



**NORTH CAROLINA REINSURANCE FACILITY**  
5401 Six Forks Road • Raleigh NC • 27609  
(919) 783-9790 • [www.ncrb.org](http://www.ncrb.org)

August 18, 2005

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Expense Allowances effective **October 2005**  
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 by AIPSO beginning with the reports for **October, 2005**, 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 35.3% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 12.5% of written premium. The claims expense allowance for designated agent business will be 15.5% 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 Liz Polley at 919-645-3177 or email [erp@ncrb.org](mailto:erp@ncrb.org).

Sincerely,

Edith T. Davis,

Director, Reinsurance Facility

ETD:lam  
RF-05-6

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-05**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
05544	AMEX ASSURANCE CO	14.3	07610	* HORACE MANN INS CO	18.7
06327	ALLIANCE MUTUAL INS CO	27.2	07611	* INTEGON GENERAL INS CORP	a
07031	* ALLSTATE INSURANCE CO	24.2	09824	* LIBERTY MUTUAL INS CO	18.9
07900	ALPHA PROPERTY & CASUALTY	a	09825	* MARYLAND CASUALTY CO	23.2
07035	AMERICAN BANKERS INS OF FL	a	09134	MERASTAR INSURANCE CO	21.4
02107	* AMERICAN CASUALTY CO	a	05293	* METROPOLITAN PROP & CAS	24.3
05939	AMERICAN GUARANTY INS CO	a	06142	NATIONAL GRANGE MUT INS	28.0
05663	AMERICAN INTERNATIONAL SOUTH	a	05127	NATIONAL SPECIALTY INS CO	a
07807	AMERICAN SOUTHERN INS CO	a	06124	* NATIONWIDE MUTUAL INS	28.1
08007	* AMERICAN STATES INS CO	24.6	07524	* N C FARM BUREAU MUT INS	23.2
08188	* AMERISURE MUTUAL INS CO	17.7	02112	* OHIO CASUALTY INS CO	a
03514	AMICA MUTUAL INS CO	17.3	10074	OMNI INSURANCE CO	22.2
09994	ATLANTIC CASUALTY INS CO	a	10511	PEAK PROP & CAS INSURANCE CORP	a
07093	* AUTO OWNERS INSURANCE CO	25.6	02085	* PEERLESS INSURANCE CO	a
02128	* BITUMINOUS CASUALTY CORP	27.1	06098	* PENNSYLVANIA NAT MUT CAS	27.8
11040	BUILDERS MUTUAL INS CO	a	07534	* PROGRESSIVE CAS INS CO	27.4
03583	* CENTRAL MUTUAL INS CO	27.7	10545	PROGRESSIVE PREMIER INS CO OF IL	a
07838	* CINCINNATI INSURANCE CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
05842	* CLARENDON NATIONAL INS CO	a	09102	QBE INS CO	27.3
08944	COMPANION PROP & CAS INS	a	06569	REDLAND INSURANCE CO	a
27984	DISCOVERY INSURANCE CO	26.9	09833	* ROYAL INDEMNITY COMPANY	a
05092	ELECTRIC INSURANCE CO	18.9	07960	* SAFECO INS CO OF AMER	24.4
06119	EMPLOYERS MUTUAL CAS CO	a	09834	* ST PAUL FIRE & MARINE INS CO	24.7
05967	ENCOMPASS INDEMNITY CO	22.0	07967	* SELECTIVE INS OF SOUTHEAST	a
09073	* ERIE INSURANCE COMPANY	25.3	06127	* SENTRY INSURANCE A MUT CO	20.2
07979	* FARMERS INSURANCE EXCHANGE	a	07352	SOUTHERN GENERAL INS CO	a
04287	* FEDERAL INSURANCE CO	a	07601	* SOUTHERN GUARANTY INS CO	a
05676	* FEDERATED MUTUAL INS CO	15.5	07494	SOUTHERN INSURANCE CO OF VA	26.1
09812	* FIREMAN'S FUND INS CO	a	07633	STATE AUTO PROP & CAS INS	27.8
04729	FIREMEN'S INS OF WASHINGTON DC	28.0	07667	STATE FARM MUT AUTO INS	27.6
07275	* FOREMOST INS CO	a	10394	STATE NATIONAL INS CO	a
07159	GEICO INDEMNITY COMPANY	a	04794	* TOKIO MARINE & NICHIDO FIRE INS CO	14.1
07307	* GOVERNMENT EMPLOYEES INS	21.6	02034	* TRAVELERS INDEMNITY	23.3
09813	GRAIN DEALERS MUTUAL INS	a	03542	* UNITED SERVICES AUTO ASSOC	9.4
07324	GUARANTY NATL (ORION AUTO)	20.7	05163	UNITRIN AUTO & HOME INS CO	a
09818	* HANOVER INS CO	a	05394	UNIVERSAL INS CO OF NC	a
07345	* HARLEYSVILLE MUTUAL INS CO	a	05899	* UTICA MUTUAL INSURANCE CO	a
01238	* HARTFORD CASUALTY INS CO	a	07751	VIRGINIA MUTUAL INS CO	a

NOTES: a: Allowance of 28.3% of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 12.5% of written premiums.

The ceding expense allowance for designated agent business is 35.3% of written premium.

The claims expense allowance for designated agent business is 15.5% of written premiums plus 50% of outside legal expenses paid.

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