

Re: Covid-19 California Regulatory Changes

Dear Policyholder,

Republic Indemnity is committed to you during the COVID-19 pandemic and is working to ensure you have the information needed to manage your workers' compensation expenses. On June 15, 2020 California Insurance Commissioner Ricardo Lara approved emergency workers' compensation regulations in response to the COVID-19 pandemic. These new regulations permit insurance companies to recalculate premium charges for policyholders negatively affected financially during the COVID-19 pandemic.

Under these regulations, Republic Indemnity is allowed to reclassify an employee if the employee's duties have changed, in whole or in part, to clerical classification code 8810 for those eligible. This reclassification will reduce your premium for employees who are now working from home and exclusively performing clerical work even though their regular duties have been classified differently. This change is retroactive to March 19, 2020, the first day of the Governor's statewide stay-at-home order, and concludes 60 days after the order is lifted.

These regulations also exclude the payments made to an employee while not performing duties of any kind for the employer from premium calculations, including paid furlough, sick time or family leave. This change will lower your premium by reducing the amount of payroll assessed. It is important that you keep detailed employee payroll records so we can precisely determine your workers' compensation premium. Correctly segregated payroll will be identified under Code 0012. This change is retroactive to March 19, 2020, the first day of the Governor's statewide stay-at-home order, and concludes 30 days after the order is lifted.

These new regulations also exclude claims related to a COVID-19 diagnosis from being included in future experience modification calculations so that you are not penalized with higher rates due to COVID-19 claims.

The regulations went into effect on July 1, 2020. More information can be found on our web page dedicated to COVID-19: <https://www.republicindemnity.com/employers/coronavirus-disease>.

Segregate your payroll records for the timeframe specified above for all employees who are furloughed or undergo a change in duties. Our premium audit staff is available to help you properly maintain your payroll records for the above situations, if they apply to you. You can reach us at riaudit@ri-net.com.

You may also contact your insurance agent if you have any questions.

Thank you for allowing Republic Indemnity to serve you.

Sincerely,

Republic Indemnity