

NORTH CAROLINA RATE BUREAU

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January 28, 2002

CIRCULAR LETTER TO ALL MEMBER COMPANIES (Home Offices Only)

Re: Call for 2001 North Carolina Automobile and Motorcycle Expense Experience

Attached hereto are copies of forms for the collection of (1) 2001 North Carolina Automobile and Motorcycle Expense Experience; and (2) data related to the rate cases settlement announced by the Rate Bureau's Circular Letter to All Member Companies A-00-3 dated March 15, 2000.

The data reported by our member companies pursuant to these Calls are to be reported on enclosed Forms E-1, E-1R, E-2 and M-1. Data reported on Forms E-1 and M-1 will be consolidated and utilized by the Rate Bureau in preparing rate filings for liability and physical damage insurance for non-fleet private passenger automobiles and motorcycles. Data reported under Forms E-1, E-2 and M-1 will be consolidated and utilized by the North Carolina Reinsurance Facility (1) in determining ceding and claims expense allowances for all member companies; and (2) in preparing filings for liability insurance rates for risks (other than clean risks) ceded to the Reinsurance Facility.

With respect to motorcycle insurance, please note that the physical damage portion of the form has been removed from the M-1. Motorcycle physical damage has been removed from the jurisdiction of the Rate Bureau.

Data reported on Form E-1R are being collected to enable the Rate Bureau to reconcile reported data, to the extent possible, with Page 15 of a company's Annual Statement and to comply with the consent order signed in connection with the rate cases settlement on March 9, 2000. That consent order included the following provision:

Neither the premiums refunded, interest paid nor the expenses incurred in connection with issuing refunds pursuant to these procedures are to be included as expenses in responses to the Annual Call for Automobile Expense Experience issued by the Rate Bureau. However, separate entries shall be included on the Annual Call for Automobile Expense Experience to report the amount of premium refunded, interest paid and the expenses incurred in issuing refunds.

Company personnel responsible for completing the attached forms should be aware of the above provision in order to ensure compliance with this provision.

The Rate Bureau is aware that the vast majority of activity in connection with the premium refunds referenced herein occurred in the year 2000 and that the experience related to refunds during the year 2000 (premiums refunded, interest paid and expenses incurred in connection with issuing refunds) was

reported in response to the Calls for 2000 North Carolina Automobile Expense Experience. Only experience related to refunds occurring during the year 2001 should be reported on the enclosed Form E-1R. If a company had no premiums refunded, interest paid or expenses incurred in connection with issuing refunds in the year 2001, Form E-1R should be noted "None" accordingly and returned to this Bureau.

Effective January 1, 1998, the National Association of Insurance Commissioners (NAIC) made changes in how loss adjustment expenses on various items were recorded and displayed in the Annual Statement. The Rate Bureau needs to be able to compare the loss adjustment expense data for 2001 submitted to the statistical agents under the applicable statistical plan to the defense and cost containment data being submitted to the Rate Bureau pursuant to this Call for 2001 Automobile Expense Experience. In that regard, please note that Forms E-1 and E-2 include line 4.c for you to report allocated loss adjustment expenses as reported to your statistical agent for liability coverages.

Instructions for the completion of the attached forms are included herewith. Please be sure that the enclosed Affidavits are completed and returned with the appropriate expense experience report forms. The reports are required to be submitted by or on behalf of each company licensed to write automobile insurance in North Carolina. If a company is required to file but has no 2000 premiums, losses or expenses in the State, the appropriate reporting form should be noted "None" accordingly and returned to this Bureau.

It is essential that these reports be submitted as soon as possible and in no event later than April 1, 2002. Your cooperation in supplying the requested data, accompanied by the completed Affidavits, will be greatly appreciated.

Very truly yours,

Ellen S. Holloway

Statistical Data Technician

ESH:dp

Enclosures

A-02-HO1

INSTRUCTIONS CONT'D

INSTRUCTIONS

Premiums, losses and expenses must be reported only as to direct voluntary and Reinsurance Facility business, excluding all transactions related to or booked as ceded or assumed reinsurance business.

In completing Forms E-1 and E-1R, please report in accordance with the following:

FORM E-1:

Please note that the premiums refunded, interest paid and expenses incurred in connection with issuing refunds pursuant to the rate cases settlement announced by the Rate Bureau's Circular Letter to All Member Companies A-00-3 dated March 15, 2000 (the "rate cases settlement") are not to be included in the data reported on Form E-1.

Items

- 1 Direct Written Premiums--Report amount of direct written premiums before any adjustment for premiums refunded pursuant to the rate cases settlement.

For "Automobile Liability Coverages," the amount reported for this item less the amount reported under the corresponding item on Form E-1R must agree with the total of direct premiums written shown on line 19.1 (private passenger auto no-fault) and line 19.2 (other private passenger auto liability) on Page 15 of the Annual Statement for North Carolina. If the amount reported for this item does not include the premiums for automobile medical payments, uninsured motorists, underinsured motorists and automobile death and disability, report on a separate page which premiums are not included, the amounts of such premiums and the line on Page 15 of the Annual Statement for North Carolina where they are reported. Reinsurance Facility recoupments/allocations are not premiums and should not be included.

For "Automobile Physical Damage Coverages," the amount reported for this item less the amount reported under the corresponding item on Form E-1R must agree with the total of direct premiums written shown on line 21.1 (private passenger auto physical damage) on Page 15 of the Annual Statement for North Carolina.

- 2 Direct Earned Premiums--Report amount of direct earned premiums before any adjustment for premiums refunded pursuant to the rate cases settlement.

For "Automobile Liability Coverages," the amount reported for this item less the amount reported under the corresponding item on Form E-1R must agree with the total of direct premiums earned shown on line 19.1 (private passenger auto no-fault) and line 19.2 (other private passenger auto liability) on Page 15 of the Annual Statement for North Carolina. If the amount reported for this item does not include the premiums for automobile medical payments, uninsured motorists, underinsured motorists and automobile death and disability, report on a separate page which premiums are not included, the amounts of such premiums and the line on Page 15 of the Annual Statement for North Carolina where they are reported. Reinsurance Facility recoupments/allocations are not premiums and should not be included.

For "Automobile Physical Damage Coverages," the amount reported for this item less the amount reported under the corresponding item on Form E-1R must agree with the total of direct premiums earned shown on line 21.1 (private passenger auto physical damage) on Page 15 of the Annual Statement for North Carolina.

- 3 Direct Losses Incurred--For "Automobile Liability Coverages," the amount reported for this item must agree with the total of direct losses incurred shown on line 19.1 (private passenger auto no-fault) and line 19.2 (other private passenger auto liability) on Page 15 of the Annual Statement for North Carolina. If the amount reported for this item does not include the losses for automobile medical payments, uninsured motorists, underinsured motorists and automobile death and disability, report on a separate page which losses are not included, the amounts of such losses and the line on Page 15 of the Annual Statement for North Carolina where they are reported.

INSTRUCTIONS CONT'D

For "Automobile Physical Damage Coverages," the amount reported for this item must agree with the total of direct losses incurred shown on line 21.1 (private passenger auto physical damage) on Page 15 of the Annual Statement for North Carolina.

- 4 Direct Loss Adjustment Expenses Incurred
- a. Defense & Cost Containment--The amount reported for this item must agree with the total of direct defense & cost containment expenses incurred shown on Page 15 of the Annual Statement for North Carolina. If actual North Carolina data are not available, please explain the basis of allocation on a separate page.
 - b. Adjusting & Other Expense Payments--If actual North Carolina data are available, enter amount. If actual North Carolina data are not available, determine by appropriate allocation and explain the basis of allocation on a separate page.
 - c. Allocated--Report the amount reported to your statistical agent in accordance with the statistical plan.
- 5 Direct Commissions and Brokerage--Report commission and brokerage expenses incurred on North Carolina direct automobile liability business before any credit for commission and brokerage recovered as a result of premiums refunded pursuant to the rate cases settlement. The amount reported less the amount reported under corresponding item on Form E-1R must agree with total amount of direct commission and brokerage shown on Page 15 of the Annual Statement for North Carolina. Do not include agent compensation or commission on Reinsurance Facility recoupments/allocation.
- 6 Direct Other Acquisition, Field Supervision and Collection Expenses Incurred--Report these expenses separately for Branch Office and Home Office. Do not include amounts reported under corresponding items on Form E-1R.
- a. Branch Office--State's Share--Report actual expenses if you maintain an office within North Carolina that processed only this State's business; allocation by line of business must be made in accordance with Regulation 30. If you maintain a regional branch office in North Carolina or any other state that processed North Carolina business along with business of other states, use the actual branch office expenses and determine the North Carolina portion.
 - b. Home Office--State's Share--Determine by appropriate allocation. Please explain the basis of allocation on a separate page.
- 7 General Expenses Incurred--Report actual North Carolina data if available. If actual North Carolina data are not available, report that portion of the countrywide general expenses incurred corresponding to the ratio of the direct earned premium in the State to the total countrywide direct earned premium. Include expenses for payroll audit, inspection, boards and bureaus. Do not include North Carolina Insurance Guaranty Association assessments and North Carolina Reinsurance Facility assessments which are subject to recoupment/allocation. Do not include amounts reported under corresponding item on Form E-1R.
- 8 Taxes, Licenses and Fees Incurred--Report amount of taxes, licenses and fees incurred before any credit as a result of premiums refunded pursuant to the rate cases settlement. The amount reported less amount reported under corresponding item on Form E-1R must agree with total amount of taxes, licenses and fees shown on Page 15 of the Annual Statement for North Carolina.

INSTRUCTIONS CONT'D

Note: Only the premiums refunded, interest paid and expenses incurred in connection with issuing refunds pursuant to the rate cases settlement announced by the Rate Bureau's Circular Letter to All Member Companies A-00-3 dated March 15, 2000 (the "rate cases settlement") are to be reported on Form E-1R. Do not include any amounts on Form E-1R that are reported on Form E-1.

Items

- 1 Direct Written Premiums Refunded--Report the amount of direct written premiums refunded pursuant to the rate cases settlement. The amount reported for the corresponding item on Form E-1 less the amount reported for this item must agree with the total of direct premiums written shown on line 19.1 (private passenger auto no-fault) and line 19.2 (other private passenger auto liability) on Page 15 of the Annual Statement for North Carolina. The sum of the amounts reported by coverage should equal the total premiums actually refunded; if it does not, please explain on a separate page.
- 2 Direct Earned Premiums Refunded--Report the amount of direct earned premiums refunded pursuant to the rate cases settlement. Please explain on a separate page if this amount differs from the amount of direct written premiums refunded. The amount reported for the corresponding item on Form E-1 less the amount reported for this item must agree with the total of direct premiums earned shown on line 19.1 (private passenger auto no-fault) and line 19.2 (other private passenger auto liability) on Page 15 of the Annual Statement for North Carolina. The sum of the amounts reported by coverage should equal the total premiums actually refunded; if it does not, please explain on a separate page.
- 5 Direct Commissions and Brokerage Credited or Recovered as a Result of Premium Refunds--Report as a positive number the amount of commissions and brokerage credited or recovered as a result of any premium refunds. The amount reported for the corresponding item on Form E-1 less the amount reported for this item must agree with the total amount of direct commission and brokerage shown on Page 15 of the Annual Statement for North Carolina.
- 6 Direct Other Acquisition, Field Supervision and Collection Expenses Incurred as a Result of Premium Refunds--Report any such expenses separately for Branch Office and Home Office.
- 7 Direct General Expenses Incurred as a Result of Premium Refunds
 - a. Interest Paid--Report amount of interest paid as a result of premium refunds.
 - b. Other General Expenses--Report all other general expenses incurred as a result of premium refunds.
- 8 Direct Taxes, Licenses, Fees Credited or Recovered as a Result of Premium Refunds--Report **as a positive number** the credit you received for taxes, licenses and fees as a result of premium refunds. The amount reported for the corresponding item on Form E-1 less the amount reported for this item must agree with the total of direct taxes, licenses and fees shown on Page 15 of the Annual Statement for North Carolina.

NORTH CAROLINA RATE BUREAU
NORTH CAROLINA REINSURANCE FACILITY

Form E-1

Return to:
North Carolina Rate Bureau
P. O. Box 176010
Raleigh, North Carolina 27619-6010

THIS REPORT DUE APRIL 1, 2002

Call for Calendar Year 2001
North Carolina Non-Fleet Private
Passenger Automobile Expenses

| DO NOT INCLUDE ON THIS FORM ANY PREMIUM REFUNDED, INTEREST PAID OR EXPENSES INCURRED IN CONNECTION WITH ISSUING REFUNDS PURSUANT TO THE RATE CASES SETTLEMENT. ITEMS | NON-FLEET PRIVATE PASSENGER AUTOMOBILE -- CALENDAR YEAR 2001 | | | |
|---|--|-----------------|--------------------------------------|-----------------------|
| | Automobile Liability Coverages | | Automobile Physical Damage Coverages | |
| | Bodily Injury | Property Damage | Standard Rates* | Non-Standard Rates** |
| | Amount (a) | Amount (a) | Amount (a) | Amount (a) |
| 1. Direct Written Premiums (b) | \$ | \$ | \$ | \$ |
| 2. Direct Earned Premiums (b) | | | | |
| 3. Direct Losses Incurred (c) | | | | |
| 4. Direct Loss Adjustment Expenses Incurred: | | | | |
| a. Defense & Cost Containment (c) | | | | |
| b. Adjusting & Other Expense Payments (d) | | | | |
| c. Allocated (as reported to statistical agent) | | | XXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXX |
| 5. Direct Commissions and Brokerage (b) | | | | |
| 6. Direct Other Acquisition, Field Supervision and Collection Expenses Incurred: | | | | |
| a. Branch Office--State's Share (d) | | | | |
| b. Home Office--State's Share (d) | | | | |
| 7. Direct General Expenses Incurred | | | | |
| 8. Direct Taxes, Licenses, Fees Incurred (b) | | | | |

* Business written at or below NCRB rates.

** Rates developed on a consent-to-rate basis.

(a) Report dollar amounts only -- no cents.

(b) Total of this Item less corresponding item shown on

Form E-1R must agree with Page 15 of the Annual Statement.

(c) Must agree with Page 15 of the Annual Statement.

(d) Explain basis of allocation on separate page if
actual North Carolina data not available.

Statistical agent used for reporting experience:

ISO NAI NISS

Company or Group: _____ (If "Group", please provide a list of the companies included.)

Completed by: _____ Title: _____ Date: _____

(Please Print or Type)

Telephone Number _____ FAX Number _____ E-Mail Address _____

NORTH CAROLINA RATE BUREAU
 NORTH CAROLINA REINSURANCE FACILITY

Form E-1R

Return to:
 North Carolina Rate Bureau
 P. O. Box 176010
 Raleigh, North Carolina 27619-6010

THIS REPORT DUE APRIL 1, 2002

Call for Calendar Year 2001
 North Carolina Non-Fleet Private
 Passenger Automobile, Refund Premiums,
 Interest and Expenses

| ITEMS | NON-FLEET PRIVATE PASSENGER AUTOMOBILE CALENDAR YEAR 2001 | |
|---|--|--------------------------------------|
| | Automobile Liability Coverages | Automobile Physical Damage Coverages |
| | Standard Rates* | |
| | Amount (a) | Amount (a) |
| 1. Direct Written Premiums Refunded (b) | \$ | \$ |
| 2. Direct Earned Premiums Refunded (b) | | |
| 3. Direct Losses Incurred | XXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXXXX |
| 4. Direct Loss Adjustment Exp. Incurred: | | |
| a. Defense and Cost Containment (c) | XXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXXXX |
| b. Adjusting & Other Expense Payments (d) | XXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXXXX |
| c. Allocated (As Reported to Statistical Agent) | XXXXXXXXXXXXXXXXXXXXXXX | XXXXXXXXXXXXXXXXXXXXXXX |
| 5. Direct Commissions Credited or Recovered as a Result of Premium Refunds: (b) | | |
| 6. Direct Other Acquisition, Field Supervision and Collection Expenses Incurred as a Result of Premium Refunds: | | |
| a. Branch Office--State's Share | | |
| b. Home Office--State's Share | | |
| 7. Direct General Expenses Incurred as a Result of Premium Refunds: | | |
| a. Interest Paid | | |
| b. Other | | |
| 8. Direct Taxes, Licenses, Fees Credited or Recovered as a Result of Premium Refunds | | |

* Business written at or below NCRB rates.
 (a) Report dollar amounts only--no cents.
 (b) Total of corresponding item shown on Form E-1 less this amount must agree with Page 15 of the Annual Statements.

Statistical Agent Used For Reporting Experience:
 ISO NAI NISS

Company or Group: _____ (If "Group", please provide a list of the companies included)
 Completed by: _____ Title _____ Date _____
 Telephone Number _____ (Please print or type) FAX Number _____

NORTH CAROLINA RATE BUREAU
NORTH CAROLINA REINSURANCE FACILITY

THIS REPORT DUE APRIL 1, 2002

COMPANY

(If "Group", please provide a list of companies included.)

Return to:

North Carolina Rate Bureau
P. O. Box 176010
Raleigh, North Carolina 27619-6010

Call for Calendar Year 2001
North Carolina Other Than Non-Fleet
Private Passenger Automobile Expenses

| ITEMS | OTHER THAN NON-FLEET PRIVATE PASSENGER AUTOMOBILE Calendar Year 2001 | |
|---|--|-----------------|
| | Automobile Liability Coverages | |
| | Bodily Injury | Property Damage |
| | Amount (a) | Amount (a) |
| 1. Direct Written Premiums (b) | \$ | \$ |
| 2. Direct Earned Premiums (b) | | |
| 3. Direct Losses Incurred (b) | | |
| 4. Direct Loss Adjustment Expenses Incurred: | | |
| a. Defense & Cost Containment (b) | | |
| b. Adjusting & Other Expense Payments (c) | | |
| c. Allocated (as reported to statistical agent) | | |
| 5. Direct Commissions and Brokerage (b) | | |
| 6. Direct Other Acquisition, Field Supervision & Collection Expenses Incurred: | | |
| a. Branch Office-State's Share (c) | | |
| b. Home Office-States Share (c) | | |
| 7. Direct General Expenses Incurred | | |
| 8. Direct Taxes, Licenses & Fees Incurred (b) | | |

- (a) Report dollar amounts only -- no cents.
- (b) Must agree with Page 15 of the Annual Statement. If not, please explain.
- (c) Explain basis of allocation on separate page if actual North Carolina data not available.

Statistical Agent Used For Reporting Experience:

ISO NAII NISS

Completed by: _____ Title: _____ Date: _____
(Please Print or Type)

Telephone Number _____ FAX Number _____ E-Mail Address _____

INSTRUCTIONS

Premiums, losses and expenses must be reported only as to direct business, excluding all transactions related to or booked as ceded or assumed reinsurance business.

In completing Form E-2 please report in accordance with the following:

Form E-2:

| <u>Items</u> | <u>Comments</u> |
|--------------|--|
| 1 | <u>Direct Written Premiums</u> --As to "Automobile Liability Coverages", must agree with the total of direct premiums written shown on lines 19.3 (commercial auto no-fault) and 19.4 (other commercial auto liability) on Page 15 of the Annual Statement for North Carolina. Reported Direct Written Premiums must include Automobile Medical Payments, Uninsured Motorists, Underinsured Motorists and Automobile Death and Disability premiums even though such premiums are shown on a separate line on Page 15 of the Annual Statement for North Carolina. Reinsurance Facility recoupments/allocations are not premiums and should not be included. |
| 2 | <u>Direct Earned Premiums</u> --As to "Automobile Liability Coverages", must agree with total of direct premiums earned shown on lines 19.3 (commercial auto no-fault) and 19.4 (other commercial auto liability) on Page 15 of the Annual Statement for North Carolina. Reported Direct Earned Premiums must include Automobile Medical Payments, Uninsured Motorists, Underinsured Motorists, and Automobile Death and Disability premiums even though such premiums are shown on a separate line on Page 15 of the Annual Statement for North Carolina. Reinsurance Facility recoupments/allocations are not premiums and should not be included. |
| 3 | <u>Direct Losses Incurred</u> --As to "Automobile Liability Coverages", must agree with total of direct losses incurred shown on line 19.3 (commercial auto no-fault) and 19.4 (other commercial auto liability) on Page 15 of the Annual Statement for North Carolina. Reported Direct Losses Incurred must include Automobile Medical Payments, Uninsured Motorists, Underinsured Motorists, and Automobile Death and Disability losses even though such losses are shown on a separate line on Page 15 of the Annual Statement for North Carolina. |
| 4 | <u>Direct Loss Adjustment Expenses Incurred</u> <ol style="list-style-type: none">a. <u>Defense & Cost Containment</u>--Must agree with total of direct defense & cost containment expenses incurred shown on Page 15 of the Annual Statement for North Carolina. If actual North Carolina data are not available, please explain the basis of allocation on a separate page.b. <u>Adjusting & Other Expense Payments</u>--If actual North Carolina data are available, enter amount. If actual North Carolina data are not available, determine by appropriate allocation explaining the basis of allocation below.c. <u>Allocated</u>--As reported to Statistical Agent in accordance with the statistical plan. |
| 5 | <u>Direct Commissions and Brokerage</u> --Show actual amounts of commission and brokerage expenses incurred on North Carolina direct automobile liability business reflecting North Carolina's commission and brokerage rates and distribution by type of risk, subject to the rules in Regulation 30. Do not include agent compensation or commission on Reinsurance Facility recoupments/allocations. Must agree with total of commission and brokerage shown on Page 15 of the Annual Statement for North Carolina. |
| 6 | <u>Direct Other Acquisition, Field Supervision and Collection Expenses Incurred</u> --Show separately for Branch Office and Home Office. <ol style="list-style-type: none">a. <u>Branch Office--State's Share</u>--Show actual expenses if you maintain an office within North Carolina that processed only this State's business; allocation by line of business must be made in accordance with Regulation 30. If you maintain a regional branch office in North Carolina or any other state that processed North Carolina business along with business of other states, use the actual branch office expenses and determine the North Carolina portion.b. <u>Home Office--State's Share</u>--Determine by appropriate allocation. Please explain basis of allocation on a separate page. |
| 7 | <u>General Expenses Incurred</u> --If actual North Carolina data are not available, apply to the countrywide general expenses incurred the ratios of the direct earned premium in the State to the total countrywide direct earned premium. Include expenses for payroll audit, inspection, boards and bureaus. Do not include North Carolina Insurance Guaranty Association assessments and North Carolina Reinsurance Facility assessments which are subject to recoupment/allocations. |
| 8 | <u>Taxes, Licenses and Fees Incurred</u> --Must agree with total of taxes, licenses and fees shown on Page 15 of the Annual Statement for North Carolina. |

Return to:

North Carolina Rate Bureau

P. O. Box 176010

Raleigh, North Carolina 27619-6010

AFFIDAVIT

STATE OF _____)
) SS.
COUNTY OF _____)

_____, the (Insert Title)
(Insert Name of Company Official)
of the _____ being duly sworn, deposes and says
(Insert Name of Company)

that as a company official responsible for compilation of statistical data, the statistical data reported upon Forms E-1, E-1R and E-2 constituting the reporting of premium refund and expense experience of the said company under the 2002 Call for North Carolina Automobile Insurance Expense Experience for Calendar Year 2001 is a true and accurate statement of such experience of the company for the period covered, to the best of my knowledge, information and belief.

(Signature)

Subscribed and sworn to before me this

_____ day of _____, 2002

Notary Public

NORTH CAROLINA RATE BUREAU
NORTH CAROLINA REINSURANCE FACILITY

M-1

THIS REPORT DUE APRIL 1, 2002

Return to:
North Carolina Rate Bureau
P.O.Box 176010
Raleigh, North Carolina 27619-6010

Call for Calendar Year 2001
North Carolina Expense Experience -
Motorcycles and Other Similar Vehicles -
Not of The Commercial Type.

| ITEMS | LIABILITY COVERAGES |
|---|---------------------|
| | Amount (a) |
| 1. Direct Written Premiums | \$ |
| 2. Direct Earned Premiums | |
| 3. Direct Losses Incurred | |
| 4. Direct Loss Adjustment Expenses Incurred: | |
| a. Defense & Cost Containment (b) | |
| b. Adjusting & Other Expense Payments (b) | |
| 5. Direct Commissions and Brokerage (b) | |
| 6. Direct Other Acquisition, Field Supervision and Collection Expenses Incurred: | |
| a. Branch Office--State's Share (b) | |
| b. Home Office--State's Share (b) | |
| 7. Direct General Expenses Incurred | |
| 8. Direct Taxes, Licenses, Fees Incurred | |

(a) Report dollar amounts only--no cents.

(b) Explain basis of allocation on separate page if
actual North Carolina data not available.

Company or Group: _____ (If "Group", please provide a list of companies included.)

Completed by: _____ Title: _____ Date: _____
(Please Print or Type)

Telephone Number _____ FAX Number _____ E-Mail Address _____

INSTRUCTIONS

Premiums, losses and expenses must be reported only as direct voluntary and Reinsurance Facility business, excluding all transactions related to or booked as ceded or assumed reinsurance business.

In completing Form M-1, please report in accordance with the following:

Item

- 1 Direct Written Premiums--For "Liability Coverages", the amount reported must include Bodily Injury Liability, Property Damage Liability, Medical Payments, Uninsured Motorists, Underinsured Motorists, and Automobile Death and Disability for motorcycles and other similar motor vehicles -- not of the commercial type. Reinsurance Facility recoupments/allocations are not premiums and should not be included on Form M-1.
- 2 Direct Earned Premiums--For "Liability Coverages", the amount reported must include Bodily Injury Liability, Property Damage Liability, Medical Payments, Uninsured Motorists, Underinsured Motorists and Automobile Death and Disability for motorcycles and other similar motor vehicles -- not of the commercial type. Reinsurance Facility recoupments/allocations are not premiums and should not be included on Form M-1.
- 3 Direct Losses Incurred--For "Liability Coverages", the amount reported must include Bodily Injury Liability, Property Damage Liability, Medical Payments, Uninsured Motorists, Underinsured Motorists, and Automobile Death and Disability for motorcycles and other similar motor vehicles -- not of the commercial type.
- 4 Direct Loss Adjustment Expenses Incurred
 - a. Defense & Cost Containment--If actual North Carolina data are available, enter amount. If actual North Carolina data are not available, determine by appropriate allocation and explain the basis of allocation on a separate page.
 - b. Adjusting & Other Expense Payments--If actual North Carolina data are available, enter amount. If actual North Carolina data are not available, determine by appropriate allocation and explain the basis of allocation on a separate page.
- 5 Direct Commissions and Brokerage--Report actual amounts of commission and brokerage expenses incurred on North Carolina direct liability business. Do not include agent compensation or commission on Reinsurance Facility recoupments/allocations.
- 6 Direct Other Acquisition, Field Supervision and Collection Expenses Incurred--Report these expenses separately for Branch Office and Home Office.
 - a. Branch Office--State's Share--Report actual expenses if you maintain an office within North Carolina that processed only this State's business; allocation by line of business must be made in accordance with Regulation 30. If you maintained a regional branch office in North Carolina or any other state that processed North Carolina business along with business of other states, use the actual branch office expenses and determine the North Carolina portion.
 - b. Home Office--State's Share--Determine by appropriate allocation and explain the basis of allocation on a separate page.
- 7 General Expenses Incurred--Report actual North Carolina data if available. If actual North Carolina data are not available, report that portion of the countrywide general expenses incurred corresponding to the ratio of the direct earned premium in the State to the total countrywide direct earned premium. Include expenses for payroll audit, inspection, boards and bureaus. Do not include North Carolina Insurance Guaranty Association assessments and North Carolina Reinsurance Facility assessments which are subject to recoupment/allocations.
- 8 Taxes, Licenses and Fees Incurred--Report actual North Carolina data if available. If actual North Carolina data are not available, determine by appropriate allocation.

Return to:

North Carolina Rate Bureau

P. O. Box 176010

Raleigh, North Carolina 27619-6010

AFFIDAVIT

STATE OF _____)
) SS.
COUNTY OF _____)

_____, the (Insert Name of Company Official) (Insert Title)

of the _____ being duly sworn, deposes and says
(Insert Name of Company)

that I am a company official responsible for compilation of statistical data and that the statistical data reported on Form M-1 under the 2002 Call for North Carolina Automobile Insurance Expense Experience for Calendar Year 2001 are a true and accurate statement of such experience of the company for the period covered, to the best of my knowledge, information and belief.

(Signature)

Subscribed and sworn to before me this

_____ day of _____, 2002

Notary Public