

September 19, 2017

REVISED

CIRCULAR LETTER TO ALL MEMBER COMPANIES

RE: Maximum ceding expense allowance - Revised effective October 2017

Due to a member company's recent discovery of an error in reporting their expense data to the NCRB, the calculation for the maximum **ceding expense allowance** is changed as follows:

- 1) **All companies excluding designated agent business** - the **maximum ceding expense allowance** originally approved as 27.3% is now being revised to **27.4%** of written premiums effective October 2017.
- 2) **Designated agent business** - the **maximum ceding expense allowance** originally approved as 34.3% is now being changed to **34.4%** of written premiums effective October 2017.
- 3) There are **NO** Changes to **Claims Expenses** or **Claims Allowances**.

Attached is an amended exhibit showing the new maximum expense allowances which will be applicable in the processing of Monthly Summary Reports and Account Activity Statements beginning with the reports for October 2017, which begins a new fiscal year for the Facility. This change in the maximum expense allowances was 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.

The information in this circular letter should be brought to the attention of your Company's personnel 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 Bill Benton at (919) 645-3187 or email to web@ncrb.org.

Sincerely,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

TFC:lad

RF-17-11

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-17
REVISED**

<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 CO	a	09134	MERASTAR INS CO	a
07372	ALLIED PROP & CAS INS CO	a	05293 *	METROPOLITAN PROP & CAS INS CO	a
07031 *	ALLSTATE INS CO	23.3%	07524 *	N C FARM BUREAU MUT INS CO	22.8%
08007 *	AMERICAN STATES INS CO	27.1%	07504	NATIONWIDE GENERAL INS CO	26.8%
05697	AMGUARD INS CO	a	07612	NATIONWIDE INS CO OF AMERICA	a
03514	AMICA MUT INS CO	22.1%	06124 *	NATIONWIDE MUT INS CO	a
09994	ATLANTIC CAS INS CO	a	06142	NGM INS CO	a
07093 *	AUTO OWNERS INS CO	a	10511	PEAK PROP & CAS INSURANCE CORP	a
03583 *	CENTRAL MUT INS CO	a	06098 *	PENN NATIONAL MUT CAS INS CO	a
07838 *	CINCINNATI INS CO	a	27676	PERMANENT GENERAL ASSUR CORP OF	a
27984	DISCOVERY INS CO	a	10545 *	PROGRESSIVE PREMIER INS CO OF ILL	a
05092	ELECTRIC INS CO	22.0%	10546	PROGRESSIVE UNIVERSAL INS CO	a
06119 *	EMPLOYERS MUT CAS CO	a	07960 *	SAFECO INS CO OF AMERICA	a
09073 *	ERIE INS CO	23.1%	07352	SOUTHERN GENERAL INS CO	a
09836	ESURANCE INS CO	a	07494	SOUTHERN INS CO OF VIRGINIA	a
04287 *	FEDERAL INS CO	a	07633	STATE AUTOMOBILE PROP & CAS INS	a
07275 *	FOREMOST INS CO GRAND RAPIDS MI	a	07667	STATE FARM MUT AUTOMOBILE INS CO	a
07159	GEICO INDEMNITY CO	26.4%	10394	STATE NATIONAL INS CO INC	a
09813	GRAIN DEALERS MUT INS CO	a	11366	STONEWOOD INS CO	a
27778	GREENVILLE CAS INS CO	a	11371	THE MEMBERS INS CO	a
09818 *	HANOVER INS CO	a	06460 *	TITAN INDEMNITY CO	a
07345 *	HARLEYSVILLE PREFERRED INS CO	a	02034 *	TRAVELERS INDEMNITY CO	24.3%
01238 *	HARTFORD CAS INS CO	26.4%	05163	UNITRIN AUTO & HOME INS CO	a
07610 *	HORACE MANN INS CO	23.9%	07202	UNITRIN SAFEGUARD INS CO	a
07611 *	INTEGON GENERAL INSURANCE CORP	a	05394	UNIVERSAL INS CO	a
09547	KNIGHTBROOK INS CO	a	03542 *	USAA CAS INS CO	8.5%
09824 *	LIBERTY MUT INS CO	20.6%	05899 *	UTICA MUT INS CO	25.2%
88348	LYNDON SOUTHERN INS CO	a	09041	WILSHIRE INS CO	a

NOTES a: Allowance of 27.4% of written premiums

*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 14.8% of written premiums.

The ceding expense allowance for designated agent business is 34.4% of written premium.

The claims expense allowance for designated agent business is 17.8% of written premiums plus 50% of outside legal expenses paid.

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