

NORTH CAROLINA INSURANCE GUARANTY ASSOCIATION

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ROBERT M. NEWTON
Claims Manager

WILLIAM C. DELBRIDGE
Assistant Claims Manager

DAVID E. SINK, JR.
Accounting Manager

Comment:
If there is no bill DO NOT
SEND A CIRCULAR
JUST THROW ENVELOPES AWAY.
per Dave and Mr. W. 1/28/98

November 1, 2001

CIRCULAR LETTER TO ALL MEMBER INSURERS

- Re: (1) Assessment - Administrative Account
(2) Assessment - Company Insolvencies

During a meeting held on October 16, 2001, the Board of Directors of this Association reviewed the Association's obligations in connection with the outstanding insolvencies and voted to take the following actions:

Assessment - Administrative Account

The Board of Directors voted to make an assessment of \$300,000 to cover the administrative expenses not related to a specific insolvency. This assessment is distributed in proportion to the combined total 2000 automobile, "all other" and workers compensation insurance premium writings as defined in the Act and was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Automobile	\$162,290	\$3,844,057,452	.000042218
All Other	105,201	2,491,837,991	.000042218
Workers Compensation	32,509	770,031,816	.000042218

The automobile, All other, and workers compensation assessments are based upon the respective total 2000 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2000 North Carolina Annual Statements. The above assessment factors were determined by relating the assessment amount to the total premium base which includes the 2000 writings of all current members of this Association.

Assessment - Credit General Insurance Company Insolvency

The Board of Directors voted to assess member insurers in the total amount of \$3,000,000 to provide necessary additional funds to continue the Association's task of discharging its obligations arising from the insolvency

of Credit General Insurance Company. The Company was declared insolvent and placed in liquidation effective January 5, 2001.

The assessment as provided in Article 48, Chapter 58, General Statutes of North Carolina was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation	\$3,000,000	\$770,031,816	.003895943

The workers compensation assessment is based upon the total 2000 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2000 North Carolina Annual Statements. The above assessment factor was determined by relating the assessment amount to the total premium base which includes the 2000 writings of all current members of this Association.

Assessment - Reliance Insurance Company Insolvency

The Board of Directors voted to assess member insurers in the total amount of \$22,000,000 to provide funds necessary to begin the Association's task of discharging its obligations arising from the insolvency of Reliance Insurance Company. The Company was declared insolvent and placed in liquidation effective October 3, 2001.

The assessment as provided in Article 48, Chapter 58, General Statutes of North Carolina was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Automobile	\$2,000,000	\$3,844,057,452	.000520284
All Other	10,000,000	2,491,837,991	.004013102
Workers Compensation	10,000,000	770,031,816	.012986476

The automobile, All other, and workers compensation assessments are based upon the respective total 2000 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2000 North Carolina Annual Statements. The above assessment factors were determined by relating the assessment amount to the total premium base which includes the 2000 writings of all current members of this Association.

If a statement is attached hereto, it shows (1) your Company's premiums utilized in determining the assessments; (2) the assessment amounts for each of the accounts; and (3) the net amount due this Association from your Company. Prompt remittance will be appreciated. If your remittance includes total assessments billed to more than one company in a group, we would appreciate your identifying the companies for which assessments are being

paid either on the remittance check or in an accompanying memorandum.

If you have any questions about any of the contents of this letter, please direct them to the attention of David Sink at 919-783-9790 extension 1012.

Sincerely,

Raymond F. Evans, Jr., CPCU

Managing Secretary

RFE:lm

Enclosure

IGA-01-3