



**June 30, 2004**

**CIRCULAR LETTER TO ALL MEMBER INSURERS**

**Re: Assessments - Company Insolvencies**

During a meeting held on April 14, 2004, the Board of Directors of this Association reviewed the Association's obligations in connection with the outstanding insolvencies and voted to take the following actions:

**Assessment – Commercial Casualty Insurance Company Insolvency**

The Board of Directors voted to make an assessment of \$800,000 to cover the Association's task of discharging its obligations arising from the insolvency of Commercial Casualty Insurance Company of North Carolina. The company was declared insolvent and placed in liquidation in the state of North Carolina effective April 2, 2004.

The assessments as provided in Article 48, Chapter 58, General Statutes of North Carolina were developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Automobile*	\$400,000	\$4,386,307,034	.000091193
All Other*	400,000	\$3,178,243,602	.000125856

**\*These assessments are eligible for premium tax credits.**

The automobile and "all other" assessments are based upon the respective total 2002 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2002 North Carolina Annual Statements. The above assessments factors were determined by relating the assessment amounts to the respective total premium bases which includes the 2002 writings of all current members of this Association.

**Assessment – Credit General Insurance Company Insolvency**

The Board of Directors voted to assess member insurers in the total amount of \$850,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of Credit General Insurance Company. The Company was declared insolvent and placed in liquidation effective January 5, 2001.

The assessment as provided in Article 48, Chapter 58, General Statutes of North Carolina was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation*	\$850,000	\$910,544,318	.000933508

**\*These assessments are eligible for premium tax credits.**

The workers compensation assessment is based upon the total 2002 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2002 North Carolina Annual Statements. The above assessment factor was determined by relating the assessment amount to the total premium base which includes the 2002 writings of all current members of this Association.

**Assessment - Legion Insurance Company Insolvency**

The Board of Directors voted to assess member insurers in the total amount of \$12,200,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of Legion Insurance Company. The Company was declared insolvent and placed in liquidation in the state of North Carolina on November 1, 2002.

The assessment as provided in Article 48, Chapter 58, General Statutes of North Carolina was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation*	\$12,200,000	\$910,544,318	.013398579

**\*These assessments are eligible for premium tax credits.**

The workers compensation assessment is based upon the total 2002 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2002 North Carolina Annual Statements. The above assessment factor was determined by relating the assessment amount to the total premium base which includes the 2002 writings of all current members of this Association.

**Assessment – Villanova Insurance Company Insolvency**

The Board of Directors voted to make an assessment of \$1,100,000 to provide funds necessary to continue the Association’s task of discharging its obligations arising from the insolvency of Villanova Insurance Company. The company was declared insolvent and placed in liquidation in the state of North Carolina on November 1, 2002.

The assessment as provided in Article 48, Chapter 58, General Statutes of North Carolina was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation*	\$1,100,000	\$910,544,318	.001208069

**\*These assessments are eligible for premium tax credits.**

The workers compensation assessment is based upon the total 2002 net direct written insurance premiums, less dividends, as shown on Page 15 of the 2002 North Carolina Annual Statements. The above assessment factor was determined by relating the assessment amount to the total premium base which includes the 2002 writings of all current members of this Association.

If a statement is attached hereto, it shows (1) your Company's premiums utilized in determining the assessments; (2) the assessment amounts for each of the accounts; and (3) the net amount due this Association from your Company. Prompt remittance will be appreciated. If your remittance includes total assessments billed to more than one company in a group, we would appreciate your identifying the companies for which assessments are being paid either on the remittance check or in an accompanying memorandum.

**Please note that we have a new mailing address for your assessment remittances.**

Please make your check payable to the North Carolina Insurance Guaranty Association and remit to:

**Regular Mail:** North Carolina Insurance Guaranty Association  
P.O. Box 601046  
Charlotte, NC 28260-1046

**Overnight Mail:** Wachovia Bank  
Lockbox #601046  
1525 West Wt Harris Blvd – 2C2  
Charlotte, NC 28262

If you have any questions about any of the contents of this letter, please direct them to the attention of David Sink at 919-783-9790 extension 1012.

Sincerely,

David E. Sink, Jr.

Director, Finance & Administration

DES:sm

Enclosure

IGA-04-02