

NORTH CAROLINA INSURANCE GUARANTY ASSOCIATION

POST OFFICE BOX 176010
RALEIGH, NORTH CAROLINA 27619-6010

RAYMOND F. EVANS, JR. CPCU
Managing Secretary

5401 SIX FORKS ROAD
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONES
CLAIMS (919) 783-9813
ADMINISTRATION (919) 783-9790

FACSIMILE
(919) 783-0355

ROBERT M. NEWTON
Claims Manager

WILLIAM C. DELBRIDGE
Assistant Claims Manager

DAVID E. SINK, JR.
Accounting Manager

January 24, 2001

CIRCULAR LETTER TO ALL MEMBER INSURERS

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

During meetings held on October 10, 2000 and January 10, 2001, 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 - Administrative Account

The Board of Directors voted to make an assessment of \$200,000 to cover the administrative expenses not related to a specific insolvency. This assessment is distributed in proportion to the combined total 1999 automobile, "all other" and workers compensation insurance premium writings as defined in the Act and was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Automobile	\$111,477	\$3,846,909,733	.000028978
All Other	67,219	2,319,631,374	.000028978
Workers Compensation	21,304	735,167,356	.000028978

Assessment - Credit General Insurance Company Insolvency

The Board of Directors voted to assess member insurers in the total amount of \$2,000,000 to provide necessary additional funds 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
Automobile	\$400,000	\$3,846,909,733	.000103980
Workers Compensation	1,600,000	735,167,356	.002176375

The automobile and workers compensation assessments are based upon the respective total 1999 net direct written insurance premiums, less dividends, as shown on Page 15 of the 1999 North Carolina Annual Statements. The above assessment factors were determined by relating the assessment amount to the corresponding total premium base which includes the 1999 writings of all current members of this Association.

Refund - American Eagle Insurance Company Insolvency

The Board of Directors has voted to refund \$75,000 to member insurers from the "all other" assessment for the insolvency of American Eagle Insurance Company made in January 1999. The refund is to be distributed among member insurers in proportion to the amount of assessments paid and was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
All Other	\$75,000	\$399,298	.187829641

Refund - Interstate Casualty Insurance Company Insolvency

The Board of Directors has voted to refund \$150,000 to member insurers from the three assessments for the insolvency of Interstate Casualty Insurance Company made in April 1990, January 1991 and March 1992. The refund is to be distributed among member insurers in proportion to the amount of assessments paid. The automobile and "all other" refunds were developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Automobile	\$135,100	\$18,496,006	.007304280
All Other	14,900	2,041,002	.007300336

Refund - Premier Alliance Insurance Company Insolvency

The Board of Directors has voted to refund \$250,000 to member insurers from the "all other" assessment for the insolvency of Premier Alliance Insurance Company made in January 1995. The refund is to be distributed among member insurers in proportion to the amount of assessments paid and was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
All Other	\$250,000	\$990,270	.252456401

Refund - United Community Insurance Company Insolvency

The Board of Directors has voted to refund \$175,000 to member insurers from the two assessments for the insolvency of United Community Insurance Company made in July 1995 and February 1996. The refund is to be distributed among member insurers in proportion to the amount of assessments paid. The automobile and "all other" refunds were developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Automobile	\$26,400	\$224,846	.117413696
All Other	148,600	1,264,629	.117504818

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; (3) the amount of assessments previously paid by your Company; (4) the amount of your Company's refunds; and (5) 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. If the statement shows a net amount due your Company from the Association, included with the statement you will find the Association's check for the amount due your Company by the Association.

If you have any questions about any of the contents of this letter please call David Sink, Manager of Accounting, at extension 130.

Sincerely,

Raymond F. Evans, Jr., CPCU

RFE:lm Managing Secretary

Enclosure

IGA-01-1