

NORTH CAROLINA REINSURANCE FACILITY

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July 29, 1999

CIRCULAR LETTER TO ALL MEMBER COMPANIES

A PROMPT
RESPONSE IS
URGENTLY NEEDED

Re: **Twenty-Sixth Annual Meeting**
October 20, 1999

The Twenty-Sixth Annual Meeting of the North Carolina Reinsurance Facility will convene at 8:30 a.m. on Wednesday, October 20, 1999. The meeting will be held in the Conference Center, Mid Pines Inn and Golf Club, 1010 Midland Road, Southern Pines, North Carolina.

A meeting of the Board of Governors will convene immediately following adjournment of the Twenty-Sixth Annual Meeting.

The following constitutes the agenda for the Annual Meeting:

1. The Annual Report

The Facility's Annual Report will be presented.

2. Plan of Operation Amendments

A memorandum attached hereto, sets forth proposed amendments to Articles II, III, IV, IX and XI of the Facility's Plan of Operation. These amendments are designed to recognize changes included in House Bill 296 and Senate Bill 756, enacted during the 1999 Session of the North Carolina General Assembly, which address (1) the agent associations merger; (2) changes in the composition of the Board of Governors; (3) numerous obsolete provisions dealing with recoupment; and (4) increases in the financial responsibility law limits effective July 1, 2000.

The members will be called upon to adopt or reject these amendments.

3. Board of Governors

The Plan of Operation provides that the Board of Governors shall consist of twelve voting members, the Commissioner of Insurance who serves ex officio without vote, and two nonvoting public members appointed by the Governor. The three-year terms of all voting members of the Board are expiring. All members of the Board are eligible to serve successive terms.

The current agent members of the Board appointed by the Commissioner of Insurance are Messrs. Paul Hoover, III of Raleigh, W. Hutson Wester, II of Henderson, John E. Wooten of Wake Forest, Gil Whitehurst of Raleigh and Steven D. Smith of Raleigh. It is expected that the Commissioner's appointments for the succeeding three-year period will be announced at the meeting.

The current domestic insurer Board members appointed by the Commissioner of Insurance are Atlantic Casualty Insurance Company and Integon Indemnity Corporation. It is expected that the Commissioner's appointments for the succeeding three-year period will be announced at the meeting.

The other current company members of the Board of Governors are as follows:

Alliance of American Insurers - Liberty Mutual Insurance Company
American Insurance Association - Royal Insurance Company of America
National Ass'n of Independent Insurers - Allstate Insurance Company
Non-Affiliated Stock Insurers - South Carolina Insurance Company
Non-Affiliated Non-Stock Insurers - Nationwide Mutual Ins. Company

4. Any other business which might properly come before the meeting.

We urge that a representative of your Company attend this meeting. For those companies which cannot be so represented at the meeting, voting by proxy will be permitted. A proxy form is enclosed which we request that you complete and forward to this Office to the attention of Helen Creech, Office Services Coordinator, AS SOON AS POSSIBLE, but no later than October 1, 1999, whether or not your Company expects to be represented in person. This will help to assure that a quorum will be present. If a representative of your Company is present at the meeting, the proxy will not be used.

It is suggested that our member companies consider naming as proxy the current Board of Governors member representing the appropriate group of companies as indicated above.

Very truly yours,

John W. Watkins
General Manager

Enclosure

JWW:hc

RF-99-4

KNOW ALL MEN BY THESE PRESENTS THAT I, _____
(Insert Name)

_____, of the _____

(Insert Title)

(Insert Name of Company)

do hereby constitute and appoint _____
Appointed as Proxy)

(Insert Name of Company)

as my attorney and agent for the said Company, in my name, place and stead to vote as proxy at the **Twenty-Sixth Annual Meeting of the NORTH CAROLINA REINSURANCE FACILITY** to be held on the **Twentieth (20th) day of October, 1999** and/or such other date or dates to which such meeting may be adjourned, hereby giving to such attorney and agent power and authority to act conclusively for said Company on all questions which may duly come before such meeting as fully as I could act if I were personally present.

IN WITNESS WHEREOF I have hereunto subscribed my name and title and the name of said Company, this _____ day of _____, 1999.

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(Signature)

(Title)

(Company)

This Company votes as (check one):

- Member of Alliance of American Insurers
- Member of American Insurance Association
- Member of National Association of Independent Insurers
- Non-Affiliated stock insurer
- Non-Affiliated non-stock insurer

Return to:

North Carolina Reinsurance Facility
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