



RICARDO LARA
CALIFORNIA INSURANCE COMMISSIONER

BULLETIN 2020-4

TO: All Admitted and Nonadmitted Property & Casualty and Workers' Compensation Insurers

FROM: Insurance Commissioner Ricardo Lara

DATE: May 15, 2020

RE: Premium Refunds, Credits, and Reductions in Response to COVID-19 Pandemic

The purpose of this bulletin is to extend the relevant time period for Bulletin 2020-3 and also to provide additional clarification about that bulletin. On April 13, 2020, Insurance Commissioner Ricardo Lara issued Bulletin 2020-3 acknowledging that the COVID-19 pandemic caused an unprecedented challenge for California's businesses and residents. Bulletin 2020-3 also recognized that the COVID-19 pandemic and the statewide and local "stay at home" orders have severely curtailed activities of policyholders in both personal and commercial lines and that projected loss exposures of many insurance policies have become overstated or misclassified.

To protect consumers and to provide consistent direction to the insurance industry regarding misclassifications of risk resulting from the COVID-19 pandemic, Bulletin 2020-3 ordered all insurers engaged in the business of insurance in this state to make an initial partial premium refund for the months of March and April to all adversely impacted California policyholders in the lines of insurance identified in Bulletin 2020-3, as quickly as practicable, but in any event no later than 120 days after the date of that Bulletin.

Bulletin 2020-3 does not require a refund of 100% of premium for the months of March and April. An insurer that provides a partial refund of premium to policyholders, in a manner consistent with the premium refund approaches set forth in Bulletin 2020-3, that takes into account only that portion of premium for the months of March and April where projected loss exposures of many insurance policies may have become misclassified or overstated, would comply with the partial premium refund requirements of Bulletin 2020-3 for the months of March and April.

Bulletin 2020-3 also provided that if the COVID-19 pandemic continues into and beyond May, Commissioner Lara will send out a subsequent Bulletin to insurers and provide

appropriate instructions. On May 8, 2020, Governor Gavin Newsom issued a [Public Health Order](#) that permits the gradual easing of his March 19, 2020 “stay at home” order, but otherwise kept his March 19, 2020 order in full force and effect. As a result, the directives set forth in Bulletin 2020-3 to reduce premium in the affected lines of insurance where the projected loss exposures have become overstated or misclassified are hereby extended through May 31, 2020. Similar to Bulletin 2020-3, this Bulletin 2020-4 does not require a refund of 100% of premium for the month of May. Additionally, if the “stay at home” order continues into June and beyond, Commissioner Lara will provide additional directives to ensure that the premium charged at the time accurately reflects the exposure to loss.

Bulletin 2020-3 required insurers, no later than 120 days after the date of the Bulletin, to provide each affected policyholder, if applicable, with a notification of the amount of the partial refund, a check, premium credit, reduction, return of premium, or other appropriate premium adjustment. In addition, insurers shall provide an explanation of the basis for the adjustment, including a description of the policy period that was the basis of the premium refund, and any changes to the classification or exposure basis of the affected policyholder.

Bulletin 2020-3 also required every insurer writing any of the above-referenced lines of insurance in California to report to the California Department of Insurance (Department) within 60 days of the date of Bulletin 2020-3, all actions taken and contemplated future actions to refund partial premium in response to or consistent with this Bulletin. The notice to affected policyholders and the report by insurers to the Department, as required by Bulletin 2020-3 and now Bulletin 2020-4, shall also include information with respect to any premium adjustments for May 2020.

To aid in the submission of insurer reports and to ensure timely receipt of insurer submissions, the Department has provided an Excel workbook that can be downloaded at the following link: <http://www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/rsb-forms/2020/index.cfm>.

Reports shall be submitted to the Rate Specialist Bureau at the following email address: RSBCovid19PR@insurance.ca.gov. All information provided to the Insurance Commissioner pursuant to this Bulletin shall be available for public inspection pursuant to Insurance Code section 1861.07.