



December 20, 2017

CIRCULAR LETTER TO ALL MEMBER INSURERS

Re: (1) Assessments – Company Insolvencies
(2) Refunds – Company Insolvencies

During a meeting held on October 18, 2017, the Board of Directors of this Association reviewed the Association's financial position and obligations in connection with the current insolvencies and voted to take the following actions:

Assessment – CAGC Insurance Company Insolvency (Workers Compensation Account)

The Board of Directors voted to assess member insurers in the total amount of \$500,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of CAGC Insurance Company. The Company was declared insolvent and placed in liquidation effective January 17, 2014. The assessment was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation *	\$ 500,000	\$ 1,478,077,855	.0003383

*These assessments are eligible for premium tax credits.

The automobile, workers compensation and "all other" assessments are based upon the respective total 2016 net direct written insurance premiums, less dividends, as shown on Statutory Page 14 of the 2016 North Carolina Annual Statements. The assessment factors above were determined by relating the respective assessment amounts to the total premium base which includes the 2016 writings of all current members of this Association.

Assessment – Home Insurance Company Insolvency (Workers Compensation Account)

The Board of Directors voted to assess member insurers in the total amount of \$2,500,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of Home Insurance Company. The Company was declared insolvent and placed in liquidation effective June 13, 2003. The assessment was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation *	\$ 2,500,000	\$ 1,478,077,855	.0016914

*These assessments are eligible for premium tax credits.

The automobile, workers compensation and “all other” assessments are based upon the respective total 2016 net direct written insurance premiums, less dividends, as shown on Statutory Page 14 of the 2016 North Carolina Annual Statements. The assessment factors above were determined by relating the respective assessment amounts to the total premium base which includes the 2016 writings of all current members of this Association.

Assessment – Lumbermen’s Mutual Casualty Insolvency (LMG) (Workers Compensation Account)

The Board of Directors voted to assess member insurers in the total amount of \$ 2,500,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of Lumbermen’s Mutual Casualty. The Company was declared insolvent and placed in liquidation effective May 8, 2013. The assessment was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation *	\$ 2,500,000	\$ 1,478,077,855	.0016914

***These assessments are eligible for premium tax credits.**

The automobile, workers compensation and “all other” assessments are based upon the respective total 2016 net direct written insurance premiums, less dividends, as shown on Statutory Page 14 of the 2016 North Carolina Annual Statements. The assessment factors above were determined by relating the respective assessment amounts to the total premium base which includes the 2016 writings of all current members of this Association.

Assessment – Guarantee Insurance Company Insolvency (Workers Compensation Account)

The Board of Directors voted to assess member insurers in the total amount of \$ 3,000,000 to provide funds necessary to continue the Association's task of discharging its obligations arising from the insolvency of Guarantee Insurance Company. The Company was declared insolvent and placed in liquidation effective November 28, 2017. The assessment was developed on the basis of the following:

Account	Assessment	Premium Base	Assessment Factor
Workers Compensation *	\$ 3,000,000	\$ 1,478,077,855	.0020297

***These assessments are eligible for premium tax credits.**

The automobile, workers compensation and “all other” assessments are based upon the respective total 2016 net direct written insurance premiums, less dividends, as shown on Statutory Page 14 of the 2016 North Carolina Annual Statements. The assessment factors above were determined by relating the respective assessment amounts to the total premium base which includes the 2016 writings of all current members of this Association.

Refund – Casualty Reciprocal Exchange (Workers Compensation Account)

The Board of Directors has voted to refund a total of \$500,000 to current member insurers from the workers compensation account for the insolvency of Casualty Reciprocal Exchange. The refund is to be distributed among current member insurers in proportion to the total amount of prior assessments paid into the workers compensation account for the Casualty Reciprocal Exchange insolvency. The workers compensation refund was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Workers Compensation *	\$ 500,000	\$ 6,992,291	.071507321

***These refunds are subject to the premium tax credit provision.**

Refund – Freestone Insurance Company (Workers Compensation Account)

The Board of Directors has voted to refund a total of \$500,000 to current member insurers from the workers compensation account for the insolvency of Freestone Insurance Company. The refund is to be distributed among current member insurers in proportion to the total amount of prior assessments paid into the workers compensation account for the Freestone Insurance Company insolvency. The workers compensation refund was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Workers Compensation *	\$ 500,000	\$ 10,906,119	.045845823

***These refunds are subject to the premium tax credit provision.**

Refund – Park Avenue Property & Casualty Insurance Company (Workers Compensation Account)

The Board of Directors has voted to refund a total of \$ 500,000 to current member insurers from the workers compensation account for the insolvency of Park Avenue Property & Casualty Insurance Company. The refund is to be distributed among current member insurers in proportion to the total amount of prior assessments paid into the workers compensation account for the Park Avenue Property & Casualty Insurance Company insolvency. The workers compensation refund was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Workers Compensation *	\$ 500,000	\$ 4,978,140	.100439120

***These refunds are subject to the premium tax credit provision.**

Refund – ULICO Casualty Insurance Company (Workers Compensation Account)

The Board of Directors has voted to refund a total of \$500,000 to current member insurers from the workers compensation account for the insolvency of ULICO Casualty Insurance Company. The refund is to be distributed among current member insurers in proportion to the total amount of prior assessments paid into the workers compensation account for the ULICO Casualty Insurance Company insolvency. The workers compensation refund was developed on the basis of the following:

Account	Refund	Assessments Paid	Refund Factor
Workers Compensation *	\$ 500,000	\$ 4,754,659	.105160013

***These refunds are subject to the premium tax credit provision.**

If a statement is attached hereto, it shows (1) your Company's premiums utilized in determining the assessments; (2) the assessment amount for each insolvency and account; (3) the assessment amounts previously paid in determining the refunds; (4) the refund amount for each insolvency and account; and (5) the net amount due this Association or the refund due your Company (cr). If your statement reflects a refund due your Company (cr) a check is enclosed for that amount. If a net balance is due this Association prompt remittance will be appreciated. If your remittance includes total assessments billed to more than one company, we would appreciate your identifying the companies for which assessments are being paid either on the remittance check or in an accompanying memorandum.

Please make your check payable to the North Carolina Insurance Guaranty Association and remit to:

Regular Mail: North Carolina Insurance Guaranty Association
P.O. Box 601046
Charlotte, NC 28260-1046

Overnight Mail: Wells Fargo
Lockbox #601046
1525 West Wt Harris Blvd – 2C2
Charlotte, NC 28262

If you have any questions about any of the contents of this letter, please contact our Association.

Sincerely,

Edith T. Davis.

Chief Financial Officer

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Enclosure

IGA-17-6