



Surplus Lines Insurance Bulletin

April 13, 2020

Topic:

California Requires Premium Refund for Policyholders Affected by COVID-19

Jurisdiction(s):

California

Line(s) Affected:

Not Line Specific

APCIA Contact:

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Overview

The California Insurance Department (CDI) today issued a bulletin mandating that insurers writing certain lines of coverage issue refunds to policyholders as a result of the COVID-19 crisis. APCIA has confirmed with the CDI that, while surplus lines insurers are encouraged to comply, the Department does not have authority to order surplus lines insurers to comply.

Details

California Insurance Commissioner Ricardo Lara today issued Bulletin 2020-3 (copy attached), which requires insurers writing policies in certain lines to make an initial premium refund for the months of March and April to policyholders where there is some evidence or expectation of improved loss experience as a result of the COVID-19 crisis. The bulletin expressly applies to the following lines: (1) personal auto; (2) commercial auto; (3) workers compensation; (4) commercial multi-peril; (5) medical malpractice; and (4) "any other line of coverage where the measures of risk have become substantially overstated as a result of the pandemic."

Although the bulletin is directed at "all property casualty insurers and workers compensation insurers," it makes no express reference to surplus lines insurers. APCIA has questioned the California Insurance Department about the bulletin's applicability to surplus lines insurers, given that that commissioner has no authority to regulate rates charged by surplus lines insurers. In response, the Department advised as follows:

"We expect surplus lines insurers to comply given that it's the right thing to do for consumers and businesses in these extraordinary times. However, as you know, we do not have authority to order surplus lines insurers to comply."

APCIA is today issuing a separate Adopted Regulation Bulletin providing further detail on the provisions of the bulletin. APCIA is aware of member concerns and is collecting questions for clarification by the Department. Questions can be sent to Mark.sektnan@apci.org. APCIA will also be holding a call later this week on the order. People who are not already on a California list and want to receive details should email Susan.Kammerer@apci.org.

Members with specific comments or concerns with the bulletin's implications for surplus lines insurers should contact Bob Woody at Robert.Woody@apci.org or (202) 828-7141.

Related Information
[CA Bulletin 2020-3.pdf](#)

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