



August 4, 2017

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective October 2017
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 2017, 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 34.3% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 14.8% of written premium. The claims expense allowance for designated agent business will be 17.8% 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

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RF-17-9

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

| <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 | 23.0% |
| 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 27.3% 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 34.3% 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.