



NORTH CAROLINA REINSURANCE FACILITY
5401 Six Forks Road • Raleigh NC • 27609
(919) 783-9790 • www.ncrb.org

August 18, 2004

CIRCULAR LETTER TO ALL MEMBER COMPANIES

**Re: Expense Allowances
Monthly Summary Report Processing**

On the reverse side hereof is an exhibit showing the new expense allowances which will be applicable in the processing of Monthly Summary Reports and Account Activity Statements by AIPSO beginning with the reports for October, 2004, 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 35.8% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 12.0% of written premium. The claims expense allowance for designated agent business will be 15.0% 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 people 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 Edith Davis at 919-582-1006 or etd@ncrb.org.

Sincerely,

Raymond F. Evans, Jr., CPCU

General Manager

RFE:lm
RF-04-10

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-04**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
05544	AMEX ASSURANCE CO	23.1	09824 *	LIBERTY MUTUAL INS CO	24.1
06327 *	ALLIANCE MUTUAL INS CO	18.8	01875 *	LM PROPERTY & CASUALTY INS CO	27.8
07031	ALLSTATE INSURANCE CO	23.1	06053	LUMBERMEN'S MUTUAL CAS	a
07900	ALPHA PROPERTY & CASUALTY	28.7	09825 *	MARYLAND CASUALTY CO	25.1
07035	AMERICAN BANKERS INS OF FL	a	09134	MERASTAR INSURANCE CO	26.0
02107 *	AMERICAN CASUALTY CO	26.5	05293 *	METROPOLITAN PROP & CAS	24.2
05939	AMERICAN GUARANTY INS CO	a	06142	NATIONAL GRANGE MUT INS	a
05621	AMERICAN MANUFACTURERS	16.1	06124 *	NATIONWIDE MUTUAL INS	27.0
06075	AMERICAN MOTORISTS INS CO	17.6	04332 *	NEW HAMPSHIRE INS CO	17.3
11052	AMERICAN PHYSICIANS INS CO	a	07524 *	N C FARM BUREAU MUT INS	23.4
05116	AMERICAN PROTECTION INS CO	15.5	02112 *	OHIO CASUALTY INS CO	a
07807	AMERICAN SOUTHERN INS CO	25.2	10074	OMNI INSURANCE CO	28.7
08007 *	AMERICAN STATES INS CO	a	09814 *	ONEBEACON AMERICA	a
08188 *	AMERISURE MUTUAL INS CO	18.8	01382 *	ONEBEACON INS CO	a
03514	AMICA MUTUAL INS CO	18.8	02085 *	PEERLESS INSURANCE CO	a
09994	ATLANTIC CASUALTY INS CO	a	06098 *	PENNSYLVANIA NAT MUT CAS	23.4
07093 *	AUTO OWNERS INSURANCE CO	26.8	07534 *	PROGRESSIVE CAS INS CO	28.2
02128 *	BITUMINOUS CASUALTY CORP	24.6	09102	QBE INS CO	21.9
11040	BUILDERS MUTUAL INS CO	a	07072	RESPONSE WORLDWIDE INS CO	a
03583 *	CENTRAL MUTUAL INS CO	26.9	09833 *	ROYAL INDEMNITY COMPANY	a
07838 *	CINCINNATI INSURANCE CO	27.5	07960 *	SAFECO INS CO OF AMER	22.1
08944	COMPANION PROP & CAS INS	a	09834 *	ST PAUL FIRE & MARINE INS CO	23.8
27984	DISCOVERY INSURANCE CO	28.3	07967 *	SELECTIVE INS OF SOUTHEAST	28.7
05092	ELECTRIC INSURANCE CO	15.3	06127 *	SENTRY INSURANCE A MUT CO	20.2
06119	EMPLOYERS MUTUAL CAS CO	28.0	06146 *	SHELBY INSURANCE CO	a
09073	ERIE INSURANCE COMPANY	27.6	04478 *	SOUTH CAROLINA INS CO	a
04287 *	FEDERAL INSURANCE CO	a	07352	SOUTHERN GENERAL INS CO	a
05676 *	FEDERATED MUTUAL INS CO	28.1	07601 *	SOUTHERN GUARANTY INS CO	27.6
09812 *	FIREMAN'S FUND INS CO	a	07494 *	SOUTHERN INSURANCE CO OF VA	25.0
04729	FIREMEN'S INS OF WASHINGTON DC	23.5	03566 *	STATE AUTOMOBILE MUTUAL	a
07275	FOREMOST INS CO	25.6	07633 *	STATE AUTO PROP & CAS INS	27.6
07159	GEICO INDEMNITY COMPANY	a	07667	STATE FARM MUT AUTO INS	24.7
07307 *	GOVERNMENT EMPLOYEES INS	18.4	10394	STATE NATIONAL INS CO	27.5
09813	GRAIN DEALERS MUTUAL INS	a	04797	TOKIO FIRE & MARINE INS	14.9
09816 *	GREAT AMERICAN INS CO	22.1	02034 *	TRAVELERS PROPERTY CASUALTYCO	25.5
07324 *	GUARANTY NATL (ORION AUTO)	a	07979 *	TRUCK INS EXCHANGE	a
09818 *	HANOVER INS CO	a	03542 *	UNITED SERVICES AUTO ASSOC	11.6
07345 *	HARLEYSVILLE MUTUAL INS CO	a	05163	UNITRIN AUTO & HOME INS CO	a
01238 *	HARTFORD CASUALTY INS CO	a	05394	UNIVERSAL INS CO OF NC	a
07610 *	HORACE MANN INS CO	21.8	05899 *	UTICA MUTUAL INSURANCE CO	a
09869	INS CORPORATION OF HANNOVER	a	07751	VIRGINIA MUTUAL INS CO	a
07611 *	INTEGON GENERAL INS CORP	27.5	09041 *	WILSHIRE INSURANCE CO	27.0
09050	INTERSTATE INDEMNITY CO	a	07606	WINDSOR INSURANCE CO	a

NOTES: a: Allowance of 28.8% of written premiums
 *: Includes all companies in a group
 The claims expense allowance for all companies (excluding designated agent business) is 12.0% of written premiums.
 The ceding expense allowance for designated agent business is 35.8% of written premium.
 The claims expense allowance for designated agent business is 15.0% of written premiums plus 50% of outside legal expenses paid.
 For a ceding expense allowance of companies not listed above, refer to the NCRF.