April 15, 2002

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Call for 2001 North Carolina Property Expense Experience

Annually, this Bureau issues calls for North Carolina property expense experience for the property lines of business under the jurisdiction of the Rate Bureau. Data obtained pursuant to the calls are consolidated and utilized by the Rate Bureau in preparing rate filings and for the purpose of allocating the Bureau’s expenses.

Please note in completing Form P-1 that if Mobile Homeowners data are reported on Line 4 of the Statutory Page 14 data of the Annual Statement the Homeowners and Mobile Homeowners data combined on Form P-1 should equal Line 4 on the Statutory Page 14 data.

Those companies writing the Mobile-Homeowners Policy of the American Association of Insurance Services should use the MH(F) column in reporting the requested data for that policy.

Effective January 1, 1998, the National Association of Insurance Commissioners (NAIC) made changes in how loss adjustment expenses on various items were recorded and displayed in the Annual Statement. The Rate Bureau needs to be able to compare the loss adjustment expense data for 2001 submitted to the statistical agents under the applicable statistical plan to the defense and cost containment data being submitted to the Rate Bureau pursuant to this Call for 2001 Property Expense Experience. In that regard, please note that an additional line 4.b has been added to record the allocated loss adjustment expenses as reported to the statistical agent for liability coverage.

Instructions for the completion of the attached form are attached. Please make sure the attached Affidavit is completed and returned with the completed form. A report is required to be submitted by or for each company licensed to write lines of insurance under the Rate Bureau’s jurisdiction. If a company required to file has had no 2001 premiums or losses for the State, the form should be noted “None” accordingly. Your cooperation in supplying the requested data, accompanied by the completed Affidavit, as soon as possible and in no event later than July 1, 2002, would be greatly appreciated.

Very truly yours,

Ellen S. Holloway
Statistical Data Technician

ESH:dp
P-02-HO1
Enclosures
Return to:
North Carolina Rate Bureau
P. O. Box 176010
Raleigh, North Carolina  27619-6010

Form P-1

THIS REPORT DUE JULY 1, 2002

Call for Calendar Year 2001
North Carolina Property
Expense Experience

<table>
<thead>
<tr>
<th>ITEMS</th>
<th>Homeowners (Excluding Mobile Home)</th>
<th>Mobile Home</th>
<th>Dwelling</th>
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<tbody>
<tr>
<td></td>
<td>MH(C)</td>
<td>MH(F)</td>
<td>Fire</td>
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<tr>
<td></td>
<td>Amount(a)</td>
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<tr>
<td>1. Direct Written Premiums (b)</td>
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<tr>
<td>2. Direct Earned Premiums (b)</td>
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<tr>
<td>3. Direct Losses Incurred (b)</td>
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<tr>
<td>4. Loss Adj. Expenses Incurred:</td>
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<tr>
<td>a. Defense &amp; Cost Containment (b)</td>
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<tr>
<td>b. Allocated (as reported to statistical agent)</td>
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<tr>
<td>C. Adjusting &amp; Other Expense Payments (Unallocated) (c)</td>
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<tr>
<td>5. Commission &amp; Brokerage (b)</td>
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<tr>
<td>6. Other Acquisitions Incurred:</td>
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<tr>
<td>a. Branch Off-State's Share(c)</td>
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<td>b. Home Off.--State's Share(c)</td>
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<tr>
<td>7. General Expenses Incurred(c)</td>
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</tr>
<tr>
<td>8. Taxes, Licenses, Fees Incurred (b)</td>
<td></td>
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</tr>
</tbody>
</table>

(a) Report dollar amounts only -- no cents.
(b) Must agree with the Statutory Page 14 data of the Annual Statement. If mobile home data is reported on Line 4 of the Statutory Page 14 data of Annual Statement, the combination of homeowners and mobile home must agree with the Statutory Page 14 data. The Dwelling Fire and Extended Coverage portion of this form is not required to equal Lines 1 & 2 of the Statutory Page 14 data as commercial dwellings are reported on these lines of the Statutory Page 14 data.
(c) Explain basis of allocation on reverse side if actual North Carolina data not available.

Statistical Agent Used For Reporting Experience
☐ AAIS  ☐ ISO  ☐ NAII  ☐ NISS

Company or Group: ________________________________ (If "Group", please provide a list of the companies included.)

Completed by: ________________________________ Title: ________________________________ Date: ________________________________

(Please Print or Type) Telephone Number: ________________________________ FAX Number: ________________________________

E-Mail Address: ________________________________
In completing the calendar year expense experience exhibit, please be guided by the following:

1. **Direct Written Premiums** - Must agree with the Statutory Page 14 data of Annual Statement excluding Mobile-Homeowners if reported on Line 4 of the Statutory Page 14 data.


4. **Direct Loss Adjustment Expenses Incurred**
   a. **Defense & Cost Containment**—Must agree with total of direct defense & cost containment expenses incurred shown on the Statutory Page 14 data of the Annual Statement for North Carolina. If actual North Carolina data are not available, please explain the basis of allocation on a separate page.
   b. **Allocated**—As reported to Statistical Agent in accordance with the statistical plan.
   c. **Adjusting & Other Expense Payments (Unallocated)**—If actual North Carolina data are available, enter amount. If actual North Carolina data are not available, determine by appropriate allocation explaining the basis of allocation on a separate page.

5. **Commission and Brokerage** - Show actual amounts of Commission and Brokerage expenses incurred on North Carolina business reflecting North Carolina’s commission and brokerage rates, subject to the rules in Regulation 30. Must agree with the total commission and brokerage shown on the Statutory Page 14 data of the Statutory Page 14 data excluding Mobile-Homeowners if reported on Line 4 of the Statutory Page 14 data.

6. **Other Acquisitions Incurred**
   a) **Branch Office - State’s Share** - Show actual expenses if you maintain an office within North Carolina that process only this State’s business, allocation by line of insurance must be made in accordance with Regulation 30. If you maintain a regional office in North Carolina or any other state that processed North Carolina business along with business of other states, use the actual branch office expenses and determine the North Carolina portion by appropriate allocation, such as on the basis of premium.
   b) **Home Office - State’s Share** - Determine by appropriate allocation. Explain basis of allocation on separate sheet of paper.

7. **General Expenses Incurred** - If actual North Carolina data are not available, determine by appropriate allocation and explain basis of allocation on separate sheet of paper. This item includes Boards and Bureau expenses.

8. **Taxes, Licenses and Fees Incurred** - Must agree with the total of taxes, licenses and fees shown on the Statutory Page 14 data of the Annual Statement excluding Mobile-Homeowners if reported on Line 4 of the Statutory Page 14 data.

A report is required to be submitted by or for each company licensed to write Homeowners Insurance in North Carolina. If a company required to file has had no premiums or losses for the State, the report form should be noted “None” accordingly.

This Report Due July 1, 2002
In completing the calendar year expense experience exhibit, please be guided by the following:

1. **Direct Written Premiums**

2. **Direct Earned Premiums**

3. **Direct Incurred Losses**

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This Report Due July 1, 2002
AFFIDAVIT

STATE OF __________________________

COUNTY OF __________________________

______________________________, the __________________________
(Insert Name of Company Official) (Insert Title)
of the __________________________ being duly sworn, deposes
(Insert Name of Company)

and says that as a company official responsible for compilation of statistical data, the statistical data reported upon this form constitutes the reporting of experience of the said company under the Call for 2001 North Carolina Property Expense Experience is a true and accurate statement of such experience of the company for the period covered, to the best of my knowledge, information and belief.

______________________________
(Signature)

Subscribed and Sworn to before me this
_______day of _________________, 2002

______________________________
Notary Public