



August 28, 2012

CIRCULAR LETTER TO ALL MEMBER COMPANIES**Re: Expense Allowances effective October 2012
Monthly Summary Report Processing**

Attached is an exhibit showing the new expense allowances which will be applicable in the processing of Monthly Summary Reports and Account Activity Statements beginning with the reports for October 2012, 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 33.7% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 10.8% of written premium. The claims expense allowance for designated agent business will be 13.8% 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 personnel 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 Bill Benton at (919) 645-3187 or email web@ncrb.org.

Sincerely,

Edith T. Davis

Director, Reinsurance Facility

ETD:lad
RF-12-10

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-12**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
07673	21st CENTURY CENTENNIAL INS CO	a	07524 *	N C FARM BUREAU MUT INS	25.5%
02696	AGENT ALLIANCE INS CORP	a	07612	NATIONWIDE INS CO OF AMERICA	a
07372	ALLIED PROPERTY & CASUALTY INS CO	a	06124 *	NATIONWIDE MUTUAL INS	a
07031 *	ALLSTATE INSURANCE CO	23.6%	06142	NGM INSURANCE COMPANY	a
07066	AMERICAN RELIABLE INS CO	a	02112 *	OHIO CASUALTY INS CO	a
08007 *	AMERICAN STATES INS CO	26.1%	10074	OMNI INSURANCE CO	a
03514	AMICA MUTUAL INS CO	18.0%	10511	PEAK PROP & CAS INSURANCE CORP	a
09994	ATLANTIC CASUALTY INS CO	a	02085 *	PEERLESS INSURANCE CO	a
07093 *	AUTO OWNERS INSURANCE CO	26.2%	06098 *	PENNSYLVANIA NATIONAL MUT CAS	a
03583 *	CENTRAL MUTUAL INS CO	25.3%	07534 *	PROGRESSIVE CAS INS CO	a
07838 *	CINCINNATI INSURANCE CO	a	10545	PROGRESSIVE PREMIER INS CO OF IL	a
07373	DEPOSITORS INSURANCE CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
27984	DISCOVERY INSURANCE CO	a	07960 *	SAFECO INS CO OF AMER	a
05092	ELECTRIC INSURANCE CO	17.9%	07967 *	SELECTIVE INS OF SOUTHEAST	a
06119 *	EMPLOYERS MUTUAL CAS CO	a	07352	SOUTHERN GENERAL INS CO	a
05967	ENCOMPASS INDEMNITY CO	26.0%	07601 *	SOUTHERN GUARANTY INS CO	a
09073 *	ERIE INSURANCE COMPANY	23.5%	07494	SOUTHERN INSURANCE CO OF VA	a
04287 *	FEDERAL INSURANCE CO	a	04737	STARR INDEMNITY & LIABILITY CO	20.0%
09812 *	FIREMAN'S FUND INS CO	a	07633	STATE AUTO PROP & CAS INS	a
07275 *	FOREMOST INS CO	a	07667	STATE FARM MUT AUTO INS	24.6%
07159	GEICO INDEMNITY COMPANY	26.4%	10394	STATE NATIONAL INS CO	a
09813	GRAIN DEALERS MUTUAL INS	a	11371	THE MEMBERS INSURANCE CO	a
27778	GREENVILLE CASUALTY INS CO	a	06460 *	TITAN INDEMNITY COMPANY	a
09818 *	HANOVER INS CO	a	02034 *	TRAVELERS INDEMNITY CO	a
07345 *	HARLEYSVILLE MUTUAL INS CO	a	05163	UNITRIN AUTO & HOME INS CO	25.2%
01238 *	HARTFORD CASUALTY INS CO	a	07202	UNITRIN SAFEGUARD INS CO	22.8%
07610 *	HORACE MANN INS CO	22.7%	05394	UNIVERSAL INSURANCE CO	a
07611 *	INTEGON GENERAL INS CORP	a	03542 *	USAA CASUALTY INS CO	9.4%
09824 *	LIBERTY MUTUAL INS CO	24.2%	05899 *	UTICA MUTUAL INSURANCE CO	a
09134	MERASTAR INSURANCE CO	a	09041	WILSHIRE INSURANCE COMPANY	a
05293 *	METROPOLITAN PROP & CAS INS CO	a	02038 *	ZURICH AMERICAN INS CO	23.8%

NOTES: a: Allowance of 26.7% of written premiums

*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 10.8% of written premiums.

The ceding expense allowance for designated agent business is 33.7% of written premium.

The claims expense allowance for designated agent business is 13.8% of written premiums plus 50% of outside legal expenses paid.

For a ceding expense allowance of companies not listed above, refer to the NCRF.