



**Spinnaker Insurance Company**

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**Nicholas Scott**

**General Counsel & Secretary**

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June 12, 2020

**VIA E-MAIL**

California Department of Insurance

Rate Specialist Bureau

300 South Spring Street, 11th Floor

Los Angeles, CA 90013

[RSBCovid19PR@insurance.ca.gov](mailto:RSBCovid19PR@insurance.ca.gov)

**Re: Spinnaker Insurance Company (NAIC 24376) (the “Company”)**  
**Response to Bulletin 2020-3**

To Whom It May Concern:

Please accept this letter as the Company’s response to Bulletin 2020-3. During times relevant to Bulletin 2020-3, the Company had a small Dealers’ Contingent Liability Insurance (classified under ASLOBS Commercial Auto Liability and Physical Damage) underwritten and administered by a third-party program administrator, Vitu Insurance Services.

On March 5, 2020, before any California stay-at-home orders were issued, the program was terminated. Limited premium was written during the runoff period – in March 2020, the company wrote a total of ~\$112,000 premium. Due to the nature of the coverage, risks were of short duration – the longest period was 30 days, though many risks expired in only 3-5 days.

Based on the status of the program, nature of the coverage, and the *de minimis* premium, the Company does not believe that the burden of processing any premium refunds in the manner contemplated in Bulletin 2020-3 is necessary or will serve any public or policyholder interests.

In addition to the small size of the total premium base, the policyholder for the program is an entity called the Vitu Association – not the dealerships. Allocating premium refunds down through the association and the dealerships (and, theoretically, to certificate-holders) is neither practical nor in any public or policyholder interest. Based on the short-term nature of the coverage and that certificates are issued only at the point-of-sale of an automobile, we do not believe there was any overstatement of coverage due to the pandemic.

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Further, the Bulletin contemplates credits/reduction/return without CDI approval by reclassification or reduction in exposure. Since the "rating basis" of the program is Purchase Price, the coverages do not fall into those adjustable classifications like miles, revenue, payroll, etc. Therefore, we are concerned with inappropriate justifications for any action. Also, credits/reductions are not logistically possible since it's based on Purchase Price.

Please do not hesitate to contact the undersigned if you have any questions about the Company's position regarding Bulletin 2020-3.

With Kind Regards,

A handwritten signature in black ink, appearing to read 'Nicholas Scott', with a stylized flourish at the end.

Nicholas Scott  
Spinnaker Insurance Company