Agenda

1. The latest facts about the COVID-19 epidemic
2. How employers can prepare
3. Issues to consider
4. Questions and answers
Today’s speakers

Marc Hindman
Risk Control/Claims Advocacy

Jeff Levin-Scherz, MD
Healthcare Delivery

Pam Enright
Expatriate Benefits Solutions

Heather Marshall
Talent & Rewards

Beth Ashmore
Retirement Benefits

Thomas Ryan
Casualty Claims

Eric A. Silverstein
Casualty Coverage
COVID-19 is an illness associated with a novel coronavirus SARS-CoV2

Initially associated with exposure to seafood and meat market in China
- Sickened over 100,000
- Over 4,000 deaths
- Current mortality rate 0.6%-3.4% (as of March 10)

Could become a worldwide pandemic

Most common incubation period: 2-14 days (mean 4 days)

Method of spread:
Respiratory droplets in air or on contaminated surfaces

Disease | How many are infected by each case ($R_0$)
---|---
COVID-19 | 2-3.11
Influenza | 1.3
Norovirus | 1.6-3.7
Zika | 3-6.6
Ebola | 2
Measles | 11-18


Symptoms
- Fever (44% on presentation; 89% during hospitalization)
- Cough (68%)
- Diarrhea (4%)

About 1/5 of those with COVID-19 have serious illness – many require hospitalization and some require mechanical ventilation
- The aged, those with chronic diseases, and smokers are at highest risk

Containing this epidemic is difficult because COVID-19 can be spread by people who are not yet symptomatic
COVID-19: Where is it now?

Source: Johns Hopkins [Link]
As of 3/10/20

US:
761 cases
27 deaths

South Korea:
7500 cases
54 deaths

Italy:
9100 cases
463 deaths

Iran:
8000 cases
291 deaths

Hubei Province:
67,700 cases
3024 deaths
COVID-19: Economic implications

**How bad can it get? Measuring the Coronavirus impact**

Whether the economy heads into recession may be determined by the way that businesses react.

**Wall Street falls more than 7%, travel companies hit**

Whether the economy slides into recession may be determined by the way businesses react to the outbreak.

**Airlines face billions in losses**

Passenger airlines could lose billions of dollars in revenue this year, the drop in demand echoing to the feeling after the tragedy of 9/11.

**China economic forecast severe for first quarter**

The coronavirus may have halved China’s current economic growth compared with the preceding 3 months, worse than anticipated. It may trigger predictions of interest rate cuts.
One in three companies expect COVID-19 to have a significant negative impact on business results in the next six months.

### Table: Impact of COVID-19 on Business Results

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Negative Impact</th>
<th>Moderate or Large Negative Impact</th>
<th>No Impact</th>
<th>Small Negative Impact</th>
<th>Moderate Negative Impact</th>
<th>Large Negative Impact</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Six months</td>
<td>23%</td>
<td>34%</td>
<td>26%</td>
<td>8%</td>
<td>1%</td>
<td>11%</td>
<td>31%</td>
</tr>
<tr>
<td>Twelve months</td>
<td>16%</td>
<td>20%</td>
<td>15%</td>
<td>5%</td>
<td>1%</td>
<td>12%</td>
<td>51%</td>
</tr>
<tr>
<td>Two years</td>
<td>9%</td>
<td>6%</td>
<td>4%</td>
<td>2%</td>
<td>0%</td>
<td>21%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: 2020 COVID-19 Variable Compensation Implications Survey
What should employers do to prepare for COVID-19?

1. Protect workers at the workplace
2. Communicate effectively and provide resources
3. Maximize remote work and virtual meetings
4. Reassess global mobility
5. Consider Total Rewards implications
6. Review risks
Protect workers at the workplace

- Exclude workers and visitors who have respiratory illnesses, and those who have risk factors for COVID-19
- Provide proper handwashing facilities
- Provide access to hand sanitizers
- Increase cleaning and sanitizing of common areas
- Encourage “social distancing” for employees who must come to the workplace if there is community-acquired COVID-19 in the local area

- Be sure that health workers have proper protective equipment and are trained in its use
- Be cautious to avoid stigma in the workplace
- Add capacity at on-site or near-site clinics, and be sure they have proper protective equipment and updated policies
- Encourage use of telemedicine

Actions for Consideration

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken
Exclude workers and visitors who are ill or at risk for COVID-19

- Research which employees are at risk based on their travel (45%)
- Quarantine travelers returning from Asia (43%)

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken

Actions for Consideration

- Exclude workers or visitors who:
  - Have current respiratory symptoms
  - Have traveled from high risk areas for 14 days since their exposure
- Exclude family members of those with COVID-19, or those suspected of having COVID-19, for 14 days since last unprotected exposure

- Thermal scanning can be used if there is substantial COVID-19 in the community; however, some who might be contagious will not have high temperatures
- Be sure to protect worker confidentiality
Provide accurate and timely communication to employees

- Deploy communication campaigns around preventing spread of respiratory disease (59%)
- Enhance communication about preventing spread of respiratory disease (56%)

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken

**Actions for Consideration**

- Take steps to eliminate rumors
- Earn worker trust by sharing information accurately and in a timely manner
- Use emergency response systems to communicate in real time with onsite and remote workers
- Test emergency communication system
- Know what strategic partners, such as carriers, wellness vendors and pharmacy, are communicating to members
- Communicate available resources including Employee Assistance Programs, onsite health centers, and telemedicine
Provide resources to supervisors to address employee concerns

Offer supervisor training on communicable disease

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken

Actions for Consideration

- Provide real-time access to resources to help them answer employee questions
- Have clear instructions for supervisors about company response to COVID-19, and how to escalate a concern about a potential exposure at the workplace
- Put plans in place to quickly report any potential exposure to the local health department
Consider alternative approaches to work arrangements and meetings

- Increase flexibility to work from home (WFH)
- Provide flexibility for WFH or additional PTO if childcare is required due to COVID-19 illness or school cancellation
- Replace internal and external meetings with videoconferencing
- Reschedule internal and external conferences, especially international events

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken
Employers are taking actions to restrict and monitor business travel

- Follow CDC & State Department travel advisories.
- Cancel travel to geographies subject to Level 4 State Dept warnings, strongly consider canceling travel for areas with Level 3 CDC warnings.
- Require extra levels of approval for travel to geographies subject to Level 3 State Dept and Level 2 CDC advisories

**Travel Consideration As Impact Spreads**

- 63% Cancel planned business trips to selected countries
- 55% Encourage virtual meetings to decrease travel
- 47% Cancel planned conferences in selected countries
- 45% Flag trips to certain destinations for additional scrutiny

**CDC Guidance**

- Watch Level 1: Practice usual precautions
- Alert Level 2: Practice enhanced precautions
- Warning Level 3: Avoid nonessential travel

**State Dept. Guidance**

- Level 1: Exercise normal precautions
- Level 2: Exercise increased caution
- Level 3: Reconsider travel
- Level 4: Do not travel

**Action:** Provide clear guidance on travel restrictions; encourage web-based vs. travel for meetings
Prepare for additional impact on business travelers and expatriates

- Personal health risks
- Family considerations
- Stress & anxiety
- Access to resources
- Reduced productivity

For expats in high-risk areas, consider:
- Extended home leave
- Family repatriation
- Relocation
- Early end to assignment

For expats who remain local:
- Business as usual/WFH
- Provide PPE, stay in close contact with HR, Global Mobility & Security teams

Actions to mitigate concerns for globally mobile workforce

- Confirm expat health & life benefits will provide coverage for COVID-19 claims
- Ensure travelers have coverage for urgent and emergency healthcare, with no specific exclusions that might apply to COVID-19
- Immediate access to EAP and telehealth services (usually available through expat health plan)

- Ensure easy access to quality healthcare providers
- Leverage global insurance and assistance partners to coordinate healthcare and evacuations, if necessary
- For expats in high risk locations, maintain frequent contact and provide ongoing guidance
The majority of Asian employers have maintained pay and benefits for employees unable to work due to COVID-19

- Paid employees at closed sites in Wuhan in full: 78%
- Paid employees at other closed sites in Asia in full: 91%+
- Are providing continuation of benefits: 90%+

Source: 2020 Willis Towers Watson COVID-19 Survey

**Actions for Consideration As Impact Spreads**

- Assess affordability of planned merit increases
- Lower bonus accruals for 2020
- Hiring freezes
- Furloughs for certain teams
- Offer unpaid leave
- Reduced pay for reduced hours

**Reaffirm long-term job security for employees**
Employers are taking an informed wait-and-see approach on variable compensation amid continuing uncertainty

Report 2020 short-term incentives (STIs) impacted, with one in five indicating no intent to make adjustments

Intend to maintain the current short-term incentive design, and reserve the right to use discretion

No planned sales incentive plan adjustments at this time

Source: 2020 COVID-19 Variable Compensation Implications Survey

Actions for Consideration In Continuing Uncertainty

- Review metrics
- Check plan rules – what can you do
- Proactively discuss with Compensation Committee
- Monitor and understand investor views

44%

~50%

75%

44% ~50% 75%

44% ~50% 75%

Source: 2020 COVID-19 Variable Compensation Implications Survey
North American employers face difficult decisions about employee pay and benefits

- Employee fear of penalties and potential financial hardship can lead to underreporting of risk – which can lead to unnecessary and dangerous workplace exposures

- Evaluate whether disability insurance or Workers Compensation would apply to employees excluded from work due to COVID-19

- Develop and communicate explicit policies about employee pay and benefits if a workplace is shut down due to an epidemic

### Actions for Consideration As Impact Spreads

- Help your employees qualify for Workers Compensation or other available government programs
- Review current policies about continuing pay and benefits, and revise as appropriate
- Adjust hours as necessary to meet customer need

### Reaffirm long-term job security for employees
Prepare for further effects on benefit program costs and employee wellbeing

**Enter 2020 with economic uncertainty prior to COVID-19**

- Less policy room for central banks
- Rising corporate debt levels
- Geopolitical risk

**High degree of volatility to-date**

- S&P 500 down 15% YTD
- 10-year Treasury: 0.57%
- 50 bps emergency rate cut

**Potential longer-term implications?**

- Corporate cashflow risk
- Higher benefit costs / contribution requirements
- Employee financial uncertainty

**Actions for Consideration In Continuing Uncertainty**

- Assess exposure from capital market volatility
- Identify options to manage benefit program costs / cashflow needs
- Consider the effects of economic uncertainty on employee behavior and wellbeing

---

1 Willis Towers Watson – Global Investment Outlook 2020
2 As of market close March 9, 2020
Review business continuity plans to be sure the company is ready for potential impact

In light of the COVID-19 epidemic, which best describes your organization’s business continuity planning?

- Had meetings with BCP Command Leaders and are prepared to activate if necessary (45%)
- Were prepared and activated plan (24%)
- Have a team working on recovery phase (22%)
- Have a post-recovery team to analyze process improvements needed (14%)
- Do not have a Business Continuity Plan in place (29%)

Source: 2020 Willis Towers Watson COVID-19 Survey

Actions for Consideration In Continuing Uncertainty

- Review and update your business continuity plan (BCP)
- BCP Command Leaders should meet to anticipate business challenges and responses
- Review supply chain challenges and develop or implement contingency plans
- Review insurance plans to evaluate potential gaps
- Develop and implement real-time communication plan
Consider a holistic focus on pre-incident & post-incident workers compensation claims

### Workplace Safety & Prevention
- Provide information and training on occupational safety and health
- Advise employees on self-assessment, symptom reporting & staying home when ill
- Supply employees with technical updates on COVID-19

### Workers Compensation Claims
- Promptly evaluate potential claims
  - Follow process to triage claims
- Ensure claim reporting best practices
  - Review and revise reporting guidelines
- Follow workers compensation reporting requirements
- Compensability decisions
  - Workers compensation commission
  - Workers compensation carrier

### Advocacy-Based Claims Model
- Effective communication
- On-going education
- Maintain transparency
- Optimal employee experience
- Assist with reducing employee's stress and anxiety
Assess whether employees will be eligible for Workers Compensation if they miss work due to COVID-19

Contributing Factors

- Contraction/Transmission is “peculiar” to the employee’s job duties (i.e. “peculiar” to employment as a nurse)
- The disease was transmitted at a clearly identifiable point in time arising out of an “accident”
- Contraction occurred while on temporary foreign assignment
- The state workers compensation statute specifically includes or excludes “ordinary disease” as an occupational disease

THE CDC, OSHA, State Governments or Regulators could change the meaning of “ordinary disease” or take a number of different actions that could impact applicability of coverage

Source: 2020 Willis Towers Watson COVID-19 Survey – Actions taken
Are you ready for COVID-19?

- Are you protecting your employees and visitors?
- Are you excluding high risk people from your sites?
- Can you communicate effectively with your entire workforce?
- Do your supervisors have access to the right resources?
- Have you maximized remote working and virtual meetings?
- Have you evaluated your travel exposure and limited travel to high risk areas?
- Do your expat and business travel healthcare plans cover epidemics/pandemics?
- Have you evaluated your policies around pay during absences associated with this epidemic?
- Have you included your employees in your planning?
- Do you have options in place to manage benefit program costs?
- Are you prepared for a higher claims experience?
- Have you reviewed and updated your business continuity plans?
- Have you reviewed insurance for any potential exclusions?
- Do you know if your employees will be eligible for workers compensation if they miss work?

© 2020 Willis Towers Watson. All rights reserved. Proprietary and Confidential. For Willis Towers Watson and Willis Towers Watson client use only.
Questions