



North Carolina Insurance Guaranty Association

July 25, 1995

CIRCULAR LETTER TO ALL MEMBER INSURERS

**Re: Assessment - United Community Insurance
Company Insolvency**

The Board of Directors of this Association has voted to assess member insurers in the total amount of \$500,000, based upon 1994 North Carolina premium writings as defined in the Insurance Guaranty Association Act, Article 48, Chapter 58, General Statutes of North Carolina, to provide funds necessary to begin the Association's task of discharging its obligations arising from the insolvency of United Community Insurance Company. By Order issued by the Superior Court of Wake County, North Carolina the Company was declared insolvent and placed in liquidation in North Carolina effective May 31, 1995.

The assessments by account as provided in Article 48 are as follows:

Premium Assessment Account Assessment Base Factor

Automobile \$125,000 \$2,791,598,644 .000044777

All Other 375,000 1,865,721,966 .000200994

The automobile assessment is apportioned among member insurers on the basis of total net direct written automobile insurance premiums, less dividends, as shown on Page 14 of the 1994 North Carolina Annual Statements. The "all other" assessment is based upon the total 1994 North Carolina net direct written premiums, less dividends, for all other lines of insurance to which Article 48 applies, as shown on Page 14 of the 1994 Annual Statements. Article 48 applies to all kinds of direct insurance except life; annuities; title; surety; accident and health; credit; mortgage guaranty; ocean marine; and multi-peril crop coverages reinsured by the Federal Crop Insurance Corporation. The above assessment factors were determined by relating each assessment amount to the corresponding total premium base which includes the 1994 writings of all current members of this Association.

If a statement is attached hereto, it shows (identified by asterisk) your Company's 1994 premiums (net of dividends to policyholders) utilized in determining the assessments. Also shown is the assessment amount for each of the two accounts, computed by applying the appropriate factor as indicated above and rounding to the nearest dollar, and the total amount due this Association.

Prompt remittance of this assessment 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

JWW:lg

Enclosure

IGA-95-4