

# NORTH CAROLINA REINSURANCE FACILITY

POST OFFICE BOX 176010  
RALEIGH, NORTH CAROLINA 27619-6010

RAYMOND F. EVANS, JR. CPCU  
General Manager

5401 SIX FORKS ROAD  
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790  
FACSIMILE (919) 783-0355

October 2, 2001

ROBERT M. GREER  
Audit Manager

F. TIMOTHY LUCAS  
Automobile Manager

ROBERT M. NEWTON  
Claims Manager

DAVID E. SINK, JR.  
Accounting Manager

## 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, 2001, 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 36.2% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 12.7% of written premium. The claims expense allowance for designated agent business will be 15.8% 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 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](mailto:etd@ncrb.org).

Sincerely,

Raymond F. Evans, Jr., CPCU

General Manager

RFE:lm  
RF-01-12

NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-1-01

<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	18.8	09824	*Liberty Mutual	22.1
07031	*Allstate	22.8	06053	Lumbermens Mut. Cas.	a
07035	American Bankers of Fl	a	09825	*Maryland Casualty	a
02107	*American Casualty	21.5	09134	Merastar	a
06236	*American Hardware	a	05293	*Metropolitan Prop &	23.9
05621	American Manufacturers	a	06253	Montgomery Mutual	28.2
06075	American Motorists	a	08005	Mutual Service	a
05116	American Protection	a	06142	National Grange	28.7
07807	American Southern	25.9	06124	*Nationwide Mutual	22.9
08007	American States	23.5	04332	*New Hampshire	17.2
08188	*Amerisure Mutual	a	07524	*N.C. Farm Bureau	22.7
03514	Amica Mutual	a	02112	*Ohio Casualty	27.1
09994	Atlantic Casualty	a	10074	Omni	a
06431	*Atlantic Mutual	a	02085	*Peerless	a
07093	Auto Owners	24.4	06098	*Penn. National	23.6
02696	Berkley Ins. Co.	a	07534	*Progressive Casualty	26.7
02128	*Bituminous Casualty	24.9	01185	Providence Washington	20.6
11040	Builders Mutual Ins	27.6	01875	Prudential P & C	a
03583	*Central Mutual	26.8	06883	Regency Insurance	21.2
09814	CGU Insurance	24.2	09833	*Royal Indemnity	a
07838	*Cincinnati	a	07960	*Safeco	23.5
05842	Clarendon National	20.5	09834	*St. Paul F. & M.	a
05674	Colorado Casualty	a	07967	*Selective Ins. Co of	28.9
08425	Comm Cas of GA	28.3	06127	Sentry Ins. A Mut. Co.	27.6
01382	*Commercial Union	24.2	06146	Shelby	21.5
08944	Companion P & C	a	04478	*South Carolina	28.3
27984	Discovery	a	07601	*Southern Guaranty	26.6
05092	Electric Insurance	15.9	07494	Southern Heritage	a
06120	Employers Ins.of Wausau	a	03566	*State Automobile Mut.	27.9
06119	Employers Mut. Cas.	a	07633	State Auto Prop. &	27.9
09073	*Erie Insurance	24.7	04763	*State Capital	24.2
04287	*Federal	27.6	07667	State Farm Mut. Auto.	25.4
05676	Federated Mutual	a	02034	*Travelers Indemnity	a
09812	*Fireman's Fund	28.2	10512	Underwriters Ins	26.5
07159	GEICO Indemnity	a	08076	Union	22.5
07307	*Government Employees	22.1	09840	*U.S. Fid. & Guar.	a
09813	Grain Dealers	a	09809	*U.S. Fire	a
09816	*Great American	a	05394	Universal Ins.	27.8
07324	*Guaranty National	22.1	07728	Universal Underwriters	28.1
09818	*Hanover	a	03542	*United Ser. Auto.	13.3
07345	*Harleysville Mutual	a	05899	*Utica Mutual	a
01238	*Hartford Casualty	26.5	07402	*Vesta	a
07610	*Horace Mann	24.7	07751	Virginia Mutual	a
06003	Indiana Lumbermens	a	07630	*Wausau Underwriters	a
09823	*Ins. Co. of N. Amer.	23.9	09041	*Wilshire	a
09869	Ins Corp of Hannover	21.4	07606	Windsor	a
07611	*Integon General	27.7	07072	Worldwide	a
09050	Interstate Indemnity	a	02038	*Zurich	19.1
07865	Jefferson Insurance	a			

Notes:

- a -Allowance of 29.1% 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 36.2% of written premiums.
- The claims expense allowance for all companies (excluding designated agent business) is 12.7% of written premiums.
- The claims expense allowance for designated agent business is 15.8% of written premium plus 50% of outside legal expenses paid.