



July 30, 2019

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective October 2019
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 beginning with the reports for October 2019, 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 **32.5%** of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be **12.9%** of written premium. The claims expense allowance for designated agent business will be **15.9%** 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 Bill Benton at (919) 645-3187 or email web@ncrb.org.

Sincerely,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

TFC:lad

RF-19-8

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-19**

		Ceding Expense			Ceding Expense
<u>Code</u>	<u>CO Name</u>	<u>Allowance</u>	<u>Code</u>	<u>CO Name</u>	<u>Allowance</u>
02696	AGENT ALLIANCE INS CO	a	11692	MIDVALE INDEMNITY CO	a
07372	ALLIED PROP & CAS INS CO	a	02543	MILBANK INS CO	a
07031 *	ALLSTATE INS CO	24.0%	07504	NATIONWIDE GENERAL INS CO	a
04886	AMERICAN MILLENNIUM INS CO	a	07612	NATIONWIDE INS CO OF AMERICA	a
08007 *	AMERICAN STATES INS CO	21.0%	06124 *	NATIONWIDE MUT INS CO	a
05697	AMGUARD INS CO	a	06142	NGM INS CO	a
03514	AMICA MUT INS CO	22.2%	07524 *	NORTH CAROLINA FARM BUREAU MUT INS	21.5%
09994	ATLANTIC CAS INS CO	a	10511	PEAK PROP & CAS INS CORP	a
07093 *	AUTO OWNERS INS CO	a	06098 *	PENNSYLVANIA NATIONAL MUT CAS INS CO	a
03583 *	CENTRAL MUT INS CO	a	27676	PERMANENT GENERAL ASSURANCE CORP	a
27984	DISCOVERY INS CO	a	10545 *	PROGRESSIVE PREMIER INS CO OF ILLINOIS	a
05092	ELECTRIC INS CO	19.5%	10546	PROGRESSIVE UNIVERSAL INS CO	a
06119 *	EMPLOYERS MUT CAS CO	a	07960	SAFECO INS CO OF AMERICA	a
09073 *	ERIE INS CO	21.8%	06127 *	SENTRY INSURANCE A MUT CO	a
09836	ESURANCE INS CO	21.4%	07352	SOUTHERN GENERAL INS CO	a
04287 *	FEDERAL INS CO	25.0%	07601	SOUTHERN GUARANTY INS CO	a
07275 *	FOREMOST INS CO GRAND RAPIDS MI	a	07633	STATE AUTOMOBILE PROP & CAS INS CO	a
07159	GEICO INDEMNITY CO	24.8%	07667	STATE FARM MUT AUTOMOBILE INS CO	a
07301 *	GENERAL CAS CO OF WISCONSIN	a	11366	STONEWOOD INS CO	a
27778	GREENVILLE CAS INS CO	a	07838 *	THE CINCINNATI INS CO	a
09818 *	HANOVER INS CO	a	11371	THE MEMBERS INS CO	a
01238 *	HARTFORD CAS INS CO	a	02034 *	THE TRAVELERS INDEMNITY CO	23.5%
07610 *	HORACE MANN INS CO	a	05163	UNITRIN AUTO & HOME INS CO	a
07611 *	INTEGON GENERAL INS CORP	a	07202	UNITRIN SAFEGUARD INS CO	a
11034	KEMPER INDEPENDENCE INS CO	a	05394	UNIVERSAL INS CO	a
09824 *	LIBERTY MUT INS CO	19.2%	03542 *	USAA CAS INS CO	8.2%
05293 *	METROPOLITAN PROP & CAS INS CO	a	05899 *	UTICA MUT INS CO	a

NOTES: a: Allowance of 25.5% of written premiums

*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 12.9% of written premiums.

The ceding expense allowance for designated agent business is 32.5% of written premium.

The claims expense allowance for designated agent business is 15.9% of written premiums plus 50% of outside legal expenses paid.

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