



October 1, 2020

California Department of Insurance
ATTN: Rate Specialist Bureau, 11th Floor
300 South Spring Street, South Tower
Los Angeles, CA 90013-1230
Via Email To: RSBCovid19PR@insurance.ca.gov

Re: Report under Bulletin 2020-8 of actions taken to reduce premium

To Whom It May Concern:

This report is submitted on behalf of Mount Vernon Specialty Insurance Company, NAIC No. 14420 in response to the October 1, 2020 report deadline and restates the explanatory memorandum submitted on June 12, 2020. Mount Vernon Specialty Insurance Company is an authorized insurer in California and is a member company of Devon Park Specialty insurance group, which is part of the USLI insurance group family of carriers. USLI has taken a consistent position on COVID-19 related actions across all member insurance carriers in order to provide needed relief to all policyholders, regardless of issuing carrier and admitted or non-admitted status. As the below premium refund program applies to policies issued by all carriers within the group, including Mount Vernon Specialty Insurance Company, the company is referred to herein as “USLI”.

USLI, as a small business insurer, is acutely aware of the impact the COVID-19 pandemic has on policyholders. Since the start of the pandemic, USLI has offered premium relief to policyholders and sought to work with each impacted individual in order to do everything we can to assist through this time. Of the lines of business listed in Bulletin No. 2020-3 and 2020-8, USLI only offers commercial liability insurance. The below premium relief is available for all policyholders with commercial liability coverage, whether as a stand-alone policy or as part of a package. Therefore, the below report applies to all such policyholders.

Our program is based in the second option outlined in Bulletin No. 2020-3 wherein USLI is providing premium relief to individual policyholders on a case-by-case basis in accordance with our existing rating plans. By conducting this individual analysis of policies our refunds more accurately reflect the impact to the individual policyholder. These refunds provide greater premium relief to those most acutely affected by the pandemic than they may have received if a uniform blanket refund was processed. In order to identify impacted policyholders, our customer distribution, which consists of both wholesale and retail brokers, were consulted and notified of this offering. In addition, this program has been advertised publicly on our COVID-19 Updates website (<https://mailchi.mp/usli/covid-19-updates>) since March 31, 2020. We will continue to offer this program as long as necessary to adequately respond to the needs of our policyholders.

A BERKSHIRE HATHAWAY COMPANY

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First, all policies are eligible for reclassification of the exposure based on the current operations of the insured. Once we have confirmed the risk is accurately classified, when applicable, we will reduce the exposure basis based on the following plan. For policies rated using an auditable rating basis, including but not limited to sales, number of employees, payroll etc. we ask the policyholder to submit their individual actual or estimated experience. The policy is endorsed to reflect the updated exposure and premium is returned. If the policyholder pays USLI directly, we issue a return premium check or credit on the next installment payment, as appropriate for the account. If the policyholder pays USLI through their agent, the premium is refunded through their agent. Endorsements on these policies are not limited to the current time period but adjust the premium on an annual basis. The majority of our policies fall into this process.

USLI also offers a number of products, or policy types, which are not typically auditable, but are rated based on an exposure that may be impacted by a downturn in business. These products include Beauty/Barber/Nail Salons, Childcare Centers, Janitors, Lawn Care, Pet Care and Truckers General Liability. For these policies, we ask the policyholder to provide their updated exposure and the date the exposure changed. We then adjust the premium to reflect the new exposure effective the date of the exposure change. The adjustment is currently being processed for a 90 day period; however, should the pandemic continue longer and exposures continue to be suppressed, we will reassess that time-period.

In addition to the above, USLI implemented a full moratorium on cancellation of policies for non-payment of premium through May 1, 2020. This moratorium continued in California through July 14, 2020 as directed in the Commissioner's notice. Throughout the rest of the country, where permitted, USLI resumed issuing notices of cancellation as of May 1, 2020. However, impacted policyholders need only call to be granted an additional grace period in order to pay their premium. Policyholders are notified of the availability of this additional grace period through a letter enclosed with every notice of cancellation. No late fees have or will be assessed. Policyholders are also offered the option to change their bill plan, to ease the timing, frequency and amount of future payments.

Further, USLI has actively sought out opportunities to assist policyholders. First, we developed and offered coverage for delivery drivers to help restaurants and bars during the stay-at-home orders. In addition, we created a COVID-19 resources webpage as part of our Business Resource Center (www.bizresourcecenter.com). At all times, the Business Resource Center is a website for our policyholders providing them with free and discounted services that support small business needs. We have broadcast multiple free webinars to all customers and policyholders on the federal stimulus programs available under the CARES Act. We also produced and delivered a simplified guide on how to access these important funds. Specific to California insureds, we published a free COVID-19 FAQs resource document for California employers, created by global law firm, Reed Smith LLP. These resources continue to be available free of charge on both our COVID-19 Updates webpage and our Business Resource Center.

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USLI is committed to assisting our policyholders through these difficult times. As you can see from the above programs, we seek to understand the individual policyholder and how they have been impacted by the pandemic, both personally and professionally. Our relief offerings are tailored to provide personalized relief in any way we can. We will continue to provide this relief as needed through the length of the pandemic. Please do not hesitate to contact us for additional information.

Best Regards,

A handwritten signature in black ink that reads 'Lauren Reiley'. The signature is written in a cursive, flowing style.

Lauren Reiley
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