

October 2020 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, 2019, 12:02 a.m. through January 1, 2020, 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 were in default status for nonpayment of premium at 12:01 a.m. on declaration day, June 3, or do not have a policy end date within the eligibility period.

SAIF customers who are in the Assigned Risk Plan are not insured by SAIF but by the Oregon Workers' Compensation Plan authorized by the Department of Consumer and Business Services (DCBS) and administered by the National Council on Compensation Insurance (NCCI). Therefore, assigned risk customers are not eligible for dividends.

Premiums paid for other states coverage (OSC) are not eligible for a dividend.

3. 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 eligible policy period with the same policy number, both are dividend eligible. Premium from both periods is accumulated and one dividend is calculated. Under Oregon law, dividends can only be declared on policy periods that have expired.

4. How are dividends calculated?

Dividends are calculated as a percentage of standard premium valued as of September 2, 2020. There is no safety performance dividend this year.

Dividend calculation*

Standard premium range	Dividend as a percentage of standard premium
\$0 to \$5,000.00	21.1%
\$5,000.01 to \$15,000.00	20.2%
\$15,000.01 to \$50,000.00	18.7%
Over \$50,000.00	17.6%

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

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.

5. 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.

6. Why did SAIF select \$100 million as the total dividend amount?

The board of directors, upon recommendation of SAIF's management and actuarial staff, determined that a dividend of \$100 million can reasonably be paid while still maintaining a capital level that protects the solvency of the Industrial Accident Fund.

7. 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 5. 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 future premium payments.

8. Which policies will have their dividend applied to their account?

Policyholders who have a current and/or past due balance on their account, as of end of the day September 28, will have the dividend applied to the account balance on September 29. If the dividend amount is greater than the current and/or past due balance, a check will be generated for the remainder of the dividend.

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

Yes. Beginning on 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.

10. 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 retrospectively rated premium based upon paid losses as of the dividend declaration date.

11. Why did SAIF pay a dividend instead of lowering rates?

By regulation, rates must be sufficient to pay the expected losses and expenses for the prospective period during which the rates are in effect. When SAIF has a good year and its capital levels are sufficient, portions of available capital may be distributed through dividends to policyholders.

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

Yes. If your business meets the dividend eligibility criteria, it will receive a dividend even if it is no longer a SAIF policyholder.

13. What happens if my business paid an amount immediately before the dividend was applied to the account?

You will receive an invoice showing a credit, which may be used to pay future premiums or other charges. If you request a refund on a future credit, SAIF will issue payment.

14. What happens if I do not pay my current bill on time and instead intend to use the dividend check to pay the 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 shall 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 2020 will be charged 1% interest if the payment is not received before October 1, 2020. Policyholders may contact their billing representative with any questions or concerns regarding their billing, or request to have their dividend be applied to their premium payment.

Payments and payroll reports may be filed online (through Business Online) at saif.com.

15. Is the dividend considered income for tax purposes?

SAIF cannot provide advice about how you should treat a dividend for tax purposes. You should consult a tax professional.

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

Please contact the SAIF billing department at 800.285.8525.

17. What is the procedure for a dividend check that 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.