

## **Texas Mutual Dividend Business Rules**

### **Policyholder dividends**

Policyholder dividends are paid as a result of board action rewarding policyholders for profitability and retention. The dividend plan has a component for current performance and a component for retention. Dividends are paid to individual policyholders who meet the company's criteria. Payment of dividends to a policyholder is at the discretion of the company. Texas Department of Insurance must approve the total dividend declaration. Following are some, but not all, restrictions related to the issuance of policyholder dividends:

- The policyholder must have a policy in force with Texas Mutual on the specific date the dividend determination is declared. This date may vary.
- The policyholder may be disqualified if it has gaps in insurance coverage with Texas Mutual.
- Policyholders who pay premiums late may be disqualified. This includes accounts that receive cancellation notifications for non-payment.
- Policyholders in the START program are not eligible for dividends.
- "Other states" policies are not eligible for dividends.
- Policyholders who owe money to the company, are not in good standing with the company, are under review for audit disputes, or fail to meet mandatory loss prevention recommendations may be disqualified or have their dividend reduced.

### **Purchasing group dividends**

Purchasing group dividends are paid as a result of policyholders within a given group meeting the rules established for that group's dividend program. Purchasing group dividends are paid to current group members in accordance with the group's operating agreement with the company. Following are additional restrictions related to the issuance of purchasing group dividends:

- The policyholder must have a policy in force with Texas Mutual on the specific date the dividend determination is declared. This date can vary by purchasing group program.

- Policyholders who owe money to the company, are under review for audit disputes, fail to meet mandatory loss prevention recommendations, or are not in good standing with the group or the company may be disqualified or have their dividend reduced.
- Policyholders who pay premiums late may be disqualified.
- “Other states” policies are not eligible for dividends.