

NORTH CAROLINA REINSURANCE FACILITY

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CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Amendments - NCRF Standard Practice Manual

- (1) Test Data Service
- (2) Late Submitted Cessions
- (3) Codification - Statutory Accounting

Attached hereto in draft form are several amendments to Section 4 of the North Carolina Reinsurance Facility Standard Practice Manual which have been approved by the Board of Governors.

Test Data Service

Exhibit 1 is a new rule establishing a test data service to help member companies ensure that data submitted for Reinsurance Facility business to AIPSO complies with all edit and validation criteria. This service is now available and member companies are encouraged to make use of it as appropriate. Member companies are also encouraged to contact staff of the Reinsurance Facility and AIPSO whenever assistance is needed in regard to procedures for reporting and error correction. In addition, a Reinsurance Facility Guide is available upon request from AIPSO which is designed to assist member companies in submitting correct data and explains methods for correcting questionable transactions. The Board of Governors has directed that the availability of these resources be emphasized in order to facilitate better reporting and reduce processing costs for member companies, AIPSO and the Reinsurance Facility.

Late Submitted Cessions

Exhibit 2 shows amendments to rules regarding the acceptance of late submitted cessions by the Reinsurance Facility. The amendments provide appropriate penalties to encourage timely and accurate reporting of cession notices. These amendments are effective immediately.

Codification - Statutory Accounting

Exhibit 3 sets forth revisions necessary to implement accounting changes

related to the recent Codification of Statutory Accounting Principles developed by the NAIC. Included is correspondence from AIPSO which serves to explain the changes. These revisions are effective with the first calendar quarter of this year.

Please see that these changes are brought immediately to the attention of all concerned personnel in your company. Revised manual pages will be distributed shortly.

Very truly yours,

Robert M. Greer

Audit Manager

RMG:lm
RF-01-3
Enclosures