

Corporate Dividends FAQs

The Board of Directors of the Chesapeake Employers' Insurance Company is pleased to declare a \$20 million corporate dividend to qualifying policyholders who have contributed to the company's financial success. Ten million dollars a year will be paid out over two, consecutive years beginning with July 1, 2018 renewals.



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: Who qualifies for a corporate dividend?

A: Policyholders whose Accident Year 2017 loss ratio was less than 33.2% as of December 31, 2017 qualify for a dividend under this plan. Policyholders receiving a corporate dividend have contributed to the organization's profitability. These policyholders have a proven commitment to workplace safety, preventing injuries, and helping their employees return to work. More than 20,000 Maryland policyholders will receive a portion of the \$10 million corporate dividend for their 2017 performance.

Similarly, policyholders whose Accident Year 2018 loss ratio is less than 33.2% as of December 31, 2018 will qualify for a dividend under this plan.

Q: Will I receive a corporate dividend even if I switched carriers or 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 the Safe Returns 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:

- *The Safe Returns 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 our Safe Returns dividend plan and safety or affinity group programs. The earned premium is reduced by the dividend paid on the Safe Returns 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: When will I receive my corporate dividend check?

A: Corporate dividends will be paid out over two, consecutive years beginning with July 2018 renewals. A total of \$10 million will be distributed among qualifying policyholders each year. The check will be distributed 60 days prior to the effective date of the upcoming term or, if the policy expired or was cancelled, on the expiration date. If the dividend amount is less than \$10, the policyholder will not receive the dividend.

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.

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

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