



June 18th, 2020

Submitted via e-mail to RSBCovid19PR@insurance.ca.gov

Re: Response to State of California Insurance Bulletin 2020-3

Dear Sir or Madam,

I am writing on behalf of New York Marine and General Insurance Company (NAIC # 16608), Gotham Insurance Company (NAIC # 25569) and Southwest Marine and General Insurance Company (NAIC # 12294), each a member company of the ProSight Specialty Group of Insurance Companies ("ProSight"). This letter serves as a response to the request for information concerning certain reductions in risk in light of the COVID-19 pandemic.

ProSight is a specialty commercial insurance carrier, providing commercial P&C lines of insurance such as commercial automobile insurance, workers compensation insurance, commercial property and commercial general liability. The company is industry "niche" focused - underwriting by industry rather than using the standard line of business approach taken by most carriers. This approach allows our underwriters to understand and address the impact of COVID-19 industry-by-industry. We are proud to have been making adjustments to "right-size" our insureds' exposures since the onset of the stay at home orders.

There are certainly industry segments that have suffered appreciable impact on some lines of business. For those niches and lines significantly impacted by COVID-19, our focus has been to reduce exposures that were no longer exposed to loss so as to timely and appropriately adjust premiums to be commensurate with such exposure reductions. For example, the move to complete remote learning for all New Jersey schools significantly impacted the School Bus niche's Commercial Auto exposure. As school buses were pulled off the road, their automobile liability loss exposure was effectively eliminated. In cases where the insured school bus company was insured on a monthly reporting basis, the premium automatically adjusted downward. For those school bus accounts not on a monthly reporting basis, we worked with insureds to remove vehicle units from vehicle lists, and to return unearned premium. School



Bus Workers Compensation premium adjustments worked similarly, but with adjustments made based on payroll on a midterm basis. School Bus General Liability and Commercial Property exposures to loss did not appreciably change, so no adjustments were made (i.e. buildings are still subject to fires, windstorms, etc.).

Alternatively, some industry niches' exposure to loss has not decreased due to the COVID-19 situation; take for example, our Habitational niche. The Property rating base of limits stayed the same as did the General Liability rating base of number of units; however, occupancy on these premises actually increased. Understanding these various situational changes has helped us to take a targeted approach to identifying policyholders' changing commercial exposures as a result of the pandemic.

As an additional part of our COVID-19 approach to supporting our customers, we suspended short rate cancellation penalties allowing for straight pro-rata adjustments for partial months. Premium adjustments on significantly impacted niches followed the below approach:

- Commercial Auto – removing vehicles/coverages from the policy with a commensurate premium reduction
- General Liability – reducing exposures base with commensurate premium reduction
- Workers Compensation – reducing payrolls with commensurate premium reduction

It should be noted that the policy adjustments to reflect these decreases in exposure were done by applying appropriate factors and adjustments in line with our rate plans. No rate filings are necessary or planned to address this situation. However, we will continue to make adjustments to appropriately price for our insureds' exposure. We do not have a specific "end date" for doing so; we will continue to price our policies based on the rating factors in our rate plans, and the actual exposures borne by our insureds. In addition to supporting the proposition that rates should neither be excessive nor inadequate, we feel that across-the-board percentage reductions may not do enough for those significantly impacted insureds, and may result in inadequate rates for those who are either not impacted negatively, or for those insureds whose exposure has increased due to the pandemic.



ProSight is committed to working closely with our insureds to ensure that their policies are fairly and adequately priced for their exposures. We will continue to do so as the situation with COVID-19 progresses in an effort to provide premium relief to policyholders whose exposures have been negatively impacted.

Thank you and please don't hesitate to contact me with any questions.

Best Regards,

Jennifer Moore

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