

## 2021 REPORT ON COVID-RELATED CLAIMS

As a leading provider of turn-key disability products, FullscopeRMS has the unique opportunity to aggregate claims data across many companies, with a wide diversity of demographics, geographic locations, and industries. We put together this report on our findings on COVID-related claims, to help our partners better understand current trends.

### Short-Term Disability Claim Trends

- STD incidence rates dropped in second quarter of 2020, mainly from a lack of elective procedures.
- STD incidence rebounded in the third quarter of 2020 and has remained near pre-COVID levels, with electives bouncing back to pre-pandemic levels.
- Since the start of the pandemic in early 2020, STD COVID claims have been approximately 17% of new STD claims. That has varied by month and has reached as high as 40%.
- COVID claims have shorter durations than both Maternity and non-COVID/non-Maternity STD claims:

<b>Average STD Duration</b> FullscopeRMS STD Data from 2019 through 9/2021		
Type of Claim	Percent of Claims	Average Duration
Non-COVID Non-Maternity	71%	56
Non-COVID Maternity	19%	42
Confirmed COVID	10%	22

- Both the max-out rate and the LTD transition rate has been lower for COVID claims when compared to non-COVID/non-Maternity STD claims:

<b>STD LTD Transition Rate</b> FullscopeRMS STD Data from 2019 through 9/2021			
Type of Claim	Percent of Claims	Max Out Rate	LTD Transition Rate
Non-COVID Non-Maternity	71%	18.0%	9.0%
Non-COVID Maternity	19%	3.0%	1.0%
Confirmed COVID	10%	5.0%	2.0%

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### Long-Term Disability Claim Trends

- LTD COVID claims have been about 3.5 to 4% of new claims.
- The possibility of more LTD claims related to this pandemic (long COVID) is an unknown and a concern.
- There was a huge dip in LTD recoveries in the second quarter of 2020. Since then, recoveries have been volatile, with some quarters (1Q21) being exceptionally strong while others being exceptionally poor.
- LTD incidence rates have remained steady, even with the addition of COVID claims.
- LTD COVID claim recoveries have not been significantly different from other diagnoses:

<b>A/E LTD Recoveries</b>				
E-2012 GLTD Valuation Table, Excluding Valuation Margin				
Experience Year				
COVID	2019	2020	2021	Grand Total
No	130%	123%	146%	132%
Yes	-	151%	132%	136%
<b>Grand Total</b>	<b>130%</b>	<b>123%</b>	<b>146%</b>	<b>132%</b>

### Conclusion

There are still some question marks about the future impact from COVID claims. The possibility of more LTD claims related to this pandemic (long COVID) is an unknown and a concern. In addition, new variants and vaccine hesitancy add some uncertainty about the eventual end of the pandemic. We will continue to track this type of information and provide periodic updates to our partners.

#### About FullscopeRMS

FullscopeRMS helps our clients – including top insurance carriers and health plans – grow their businesses with our turn-key solutions for group benefit and stop-loss products. We serve a diverse mix of clients who trust us to protect their brand through our service and expertise.