

December 15, 2021

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Workers Compensation Insurance**

**The NC Rate Bureau Releases Multi-Bureau Collaborative Report on COVID-19 Claims Characteristics and Trends**

The NC Rate Bureau, in collaboration with the National Council on Compensation Insurance (NCCI) and a number of other workers compensation rating bureaus, has released a comprehensive analysis on COVID-19 data (attached).

To better understand the pandemic's impact on the workers compensation (WC) industry, a cross-bureau collaborative effort was made to analyze COVID-19 claims characteristics, including representation from the following WC bureaus: California, Delaware, Indiana, Michigan, Minnesota, New Jersey, North Carolina, Pennsylvania, Wisconsin, and the NCCI. The analysis does *not* include experience from self-insured employers or denial and expense-only claims.

Claim and loss activity during 2020 as of year-end 2020 varies across jurisdictions, indicative of how the pandemic impacted individual states differently and at varying times. The early evaluation of the emergence of COVID-19 claims includes many uncertainties.

**Key findings in the study include:**

- In North Carolina, COVID-19 claims represent 4.7% of total claims counts and 0.8% of incurred losses.
- Indemnity-only claims emerged as a significant share of reported COVID-19 claims.
- In aggregate, COVID-19 claims that remained open have relatively higher case reserves due to the uncertainty of COVID-19 infections, later than average accident dates, and timing of the various waves of the pandemic.
- COVID-19 indemnity claims closed more quickly than non-COVID-19 indemnity claims, partly driven by the large share of indemnity-only claims.
- Despite the higher closure rate, the ratio of paid to paid + case losses on COVID-19 claims is lower when compared with that for non-COVID-19 claims.

Read the full report (attached) to learn more.

**Research Forum Webinar:**

Join several Independent Bureaus and NCCI for an engaging and enlightening webinar to better understand how COVID-19 has impacted the American workforce since March 2020. During this discussion, you'll learn about the multi-bureau collaboration on COVID-19 claims data that offers a more comprehensive view of COVID-19 claim characteristics and trends. The webinar is available at no cost and open to everyone.

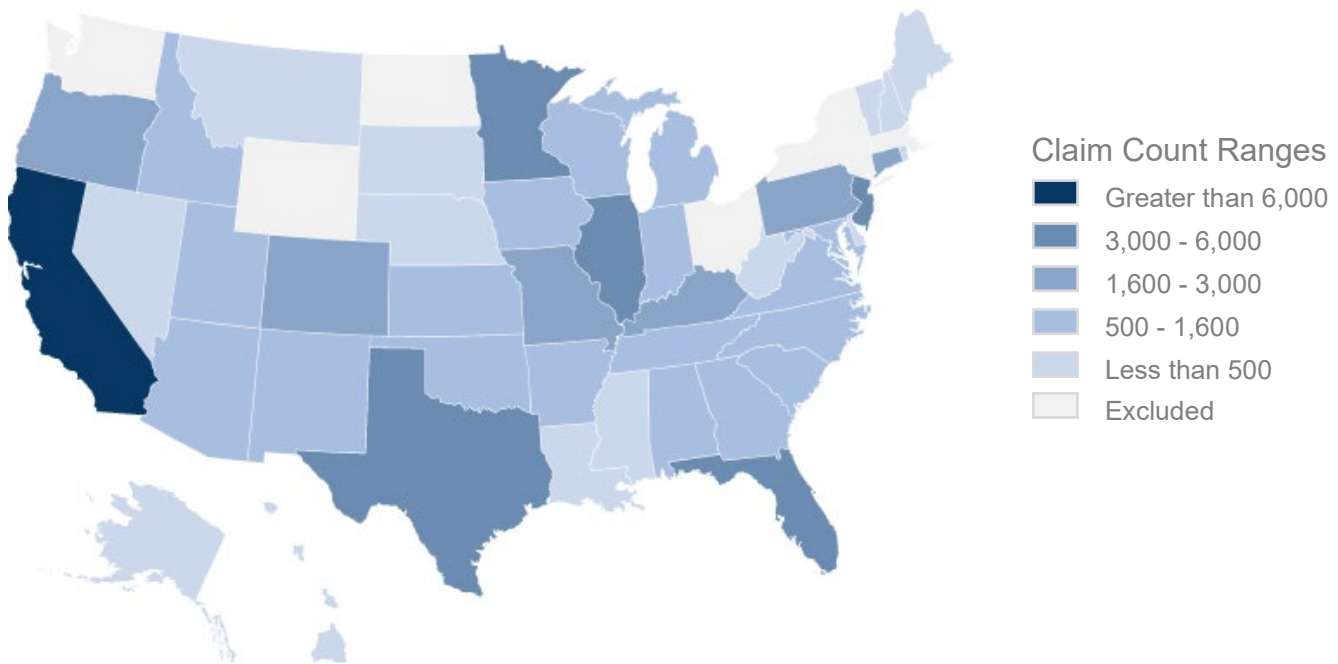
**Thursday, January 20, 2022, at 2:30 p.m. ET (11:30 a.m. PT)**

[Register now.](#)



# Covid-19's Impact on Workers Compensation— A Multi-Bureau Collaboration

**45 jurisdictions**, representing approximately  
**\$630M** in incurred loss dollars across  
**80K** COVID-19 claims



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



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



**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.



# COVID-19's Impact on Workers Compensation

## A Multi-Bureau Collaboration



California Workers Compensation Insurance Rating Bureau  
1221 Broadway, Suite 900, Oakland, CA 94612  
888-229-2472 | wcirb.com



Delaware Compensation Rating Bureau  
30 South 17<sup>th</sup> Street – Suite 1500, Philadelphia, PA 19103-4007  
302-654-1435 | dcrb.com



Indiana Compensation Rating Bureau  
5920 Castleway W Dr #121, Indianapolis, IN 46250  
317-842-2800 | icrb.net



Compensation Advisory Organization of Michigan  
17197 N. Laurel Park Drive, Suite 311, Livonia, MI 48152  
734-462-9600 | caom.com



Minnesota Workers' Compensation Insurers Association  
7701 France Ave S #450, Edina, MN, 55435  
952-897-1737 | mwcia.org



National Council on Compensation Insurance  
901 Peninsula Corporate Cir., Boca Raton, FL 33487  
800-622-4123 | ncci.com



New Jersey Compensation Rating and Inspection Bureau  
60 Park Pl, Newark, NJ 07102  
973-622-6014 | njcrib.com



North Carolina Rate Bureau  
2910 Sumner Blvd, Raleigh, NC 27616  
919-783-9790 | ncrb.org



Pennsylvania Compensation Rating Bureau  
30 South 17<sup>th</sup> Street – Suite 1500, Philadelphia, PA 19103-4007  
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Wisconsin Compensation Rating Bureau  
20700 Swenson Dr Ste 100, Waukesha, WI 53186  
262-796-4540 | wcrb.com

## 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 benchmarking analysis included representation from the following WC bureaus: California, Delaware, Indiana, Michigan, Minnesota, New Jersey, North Carolina, Pennsylvania, Wisconsin and the National Council on Compensation Insurance (NCCI).<sup>1</sup> This multi-bureau collaboration allowed for the creation of a COVID-19 claims database, which enabled the development of a more comprehensive view of COVID-19 claim characteristics and trends.

This article summarizes key findings with respect to the impact the COVID-19 pandemic has had, and may continue to have, on the WC system. The analysis focused on the direct impact of COVID-19 claims. Changes to non-COVID-19 claims as an indirect result of the pandemic are not considered—for example, changes due to an increased use of telemedicine and telework.

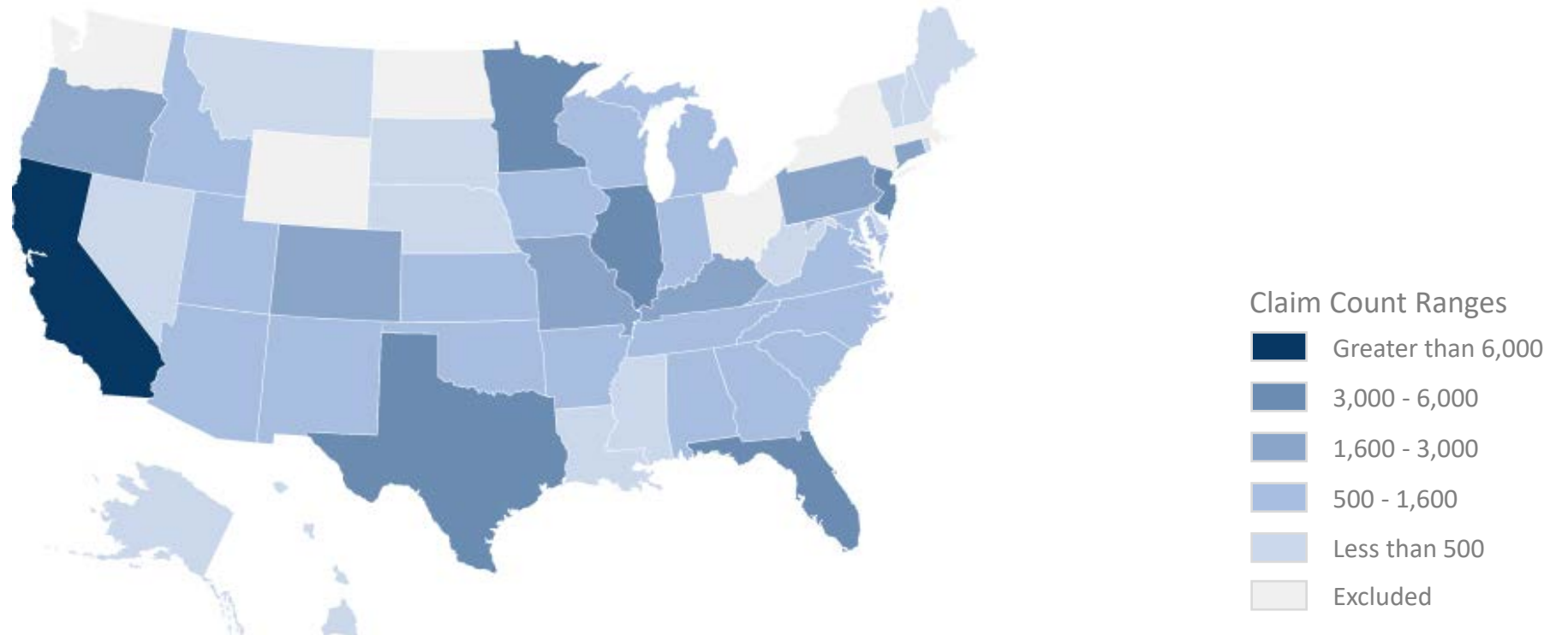
<sup>1</sup> Includes the Workers' Compensation Insurance Rating Bureau of California, Delaware Compensation Rating Bureau, Indiana Compensation Rating Bureau, Compensation Advisory Organization of Michigan, Minnesota Workers' Compensation Insurers Association, National Council on Compensation Insurance, New Jersey Compensation Rating and Inspection Bureau, North Carolina Rate Bureau, Pennsylvania Compensation Rating Bureau and Wisconsin Compensation Rating Bureau.

## Introduction | Overview of Analysis

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This analysis relied on data from **45 jurisdictions**, representing approximately **\$630M** in COVID-19 incurred loss dollars associated with approximately **80K** COVID-19 claims - an average cost of **\$7,800** per COVID-19 claim.

This includes all COVID-19 claims with a paid and/or incurred benefit component for the private and state funds carriers. The analysis does *not* include experience from self-insured employers or denial and expense-only claims.



## Introduction | Executive Summary

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COVID-19 introduced a new challenge in WC. Claim and loss activity during 2020 varies across jurisdictions for a variety of reasons, such as the existence of presumptive legislation, differences in compensability and underlying costs, state-specific ordinances constraining trade and/or working conditions, and disease waves that occurred at varying times and magnitudes. In the median states, COVID-19 claims account for 7% of total claims in 2020, while those claims account for only 2% of total incurred loss dollars. The impact of these claims on the WC system is as unpredictable as the virus itself.

- COVID-19 WC claims may be categorized as follows: indemnity-only, medical-only, and indemnity claims with an associated medical component (indemnity + medical). Unlike the typical WC claim distribution, indemnity-only COVID-19 claims represent a significant share of reported pandemic-related claims in every state analyzed. These indemnity-only claims explain some of the observed differences between the pre-pandemic and COVID-19 WC metrics.
- On average, COVID-19 indemnity claims closed more quickly than non-COVID-19 indemnity claims. Indemnity-only claims are the driver. These short-duration, wage replacement claims were not as prevalent in the WC system prior to the pandemic.
- The ratio of paid to paid + case losses on COVID-19 claims is lower when compared with that for non-COVID-19 claims. To some extent, this may reflect higher insurer case reserves in the denominator of the ratio, given the uncertainty associated with possible future development on COVID-19 claims.
- In almost every state, the average cost of a COVID-19 claim is lower than that for non-COVID-19 claims. This may be impacted by the later-than-average accident date for COVID-19 claims.

## Analysis | Background

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Each of the participating rating bureaus compiled claim count as well as paid and incurred loss information related to COVID-19 and non-COVID-19 claims. This data was aggregated for Accident Year (AY) 2019 (as of year-end 2019) and AY2020 (as of year-end 2020). Although COVID-19 was not active for the entirety of 2020, a full year of data was used for comparison purposes.

State-specific characteristics were also collected. This information identified whether (i) legislation and/or executive orders established a presumption of compensability, (ii) quarantine claims were covered, and (iii) adverse reaction claims were included in the data provided.

The data provided by each organization was based on aggregate financial call data and supplemented by other data streams where necessary. After analyzing the countrywide data set, the research team identified COVID-19 claim characteristics and trends that aided in the evaluation of the pandemic's impact, through year-end 2020, on the WC industry.

## Analysis | Overview

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Countrywide trends were evaluated using various state groupings, including geographical regions, COVID-19 infection rates, unemployment statistics, the proportionate share of COVID-19 claims to total claims, and the presumption of compensability status. The Appendix to this report contains metrics on claim share groups and the presumption of compensability.

There were no significant patterns observed between these state groupings. This may be due to the individual handling of business closures, industry mix, policy enforcement, and/or the introduction of state-level presumption legislation to manage the effect of the pandemic. The lack of trend may not be surprising since the COVID-19 pandemic impacted individual states differently and at varying times.



# 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.

**COVID-19 claim count shares** are the number of COVID-19 indemnity claim counts divided by the total number of indemnity claim counts.

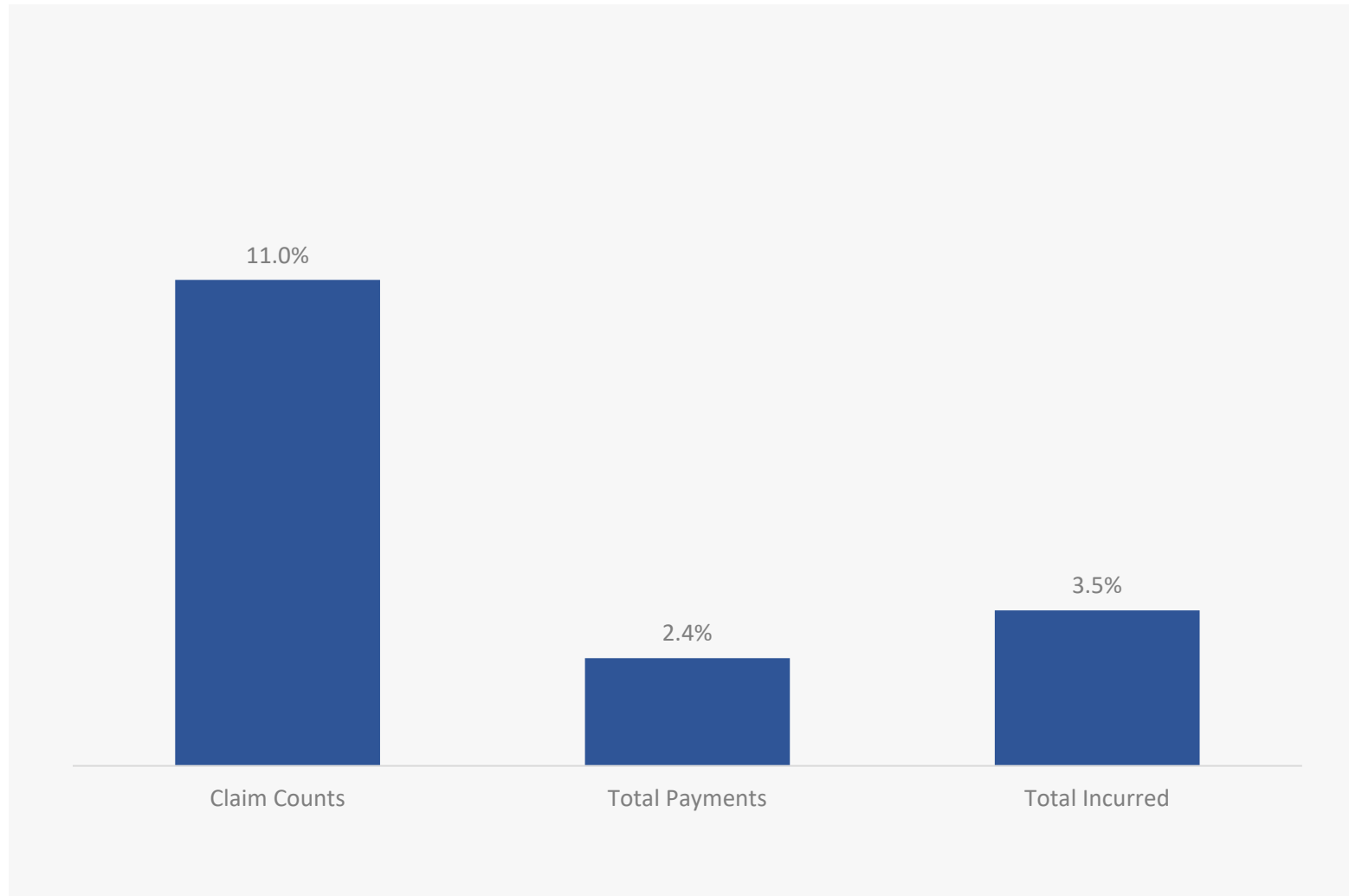
**COVID-19 payment shares** are paid losses on COVID-19 claims divided by paid losses on all claims.

**COVID-19 incurred shares** are paid losses plus case reserves on COVID-19 claims divided by paid losses plus case reserves on all claims.

## Metrics

- [COVID-19 Shares of Claim Counts, Payments, and Incurred Losses](#)
- [COVID-19 Claim Count Shares by State](#)
- [COVID-19 Incurred Loss Shares by State](#)
- [Change in Claim Counts from AY2019 to AY2020](#)

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

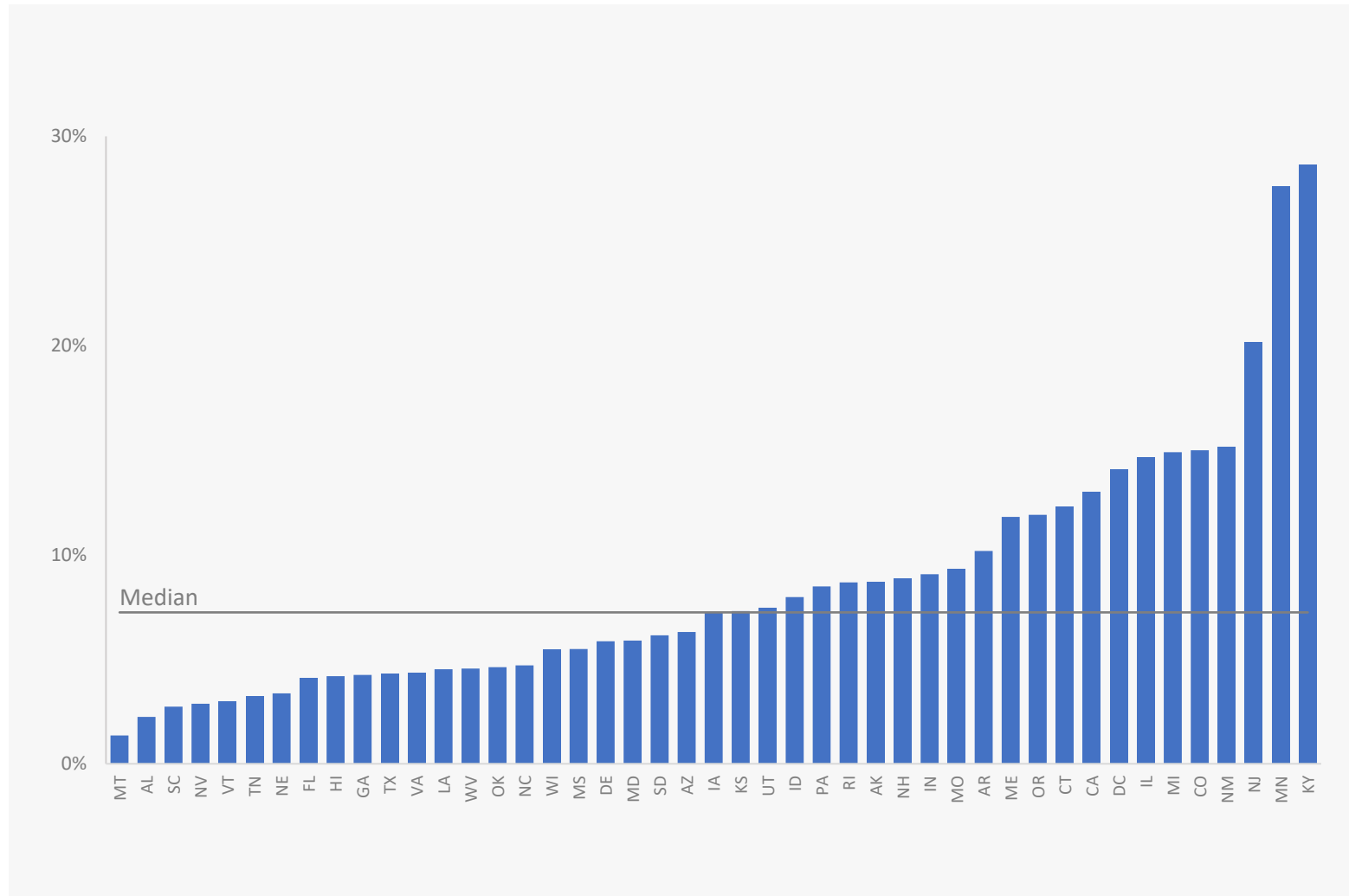


## Insights

Countrywide, the share of total incurred losses on COVID-19 claims is far below COVID-19's share of total claim counts. This indicates that COVID-19 claims reported to date are generally low-cost claims.

To some extent, the large share of COVID-19 claims is driven by the relatively high percentage of pandemic-related indemnity-only claims, which were atypical in the pre-pandemic WC system.

# COVID-19 Claim Count Shares by State



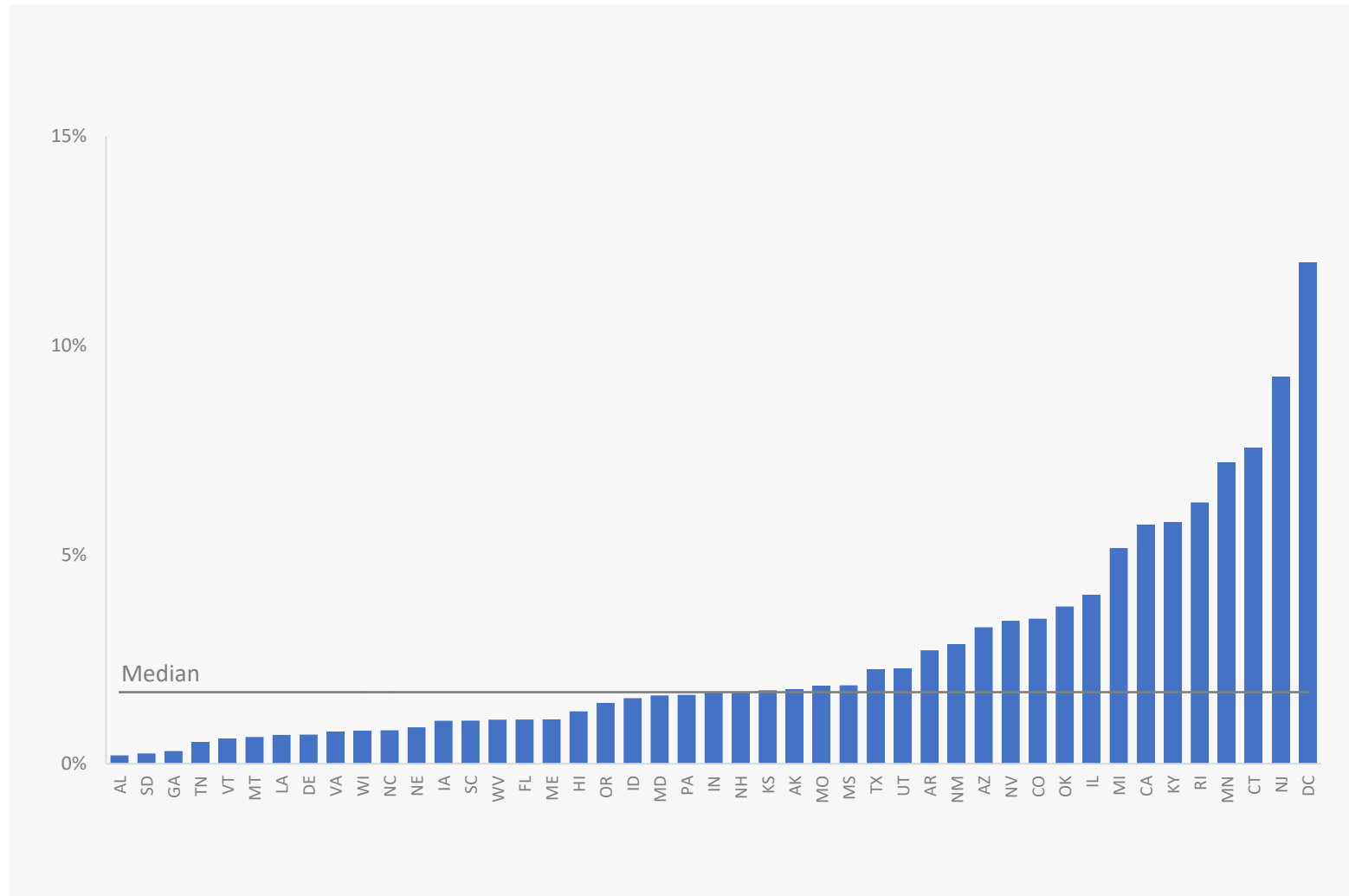
## Insights

By state, COVID-19 claim count shares varied from a low of 1% to a high of 29% across states with a median of 7.2%.

Presumption legislation varies among states regarding how it applies and who it applies to. Therefore, the existence of presumption legislation is one of many factors driving differences in the distribution of COVID-19 claim counts.

Another driving factor is that the average accident date varied between states due to the timing of initial and subsequent COVID-19 infection waves.

# COVID-19 Incurred Loss Shares by State



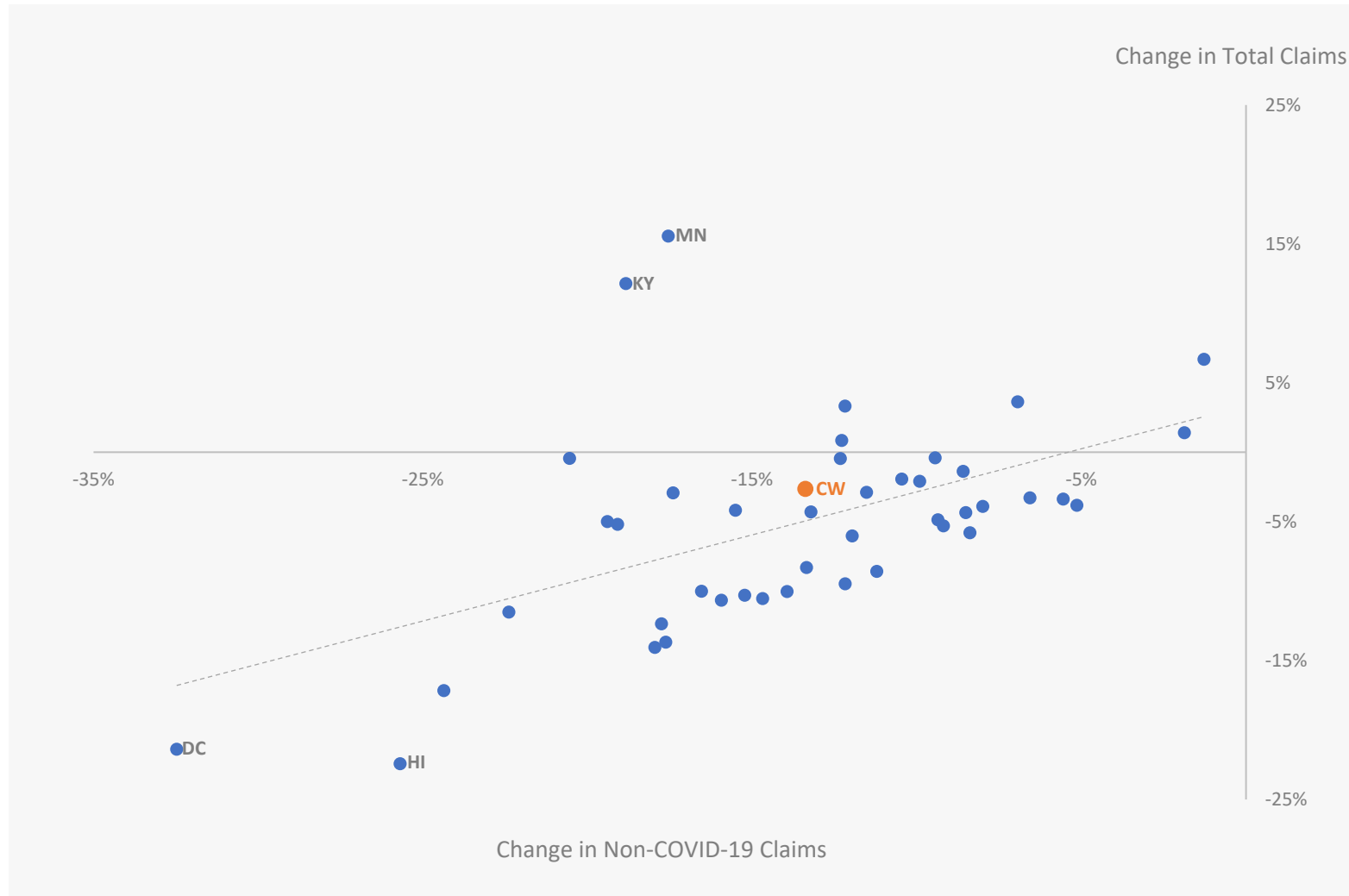
## Insights

COVID-19 incurred loss shares varied from a low of 0.2% to a high of 12% across states with a median of 1.7%.

The share of COVID-19 incurred losses is lower than the share of COVID-19 claim counts for all states.

Like claim count shares, presumption legislation and average accident dates also contribute to the wide variation of incurred loss shares among states.

# Change in Claim Counts from AY2019 to AY2020



## Insights

Including COVID-19 claims, *most* states saw a decrease in total claims between AYs 2019 and 2020.

Excluding COVID-19 claims, *all* states saw a decrease in claims between AYs 2019 and 2020.

Countrywide (CW), total claim counts decreased by 2.6% in AY2020, while non-COVID-19 claim counts decreased by 13%, as shown by the orange dot on the chart to the left.

In addition to changes in employment levels, variation of presumption legislation and later average accident dates, individual states' economic responses to the COVID-19 pandemic impacted the change in claim counts from AY2019 to AY2020. These factors are drivers of the outliers.

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

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

# Distribution

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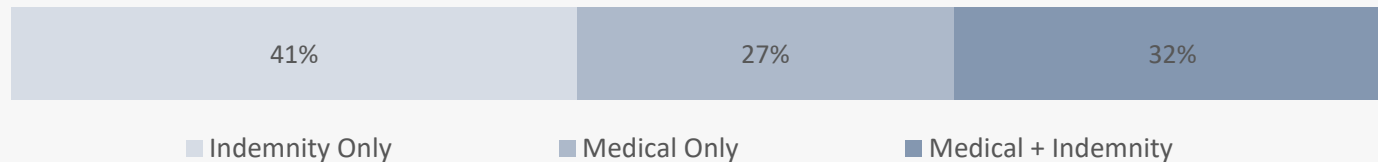
This section provides insight into distributions of COVID-19 claim count shares and incurred losses, and comparisons between COVID-19 and non-COVID-19 distributions.

## Metrics

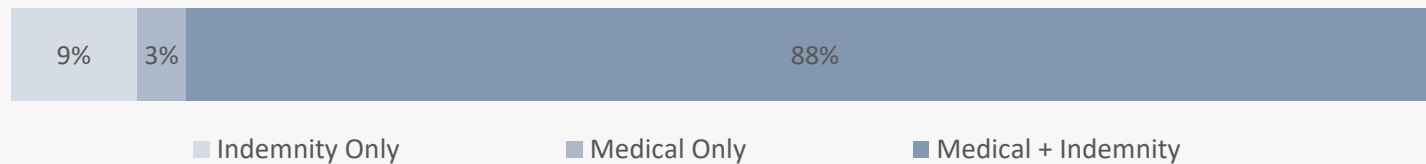
- Countrywide Distribution of COVID-19 Shares by Loss Type
- Distribution of COVID-19 Claim Count Shares by Loss Type
- Distribution of COVID-19 Incurred Loss Shares by Loss Type
- Distribution of COVID-19 Indemnity and Medical Incurred Loss Amounts
- Distribution of non-COVID-19 Indemnity and Medical Incurred Loss Amounts

# 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



## Insights

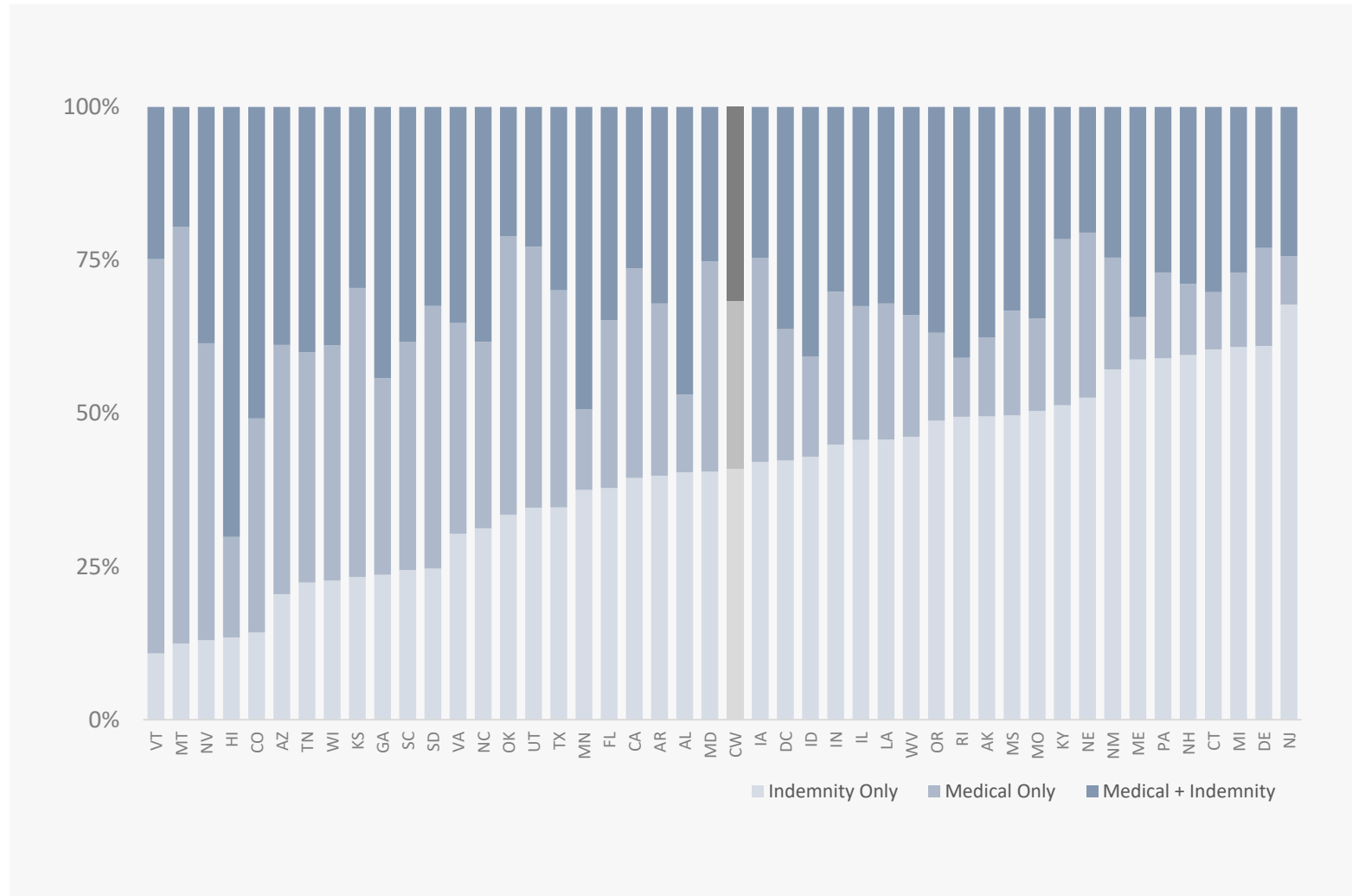
While indemnity-only claims typically represent less than 1% of non-COVID-19 claim counts, they are a significant share of COVID-19 claims. Although they account for 41% of reported COVID-19 claims, they account for less than 10% of incurred losses.

While medical-only claims typically account for more than 7%<sup>1</sup> of incurred losses on non-COVID-19 claims, they account for approximately 3% of COVID-19 incurred losses.

Medical + indemnity claims account for 88% of the incurred losses.

<sup>1</sup>NCCI's Annual Statistical Bulletin

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

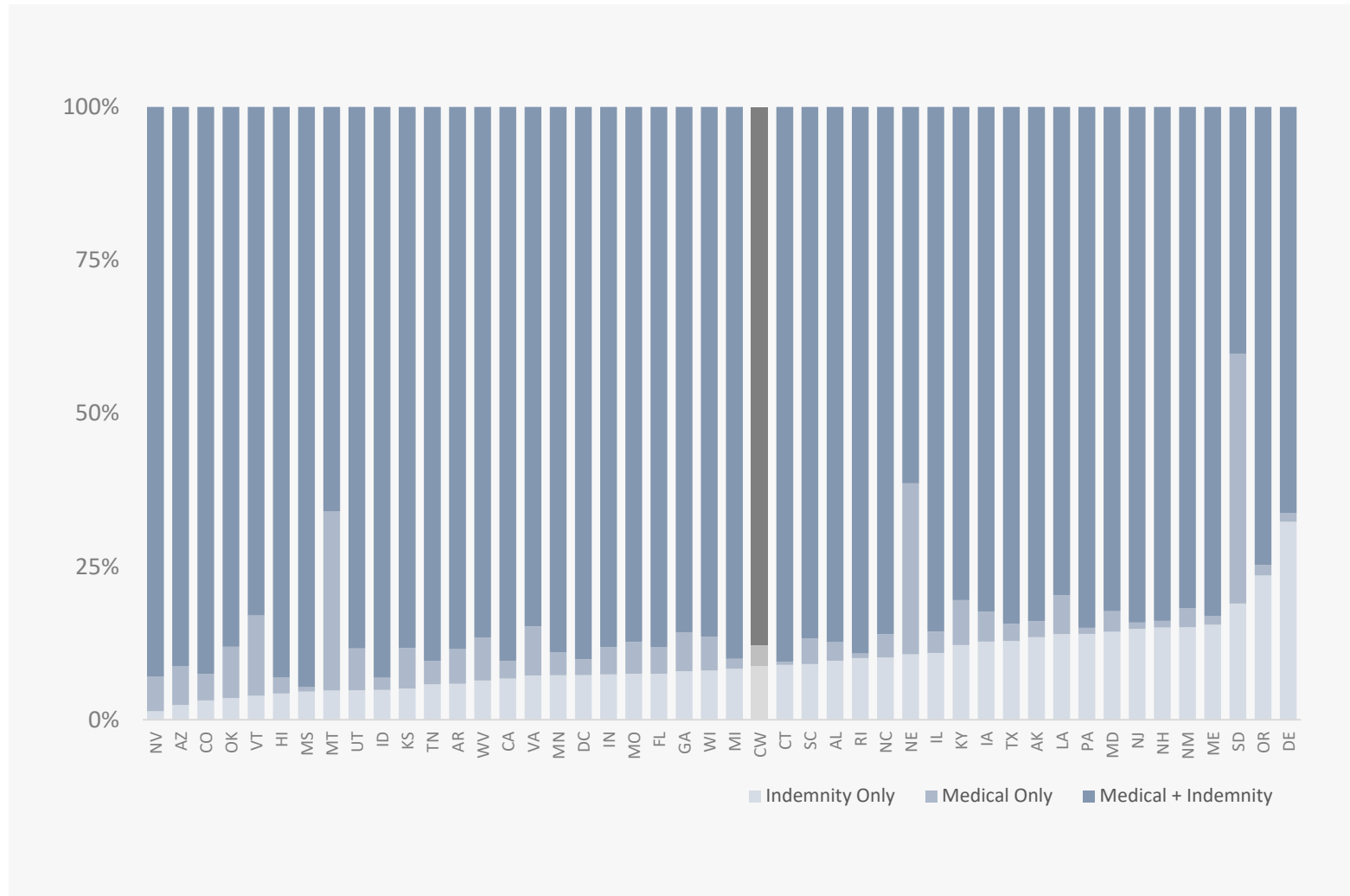


## Insights

Countrywide, indemnity-only claims represent 41% of all claims—and range from 11% to 68% across individual jurisdictions as of year-end 2020.



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



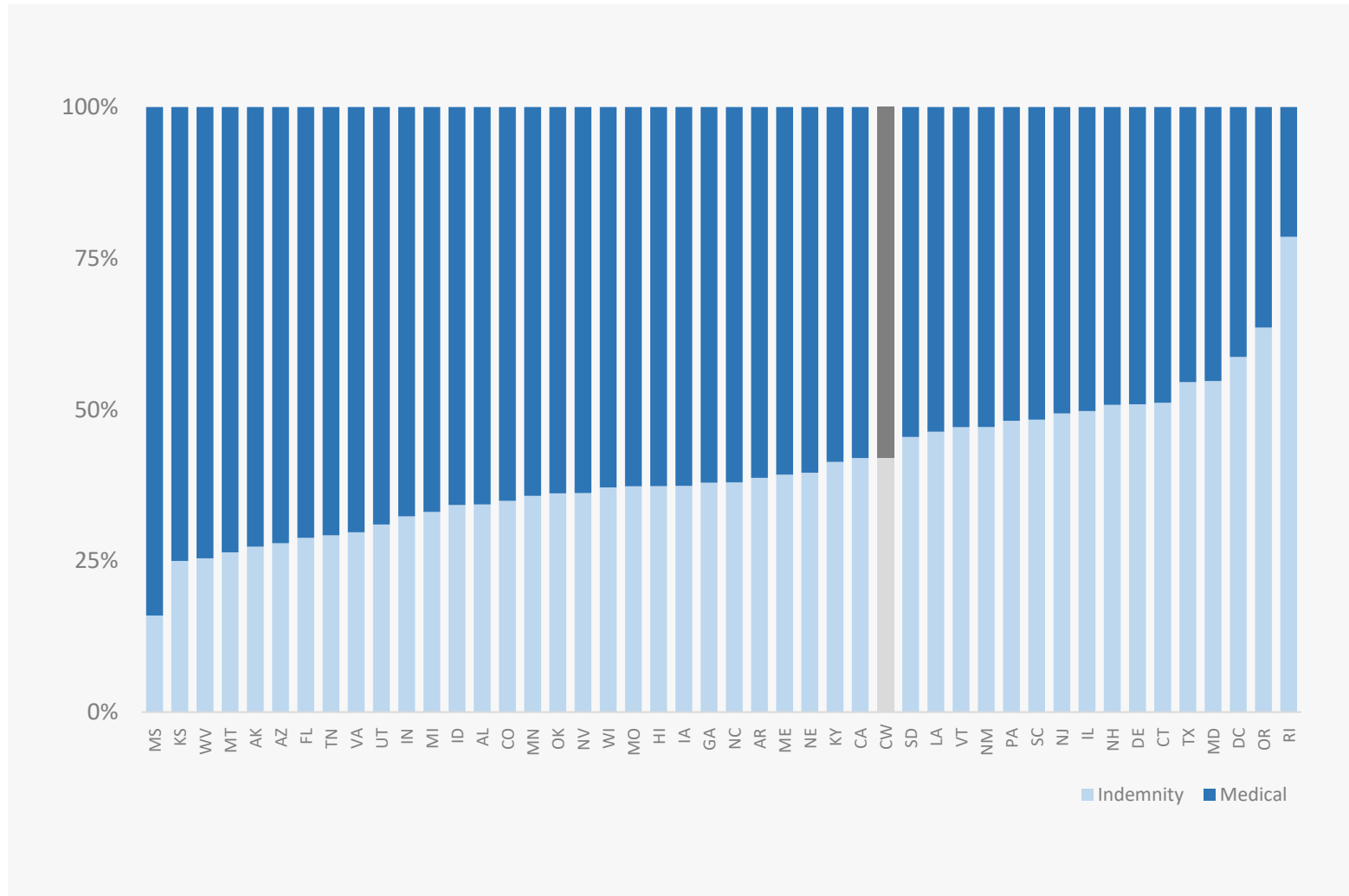
### Insights

While medical + indemnity COVID-19 claims comprise only 32% of claim counts, they account for most of the incurred losses.

The shares of incurred loss on these medical + indemnity claims range from 40% to 95%, while the shares of indemnity-only losses range from 1% to 32%.

Indemnity-only COVID-19 claims are typically small, representing a few weeks' indemnity payments. Examples include mild cases where positive tests were not paid through WC, quarantine claims (where covered), and claims where the medical portion was paid by another payor.

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



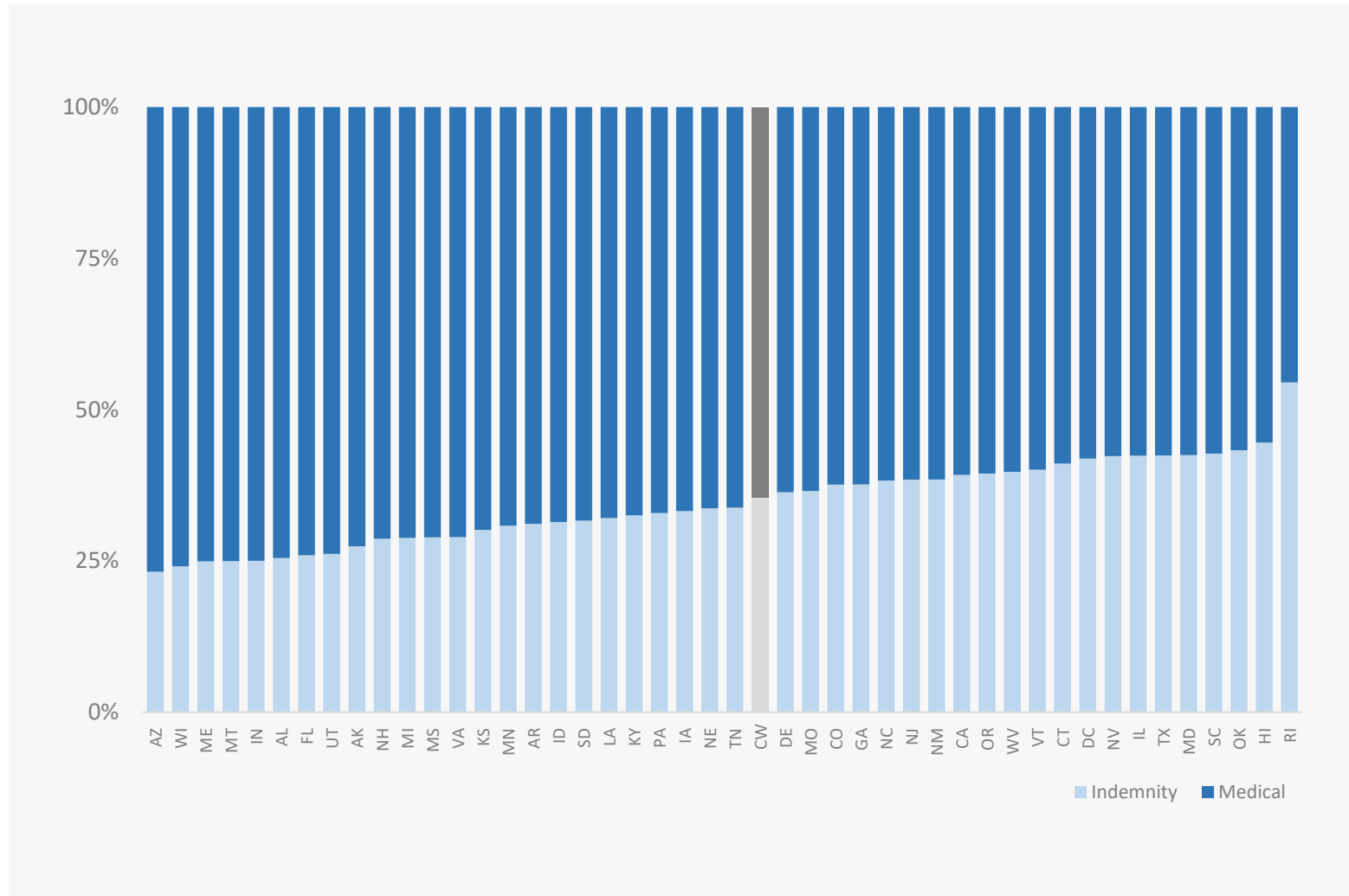
## Insights

Countrywide, indemnity losses account for 42% of total COVID-19 incurred losses.

By state, COVID-19 indemnity loss shares range from approximately 16% to nearly 79% of total incurred loss.

Countrywide, and for many states, the indemnity loss share of total incurred losses is higher for COVID-19 claims than for non-COVID-19 claims.

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



## Insights

Countrywide, indemnity losses account for 35% of total incurred losses on non-COVID-19 claims.

By state, non-COVID-19 indemnity losses range from 23% to 54% of total incurred losses.

The distribution of indemnity losses by state for non-COVID-19 claims has a smaller range than for COVID-19 claims.

# Severities

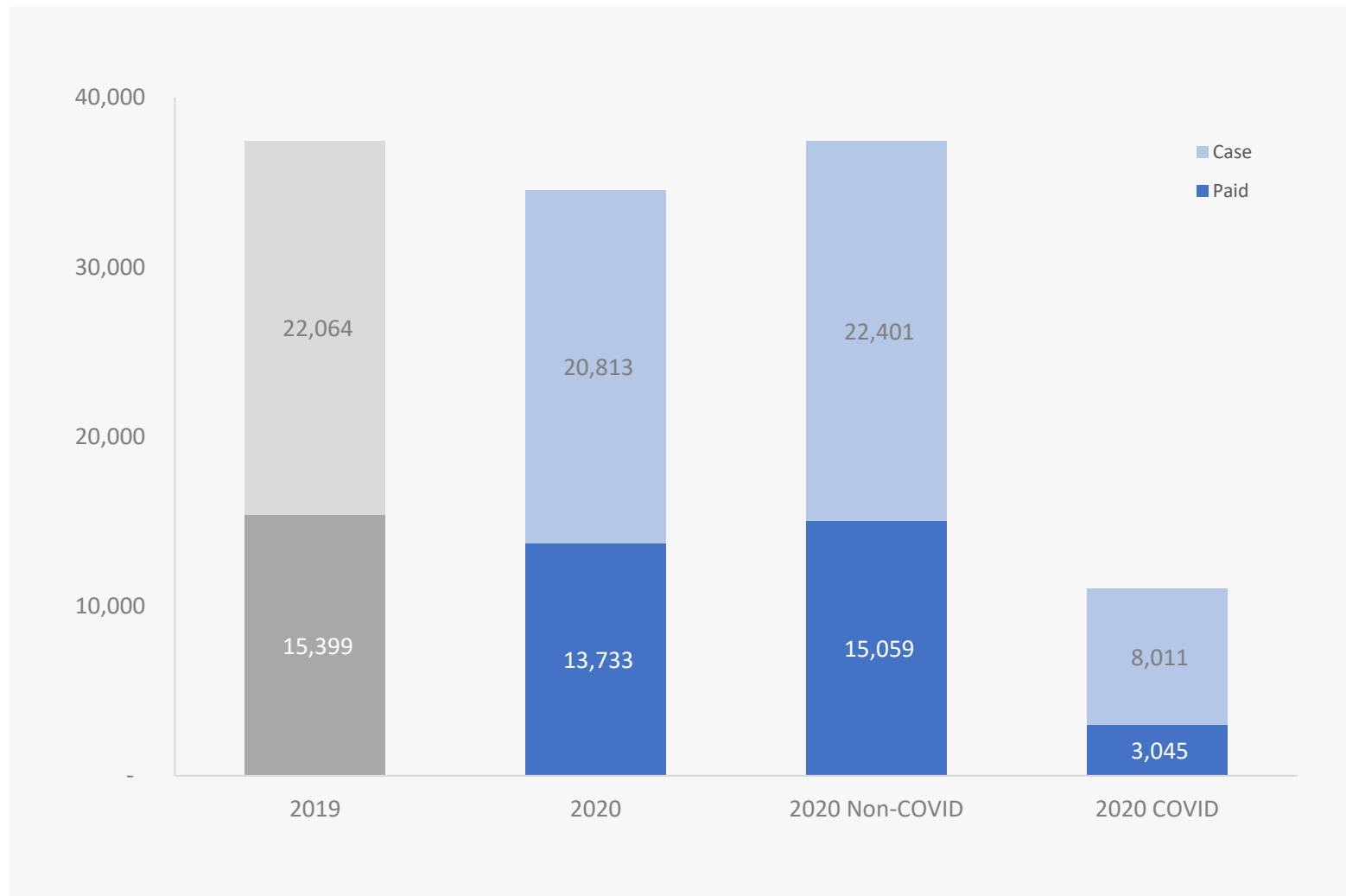
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This section focuses on [paid and paid plus case \(incurred\) severities](#) for the WC industry. Severities indicate the average paid or incurred amount per indemnity claim for each of the years shown. Unless stated otherwise, severities are lost-time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

## Metrics

- [Countrywide Average Lost-Time Severities by Accident Year \(COVID-19 and Non-COVID-19\)](#)
- [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 \(Paid & Paid + Case\)](#)
- [Difference in Average Severity between AY19 and AY20 Non-COVID-19 Claims \(Paid & Paid + Case\)](#)
- [Difference in Average P+C Severity between AY19 and AY20 Non-COVID-19 Claims \(Indemnity & Medical\)](#)

# Countrywide Average Lost-Time Severities by Accident Year



## Insights

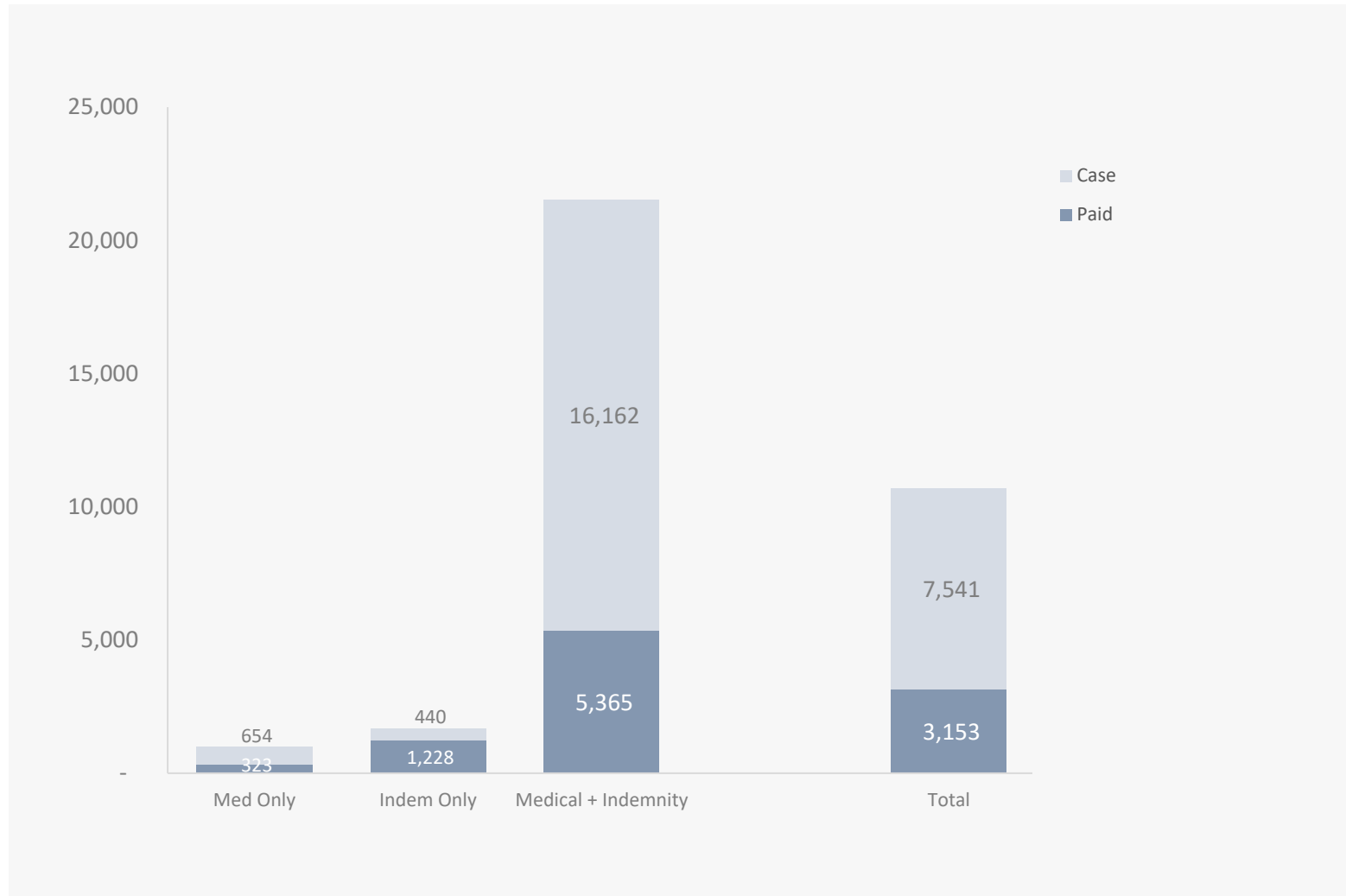
Overall, both paid and paid + case severities decreased from AY2019 (as of year-end 2019) to AY2020 (as of year-end 2020).

Excluding COVID-19 claims, the average claim severities remained relatively consistent between AYs.

On average, COVID-19 claims had lower paid and case amounts versus non-COVID-19 claims.

The lower-than-average severity is driven by the large share of indemnity-only claims, which tend to be less costly.

# COVID-19 Average Severities by Loss Type



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

## Insights

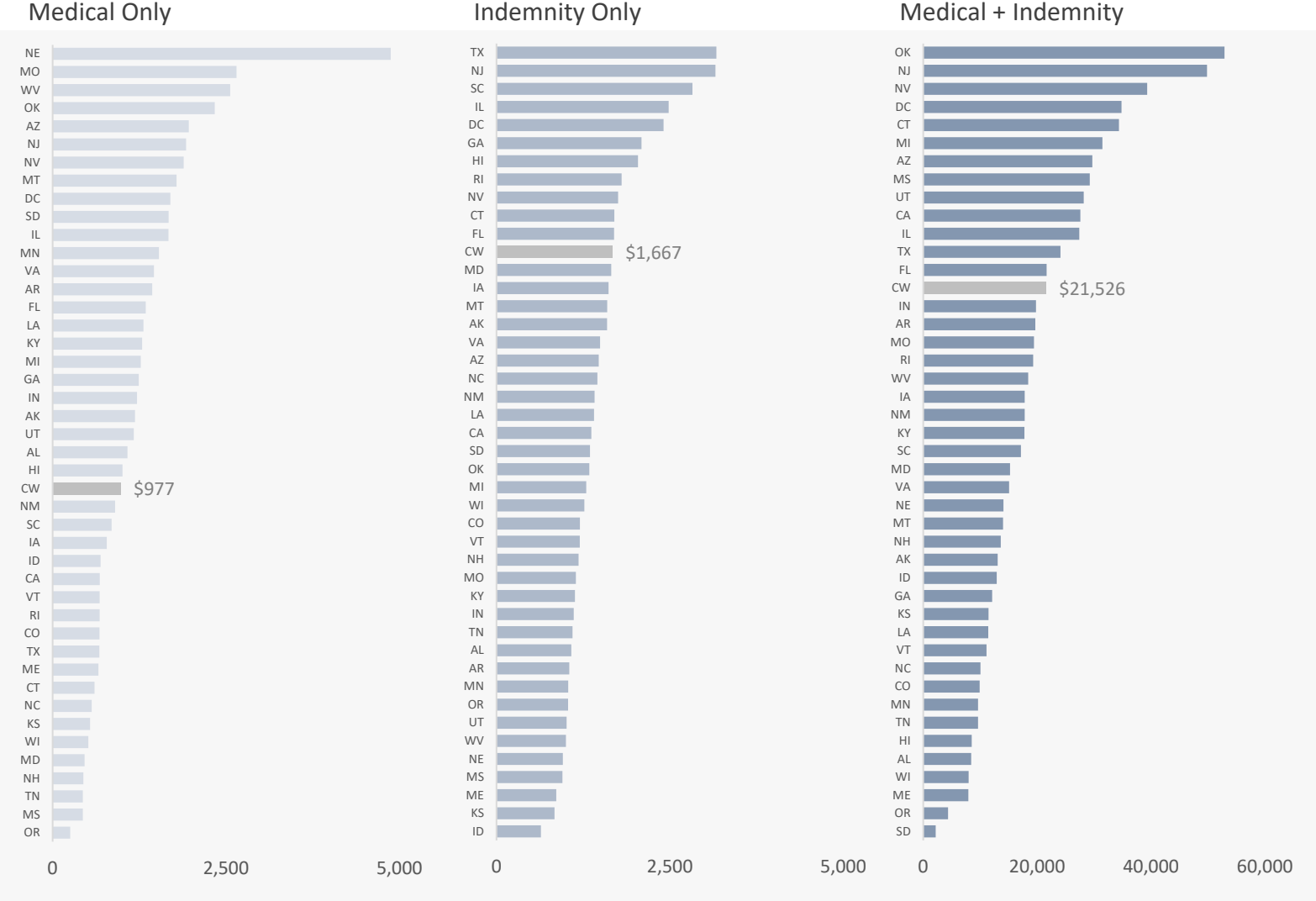
The average medical-only claim severity is similar pre- and post-pandemic.

On average, indemnity-only COVID-19 claims have slightly higher severities than medical-only COVID-19 claims.

By state, the indemnity-only severities are consistently lower than average severities on medical + indemnity claims.

While medical + indemnity claims are the costliest COVID-19 claim type, they are less costly than the average lost-time WC claim.

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



## Insights

Within loss types, the distribution of average severities by state varies.

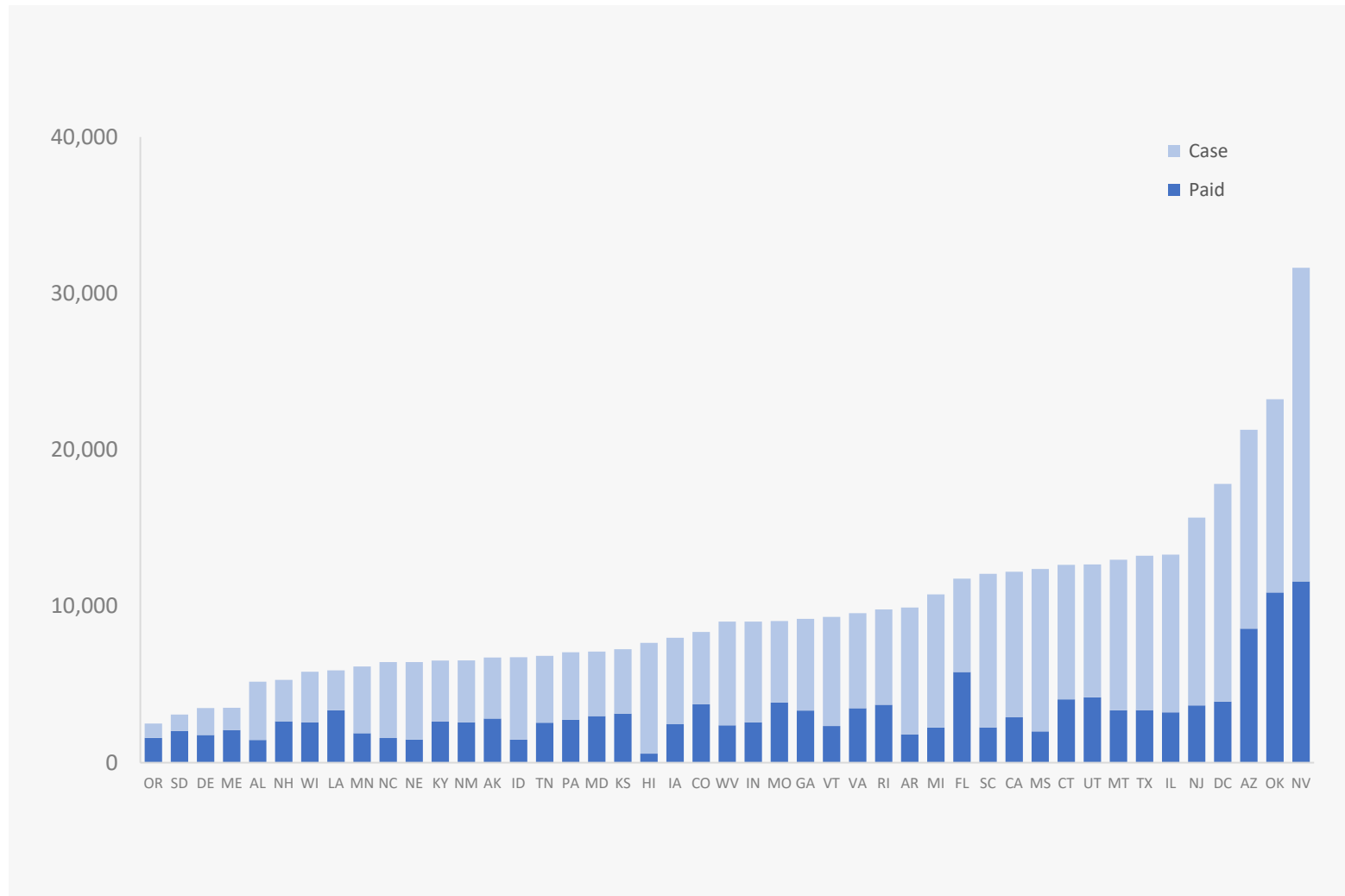
Medical-only severities for COVID-19 claims ranged from approximately \$250 to over \$4,800.

Indemnity-only severities for COVID-19 claims ranged from approximately \$650 to over \$3,000.

Medical + indemnity severities for COVID-19 claims ranged from over \$2,000 to nearly \$53,000.

The average indemnity-only severity is less than medical + indemnity severity in all states, and greater than medical-only severity in many states.

# COVID-19 Lost-Time Severities by State



## Insights

By state, COVID-19 severities range from approximately \$2,500 to over \$30,000.

The countrywide weighted-average paid severity for a COVID-19 claim is \$3,200.

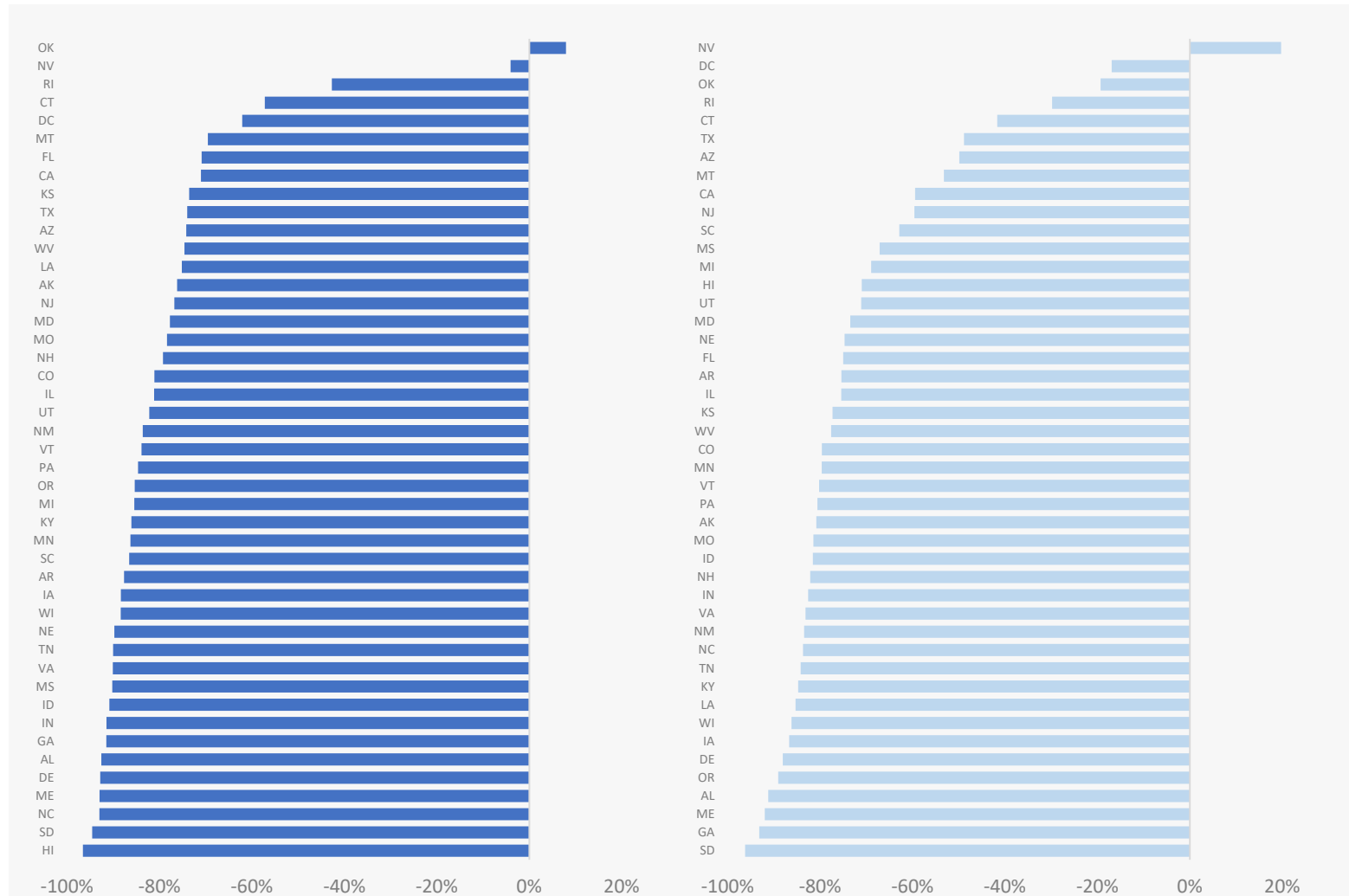
The countrywide weighted-average case incurred severity for a COVID-19 claim is \$7,500.

Note: The occurrence of relatively large claims in AZ, NV, and OK influenced their average severity values.



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

## Paid and Paid + Case



## Insights

On average, both paid and paid + case severities for COVID-19 lost-time claims are 70% less-costly than for non-COVID-19 claims.

Across states, COVID-19 paid + case claim severities range from 96% less-costly to 20% more-costly when compared with non-COVID-19 claims.

Note: The occurrence of relatively large claims in NV and OK influenced those states' values.

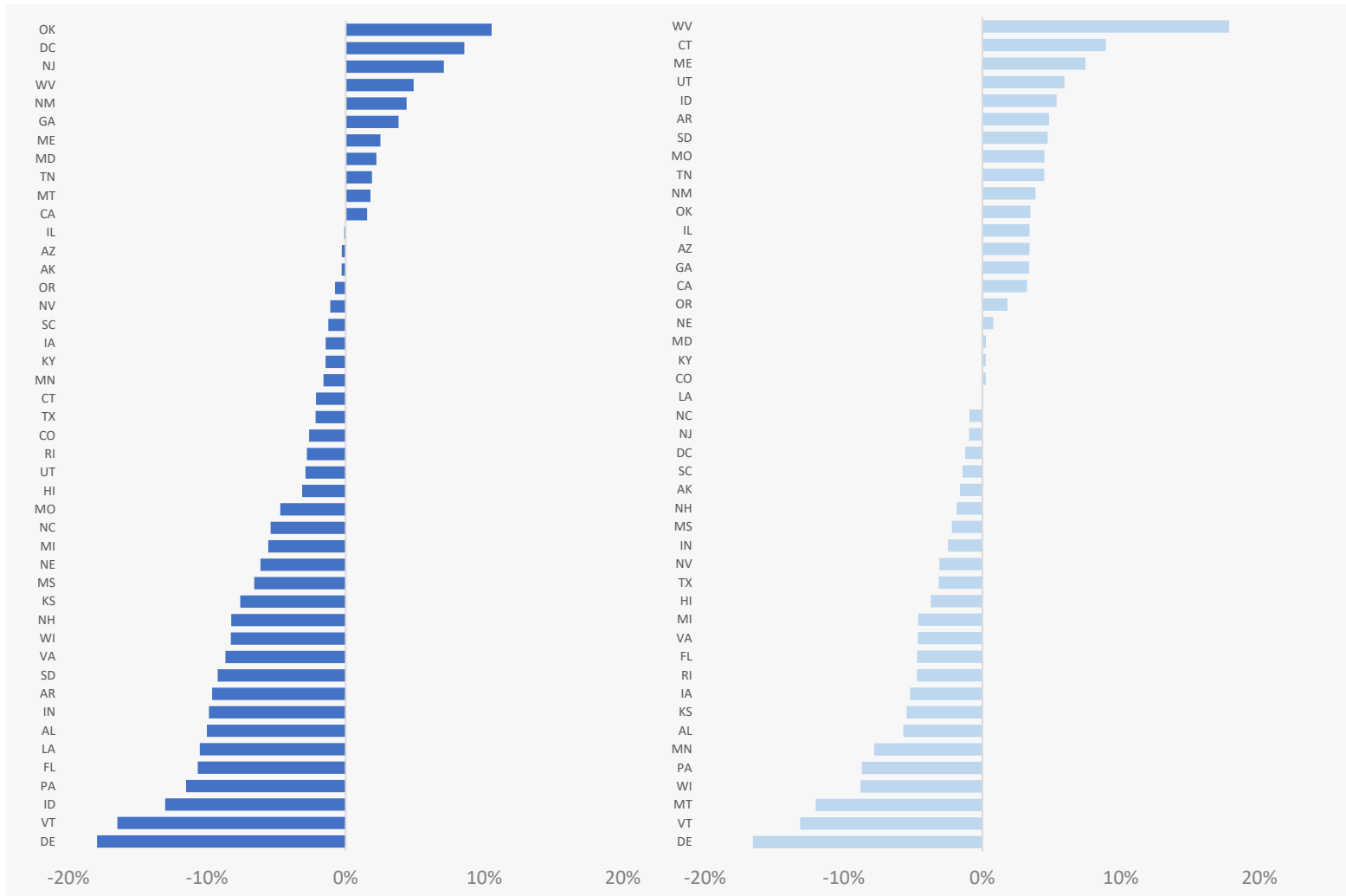
Calculation:  

$$\left[ \frac{\text{COVID-19 Severity}}{\text{Non-COVID-19 Severity}} - 1 \right]$$

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



## Insights

On average, paid severities for non-COVID-19 claims decreased by 2% while paid + case severities for non-COVID-19 claims remained stable between AY2019 (as of year-end 2019) to AY2020 (as of year-end 2020).

By state, paid severity changes between AY2019 and AY2020 ranged from -18% to +11%.

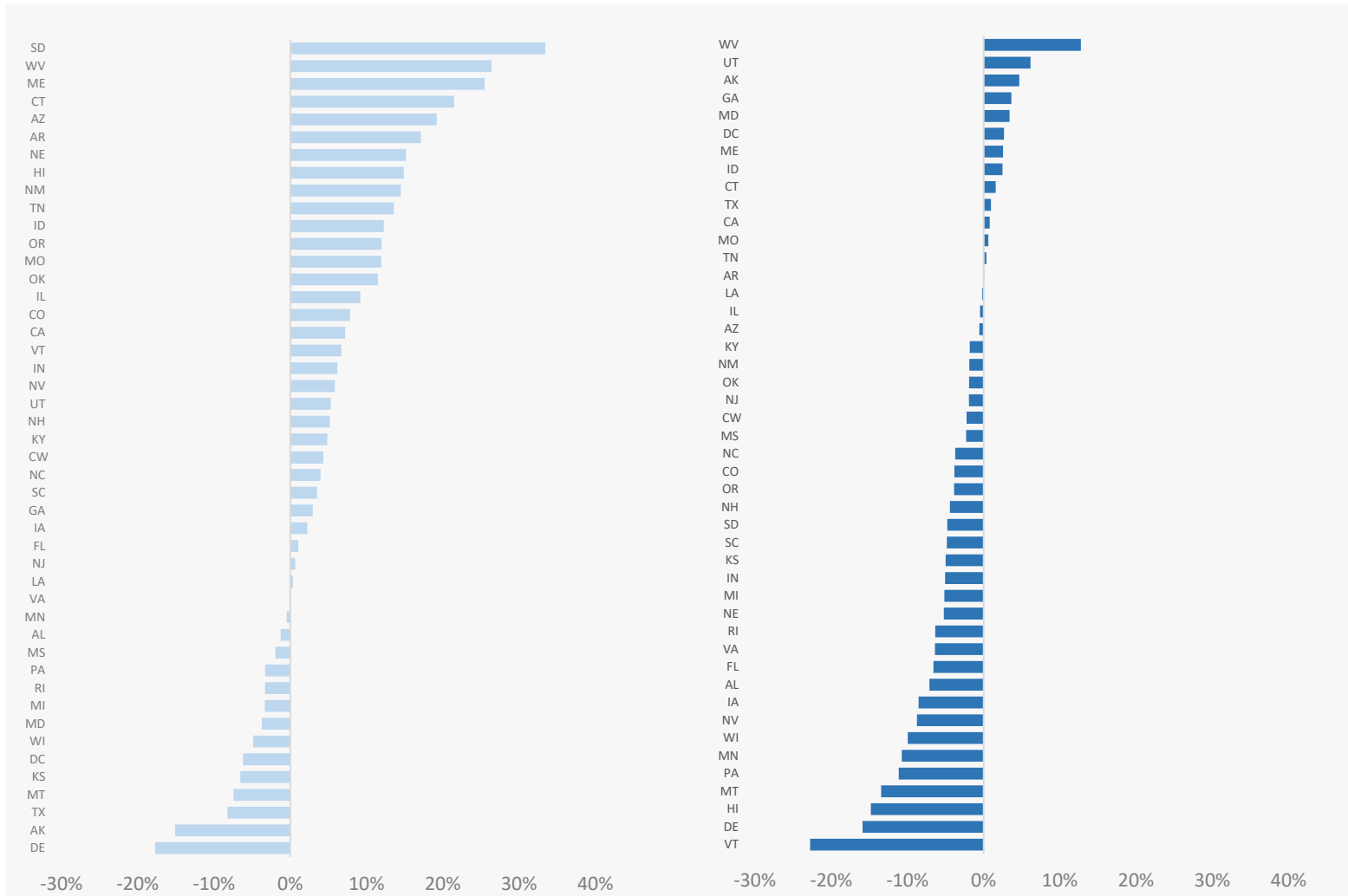
By state, paid + case severity changes between AY2019 and AY2020 ranged from -17% to +18%.

Calculation:  

$$\left[ \frac{\text{AY2020 Non-COVID-19 Severity}}{\text{AY2019 Total Severity}} - 1 \right]$$

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

## Indemnity and Medical



## Insights

On average, indemnity severity increased 4%, while medical severity decreased 2%.

By state, paid + case indemnity severity changes between AY2019 (as of year-end 2019) to AY2020 (as of year-end 2020) ranged from -18% to +33%.

By state, paid + case medical severity changes between AY2019 and AY2020 ranged from -23% to +13%.

Based on research from [NCCI](#) and [WCIRB CA](#), delays in medical treatment do not seem to drive the relatively larger observed medical severity declines compared with those for indemnity.

Calculation:  

$$\left[ \frac{\text{AY2020 Non-COVID-19 Severity}}{\text{AY2019 Total Severity}} - 1 \right]$$

## Open Ratios and Paid to Paid + Case Ratios

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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.

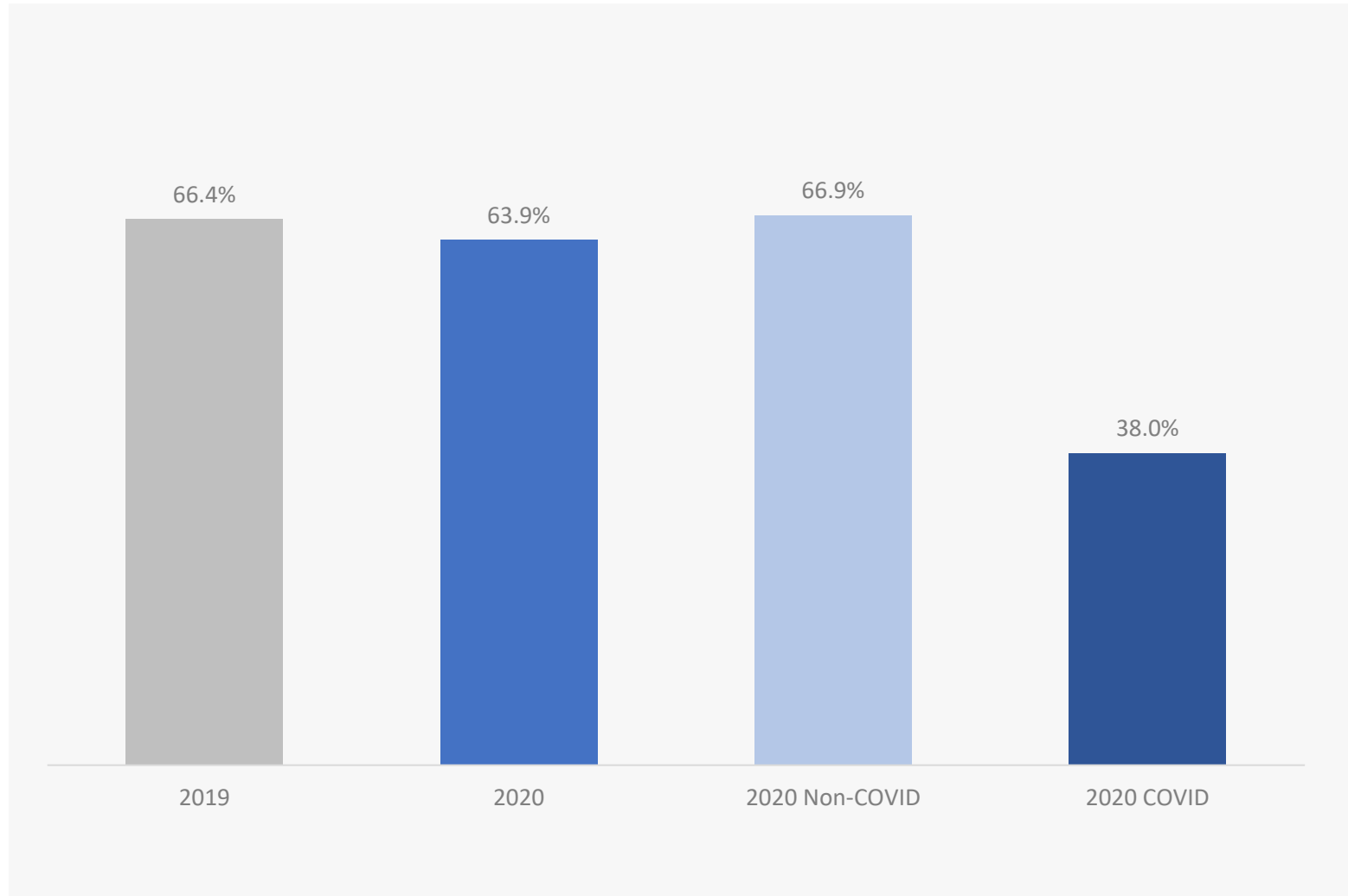
# Open Ratios, Paid to Paid + Case Ratios | Overview

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## Metrics

- Countrywide Open Ratios by Accident Year (COVID-19 and non-COVID-19)
- Countrywide Paid to Paid + Case Ratios by Accident Year (COVID-19 and non-COVID-19)
- COVID-19 Open Ratios by Loss Type
- COVID-19 Paid to Paid + Case Ratios by Loss Type
- COVID-19 Open Ratios by State (Compared to Share of Indemnity Only Claims)
- Paid to Paid + Case Ratios by State (COVID-19 and non-COVID-19)
- COVID-19 Indemnity-Only Closed Ratios by State

# Countrywide Open Ratios by Accident Year



Open ratios are for indemnity lost-time claims.  
Excludes data for DE, MN, and PA. Refer to [Data Description](#) for additional details.

## Insights

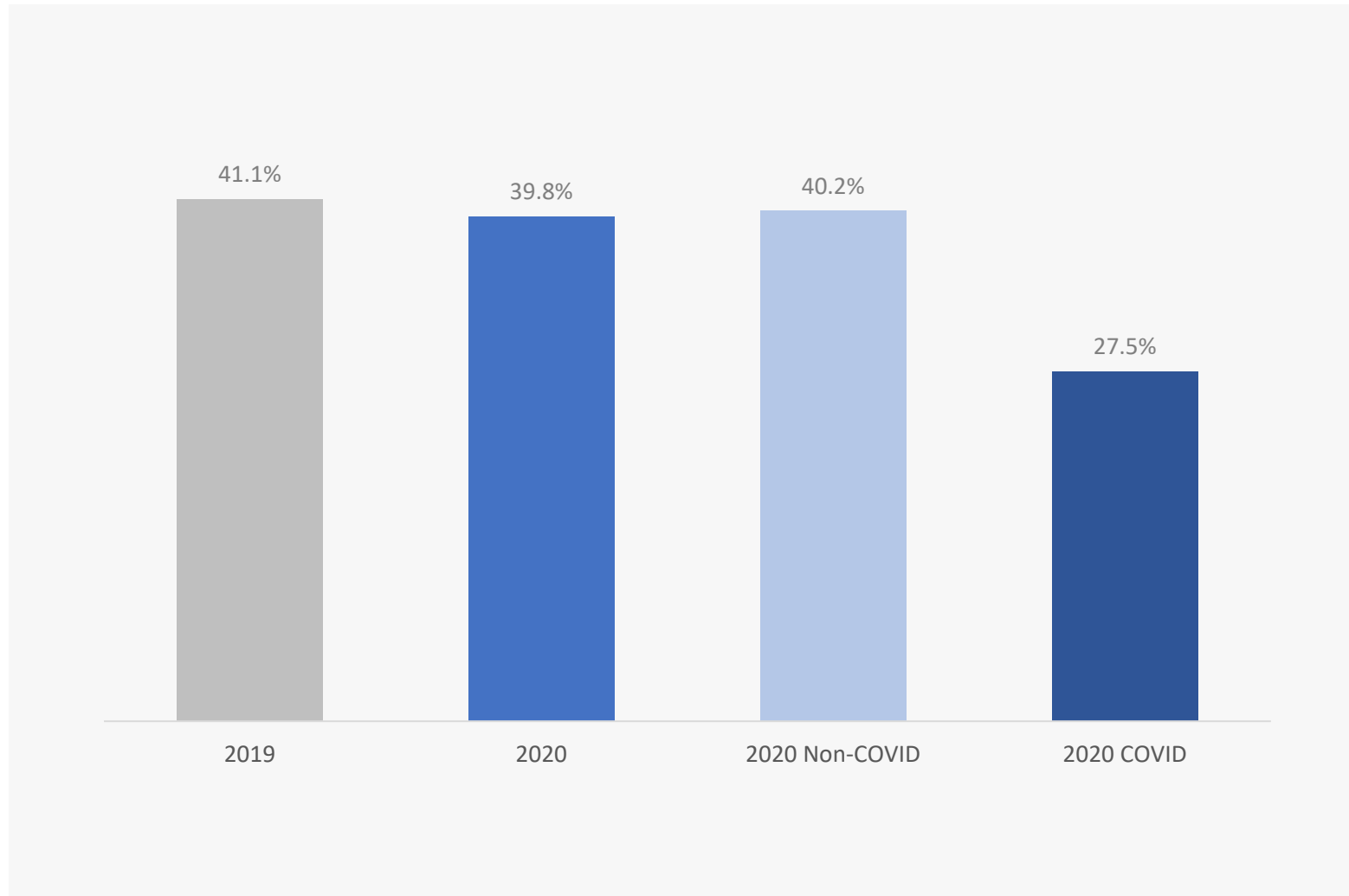
On average, COVID-19 claims closed faster than non-COVID-19 claims in AY2020, despite a later average accident date in 2020.

Overall, open ratios decreased from AY2019 (as of year-end 2019) to AY2020 (as of year-end 2020).

Excluding COVID-19 claims, the open ratio remained relatively consistent between AYs 2019 and 2020.

No significant variation in open ratios was observed between AYs by state. Further, COVID-19 claims consistently closed faster than non-COVID-19 2020 claims in nearly all states.

# Countrywide Paid to Paid + Case Ratios by Accident Year

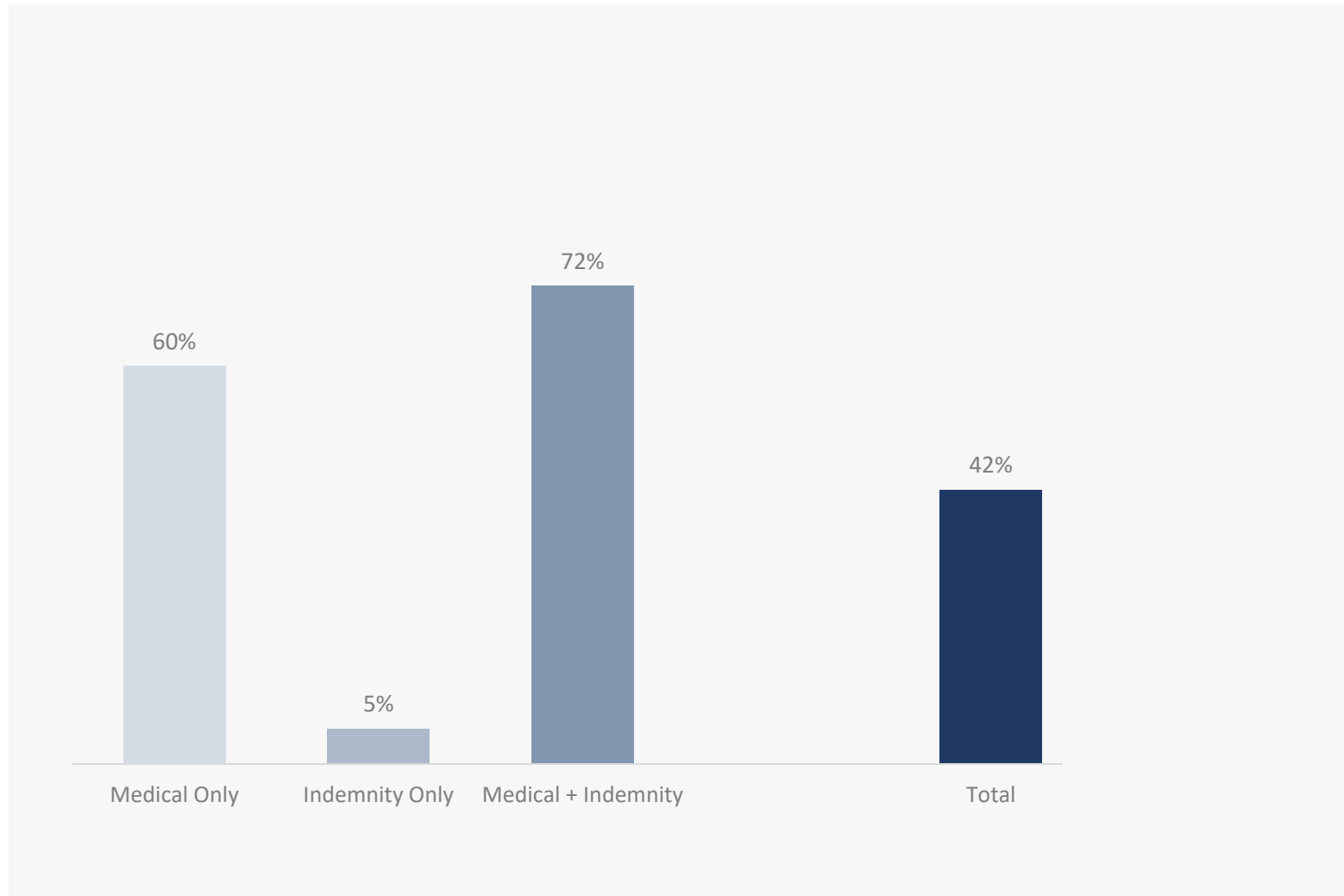


## Insights

Even with fewer open claims, the ratio of paid to paid + case losses was lower for COVID-19 claims across most states.

Around half of the states had paid to paid + case ratios with a difference greater than 10% between COVID-19 and non-COVID-19 claims.

# COVID-19 Open Ratios by Loss Type



“Total” includes indemnity and medical-only claim counts.  
Excludes data for CA, DE, and PA. Refer to [Data Description](#) for additional details.

## Insights

Indemnity-only claims, which account for more than 40% of COVID-19 claims, appear to be a driver of the relatively faster claim closure rate associated with COVID-19 claims compared to non-COVID-19 claim closure rates.

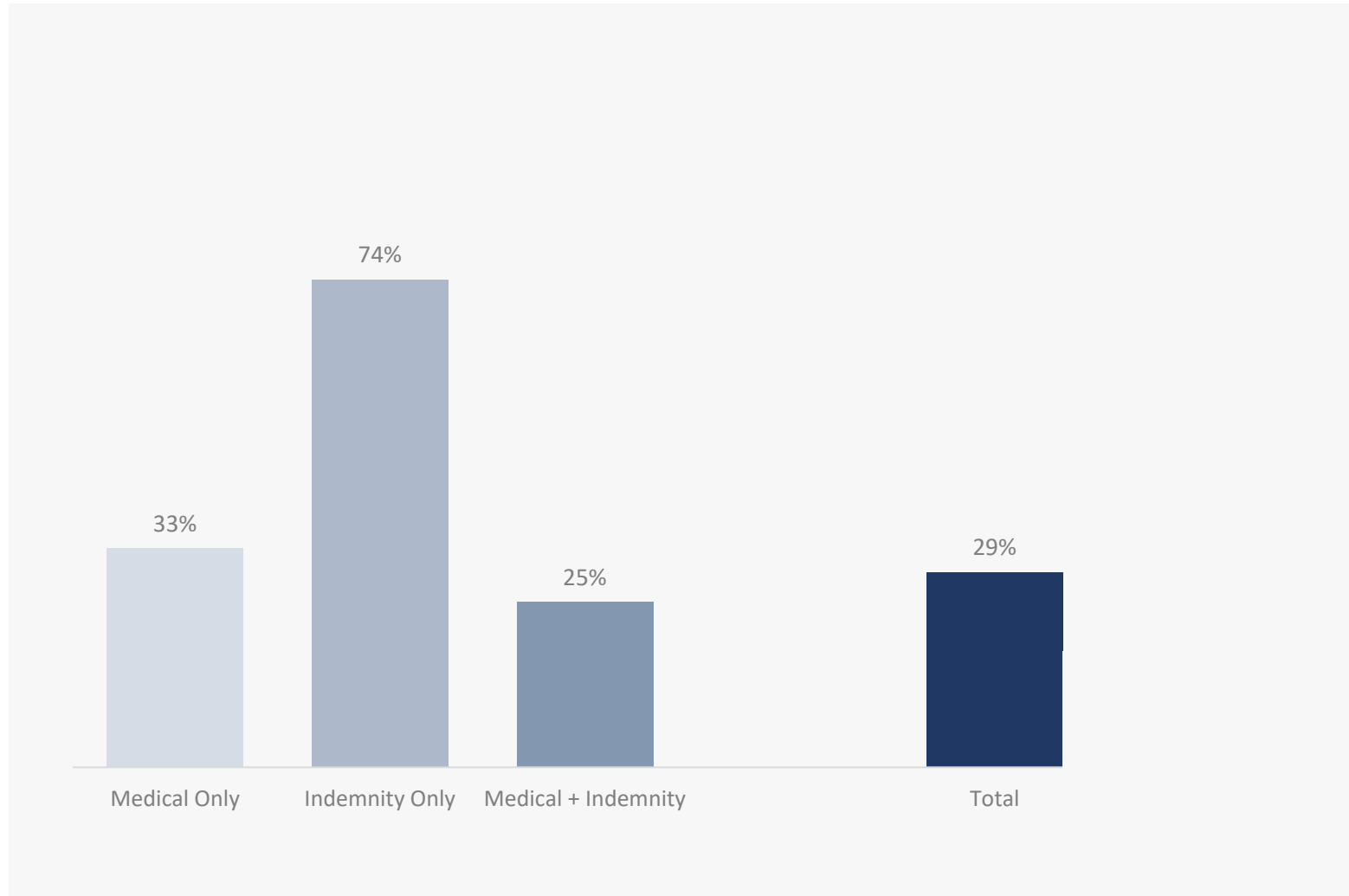
COVID-19 claims with both a medical and indemnity component have a higher open ratio. These claims closed more slowly than the average lost-time WC claim.

Slower closure on these claims may be partially attributed to timing. The first wave of the pandemic hit in March 2020; therefore, COVID-19 claims have a later average accident date than all WC claims.

Medical-only open ratios are higher than typical ratios for pre-pandemic claims which closed quickly.



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



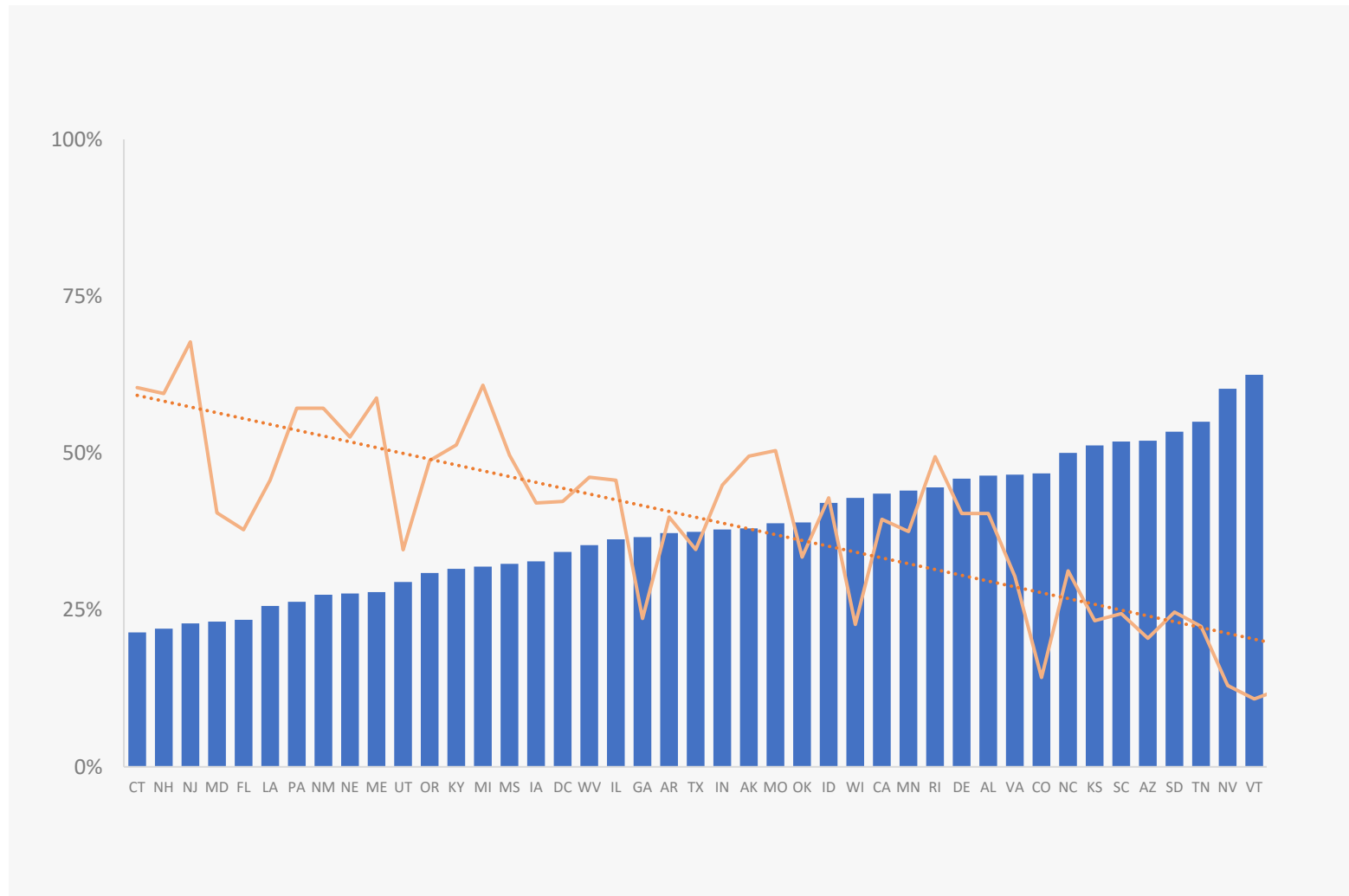
“Total” includes indemnity and medical-only claim counts.

## Insights

Paid to paid + case ratios are lower for COVID-19 claims due, in part, to the lower ratio for medical + indemnity claims.

For COVID-19 medical + indemnity claims, the lower ratio here is potentially influenced by the later-than-average accident date, the potential for permanent disability from long COVID, and increased uncertainty surrounding possible litigation in an unknown legal environment for this new type of risk, leading to increased case reserves.

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



## Insights

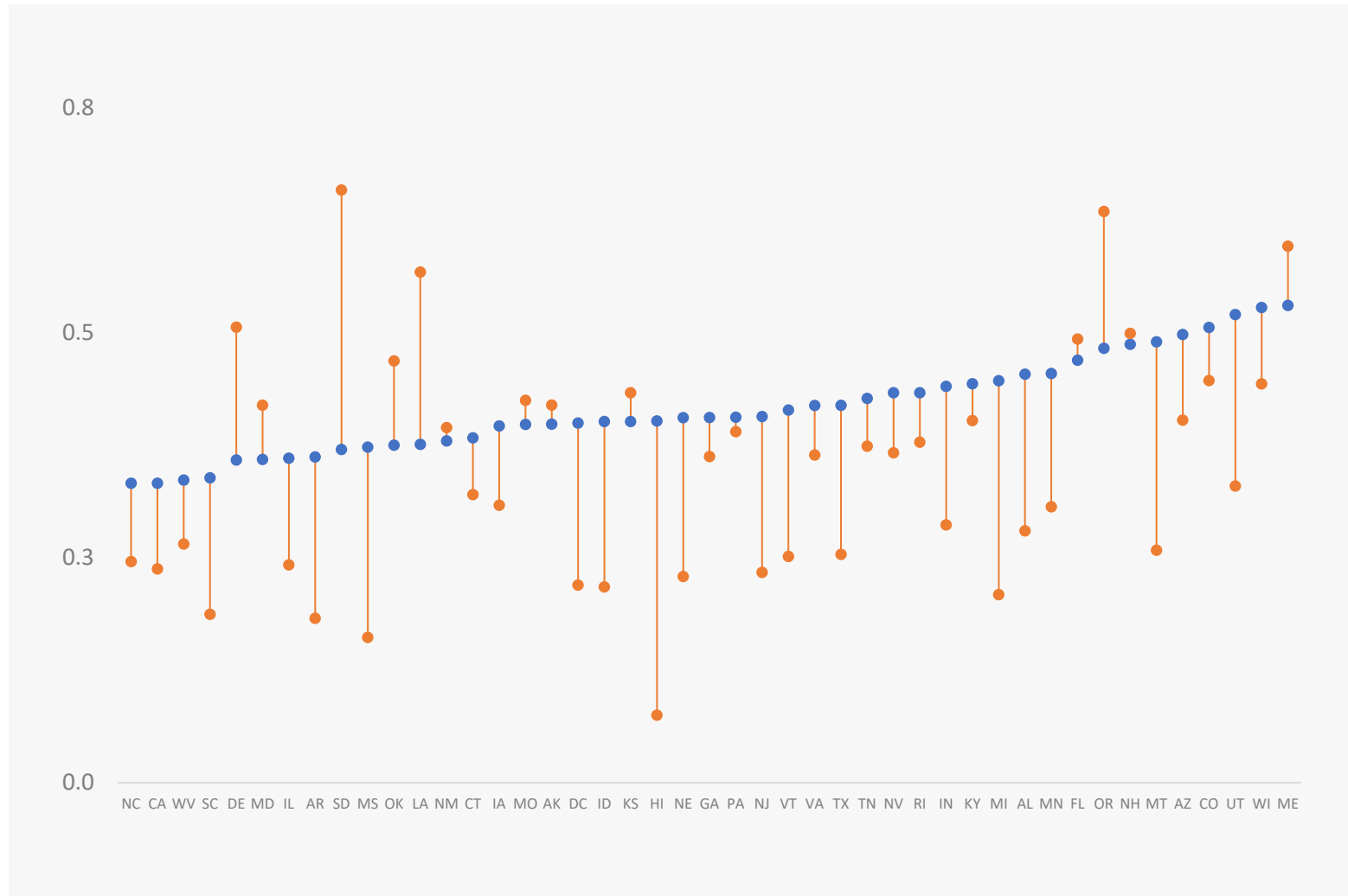
By state, COVID-19 open ratios range from approximately 20% to over 60%.

There exists some correlation between the claim closure percentages and the share of indemnity-only claims, indicating indemnity-only claims may be influencing the open ratios by state for COVID-19 claims.

States with lower open ratios (i.e., higher closures) had a higher ratio of COVID-19 indemnity-only claims relative to total COVID-19 claims.

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



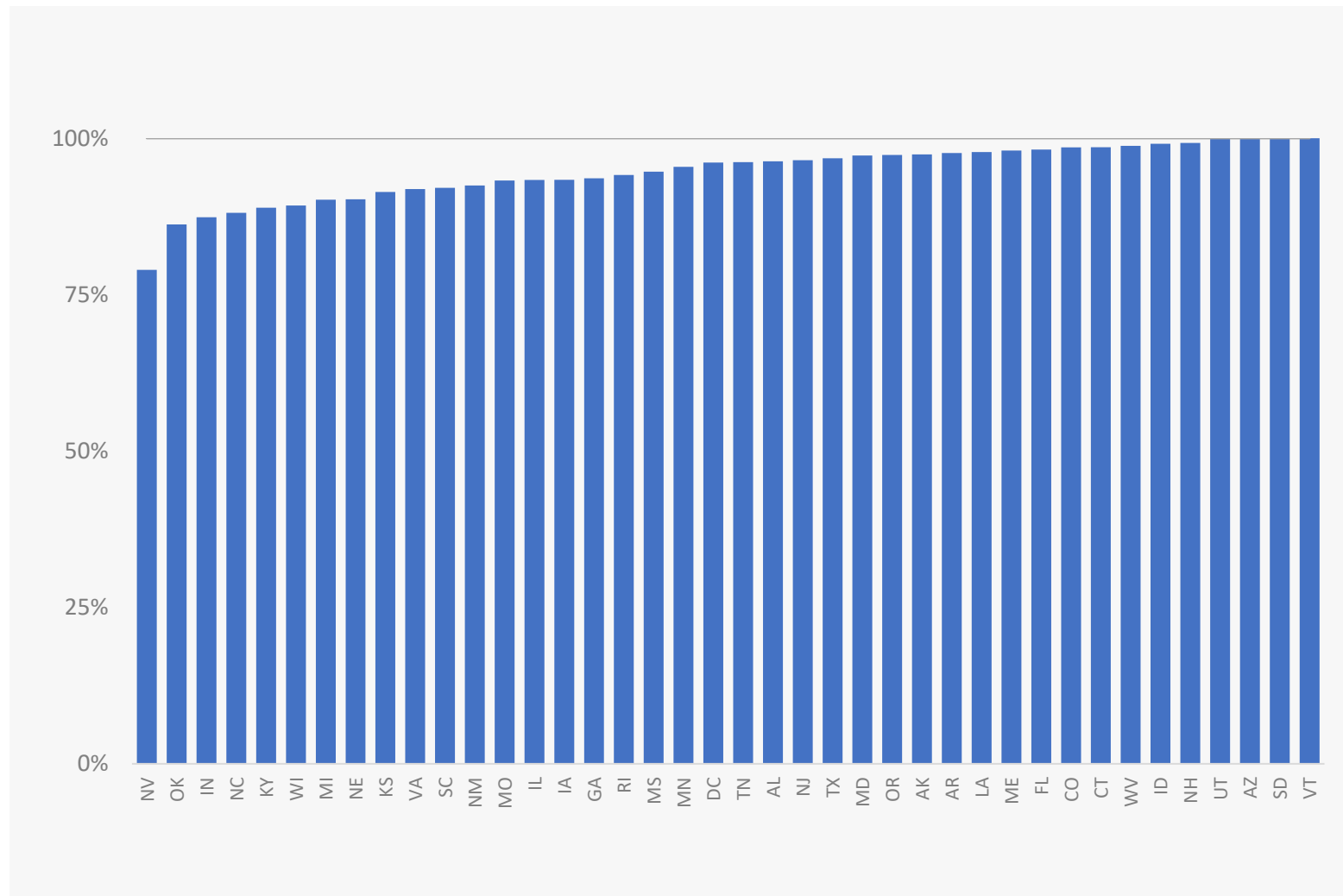
## Insights

COVID-19 paid to paid + case ratios range from 7% to over 65% across states.

By state, large paid to paid + case ratios for non-COVID-19 claims do not necessarily translate into large paid to paid + case ratios for COVID-19 claims.

Most states show higher paid to paid + case ratios for non-COVID-19 claims compared to COVID-19 claims.

# COVID-19 Indemnity-Only Closed Ratios by State



## Insights

Countrywide, only 5% of indemnity-only COVID-19 claims were open at year-end 2020.

These claims consistently closed faster across all states.

They are likely short-term disability wage replacement claims that involve workers with COVID-19 exposure, having mild to no symptoms, and were only required to quarantine.

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

## Conclusion | Looking Ahead

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The COVID-19 pandemic has continued throughout 2021 and many uncertainties remain. The industry continues to watch for the potential effects of post-acute COVID-19, also known as “Long COVID,” as well as the potential for COVID-19 variants. Many questions remain as the 2021 data becomes available, such as:

- Considering the vaccine became available to frontline workers at the beginning of 2021, to what extent did that curtail the total number and severity of COVID-19 WC claims in 2021?
- How did the summer 2021 COVID-19 case surges impact the WC system?
- Do COVID-19 claims develop similarly to the standard WC claim?
- Will we continue to see a large share of indemnity-only COVID-19 claims in the WC system?
- Even though most indemnity-only COVID-19 claims are closed, will these claims reopen and return to the WC system?

Vaccine rollouts and the mandatory use of personal protective equipment in the workforce are expected to result in a significant reduction in the virus infection rate among workers. Anecdotal feedback suggests a potential decrease in the number of COVID-19 WC claims from 2020 to 2021, yet uncertainties remain as we evaluate and better understand how Long COVID will impact AY2020 claims and claims in future years. We will continue to analyze the data as it becomes available and provide meaningful insights to the industry.

## Conclusion | Concluding Remarks

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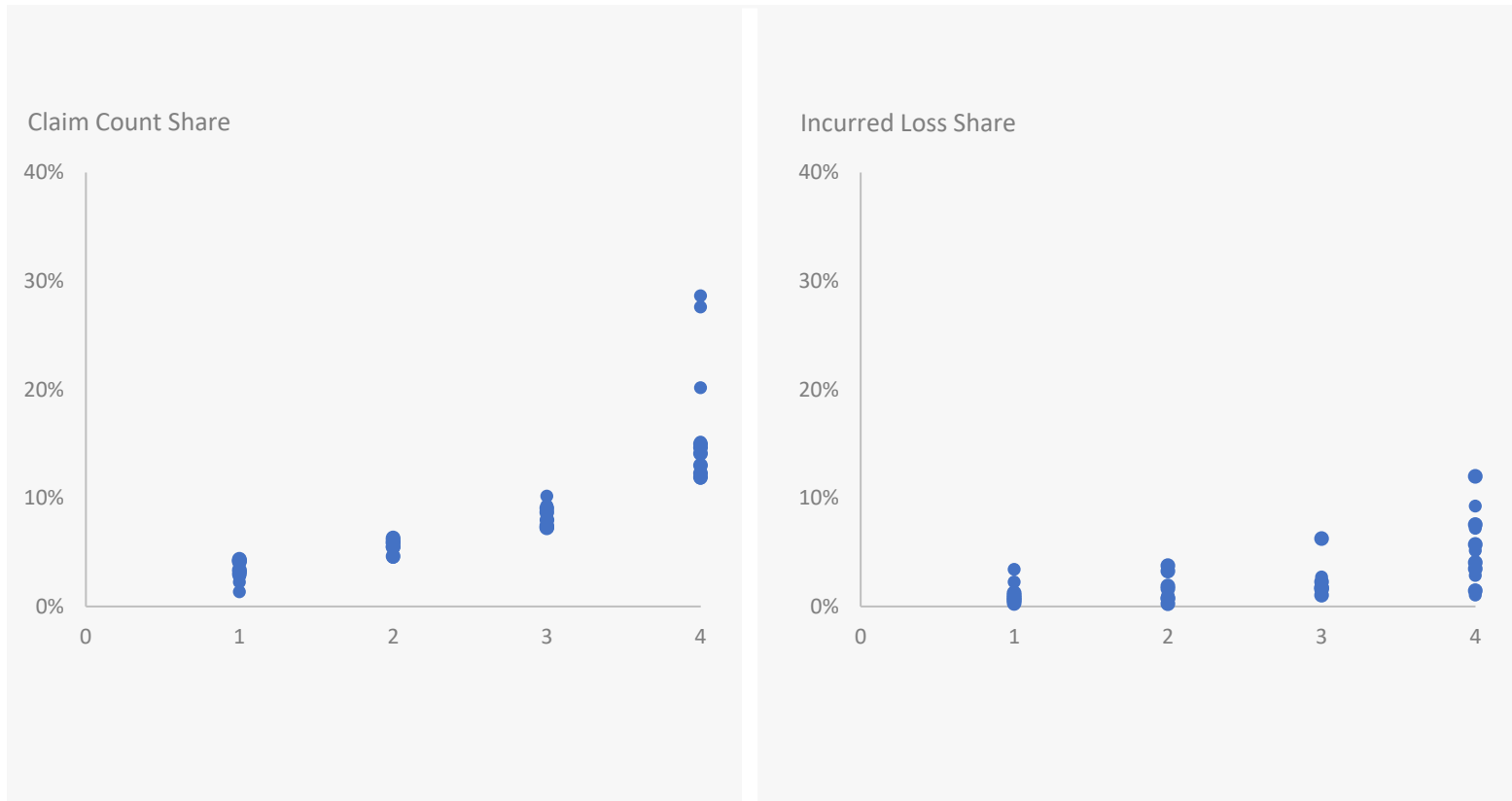
The timing and impact of the COVID-19 pandemic on the WC system varied by state. Differences in presumptions of compensability, governmental closures, and the handling of the economy are some of the factors that have contributed to the observed differences across jurisdictions. Thus far, the WC system has responded well—remaining strong and resilient.

While COVID-19 claims accounted for 11% of all WC claims reported in AY2020, those COVID-19 claims were associated with only 3.5% of total WC incurred losses. The disproportionate share of claims versus losses is driven by the large number of pandemic-related indemnity-only claims reported in AY2020. WC indemnity-only claims were relatively uncommon prior to the pandemic and are, on average, significantly less-costly than the typical WC claim that involves lost-time benefits.

Relatively more COVID-19 medical + indemnity claims remain open as of year-end 2020 compared to non-COVID-19 indemnity claims. This can be, in part, attributed to timing. As the first wave of the pandemic occurred in March 2020, COVID-19 claims tend to have a later average accident date compared with all WC claims.

Results of this analysis are preliminary. As data continues to be reported, new trends and patterns may emerge.

# Appendix | Shares by Claim Count Share Groups for AY2020 COVID-19 Claims



Group 1 (0-4.3% Claim Count Share) includes AL, FL, GA, HI, MT, NE, NV, SC, TN, TX, VA, VT  
Group 2 (4.3-6.3% Claim Count Share) includes AZ, DE, LA, MD, MS, NC, OK, SD, WI, WV  
Group 3 (6.3-10.1% Claim Count Share) includes AK, AR, IA, ID, IN, KS, MO, NH, PA, RI, UT  
Group 4 ( $\geq 10.1\%$  Claim Count Share) includes CA, CO, CT, DC, IL, KY, ME, MI, MN, NJ, NM, OR

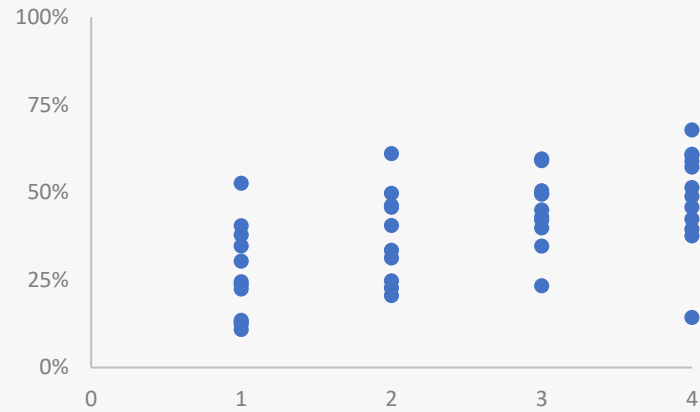
## Insights

Shares by state may be grouped based on the respective COVID-19 claim count share.

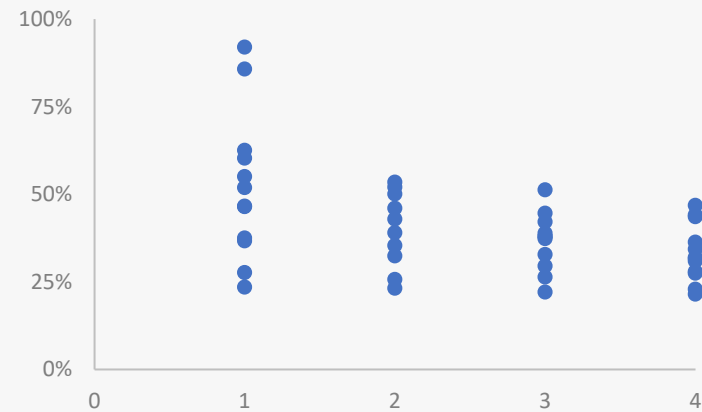
Every group had a combination of states with and without legislation/executive orders that established a presumption of compensability related to COVID-19 coverage (refer to slide 39 for a state's presumption status).

# Appendix | Metrics by Claim Count Share Groups for AY2020 COVID-19 Claims

Indemnity-Only Share



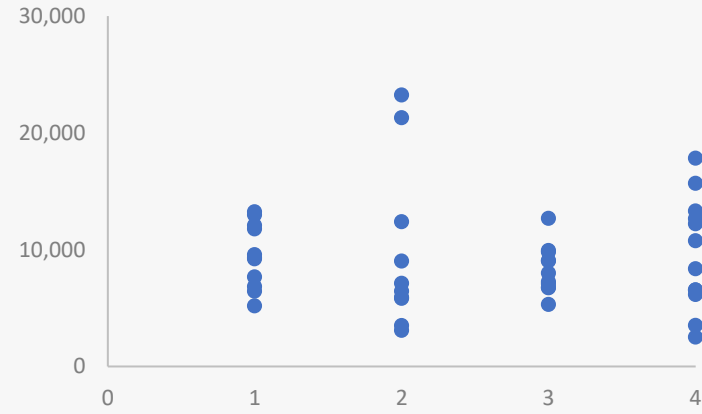
Open Ratio



Paid to Paid + Case Ratio



Severity

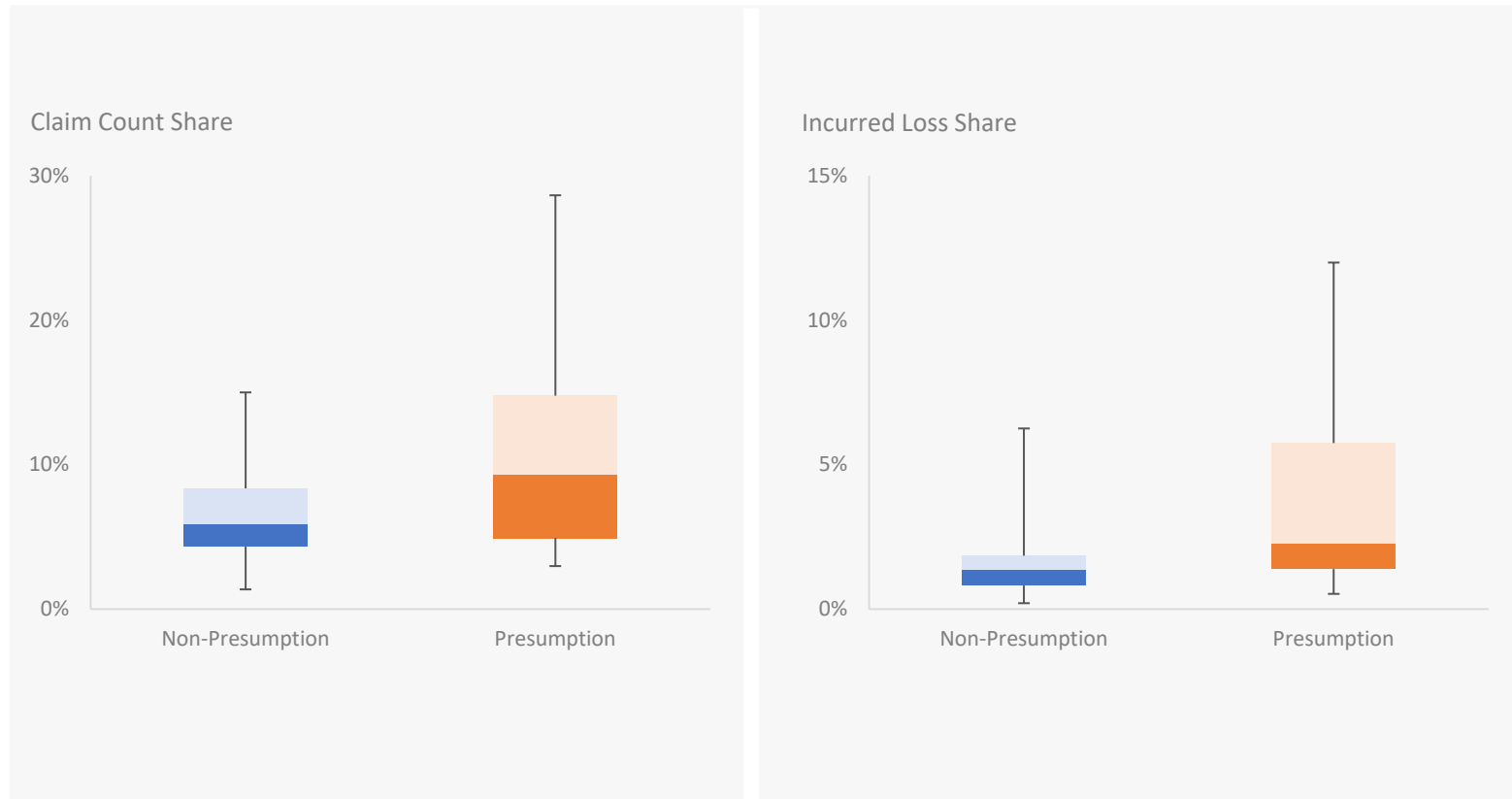


## Insights

Using the metrics described in the report and evaluating the states by claim count share groups does not show evidence of any clear patterns.



# Appendix | Shares by Presumption of Compensability Status for AY2020 COVID-19 Claims



## Insights

Presumption of compensability varies by state with respect to coverage (i.e., some are broader than others).

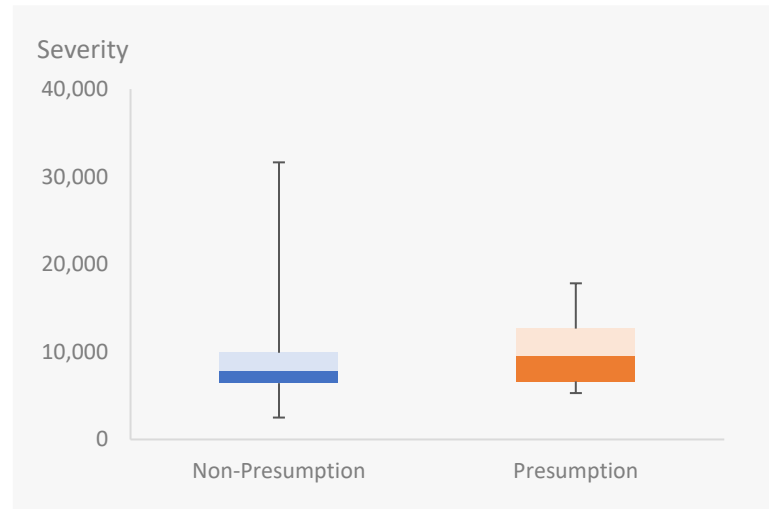
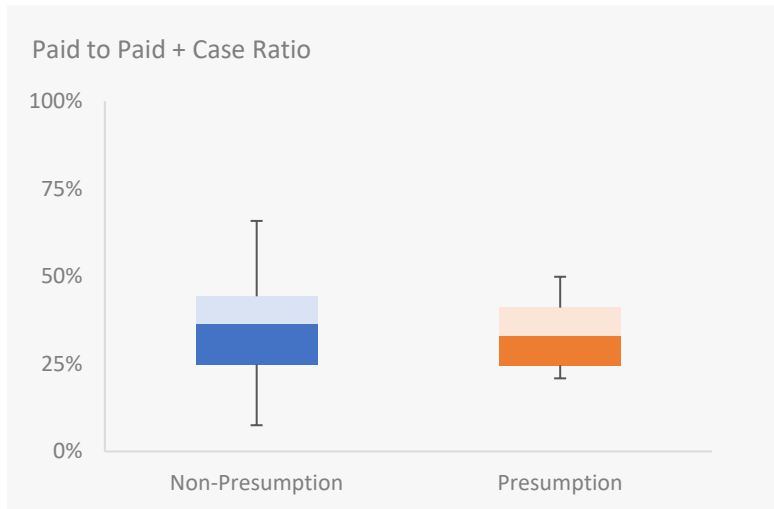
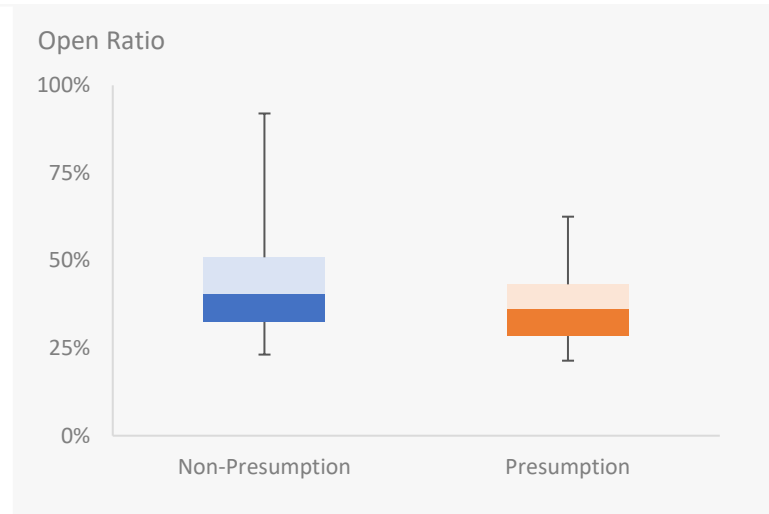
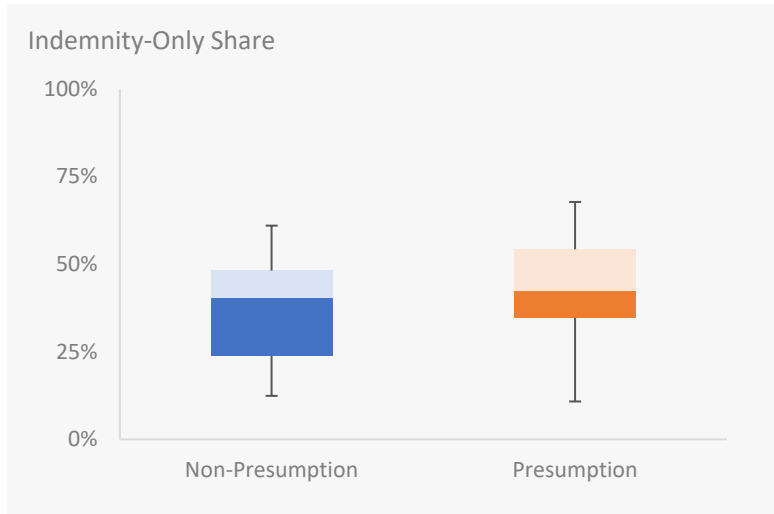
States with legislation/executive orders establishing a presumption of compensability (presumption states) appear to have a larger range in terms of both COVID-19 claim count shares and COVID-19 incurred loss shares.

There is not a clear and consistent trend in states which established a presumption of compensability, as observed in the [box plots](#) shown here.

Presumption states include: AK, CA, CT, DC, FL, IL, KY, MI, MN, MO, NH, NJ, NM, TN, TX, UT, VA, VT, and WI.

Non-presumption states include: AL, AR, AZ, CO, DE, GA, HI, IA, ID, IN, KS, LA, MD, ME, MS, MT, NC, NE, NV, OK, OR, PA, RI, SC, SD, and WV.

# Appendix | Shares Metrics by Presumption of Compensability Status for AY2020 COVID-19 Claims



## Insights

No clear pattern is observed in the distributions between non-presumption and presumption states.

While the distributions for both presumption and non-presumption states exhibit a wide range, the range for the non-presumption states is typically slightly wider.

## Appendix | Glossary

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**Box Plot:** Summary of five numbers from the claims' data set. The minimum and maximum points are drawn as points at the ends of the lines extending from the box. The median is the line dividing the box; the upper and lower quartiles of the data define the ends of the box.

**COVID-19 claim:** In most jurisdictions, a COVID-19 claim is defined as a claim reported with Cause of Injury 83 and Nature of Injury 83.

**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.

**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.

**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).

**Medical-Only Claim:** A claim only involving medical costs.

**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.

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

## Appendix | Data Conditions and Limitations

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Data is for WC claims. While definitions are generally similar across jurisdictions, they are not always identical, which could impact results. Similarly, only the experience of insured employers was reflected, and no experience of self-insured employers was included. We made no attempt to validate the applicability of the results for states not included in the study or for the experience of self-insured employers. The loss information reflected in this study included only case-incurred indemnity and medical losses. No loss adjustment expense experience is reflected. The data in this report reflects information on claims submitted by insurers to each participating rating bureau. The source information underlying each insurer's data submission was relied upon by the participating rating bureaus.

## Appendix | Data Description

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Unless otherwise stated:

COVID-19-only metrics (i.e., metrics where both the numerator and denominator are limited to COVID-19 data) include both large and non-large deductible data<sup>1</sup>. All other metrics include both large and non-large deductible experience for CA, DE, MN, NJ, and PA and non-large deductible experience for all other states.

Data for DE and PA is reported on a policy year basis. COVID-19-only metrics include Policy Year 2019 and 2020 data as of year-end 2020. All other metrics are limited to Policy Year 2019 as of year-end 2019 or Policy Year 2020 as of year-end 2020, as indicated in the respective charts<sup>2</sup>.

Metrics shown by loss type are estimated using unit statistical data for CA, DE, and PA.

Claim counts and losses are at first report and undeveloped. Claim counts for non-COVID-19 claims are for lost-time claims only. Paid and incurred losses include medical-only losses.

<sup>1</sup>MI large deductible experience is excluded, as large deductible reporting is optional in the state. WI does not allow for large deductible policies in the WC system.

<sup>2</sup>Data for countrywide metrics is limited to AY experience.

## Appendix | 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