



July 14, 2020

V. Prem Watsa
Chairman and CEO
Fairfax Financial Holdings
95 Wellington Street West
Suite 800
Toronto, Ontario, Canada
M5J 2N7

Re: Divesting from for-profit bail

Dear Mr. Watsa,

As you are aware, the United States has seen a historic wave of Black Lives Matter protests for racial justice in recent weeks focused on the killing of George Floyd.

[\$M]

recognize that anti-Black systemic racism exists in this country but also take meaningful steps to end it.”

Given this statement, it is surprising that your company, Fairfax Financial Holdings Ltd, is the largest investor in the predatory bail bond and bail insurance industry in the United States, which disproportionately impacts communities of color, prolonging incarceration for those who cannot afford bail and trapping others in cycles of debt.

Fairfax Financial n-¢ United States. In addition, it has and continues to spend heavily to fight efforts to reform the U.S. bail system.

Over the past few decades, the number of people incarcerated in jails in the United States

crime. They are detained before trial, many because they cannot afford cash bail. Courts have told them they can return home if they post money bail to secure their release, but they simply can't afford the cost of freedom. This crisis has become so severe that one in five people incarcerated in the United States today are pretrial detainees who have not been convicted of a crime.

The for-profit bail system in the U.S. and bail insurers like Fairfax Financial's Crum & Forster disproportionately impact communities of color, who—due to racism, social exclusion and aggressive police practices—are much more likely than their white counterparts to be arrested in the first place and once arrested, are more likely to be incarcerated while awaiting trial. Bail amounts assigned to Black men average 35 percent higher than those for white men, even when controlling for the seriousness of the offense.

While Fairfax' global insurance peers like Tokio Marine Holdings, R&Q, and Endeavour Capital exited the bail insurance industry last year, Fairfax' Crum & Forster substantially increased its role, buying out its rivals' bail insurance businesses.\$

As important as Fairfax and Crum & Forster are to the U.S. bail industry, bail insurance represents a tiny part of Fairfax' overall business. Bail insurance makes up less than one percent (0.94%) of Crum & Forster's net premiums written and much less (0.16%) of Fairfax Financial's overall net premiums written.⁵

If you truly believe that the time for passing the buck is over and that you have a responsibility to take meaningful steps to end anti-Black systemic racism, then Fairfax Financial and Crum & Forster will halt their efforts to fight bail reform and exit the bail insurance industry.

We would appreciate an opportunity to discuss this issue with you further. Please contact Udi Ofer at uofer@aclu.org or at [REDACTED] to schedule a call.

Sincerely,



Udi Ofer, ACLU

Scott Roberts, Color of Change

⁵ "Bail Bond Market Faces Legislative Headwinds," AM Best, May 11, 2020. Fairfax Financial 2019 Annual Report.