

CALIFORNIA
COVID-19 PREMIUM REFUNDS, CREDITS
AND REDUCTIONS REPORT

KEY RISK INSURANCE COMPANY

Attachment to Explanatory Memorandum

[I] If your company writes in any lines of insurance specified in Bulletin 2020-3 and has determined no refunds are necessary, please explain and provide any relevant documents. Responses for question #: 2a.

RESPONSE:

The Company writes commercial lines insurance in California focused on specialized markets and industries. Due to the varied nature of its insureds, the Company is taking a case-by case approach to addressing the effects of COVID-19 on measures of exposure. Several of the Company's programs are generally not eligible for premium adjustment as premiums are not over-stated, including:

- The Company's cyber liability exposures are expected to rise due to increases in malware attacks and other risks, as well as increases in other measures of exposure such as corporate governance, network security and management controls.

[II] If your company writes in one of the lines specified in Bulletin 2020-3 and has issued refunds for your policyholders, please explain all actions taken to date to refund premium in response to or consistent with this Bulletin.

Please include California-specific information and an explanation and justification for the amount, effective date, and duration of any premium refund, and how those measures reflect the actual or expected reduction of exposure to loss.

Please provide any relevant documents.

Responses for question #: 2b, 4, and 5.

RESPONSE:

The Company's general approach throughout the pandemic has been to reduce policy exposures on an as-needed basis, and as a result our premiums are not over-stated.

With regard to the Company's commercial automobile coverages in California, the following describes actions taken and/or contemplated in response to COVID-19, as appropriate and consistent with policy language:

- Issuing communications, as appropriate, to policyholders and/or their insurance representatives, as appropriate, advising that they may contact the Company to discuss any available premium adjustments arising from changes to their operations and the related measures of exposure and risk of loss, as appropriate and consistent with the terms of the relevant insurance policy.
- Making exposure adjustments which may include, but are not limited to:

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- “Lay-up” or suspension of coverage for specified vehicles pursuant to endorsements, with associated premium reduction.
- For policies written under monthly reporting plans, automatic premium adjustments are recorded monthly to reflect any changes in exposures, in some cases these are subject to contractual minimum premium requirements.
- Adjusting exposures at renewal.