

Workers' Comp Safety Groups

DIVIDENDS!

Group Loss Ratio (in percent)	Group Return
0.0	40%
0.1 - 5.0	35%
5.1 - 10.0	29%
10.1 - 15.0	23%
15.1 - 20.0	18%
20.1 - 25.0	12%
25.1 - 30.0	8%
30.1 - 35.0	4%
35.1 - 40.0	2%
40.1 - 45.0	1%
OVER 45.0	0%

At Berkshire Hathaway GUARD, our **Safety Group Dividend Plans** offer qualifying small- to mid-sized businesses the opportunity to earn a return on their Workers' Compensation premium — an option usually reserved for larger employers. By combining the premiums and loss experience of policyholders from similar industries, the result can mean significant savings for participants! The groups we currently feature are:

➔ Automotive

For new/used car dealers and auto services operations (e.g., filling stations, service centers, car tire dealers, auto paint and body shops, auto part stores, and car wash facilities).

➔ Restaurant

For fast-food establishments, family-style restaurants, white tablecloth dining, etc. (Taverns, nightclubs, and restaurants with excessive liquor exposure are excluded.)

➔ Wholesale/Retail Food

For bakeries; grocery and convenience stores; supermarkets; meat, fish, or poultry retailers/wholesalers; fruit or vegetable dealers; seafood wholesalers; and other miscellaneous shops related to this category.

Since our programs have been created expressly for particular industries, a range of specialized loss control, claims, and medical management services are available and absolutely FREE with each policy. Our goal is to equip participants with the necessary tools to create (and maintain!) a safe and productive working environment. The result? A better loss experience for the group that, in turn, increases the chance of earning a favorable dividend return!

For more information, see the reverse side of this flyer. Agents can view a list of eligible classes from our Internet Agency Service Center. Safety Group Dividend Plans are not currently available in CA, KY, MO, NY, OR, or WI.



AmGUARD • EastGUARD • NorGUARD • WestGUARD Insurance Companies



Frequently Asked Questions

What criteria must be met to join a safety group?

Policyholders must have an annual Workers' Compensation premium of at least \$3,000 to participate. Once an agent requests that a policy be placed in a group, we determine the eligibility of the account by examining the nature of the applicant's business and qualifying class codes. Past loss experience and current safety habits are factors. Our goal is to select members that demonstrate the likelihood of performing well, thereby giving the group the best possible chance of earning a return. To help maintain a favorable loss experience, we require that each participant complete a **Safety Group Program Agreement**, which contains provisions that ensure the business is familiar with certain special loss prevention, medical management, and claims reporting techniques.

When can a policyholder join a safety group?

Qualifying policyholders can join a safety group at the inception of a new policy year and will be included in the group's current program year (always January through December) with current dates of coverage being maintained. (For example, an account due to expire 04/30/16 will be included in the 01/01/16-12/31/16 Program Year but will retain a policy term that runs from 05/01/16 through 04/30/17.)

How are dividends earned?

When a group has (1) the specified number of participants, (2) satisfied the written premium requirement for the Program Year, and (3) achieved a loss ratio of 45% or less, qualifying members become eligible for a dividend return based on the table on the reverse side of this page. Participants' shares of the overall distribution will be determined by (and in proportion to) their earned premium in relation to the group.

Can individual policies be excluded from a dividend return earned by the group?

Yes. Although a dividend may be earned by the group, funds will not be distributed to individual participants when any of the following apply:

- The policyholder has not executed the **Safety Group Program Agreement**.
- The policy has not been properly audited.
- The policy has been placed "in collections" for a delinquent payment.
- The policy's total term is less than six months and is not renewed by us. (When such a policy is renewed by us with no lapse in coverage, eligibility for a dividend will continue. The experience of the short period will be combined with that of the renewal period, and a single dividend will be declared.)

If a single policy's losses are unfavorable, how will dividends be affected?

As long as the group *as a whole* has a loss ratio of 45% or less, participants are eligible for a dividend return. Individual loss ratios will only affect the group's performance to the extent that all members' losses and earned premium are part of the overall calculation.

If the group's experience is not good, what can individual participants lose?

When the loss experience of a group during the course of a Program Year is not profitable, members will simply not receive dividends. The up-front cost of the insurance will not be affected, and participants will continue to benefit from our value-added services.

When are dividend calculations performed and returns distributed?

Safety Group dividends are calculated 18 months after the Program Expiration Date. For instance, Program Year 01/01/16-12/31/16 has an Expiration Date of 12/31/16; therefore, dividends will be calculated as of 06/30/18. Earned premium and incurred losses used to determine the group's loss ratio are valued on a policy year basis as of that date and may include an IBNR* factor based on historical experience. Dividends will be available for distribution shortly after the calculation date and will reflect the applicable percentage of the audited earned premium minus the policy's expense constant.

Are dividends guaranteed?

All our dividends are paid from earned surplus to the extent that surplus is available and are payable only upon approval of our Board of Directors. However, all our Safety Group dividends that have been declared have been paid in full.

*Incurred But Not Reported