

September 3, 2013

**CIRCULAR LETTER TO ALL MEMBER COMPANIES**

**Re: Expense Allowances Effective October 2013  
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 2013, 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 33.8% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.6% of written premium. The claims expense allowance for designated agent business will be 14.6% 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,

Edith T. Davis

Director, Reinsurance Facility

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RF- 13 - 7

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-13**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
07673	21st CENTURY CENTENNIAL INS CO	a	09134	MERASTAR INSURANCE CO	a
02696	AGENT ALLIANCE INS CORP	a	05293 *	METROPOLITAN PROP & CAS INS CO	25.6%
07372	ALLIED PROPERTY & CASUALTY INS CO	a	07524 *	N C FARM BUREAU MUT INS	24.6%
07031 *	ALLSTATE INSURANCE CO	24.2%	07612	NATIONWIDE INS CO OF AMERICA	a
07066	AMERICAN RELIABLE INS CO	a	06124 *	NATIONWIDE MUTUAL INS	a
08007 *	AMERICAN STATES INS CO	23.1%	06142	NGM INSURANCE COMPANY	a
03514	AMICA MUTUAL INS CO	18.7%	02112 *	OHIO CASUALTY INS CO	a
09994	ATLANTIC CASUALTY INS CO	a	10074	OMNI INSURANCE CO	a
07093 *	AUTO OWNERS INSURANCE CO	26.6%	10511	PEAK PROP & CAS INSURANCE CORP	a
03583 *	CENTRAL MUTUAL INS CO	25.0%	02085 *	PEERLESS INSURANCE CO	a
07838 *	CINCINNATI INSURANCE CO	a	06098 *	PENNSYLVANIA NATIONAL MUT CAS	a
07373	DEPOSITORS INSURANCE CO	a	07534 *	PROGRESSIVE CAS INS CO	a
27984	DISCOVERY INSURANCE CO	a	10545	PROGRESSIVE PREMIER INS CO OF IL	a
05092	ELECTRIC INSURANCE CO	20.2%	10546	PROGRESSIVE UNIVERSAL INS CO	a
06119 *	EMPLOYERS MUTUAL CAS CO	a	07960 *	SAFECO INS CO OF AMER	a
05967	ENCOMPASS INDEMNITY CO	a	07352	SOUTHERN GENERAL INS CO	a
09073 *	ERIE INSURANCE COMPANY	21.5%	07601 *	SOUTHERN GUARANTY INS CO	a
09836	ESURANCE INS CO	a	07494	SOUTHERN INSURANCE CO OF VA	a
04287 *	FEDERAL INSURANCE CO	a	04737	STARR INDEMNITY & LIABILITY CO	a
09812 *	FIREMAN'S FUND INS CO	a	07633	STATE AUTO PROP & CAS INS	a
07275 *	FOREMOST INS CO	a	07667	STATE FARM MUT AUTO INS	25.6%
07159	GEICO INDEMNITY COMPANY	25.1%	10394	STATE NATIONAL INS CO	26.6%
07307 *	GOVERNMENT EMPLOYEES INS CO	20.4%	11371	THE MEMBERS INSURANCE CO	a
09813	GRAIN DEALERS MUTUAL INS	26.0%	06460 *	TITAN INDEMNITY COMPANY	a
27778	GREENVILLE CASUALTY INS CO	a	02034 *	TRAVELERS INDEMNITY CO	a
09818 *	HANOVER INS CO	a	05163	UNITRIN AUTO & HOME INS CO	26.1%
07345 *	HARLEYSVILLE MUTUAL INS CO	a	07202	UNITRIN SAFEGUARD INS CO	23.9%
01238 *	HARTFORD CASUALTY INS CO	a	05394	UNIVERSAL INSURANCE CO	a
07610 *	HORACE MANN INS CO	24.3%	03542 *	USAA CASUALTY INS CO	8.8%
07611 *	INTEGON GENERAL INS CORP	a	05899 *	UTICA MUTUAL INSURANCE CO	a
09824 *	LIBERTY MUTUAL INS CO	a	09041	WILSHIRE INSURANCE COMPANY	a

NOTES: a: Allowance of **26.8%** of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is **11.6%** of written premiums.

The ceding expense allowance for designated agent business is **33.8%** of written premium.

The claims expense allowance for designated agent business is **14.6%** of written premiums plus 50% of outside legal expenses paid.

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