

NORTH CAROLINA INSURANCE GUARANTY ASSOCIATION

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January 20, 1999

CIRCULAR LETTER TO THE ADDRESSED MEMBER MUTUAL INSURERS

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Re: Refund - Mutual Reserve Account

Pursuant to amendments to Article 48, Chapter 58, General Statutes of North Carolina, this Association, on January 1, 1993, assumed responsibility for handling workers' compensation insurance claims previously handled under the Mutual Workers' Compensation Security Fund.

At its annual meeting on October 13, 1998, the Association's Board of Directors voted to approve a refund to the Association's current mutual member insurers from the Mutual Reserve Account in the amount of \$2,500,000.

This refund is based upon the 1997 North Carolina net direct written workers' compensation insurance premiums, less dividends, for mutual insurers shown on Page 15 of the 1997 Annual Statements. The refund was developed on the basis of the following:

Refund	Premium Base	Refund Factor
\$2,500,000	\$131,648,531	.018989957

The statement attached hereto will show (1) your Company's 1997 net direct workers' compensation insurance premium writings, and (2) the amount of your Company's refund (a check for which is attached) which was calculated by applying the refund factor to the 1997 workers' compensation insurance premium writings.

Very truly yours,

John W. Watkins

Managing Secretary

JWW:lg

Enclosure

IGA-99-3