

October 2019 dividend Q&A for policyholders

1. Which policyholders are eligible for a dividend?

Policyholders are eligible for a dividend if they were insured with SAIF with policy expiration date(s) from January 1, 2018, 12:02 a.m., through January 1, 2019, 12:01 a.m., with the exception of those noted in question 2.

2. Which policyholders are not eligible for a dividend?

Policyholders are not eligible for a dividend if they are in default status for nonpayment of premium at 12:01 a.m. on declaration day, or do not have a policy end date within the eligibility period.

3. Which policyholders are not eligible for the safety performance dividend?

Those customers with a loss ratio greater than 60%.

4. What was the time period used by SAIF to determine dividend eligibility?

SAIF calculated dividends on full and partial policy periods with expiration dates specified in question 1. If an employer had more than one policy period with the same number, both are dividend eligible. Premium from both periods is accumulated, and one dividend is calculated. Under Oregon law, dividends can be declared only on policy periods that have expired.

5. How are dividends calculated?

Dividends are calculated as a percentage of standard premium valued as of September 4, 2019.

Primary dividend calculation*

Standard premium range	Dividend as a percentage of standard premium
\$0 to \$5,000.00	24.3%
\$5,000.01 to \$15,000.00	23.3%
\$15,000.01 to \$50,000.00	21.6%
Over \$50,000.00	20.3%

Safety performance dividend calculation**

Loss ratio band	Dividend as a percentage of premium
0% to 10%	10.6%
10.01% to 20%	8.3%
20.01% to 30%	6.6%
30.01% to 40%	4.9%
40.01% to 50%	3.3%
50.01% to 60%	1.6%
≥ 60.01%	0%

* Dividend percentages vary by standard premium range to account for the impact of premium volume discount on the final premium paid.

** For the safety performance dividend calculation, the loss ratio is calculated before applying nondisabling reimbursements. The exact percentage relative to standard premium may vary by premium band due to the impact of the premium volume discount.

Please note: The minimum dividend is \$5; no dividend will be awarded under this amount. In addition, premiums paid for other states coverage are not eligible for a dividend.

6. Why do dividend percentages differ for policyholders of different premium size?

Dividends are calculated as a percentage of standard premium. However, a customer's actual paid premium is subject to a discount based on premium size. The dividend percentages for different premium bands have the effect of backing out the premium discount and putting all policyholders on essentially the same footing.

7. Why did SAIF select \$120 million as the primary dividend amount?

The board of directors, upon recommendation of SAIF's management and actuarial staff, determined that a dividend of \$120 million can reasonably be paid while still maintaining a surplus that protects the solvency of the Industrial Accident Fund.

8. Why did SAIF select \$40 million as the safety performance dividend amount?

We wanted to reward customers for their efforts to improve safety and health. Last year the safety performance dividend was 25% of the total dividend, and this year it is 25%.

9. How and when will dividends be distributed?

Most policyholders eligible for a dividend will receive a check in the mail. Checks are expected to be mailed during the week of October 7. In some instances, the entire dividend or a portion thereof may be applied to a premium balance or future premium payments. Policyholders should call SAIF's billing department at 800.285.8525 if they have any questions about money that was withheld because of a balance due. Policyholders may also request to have their dividends applied to a premium balance or future premium payments.

10. Can I find out how my specific dividend was calculated?

Yes. Effective September 30, dividend information can be accessed by logging in to your account at saif.com. The eligible premium, policy period(s) included in the dividend, and the calculation of the dividend, will be visible online at **Policy Dividend**. The **Policy Dividend** screen also will show any adjustments to your dividend because of a balance owed to SAIF, or by your request.

11. Is there a limit to the amount of dividend a customer can receive for a particular policy year?

Yes. The dividend cannot exceed 95% of the premium as of the dividend declaration date. For retrospectively rated policies, the dividend cannot exceed 95% of the estimated retrospective premium for the policy year.

12. Why didn't SAIF lower rates instead of paying a dividend?

By regulation, rates have to be sufficient to pay the expected losses and expenses for the prospective period during which the rates are in effect. Portions of available surplus may be distributed through dividends to policyholders.

13. Will I receive a dividend even if my business switched to another carrier or was insured by SAIF for only a portion of the year?

Yes. If a policyholder meets the dividend eligibility criteria and was insured by SAIF with a policy period ending in 2018, the policyholder will receive a dividend even if it is no longer a SAIF policyholder.

14. Will SAIF credit a policyholder's account rather than send it a check?

SAIF may credit a policyholder's account if that policyholder owes money to SAIF or upon the request of a policyholder.

15. What if my business paid an amount due and the dividend was also applied to the account?

Your business will receive an invoice showing a credit, which may be used to pay future premiums or other charges. If you request the money, SAIF will send a refund.

16. What happens if I decide not to pay my current bill on time because I intend to use the dividend check to pay my bill?

Interest will accrue on any overdue amounts as specified in ORS 656.560, which provides that interest at the rate of 1% per month, or fraction thereof, shall be added to the amount due, commencing with the first day of the month following the date when payment became due.

Employer payroll reports are due on or before the 15th day of the month following the reporting period. Payments that are required with the reports are also due on the 15th day of the month. Interest will be assessed if the payment is not received prior to the first of the month following the stated due date.

Therefore, any premium payment or payroll report with a premium payment due in September 2019 will be charged 1% interest if the payment is not received before October 1, 2019. You may contact your billing representative with any questions or concerns regarding your billing, or request to have your dividend applied to your premium payment.

Payments and payroll reports may be filed online by logging in to your account at **saif.com**.

17. Is the dividend considered income for tax purposes?

SAIF cannot provide legal advice about how a policyholder should treat a dividend for tax purposes. Please consult with your tax professional.

18. What is the procedure if a request to change the payee name is received before the dividend checks are printed?

Please call the SAIF billing department at 800.285.8525.

19. What if a dividend check has been lost or needs to be reissued?

Contact your insurance agent or SAIF representative for assistance. Requests to reissue a check under a different name will require approval by a SAIF collection manager. The entity will also be required to complete an affidavit and indemnity agreement.

If you have additional questions, please visit "Dividends" in Business Online, contact your insurance agent, or call SAIF.