

2017 Dividend Distribution Frequently Asked Questions

The following are commonly asked questions regarding our \$5 million dividend distribution in 2017. If you have any further questions, please contact Account Management at (206) 343-7300 or 1-800-962-1399.

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Who is eligible for the dividend?

Those eligible include Physicians Insurance physicians or other persons with individual limits of liability coverage in force on October 15, 2017. Exceptions are those insured under an extended reporting endorsement or on a policy subject to a retrospective rating plan. Hospitals, stop-loss policyholders, and exposures written on alternative rating approaches are also eligible.

How is the dividend calculated?

Eligible recipients will receive a pro rata share of the \$5 million dividend, based on their medical professional liability premiums written from January 1, 1982 through October 15, 2017. Minimum dividend payments are \$100.

Why is my partner's dividend higher than mine?

We calculated the dividend based on each current insured's historic premium, the total each qualified recipient paid since starting membership with Physicians Insurance. Even if you and your partner practice similarly now and have identical premiums, in the past you may have paid a higher or lower premium because of a different specialty, procedures, surcharge, limits of liability purchased, part-time credit, sabbatical taken, or any one of a number of other factors.

Is my dividend taxable?

This distribution is classified as a return of premium, and no 1099 forms will be issued. We recommend you review this dividend with your tax advisor.

Can I apply my dividend to future premium?

Yes, you may return your dividend check to Physicians Insurance to apply to future premium. We will consider it a credit toward your premium billing.

When will I receive my dividend check?

Physicians Insurance will begin distributing dividend checks in mid-September. You may receive yours in the mail, or you may receive it in person, delivered by your Physicians Insurance account representative.

I am on a group policy. How will my dividend be paid?

The dividend for members covered on our Health Care Facility Policy form (usually our larger clinic insureds) will be distributed in one check payable to the clinic, which is the named insured on the policy. An itemized accounting of the dividend attributable to each insured can be provided upon request. Members who are part of a group or clinic, but not on a Health Care Facility Policy form, will receive a check directly.

My group has a deductible. Are we eligible for the dividend?

Yes, policies with a deductible are eligible to receive a dividend allocation.

Our group wanted to share risk as a group and selected the retrospectively rated option (where the ultimate premium is based on the group's losses). Are we eligible for a dividend?

No, individual physicians on a retrospectively rated policy will not receive a dividend allocation. Please refer to the plan document for the retrospectively rated policy for details.

How much has Physicians Insurance returned to its policyholders?

For ten years in a row Physicians Insurance distributed a \$5 million dividend to qualifying policyholders. This brings the historical total dividend distribution to more than \$92 million.

FOR HOSPITALS AND STOP-LOSS POLICY HOLDERS

Are hospitals eligible for a dividend?

Hospitals may be eligible for a dividend based on the type of policy they carry. If a hospital purchases individual limits for its physicians, then the hospital's dividend for those physicians is computed based on the historical premium of the doctors, as it relates to the total company historical premium. Any dividend payable for these physicians will be paid in one check to the hospital. If a hospital purchases hospital medical professional liability coverage including coverage for employed physicians calculated on Full Time Equivalent (FTE) basis, then the hospital is eligible for a dividend based on the total of the hospital and physician premiums while insured together. A hospital insured without any employed physicians is eligible for the dividend based on its own premium.

Stop-loss policy holders and exposures written on alternative rating approaches are also eligible.

My hospital has a deductible. Are we eligible for the dividend?

Yes, policies with a deductible are eligible to receive a dividend allocation.