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VACORP Information Session COVID-19 and the Impact on the Pool

Presented April 29, 2020 by
Chris Carey, Administrator

Risk Management | Coverage | Claims Resolution

Agenda

- Welcome
- Update on Services
- Update on Renewals
- Current COVID-19 claims position
- Impact of COVID-19 on financial position of Pool
- Review of the Claims Activity
- Conclusion

COVID could cost comp as much as \$80B: NCCI

Angela Childers

April 27, 2020

The effect of COVID-19 on workers compensation could range from \$1 billion to \$80 billion, according to a National Council on Compensation Insurance study that modeled the potential impacts of the virus.

In the study, NCCI estimated that 49 million to 62 million workers could potentially qualify as essential workers who could be eligible for workers compensation relating to COVID acquisition.

Using infection rate assumptions of 5% to 50% and a fatality rate of 0.5%, NCCI estimated that with an assumption of compressibility of 60% to 100% for first responders and health care workers, COVID could cost \$1 billion to \$16.2 billion. Using those same infection and fatality assumptions but modifying the compensability rate from 20% to 60% but including all essential workers raises that worst-case cost impact scenario to \$81.5 billion.

In one scenario, NCCI assumed that all cases involving medical services would result in a compensable workers compensation claim, assumed no expected losses for disability and used 10% as the assumed infection rate. Looking at state-specific data as well as age, population density and other characteristics, the potential workers comp loss impact by state assuming a compensability rate of 100% ranged from 39% in Hawaii to 245% in Texas.

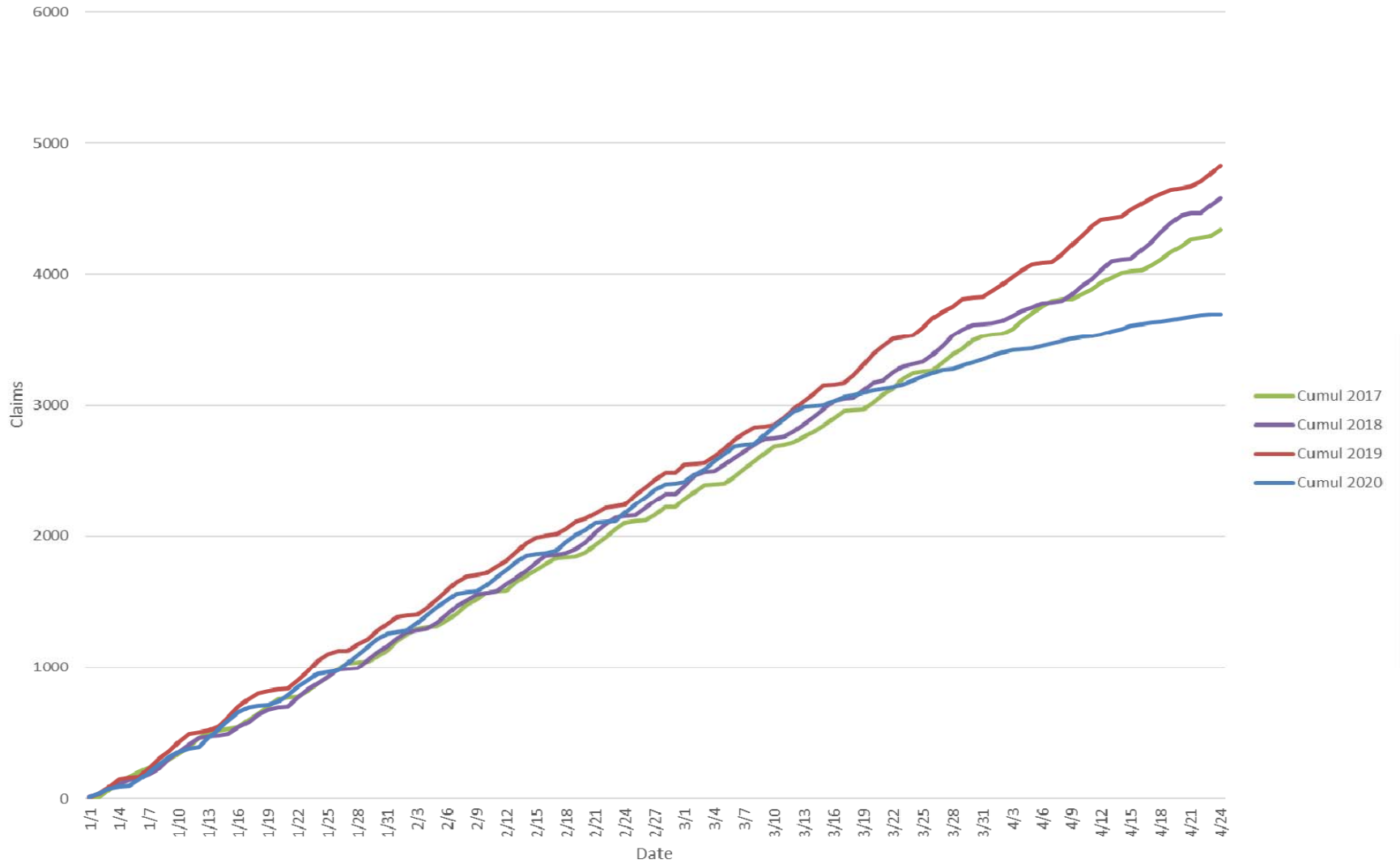
It is important to note that the insurance industry would not alone be responsible for the pay out under the various scenarios, Mr. Eddinger said.

“Remember that employers, some of them are self-insured, some of them have large deductibles,” he said. “Some of (the cost) will be borne directly by the employers.”

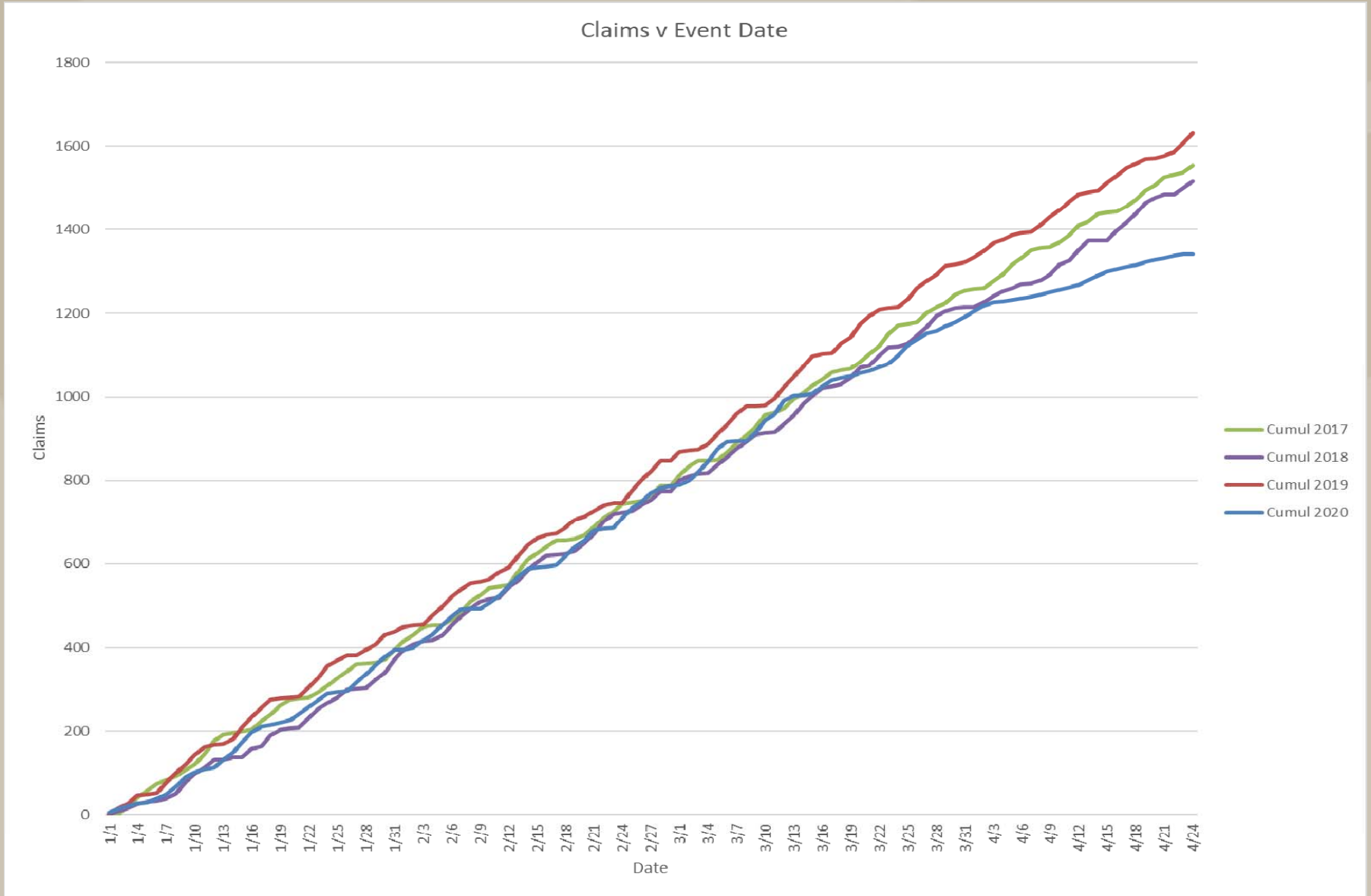


Total Claims

Claims v Event Date

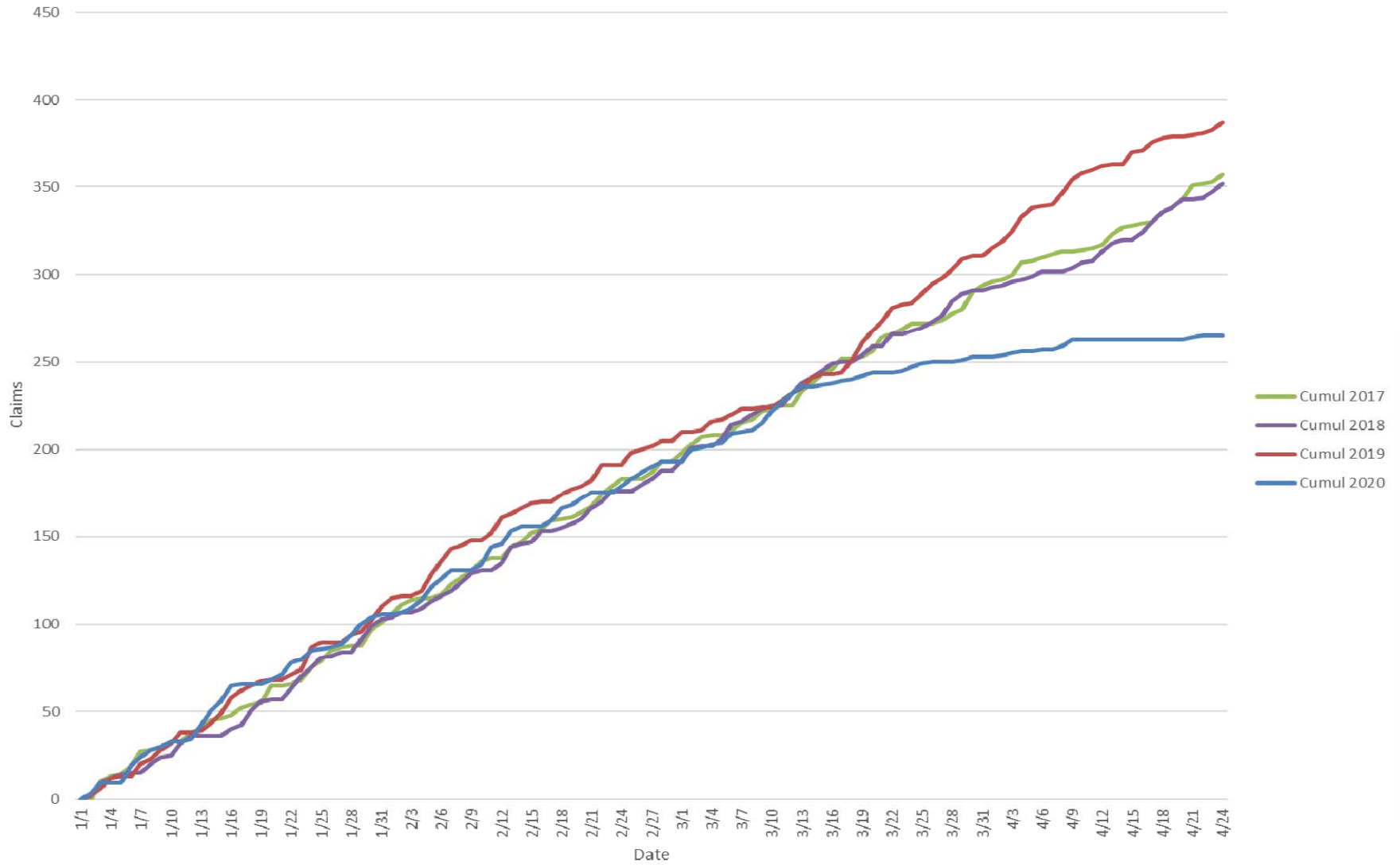


Workers' Compensation Claims

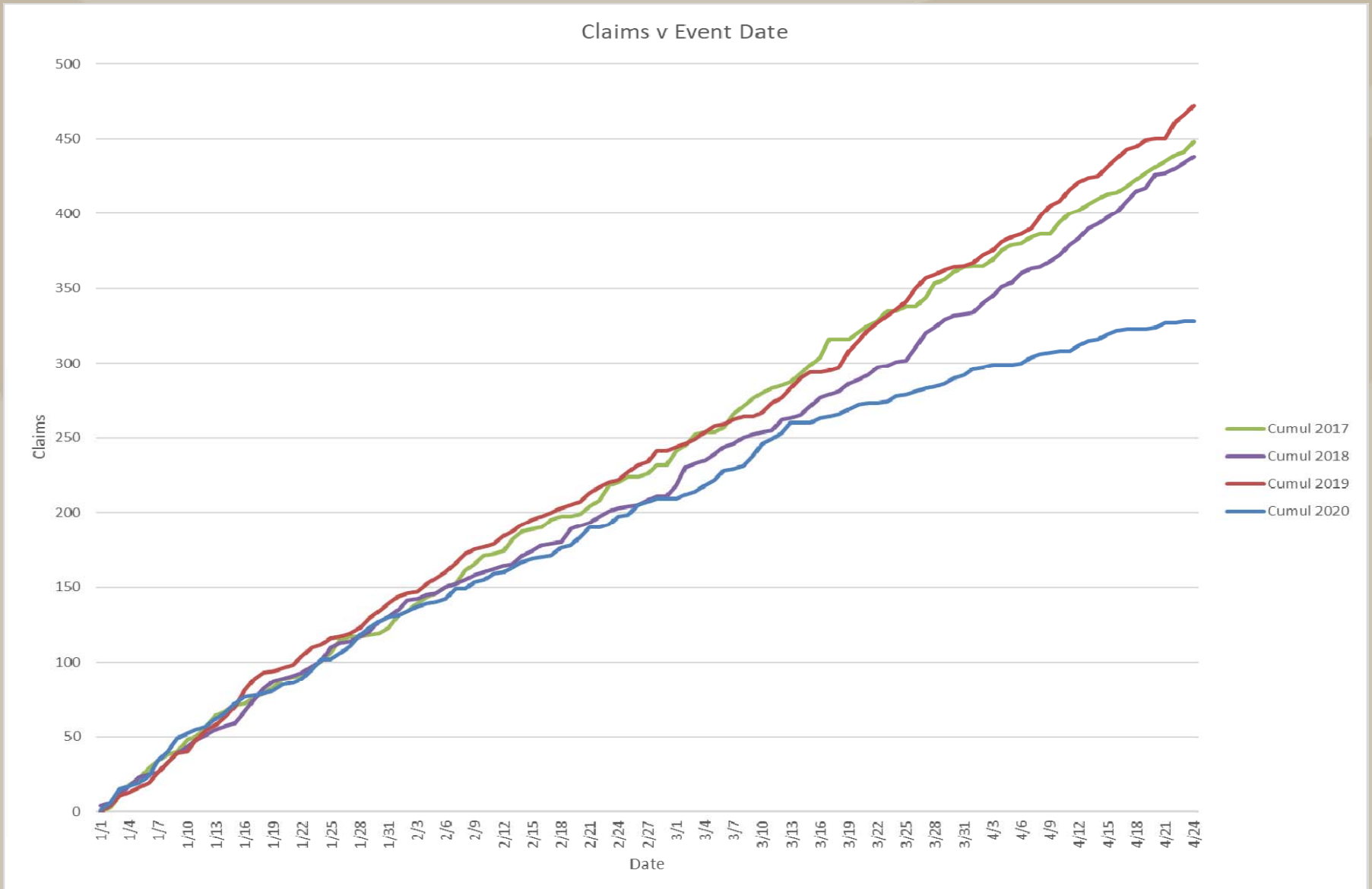


Auto Liability Claims

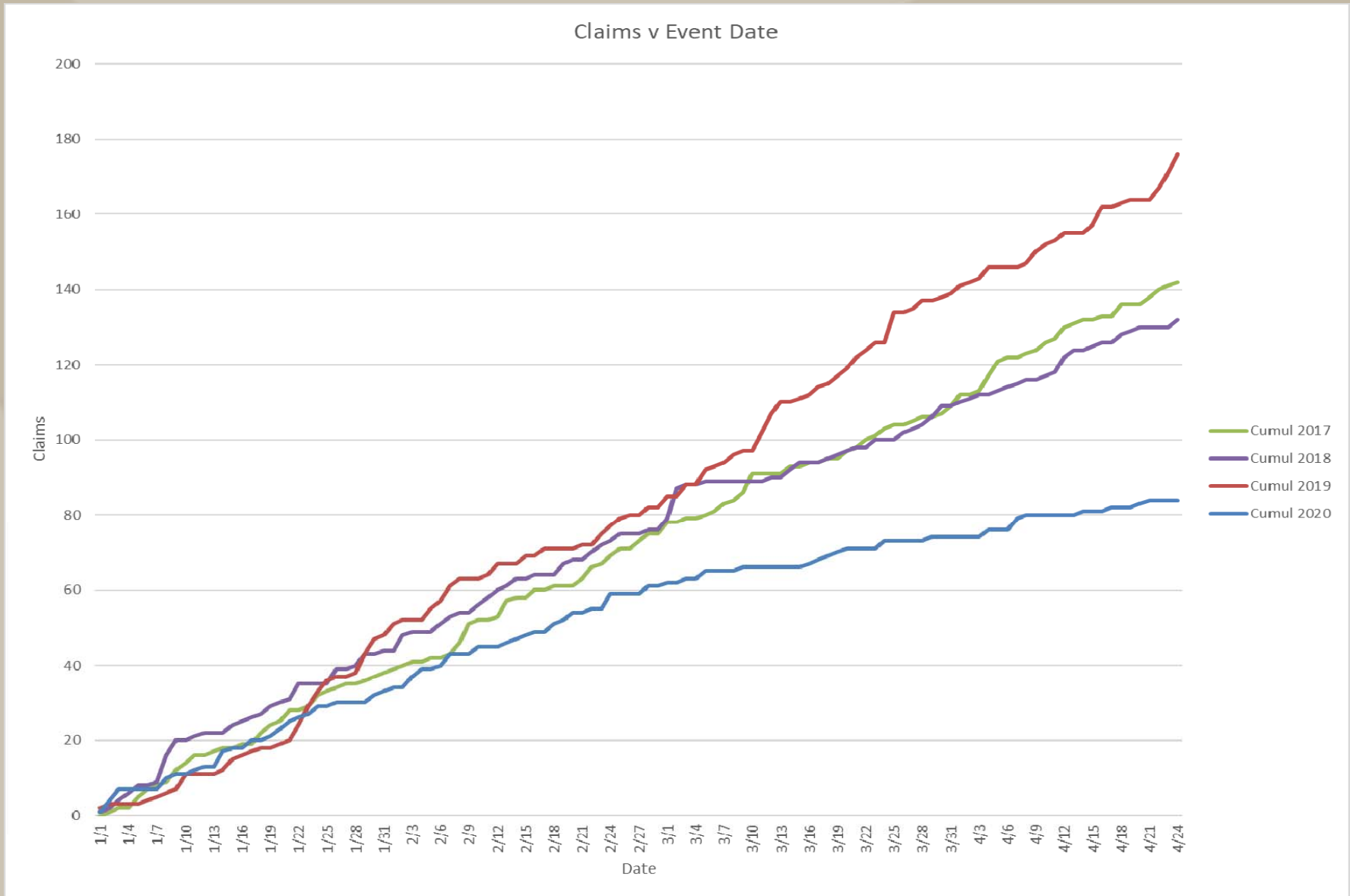
Claims v Event Date



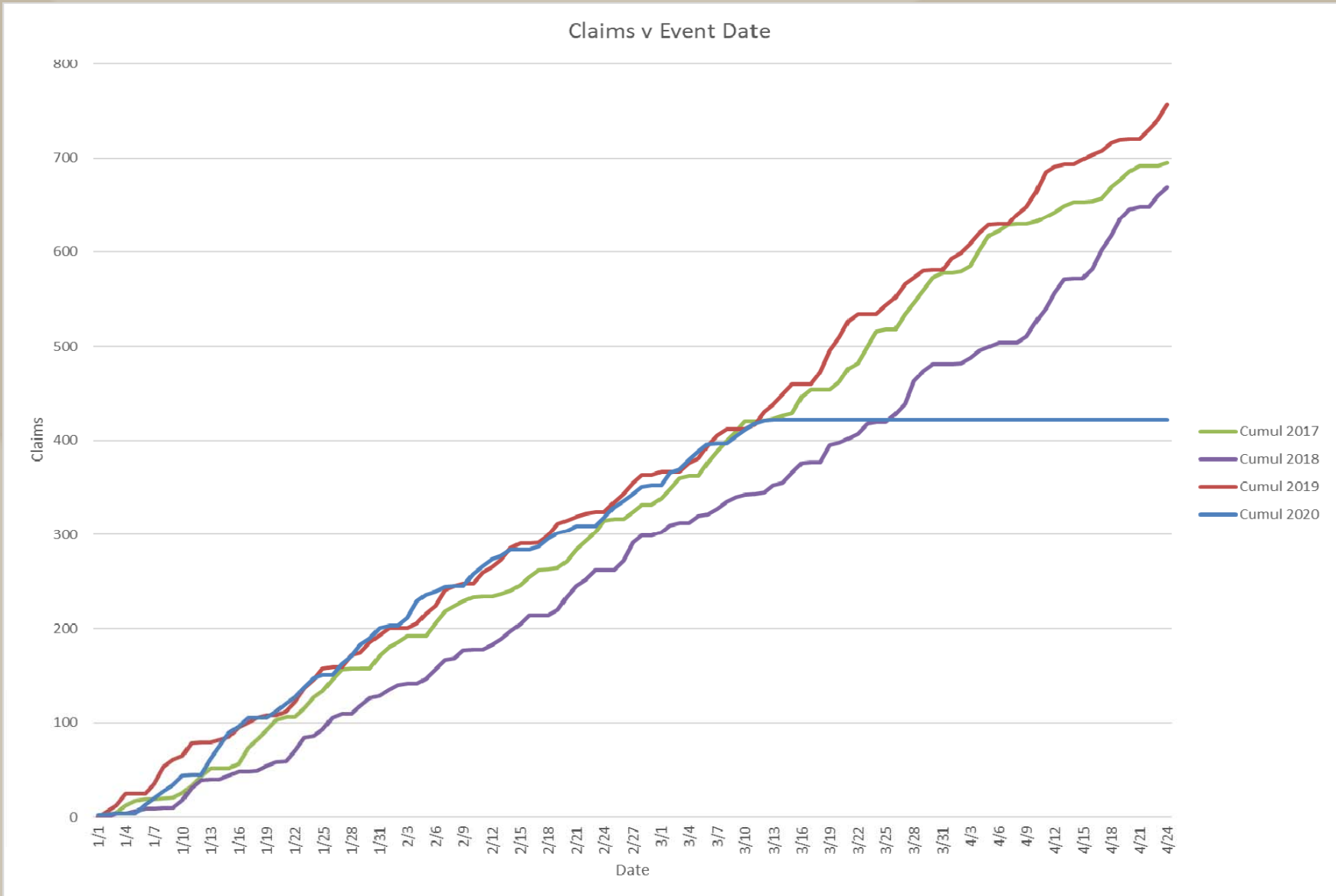
Auto Physical Damage Claims



General Liability Claims



Student Accident Claims



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