



1111 Ashworth Rd
West Des Moines, IA 50265
GuideOne.com

April 29, 2021

Commissioner Ricardo Lara
California Department of Insurance
300 Capital Mall, 17th Floor
Sacramento, CA 95814

Re: Bulletin 2021-3 – Premium Refunds, Credits, and Reductions in Response to COVID-19 Pandemic
Insurer: GuideOne Mutual Insurance Company, GuideOne Specialty Mutual Insurance Company
GuideOne National Insurance Company
NAIC: 303-15032
303-14559
303-14167

Dear Commissioner Lara:

GuideOne Insurance continues to recognize the unprecedented nature of the events surrounding COVID-19 and the impact to the people of California. To ensure we provide appropriate accommodations to our policyholders through these difficult times, we instituted a 60 day grace period on cancellations due to non-payment of premium on a countrywide basis. In addition, we did not assess late fees or non-sufficient funds fees during this grace period. On an ongoing basis, we continue to work with our insureds to ensure we are flexible during these unique times. In this regard, we continue to accept individual requests for those that have suffered a hardship as a result of COVID-19 and offer flexibility and options regarding premium payments.

As the Department is aware, GuideOne is a niche insurance carrier with our primary niche focus being Religious Organizations, Education, Non-Profit and Human Services, and Senior Living Communities. Given the focus of these niches, the vast majority of our insureds (pre and post Covid-19) are considered “essential workers”.

GuideOne analyzed our book of business in 2020 to determine the overall impact to our customers and the exposures insured due to the events surrounding Covid-19. We determined that an overall premium reduction would not address our unique book of business appropriately, and chose to assess any reduced exposures and corresponding premium adjustments on an account by account basis. As such, we continue to respond to individual risk situations to adjust premiums upon request where exposure basis is posited to be affected as a direct result of Covid-19. Given the nature of commercial business and the variance in what is considered “essential business” in the state, we believe this continues to be the appropriate course of action. Nevertheless, we will continue to review our 2021 experience for indications to the contrary.

In accordance with Bulletin 2021-3, we have provided the below information for relevant lines of business.

Commercial Automobile

GuideOne continues to offer insureds who have ceased the use of their vehicles during the COVID-19 pandemic, the opportunity to suspend their auto coverage. The insured is prorated the return premium for the period of



GuideOne Mutual Insurance Company
GuideOne Specialty Mutual Insurance Company
GuideOne Elite Insurance Company
GuideOne America Insurance Company
GuideOne National Insurance Company

suspension. This would ensure that our insureds recognize the full benefit of their reduced exposure by pro-rating the entirety of their premium for the suspended coverage. Rather than providing a blanket credit or premium reduction to all insureds, we believe this is the most appropriate action as it addresses the true reduction of exposure while allowing flexibility to our insureds to halt coverage for vehicles not operated during the state's emergency order.

In addition to our Core Business niches, we write two additional programs. The vast majority of this premium falls in our Oil & Gas Fuel Haulers program. Given the essential nature of this business and their continued operations throughout COVID-19, no premium adjustment is believed to be necessary at this time. However, we do offer the option of auto suspensions, should any vehicles be out of service.

Finally, given our niche focus and the industry segments we serve, our filed rating plan already contemplates a reduced usage based on the nature of our insureds. Below is a representation of our current Loss Cost, LCM and Rate in relation to ISO. This is consistent across the territories within the state of California and with both School/Church buses and Private Passenger Autos. In any event, we will continue to work with our insureds on a case by case basis if they have experienced a significant impact due to COVID-19.

Workers' Compensation

A large portion of the GuideOne Workers' Compensation book of business is in the Senior Living Community space. With the passing of Governor Gavin Newsom's Executive Order N-62-60, which created a rebuttable presumption that an employee's COVID-19-related illness arose out of the course of employment for purposes of obtaining workers' compensation benefits, we believe there has been a potentially significant increase in exposure that was not contemplated in our filed rating plan. Our 2020 claims experience did reflect an increase in new claims and it is too early in 2021 to opine, in any meaningful way, that this potential trend will not continue.

Nevertheless, and as noted above, GuideOne instituted a 60-day countrywide grace period for premium payments in which we did not assess late fees or cancel for non-payment. Given the guidance following a meeting between APCIA staff and Deputy Commissioner Ken Allen in 2020, we will continue to address any individual premium variances through the annual audit process.

With respect to rate adequacy in general, GuideOne workers' compensation business is subject to premium audit to reflect accurate payroll and exposure for the policy period. We have also adopted and implemented the WCIRB changes addressing telecommuter classifications and payroll exclusion rule effective 7/1/2020, and we are adopting the 1/1/2021 pure premiums filed by WCIRB, to be effective 8/1/2021, with an estimated impact (inclusive of another change impacting minimum premium for waiver of subrogation) of -4.3%.

Commercial Multiple Peril and Monoline Liability

Commercial Property – GuideOne does not see reduction in loss exposure as it relates to the commercial property portion of our Commercial Multiperil products. The causes of loss historically experienced in our book are exposures we anticipate will continue to exist throughout 2021.





1111 Ashworth Rd
West Des Moines, IA 50265
GuideOne.com

Commercial Liability – Given the unique classes of business and the exposure basis used in pricing these risks, GuideOne believes our currently charged premium accurately reflects the risk. The exposure basis on the vast majority of our business is not variable in nature (payroll, receipts, sales, etc.) but rather is a static measure, i.e., square footage. This exposure basis is not impacted as it relates to COVID-19 within our niche markets.

We do currently offer three programs which either utilize a different exposure basis or premium audit. However, two of these – Oil & Gas and Environmental - are considered essential businesses for which operations have largely remained intact. The third program - Auto Dealers - utilizes number of employees as the exposure basis. However, we have a very limited number of policies, and the insured can endorse mid-term to reflect the correct exposure.

GuideOne's Oil and Gas program is currently premium audited to reconcile our GL exposure. As noted above, GuideOne instituted a 60 day countrywide grace period for premium payments in which we did not assess late fees or cancel for non-payment. Given the recent guidance following a meeting between APCIA staff and Deputy Commissioner Ken Allen, we will address any premium reduction through the annual audit process as we have already provided premium payment accommodations through the application of a grace period. The focus of GuideOne's Environmental program is clean up service providers, i.e. ServiceMaster, ServPro, etc. These businesses have seen an increase in activity and exposure through COVID-19 as they provide their essential services in the midst of Covid-19.

As mentioned above, GuideOne is predominantly a niche writer. As a result, our commercial liability product offering is tailored to our respective niches. We currently offer many add-on coverages via endorsements to our General Liability, Umbrella or Businessowner's coverage forms. The "add-on" coverages include Professional Liability, Employment Practices Liability and Directors & Officers Liability. These coverages, centered on decisions made by professionals and managers, are not specifically referenced in the bulletins, but we believe they address many unique exposures related to Covid-19 which have not been contemplated in most rating bases. Some business decisions made by management which affect clients, employees and shareholders in the midst of the constantly evolving Covid-19 landscape are thought to have an inverse relationship with exposure basis, making it difficult to project the net impact of Covid-19 on the liability portion of our business in the state. Moreover, current industry experts on social inflation and claim trends are opining that there will likely be significant uptick in Covid related litigation impacting these add-on coverages.

Given the above information and our continued efforts to work with our niche market insureds through this very difficult time, we ask that you please accept this response as full compliance with Bulletin 2021-03.

Sincerely,

A handwritten signature in black ink, appearing to read "Mitchel Tarter".

Mitchel Tarter, J.D.
Manager of Casualty Products



GuideOne Mutual Insurance Company
GuideOne Specialty Mutual Insurance Company
GuideOne Elite Insurance Company
GuideOne America Insurance Company
GuideOne National Insurance Company