

BULLETIN TO ALL AGENTS

COVID-19 (“Coronavirus”) BUSINESS IMPACT

Amendment of Direct Bill Cancellation Procedures

State: Nationwide

Products: Commercial Auto and Property business

Effective: March 23, 2020

In recognition of the potential difficulties experienced by our customers arising from the business impact of COVID-19 (the “Coronavirus”), BHHHC will be making an extended cancellation date for non-payment of premium available to all eligible customers, to allow their businesses to continue to operate during this difficult period. However, customers must contact the Company through our normal billing phone number to request this accommodation.

During the upcoming months, notices of cancellation for non-payment of premium on direct bill policies sent by the Company will also include a document notifying them of their ability to request an extension of their cancellation date. **To receive this extension on an eligible Auto or Property policy, eligible customers must contact the Company via our PC Client Services team at 877.680.2442.** If an eligible customer requests an extension, the Company will rescind the pending non-payment cancellation and extend the cancellation date to a future date. Our tentative plan is to extend the cancellation date to **6/1/2020** for any eligible customer who requests an extension. We hope this extension will give our customers sufficient time to make arrangements to keep their businesses running.

To be clear, customers who have not otherwise requested an extension will still receive cancellation notices, but if an eligible customer who receives a notice of cancellation calls our Client Services team and requests an extension, the Company will rescind the cancellation and will not cancel the policy before the extended cancellation date (currently 6/1/2020). Insureds will continue to receive premium invoices while their policies are in-force to remind them of their amounts due, but will not receive a subsequent cancellation notice until the required legal notice period prior to the extended cancellation date (the number of days of advance notice varies by state and whether the policy has motor carrier filings).

Additionally, any eligible customer who has already received a cancellation notice who calls in will be able to request an extension of their cancellation date if they call and make the request prior to their cancellation date. For any policy that has already cancelled (i.e. the cancellation date has passed), the Company may consider re-instating and extending the cancellation date as an accommodation subject to underwriting review but we expect situations where the Company will permit this will be rare.

Similarly, for automatic renewals, if customers contact the Company and indicate that they cannot make the renewal down-payment but would like to keep their coverage in force, the Company will issue the renewal, invoice the down-payment to the Company and agree not to cancel the policy before the indicated accommodation date (currently 6/1/2020).

Please contact the company by calling our PC Client Services team at **877.680.2442**.

Questions you may have:

Q: What about state directives and orders requiring the Company to extend cancellation dates? How does this bulletin affect those situations?

A: The actions outlined above in this Bulletin are voluntary on the part of the Company as an accommodation to our customers. However, some states have issued orders concerning cancellations and we expect more states will do the same. The Company will adhere to and comply with any orders or directives from any state department of insurance and those orders will supersede any business processes outlined in this Bulletin.

Q: This Bulletin says eligible customers. Who is an eligible customer?

A: Eligible customers are customers on direct bill whose policies would otherwise cancel for non-payment of premium to the Company.

Q: Who is not an eligible customer?

A: Two meaningful categories of customers are not eligible. The first are customers who have agency bill policies. The second are customers who premium financed their policies where the Company has received a cancellation request from the premium finance company. Under state laws, the Company must honor the cancellation request of the premium finance company unless the request would otherwise violate a state law or directive.

Q: Does this mean we are reducing the amount of premium the customer owes the Company?

A: **No, the customer still owes the Company the full premium due.** We are merely extending the cancellation date to allow them to keep their business operational until they can make financial arrangements to pay before their policy is cancelled. If the customer needs to reduce their premium, they should take advantage of the underwriting accommodations covered in a prior bulletin sent on March 17th and March 19th, which addressed issues such as deleting units from policies or removing liability coverage to reduce premium. In more extreme circumstances, where the customer's operations have ceased entirely, the customer may wish to request cancellation of their policy and receive a refund of any remaining premium equity. The Company would be willing to consider re-writing their coverage when their business re-starts (with relaxed underwriting criteria that reduce the likelihood they will be treated as a new venture).

Q: Why does the customer have to request the extension, why don't we just extend the cancellation date automatically for all customers?

A: We did consider this option but decided against it for the following reason. Because the customer still owes us the premium for the period of coverage provided, we did not want to automatically extend the policy and increase the amount of premium we would eventually seek to collect from the customer at one time (albeit at a later date) without their agreement.

Q: Does this affect any other cancellations and non-renewals?

A: No, the Company will continue to cancel or non-renew policies that fail to meet Company underwriting requirements where allowable by law.

These are unusual times and we are trying to take appropriate measures that extend flexibility to our customers.

Thank you.

Berkshire Hathaway Homestate Companies



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.

[Add BHHC to your contacts](#) | [Manage your subscription](#) or [unsubscribe](#)