



NJM Insurance
Group

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Dividend Policy Helps Set NJM Apart

Over the past century, NJM has earned a consistent reputation for value and exceptional customer service while providing for the insurance needs of New Jersey's residents and businesses. The Company has always operated in a mutual fashion, for the benefit of policyholders, not stockholders.

This commitment to customers is reinforced by a practice that began modestly in 1918 – the annual payment of dividends to policyholders. This first dividend, totaling \$21,280, was shared among NJM's workers' compensation customers. In each successive year without interruption, through the Great Depression and the recent Great Recession, NJM has returned dividends to policyholders in varying amounts for a grand total of more than \$5.6 billion.

Throughout multiple decades, personal auto, commercial auto, homeowners and workers' compensation policyholders have seen reductions in the cost for their insurance through the return of what are known as "regular dividends." These regular dividends are credited to policies at renewal.

In addition to regular dividends, NJM has also returned "special dividends" to personal auto policyholders in each

year since 1994. Special dividends, which are mailed in late November/early December, have earned NJM a reputation as "the insurance company that sends out checks right before the holidays."

During 2013, NJM returned \$151.6 million in dividends to policyholders overall, including \$35.8 million in special dividend checks.

Through the payment of dividends, all proceeds from underwriting income and a significant amount of investment earnings are put directly back into the hands of policyholders. After consideration of dividends, NJM maintains an average rate advantage over other personal auto insurers in New Jersey of approximately 20 percent.

NJM is by far the largest provider of workers' compensation coverage in New Jersey. It is also among the top writers in personal auto, commercial auto, homeowners, flood and umbrella insurance.

While dividends are only a part of NJM's value proposition, they are a tangible representation of the Company's unique operating philosophy, which is to focus exclusively on serving policyholders. 