

## Corporate Dividends FAQs

The Board of Directors of the Chesapeake Employers' Insurance Company is pleased to declare \$20 million in corporate dividends for calendar years 2020 and 2021 to qualifying policyholders based on their safety performance. This is in addition to the \$20 million dividend the company declared in October 2017.

In all, Chesapeake Employers will issue \$40 million in corporate dividends by 2022. The dividends are possible due to Chesapeake Employers' financial performance.

 **DECLARES  
ADDITIONAL  
\$20 MILLION  
in CORPORATE  
DIVIDENDS  
to  
Qualifying Policyholders**

### **Q: What is a corporate dividend?**

**A:** A corporate dividend is a portion of the insurance company's profits that is paid to policyholders. If the insurance company has a good year financially, it can share its success by returning some of its policyholder premium in the form of a corporate dividend.

### **Q: Will I receive a corporate dividend even if I switched carriers or was insured with you for only a portion of the year?**

**A:** Qualifying policyholders whose policy expired or was cancelled during the year will also receive a corporate dividend.

### **Q: Can you apply my corporate dividend to my current premium balance?**

**A:** No. Your dividend will be mailed to you in the form of a check made payable to the policyholder.

### **Q: Could I receive a check for participating in the corporate dividend plan and also for either an individual dividend plan or the safety or affinity group dividend plan?**

**A:** Maybe, depending upon whether you meet the eligibility criteria and payout terms of the plans:

- *An individual dividend plan* (endorsement WC 99 06 04) applies to policies greater than \$30,000 in premium before discounts and credits, is offered at the individual policy level, and is based on the performance of the policyholder according to the criteria of that plan.
- *Safety or affinity group dividends* are based on the performance of the group with payment to the individual policyholder only if the group meets the program criteria.
- *The corporate dividend plan*, which is described above, is based on the profitability of Chesapeake Employers, a declaration by its board of directors, and approval by the Maryland Insurance Administration. The corporate dividend plan takes into consideration dividends previously paid under an individual dividend plan and safety or affinity group programs. The earned premium is reduced by the dividend paid on the individual plan or safety or affinity program in which the policyholder participates.

Policyholders eligible for the specific dividend plan will receive a check specific to that plan.

### **Q: Are corporate dividends tax exempt?**

**A:** Please check with your tax advisor.

**Q: Will Chesapeake Employers issue a corporate dividend every year?**

**A:** Corporate dividends are based on the financial performance of Chesapeake Employers. They are not guaranteed. Corporate dividends must be approved by Chesapeake Employers' Board of Directors and the Maryland Insurance Administration.

**Q: Are Zurich premiums included in the corporate dividend calculation?**

**A:** Other states premiums and losses are included in the corporate dividend calculation.

The Corporate Dividend plans differ by plan year as described in the chart below:

## Corporate Dividends At-A-Glance

|                                 | 2018/2019 Dividend<br>\$20 Million   | 2020/2021 Dividend<br>\$20 Million   |
|---------------------------------|--|--|
| <b>Experience Years</b>         | 1/1/2017 – 12/31/17 (\$10 million)<br>1/1/2018 – 12/31/18 (\$10 million)   | 1/1/2019 – 12/31/2019 (\$10 million)<br>1/1/2020 – 12/31/2020 (\$10 million)   |
| <b>Payout</b>                   | Dividends will be paid beginning with 7/1/2018 renewal quotes.<br><i>(Note: 60 days prior to renewal date or, if policy expired or was cancelled, on the expiration date.)</i> | Dividends will be paid beginning with 7/1/2020 renewal quotes.<br><i>(Note: 60 days prior to renewal date or, if policy expired or was cancelled, on the expiration date.)</i> |
| <b>Coverage Period</b>          | CY 2017 for 2018 payout and CY 2018 for 2019 payout.   | CY 2019 for 2020 payout and CY 2020 for 2021 payout.   |
| <b>Accident Year Loss Ratio</b> | Less than 33.2% evaluated as of 12/31 of each earnings period.   | Less than 32.8% evaluated as of 12/31 of each earnings period.   |
| <b>Minimum Dividend</b>         | \$10. Amounts less than \$10 will not be distributed.  | \$50. Amounts less than \$50 will not be distributed.  |

For additional information about policyholder corporate dividends, please contact your agent, visit the company website ([www.ceiwc.com](http://www.ceiwc.com)), or call Chesapeake Employers' Customer Service Center at 1-800-264-4943.

Thank you for your continued trust in Chesapeake Employers' Insurance Company.