



North Carolina Insurance Guaranty Association

April 14, 1994

CIRCULAR LETTER TO ALL MEMBER INSURERS

- Re: (1) Assessment - Company Insolvency
(2) Assessment - Administrative Account
(3) Refunds - Company Insolvencies**

During meetings held on October 19, 1993 and March 10, 1994, 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 - Employers Casualty Company Insolvency

The Board of Directors voted to assess member insurers in the total amount of \$500,000 to provide necessary additional funds to continue the Association's task of discharging its obligations arising from the insolvency of Employers Casualty Company. The Company was declared insolvent on February 11, 1994 and is being liquidated.

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	\$500,000	\$651,567,568	.00767380

This assessment is based upon the total 1993 North Carolina net direct written workers' compensation insurance premiums, less dividends, as shown on Page 14 of the 1993 North Carolina Annual Statements. Each company's share of this assessment is .000767380 applied to its 1993 workers' compensation insurance premium writings.

Assessment - Administrative Account

The Board of Directors has voted further to make an additional assessment of \$75,000 to cover the administrative expenses not related to a specific insolvency. This assessment is distributed in proportion to the combined total 1993 automobile, "all other" and workers' compensation insurance premium writings as defined in the Act and each company's share of this assessment is $\$75,000 \div \$4,896,237,625$ or .000015317 applied to its combined total 1993

automobile, "all other" and workers' compensation insurance premium writings.

Refund - Iowa National Mutual Insurance Company Insolvency

The Board of Directors has voted to refund to member insurers from the two assessments for the insolvency of Iowa National Mutual Insurance Company made in October, 1985 and May, 1986 the amount of \$630,000. The refund is to be distributed among member insurers in proportion to the amount of assessments paid. The automobile refund amounts to \$398,160 and the assessments paid were \$3,507,398. Each company's share of this refund is $\$398,160 \div \$3,507,398$ or .113520051 applied to its automobile assessments paid. The "all other" assessments amount to \$2,038,707 and the "all other" refund is $\$231,840 \div \$2,038,707$ or .113719136 applied to its "all other" assessments paid.

Refund - Beacon Insurance Company Insolvency

The Board of Directors has voted to refund to member insurers from the two assessments for the insolvency of Beacon Insurance Company made in August, 1987 and March, 1989 the amount of \$400,000. The refund is to be distributed among member insurers in proportion to the amount of assessments paid. The automobile refund amounts to \$7,600 and the assessments paid were \$9,997. Each company's share of this refund is $\$7,600 \div \$9,997$ or .760228068 applied to its automobile assessments paid. The "all other" assessments amount to \$524,611 and the "all other" refund is $\$392,400 \div \$524,611$ or .747982791 applied to its "all other" assessments paid.

If a statement is attached hereto, it shows (1) your Company's premiums utilized in determining the assessments; (2) the assessment amount for each of the accounts; (3) the amount of your Company's refunds; and (4) the net amount due this Association from your Company or due your Company from this Association.

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.

Very truly yours,

John W. Watkins

Managing Secretary

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Enclosure

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