

Workers' Compensation

Bureau Files 2.7% Rate Increase for Sept. 1

NEW RESEARCH warns that so many people working remotely could result in a marked increase in musculoskeletal health issues, with four in five workers who began telecommuting in lockdown developing some form of musculoskeletal pain.

The recommendation has been sent to Insurance Commissioner Ricardo Lara, who will hold a hearing in July on the filing, after which he can approve the filing or reject it and either order a different rate hike or a benchmark rate decrease.

His decision will affect California employers who are just beginning a recovery from the financial effects of the COVID-19 pandemic. If approved, the filing would be the first rate hike since 2015.

The benchmark rate – also known as the pure premium rate – is a base rate that insurers can use as a guidepost for pricing their policies. It includes the cost of claims and claims-adjusting costs, and does not take into account other expenses insurers face.

The recommended 2.7% hike from the Jan. 1 rate is an average across all class codes. Rates will vary from employer to employer.

The recommendation comes as the number of workers' compensation claims plummeted 23% during the pandemic in 2020 from 2019, according to the WCIRB.

The Rating Bureau is not using any data from COVID-19 workers' comp claims, as it considers the event a distortion to industrial accident and illness claims and costs.

WCIRB chief actuary Dave Bellusci said that, to reflect the unique impact of the COVID-19 pandemic claims, the Rating Bureau excluded all claims arising from a COVID-19 diagnosis from the analysis and largely relied upon pre-pandemic experience to project future costs.

The drivers of the rate hike request are:

- The new Medical-Legal Fee Schedule, which took effect April 2021, will increase the reimbursement rate for medical-legal reports by an average of 22%. The WCIRB estimates that will result in a 1.4% increase in the cost of the average claim.
- Changes to California's official workers' compensation Medical Fee Schedule,

which lists the prices that hospitals can charge for various services. The changes are expected to increase average medical costs per claim by 2.4%, the WCIRB says.

- Expectations that injury numbers will start climbing as the economy heats up.

The COVID-19 claims story

The Rating Bureau made a decision early in the pandemic that COVID-19 workers' comp claims would be excluded when calculating employers' X-Mods.

Workers who contract COVID-19 on the job are eligible for workers' compensation benefits in California, including medical treatment costs and indemnity pay for time they miss from work due to a positive diagnosis.

Despite the surge in COVID-19 claims among workers, overall workers' comp claims still plummeted in 2020.

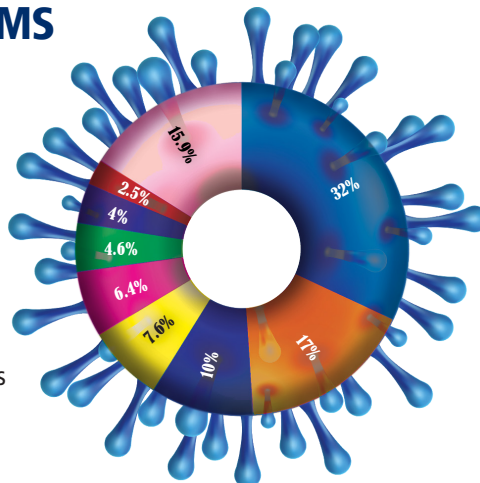
There were 142,513 COVID-19 workers' compensation claims filed in the state between January 2020 and March 2021, according to the California Workers' Compensation Institute.

Those illness claims include 883 workers in California who died from COVID-19 complications. ❖

SECTORS WITH MOST COVID-19 WORKERS' COMP CLAIMS

(Jan. 2020 - March 2021)

- Health care: 42,535 claims
- Public sector: 23,196 claims
- Retail: 13,816 claims
- Manufacturing: 10,200 claims
- Transportation: 8,658 claims
- Food services: 6,239 claims
- Administration and waste: 5,246 claims
- Construction: 3,387 claims
- Other: 29,116 claims



What Cyber Insurance Underwriters Look For

AS THE number of cyber attacks against businesses continues to grow, insurers that provide cyber liability and other cyber-related coverage have started intensifying their scrutiny of their clients' databases and operational security.

When a business suffers a cyber attack it could result in fraudulent wire transfers or having its systems rendered frozen, which can be unlocked only by paying a ransom. Some companies will also have their intellectual property stolen in attacks.

But while these attacks grow in number and cost, cyber insurers are expecting their policyholders to do more to protect their data and systems.

CFC Underwriting, a global insurer, says there are six things its underwriters look for when pricing cyber insurance policies:

Close unused remote desktop protocol ports

RDP ports are for remote workers so they can access their office desktop and the company database from afar. CFC recommends that any unused RDP ports be closed, and the ones that are in use should be protected with a virtual private network and multi-factor authentication (MFA).

RDP ports are major vulnerabilities and CFC estimates that more than 50% of ransomware attacks that it sees occur thanks to open RDP ports. Close an RDP if it's not absolutely necessary.

Use multi-factor authentication

These days complex passwords are not enough to provide the security you need to protect your data. That means there should be another layer of security used to authenticate a user, such as a thumbprint or a unique code that is sent to their phone by text message and that they need to enter to proceed. This is common technology on many websites and apps today.

This can prevent brute-force attacks where criminals try multiple usernames and passwords in automated rapid succession to try to hack a system because, even if they get it right, they won't pass the second authentication. Typically, when they use this type of attack they can steal credentials and sell them on the dark web, which can in turn lead to them accessing financial accounts.

"For that reason, our cyber underwriters love when a business has MFA in use across all business email accounts and on other key business software too," CFC writes.

Have a data management strategy

Underwriters like to see that a company's data is stored and segregated properly, like splitting client records across multiple servers so that if one server is compromised not all the data is lost. That, in turn, can reduce the likelihood of a catastrophic loss.

If you're using a cloud service, it would be wise to ensure they have the proper authorized access controls in place and that they are running security checks on any third party vendors.



Run endpoint detection and response

Besides firewalls and antivirus software, cyber insurance underwriters also advise that businesses use endpoint detection and response tools. These systems continuously monitor all devices connected to your network to make sure they are secure and have not been compromised.

This is important because an employee can be using a device that gets compromised by clicking on a malicious link on their smartphone, which can unleash an attack on the company's network.

An endpoint might be anything from an employee workstation and company server to a mobile phone.

Segregate backup data from main network

Businesses need to do more than just back up their records and servers. What's important is what is done with that backup information. If you are backing up your servers and then storing that data on those same servers, it doesn't do you much good if your system is compromised.

Underwriters like to see that data is stored and segregated from the main network, and even stored offline in an offsite location. This will make recovery quick and easy if you suffer a ransomware attack.

Make risk management a priority

Cyber insurance underwriters will also look at:

- Any policies and procedures you have in place in terms of cyber risk management.
- If you have a key person in charge of these policies.
- And that the key person knows about the different kinds of data you are storing, and how it is stored. ❖

Second CalSavers Deadline Fast Approaching

THE DEADLINE is fast approaching for employers with 50 or more staff in California, and who do not already offer their employees a retirement plan, to register for the CalSavers Retirement Savings Program.

As of April 7, more than 10,000 employers had already registered for the program, which will allow employees to set aside a set amount of pre-tax money from their paychecks into the state-run retirement plan.

Only California employers that do not offer retirement plans are required to register for CalSavers and there are different registration deadlines depending on employer size, staggered over a few years as follows:

Employers with 50 or more workers – The deadline for registration is June 30.

Employers with five or more workers – The deadline for registration is June 30, 2022.

The deadline for firms with 100 or more workers was June 30, 2020.

Despite the above deadlines, employers can register anytime to start the program for their workers. Firms with fewer than five workers are exempt, but they too can sign their workers up for CalSavers.

Employers that don't provide a retirement plan for their workers, and who fail to register, can face a penalty of \$250 per employee, as well as additional penalties for sustained non-compliance.

QUALIFYING PLANS

If you already have a qualified retirement plan for your employees, you do not have to participate. A qualified plan can be a:

- Company pension plan
- 401(k) plan
- 403(a) plan
- 403(b) plan
- Simplified Employee Pension (SEP) plan
- Savings Incentive Match Plan for Employees (SIMPLE)
- Payroll deduction IRA with automatic enrollment.

How CalSavers works

Participating employers will deduct a default rate of 5% of pay from the paycheck of each employee at least 18 years old and deposit it into the individual's CalSavers account. Employees can choose other rates as well.

Employee participation is voluntary, and they can opt out at any time. Regardless of whether any employees want to sign up for a plan, applicable employers are required to register and offer the program to all current employees and new hires.

The deduction amount will automatically escalate one percentage point each year to a maximum of 8%, unless the individual employee elects a different amount, elects out of auto-escalation or completely opts out of the program.

Business owners who are employees of their business can also participate. Business owners who are not employees may enroll as an individual and make automatic contributions every month. There are no costs for businesses to sign up and facilitate the program for their employees.

Employers can register here. Once set up and employees have signed up, the employer will be responsible for taking off the chosen deduction for each employee and transferring it to CalSavers at each pay period.

For employees

A CalSavers account is a personal Individual Retirement Account overseen by the CalSavers Retirement Savings Investment Board. Here's some information employees need to know:

- A portion of their pay is automatically contributed to an IRA that belongs to them.
- Employees can customize their account by setting their own contribution rate (between 1% and 8%), as well as choose the investments they want to put their money in.
- The account is portable: They keep it if they leave their job. ❖



Many Remote Workers Suffer From Ergonomic Pain

NEW RESEARCH warns with so many people working remotely could result in an increase in musculoskeletal health issues, with four in five workers who began telecommuting in lockdown developing some form of musculoskeletal pain.

Remote work was quickly forced on millions of workers when the COVID-19 pandemic hit.

Most of them were unprepared to suddenly work from home and often there was little support from employers to ensure they had proper, ergonomic workstations.

In fact, one study found that 35% of office workers received no equipment, support or advice from their employer on remote working.

The survey by Furniture At Work found that 54% of employees who work from home say they were not sitting at a properly designed workstation.

Many of them said that instead of office chairs, they have been working on stools or dining room table chairs and at tables that are not the correct height to be ergonomically correct.

The reality employers don't see

- 27% of staff are working from their kitchen tables.
- 15% of employees are working from their sofas.
- 20% of 16- to 24-year-olds said they regularly worked from their beds.

As a result, 23% said they experienced musculoskeletal pain most or all of the time, and 46% said they had been taking painkillers more often than they would like, according to another study by Charity Versus Arthritis.

Most common ailments

Of the remote workers experiencing ergonomic pain:

- 50% said they were suffering from lower-back pain,
- 36% were suffering neck pain, and
- 28% were suffering from shoulder pain.

These injuries can start as annoyances, but if people continue working in a poor ergonomic set-up they can worsen to the point of being debilitating. Sometimes surgery is required, which would be covered by workers' compensation.

What you can do

No employer wants their workers to suffer these injuries. Besides that, they can also file workers' comp claims, which can be costly depending on the severity of the ergonomic injury. That in turn can drive up your premiums.

But there are steps you can take to protect your remote workers:

- Regularly check in with employees about their pain and musculoskeletal health.
- Purchase equipment for employees, and make reasonable adjustments for people with disabilities or long-term health conditions that affect their ability to work.
- Promote physical activity, and encourage regular breaks.
- Enable people to work flexibly where possible.
- Better inform employees of their employment rights and the support they can ask for. ❖

