



WE MAKE WORKERS' COMP WORK

ASSESSMENT EXAMPLE

If an assessment was ever necessary at The Builders Group, it is governed by Article 4 of the Plan of Operation. Article 4 states:

ASSESSMENT OF DEFICIT

When, in accordance with applicable laws and regulations of the State of Minnesota, a deficit for any Fund Year exists, the TBG Board of Directors shall make up such deficit as follows:

1. Transfer from the fund surplus of another Fund Year to the deficit year.
2. If, after such transfer is made, a deficit still exists, or such transfer is not considered advisable, the Board shall order an assessment of every Member, or former Member who were Members during the deficit Fund Year, whether or not the Member continues to be a Member at the time of assessment. Such assessment will be pro-rata in the ratio that the Earned Normal Premium of each Member bears to the total Earned Normal Premium of all Members during the deficit Fund Year. Additional assessments may be made as necessary.

EXAMPLE

For example, if a participant's premium for a fund year is \$25,000 and the total earned or collected premium for that year is \$25,000,000, then the pro-rata ratio for that member is .001 (\$25,000 divided by the \$25,000,000). If there was a shortfall even after the surplus was used of \$1,000,000, then that member's assessment would be \$1,000,000 multiplied by .001 or \$1,000.

Industry Built. Industry Driven!

** Members are jointly and severally liable for their proportionate share of obligations for the group, and will be assessed on an individual and proportionate share basis for any deficit created by the group. Dividends are not guaranteed.