



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

September 17, 2002

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, 2002, 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 36.6% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 13.9% of written premium. The claims expense allowance for designated agent business will be 16.9% 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-02-9

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-02**

<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	23.3	06053	LUMBERMEN'S MUTUAL CAS	a
06327 *	ALLIANCE MUTUAL INS CO	20.4	09825 *	MARYLAND CASUALTY CO	24.8
07031	ALLSTATE INSURANCE CO	22.9	09134	MERASTAR INSURANCE CO	29.5
07900	ALPHA PROPERTY & CASUALTY	a	05293 *	METROPOLITAN PROP & CAS	25.3
07035	AMERICAN BANKERS INS OF FL	27.7	06253	MONTGOMERY MUT INS CO	a
02107 *	AMERICAN CAS CO	21.0	08005	MUTUAL SERVICE CAS INS	25.6
05621	AMERICAN MANUFACTURERS	a	06142	NATIONAL GRANGE MUT INS	a
06075	AMERICAN MOTORISTS INS CO	a	06124 *	NATIONWIDE MUTUAL INS	25.0
11052	AMERICAN PHYSICIANS INS CO	a	04332 *	NEW HAMPSHIRE INS CO	13.5
05116	AMERICAN PROTECTION INS CO	a	07524 *	N C FARM BUREAU MUT INS	23.4
07807	AMERICAN SOUTHERN INS CO	27.3	02112 *	OHIO CASUALTY INS CO	28.8
08007 *	AMERICAN STATES INS CO	26.2	10074	OMNI INSURANCE CO	a
08188 *	AMERISURE MUTUAL INS CO	a	09814 *	ONEBEACON AMERICA	a
03514	AMICA MUTUAL INS CO	21.9	01382 *	ONEBEACON INS CO	a
09994	ATLANTIC CASUALTY INS CO	a	02085 *	PEERLESS INSURANCE CO	a
07093 *	AUTO OWNERS INSURANCE CO	26.5	06098 *	PENNSYLVANIA NAT MUT CAS	29.3
02696	BERKLEY INS CO OF CAROLINAS	a	07534 *	PROGRESSIVE CAS INS CO	27.3
02128 *	BITUMINOUS CASUALTY CORP	24.8	01185	PROVIDENCE WASHINGTON INS	26.9
11040	BUILDERS MUTUAL INS CO	28.6	01875 *	PRUDENTIAL PROP & CAS INS	a
03583 *	CENTRAL MUTUAL INS CO	26.6	06883	REGENCY INSURANCE CO	17.7
07838 *	CINCINNATI INSURANCE CO	23.7	09833 *	ROYAL INDEMNITY COMPANY	a
05674	COLORADO CASUALTY INS CO	a	07960 *	SAFECO INS CO OF AMER	26.2
08425	COMMERCIAL CASUALTY OF NC	a	09834 *	ST PAUL FIRE & MARINE INS CO	27.8
08944	COMPANION PROP & CAS INS	a	07967 *	SELECTIVE INS OF SOUTHEAST	a
27984	DISCOVERY INSURANCE CO	28.7	06127 *	SENTRY INSURANCE A MUT CO	26.9
05092	ELECTRIC INSURANCE CO	21.0	06146 *	SHELBY INSURANCE CO	22.8
06119	EMPLOYERS MUTUAL CAS CO	a	04478 *	SOUTH CAROLINA INS CO	a
09073	ERIE INSURANCE COMPANY	25.4	07352	SOUTHERN GENERAL INS CO	a
04287 *	FEDERAL INSURANCE CO	a	07601 *	SOUTHERN GUARANTY INS CO	28.6
05676 *	FEDERATED MUTUAL INS CO	27.9	07494 *	SOUTHERN INS CO OF VA	28.6
09812 *	FIREMAN'S FUND INS CO	25.6	03566 *	STATE AUTOMOBILE MUTUAL	29.5
04729	FIREMEN'S INS OF WASHINGTON DC	a	07633 *	STATE AUTO PROP & CAS INS	29.5
07159	GEICO INDEMNITY COMPANY	a	04763 *	STATE CAPITAL INS CO	25.3
07307 *	GOVERNMENT EMPLOYEES INS	20.6	07667	STATE FARM MUT AUTO INS	24.7
09813	GRAIN DEALERS MUTUAL INS	a	02034 *	TRAVELERS INDEMNITY CO	29.0
09816 *	GREAT AMERICAN INS CO	a	10512	UNDERWRITERS INS CO	a
07324 *	GUARANTY NATL (ORION AUTO)	21.7	08076	UNION INSURANCE CO	27.8
09818 *	HANOVER INS CO	a	03542 *	UNITED SERVICES AUTO ASSOC	10.5
07345 *	HARLEYSVILLE MUTUAL INS CO	a	09840 *	US FIDELITY & GUARANTY CO	27.8
01238 *	HARTFORD CASUALTY INS CO	28.7	09809 *	UNITED STATES FIRE INS CO	22.8
07610 *	HORACE MANN INS CO	20.4	05394	UNIVERSAL INS CO OF NC	26.8
09869	INS CORPORATION OF HANNOVER	29.5	07728	UNIVERSAL UNDERWRITERS INS	27.9
07611 *	INTEGON GENERAL INS CORP	29.5	05899 *	UTICA MUTUAL INSURANCE CO	a
09050	INTERSTATE INDEMNITY CO	28.7	07751	VIRGINIA MUTUAL INS CO	a
07865	JEFFERSON INS CO	a	09041 *	WILSHIRE INSURANCE CO	25.8
02854	LANCER INS CO	27.7	07606	WINDSOR INSURANCE CO	a
09824 *	LIBERTY MUTUAL INS CO	23.6	07072	WORLDWIDE INS CO	a

NOTES: a: Allowance of 29.6% of written premiums
 *: Includes all companies in a group
 The claims expense allowance for all companies (excluding designated agent business) is 13.9% of written premiums.
 The ceding expenses allowance for designated agent business is 36.6% of written premiums.
 The claims expense allowance for designated agent business is 16.9% of written premiums plus 50% of outside legal expenses paid.
 For a ceding expense allowance for companies not listed above, refer to the NCRF.