



Redwoods Responds FAQ

General & Billing Questions

GENERAL QUESTIONS

Q: What is Redwoods Responds?

Redwoods Responds is an initiative that was created to offer renewal pricing that better reflects our customers' current operations, as well as to adjust premiums during the policy term as our customers' situations change during COVID-19.

Specifically, Redwoods Responds does 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

Prior to the changes brought about by COVID-19, GL premiums for customers' current coverage was calculated using square footage as a proxy for exposure. That means that when programming adjusted to the 'new normal', there was a mismatch between their premiums and their actual exposure. That's why, regardless of the renewal date, we have started asking for an update on either program revenue¹ (for YMCAs and Jewish Organizations) or average daily attendance (for Boys & Girls Clubs) every four months. We then compare those to the same period a year earlier, and use those metrics as a proxy for exposure to loss. If the data is lower, year-over-year, we credit their GL premium retroactively. Following a successful initial round of premium credits, we are now launching our second round to cover the dates October 1, 2020 to January 31, 2021.

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.

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 flexible payment plan and a lower monthly payment. (See billing questions below for specifics on how this will work.)

Q: Why is Redwoods doing this?

We know that many of our customers 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, Redwoods believes that charging a premium that better reflects your exposures is the right thing to do.

Q: How much Premium has Redwoods returned to its customers during COVID-19 so far?

Including an early effort at premium relief for camps, Redwoods has already returned a total of more than \$4 million in premiums to our customers.

Q: If a customer missed the first round of Premium Credits, can they still apply?

Unfortunately, the first round of Premium Credits is now closed. However, we fully encourage all eligible customers to take advantage of the next round, and to request our help if you face any barriers in doing so.

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

On February 1st, 2021, 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). The form asks customers to share the specific metrics relevant to their programming. Once we have received those metrics, we will calculate and process any credit that is due. It is important that only one form is completed for each organization, as this will allow for efficient, timely and accurate processing of the credit.

Q: How long do customers have to complete the form?

Customers have until March 1, 2021 to complete this form.

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 October 1, 2019 – January 31, 2020
 - o October 1, 2020 – January 31, 2021
2. Supporting Documentation
 - o Summary Statement of Activities (SOA) showing revenue categories (versus single line items).
 - o Provide an explanation of what is included in any "Miscellaneous" revenue lines.
 - o Identify any revenue coming from a grant (government or private) if not clearly labeled on the SOA.

For Boys & Girls Clubs:

1. Average Daily Attendance by month for the following months:
 - o October 1, 2019 – January 31, 2020
 - o October 1, 2020 – January 31, 2021
2. Supporting Documentation
 - o Any internal documents showing per month ADA totals for entire organization (not enrollment) such as reports to the Board of Directors, BGCA, or annual report.

Q: For customers (Boys & Girls Clubs) submitting Average Daily Attendance (ADA), should they submit ADA covering all programming—including virtual—or only ADA for programs in which youth are physical present?

Please submit ADA for all active programming, both real-world and virtual, so that we can be sure that you are covered in the event of a claim. Any time your organization is interacting with youth, there are risks and exposures involved—for example cyber bullying or abuse.

Q: What happens once the form and supporting documentation have been submitted?

1. We will use the information submitted to make a calculation for a GL Premium Credit.
2. Internally, that calculation will go through an approval process using the documentation you provided.
3. Once approved, the GL Premium Credit will be sent for processing.
4. Once processed, the GL Premium Credit will be reflected in an upcoming invoice. (If an organization is no longer a Redwoods customer, but had active GL coverage at any point during the period 10/1-1/31, then they will receive their credit as a check.)

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

We are currently projecting 45-60 days, once a completed survey and all relevant supportive documentation have been provided.

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: What happens if our renewal date occurs in the middle of a credit period?

If your organization renewed their insurance with Redwoods, two credits will be calculated and returned, one for each active policy year. If your organization did not renew with Redwoods, then one credit will be calculated and returned for the period of time you were insured by Redwoods.

Q: Who is eligible for Redwoods Responds?

Customers 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—are not be eligible for this specific aspect of Redwoods Responds. As we did in summer 2020, we will continue to monitor and reduce GL premiums for camps associated with camper day adjustments. 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: Are all Clubs, YMCAs and Jewish Organizations eligible?

The vast majority of our YMCA, Club and Jewish Organization customers will have previously had their GL Premiums calculated using square footage as a metric for exposure. As long as that is the case, then these organizations will be eligible for these GL premium credits. There may be the occasional exception to this rule, where square footage was not used. In these instances, customers will need to work with their brokers to submit an endorsement request—but we will stand ready to work with them to ensure that they too receive much needed relief on their insurance costs.

Q: What should customers do if they have questions or concerns about the GL Premium Credit application process, or think there may be specific circumstances that impact their eligibility?

We have consulted with both individual organizations and the movements we serve to design a program that—we hope—efficiently and quickly meets the needs of the vast majority of our customers. However, as our customers continue to access the form and input their information, we know we'll continue to get questions we hadn't contemplated, and there may be circumstances or exceptions that we had not taken into account. Please continue to send any questions or concerns to RedwoodsResponds@redwoodsgroup.com and we will endeavor to solve those problems as quickly as we possibly can.

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 when facilities open up after COVID-19 lockdowns or closures, as lifeguard training, certification and other safety practices may have been impacted. 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 allows 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 (10/1-1/31), 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 10/1 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 October 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: 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: How large will the GL premium credits be that 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. 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 have not tried 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.