

September 19, 2008

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Expense Allowances effective **October 2008**  
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 by AIPSO beginning with the reports for October 2008, 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 35.5% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 13.8% of written premium. The claims expense allowance for designated agent business will be 16.8% 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 Valerie Pearson at (919) 582-1008 or email [vap@ncrb.org](mailto:vap@ncrb.org).

Sincerely,

Edith T. Davis,

Director, Reinsurance Facility

ETD:pag  
RF-08-9

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-08**

<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 INSURANCE CORP	a	09824	* LIBERTY MUTUAL INS CO	23.4
07673	AIG CENTENNIAL INSURANCE CO	a	09825	* MARYLAND CASUALTY CO	26.2
07751	ALFA ALLIANCE INS CORP	a	09134	MERASTAR INSURANCE CO	21.3
06327	ALLIANCE MUTUAL INS CO	a	05293	* METROPOLITAN PROP & CAS	18.0
07372	ALLIED PROPERTY & CASUALTY INS CO	a	07524	* N C FARM BUREAU MUT INS	24.2
07031	* ALLSTATE INSURANCE CO	24.1	07612	NATIONWIDE INS CO OF AMERICA	26.7
07900	ALPHA PROPERTY & CASUALTY	a	06124	* NATIONWIDE MUTUAL INS	a
07035	AMERICAN BANKERS INS OF FL	a	04332	* NEW HAMPSHIRE INS CO	22.1
05663	AMERICAN INTERNATIONAL SOUTH	a	06142	NGM INSURANCE COMPANY	a
08007	* AMERICAN STATES INS CO	19.9	02112	* OHIO CASUALTY INS CO	a
08188	* AMERISURE MUTUAL INS CO	16.5	10511	PEAK PROP & CAS INSURANCE CORP	a
03514	AMICA MUTUAL INS CO	19.4	02085	* PEERLESS INSURANCE CO	a
09994	ATLANTIC CASUALTY INS CO	a	06098	* PENNSYLVANIA NATIONAL MUT CAS	a
07093	* AUTO OWNERS INSURANCE CO	26.0	07534	* PROGRESSIVE CAS INS CO	a
11040	BUILDERS MUTUAL INSURANCE CO	a	10545	PROGRESSIVE PREMIER INS CO OF IL	28.2
03583	* CENTRAL MUTUAL INS CO	27.7	10546	PROGRESSIVE UNIVERSAL INS CO	a
07838	* CINCINNATI INSURANCE CO	a	09102	QBE INS CORP	25.5
08944	COMPANION PROP & CAS INS	a	07960	* SAFECO INS CO OF AMER	18.8
07373	DEPOSITORS INSURANCE CO	22.5	07967	* SELECTIVE INS OF SOUTHEAST	a
27984	DISCOVERY INSURANCE CO	a	06127	* SENTRY INSURANCE A MUT CO	23.0
05092	ELECTRIC INSURANCE CO	15.6	07352	SOUTHERN GENERAL INS CO	a
06119	* EMPLOYERS MUTUAL CAS CO	a	07601	* SOUTHERN GUARANTY INS CO	a
05967	ENCOMPASS INDEMNITY CO	a	07494	SOUTHERN INSURANCE CO OF VA	a
09073	* ERIE INSURANCE COMPANY	27.1	07633	STATE AUTO PROP & CAS INS	24.6
07979	* FARMERS INSURANCE EXCHANGE	a	07667	STATE FARM MUT AUTO INS	23.5
04287	* FEDERAL INSURANCE CO	a	10394	STATE NATIONAL INS CO	26.1
09812	* FIREMAN'S FUND INS CO	a	11371	THE MEMBERS INSURANCE CO	a
04729	FIREMEN'S INS OF WASHINGTON DC	27.2	06460	* TITAN INDEMNITY COMPANY	a
07275	* FOREMOST INS CO	a	02034	* TRAVELERS INDEMNITY	a
07159	GEICO INDEMNITY COMPANY	a	06550	TRUCK INSURANCE EXCHANGE	26.4
07307	* GOVERNMENT EMPLOYEES INS	27.7	05163	UNITRIN AUTO & HOME INS CO	27.7
09813	GRAIN DEALERS MUTUAL INS	a	07202	UNITRIN SAFEGUARD INS CO	a
09818	* HANOVER INS CO	25.8	05394	UNIVERSAL INSURANCE CO	a
07345	* HARLEYSVILLE MUTUAL INS CO	a	03542	* USAA CASUALTY INS CO	10.7
01238	* HARTFORD CASUALTY INS CO	a	05899	* UTICA MUTUAL INSURANCE CO	a
07610	* HORACE MANN INS CO	19.9	09041	WILSHIRE INSURANCE COMPANY	a
07611	* INTEGON GENERAL INS CORP	a			

NOTES: a: Allowance of 28.5% of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 13.8% of written premiums.

The ceding expense allowance for designated agent business is 35.5% of written premium.

The claims expense allowance for designated agent business is 16.8% of written premiums plus 50% of outside legal expenses paid.

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