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May 6, 2021

Ricardo Lara  
California Insurance Commissioner  
California Department of Insurance  
300 Capitol Mall, 17<sup>th</sup> Floor  
Sacramento, CA 95814

**Subject: Bulletin 2021-03 Premium Refunds, Credits and Reductions in Response to COVID-19 Pandemic**

Dear Commissioner Lara,

In response to your March 11, 2021 bulletin, we are providing you with the actions taken by AF Group in the state of California as a result of the pandemic. Please note that due to our high concentration in healthcare business, COVID -19 added over 6% to our California loss experience in 2020. We did not benefit from reduced business activity due to COVID-19. Also, we automatically adjust for payroll and/or workstyle changes through endorsements or premium audits.

In February 2021, the AF Group of companies including CompWest, our California-based brand, reported that we were pro-actively addressing the concerns of workers' compensation policyholders in California to assist them with challenges regarding premium payment during the COVID-19 crisis. We continue to extend assistance and flexibility to our policyholders during the pandemic with the following actions:

- We continue to work with our policyholders who are experiencing hardship due to COVID-19, upon request.
- We continue to offer payment terms for any additional premium due for final audit and also policyholder flexibility in paying an installment or an audit when requested.
- In May 2020 all California policyholders received a letter or email inviting them to contact their agent regarding reducing their workers' compensation payroll estimates mid-term to reflect changes in their operation. Additionally, policyholders were advised to keep accurate payroll records for furlough pay, or any other changes to operations and payrolls as this will be important to determine their actual final premium owed.
- We reached out to our agents in California and continued to urge them to reach out to their AF Group workers' compensation policyholders and offer to reduce their policy's estimated payroll, if applicable.
- We continue to offer policyholders the ability to pay their workers' compensation premiums on a pay-as-you-go basis, which will automatically account for changes in payroll.
- We continue to process endorsement requests to reduce payroll estimates on existing policies on a priority basis.

Our goal is to continue to be as flexible as possible for our policyholders during this time of public health crisis, and it is our hope that our actions will provide respite for policyholders who are impacted by reduced or discontinued business operations.

If you have any questions about our actions during COVID-19, please feel free to contact me.

Sincerely,

*Kelly Fusner*

Kelly Fusner  
Chief Underwriting Officer