

NORTH CAROLINA REINSURANCE FACILITY

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September 25, 2000

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, 2000, 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 29.8% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 13.8% of written premium. The claims expense allowance for designated agent business will be 7.6% of losses paid plus 100% 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.

Very truly yours,

John W. Watkins

General Manager

JWW:lm  
RF-00-13

NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-1-00

<u>Code</u>	<u>Company</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company</u>	<u>Ceding Expense Allowance</u>
06327	Alliance Mutual	19.9	09824	*Liberty Mutual	21.1
07031	*Allstate	20.7	06053	Lumbermens Mut. Cas.	a
07035	American Bankers of Fl	a	09825	*Maryland Casualty	27.9
02107	*American Casualty	24.1	09134	Merastar	a
06236	*American Hardware	a	05293	*Metropolitan Prop &	26.3
05621	American Manufacturers	a	08188	*Michigan Mut.	a
06075	American Motorists	a	06253	Montgomery Mut.	a
05116	American Protection	a	08005	Mutual Service Cas	a
07807	American Southern	22.3	06142	National Grange	a
08007	American States	23.6	06124	*Nationwide Mutual	25.7
03514	Amica Mutual	20.3	04332	*New Hampshire	14.4
09994	Atlantic Casualty	a	07524	*N.C. Farm Bureau	22.6
06431	*Atlantic Mutual	a	02112	*Ohio Casualty	a
07093	Auto Owners	23.9	10074	Omni	20.2
02696	Berkley Ins. Co.	22.7	10511	Peak Prop & Cas.	a
02128	*Bituminous Casualty	22.7	02085	*Peerless	27.0
11040	Builders Mutual Ins	a	06098	*Penn. National	28.2
03583	*Central Mutual	26.2	07534	*Progressive Casualty	28.0
09814	CGU Insurance	a	01875	Prudential P & C	a
07838	*Cincinnati	a	06883	Regency Insurance	25.5
05842	Clarendon National	21.6	02232	*Reliance	23.9
07673	Colonial Penn	28.0	09833	*Royal Indemnity	a
05674	Colorado Casualty	a	07960	*Safeco	23.6
08425	Comm Cas of GA	a	09834	*St. Paul F. & M.	a
01382	*Commercial Union	a	07967	*Selective Ins. Co of	a
08944	Companion P & C	a	06127	Sentry Ins. A Mut. Co.	a
27984	Discovery	a	06146	Shelby	a
05092	Electric Insurance	11.7	04478	*South Carolina	a
06120	Employers Ins.of Wausau	25.4	07601	*Southern Guaranty	26.8
06119	Employers Mut. Cas.	a	07494	Southern Heritage	a
09073	*Erie Insurance	24.4	03566	*State Automobile Mut.	28.5
04287	*Federal	a	07633	State Auto Prop. &	28.5
05676	Federated Mutual	a	04763	*State Capital	27.9
09812	*Fireman's Fund	a	07667	State Farm Mut. Auto.	25.6
07159	GEICO Ind.	a	02034	*Travelers Indemnity	a
09714	Generali-US Branch	15.2	10512	Underwriters Ins	24.5
07307	*Government Employees	24.4	08076	Union	28.0
09813	Grain Dealers	a	09840	*U.S. Fid. & Guar.	a
09816	*Great American	28.6	09809	*U.S. Fire	a
07324	*Guaranty National	24.8	05394	Universal Ins.	28.4
09818	*Hanover	a	07728	Universal Underwriters	a
07345	*Harleysville Mutual	a	03542	*United Ser. Auto.	11.2
01238	*Hartford Casualty	25.7	05899	*Utica Mutual	28.2
07610	*Horace Mann	22.3	07402	*Vesta	a
06003	Indiana Lumbermens	28.2	07751	Virginia Mutual	a
09823	*Ins. Co. of N. Amer.	a	07630	*Wausau Underwriters	a
07611	*Integon General	a	09041	*Wilshire	a
09050	Interstate Indemnity	26.6	07606	Windsor	25.7
07865	Jefferson Ins. of NY	a	07072	Worldwide	28.6
02854	Lancer	25.7	02038	*Zurich	28.4

Notes: a -Allowance of 28.7% of written premiums.

\* -Includes all companies in group.

For ceding expense allowance for companies or company groups not listed above, refer to NCRF. The ceding expense allowance for designated agent business is 29.8% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) is 13.8% of written premiums.

The claims expense allowance for designated agent business is 7.6% of losses paid plus 100% of outside legal expenses paid.