



September 1, 2011

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

Re: Expense Allowances Effective **October 2011**  
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 2011, 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 33.6% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.9% of written premium. The claims expense allowance for designated agent business will be 14.9% 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](mailto:web@ncrb.org).

Sincerely,

Edith T. Davis,

Director, Reinsurance Facility

ETD:dms  
RF-11-8

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-11**

<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	8.1%	09824 *	LIBERTY MUTUAL INS CO	a
02696	AGENT ALLIANCE INS CORP	a	09134	MERASTAR INSURANCE CO	a
07751	ALFA ALLIANCE INS CORP	a	05293 *	METROPOLITAN PROP & CAS INS CO	a
07372	ALLIED PROPERTY & CASUALTY INS CO	a	07524 *	N C FARM BUREAU MUT INS	25.8%
07031 *	ALLSTATE INSURANCE CO	25.0%	07612	NATIONWIDE INS CO OF AMERICA	25.8%
07035	AMERICAN BANKERS INS OF FL	a	06124 *	NATIONWIDE MUTUAL INS	a
07066	AMERICAN RELIABLE INS CO	a	06142	NGM INSURANCE COMPANY	a
08007 *	AMERICAN STATES INS CO	25.8%	02112 *	OHIO CASUALTY INS CO	a
03514	AMICA MUTUAL INS CO	16.4%	10511	PEAK PROP & CAS INSURANCE CORP	a
09994	ATLANTIC CASUALTY INS CO	a	02085 *	PEERLESS INSURANCE CO	a
07093 *	AUTO OWNERS INSURANCE CO	26.4%	06098 *	PENNSYLVANIA NATIONAL MUT CAS	a
03583 *	CENTRAL MUTUAL INS CO	a	07534 *	PROGRESSIVE CAS INS CO	a
07838 *	CINCINNATI INSURANCE CO	a	10545	PROGRESSIVE PREMIER INS CO OF IL	a
08944	COMPANION PROP & CAS INS	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
07373	DEPOSITORS INSURANCE CO	3.3%	09102	QBE INS CORP	a
27984	DISCOVERY INSURANCE CO	a	07960 *	SAFECO INS CO OF AMER	a
05092	ELECTRIC INSURANCE CO	16.3%	07967 *	SELECTIVE INS OF SOUTHEAST	a
06119 *	EMPLOYERS MUTUAL CAS CO	a	07352	SOUTHERN GENERAL INS CO	a
05967	ENCOMPASS INDEMNITY CO	25.8%	07601 *	SOUTHERN GUARANTY INS CO	18.7%
09073 *	ERIE INSURANCE COMPANY	24.2%	07494	SOUTHERN INSURANCE CO OF VA	25.8%
04287 *	FEDERAL INSURANCE CO	a	07633	STATE AUTO PROP & CAS INS	a
09812 *	FIREMAN'S FUND INS CO	a	07667	STATE FARM MUT AUTO INS	24.5%
07275 *	FOREMOST INS CO	a	10394	STATE NATIONAL INS CO	a
07159	GEICO INDEMNITY COMPANY	22.2%	11371	THE MEMBERS INSURANCE CO	a
07307 *	GOVERNMENT EMPLOYEES INS	20.8%	06460 *	TITAN INDEMNITY COMPANY	a
09813	GRAIN DEALERS MUTUAL INS	a	02034 *	TRAVELERS INDEMNITY CO	a
27778	GREENVILLE CASUALTY INS CO	a	05163	UNITRIN AUTO & HOME INS CO	26.2%
09818 *	HANOVER INS CO	a	07202	UNITRIN SAFEGUARD INS CO	21.6%
07345 *	HARLEYSVILLE MUTUAL INS CO	a	05394	UNIVERSAL INSURANCE CO	a
01238 *	HARTFORD CASUALTY INS CO	a	03542 *	USAA CASUALTY INS CO	8.9%
07610 *	HORACE MANN INS CO	22.7%	05899 *	UTICA MUTUAL INSURANCE CO	a
07611 *	INTEGON GENERAL INS CORP	25.5%	09041	WILSHIRE INSURANCE COMPANY	a
			02038 *	ZURICH AMERICAN INS CO	21.9%

NOTES: a: Allowance of 26.6% of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 11.9% of written premiums.

The ceding expense allowance for designated agent business is 33.6% of written premium.

The claims expense allowance for designated agent business is 14.9% of written premiums plus 50% of outside legal expenses paid.

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