



NORTH CAROLINA REINSURANCE FACILITY
5401 Six Forks Road • Raleigh NC • 27609
(919) 783-9790 • www.ncrb.org

September 30, 2003

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Expense Allowances
Monthly Summary Report Processing**

On the reverse side hereof is an exhibit showing the new expense allowances which will be applicable in the processing of Monthly Summary Reports and Account Activity Statements by AIPSO beginning with the reports for October, 2003, which begins a new fiscal year for the Facility. These expense allowances were determined in accordance with Article XII of the Plan of Operation and Chapter 9 of Section 4 of the Rules of Operation of the Facility.

This exhibit indicates for each company or company group which has ceded to the North Carolina Reinsurance Facility the new ceding expense allowance for other than designated agent business. The ceding expense allowance for such business for carriers not listed in the enclosed exhibit will be furnished by this Office upon request. The ceding expense allowance for designated agent business will be 37.3% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.5% of written premium. The claims expense allowance for designated agent business will be 14.5% of written premium plus 50% of outside legal expenses paid. Note that no loss adjustment expenses, allocated or unallocated, are to be included with losses reported to the Facility.

The information in this circular letter should be brought to the attention of your Company's people who are responsible for reconciling the monthly Account Activity Statements with the monthly premium and loss reports submitted to the North Carolina Reinsurance Facility.

Questions regarding this should be directed to Edith Davis at 919-582-1006 or etd@ncrb.org.

Sincerely,

Raymond F. Evans, Jr., CPCU

General Manager

RFE:lm
RF-03-12

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-03**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
05544	AMEX ASSURANCE CO	a	06053	LUMBERMEN'S MUTUAL CAS	25.7
06327 *	ALLIANCE MUTUAL INS CO	18.6	09825 *	MARYLAND CASUALTY CO	24.0
07031	ALLSTATE INSURANCE CO	23.3	09134	MERASTAR INSURANCE CO	26.8
07900	ALPHA PROPERTY & CASUALTY	a	05293 *	METROPOLITAN PROP & CAS	29.2
07035	AMERICAN BANKERS INS OF FL	a	06253	MONTGOMERY MUT INS CO	a
02107 *	AMERICAN CAS CO	17.2	08005	MUTUAL SERVICE CAS INS	23.9
05939	AMERICAN GUARANTY INS CO	a	06142	NATIONAL GRANGE MUT INS	a
05621	AMERICAN MANUFACTURERS	30.0	06124 *	NATIONWIDE MUTUAL INS	27.9
06075	AMERICAN MOTORISTS INS CO	29.4	04332 *	NEW HAMPSHIRE INS CO	9.8
11052	AMERICAN PHYSICIANS INS CO	a	07524 *	N C FARM BUREAU MUT INS	23.7
05116	AMERICAN PROTECTION INS CO	30.0	02112 *	OHIO CASUALTY INS CO	a
07807	AMERICAN SOUTHERN INS CO	24.6	10074	OMNI INSURANCE CO	26.0
08007 *	AMERICAN STATES INS CO	a	09814 *	ONEBEACON AMERICA	a
08188 *	AMERISURE MUTUAL INS CO	15.0	01382 *	ONEBEACON INS CO	a
03514	AMICA MUTUAL INS CO	20.8	02085 *	PEERLESS INSURANCE CO	29.3
09994	ATLANTIC CASUALTY INS CO	27.5	06098 *	PENNSYLVANIA NAT MUT CAS	27.0
07093 *	AUTO OWNERS INSURANCE CO	26.5	07534 *	PROGRESSIVE CAS INS CO	23.7
02696	BERKLEY INS CO OF CAROLINAS	a	01185	PROVIDENCE WASHINGTON INS	a
02128 *	BITUMINOUS CASUALTY CORP	24.2	01875 *	PRUDENTIAL PROP & CAS INS	a
11040	BUILDERS MUTUAL INS CO	a	09102	QBE INS CO	a
03583 *	CENTRAL MUTUAL INS CO	a	07072	RESPONSE WORLDWIDE INS CO	17.3
07838 *	CINCINNATI INSURANCE CO	28.7	09833 *	ROYAL INDEMNITY COMPANY	a
05674	COLORADO CASUALTY INS CO	a	07960 *	SAFECO INS CO OF AMER	22.1
08425	COMMERCIAL CASUALTY OF NC	a	09834 *	ST PAUL FIRE & MARINE INS CO	25.3
08944	COMPANION PROP & CAS INS	27.4	07967 *	SELECTIVE INS OF SOUTHEAST	29.4
27984	DISCOVERY INSURANCE CO	29.1	06127 *	SENTRY INSURANCE A MUT CO	21.4
05092	ELECTRIC INSURANCE CO	23.7	06146 *	SHELBY INSURANCE CO	23.9
06119	EMPLOYERS MUTUAL CAS CO	26.7	04478 *	SOUTH CAROLINA INS CO	a
09073	ERIE INSURANCE COMPANY	a	07352	SOUTHERN GENERAL INS CO	a
04287 *	FEDERAL INSURANCE CO	29.8	07601 *	SOUTHERN GUARANTY INS CO	28.2
05676 *	FEDERATED MUTUAL INS CO	a	07494 *	SOUTHERN INS CO OF VA	25.5
09812 *	FIREMAN'S FUND INS CO	a	03566 *	STATE AUTOMOBILE MUTUAL	a
04729	FIREMEN'S INS OF WASHINGTON DC	21.5	07633 *	STATE AUTO PROP & CAS INS	a
07275	FOREMOST INS CO	27.3	04763 *	STATE CAPITAL INS CO	a
07159	GEICO INDEMNITY COMPANY	a	07667	STATE FARM MUT AUTO INS	26.1
07307 *	GOVERNMENT EMPLOYEES INS	16.1	10394	STATE NATIONAL INS CO	27.0
09813	GRAIN DEALERS MUTUAL INS	a	05127	STATE NATIONAL SPECIALTY INS	27.0
09816 *	GREAT AMERICAN INS CO	26.7	02034 *	TRAVELERS INDEMNITY CO	25.6
07324 *	GUARANTY NATL (ORION AUTO)	a	08076	UNION INSURANCE CO	a
09818 *	HANOVER INS CO	a	03542 *	UNITED SERVICES AUTO ASSOC	11.8
07345 *	HARLEYSVILLE MUTUAL INS CO	a	09840 *	US FIDELITY & GUARANTY CO	16.5
01238 *	HARTFORD CASUALTY INS CO	a	09809 *	UNITED STATES FIRE INS CO	a
07610 *	HORACE MANN INS CO	22.5	05163	UNITRIN AUTO & HOME INS CO	a
09869	INS CORPORATION OF HANNOVER	26.8	05394	UNIVERSAL INS CO OF NC	28.1
07611 *	INTEGON GENERAL INS CORP	27.5	07728	UNIVERSAL UNDERWRITERS INS	26.0
09050	INTERSTATE INDEMNITY CO	22.9	05899 *	UTICA MUTUAL INSURANCE CO	29.2
07865	JEFFERSON INS CO	a	07751	VIRGINIA MUTUAL INS CO	19.6
02854	LANCER INS CO	a	09041 *	WILSHIRE INSURANCE CO	24.7
09824 *	LIBERTY MUTUAL INS CO	24.2	07606	WINDSOR INSURANCE CO	a

NOTES: a: Allowance of 30.3% of written premiums
 *: Includes all companies in a group
 The claims expense allowance for all companies (excluding designated agent business) is 11.5% of written premiums.
 The ceding expenses allowance for designated agent business is 37.3% of written premiums.
 The claims expense allowance for designated agent business is 14.5% of written premiums plus 50% of outside legal expenses paid.
 For a ceding expense allowance for companies not listed above, refer to the NCRF.