



## **2018 Dividend Distribution Frequently Asked Questions**

The following are commonly asked questions regarding our \$5 million dividend distribution in 2018. If you have any further questions, please contact your Account Manager at (800) 962-1399.

\* \* \* \* \*

### **Who is eligible for the dividend?**

Those eligible include Physicians Insurance physicians or other persons with individual limits of liability coverage in force on August 31, 2018. 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. Groups with deductibles are eligible to receive a dividend allocation.

### **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 August 31, 2018. Minimum dividend payments are \$100.

### **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.

### **What's different about this year's dividend distribution?**

The dividend in 2018 is being distributed as a credit to your account, instead of being sent to you as a check. This method represents a considerable expense and materials savings to your member-owned and directed company, but also immediately benefits you by having the dividend applied to your account. The dividend is applied to any remaining balance due as of your September 10<sup>th</sup> invoice. Depending on your payment plan, this may result in a temporary credit balance that will carry forward to the next billing cycle, or it will reduce the amount due for that payment period.

### **I used to get a check. Why did that change?**

In the past, dividends were distributed by check. This process took about 200 staff hours and more than \$10,000 in total costs. To better steward our member resources and align with industry standards, we've changed the distribution method.

### **What if I want a check instead of a credit to my account?**

Dividends are now distributed as credits to the account. If you do not wish the dividend to be applied as a credit to your account, you may request a refund of that credit via check. Requested refunds will be distributed after the October billing cycle is completed. All requests for a check must be made prior to the end of the calendar year. Please contact your account manager to request a check.

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

For group policies with both an entity and full-time equivalency (FTE) risks, the FTE dividend will be applied to the entity, UNLESS the entity has no coverage or limits on the policy (resulting in no premium charged to the entity). In that case the FTE dividend will be applied to the FTE type risk with the largest current premium. Individual rated provider risks will be applied to each physician/provider.

**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.

**How much has Physicians Insurance returned to its policyholders?**

Physicians Insurance distributed a \$5 million dividend to qualifying policyholders in 2018. This brings the historical total dividend distribution to nearly \$100 million. This is just one of the benefits of being insured by a member-owned mutual company.

**Can I get a listing of how much dividend each provider on our policy earned?**

Yes. The account detail statement included with your invoice will show dividend credit allocations. If your statement does not ordinarily include this detail statement please contact your account manager by calling us at (800) 962-1399. We can provide you with a detailed summary of dividend allocation by insured risk. Not everyone wants or needs this type of information so as to steward member resources effectively we provide this detail on request.

**FOR HOSPITALS****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 hospital medical professional liability coverage including coverage for providers calculated on full-time equivalency (FTE) basis, then the hospital is eligible for a dividend based on the total of the hospital and provider premiums while insured together. A hospital insured without any employed providers is eligible for the dividend based on its own entity premium. If a hospital purchases individual limits for its providers, then the hospital's dividend for those providers is computed based on the historical premium of the providers, as it relates to the total company historical premium.

In either case, the hospital's billing statement will show the dividend applied to the entity line.

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

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