Auto Casualty, Workers' Comp

The Great Workplace Shakeup: Adapting Workers' Comp for the Remote Revolution

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The growing trend of remote and hybrid work models has introduced new regulatory challenges to be addressed for the workers' compensation industry. While the COVID-19 pandemic created a seismic shift in the U.S. labor market, with a record 47 million Americans voluntarily quitting their jobs in 2021, according to analysis from the Harvard Business Review, this mass exodus was not simply an anomaly driven by the pandemic. Rather, it resulted from the convergence of five key factors that are reshaping today's workforce—retirement, relocation, reconsideration, reshuffling and reluctance.

As employees spend more time working from home, the distinction between workplace-related injuries and personal accidents becomes increasingly blurred. A recent court case in Tennessee (Batey, Kari v. Beacon Hill Staffing Group, LLC, 2023 TN WC 62), highlighted by Risk Strategies, exemplifies this challenge: a remote worker's claim for compensation was approved after they fell down the stairs while hurrying back to a virtual meeting following a restroom break.

With more employees working from home, underwriters will need to scrutinize claims more closely, as there is a greater area of ambiguity in determining whether an injury occurred within the scope of employment or in a personal capacity.

Redefining "Workplace Injuries"

Recent industry research shows that the rate of injury claims has been increasing for remote workers, ranging from a 24% to 54% rise on average. According to the National Council on Compensation Insurance (NCCI), claim rates have also gone up, mainly due to more musculoskeletal injuries and mental or stress-related claims being reported.

As work environments change due to technological advances and evolving social norms, the traditional definitions of "workplace injury" may need to be revisited and updated. A few factors that could warrant re-examination include:

- Remote work and blurred lines between work and personal life. Injuries that occur when working from home may challenge existing boundaries.
- Mental health impacts. Non-physical injuries like workplace stress, burnout or harassment are increasingly recognized but definitions may lag behind.
- Long-term effects. Conditions like repetitive stress or exposure to substances may cause gradual harm not captured by incident-based definitions.
- Broader contexts. Social determinants of health and experiences outside direct job responsibilities like commuting could plausibly contribute to injuries.

Overall, an agile and thoughtful approach is prudent as any workplace evolves. Re-examining definitions and accounting for modern realities could help support employee well-being and fairness. But changes also require balancing other stakeholder needs. An open and evidence-based discussion considering all perspectives would help to arrive at definitions that serve employees and businesses equitably over the long run.

Remote Work Considerations

The existing workers' compensation laws and regulations were primarily designed for traditional on-site employees, creating new challenges in addressing remote worker claims. Determining work-relatedness and ensuring employee safety becomes more complex when employees operate in off-site environments, necessitating a re-evaluation of the current framework to accommodate the evolving nature of remote work. As the workforce becomes increasingly dispersed, states and industry are actively working to clarify eligibility criteria and guidelines.

The legal and regulatory landscape surrounding remote work-related injuries is in constant evolution. Because different states have unique rules and guidelines, companies with employees who work remotely should check their state's workers' compensation policies to remain aware of the applicable laws and regulations in the area(s) where they operate.

Strategies for a New World of Work

Workers’ comp payers need to adapt policies and procedures to address these evolving dynamics. To navigate this uncharted territory, insurers and employers can consider the following strategies:

- Review and update workers' compensation policies to clearly define work-related injuries in remote/hybrid environments.
- Conduct home office assessments to evaluate ergonomics and safety.
- Implement safety training and awareness programs tailored to remote work.
- Encourage open communication between employees, managers, and Human Resources.
- Explore technology solutions for monitoring remote work environments.
- Collaborate with medical professionals for injury prevention and treatment guidance.
- Adapt claims management processes for remote work-related injuries.

As the labor market continues its transformation, payers across the workers' compensation ecosystem must stay ahead of the curve. Those who embrace change, foster open communication, and proactively address emerging risks will be best positioned to thrive in the new world of work.

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