



NORTH CAROLINA REINSURANCE FACILITY

5401 Six Forks Road • Raleigh NC • 27609

(919) 783-9790 • www.ncrb.org

June 5, 2002

CIRCULAR TO ALL MEMBER COMPANIES

(Home Offices Only)

Re: Facility Premium Escrow Questionnaire

By Circular Letter to All Member Companies A-02-01 dated January 9, 2002 the North Carolina Rate Bureau notified member companies of the Bureau's implementation of revised non-fleet private passenger automobile rates for all new and renewal policies effective on or after April 1, 2002 over the disapproval of the Commissioner of Insurance. Member companies were advised as follows:

As to "clean risk" business ceded to the North Carolina Reinsurance Facility which is required to be rated on the basis of Rate Bureau voluntary rates, the Bureau is advised that the Facility will establish and maintain the necessary escrow account, but it will be necessary for ceding carriers to make arrangements properly to identify in their records systems the business ceded to the Facility in such way as to be prepared to refund "the purportedly unfairly discriminatory or excessive portion of the premium collected" so that appropriate refunds can be made if it should become necessary to do so after the case is concluded.

For each "clean risk" policy ceded to the Reinsurance Facility that may become subject to refund of premium in this case, the ceding member company should maintain records adequate to comply with the foregoing, including but not limited to policy number, policy effective and expiration dates, name and address of the insured and data for calculation of any premium to be refunded including any interest thereon.

By way of the attached questionnaire, please confirm that your company is maintaining the records necessary to properly issue any refunds that may be required for policies ceded to the Reinsurance Facility. It should be certified by an appropriate official(s), and returned to this Office no later than **June 21, 2002**. We will accept completed forms by mail, via fax: (919) 785-1317, or emailed to etd@ncrb.org. You may also download a copy of the form in Word format from www.ncrb.org/ncrf. Thank you for your prompt attention in this matter. If you have any questions you may contact me at etd@ncrb.org or direct 919-582-1006.

Very truly yours,

Edith T. Davis

Operations Manager

Enclosure
RF-02-HO2

Facility Premium Escrow Questionnaire
June 5, 2002

This questionnaire is to be completed by the member companies of the North Carolina Reinsurance Facility. The member companies are encouraged to supplement this questionnaire with any information that may be pertinent to policies ceded to the Facility.

Member Company:

Name NCRF code

Address:

Phone Number:

Person(s) completing/reviewing the Questionnaire:

Name Signature Title

Name Signature Title

Contact person for ceded business subject to escrow:

Name Title

Phone number e-mail address

Date Completed: _____

- | | <u>Yes</u> | <u>No</u> |
|---|------------|-----------|
| 1. Has the Company implemented the voluntary rates for non-fleet private passenger automobiles and motorcycles as directed by the North Carolina Rate Bureau applicable to all new and renewal policies effective on or after April 1, 2002 as they apply to business ceded to the North Caroline Reinsurance Facility? | | |
| 2. Are appropriate records being maintained at the policy level in such a way as to be prepared to issue refunds for ceded policies if it should become necessary to do so after the case is concluded? | | |

If the answer to either of the above is "No", please explain: