



## **ANI Dividend Plan**

### ***Frequently Asked Questions***

Following are brief answers to questions about the Plan. These answer general questions about the plan, however, you should refer to the actual plan document for more details.

#### **What is the purpose of the ANI Dividend Plan?**

ANI's financial results are dependent upon member loyalty and the claims experience of its members. When ANI's financial results are better than expected, we believe that it is in the best interests of our members to share its success. ANI has developed a Dividend Plan to allocate such benefits on a fair and equitable basis when they are declared by the board of directors.

#### **Who is eligible to participate in the plan?**

Member-insureds with loss ratios below 60% are eligible to participate in the Dividend Plan beginning the January 1 immediately following three full policy years of continuous ANI membership.

#### **When are dividend payments made?**

ANI's board of directors has established this Dividend Plan to make known its intentions to share better than expected experience with members when appropriate and to disclose to members how they intend to calculate dividends when declared. However, incorporated into ANI's strategic plan is the intention to be assigned an A VII rating by A.M Best before declaring any dividends. To reach the VII financial size class, ANI's surplus must reach a minimum of \$50 million. Consequently, the ANI board does not anticipate declaring dividends in the near future.

At which time a dividend is declared, the amount of any Company-wide Dividend will be announced in April and payable within 30 days of the member's subsequent annual policy renewal inception date from June 1 through the following May 31.

#### **How is the amount of the total dividend determined?**

A Company-wide Dividend amount is declared by the ANI Board of Directors at its first regular board meeting of the calendar year and is at the complete discretion of the Board of Directors, and subject to approval by regulatory authorities, if any.

**How are individual member dividends determined?**

Once a Company-wide Dividend is declared, the dividend to be paid to an individual member in any year is determined by applying a loyalty credit and a loss ratio credit to each member's most recent annual premium. The loyalty credit provides for one credit per year of continuous membership up to a total of 10 credits. The loss ratio credit provides credits based on each member's claims experience on liability business. All Member Dividends are subject to a pro-rata factor to calculate the proportion of the Company-wide Dividend for which each member is eligible. An example calculation is provided in the dividend program description.

**What premiums and losses are included in the dividend calculations?**

Premiums and losses from General Liability, Automobile Liability, Social Services Professional Liability, Improper Sexual Conduct Liability, Directors and Officers Liability and Employee Benefits Liability are included in the dividend calculations.