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May 12, 2020

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

Subject: Bulletin 2020-3 Premium Refunds, Credits and Reductions in Response to COVID-19 Pandemic

Dear Commissioner Lara,

In response to your April 13, 2020 bulletin, I am providing you with the actions taken by AF Group in the state of California as a result of the pandemic.

The AF Group of companies including CompWest, our California-based brand, is pro-actively addressing the concerns of workers' compensation policyholders in California to assist them with challenges they may be encountering regarding premium payment during the COVID-19 crisis.

To date, the following actions have been taken:

- Beginning March 23, 2020, we suspended non-pay cancellation actions across all brands for 60 days and are prepared to extend this timeline if warranted.
- When the non-pay moratorium is lifted, we will waive remaining invoices for policyholders in the last quarter of their policy term and then true-up based on actual audit payrolls. We will also offer payment terms for any additional premium due as a result of final audit.
- We have suspended or delayed non-renewal actions so that policyholders don't experience periods of no coverage due to difficulties in finding replacement coverage.
- We sent a letter or email to all CA policyholders inviting them to contact their agent regarding reducing their workers' compensation payroll estimates mid-term to reflect changes in their operation. Additionally:
 - Our communication to policyholders also advised them to keep accurate payroll records for furlough pay, or any other changes to operations and payrolls. This will be important to determine their actual final premium owed.
- We sent a communication to our agents in California, directing them to reach out to their AF Group worker's compensation policyholders and offer to reduce their policy's estimated payroll, if applicable.
- We will offer policyholders the ability to pay their workers' compensation premiums on a pay-as-you-go basis, which will automatically account for changes in payroll.
- We are processing on a high priority basis endorsement requests to reduce payroll estimates on existing policies.



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- We suspended estimated audits, which will allow policyholders with expired policies extra time to get their final audits complete without fear of non-compliance charges.
- We are offering payment options for policyholders who are struggling to make their audit premium due payments.

Our goal is to be as flexible as possible for our policyholders during this time of public health crisis, and it is our hope that our actions will provide respite for policyholders who are impacted by reduced or discontinued business operations.

If you have any questions about our actions in light of COVID-19, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Bryan Bogardus', written over a horizontal line.

Bryan Bogardus
Executive Vice President and Chief Operating Officer