



Redwoods Responds FAQ

General & Billing Questions

GENERAL QUESTIONS

Q: What is Redwoods Responds?

Redwoods Responds is an initiative that will offer renewal pricing that better reflects our customers' current operations and will adjust premiums during the policy term as our customers' situations change during COVID-19. Specifically, Redwoods Responds will do three things:

1. Project Renewal Exposures Based on Projected Programs

We know that the year ahead will not look like years past. Upon renewal, our customers will have the opportunity to adjust their off-site related exposures based on their projections for the upcoming policy year. These projections will likely reflect a lower exposure to General Liability and Workers' Compensation losses, and therefore should also reflect lower premiums. Customers can also work with their brokers to submit an endorsement request at any time if there are significant changes to exposure that were not predicted at renewal. (See below.)

2. Audit Programs Every 4 Months

GL premiums for customers' current coverage will have previously been calculated using square footage as a proxy for exposure. That means there will likely now be a mismatch between their premiums and their actual exposure. That's why, regardless of the renewal date, and starting June 2020, we'll ask for an update on either program revenue¹ (for YMCAs and Jewish Organizations) or average daily attendance (for Boys & Girls Clubs) every four months, and compare those to the same period a year earlier. We'll use those metrics as a proxy for exposure to loss. If the data is lower, year-over-year, we'll credit their GL premium retroactively.

3. Offer Responsive Payment Terms

Because we know cash flow is a challenge when revenues are down, we can work with customers to establish a lower monthly payment, allowing future credit to cover the amounts that would otherwise have been owed. (See billing questions below for specifics on how this will work.)

¹ For purposes of definition, we are defining 'program revenue' as all annual revenue minus philanthropic or government funding, or COVID-19-specific grant funding.

Q: Why is Redwoods doing this?

We know that our customers are currently under a lot of financial and organizational stress as a result of this pandemic. We also know that they are operating at a significantly lower capacity with modified operations—meaning their exposures to loss have changed too. While most insurers are continuing to charge the same premiums they otherwise would have, Redwoods believes that we have a duty to share the burden of our customers' current pain. This is the right thing to do, and it is authentic and consistent with our efforts to be a long-term partner to the movements we serve.

Q: What does a customer need to do to take advantage of Redwoods Responds?

Nothing until we reach out to them. On the first week of October, we will share a short GL Premium Credit Survey with the CEO/Executive Director of each account, as well as the primary account contact (if different), that will ask customers to share the specific metrics relevant to their programming. Once we receive those metrics, we will calculate and process any credit that is due.

Q: What information will a customer need to complete the form?

Customers will need a few pieces of information to complete this form:

For All Organizations

1. The organization's billing point of contact with phone number and email address
2. The broker's name and email address

For YMCAs and JCCs:

1. Total Program Revenue* for the following time periods:
 - o June 1 – September 30, 2019
 - o June 1 – September 30, 2020
2. Supporting Documentation (e.g. Statement of Activities, or a print out from Quickbooks or similar accounting software)

For Boys & Girls Clubs:

1. Average Daily Attendance by month for the following months:
 - o June, July, August, September 2019
 - o June, July, August, September 2020
2. Supporting Documentation (e.g. reports provided to the Club board or BGCA regarding Average Daily Attendance)

Q: Will premiums increase after a 4-month audit if program revenues increase?

No. Each account will be rated per our guidelines to collect an adequate premium. If revenues increase over what was initially anticipated, there will be no penalty or increase. The audit will only help us determine the amount of premium to return.

Q: Who is eligible for Redwoods Responds?

Customers with buildings where programming is held—whose GL premium was rated based on the square footage of their buildings—will be eligible for GL premium audits and associated credits. Many resident camps—whose GL premiums are not based on square footage—may not be eligible for this specific aspect of Redwoods Responds. However, because resident camps' premium is calculated through other metrics such as camper days, they will also most likely experience a significant change in exposure, and they will see a reduction in their premiums as a result.

For camps that didn't open this summer, or that operated with much lower participation, we ask they contact their broker with those adjustments if they have not done so already. This will allow us to process an endorsement that more accurately reflects their actual camper days and we will adjust their premium accordingly. Just like all of our customer groups, we are willing to work with our camp customers to explore flexible payment terms if cash flow has become an issue.

Q: Does Redwoods Responds apply to excess, or only to GL?

The premium credits being offered under Redwoods Responds apply to GL coverage only. One of the reasons for this is that excess coverage often applies to severe losses, such as aquatic incidents or abuse cases. As just one example among many, experts are concerned about aquatic safety this year, as lifeguard training, certification and other safety practices may have been impacted by the pandemic and prolonged shutdown. We will need to maintain our excess premiums in order to cover this risk, as well as all other catastrophic events that could occur when our customers are still a viable organization.

Q: Why is this based on program revenues and/or average daily attendance?

We calculate many of our customers' liability premiums largely using the exposure base of square footage. Square footage generally serves as an adequate proxy for calculating a good bit of the risk an organization faces. However, when an organization is operating at a significantly reduced capacity or with modified programming, the square footage is not being fully used and therefore no longer accurately reflects the organization's exposure to loss. For some organizations, (YMCA's and Jewish Community Centers in particular), we believe program revenue now serves as a better proxy for exposure. For others, (Boys & Girls Clubs in particular), average daily attendance offers a more accurate picture. Using these metrics will allow us to recognize the uncertainty of future programming activity across manageable time periods. Using one or more of these metrics also gives our customers the confidence that their liability insurance costs will be reflective of their actual operational exposure to loss.

Q: What should customers do if they believe the premium credit was inaccurate?

The process for applying premium credits is designed to be as simple and easy to take advantage of as possible—but that means that it is also a fixed process. Assuming the metrics given to Redwoods are accurate, we will not be able to negotiate or adjust credit amounts calculated based on those metrics.

However, the credit is only for the portion of the GL that is attributable to square footage. If you have other exposure changes you believe should be taken into account (for example cancelled off-site after school programming, equestrian programming or water sports/boating), it's important to work with your broker to submit an endorsement request so that your exposures can be recalculated.

Q: If a customer's policy already renewed, are they still eligible?

Yes. This credit will be retroactive, and we will seek to determine a customer's actual exposure for premiums that have already been charged during this time.

Q: If a customer is new to Redwoods, are they still eligible?

Yes. As long as a customer had GL coverage with Redwoods that was active during any part of the policy period (6/1-9/30), and as long as their projected premium for the year is calculated using square footage, then they can apply for premium credits like any other customer.

Q: What about customers who recently left Redwoods? Will they get a return on premiums already paid?

We will be applying this credit retroactively to premium that was charged between 6/1 and the time the customer left us. This means that yes, Redwoods Responds will provide some relief, even if an organization is no longer a current customer. If an organization was a customer during the month of June or later, they are eligible for a return in premium. Their credit will be prorated to the dates that their coverage was active with Redwoods.

Q: Does this mean premiums will definitely go down?

Redwoods Responds is intended to provide near-term relief for the immediate crisis we are in. That means that the premiums each organization is paying now will most likely go down because we are establishing renewal premiums and returning premium at a time when their exposure has temporarily but significantly changed.

However, the long-term dynamics of the insurance market have not changed, and insurance costs are continuing to rise. That means that customers will likely still see a rate increase at renewal—but their reduced exposures may mean they will still see a GL premium decrease. Redwoods Responds premium returns will then be applied on top of that new pricing. Assuming a customer is still

operating at modified capacity, any increase in rate may be significantly mitigated by the Redwoods Responds program. (We'd be interested to hear if other carriers are also responding to the crisis in this way.)

Q: When does Redwoods Responds go into effect?

Redwoods Responds is designed to replace and build on the temporary premium credits that we offered at the start of the pandemic. As a reminder, Redwoods returned on average 15% of the annual GL premium to all customers earlier this year as a response to all operations shutting down. That credit was calculated by assuming all operations were closed for the time period from 3/15/20 – 5/31/20. As those credits expired on 05/31, Redwoods Responds will be applied to premiums starting 06/01—and we will be retroactively applying it to ensure that every customer receives the full amount of credit they are owed.

Q: How long will it take to process the GL premium credits?

We are currently projecting 30-45 days, once a completed survey and all relevant supportive documentation has been provided.

Q: If 2020 revenue was down 10%, will GL be credited 10%?

There will not be a 1 to 1 match in terms of percentage credit, as Redwoods will need to cover our expenses—even for accounts where exposure has effectively been reduced to zero.

Q: What are the minimum and maximum GL premium credits a customer could receive?

The premium credit calculation will be based on the year-over-year percentage reduction in either average daily attendance or program revenue, depending on which customer group an organization belongs to. The maximum amount of credit we will be able to give will be 70% of GL premiums, inclusive of all other premium credits applied to a specific account. We ask that customers wait to receive their GL premium credit calculation and then let us know if they have any questions or concerns.

Q: How long will Redwoods Responds last?

The program will last for as long as the square footage exposure base is a less-than-accurate proxy for exposure to loss. Redwoods Responds is designed to provide relief for the crisis we are currently in—but we know that the crisis will have ramifications for many months and possibly years to come. We will be applying this pricing initiative for as long as is realistically needed to support our customers as they emerge from the pandemic itself, and the financial aftermath that is likely to impact their operations also.

Q: How can Redwoods determine what percentage of revenue drop is related to COVID-19, as opposed to other factors (e.g. poor financial management)?

We can't, and we will not try to. Our goal is to provide the movements we serve with relief at a time when they are hurting across the board. We believe that revenue will serve as a good proxy for changes in exposure, and we are confident that we can apply these credits while still receiving adequate premiums to cover our customers' risks.

Q: Is Crum & Forster supportive of Redwoods Responds?

Absolutely.

Q: Will Redwoods consider rating based on revenue, even after Redwoods Responds winds down?

This is a distinct possibility. While the model is being designed in response to the current crisis, we are keeping a close eye on its implications, and what we may be able to learn about accurate and fair pricing in the long-term. We currently have no defined end date for applying the Redwoods Responds model.

BILLING QUESTIONS

Q: The minimum amount due on an invoice does not match the payment arrangement, which amount should a customer pay?

Our invoices are automatically generated by our billing system according to the payment plan signed off on the binder agreement. We need to continue sending those invoices, as it will show payments made and new endorsement activity. We ask customers to please pay from the flexible payment arrangement and add in any endorsement premium or credits as they generate on the invoice.

Q: How much will the GL Premium Credit be?

This amount is to be determined after we receive a completed survey with all relevant supportive documentation.

Q: How can a customer setup a payment plan?

We are offering several payment arrangement options to assist. We ask customers to please contact Billing.Inquiry@redwoodsgroup.com to work out a flexible payment plan.

Q: How do customers pay endorsements?

We ask that customers pay all endorsements in full, or reach out to Billing.Inquiry@redwoodsgroup.com for assistance

Q: What if a payment is missed?

We ask that any missed payments are made up next month. All premium must be paid in full prior to expiration

Q: How can customers pay?

Payments can be made [online through our payment portal](#) or by sending a check to the lockbox information on the invoice.

Q: Why are GL Premium Credits spread?

The full credit should go against the outstanding balance on the account. If it is spread among the remaining installments, please reach out to Billing.Inquiry@redwoodsgroup.com.

Q: What happens if a customer does not receive an invoice?

We have now transitioned to electronic invoicing. Invoices can be viewed on our online billing portal, or customers can provide us with an email address to send the invoices to. Please let us know if mailed invoices are preferred.

Q: How will customers receive credit?

The credit will go against the outstanding balance on the account. If there is no outstanding balance, a check will be issued to the customer or their agent depending on the bill type.