

# Risk Considerations

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Shifting Your Time Off Strategy in the Midst of COVID-19

NEEBC – June 24, 2020

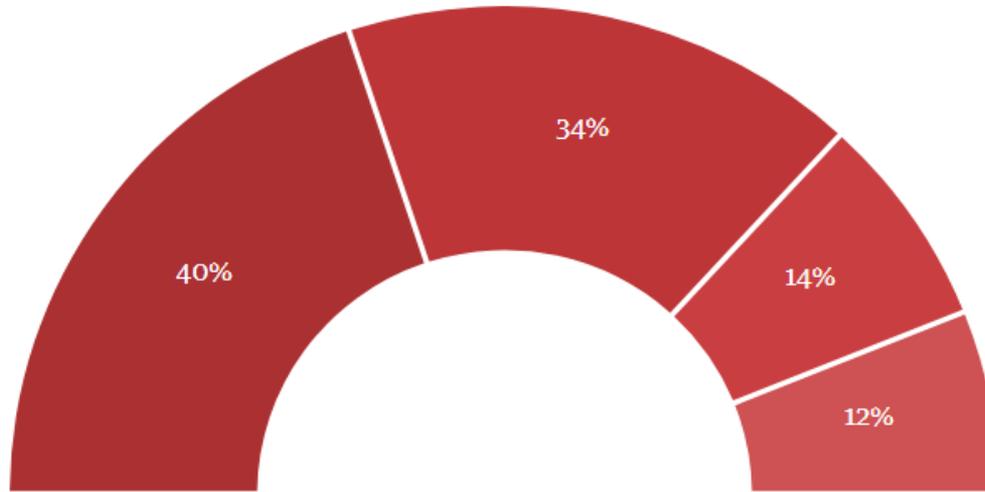




**wework**



**wework**



**40%**  
Party on — the U.S. expansion will continue

**34%**  
We'll have more of a slowdown than a recession

**14%**  
Hunker down, it's going to be a rough ride

**12%**  
There will be a mild recession

# BOSTON BUSINESS JOURNAL

Economic Outlook Survey  
December 2019

Total number of responses: **577**

*This poll is not a scientific sampling. It offers a quick view of what readers are thinking.*



# Some Risk Considerations

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Cultural

Process

Volatility

Productivity

Communication



Cultural



A black and white photograph of Peter Drucker, an elderly man with short hair, wearing a suit and tie. He is sitting in a chair, looking directly at the camera with a slight smile. He is holding a pair of glasses in his hands. The background is a bookshelf filled with many books. The lighting is soft, highlighting his face.

Culture eats **strategy for breakfast.**

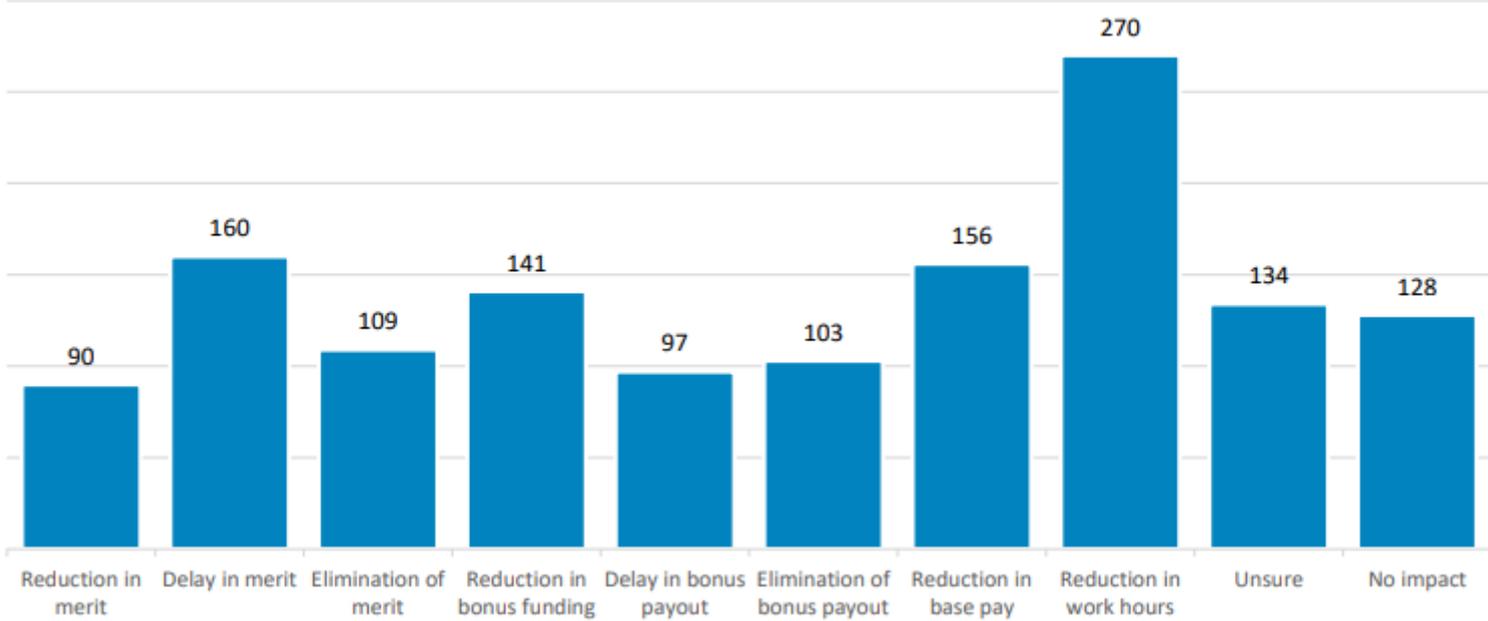
— *Peter Drucker* —

AZ QUOTES

# Risk Considerations - Cultural



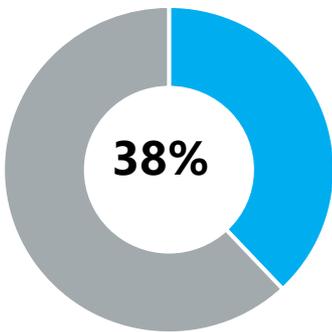
Which compensation programs may be affected by COVID-19?



# *Before COVID-19*

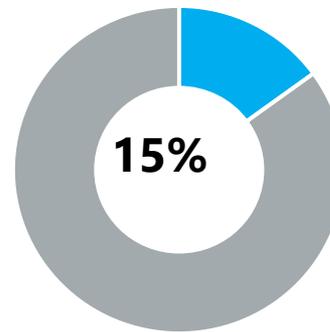
## *Changing landscape for time off programs*

Employers were placing more emphasis on time off programs as a key benefit to their overall total rewards programs and benefits.



**38%** of organizations report having revised their time off programs within the last 12 months.

More employers were embracing flexibility in an effort to retain top talent, improve morale and increase levels of productivity and satisfaction.



**15%** of organizations don't provide at least one option for work-flex. This decreased from nearly 30% two years ago.

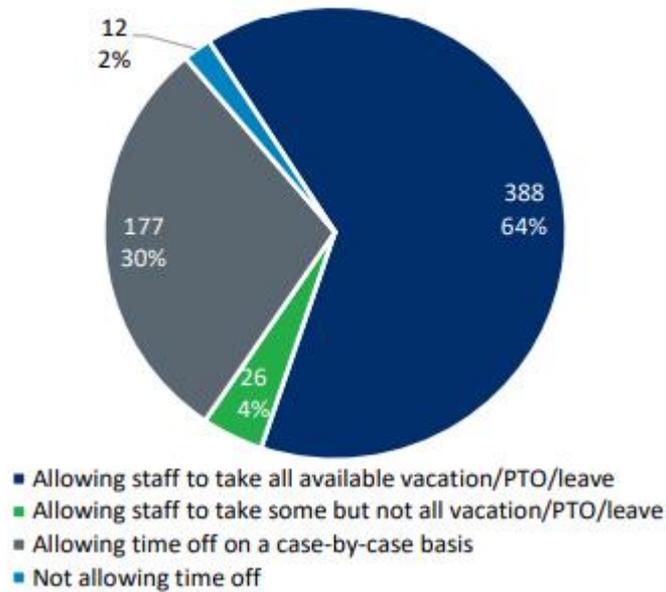
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#1 influencer of compliance with paid sick leave legislation.

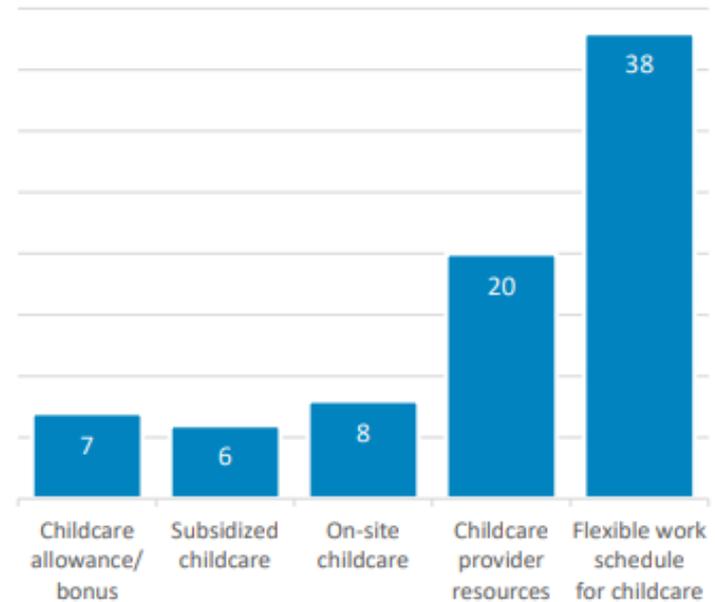
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# Risk Considerations - Cultural

How is PTO handled for active staff expected to work and requesting time off?



What kind of childcare assistance are you offering?



# Juneteenth

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From: "Bezos, Jeff" <jeff@amazon.com>

Subject: Juneteenth

*Over the past few weeks, the Steam and I have spent a lot of time listening to customers and employees and thinking about how recent events in our country have laid bare the systemic racism and injustices that oppress Black individuals and communities.*

*This Friday, June 19, is Juneteenth, the oldest-known celebration commemorating the end of slavery in the U.S. I'm cancelling all of my meetings on Friday, and I encourage all of you to do the same if you can. We're providing a range of online learning opportunities for employees throughout the day.*

*Please take some time to reflect, learn, and support each other. Slavery ended a long time ago, but racism didn't.*

*Jeff*



Process

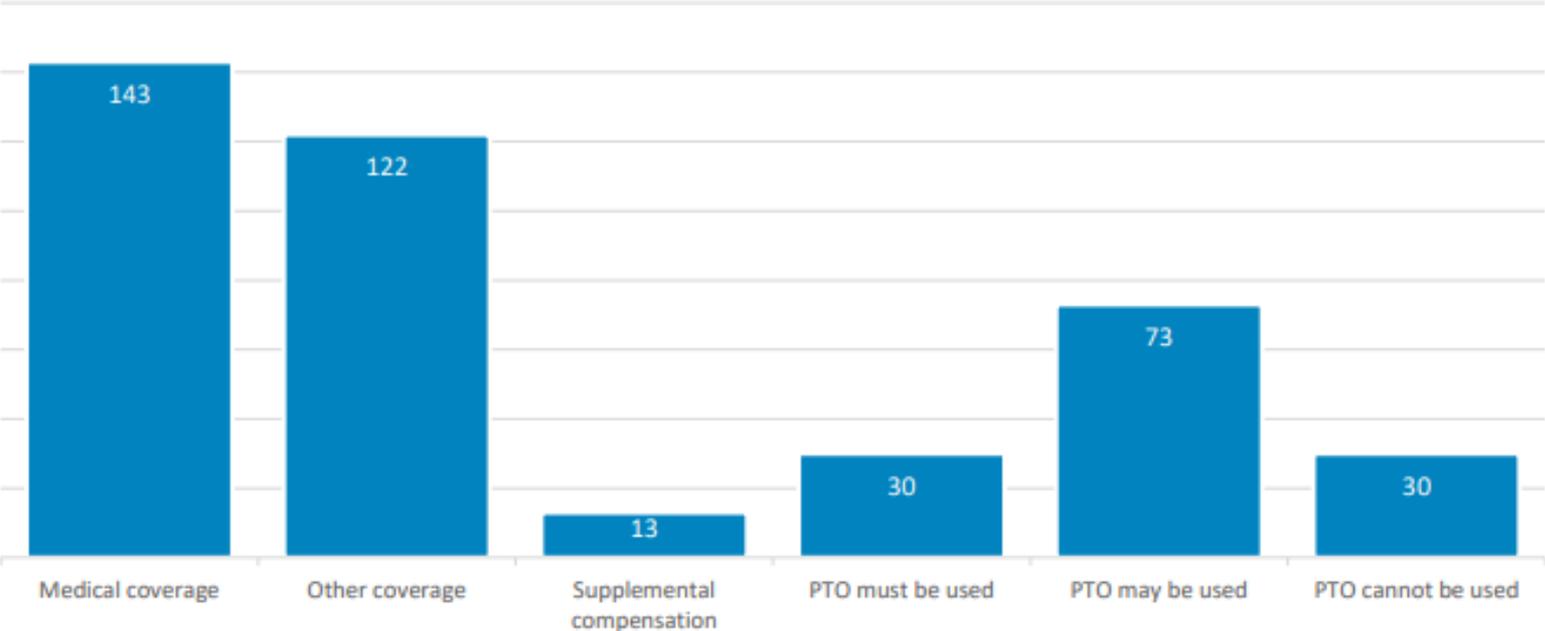




**DANGER**  
BE CAREFUL  
WHEN BELT  
IS IN MOTION.

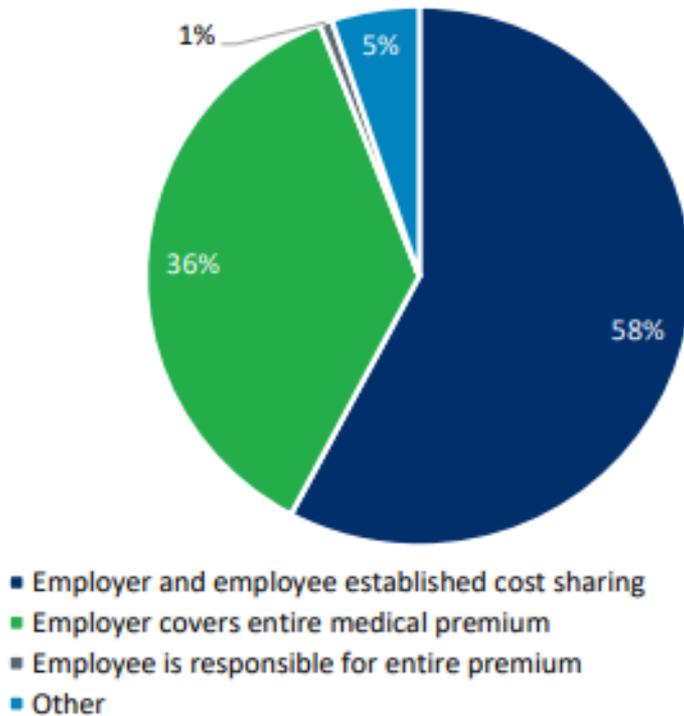
# Risk Considerations - Process

Which of the following apply to your furlough?

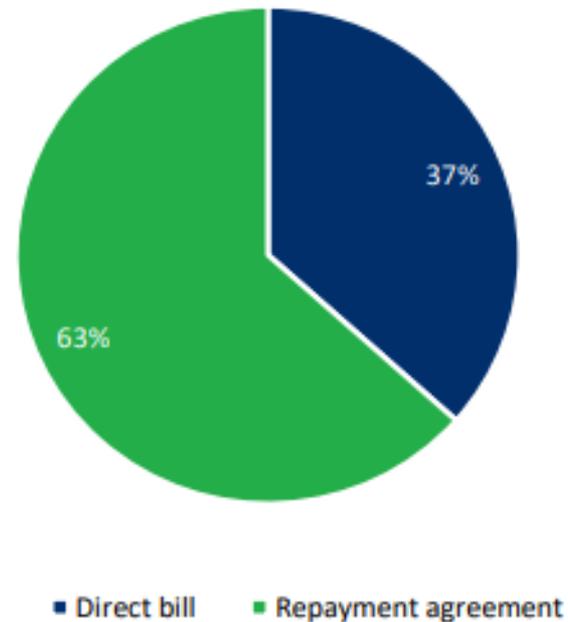


# Risk Considerations - Process

Which of the following applies to medical coverage during furlough?



How will premium contributions be collected?

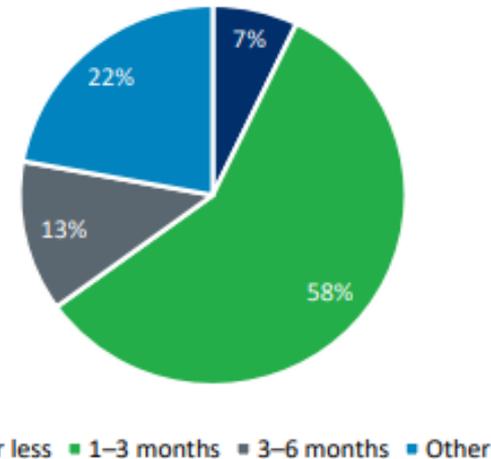


# Risk Considerations - Process

Are your handbook, policies, processes and vendors aligned?

- HR, Payroll & Benefit Systems & Vendors
- Life Insurance - Conversion & Portability Provisions
- Long Term Disability - "Occupation" Provisions
- Access to the Health Care Delivery System
- Frequent & Written Communication with your Benefits Ecosystem (Consultants, Brokers, Carriers, Technology, Vendors, etc.)
- End to End Auditing & Testing

How long will the employer continue medical benefits?



# Volatility







# Risk Considerations - Volatility

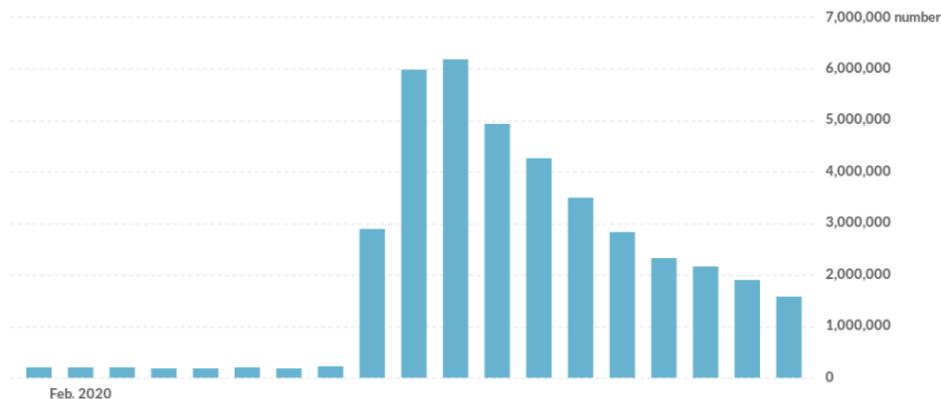
By Rex Nutting

If authorities get the little things wrong, how can they hope to be trusted about the big things?

## Mass layoffs didn't begin until March

Unemployment claims

Initial claims, not seasonally adjusted



Source: U.S. Employment and Training Administration via St. Louis Fed



Close to 6 million jobs are at risk of being lost in coming months as a second wave of coronavirus-induced layoffs is headed for the U.S., according to a new report from Bloomberg Economics.

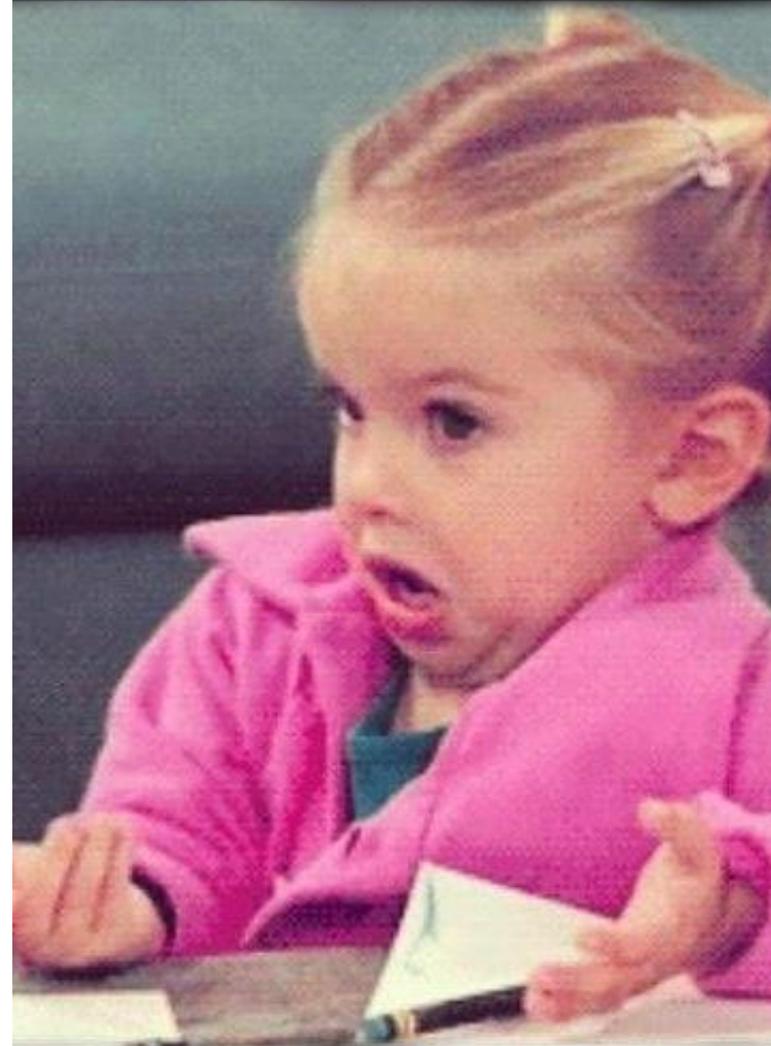
“We are about to see the best economic data we’ve seen in the history of this country,” Jason Furman.

## *Risk Considerations - Volatility*

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In general, business and investment does not like volatility

- What is the impact of further layoffs and furloughs?
- What about returning the workforce and recruitment?
- Will the big get bigger (Mergers, Acquisitions & Bankruptcies)
- Will employees use vacation?
- Will schools return in the fall?
- Will there be an adverse underwriting effects?
  - Life Insurance
  - Disability Insurance
  - Workers' Compensation
- What about Retirement Readiness?



# Productivity





TEN INSPIRATIONAL  
MOVIES THAT WILL  
BOOST PRODUCTIVITY  
AT WORK



# Risk Considerations – Productivity (Pre COVID-19)

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\$225.8  
billion



Productivity losses linked to absenteeism **cost employers \$225.8 billion, or \$1,685 per employee, annually** (CDC, International Monetary Fund).

60%



Employees who go to work when they are sick (presenteeism) account for about \$150 billion to \$250 billion, or **60% of the total cost of worker illness** (*Harvard Business Review*).

Improve



A well-designed absence management program with formal return-to-work policies, clinical management and wellness integration **can improve your organization's bottom line, employees' health and overall engagement.**

Best  
talent



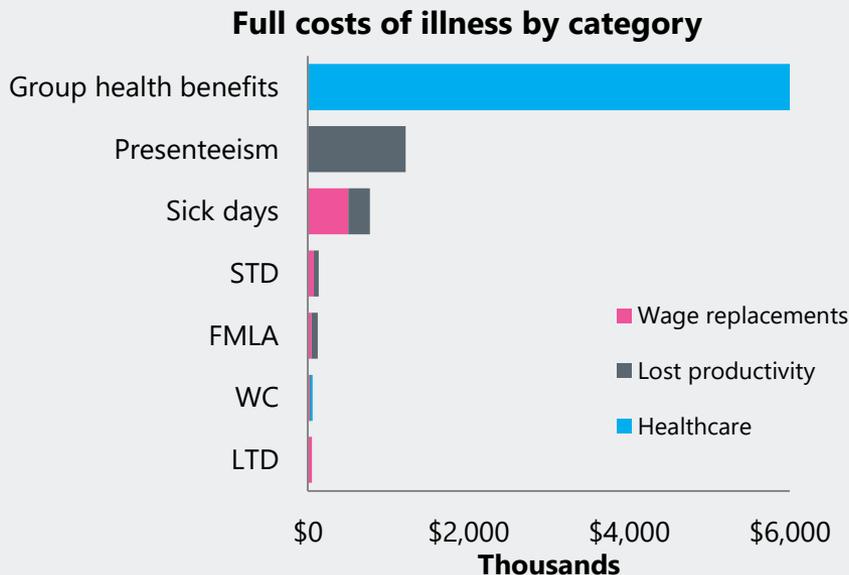
In addition to improving the bottom line, a market-competitive program can be used to **help retain and recruit the best talent** as part of your total rewards strategy.

# Total costs for workforce health

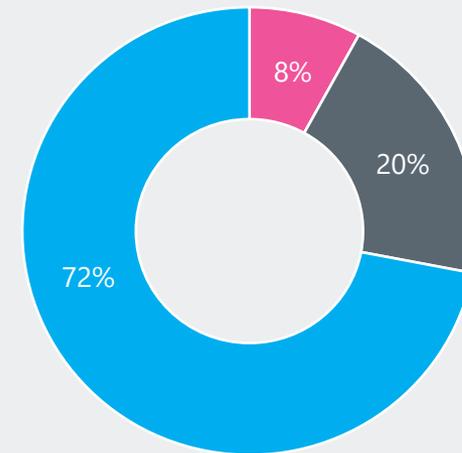
Costs for illness and injury in an employer's workforce are more than just medical and pharmacy expenses.

- Includes wage replacements for incidental and disability absences, productivity losses due to underperformance on the job (presenteeism), and lost productivity costs, such as missed revenue opportunities, overtime and overstaffing.

Sample report with full costs of illness by category (based on an employer with 500 employees in the finance and insurance industry):



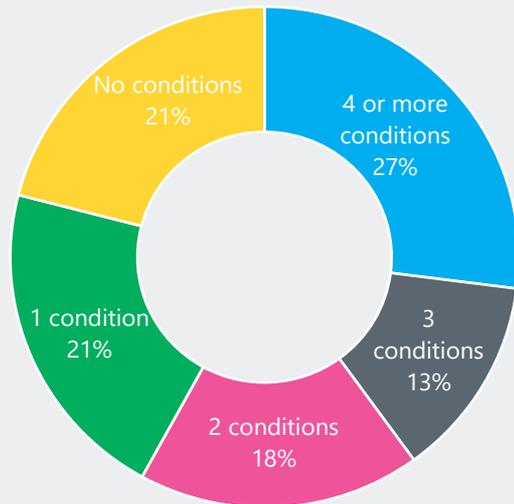
**Group health benefits are  
72% of full costs**



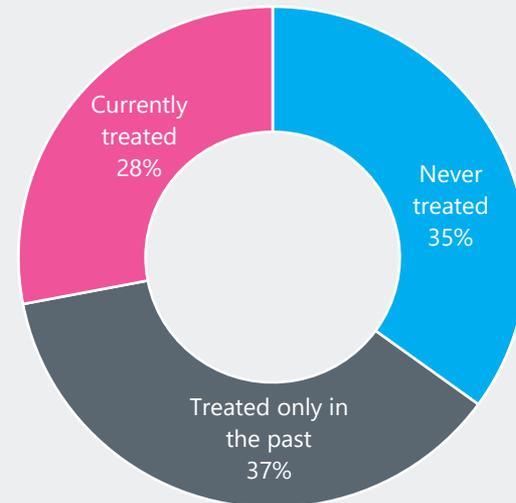
# Chronic conditions affect productivity

- In addition to medical and disability costs, chronic illnesses are drivers of both incidental sick-day absences and presenteeism.
- Sample report with chronic condition overview (based on an employer with 500 employees in the finance and insurance industry):

**About 79% of employees have at least 1 chronic condition. An employee with any chronic condition has an average of 3 comorbid conditions.**



**Only 28% of employees' conditions are currently being treated.**



# Communication



“The single biggest problem in communication is the illusion that it has taken place.”

George Bernard Shaw



# *Risk Considerations - Communications*

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How work / time-off have changed

- Accelerating adoption of digital, cloud-based technologies
- Increasing acceptance of work-life blend
- A new emphasis—and removal of stigmas associated with mental health

What can you do...

- Tell and re-tell your people about their benefits
- Be transparent about anxiety and address head on
- Communicate early and often
- Leverage your managers

# *COVID-19 mental well-being challenges*

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- Worry
- Panic
- Anxiety
- Depression
- Grief
- Despair
- Anger
- Post-traumatic stress disorders
- Infodemia
- Suspiciousness
- Xenophobia

“The COVID-19 outbreak has induced public and global mental health crisis as well as a huge psychosocial experiment.”

Psychiatria Danubina, 2020;  
Vol. 32, No. 1, pp 6-14

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“HR is a first responder. HR professionals have dealt with work relocation, accommodation, layoffs, benefits and changing compliance rules. Taylor also noted that HR will be on the post-COVID-19 front lines, helping put workplaces back together. With HR support, employers can adapt, rebuild and refocus, resulting in improved organizational culture, values and effectiveness. There's plenty of cause for long-term optimism. If employers and HR professionals adopt the right mindset, and get serious about creating great work cultures, including making room for people who historically have been denied employment opportunity, success will be achieved.”



*Independence changes everything.*



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