

GUARD Safety Groups

Workers' Compensation Dividend Plans

Dividend Table

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%

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

Automotive Group

For new and used car dealers and the auto "after-market" (e.g., filling stations, service centers, car tire dealers, auto paint and body shops, auto part stores, and car wash facilities).

Restaurant Group

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

Wholesale/Retail Food Group

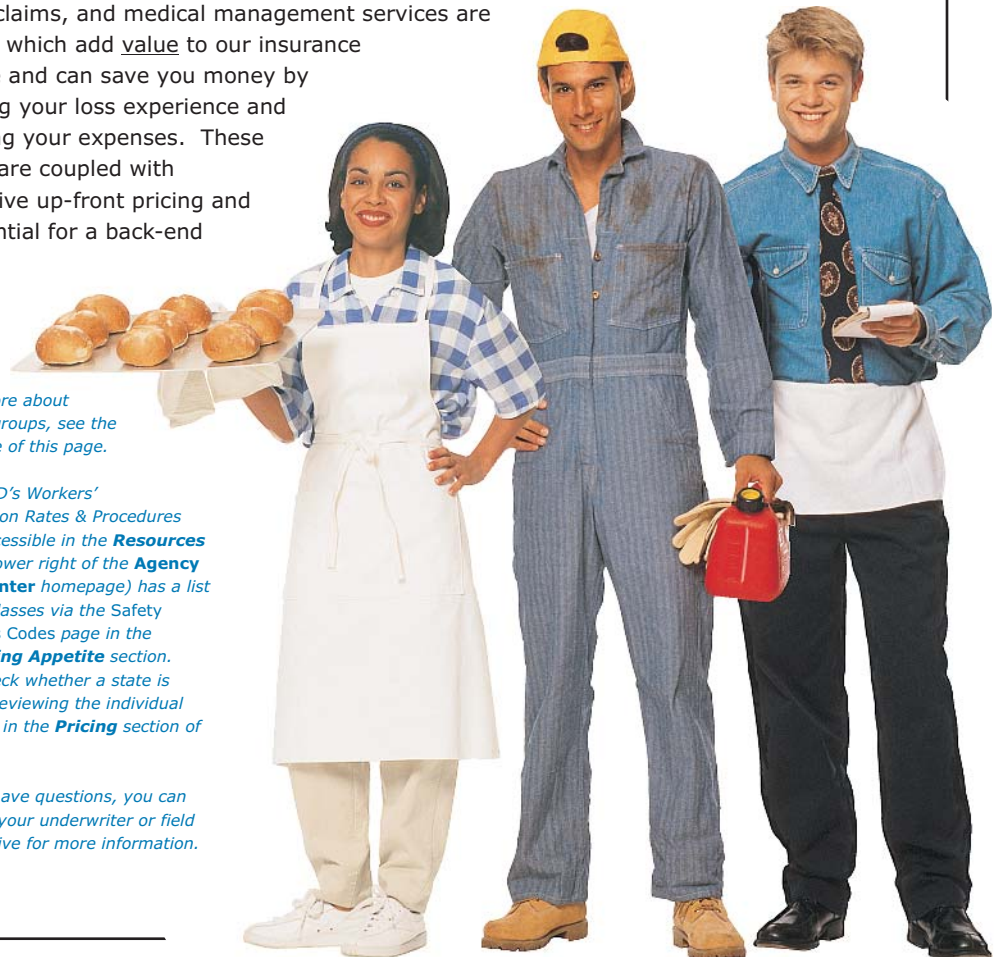
For food processing, canning, and packing; select produce, meat, poultry, and dairy operations; and wholesale/retail grocery, meat, and produce outlets.

Since each of our programs has been created expressly for a particular industry, a range of specially tailored loss control, claims, and medical management services are available which add value to our insurance coverage and can save you money by improving your loss experience and containing your expenses. These benefits are coupled with competitive up-front pricing and the potential for a back-end dividend.

To learn more about our safety groups, see the reverse side of this page.

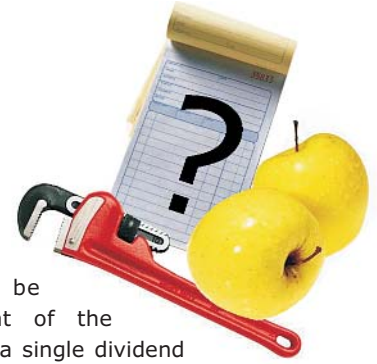
*Also, GUARD's Workers' Compensation Rates & Procedures Manual (accessible in the **Resources** tab at the lower right of the **Agency Service Center** homepage) has a list of eligible classes via the Safety Group Class Codes page in the **Underwriting Appetite** section. You can check whether a state is eligible by reviewing the individual state pages in the **Pricing** section of the Manual.*

If you still have questions, you can always ask your underwriter or field representative for more information.



FAQ

Frequently Asked Questions



What criteria must be met to join a safety group?

Once an agent requests that a policy be placed in a safety group, we will determine the eligibility of the account by examining the nature of the applicant's business and qualifying class codes. A risk's 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. While no minimum premium is required from a particular participant, our standard guideline of \$15,000 in annual payroll (plus an owner) must be met.

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 04/30/12 will be included in the 01/01/12-12/31/12 Program Year but will retain a policy term that runs from 05/01/12 through 04/30/13.)

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, 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 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 01/01/12-12/31/12 has an Expiration Date of 12/31/12; therefore, dividends will be calculated as of 06/30/14. 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. (Dividends of \$15.00 and less will only be distributed upon request.)

Are dividends guaranteed?

All GUARD Insurance Group 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 GUARD Safety Group dividends that have been declared have been paid in full.

*Incurred But Not Reported

Home Office: 16 South River Street • P.O. Box A-H • Wilkes-Barre, PA 18703-0020
1-800-673-2465 • Fax: 570-823-2059 • www.guard.com