



September 15, 2010

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective **October 2010**
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 2010, 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 34.2% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.6% of written premium. The claims expense allowance for designated agent business will be 14.6% 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,

Edith T. Davis,

Director, Reinsurance Facility

ETD:lad
RF-10-10

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

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
07673	21st CENTURY CENTENNIAL INS CO	21.1	07611	* INTEGON GENERAL INS CORP	a
02696	AGENT ALLIANCE INS CORP	a	09824	* LIBERTY MUTUAL INS CO	25.6
01346	AIG PREMIER INS CO	18.6	11467	MAIDEN SPECIALTY INS CO	a
07751	ALFA ALLIANCE INS CORP	a	09825	* MARYLAND CASUALTY CO	23.5
06327	ALLIANCE MUTUAL INS CO	a	09134	MERASTAR INSURANCE CO	a
07372	ALLIED PROPERTY & CASUALTY INS CO	a	05293	* METROPOLITAN PROP & CAS	a
07031	* ALLSTATE INSURANCE CO	24.3	07524	* N C FARM BUREAU MUT INS	24.2
07035	AMERICAN BANKERS INS OF FL	a	07612	NATIONWIDE INS CO OF AMERICA	a
07066	AMERICAN RELIABLE INS CO	a	06124	* NATIONWIDE MUTUAL INS	a
08007	* AMERICAN STATES INS CO	a	06142	NGM INSURANCE COMPANY	a
08188	* AMERISURE MUTUAL INS CO	25.8	02112	* OHIO CASUALTY INS CO	a
03514	AMICA MUTUAL INS CO	16.5	10511	PEAK PROP & CAS INSURANCE CORP	a
09994	ATLANTIC CASUALTY INS CO	a	02085	* PEERLESS INSURANCE CO	a
07093	* AUTO OWNERS INSURANCE CO	24.7	06098	* PENNSYLVANIA NATIONAL MUT CAS	a
11040	BUILDERS MUTUAL INSURANCE CO	a	07534	* PROGRESSIVE CAS INS CO	a
03583	* CENTRAL MUTUAL INS CO	25.7	10545	PROGRESSIVE PREMIER INS CO OF IL	a
05663	CHARTIS CASUALTY CO	25.8	10546	PROGRESSIVE UNIVERSAL INS CO	a
07838	* CINCINNATI INSURANCE CO	a	09102	QBE INS CORP	a
08944	COMPANION PROP & CAS INS	a	07960	* SAFECO INS CO OF AMER	a
07373	DEPOSITORS INSURANCE CO	a	07967	* SELECTIVE INS OF SOUTHEAST	a
27984	DISCOVERY INSURANCE CO	a	06127	* SENTRY INSURANCE A MUT CO	a
05092	ELECTRIC INSURANCE CO	15.5	07352	SOUTHERN GENERAL INS CO	a
06119	* EMPLOYERS MUTUAL CAS CO	a	07601	* SOUTHERN GUARANTY INS CO	a
05967	ENCOMPASS INDEMNITY CO	25.0	07494	SOUTHERN INSURANCE CO OF VA	a
09073	* ERIE INSURANCE COMPANY	25.6	07633	STATE AUTO PROP & CAS INS	27.0
07979	* FARMERS INSURANCE EXCHANGE	a	07667	STATE FARM MUT AUTO INS	23.6
04287	* FEDERAL INSURANCE CO	a	10394	STATE NATIONAL INS CO	a
09812	* FIREMAN'S FUND INS CO	a	11371	THE MEMBERS INSURANCE CO	a
04729	FIREMEN'S INS OF WASHINGTON DC	a	06460	* TITAN INDEMNITY COMPANY	26.3
07275	* FOREMOST INS CO	a	02034	* TRAVELERS INDEMNITY	a
07159	GEICO INDEMNITY COMPANY	26.0	06550	TRUCK INSURANCE EXCHANGE	a
07307	* GOVERNMENT EMPLOYEES INS	16.9	05163	UNITRIN AUTO & HOME INS CO	25.9
09813	GRAIN DEALERS MUTUAL INS	a	07202	UNITRIN SAFEGUARD INS CO	22.3
27778	GREENVILLE CASUALTY INS CO	a	05394	UNIVERSAL INSURANCE CO	a
09818	* HANOVER INS CO	a	03542	* USAA CASUALTY INS CO	9.0
07345	* HARLEYSVILLE MUTUAL INS CO	a	05899	* UTICA MUTUAL INSURANCE CO	a
01238	* HARTFORD CASUALTY INS CO	a	09041	WILSHIRE INSURANCE COMPANY	a
07610	* HORACE MANN INS CO	21.6			

NOTES: a: Allowance of 27.2% of written premiums
*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 11.6% of written premiums.

The ceding expense allowance for designated agent business is 34.2% of written premium.

The claims expense allowance for designated agent business is 14.6% of written premiums plus 50% of outside legal expenses paid.

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