

August 4, 2020

**REVISED**

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

Re: Expense Allowances effective October 2020  
Monthly Summary Report Processing

Attached is an exhibit showing the new expense allowances which will be applicable in the processing of Monthly Summary Reports and Account Activity Statements beginning with the reports for October 2020, which begins a new fiscal year for the Facility. These expense allowances were determined in accordance with Article XII of the Plan of Operation and Chapter 9 of Section 4 of the Rules of Operation of the Facility.

For each company or company group which has ceded to the North Carolina Reinsurance Facility the new ceding expense allowance for all companies (excluding designated agent business) will be **26.3%** of written premium, **unless indicated otherwise in the attached exhibit**. The claims expense allowance for all companies (excluding designated agent business) will be **13.7%** of written premium.

The ceding expense allowance for designated agent business will be **33.3%** of written premiums. The claims expense allowance for designated agent business will be **16.7%** of written premium plus 50% of outside legal expenses paid. Note that no loss adjustment expenses, allocated or unallocated, are to be included with losses reported to the Facility.

The information in this circular letter should be brought to the attention of your Company's personnel who are responsible for reconciling the monthly Account Activity Statements with the monthly premium and loss reports submitted to the North Carolina Reinsurance Facility.

Questions regarding this should be directed to Katie Lovelace at (919) 719-3041 or email [kml@ncrb.org](mailto:kml@ncrb.org).

Sincerely,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

TFC:lad

RF-20-10

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-20**

<u>NCRF Code</u>	<u>CO Name</u>	<u>Ceding Expense Allowance</u>
09823	* ACE American Insurance Company	6.8%
07031	* Allstate Insurance Company	24.5%
04886	American Millennium Insurance Company	26.0%
08007	* American States Insurance Company	23.1%
03583	* Central Mutual Insurance Company	25.8%
05092	Electric Insurance Company	20.5%
09073	* Erie Insurance Company	22.9%
09836	Esurance Insurance Company	23.6%
04287	* Federal Insurance Company	25.7%
07159	GEICO Indemnity Company	24.6%
01238	* Hartford Casualty Insurance Company	25.2%
07610	* Horace Mann Insurance Company	25.7%
11034	Kemper Independence Insurance Company	23.4%
09824	* Liberty Mutual Insurance Company	18.9%
07524	North Carolina Farm Bureau Mutual Insurance Company	22.2%
06127	* Sentry Insurance A Mutual Company	23.9%
02034	* The Travelers Indemnity Company	24.3%
02513	Triangle Insurance Company	23.6%
03542	* USAA Casualty Insurance Company	9.6%

**NOTES:** \* Includes all companies in a group  
The claims expense allowance for all companies (excluding designated agent business) is 13.7% of written premiums.  
The ceding expense allowance for designated agent business is 33.3% of written premium.  
The claims expense allowance for designated agent business is 16.7% of written premiums plus 50% of outside legal expenses paid.