



September 15, 2009

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective **October 2009**
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 2009, 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 35.7% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 12.3% of written premium. The claims expense allowance for designated agent business will be 15.3% 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 Jannet Barnes at (919) 582-1022 or email jbb@ncrb.org.

Sincerely,

Edith T. Davis,

Director, Reinsurance Facility

ETD:lad
RF-09-9

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-09**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
02696	AGENT ALLIANCE INS CORP	a	07610	* HORACE MANN INS CO	19.6
07673	AIG CENTENNIAL INSURANCE CO	a	07611	* INTEGON GENERAL INS CORP	a
01346	AIG PREMIER INS CO	a	09824	* LIBERTY MUTUAL INS CO	25.4
07751	ALFA ALLIANCE INS CORP	a	09825	* MARYLAND CASUALTY CO	21.5
06327	ALLIANCE MUTUAL INS CO	a	09134	MERASTAR INSURANCE CO	a
07372	ALLIED PROPERTY & CASUALTY INS CO	25.1	05293	* METROPOLITAN PROP & CAS	26.2
07031	* ALLSTATE INSURANCE CO	23.3	07524	* N C FARM BUREAU MUT INS	24.9
07900	ALPHA PROPERTY & CASUALTY	a	07612	NATIONWIDE INS CO OF AMERICA	a
07035	AMERICAN BANKERS INS OF FL	a	06124	* NATIONWIDE MUTUAL INS	a
05663	AMERICAN INTERNATIONAL SOUTH	a	06142	NGM INSURANCE COMPANY	28.3
07066	AMERICAN RELIABLE INS CO	a	02112	* OHIO CASUALTY INS CO	a
08007	* AMERICAN STATES INS CO	21.4	10511	PEAK PROP & CAS INSURANCE CORP	a
08188	* AMERISURE MUTUAL INS CO	25.0	02085	* PEERLESS INSURANCE CO	a
03514	AMICA MUTUAL INS CO	19.7	06098	* PENNSYLVANIA NATIONAL MUT CAS	a
09994	ATLANTIC CASUALTY INS CO	a	07534	* PROGRESSIVE CAS INS CO	a
07093	* AUTO OWNERS INSURANCE CO	25.3	10545	PROGRESSIVE PREMIER INS CO OF IL	28.4
11040	BUILDERS MUTUAL INSURANCE CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
03583	* CENTRAL MUTUAL INS CO	26.9	09102	QBE INS CORP	a
07838	* CINCINNATI INSURANCE CO	a	07960	* SAFECO INS CO OF AMER	19.1
08944	COMPANION PROP & CAS INS	a	07967	* SELECTIVE INS OF SOUTHEAST	a
07373	DEPOSITORS INSURANCE CO	a	06127	* SENTRY INSURANCE A MUT CO	24.9
27984	DISCOVERY INSURANCE CO	a	07352	SOUTHERN GENERAL INS CO	a
05092	ELECTRIC INSURANCE CO	15.6	07601	* SOUTHERN GUARANTY INS CO	a
06119	* EMPLOYERS MUTUAL CAS CO	a	07494	SOUTHERN INSURANCE CO OF VA	a
05967	ENCOMPASS INDEMNITY CO	28.2	07633	STATE AUTO PROP & CAS INS	a
09073	* ERIE INSURANCE COMPANY	27.0	07667	STATE FARM MUT AUTO INS	24.7
07979	* FARMERS INSURANCE EXCHANGE	a	10394	STATE NATIONAL INS CO	a
04287	* FEDERAL INSURANCE CO	23.6	11371	THE MEMBERS INSURANCE CO	a
09812	* FIREMAN'S FUND INS CO	a	06460	* TITAN INDEMNITY COMPANY	a
04729	FIREMEN'S INS OF WASHINGTON DC	a	02034	* TRAVELERS INDEMNITY	a
07275	* FOREMOST INS CO	a	06550	TRUCK INSURANCE EXCHANGE	a
07159	GEICO INDEMNITY COMPANY	a	05163	UNITRIN AUTO & HOME INS CO	27.7
07307	* GOVERNMENT EMPLOYEES INS	22.3	07202	UNITRIN SAFEGUARD INS CO	22.7
09813	GRAIN DEALERS MUTUAL INS	a	05394	UNIVERSAL INSURANCE CO	a
27778	GREENVILLE CASUALTY INS CO	24.5	03542	* USAA CASUALTY INS CO	10.0
09818	* HANOVER INS CO	a	05899	* UTICA MUTUAL INSURANCE CO	a
07345	* HARLEYSVILLE MUTUAL INS CO	a	09041	WILSHIRE INSURANCE COMPANY	a
01238	* HARTFORD CASUALTY INS CO	a			

NOTES: a: Allowance of 28.7% of written premiums

*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 12.3% of written premiums.

The ceding expense allowance for designated agent business is 35.7% of written premium.

The claims expense allowance for designated agent business is 15.3% of written premiums plus 50% of outside legal expenses paid.

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