

NORTH CAROLINA REINSURANCE FACILITY

POST OFFICE BOX 176010
RALEIGH, NORTH CAROLINA 27619-6010

RAYMOND F. EVANS, JR. CPCU
General Manager

5401 SIX FORKS ROAD
RALEIGH, NORTH CAROLINA 27609-4435

TELEPHONE (919) 783-9790
FACSIMILE (919) 783-0355

ROBERT M. GREER
Audit Manager

F. TIMOTHY LUCAS
Automobile Manager

ROBERT M. NEWTON
Claims Manager

DAVID E. SINK, JR.
Accounting Manager

August 1, 2001

CIRCULAR LETTER TO ALL MEMBER COMPANIES

PROMPT RESPONSE REQUESTED

Re: Special Meeting of Member Companies

A special meeting of member companies of the North Carolina Reinsurance Facility, pursuant to Article XVI of the Plan of Operation, will be held at 10:00 a.m. on Thursday, August 23, 2001, at the offices of the Facility, 5401 Six Forks Road, Raleigh, north Carolina.

The purpose of the meeting is to consider adoption of an amendment to Article IX as a result of the recent passage of House Bill 357. This Bill, which will become effective as law October 1, 2001, increases the amounts of liability insurance that may be ceded to the Facility in connection with obtaining excess or umbrella coverage by motor vehicle owners. A copy of the final Bill signed by the Governor is included as Attachment 1 and a copy of the proposed amendment is included as Attachment 2.

The Board of Governors has voted unanimously to recommend adoption of this amendment by the Facility's member companies. The members will be called upon to adopt or reject this amendment.

We urge that a representative of your Company attend this meeting. For those Companies that cannot be represented in person at the meeting, voting by proxy will be permitted. A proxy form is enclosed which we urge you to complete and forward to this Office as soon as possible whether or not your Company expects to be represented in person. This will help assure that a quorum will be present. If a representative of your Company is present at the meeting, the proxy will not be used.

It is suggested that our member companies consider naming as proxy the current Board of Governors member representing the appropriate group of companies as indicated below.

Alliance of American Insurers - Liberty Mutual Insurance Company
American Insurance Association - Royal Insurance Company of America
National Ass'n of Independent Insurers - Allstate Insurance Company
Non-Affiliated Stock Insurers - Great American Insurance Company
Non-Affiliated Non-Stock Insurers - Nationwide Mutual Ins. Company

Sincerely,

Raymond F. Evans, Jr., CPCU

General Manager

RFE:lm
Enclosures
RF-01-6