

August 6, 2018

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective October 2018  
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 2018, 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.

This exhibit indicates for each company or company group which has ceded to the North Carolina Reinsurance Facility the new ceding expense allowance for other than designated agent business. The ceding expense allowance for such business for carriers not listed in the enclosed exhibit will be furnished by this Office upon request. The ceding expense allowance for designated agent business will be **33.0%** of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be **13.5%** of written premium. The claims expense allowance for designated agent business will be **16.5%** 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 Bill Benton at (919) 645-3187 or email [web@ncrb.org](mailto:web@ncrb.org).

Sincerely,

Terry F. Collins

Chief Operating Officer

North Carolina Reinsurance Facility

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RF-18-10

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-18**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
02696	AGENT ALLIANCE INS CO	a	11692	MIDVALE INDEM CO	2.5%
07372	ALLIED PROP & CAS INS CO	a	07504	NATIONWIDE GENERAL INS CO	a
07031 *	ALLSTATE INS CO	22.9%	07612	NATIONWIDE INS CO OF AMERICA	a
04886	AMERICAN MILLENNIUM INS CO	23.6%	06124 *	NATIONWIDE MUT INS CO	a
08007 *	AMERICAN STATES INS CO	21.0%	06142	NGM INS CO	a
05697	AMGUARD INS CO	a	07524 *	NORTH CAROLINA FARM BUREAU MUT	22.9%
03514	AMICA MUT INS CO	22.0%	10511	PEAK PROP & CAS INS CORPORATION	a
09994	ATLANTIC CAS INS CO	a	06098 *	PENNSYLVANIA NAT MUT CAS INS CO	a
07093 *	AUTO OWNERS INS CO	a	27676	PERMANENT GENERAL ASSURANCE	a
03583 *	CENTRAL MUT INS CO	a	10545 *	PROGRESSIVE PREMIER INS CO OF	a
27984	DISCOVERY INS CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
05092	ELECTRIC INS CO	19.4%	07960 *	SAFECO INS CO OF AMERICA	a
06119 *	EMPLOYERS MUT CAS CO	a	06127 *	SENTRY INS A MUT CO	a
09073 *	ERIE INS CO	22.2%	07352	SOUTHERN GENERAL INS CO	a
09836	ESURANCE INS CO	23.5%	07494	SOUTHERN INS CO OF VIRGINIA	a
04287 *	FEDERAL INS CO	25.2%	07633	STATE AUTOMOBILE PROP & CAS INS CO	a
07275 *	FOREMOST INS CO GRAND RAPIDS MI	a	07667	STATE FARM MUT AUTOMOBILE INS CO	a
07159	GEICO INDEMNITY CO	a	11366	STONEWOOD INS CO	a
09813	GRAIN DEALERS MUT INS CO	a	07838 *	THE CINCINNATI INS CO	a
27778	GREENVILLE CAS INS CO	a	11371	THE MEMBERS INS CO	a
09818 *	HANOVER INS CO	a	02034 *	THE TRAVELERS INDEMNITY CO	24.1%
07345 *	HARLEYSVILLE PREFERRED INS CO	a	05163	UNITRIN AUTO & HOME INS CO	a
01238 *	HARTFORD CAS INS CO	a	07202	UNITRIN SAFEGUARD INS CO	a
07610 *	HORACE MANN INS CO	24.5%	05394	UNIVERSAL INS CO	a
07611 *	INTEGON GENERAL INS CORPORATION	24.6%	03542 *	USAA CAS INS CO	8.7%
09824 *	LIBERTY MUT INS CO	19.2%	05899 *	UTICA MUT INS CO	a
05293 *	METROPOLITAN PROP & CAS INS CO	a			

NOTES: a: Allowance of 26.0% of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 13.5% of written premiums.

The ceding expense allowance for designated agent business is 33.0% of written premium.

The claims expense allowance for designated agent business is 16.5% of written premiums plus 50% of outside legal expenses paid.

For a ceding expense allowance of companies not listed above, refer to the NCRF.