

Texas Sign Association Comp Group, Inc. Dividend Distribution Formula

Per the Plan of Operation, as on file and approved by the Texas Department of Insurance and the Board of Directors of the Texas Sign Association Comp Group, Inc. Dividends, after declared and released by the carrier will be distributed as follows:

An individual calculation of all members that participated in the Purchasing Group during the dividend period (defined as Plan Year) will be performed to determine an individual loss ratio. Loss ratio is defined as incurred losses divided by earned premiums that fall within that dividend period.

There will be three dividend classes:

Class A = Loss Ratio < 30%
Class B = Loss Ratio > 30% but < 45%
Class C = Loss Ratio > 45%

Class A = 100% of Declared Dividend Percentage
Class B = 50% of Declared Dividend Percentage
Class C = 0% of Declared Dividend Percentage

In addition to the loss ratio calculation, the individual member must also be in good standing with the group to receive their distribution.

Any member whom is falls in Class B will have 50% of their dividend retained by the Texas Sign Association Comp Group, Inc. Any member who falls in Class C will have 100% of their dividend retained by the Texas Sign Association Comp Group, Inc. Any member, regardless of Class whom is not in good standing with the Group will have their dividend retained by the Texas Sign Association Comp Group, Inc.

Undistributed dividends can be retained as income or distributed to the members at the sole discretion of the Board of Directors of the Texas Sign Association Comp Group, Inc.

The carrier will distribute the dividend to the Group, regardless of this formula based solely on the calculation of the Group as a whole. However, if any member is not in good standing with the carrier, the carrier can withhold their dividend payment on that individual member and apply those funds to off set any debts held by the carrier.