

COVID Pandemic Effect on the Workers' Compensation Market

Milliman Webinar Series

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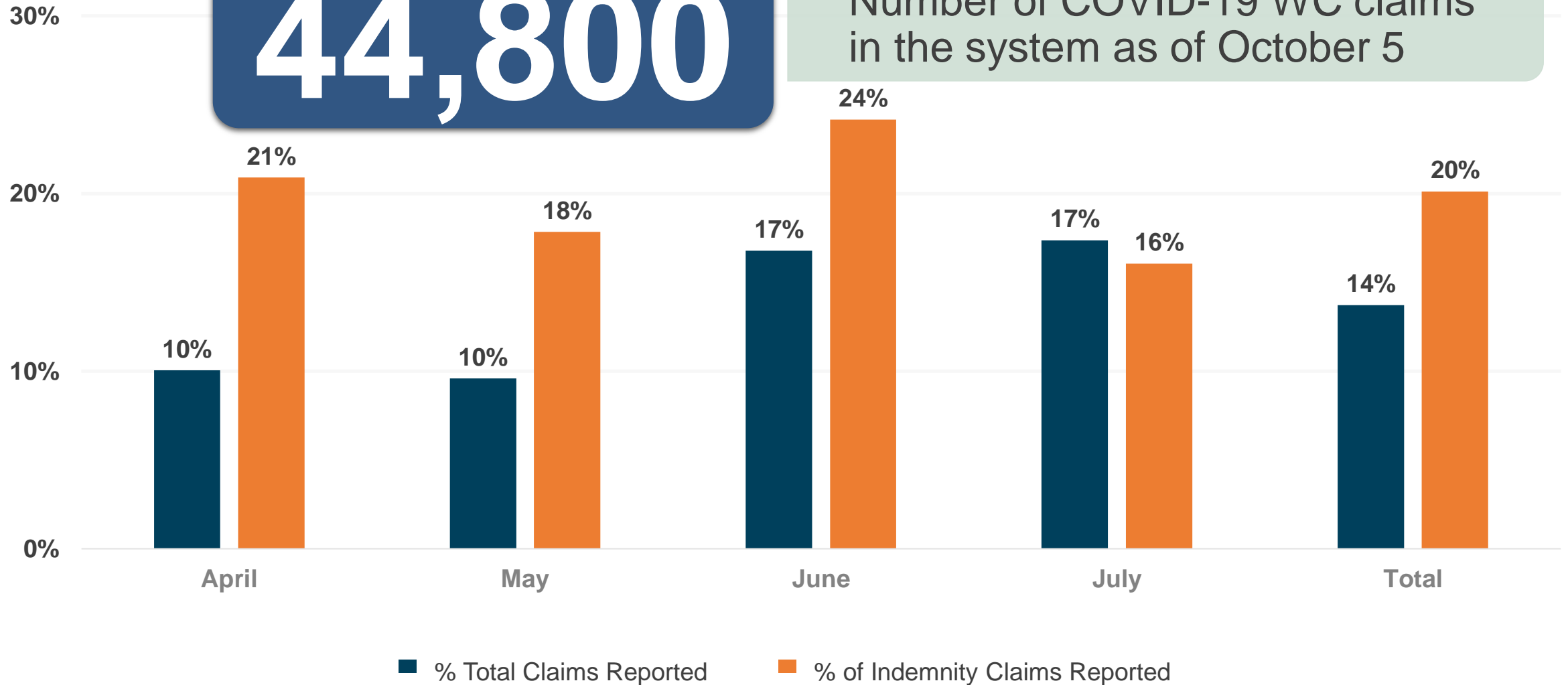
November 5, 2020



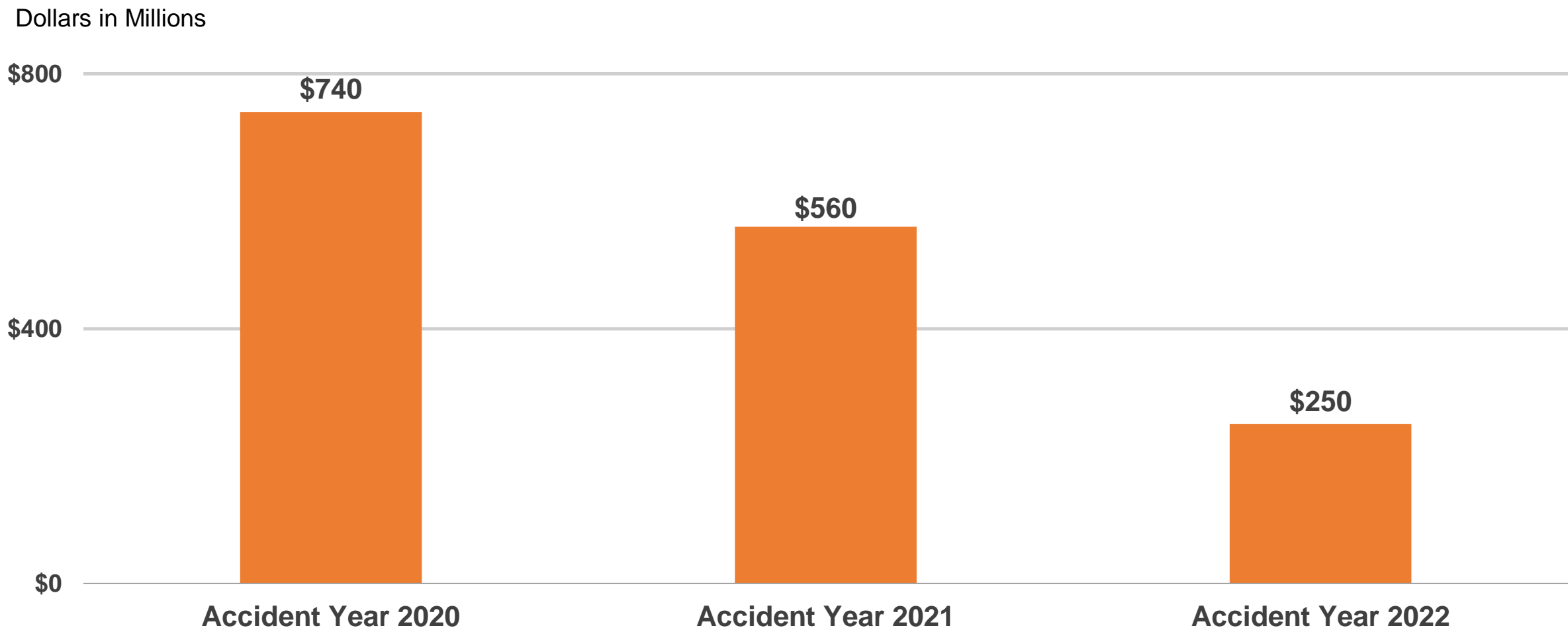
Reported California COVID-19 Claims as a Share of All Claims

44,800

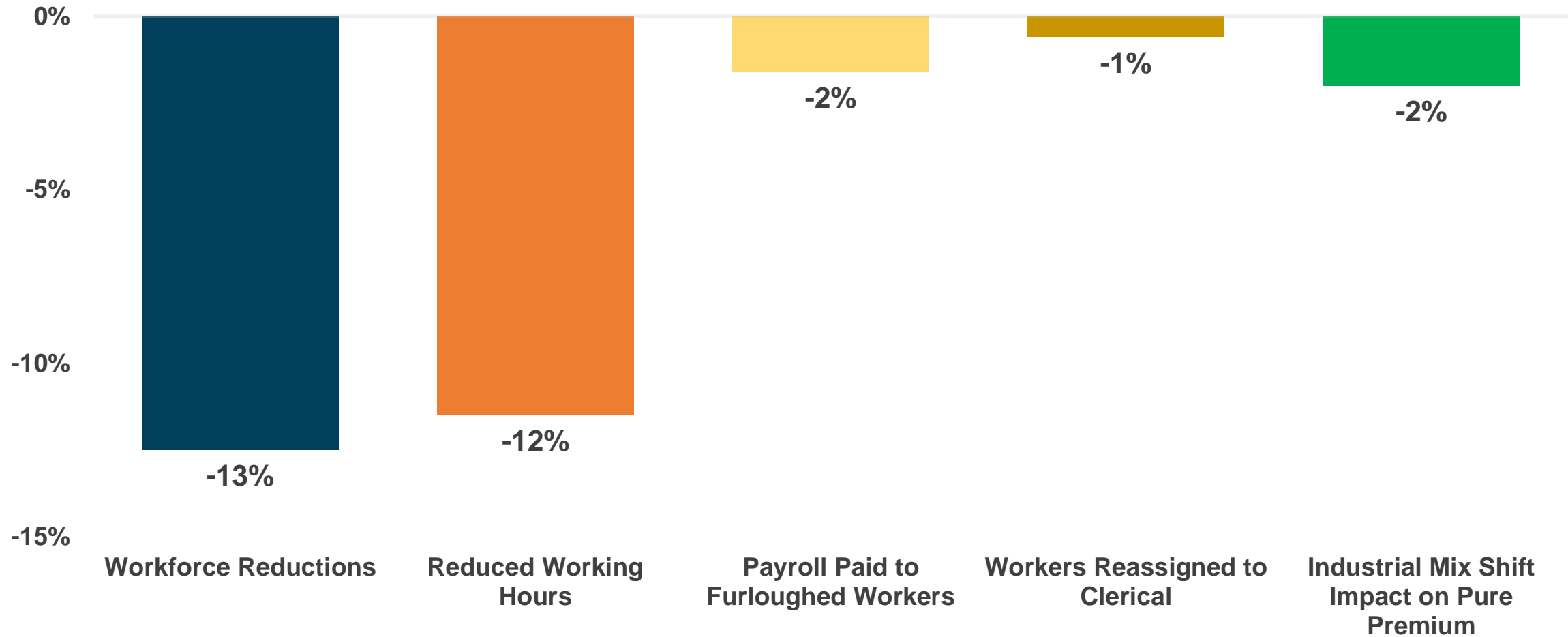
Number of COVID-19 WC claims in the system as of October 5



WCIRB Projected Cost of COVID-19 Claims for California Insured Market



California Workers' Compensation Potential 2020 Premium Impacts



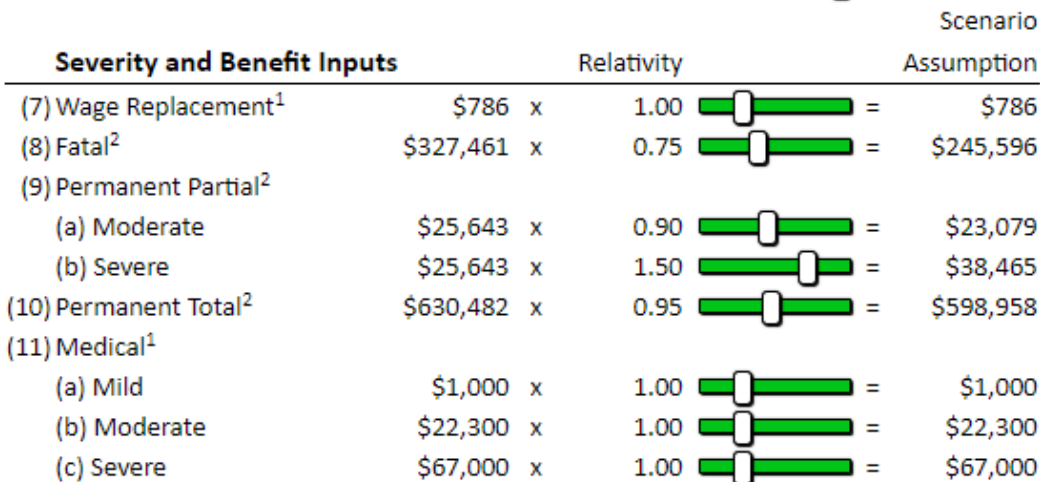
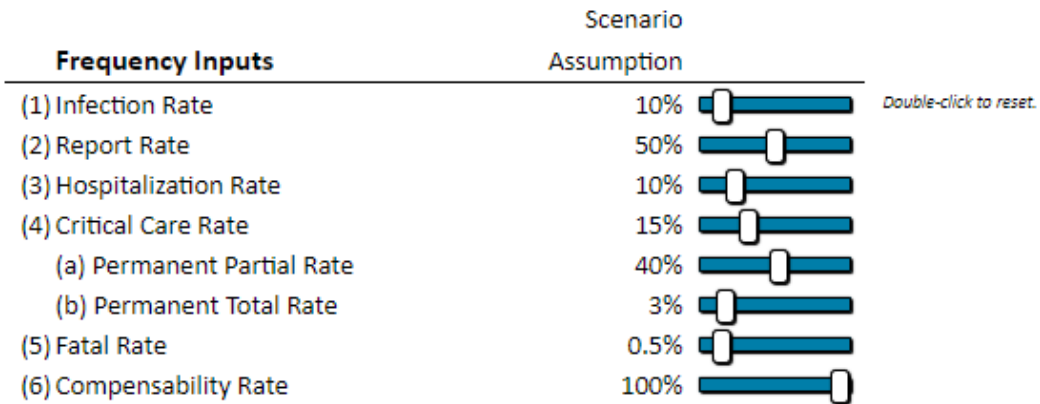
COVID-19 Hypothetical Scenarios Tool

Last Updated: October 2020

Choose a Jurisdiction: All NCCI States

Choose a Workforce: Total Workforce

Intended Use: The calculations presented here model the potential direct impact to expected losses for the associated jurisdiction and workforce under the scenario framework described in NCCI's Research Briefs: [COVID-19 and Workers Compensation: Modeling Potential Impacts](#) and [COVID-19 and Workers Compensation: Permanent Disability](#).



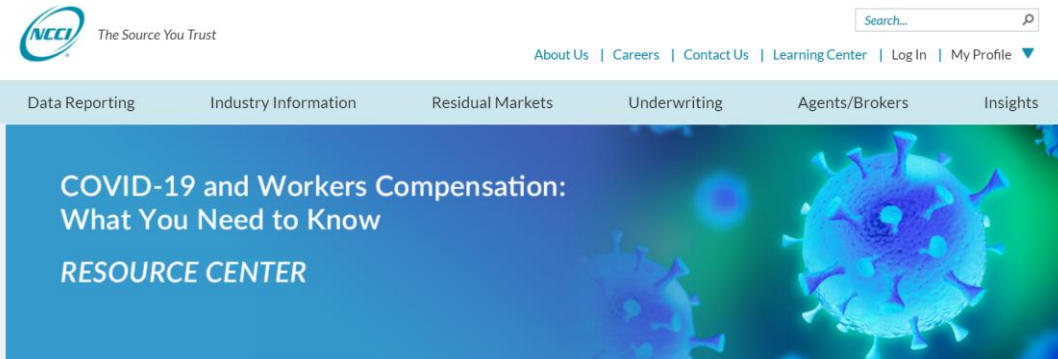
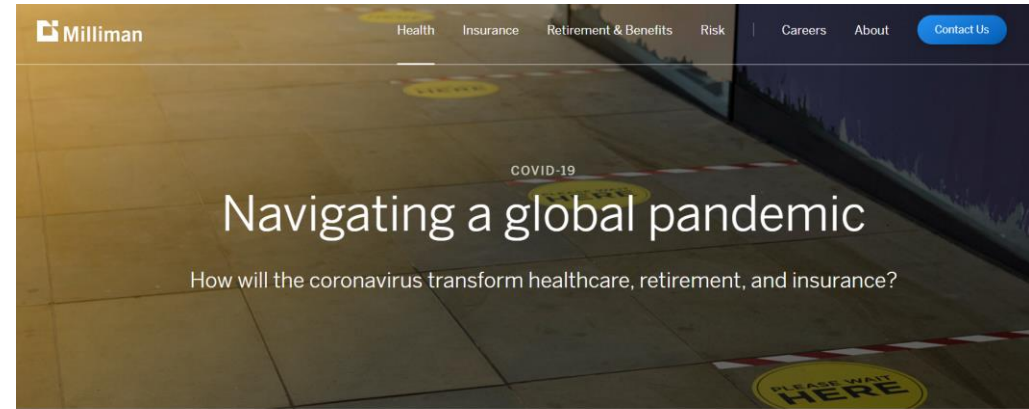
Scenario Assumptions	Frequency	Replacement	Disability	Total	
				Medical	Nonfatal
(12) Mild	4.500%	\$688	\$0	\$1,000	\$1,688
(13) Moderate	0.425%	\$1,403	\$4,616	\$22,300	\$28,319
(14) Severe	0.075%	\$3,146	\$33,355	\$67,000	\$103,501
(15) Overall	5.000%	\$786	\$893	\$3,801	\$5,479

Scenario Impacts	Estimate
(16) Average Salary ³	\$50,258
(17) Pure Premium Factor ⁴	0.74
(18) Workforce (Total)	86,351,950
(19) Expected Payroll	\$4,339,876M = (16) x (18)
(20) COVID-19 Total Severity	\$6,707 = (15v) + (5) x (8)
(21) COVID-19 Expected Losses	\$28,957.2M = (20) x (18) x (15i) x (6)
(22) Expected Losses Without COVID-19	\$32,115.1M = (19) / 100 x (17)
(23) Scenario Expected Losses With COVID-19	\$61,072.3M = (21) + (22)
(24) All NCCI States—Scenario Overall Impact	+90% = (23) / (22) - 1.0

Resources

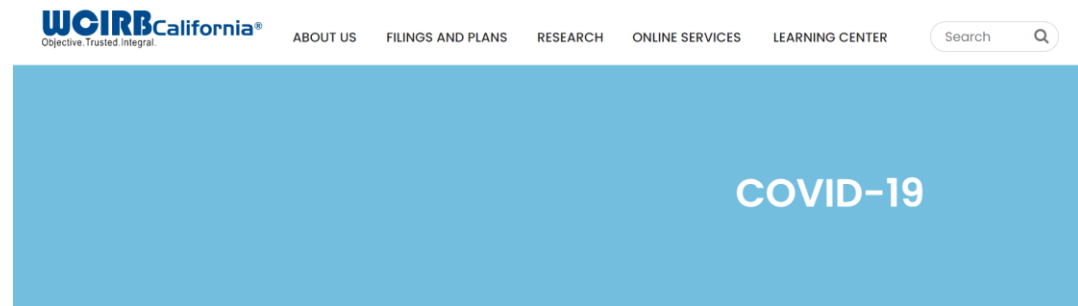
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<https://us.milliman.com/en/health/coronavirus-covid-19>



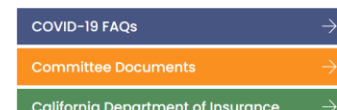
NCCI

<https://www.ncci.com/Articles/Pages/COVID-19.aspx>



WCIRB

<https://wcirb.com/covid-19>



Latest News

- WCIRB Studies Cost Impacts of Delayed Medical Care Due to COVID-19
- WCIRB Clarifies COVID-19 Era Payroll

Education

- Watch: NEW: Classification 8871, Clerical Telecommuter Employees
- Watch: COVID-19 and the CA Workers'



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Thank you