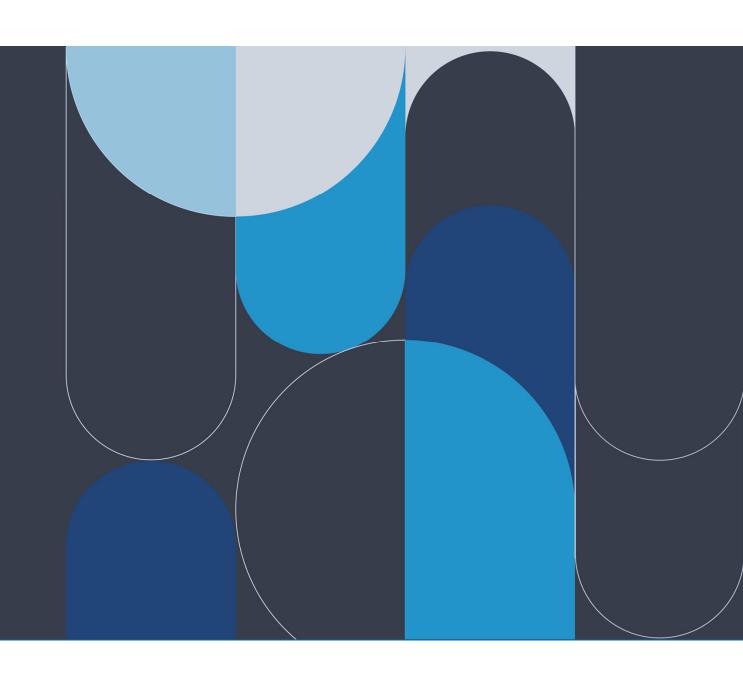
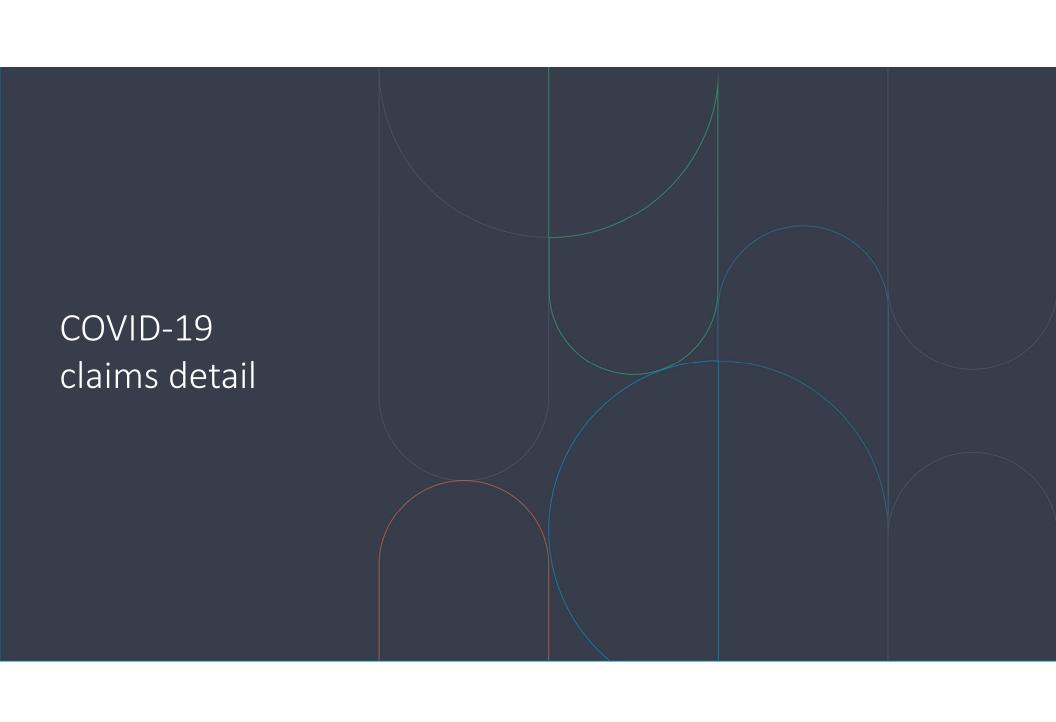


12.31.2021

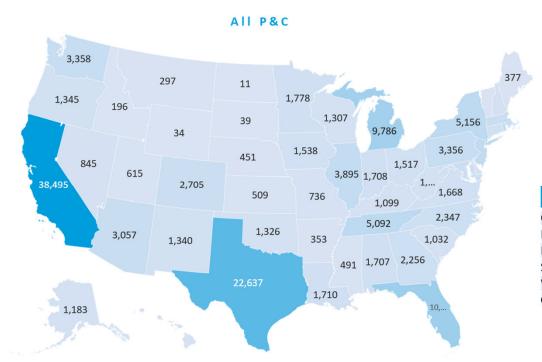
Understanding COVID-19 Workers' Compensation Claims

© 2021 Sedgwick - Do not disclose or distribute.





Sedgwick COVID-19 claims by state – property and casualty

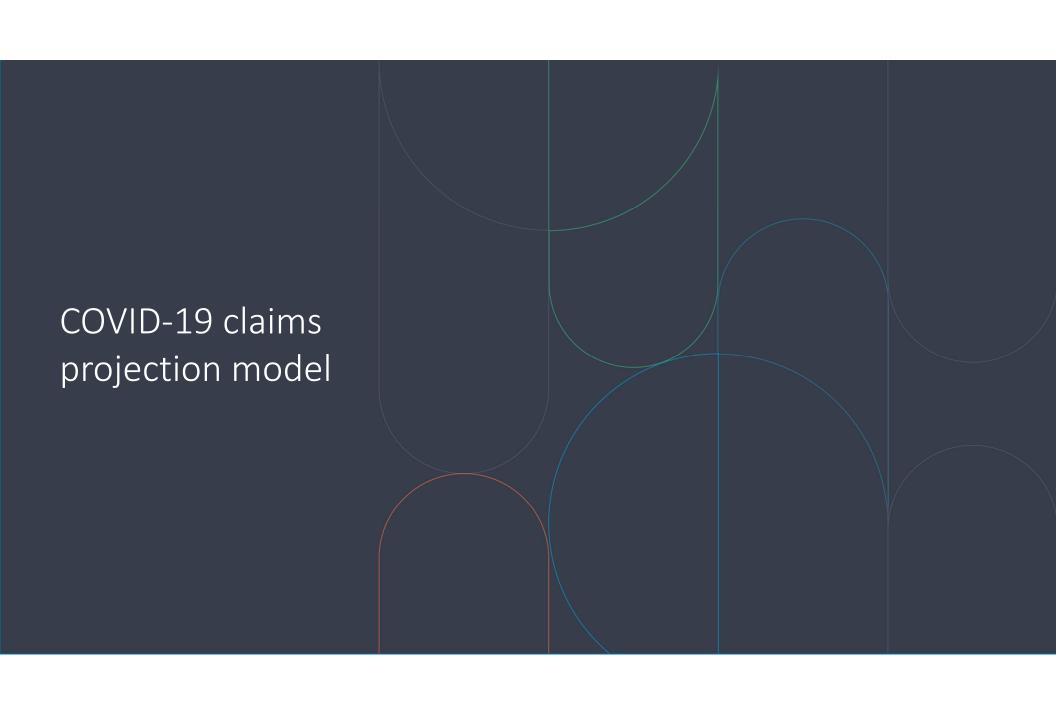


LOB	Sedgwick As of 12/31/21
General Liability	5,436
Professional Liability	10,175
Property	14,804
Specialty	5,861
Workers' Compensation	123,978
Grand Total	160,254

Owered by Bing

Conversed by Bing





Sedgwick COVID-19 costs modeling

Sedgwick COVID-19 State Mix Model										
	Death			Confirmed	Complex Case	Complex Case -				
TTD Rate	Benefit	\$0 Claims	Quarantine	Case	Moderate	Severe	Fatality	Total	Quarantine	
		Percent of	Percent of	Percent of	Percent of	Percent of	Percent of	Percent of	Paid via	
Selection	Selection	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Payroll?	
75% of State Max 10 Year		26.6%	55.1%	14.4%	2.3%	1.2%	0.5%	100.0%	No	
Benefit	Weeks of TTD	0	0.5	4	14	40	2			
Customizations Medical		\$0	\$25	\$455	\$7,650	\$104,000	\$75,000			
Average Per Claim Loss Cost		\$0	\$424	\$3,409	\$18,430	\$135,940	\$499,743			

Assumptions are based on CDC and NCCI studies and Sedgwick projections

	Total Projected Cost									
	Cost Per	Cost Per Claim - Including			Confirmed	Complex Case -	Complex Case -		Total	Total Cost - Including
Claims*	Claim	Expense	\$0 Claims	Quarantine	Case	Moderate	Severe	Fatality	Cost	Expense
121,445	\$5,569	\$6,015	\$0	\$29,636,100	\$62,034,699	\$52,678,166	\$196,982,097	\$335,012,398	\$676,343,459	\$730,450,936

^{*}Excludes Federal Claims and claims managed on client specific systems



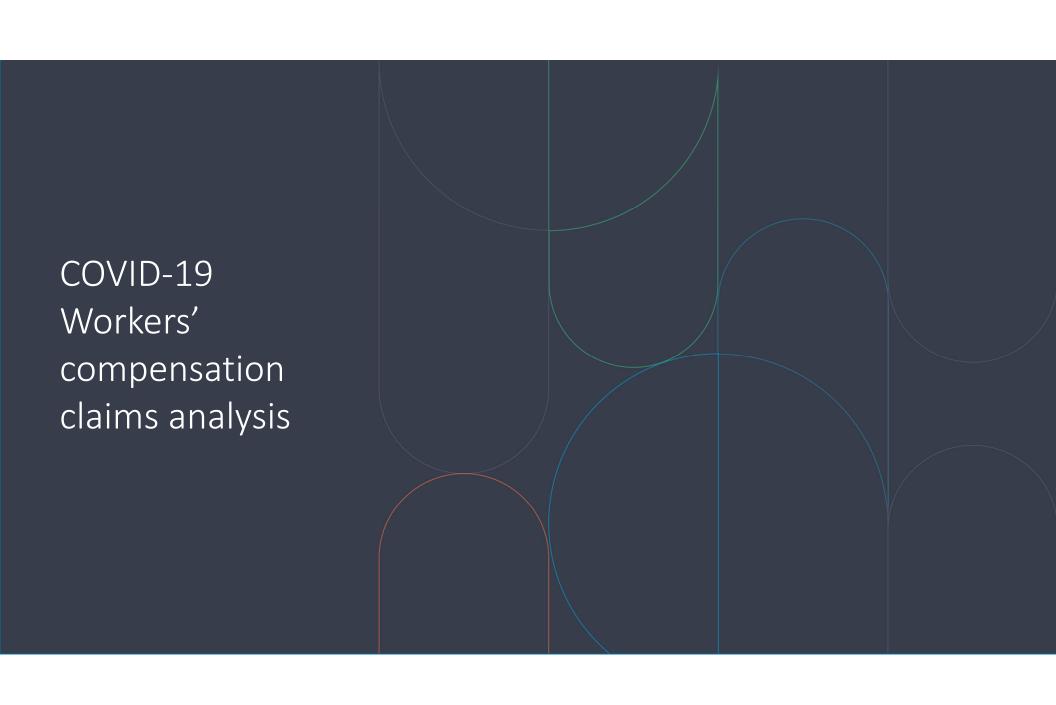
Sedgwick COVID-19 costs modeling – *public entities*

Sedgwick COVID-19 State Mix Model										
TTD Rate	Death Benefit	\$0 Claims	Quarantine	Confirmed Case	Complex Case Moderate	Complex Case - Severe	Fatality	Total	Quarantine	
		Percent of	Percent of	Percent of	Percent of	Percent of	Percent of	Percent of	Paid via	
Selection	Selection	Claims	Claims	Claims	Claims	Claims	Claims	Claims	Payroll?	
75% of State Max 10 Year		26.6%	55.1%	14.4%	2.3%	1.2%	0.5%	100.0%	No	
Benefit	Weeks of TTD	0	0.5	4	14	40	2			
Customizations Medical		\$0	\$25	\$455	\$7,650	\$104,000	\$75,000			
Average Per Claim Loss Cost		\$0	\$424	\$3,409	\$18,430	\$135,940	\$499,743			
Assumptions are based on CDC and NCCI studies and Sedgwick projections										

	Total Projected Cost										
Claims*	Cost Per Claim	Cost Per Claim - Including Expense	\$0 Claims	Quarantine	Confirmed Case	Complex Case - Moderate	Complex Case - Severe	Fatality	Total Cost	Total Cost - Including Expense	
24,951	\$5,515	\$5,956	\$0	\$6,000,539	\$12,574,459	\$10,723,706	\$40,318,907	\$67,985,921	\$137,603,532	\$148,611,815	

^{*}Excludes Federal Claims and claims managed on client specific systems





Executive summary - Industry

123,978

COVID-19 WC claims reported since 2020 with an average incurred of < \$5,000

37.2% of COVID-19 claims are denied

8.8%

of COVID-19 claims are open with average incurred of < \$50,000

91.2%

of COVID-19 claims closed with average paid of approximately \$1,800.

57.5% of these closed claims had no indemnity or medical payments

Average cost of accepted death claims is approximately \$730,000

1.9%

of COVID-19 claims are litigated

44.5%

of COVID-19 claims from healthcare industry clients

Distribution of COVID-19 claims fairly even across all age groups



Executive summary – public entities / pooling

24,951

COVID-19 WC claims reported since 2020 with an average incurred of approximately \$5,600 31.6% of COVID-19 claims are denied

11.7%

of COVID-19 claims are open

Average cost of accepted death claims is approximately \$930,000

88.3%

of COVID-19 claims closed with average paid of approximately \$1,500. 56.8% of these closed claims had no indemnity or medical payments

0.5%

of COVID-19 claims are litigated

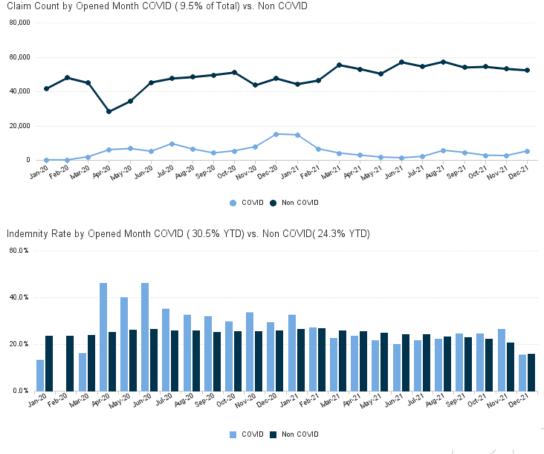
Distribution of COVID-19 claims moderately skewed to younger age groups



COVID-19 vs. non COVID-19

Claim volume decreased after March 2020 due to COVID-19 impact

- COVID-19 claims experienced a higher indemnity rate than Non COVID-19 claim (30.5% vs. 24.3%)
- COVID-19 claim average incurred is roughly
 50% lower than Non COVID-19 claim
- COVID-19 claim average duration is shorter than Non COVID-19 claim (67 vs. 105 days)

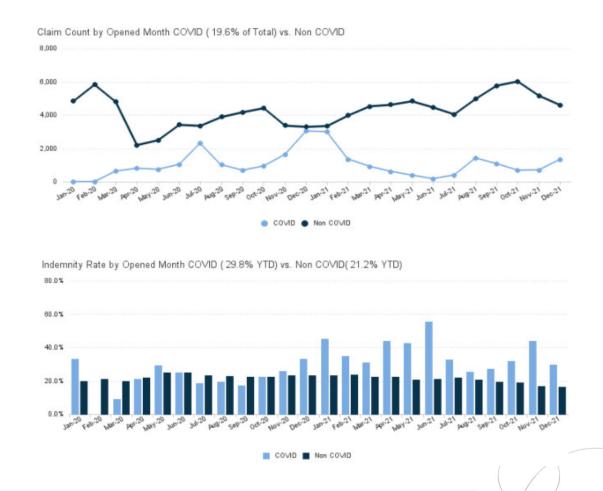




COVID-19 vs. non COVID-19 Public entities

Claim volume decreased after March 2020 due to COVID-19 impact

- COVID-19 claim has a moderately higher indemnity rate than Non COVID-19 claim (29.8% vs. 21.2%)
- COVID-19 claim average incurred is
 55% lower than non COVID-19 claim
- COVID-19 claim average duration is shorter than non COVID-19 claim (72 vs. 118 days)

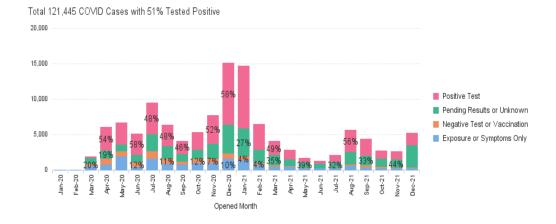




At a glance

COVID-19 claims started to increase again in December 2021

- As of 12/31/2021, 59.3% accepted and
 37.2% denied
- 51% claims have positive test result could be higher due to pending or unknown results
- Of the total incurred, 66.2% of this is for 1.5% of the claims (which are severe or fatality claims)



COVID Claim Distribution and Average Incurred by Type

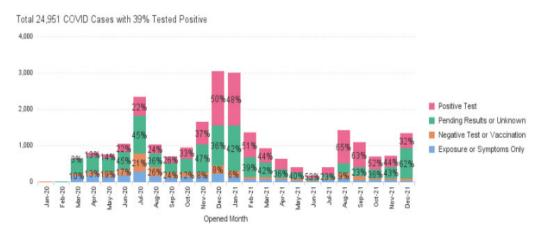


caring counts

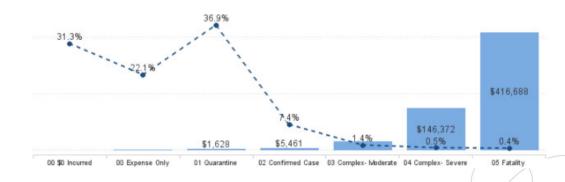
At a glance – *public entities*

COVID-19 claims started to increase again in August 2021 and then again in December 2021

- As of 12/31/2021, 62.7% accepted and
 31.6% denied
- 39% claims have positive test result could be higher due to pending or unknown results
- Of the incurred, 64.0% of this is for 0.9% of the claims (which are severe or fatality claims)



COVID Claim Distribution and Average Incurred by Type



caring counts

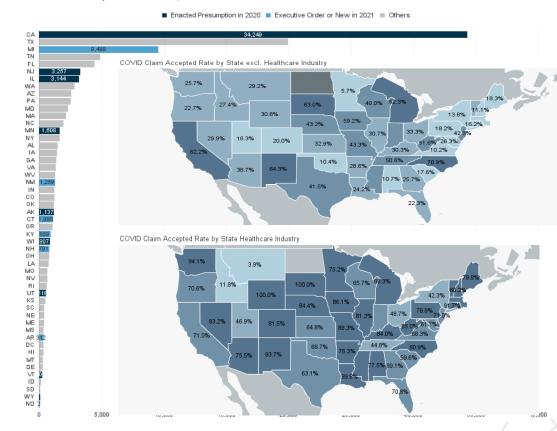
State statistics

59.3%

of COVID-19 claims are accepted across all states

74.0%

of COVID-19 claims are accepted for Healthcare Industry COVID Claim Count by State and Presumption

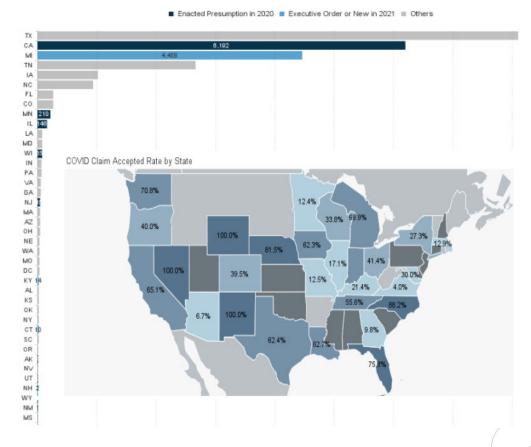


State statistics – public entities

62.7%

of COVID-19 claims are accepted across all states for public entities





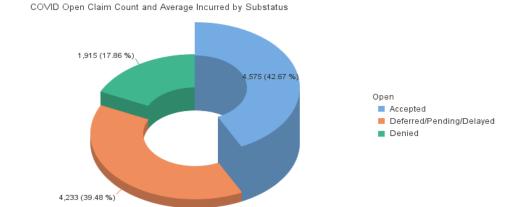
Status

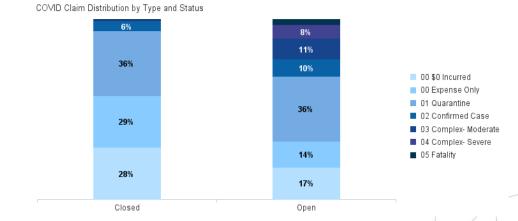
10,734

open COVID-19 WC claims — \$358M with 42.6% accepted rate and average incurred of approximately \$40,000 (excluding \$0 incurred claims)

91.2%

of COVID-19 claims are closed and 93.2% of them are either expense only or quarantine or \$0 incurred







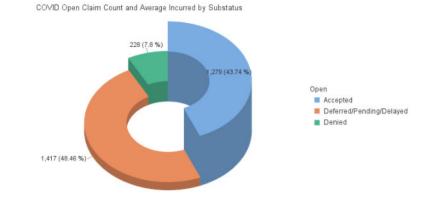
Status – *public entities*

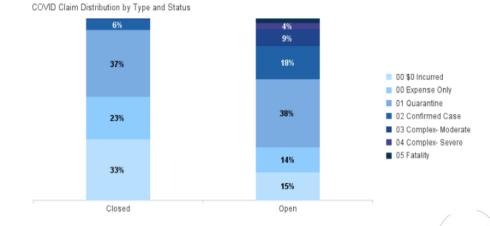
2,929

open COVID-19 WC claims — \$73.7M with 43.7% accepted rate and average incurred of approximately \$30,000 (excluding \$0 incurred claims)

88.3%

of COVID-19 claims are closed and 93.4% of them are either expense only or quarantine or \$0 incurred





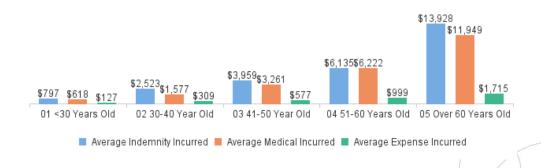
Who | What age group is affected by COVID-19?

- Fairly even distribution across age group with
 30- to 50-year-old age groups having highest percentage of claimants with COVID-19
- COVID-19 claims are more expensive as age increases
- Medical costs significantly increase for older COVID-19 claimants
 - 60 years or older claimants have the highest
 % of Severe or Fatality Claims.





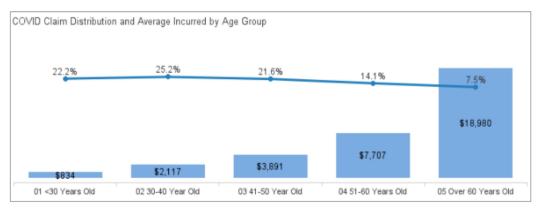
Average Incurred by Age Group Accepted Claims Excl. \$0 Incurred

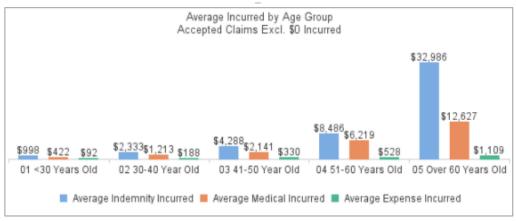


caring counts

Who | What age group is affected by COVID-19? – public entities

- Moderately even distribution across age group with <30 to 50-year-old age groups having higher percentage of claimants with COVID-19
- COVID-19 claims are more expensive as age increases
- Medical costs significantly increase for older
 COVID-19 claimants





Litigation

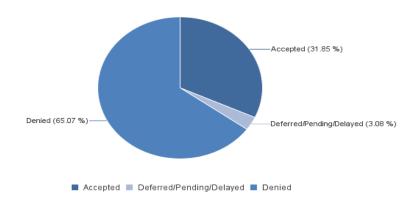
1.9%

of COVID-19 claims (excl. \$0) are litigated and 65% are denied claims

26.5%

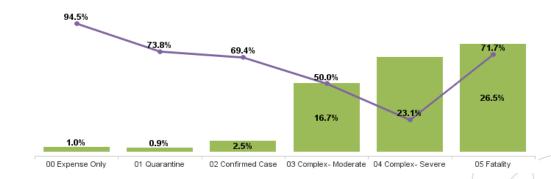
of Fatality COVID-19 claims are litigated and complex-moderate and severe are seeing 16%-23% litigation rate

Accepted/Denied Rate of COVID Litigated Claim



COVID Claim Litigation % (1.9% YTD excl. \$0) and % Denied by Severity Type

Lit % • % of Lit Claims that are Denied



Death claims – *public entities*

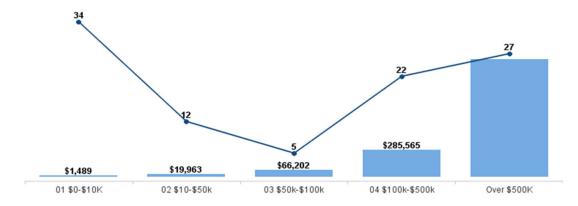
100

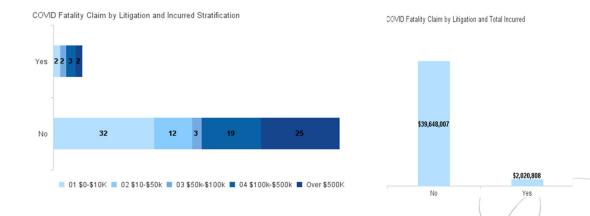
death claims which is 0.4% of all COVID-19 claims; lower than Sedgwick and NCCI projected fatality rate

27
death claims are over \$500K

9% of death claims are litigated

COVID Fatality Claim Count and Average Incurred





caring counts

Average Incurred by Duration Stratification

AS OF 12.31.21

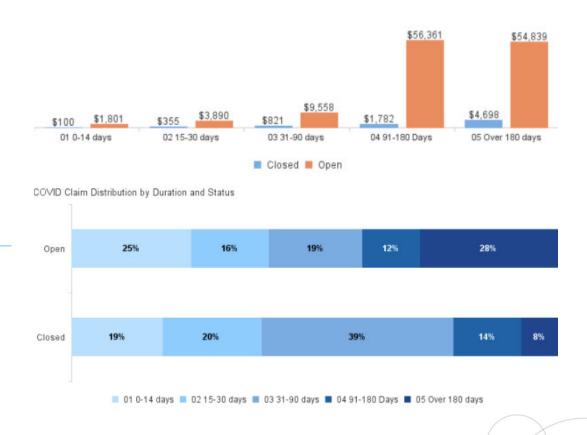
Duration – *public entities*

64

days is the average duration for closed claims (88.3% of total) and open claims (11.7% of total) have been open for 131 days on average

28%

of open claims have been open longer than 180 days, and average incurred is much higher with longer duration





Conclusions

- About 91% of COVID-19 claims are closed and average duration days on all COVID-19 claims is 67 days
- Stability in cost trends; Closed claim cost hovering around \$1,000 and overall claim costs
 (closed + open) is under \$5,000
- Seeing COVID-19 claims across all age groups (and moderately more prevalent in <30- to 50-year-old groups)
- Not unexpectedly, healthcare industry hit hard with COVID-19 claims

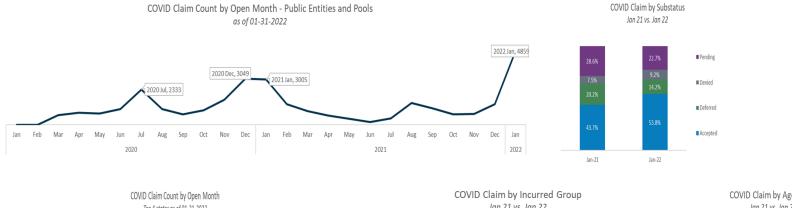


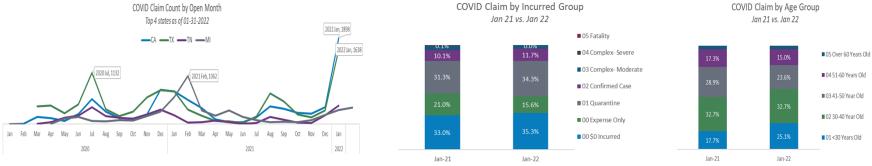
Conclusions – *public entities*

- About 88.3% of COVID-19 claims are closed and average duration days on all COVID-19 claims is 72 days
- Stability in cost trends; Closed claim cost hovering around \$1,000 and overall claim costs
 (closed + open) is under \$4,000
- Seeing COVID-19 claims across all age groups (and moderately more prevalent in <30- to 50-year-old groups)
- COVID-19 claim average incurred is lower than Non COVID-19 claim (\$3,855 vs. \$9,832)



Omicron increase – *public entities*





THANK YOU

SEDGWICK.COM