

## Instructions for Report per California Department of Insurance Bulletin 2020-8 on Premium Refunds, Credits, and Reductions in Response to COVID-19 Pandemic

Completed forms should be sent to e-mail account [RSBCovid19PR@insurance.ca.gov](mailto:RSBCovid19PR@insurance.ca.gov).

### Instructions for Cover Page, Questionnaire, and Explanatory Memorandum

- 1) Cover Page: Complete and return.
- 2) Questionnaire: Complete and return.
  - Question (1): Has your company written premium in California in 2020 in any lines of business identified in Bulletin 2020-3?  
  
Check the appropriate box (YES/NO) and identify all applicable lines, if any.
  - Questions (2): Has your company taken action to refund premium in response to COVID-19?  
  
Check the appropriate box (YES/NO) and provide explanation in appropriate section of the Explanatory Memorandum.
  - Question (3): Does your company have any rate filings pending approval by the Rate Regulation Branch in the California Department of Insurance that pertain to the lines of business identified in Bulletin 2020-3?  
  
Check the appropriate box (YES/NO) and identify the California Department of Insurance filing reference number(s) in the box provided, if applicable.
  - Question (4): How did your company accomplish its refund of premium to policyholders? Please answer by line of insurance. If the method differs by program within line of insurance, please check all boxes that apply and provide additional explanation in the accompanying Explanatory Memorandum.
    - a. Return of premium – Sending payment (check, credit back to credit card, etc.) to policyholders for the amount of the premium adjustment.
    - b. Premium credit – Giving a credit at the next installment or renewal equal to the amount of the premium adjustment.
    - c. Premium reduction – Reducing the premium amount payable at the next renewal. This circumstance might arise where a policyholder's renewal lands during the shelter-in-place orders, such that it would be appropriate for them to pay a lower rate because their risk exposure has decreased.
    - d. Dividend – Refunding an amount as a policyholder dividend.
    - e. Other – please specify.

- o Question (5): Explain which of the following method(s) your company used to compute the premium refund. Please check the appropriate box for each line of insurance. If the response differs by program within line of insurance, check the box for the predominant program in the line, and provide additional explanation for the remaining programs in the accompanying Explanatory Memorandum.

(Methods [a.] or [b] are adjustments that can be performed consistent with the current approved rating plan.)

- a. Reclassification of exposures to comport with current exposure  
An example of the explanatory detail for this response would be: “We are reclassifying all ‘commute’ rated private passenger automobiles to the ‘pleasure use’ classification for the time period of June 1 to August 31. In addition, we messaged all insureds to contact their agent to adjust their estimated use and miles for the upcoming six months.” Or, “We have reclassified all mercantile premises classifications (except those deemed essential) to warehouse classifications to reflect the lower liability exposure for the period of June 1 to August 31.”
- b. Reduction of the rated exposures to reflect actual or anticipated exposures Select an exposure base to be adjusted from the list below for each line of insurance. (If the exposure base differs by program within line of insurance, check the box for the predominant program in the line, and provide additional explanation for the remaining programs in the accompanying Explanatory Memorandum.)
  - b1. Miles driven
  - b2. Payroll
  - b3. Gross receipts
  - b4. Other, please specify.

An example of the explanatory detail for this response would be: “We have reduced the payroll and gross receipts bases of exposure for all liability exposures with those bases by 10%, and noticed all CMP insureds that they may report any additional changes now or in the final audit.”

- c. Application, or expected application, of a uniform premium reduction for all policyholders in the line for recent, current, and upcoming policy periods or portion thereof.

The across-the-board premium refund can be a fixed amount or an average percentage based on the change in exposures.

Considerations relevant to determining the refund amount may include distribution of policyholders across mileage bands or type of use of vehicle for personal auto insurance or, at a minimum, premium for a commercial policy.

An example of the explanatory detail for this response would be: “As noted, we have applied a 25% premium reduction to all of our businessowner policies (BOP) reflecting 2 months of full premium refund.” Or, “We are applying a premium credit to the next payment or installment(s) of premium to reflect a 20% reduction in premium for the period of June 1 to August 31. If the policy does not renew before receiving the credit, a refund check will be issued. The 20% figure was derived by simply assuming a reduction by 2/12ths of the estimated miles driven and considering the differential of 5% in our rating plan between business

use and pleasure use offset by the consideration that 25% of our insureds are already in our lowest mileage bands and 30% are already rated as pleasure use. All insureds were notified of the continuing opportunity to contact their agents to adjust their personal policy.”

- c1. Enter the uniform premium reduction refund amount for all or a selected group of policyholders. [\$]
- c2. Enter the applied average percentage based on estimated change in risk and/or reduction in exposures. [%]
- c3. If the refund applies only to selected programs, industries, classifications, essential vs non-essential business, etc. please identify and include detailed program information in the Explanatory Memorandum.

- d. Reassessment of the classification and exposure bases of affected risks on a case by cases basis
- o Question (6): Identify any and all other measures that your company has taken to help policyholders during the COVID-19 quarantine period.

Select a method from the list below for each line of insurance. (If the method differs by program within line of insurance, check the box for the predominant program in the line, and provide additional explanation for the remaining programs in the accompanying Explanatory Memorandum.)

- a. Providing a grace period to pay insurance premium
- b. Waiving late fees
- c. Suspending cancellation of policies
- d. Extending coverage to delivery services
- e. Other, please specify.

Note the Line of Insurance abbreviations and acronyms for Questions (4), (5), and (6):

- PPA – Private Passenger Automobile
- CMA – Commercial Automobile
- WC – Workers’ Compensation
- CMP – Commercial Multiple Peril
- CML – Commercial Liability
- MED – Medical Malpractice
- OTHR – Any other line(s) of coverage

3) Explanatory Memorandum: Complete and return.

- o Section I: If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refund is necessary, please explain and provide any documents deemed necessary.
- o Section II: If your company writes in one of the lines specified in Bulletin 2020-3 and has provided a refund for your policyholders, please explain all actions taken and contemplated future actions to refund premium in response to, or consistent with, this Bulletin. The memorandum shall include California-specific information and an explanation and justification for the amount, effective date, and duration of any premium refund, and how those measures reflect the actual or expected reduction of exposure to loss. Please provide any and all relevant documents . See examples of the explanatory detail expected in the discussion of the Questionnaire above.

## Instructions for Worksheet

Use separate row entries for each Line of Business, Program, and Reporting Period. Company must also list Overall Totals as a separate entry.

Reporting periods: June 2020, July 2020, August 2020, and Overall Totals

### Data Fields:

- Column [1]: NAIC #
- Column [2]: Bulletin Line of Insurance In worksheet, choose from drop down list.  
Line of Insurance Code  
a. Private Passenger Automobile: PPA  
b. Commercial Automobile: CMA  
c. Workers' Compensation: WC  
d. Commercial Multiple Peril: CMP  
e. Commercial Liability: CML  
f. Medical Malpractice: MED  
g. Any other line(s) of coverage: For reporting other line(s) of insurance, type in the actual line such as "Aircraft."
- Column [3]: Program  
- Program or Product name
- Column [4]: Latest CDI Filing No.  
- CDI Rate Filing No. for Admitted Companies Only. Non-Admitted companies, please leave blank.
- Column [5]: End of Reporting Period  
- In worksheet, choose from drop down list.  
- For each applicable period, enter as separate row entry. Periods: June, July, August, and Overall Totals.
- Column [6]: Percentage of Refund Applied  
- Report the percentage of refund applied by line of insurance, program and reporting period.
- Column [7]: Aggregate Premium Prior to, and Subject to, Application of Refund  
- Report the aggregate premium prior to, and subject to, application of refund by line of insurance, program and reporting period.
- Column [8]: Aggregate Premium Refund  
- Report the aggregate premium refund by line of insurance, program and reporting period.
- Column [9]: Average Premium Per Policy Before Refund  
- Report the average premium per policy TERM before refund by line of insurance, program and reporting period.

- Column [10]: Average Premium Per Policy After Refund
- Report the average premium per policy TERM after refund by line of insurance, program and reporting period.
- Column [11]: Average Percentage of Refund, Applied to Each Policyholder
- Report the average percentage of refund, applied to each policyholder by line of insurance, program and reporting period.
- Column [12]: Number of In-Force Policies that are subject to Refund at End of Period
- Report the number of in-force policies that are subject to refund at end of period by line of insurance, program and reporting period. Report number of in-force policies at the end of the month. This field is not additive for Overall Totals. Report the total number of unique In-Force Policies that are Subject to Refund during the month of June, July and August.
- Column [13]: Number of Policyholders Receiving Refund
- Report the number of policyholders receiving refund by line of insurance, program and reporting period. This field is not additive for Overall Totals. Report the total number of unique Policyholders Receiving Refund during the month of June, July and August.