



August 6, 2015

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective October 2015
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 2015, 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 34.3% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.4% of written premium. The claims expense allowance for designated agent business will be 14.4% 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.

Sincerely,

Edith T. Davis

Chief Operating Officer

North Carolina Reinsurance Facility

ETD:lad

RF-15-8

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-15**

<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Ceding Expense Allowance</u>
7673	21ST CENTURY CENTENNIAL INS CO	26.6%	9824 *	LIBERTY MUT INS CO	22.5%
2696	AGENT ALLIANCE INS CO	a	9134	MERASTAR INS CO	a
7372	ALLIED PROP & CAS INS CO	a	5293 *	METROPOLITAN PROP & CAS INS CO	a
7031 *	ALLSTATE INS CO	23.3%	7504	NATIONWIDE GENERAL INS CO	24.4%
7066	AMERICAN RELIABLE INS CO	a	7612	NATIONWIDE INS CO OF AMERICA	a
8007 *	AMERICAN STATES INS CO	24.8%	6124 *	NATIONWIDE MUT INS CO	a
3514	AMICA MUTUAL INS CO	21.5%	6142	NGM INS CO	a
9994	ATLANTIC CAS INS CO	a	7524 *	N C FARM BUREAU MUT INS CO	24.7%
7093 *	AUTO OWNERS INS CO	a	2112 *	OHIO CAS INS CO	a
3583 *	CENTRAL MUT INS CO	26.5%	10511	PEAK PROP & CAS INS CORP	a
7838 *	CINCINNATI INS CO	a	6098 *	PENN NATIONAL MUT CAS INS CO	a
7373	DEPOSITORS INS CO	a	7534 *	PROGRESSIVE CAS INS CO	a
27984	DISCOVERY INS CO	a	10545	PROGRESSIVE PREMIER INS CO OF ILL	a
5092	ELECTRIC INS CO	20.5%	10546	PROGRESSIVE UNIVERSAL INS CO	a
6119 *	EMPLOYERS MUT CAS CO	a	7960 *	SAFECO INS CO OF AMERICA	a
5967	ENCOMPASS IND CO	a	7352	SOUTHERN GENERAL INS CO	a
9073 *	ERIE INS CO	23.1%	7601 *	SOUTHERN GUARANTY INS CO	a
9836	ESURANCE INS CO	a	7494	SOUTHERN INS CO OF VA	a
4287 *	FEDERAL INS CO	a	7633	STATE AUTO PROP & CAS INS CO	a
9812 *	FIREMANS FUND INS CO	a	7667	STATE FARM MUT AUTO INS CO	a
7275 *	FOREMOST INS CO GRAND RAPIDS MI	a	10394	STATE NATIONAL INS CO INC	a
7159	GEICO IND CO	a	11366	STONEWOOD INS CO	a
9813	GRAIN DEALERS MUT INS CO	a	11371	THE MEMBERS INS CO	a
27778	GREENVILLE CAS INS CO	a	6460 *	TITAN IND CO	a
9818 *	HANOVER INS CO	a	2034 *	TRAVELERS IND CO	27.1%
7345 *	HARLEYSVILLE PREFERRED INS CO	26.0%	5163	UNITRIN AUTO & HOME INS CO	a
1238 *	HARTFORD CAS INS CO	a	7202	UNITRIN SAFEGUARD INS CO	a
7610 *	HORACE MANN INS CO	23.6%	5394	UNIVERSAL INS CO	a
7611 *	INTEGON GENERAL INS CORP	24.9%	3542 *	USAA CAS INS CO	9.7%
9547	KNIGHTBROOK INS CO	a	5899 *	UTICA MUT INS CO	a
			9041	WILSHIRE INS CO	a

NOTES a: Allowance of 27.3% of written premiums

*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 11.4% of written premiums.

The ceding expense allowance for designated agent business is 34.3% of written premium.

The claims expense allowance for designated agent business is 14.4% of written premiums plus 50% of outside legal expenses paid.

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