred Loss Size

Shows the distribution of claims by incurred loss size on COVID-19 indemnity-only, COVID-19 medical and indemnity and non-COVID-19 indemnity claims for claims with accident dates from April 1, 2020 through December 31, 2020 on 2019 and 2020 policies for which the first unit statistical report has been submitted as of February 2022.

**Source Data:** WCIRB unit statistical data evaluated at first unit statistical report level (18 months from policy inception).

## Chart: Indemnity Claim Closing Rate

Shows the closing rate of indemnity claims on non-COVID-19 indemnity-only, non-COVID-19 medical and indemnity, COVID-19 indemnity-only, and COVID-19 medical and indemnity claims for claims with accident dates from April 1, 2020 through December 31, 2020 on 2019 and 2020 policies for which the first unit statistical report has been submitted as of February 2022.

**Source Data:** WCIRB unit statistical data evaluated at first unit statistical report level (18 months from policy inception).

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