



HDI Global Insurance Company

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April 30, 2021

California Department of Insurance
California Insurance Commissioner
300 Capitol Mall, 17th Floor
Sacramento, California 95814

**Re: *HDI Global Insurance Company, NAIC #41343
California Bulletin 2021-03 Premium Refunds, Credits, and Reductions in Response to
COVID-19 Pandemic***

Dear Insurance Commissioner Lara:

Pursuant to Bulletin 2021-03 issued March 11, 2021 that extends the directives and reporting requirements set forth in Bulletins 2020-3 and 2020-4 and 2020-8, it was ordered that insurers:

- Do more to return additional premium from March 2020 forward, and report these additional premium returns to the Department, commensurate with continuing reductions in the exposure to loss for particular lines of insurance.
- Communicate with their policyholders about how they will return premiums, as well as options available to consumers to reduce their ongoing premium.

Premium relief information for the first quarter 2021 is submitted to the Department in the requested report attached.

Supplemental information for question 2a is provided below:

Lines of Insurance

PPA/CMA

HDI Global does not write personal auto policies.

As mentioned in the previous communications, HDI Global writes a commercial package program, including commercial auto coverage, and for this book of business it is HDI Global's position that projected loss exposures of policies are no longer decreasing and are not overstated as in the earlier months due to the relaxed COVID-19 restrictions. Accordingly, HDI Global will not refund premium for the months of January, February and March 2021.

WC/CML

With respect to the commercial general liability and workers' compensation policies that are written on an annual premium basis, it is HDI Global's position that projected loss exposures of policies are no longer decreasing and are not overstated as in the earlier months due to the relaxed COVID-19 restrictions. Accordingly, HDI Global will not refund premium for the months of January, February and March 2021.

HDI Global also writes a professional liability program for real estate agents in California. Premium on California real estate agents' errors & omissions professional liability policies was calculated according to the agent's revenue, transaction count, or head count. Monthly reports from policyholders showed an initial decrease in exposure early in the pandemic and return premiums were processed as a result (see previous premium refund reports). Subsequent monthly reports of transaction counts indicated that the exposures were back to pre-pandemic levels once restrictions began to ease and have now increased above pre-pandemic levels.

For other programs, the general agents surveyed their agents, brokers, and policyholders regarding decreased exposures due to the pandemic, offered midterm voluntary premium audits to process midterm credits, and found that after the initial restrictions were eased the business returned to pre-pandemic levels. Renewal applications from policyholders have been showing exposure bases that are generally in line with the expiring policy exposures. In cases where the renewal exposure base is lower than expiring, renewal is issued on the lower exposure base. Hence, there were no additional return premiums to make beyond the initial returns since the exposure decrease was only temporary in the commercial risks.

CMP

With respect to the remaining commercial program policies covering the common areas of homeowner's associations and apartment buildings (property and liability), those exposures are static and have not fluctuate due to the circumstances surrounding the pandemic. Thus, no premium adjustments are necessary under these policies.

HDI Global Insurance Company

Patricia Ryan

Patricia A. Ryan
Senior Vice President and General Counsel






2021.04.30 - CA Memorandum Letter

Final Audit Report

2021-04-30

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