



August 5, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: Expense Allowances effective October 2016
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 2016, 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 13.2% of written premium. The claims expense allowance for designated agent business will be 16.2% 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-16-13

**NORTH CAROLINA REINSURANCE FACILITY
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-16**

<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	24.1%	5293	* METROPOLITAN PROP & CAS INS CO	a
02696	AGENT ALLIANCE INS CO	a	7504	NATIONWIDE GENERAL INS CO	25.9%
07372	ALLIED PROPERTY & CASUALTY	a	7612	NATIONWIDE INS CO OF AMERICA	a
07031	* ALLSTATE INS CO	22.8%	6124	* NATIONWIDE MUT INS CO	a
07066	AMERICAN RELIABLE INS CO	a	6142	NGM INS CO	a
08007	* AMERICAN STATES INS CO	26.8%	7524	* N C FARM BUREAU MUT INS CO	23.9%
03514	AMICA MUT INS CO	21.9%	10511	PEAK PROP & CAS INS CORP	a
09994	ATLANTIC CAS INS CO	a	6098	* PENN NATIONAL MUT CAS INS CO	a
07093	* AUTO OWNERS INS CO	a	27676	PERMANENT GENERAL ASSUR CORP OF	a
03583	* CENTRAL MUT INS CO	a	7534	* PROGRESSIVE CAS INS CO	25.7%
07838	* CINCINNATI INS CO	a	10545	PROGRESSIVE PREMIER INS CO OF ILL	a
27984	DISCOVERY INS CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
05092	ELECTRIC INS CO	18.8%	7960	* SAFECO INS CO OF AMERICA	a
06119	* EMPLOYERS MUT CAS CO	a	7967	* SELECTIVE INS CO OF THE SOUTHEAST	a
09073	* ERIE INS CO	22.5%	7352	SOUTHERN GENERAL INS CO	a
09836	ESURANCE INS CO	a	7601	* SOUTHERN GUARANTY INS CO	a
04287	* FEDERAL INS CO	a	7494	SOUTHERN INS CO OF VIRGINIA	a
07275	* FOREMOST INS CO GRAND RAPIDS MI	a	7633	STATE AUTOMOBILE PROP & CAS INS	a
07159	GEICO INDEMNITY CO	a	7667	STATE FARM MUT AUTOMOBILE INS CO	a
09813	GRAIN DEALERS MUT INS CO	a	10394	STATE NATIONAL INS CO INC	a
27778	GREENVILLE CAS INS CO	a	11366	STONEWOOD INS CO	a
09818	* HANOVER INS CO	a	11371	THE MEMBERS INS CO	a
07345	* HARLEYSVILLE PREFERRED INS CO	a	6460	* TITAN INDEMNITY CO	a
01238	* HARTFORD CAS INS CO	a	2034	* TRAVELERS INDEMNITY CO	26.6%
07610	* HORACE MANN INS CO	23.5%	5163	UNITRIN AUTO & HOME INS CO	a
07611	* INTEGON GENERAL INS CORP	25.7%	7202	UNITRIN SAFEGUARD INS CO	a
09547	KNIGHTBROOK INS CO	a	5394	UNIVERSAL INS CO	a
09824	* LIBERTY MUT INS CO	21.5%	3542	* USAA CAS INS CO	9.3%
88348	LYNDON SOUTHERN INS CO	a	5899	* UTICA MUT INS CO	a
09134	MERASTAR 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 13.2% 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 16.2% of written premiums plus 50% of outside legal expenses paid.

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