

# **INSURANCE INFORMATION ALERT**

TO: ALL CALIFORNIA FAIRS

FROM: Tom Amberson, Risk Department Manager

SUBJECT: **IMPORTANT INFORMATION REGARDING THE 2020 REVENUE PROTECTION PROGRAM**

DATE: March 11, 2020

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In light of the recent Coronavirus outbreak in California, CFSA has received several inquiries from fairs related to coverage in the Revenue Protection Program. The CFSA staff and board have done extensive research on this topic reviewing the program's pool layer Memorandum of Coverage (MOC) along with the program's commercial excess coverage policy. Many factors were taken into consideration, including that this program was established to provide revenue loss protection to California fairs in a program not available on the commercial insurance market and to protect the Fairs and Expositions Fund.

As the pooled layer MOC stands today, there is coverage for loss of revenue due to either "...an act of Government by reason of...other declared emergency...or an act of government resulting in the activation of...an evacuation center, or other emergency services at the Participating Entity's site." There is also possible coverage for an "epidemic," which is defined in the Merriam-Webster Dictionary as "an outbreak of disease that spreads quickly and affects many individuals at the same time."

CFSA administers the Revenue Protection Program on behalf of the California Department of Food and Agriculture Branch of Fairs and Expositions. The CFSA Board of Directors, via the written agreement with CDFA/F&E has the authority to implement and amend the MOC. At a special board meeting held on March 10, 2020, the CFSA Board of Directors took the following action:

- Directed CFSA staff to adhere to the requirements of the MOC regarding application to and payment for participation in the 2020 Revenue Protection Program as follows:
  - All applications and full payment for program participation must be received by March 31, 2020. For covered events taking place prior to March 31, 2020, application and payment was to be received by 30 days

- prior to the first day of the covered event.
  - Program participants must notify CFSA immediately of an Occurrence that will or may result in a loss of revenue. Notification must be submitted in writing via mail AND in an email to CFSA Executive Director or Risk Department Manager.
  - Payments of claims will be dependent on the funds available in the Revenue Protection Pool for 2020 after administrative expenses. If the total amount of covered claims exceeds the amount of funds available in the pool, the Revenue Protection Claims Committee will prorate the amount payable to each Participating Entity based on the ratio that each such claim bears to all covered claims multiplied by the total funds available for the current protection period (1/1/2020 to 12/31/2020).
  - The Revenue Protection Claims Committee will meet quarterly to review and approve submitted claims. No claims will be paid until all claims have been submitted, reviewed and approved by the committee for the current protection period. In addition, no advances will be paid on approved claims if there is a chance that the pool will not have adequate funds to pay for all claims filed this calendar year.
- The CFSA Board of Directors made one substantive change to the MOC as follows:
    - The length of time allowed to submit all documentation for a claim was shortened to four months from the last day of the covered event. The deadline previously was 12 months. A revised MOC will be sent to all fairs who purchased coverage prior to March 10, 2020. The revised MOC is attached, please read it carefully so that you understand all of the parameters and requirements of the program.

CFSA staff will work with the Revenue Protection Claims Committee and CDFA/F&E throughout this year to determine any future changes to this program in efforts to maintain its sustainability. CFSA welcomes input from California fairs on the Revenue Protection Program.

If you have any questions related to this Insurance Alert, please contact me (916) 263-6180 or [tamberson@cfsa.org](mailto:tamberson@cfsa.org).