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March 23, 20

We have received several questions regarding our underwriting procedures and wanted to make sure all agents have the opportunity to review this memo. There are no changes in this memo from the memo sent Wednesday, 3/18/20.

## BULLETIN TO ALL AGENTS AND COMMERCIAL AUTO UNDERWRITERS

### COVID-19 (“Coronavirus”) BUSINESS IMPACT Amendment of Underwriting Procedures

**State:** Nationwide

**Companies:** All BHC Writing Companies

**Effective:** March 16, 2020

In recognition of the difficulties experienced by our customers arising from the business impact of COVID-19 (the “Coronavirus”) BHC will be amending some of our normal business and underwriting practices as outlined in this memo.

#### Deletion of units on policies with motor carrier filings:

As a matter of normal business practice, if BHC issues a state or federal motor carrier filing for a commercial auto policyholder, BHC requires that all vehicles owned or operated by the policyholder be scheduled on the policy for liability coverage for the duration of the policy term. BHC will only agree to delete these vehicles from the policy if a valid bill of sale (to an unrelated party) or valid lease termination agreement can be provided. Recognizing the significant impact of the Coronavirus on our customers’ operations, BHC will be relaxing our underwriting procedures regarding the deletion of units or removing liability coverage from scheduled vehicles on policies for which BHC has issued state or federal motor carrier filings.

From the effective date of this memo until otherwise withdrawn in the future, BHC will allow vehicles on policies that have state or federal motor carrier filings to be either 1) deleted from policy; or 2) allow coverage to be modified to physical damage only without requiring a bill of sale or valid lease termination agreement. However, there will be limitations and conditions under which this accommodation will be made.

To qualify for this accommodation, the policyholder will have to meet the following criteria and agree to the following conditions:

- 1) The policyholder must keep at least one vehicle with liability coverage in place in order to keep their motor carrier filing in-force.
- 2) A single unit account with filings cannot remove liability coverage without the transportation authority filing(s) also being canceled.
- 3) The policyholder cannot have had any claims involving an unscheduled vehicle (other than a covered hired & non-owned vehicle) or a driver not scheduled on the policy at time of claim in the prior 24 calendar months.
- 4) The policyholder cannot have any vehicle inspections reported to the FMCSA in the prior 12 months that involved vehicles that were not scheduled on the policy at the time of the inspection.
- 5) The policyholder cannot have had a new unique policy number issued in the prior 12 months due to cancellation for non-pay. A cancellation notice that was cleared on the current policy will not prevent consideration.
- 6) The agent should communicate that we have agreed to remove the vehicles and the vehicles do not have coverage until they are added back to the policy.
- 7) We will track the policies that have removed vehicles and endeavor to follow up as the threat is diminished.
- 8) Requests from agents must be explicitly clear to the underwriting team that an accommodation to our normal business rules is being asked for.

BHHC Commercial Auto Underwriting

REPRESENTING FINANCIAL STRENGTH & INTEGRITY

**Berkshire Hathaway Homestate Companies**

Berkshire Hathaway Homestate Insurance Company | Brookwood Insurance Company  
Continental Divide Insurance Company | Cypress Insurance Company  
Oak River Insurance Company | Redwood Fire and Casualty Insurance Company

Not all products are available in all states.

All auto risks with a principal garaging location in CA falling into our Trucking for Hire class will be underwritten by a Berkshire Hathaway-owned agency, Pacific Gateway Insurance Agency.

Property coverage is not available in TX, FL, HI or in coastal areas.

Check coastal zip codes for our Wind & Hail eligibility guidelines at [bhhc.com](http://bhhc.com).

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