

# Recoupment Frequently Asked Questions

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## Definitions

**What is the auto loss recoupment surcharge?**

***Answer:***

The auto loss recoupment surcharge is the method of recovering the NC Reinsurance Facility operating losses. It applies to auto liability (bodily injury and property damage), medical payments, uninsured motorist and underinsured motorist premiums.

## Common to Private Passenger and Commercial Auto

### General

**1. Why is the auto loss recoupment surcharge necessary?**

***Answer:***

The auto loss recoupment surcharge is required on both voluntary and ceded policies to recoup losses sustained by the NC Reinsurance Facility on ceded auto business.

**2. How often is the auto loss recoupment surcharge revised?**

***Answer:***

The auto loss recoupment surcharge is reviewed at least annually for implementation or revision.

**3. Do I still need to collect and remit the auto loss recoupment surcharge if I do not cede to the NC Reinsurance Facility?**

***Answer:***

Yes. Under N.C.G.S 58-37-40(e) and the NC Reinsurance Facility Standard Practice Manual, Section 4, Chapter 13, item C (11(d)), the surcharge is required to be applied to all liability policies, regardless of whether the policy is ceded to the Facility or voluntarily retained by the company.

The Standard Practice Manual, which includes copies of the governing statutes, can be found on our website <http://www.ncrb.org/ncrf/> under Quick Links.

The full path to download the Standard Practice Manual is here:

<http://www.ncrb.org/Portals/5/ncrf/Standard Practice Manual/Standard Practice Manual.pdf>

**4. Can the auto loss recoupment surcharge be passed on to the customer?**

***Answer:***

Yes. The surcharge is required on all North Carolina auto liability policies issued by the company. See N.C.G.S. 58-37-40(e) and (f).

**5. On our declarations page and billing statements, are we to combine the surcharge with premium or can we separately display the premium and the surcharge?**

***Answer:***

Yes. The charges determined on the basis of the surcharges are to be combined with and displayed as part of the applicable premium charges. See the Standard Practice Manual Section 4, Chapter 13, item C (2).

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## **Agent Commissions**

**1. Are agent commissions paid on the auto loss surcharge?**

***Answer:***

On the issue of agent compensation, we strongly recommend that you review the NC Reinsurance Facility Standard Practice Manual, Section 4, Chapter 13, item C (11) and discuss with your company's legal team.

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**2. We do not have agents at our company. Do we still need to factor in the 10% agent compensation in the auto loss recoupment surcharge calculation?**

***Answer:***

See the response to #1 immediately above.

## Accounting

1. **Will the account activity statement be a combined settlement invoice (i.e. contain both the private passenger and commercial data)?**

***Answer:***

Yes, the account activity statement will include all data reported to the Facility for the accounting month.

2. **Will it be necessary for us to exclude the private passenger types (rated from the NCRB Personal Auto Manual) from the calculation of the loss recoupment surcharge in order to properly apply the loss recoupment surcharge?**

***Answer:***

No. As noted in Circular Letters RF-17-12 and RF-17-16, the recoupment applies to commercial auto policies and to all vehicles insured on those policies. Any private passenger vehicles that are written on a commercial auto policy are to be included in the recoupment.

3. **Where are the monthly recoupment summary totals that are submitted in my company's monthly data displayed?**

***Answer:***

There are two places in EDGE where you could find the recoupment summary totals.

- In EDGE, under the Reports Tab, Accounting Transaction Reports, Balance By File Report. This will show you the summary amounts reported by specific line code whether it be Private Passenger or Commercial.
- The Recoupment Summary amounts carry directly from your company's Monthly Accounting Report. These amounts will be reflected on line F on the Monthly Account Activity Statement in which the NC Reinsurance Facility settles with each member company each month based on the data submitted.

4. **How do I remit the recoupment to the Facility?**

***Answer:***

NC Reinsurance Facility supports the ACH and lockbox for all payments and credits (if applicable). To set up the ACH, please contact Grace Chen at 919-582-1015 or email at [gqc@ncrb.org](mailto:gqc@ncrb.org).

For lockbox payment, the mailing address for the overnight mail carrier is:

North Carolina Reinsurance Facility  
Lockbox #601035  
1525 West W.T. Harris Boulevard - NC 0802  
Charlotte, NC 28262

Otherwise, please use the following mailing address:

North Carolina Reinsurance Facility  
PO Box 601035  
Charlotte, NC 28260-10350

## Transmitting the Auto Loss Recoupment Surcharge Data

### 1. How do I send/transmit the auto loss recoupment surcharge data?

**Answer:**

The auto loss recoupment surcharge data is to be submitted in an electronic file submitted via FTP (File Transfer Protocol).

### 2. Will the data for the commercial auto loss recoupment be included with the private passenger auto data we currently submit each month? (i.e. just add one more line for the CA51 data in the text file)

**Answer:**

Yes, the monthly accounting file will contain one extra line for the commercial auto loss recoupment, CA51. Note that only one recoupment detail file will be accepted each month. Therefore, this file must contain **both** the private passenger and commercial auto data.

### 3. Where do I find instructions on FTP?

**Answer:**

The FTP Instruction Guide can be found on our website <http://www.ncrb.org/ncrf/> under Quick Links. The full path to download the FTP Instruction Guide is here:

[http://www.ncrb.org/Portals/5/ncrf/FTP Instruction Guide/FTP Instruction Guide V 3 14 3-6-18.doc](http://www.ncrb.org/Portals/5/ncrf/FTP%20Instruction%20Guide/FTP%20Instruction%20Guide%20V%203%2014%203-6-18.doc)

### 4. If one FTP account will support multiple companies with different NCRF company codes, do I need to send a test file for each of the companies or will one be sufficient?

**Answer:**

If there is one FTP account, then one of each file type for one NCRF company code is sufficient.

### 5. Who handles FTP auto loss recoupment member company file testing questions or just general FTP support questions?

**Answer:**

Please contact FTP Support via email at [FTPSupport@ncrb.org](mailto:FTPSupport@ncrb.org) or call 919-582-1056.

## **Commercial Auto Only**

**When is the commercial auto loss recoupment surcharge effective?**

**Answer:**

October 1, 2018 through September 30, 2019, but as previously stated, the auto loss recoupment surcharge is reviewed at least annually for implementation or revision.

## **Vehicle Types/Coverages**

**1. What types of vehicles and coverages qualify for commercial auto loss recoupment surcharge?**

**Answer:**

The commercial auto loss recoupment surcharge applies to liability, medical payments, uninsured motorist and underinsured motorist premiums on all commercial auto policies for which the premiums are reported as North Carolina premium in the Annual Statement on statutory page 14, lines 19.3 and 19.4. **Exceptions to this are restated in excerpt below:**

(A) Vehicles listed as exceptions in N.C.G.S. 58-37-1(6), (See excerpts below).

(6) "Motor Vehicle" means every self-propelled vehicle that is designed for use upon a highway, including trailers and semitrailers designed for use with such vehicles".

**Exceptions:**

"except traction engines, road rollers, farm tractors, tractor cranes, power shovels, and well drillers.")

"Motor Vehicle" also means a motorcycle, as defined in G.S. 20-4.01(27)d., and a moped, as defined in G.S. 20-4.01(27)d1, or ["Motor Vehicle" does not mean] an electric assisted bicycle, as defined in G.S. 20-4.01(7a). ❖

(B) Companies classified by the North Carolina Insurance Commissioner as an "Authorized Surplus Lines Writer" or a "Risk Retention Group".

## **Accounting**

**1. Will all companies have to charge /display cents? Many CA writers round up or down to the nearest dollar.**

**Answer:**

No. See excerpt from the Standard Practice Manual Section 4, Chapter 13, item 6(b):

"For other than non-fleet private passenger auto (commercial auto), the exact surcharge amount may be charged and billed in dollars and cents OR the surcharge amount may be rounded to the nearest dollar."

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