



RSBCovid19PR@insurance.ca.gov

May 28, 2020

California Department of Insurance
300 Capitol Mall, 17th Floor
Sacramento, CA 95814
Attention: Rate Specialist Bureau

**AMERICAN MERCURY INSURANCE COMPANY
RESPONSE TO COMMISSIONER'S BULLETIN 2020-03**

To Whom it May Concern:

American Mercury Insurance Company (AMIC) is an insurance company licensed in the State of California and only selling Mechanical Breakdown Insurance (MBI) Policies in California. The MBI policies differ from the lines of business listed in Commissioner's Bulletin 2020-03 in that the risk is spread out over a 5 to 7-year period or until the vehicle reaches a certain mileage. Therefore, we feel that the action of the State of California to issue a stay at home order did not materially decrease our exposure under the policies. Since our policies have a much longer life than the policies subject to the Bulletin, we continue to have the same or similar exposure for losses. The decrease in policyholders' driving hasn't reduced claims, but merely delayed the submission of the same claims. Therefore, we believe that Commissioner's Bulletin 2020-03 does not apply to the MBI business written by AMIC in California.

We recognized that our policyholders whose policies expired due to the policy's time limitation during the Stay at Home order may be adversely affected by the COVID 19 crisis. Because we understand that our policyholders may need assistance during this time, we implemented the following procedures:

1. On April 4, 2020 we began sending letters to those policyholders who had a lapse in paying their installment premium payment, granting them an extension to pay their premium so that no policy would be cancelled for nonpayment of premium.

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2. For those policyholders whose policy expires between March 19 and July 31, 2020 we have extended the time within which we will consider claims under their policy until September 1, 2020.

The extension of the claims reporting period is similar to that announced by a number of automobile manufacturers extending their warranty period.

To date we have sent 164 letters granting extensions to pay their installment premium payment. We have granted extensions of payment until July 15, 2020. The installment payments missed will be added to the end of their installment payment period rather than have all payments due at one time.

Letters notifying effected policyholders of the additional time within which to submit claims was mailed on or about May 28, 2020. The total number of MBI policyholders receiving a letter extending the claims reporting period is 4178.

If you have any questions, please feel free to contact our Mechanical Breakdown General Manager Jim Donaldson at jdonaldson@mercuryinsurance.com, 800-503-3724, ext. 46742

Yours very truly,



Kyndel J. McDonald
Vice President, Secretary
American Mercury Insurance Company

KJM:pm