From:	Terrell, Beth
To:	RSBCovid19PR
Cc:	Schwartz, Gary; Kelley, Edward; Terrell, Beth
Subject:	Response to Bulletin 2020-03: Premium Refunds, Credits, and Reductions in Response to COVID-19 Pandemic
Date:	Thursday, May 7, 2020 1:07:49 PM

Dear Sir/Ms.:

This response to the California Department of Insurance Bulletin 2020-03 is submitted on behalf of the following company:

Fair American Insurance and Reinsurance Company (NAIC#: 35157) (FAIRCO)

With reference to the lines of business listed in Bulletin 2020-03, FAIRCO has California policies in-force for the following:

- Medical Malpractice Insurance
- Commercial Liability Insurance

Regarding these lines of business, FAIRCO has not seen a significant reduction of risk resulting from the COVID-19 pandemic adversely impacting its policyholders, and currently FAIRCO policyholders have not reported to have been substantially impacted by a reduction in risk due to COVID-19. As a result, premium adjustment is not appropriate at this time.

More specifically, please note the following:

Medical Malpractice Insurance:

FAIRCO writes medical malpractice insurance in its Psychiatry Program. With the isolation and shelter in place orders, psychiatrists are utilizing telemedicine, and via telemedicine are taking on the same amount, if not more, patients due to the increase of patients suffering from depression and anxiety. Many states have allowed out of state doctors to practice telemedicine, thus increasing their patient base. In addition, FAIRCO's policies are largely claims-made and with a client base that is long term, thus the exposure of 2-3 months is an extremely small percent of the total exposure. The current Program already provides for reduced services. For example, if psychiatrists reduce their practice to part-time status, should they have reduced services, the full-time policy premium is then reduced based on such part-time status. Based on the foregoing, these doctors have the ability to continue to care for their patients and do not see a reduction of risk resulting from COVID-19, thus an adjustment in premium is not necessary.

Commercial Liability Insurance:

FAIRCO writes commercial liability insurance in its Railroad Protective Liability Program. Governor Newson in his Executive Order N-33-20 issued on March 19, 2020, addresses workers that are deemed Essential Workforce, and many workers on railroad projects are essential and continue to work during this pandemic. Additionally, FAIRCO's railroad protective liability policies are rated based on the scope of the project and construction value, rather than duration of the policy, and are issued to cover the entire duration of the project. If the scope of the project does not change and the construction value has not

increased, FAIRCO would extend a policy period to account for any delay in construction caused by COVID-19 for no additional premium. Based on the foregoing, there has not been a reduction of risk resulting from COVID-19, and an adjustment in premium is not necessary.

For your information, FAIRCO's number of in-force California policies by line of business as of 2/29/2020 are:

- Medical Malpractice (The Psychiatrist Program): 440
- Commercial Liability Insurance (The Railroad Protective Liability Program): 3

FAIRCO will continue to monitor and assess the impact of the COVID-19 pandemic on its policyholders.

We respectfully request that the California Department of Insurance ("Department") treat this response as confidential and exempt from disclosure. This response contains proprietary and confidential information. Should any request or subpoena for disclosure of this response be made, we respectfully request that the Department immediately notify us of such request while continuing to treat this response as confidential, so that we can act as necessary to protect it from disclosure.

Thank you for your consideration in this regard.