

Will COVID-19 Impact Workers' Compensation Premiums for 2021-2022?

As the reality of the COVID-19 pandemic took hold, insurance industry analysts predicted that workers' compensation claims could skyrocket due to an increase in high-cost claims related to the disease. If this occurred, employers could expect to see large increases in policy premiums.

Every school is different, but generally claims related to COVID-19 have been limited. Schools turned quickly to remote learning and took extraordinary measures to ensure the safety of students and staff. With the move to remote learning, many schools and districts reduced exposure to possible claims during 2021-2022, which could actually reduce Workers' Compensation costs. Given this, what budget projections can schools make for their workers' compensation budget line?

Understanding how the workers' compensation modification factor of a school, or "mod," is developed is the key to clarity. The more claims and payouts a school has, the higher the mod and therefore the higher the policy premium. The mod to be utilized in calculating the annual premium for the 2021-2022 fiscal year will include claims and final payroll data from the 2017-2018, 2018-2019 and 2019-2020 policy periods. The mod will not include current year data, therefore any impact – positive or negative – from COVID-19 will not factor into workers' compensation costs until the 2022-2023 fiscal year.

Schools may save money in the current term if anticipated payroll is lower than originally reported in July of 2020. If this is the case, be certain to request an audit from your insurance carrier. A significant credit may be owed.

Mark Muscatiello

Managing Director/Leader

markm@ffbinsurance.com

Office: (212) 933-9050

Direct: (646)-265-0662

Kelly Machu

Executive Vice President

kmachu@ffbinsurance.com

Office: (212) 933-9050

Direct: (732) 865-3285

