



September 2, 2014

**CIRCULAR LETTER TO ALL MEMBER COMPANIES****Re: Expense Allowances effective October 2014  
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 2014, 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 34.6% of written premiums.

The claims expense allowance for all companies (excluding designated agent business) will be 11.9% of written premium. The claims expense allowance for designated agent business will be 14.9% 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

Chief Operating Officer  
Reinsurance Facility

ETD:lad  
RF-14-5

**NORTH CAROLINA REINSURANCE FACILITY  
EXPENSE ALLOWANCES - YEAR BEGINNING 10-01-14**

Ceding			Ceding		
<u>Code</u>	<u>Company Name</u>	<u>Expense Allowance</u>	<u>Code</u>	<u>Company Name</u>	<u>Expense Allowance</u>
7673	21ST CENTURY CENTENNIAL INS CO	26.0%	7504	NATIONWIDE GENERAL INS CO	18.0%
2696	AGENT ALLIANCE INS CO	a	7612	NATIONWIDE INS CO OF AMERICA	a
7372	ALLIED PROP & CAS INS CO	a	6124 *	NATIONWIDE MUTUAL INS CO	a
7031 *	ALLSTATE INS CO	25.2%	6142	NGM INS CO	a
7066	AMERICAN RELIABLE INS CO	a	7524 *	N C FARM BUREAU MUTUAL INS CO	24.3%
8007 *	AMERICAN STATES INS CO	24.0%	2112 *	OHIO CAS INS CO	a
3514	AMICA MUTUAL INS CO	19.9%	10074	OMNI INS CO	a
9994	ATLANTIC CAS INS CO	a	10511	PEAK PROP & CAS INS CORP	a
7093 *	AUTO OWNERS INS CO	a	2085 *	PEERLESS INS CO	a
3583 *	CENTRAL MUTUAL INS CO	26.7%	6098 *	PENNSYLVANIA NATIONAL MUT CAS INS	a
7838 *	CINCINNATI INS CO	27.4%	7534 *	PROGRESSIVE CAS INS CO	a
7373	DEPOSITORS INS CO	a	10545	PROGRESSIVE PREMIER INS CO OF ILL	a
27984	DISCOVERY INS CO	a	10546	PROGRESSIVE UNIVERSAL INS CO	a
5092	ELECTRIC INS CO	19.5%	7960 *	SAFECO INS CO OF AMERICA	a
6119 *	EMPLOYERS MUTUAL CAS CO	a	7352	SOUTHERN GENERAL INS CO	a
5967	ENCOMPASS INDEMNITY CO	a	7601 *	SOUTHERN GUARANTY INS CO	a
9073 *	ERIE INS CO	23.3%	7494	SOUTHERN INS CO OF VA	a
9836	ESURANCE INS CO	a	4737	STARR INDEMNITY & LIABILITY CO	a
4287 *	FEDERAL INS CO	a	7633	STATE AUTO PROP & CAS INS CO	a
9812 *	FIREMANS FUND INS CO	a	7667	STATE FARM MUT AUTOMOBILE INS CO	a
7275 *	FOREMOST INS CO GRAND RAPIDS MI	a	10394	STATE NATIONAL INS CO INC	a
7159	GEICO INDEMNITY CO	a	11366	STONEWOOD INS CO	a
7307 *	GOVERNMENT EMPLOYEES INS CO	18.3%	11371	THE MEMBERS INS CO	a
9813	GRAIN DEALERS MUTUAL INS CO	26.6%	6460 *	TITAN INDEMNITY CO	a
27778	GREENVILLE CAS INS CO	a	2034 *	TRAVELERS INDEMNITY CO	a
9818 *	HANOVER INS CO	a	5163	UNITRIN AUTO & HOME INS CO	27.4%
7345 *	HARLEYSVILLE PREFERRED INS CO	a	7202	UNITRIN SAFEGUARD INS CO	25.8%
1238 *	HARTFORD CAS INS CO	a	5394	UNIVERSAL INS CO	a
7610 *	HORACE MANN INS CO	25.4%	3542 *	USAA CAS INS CO	9.2%
7611 *	INTEGON GENERAL INS CORP	26.7%	5899 *	UTICA MUTUAL INS CO	a
9824 *	LIBERTY MUTUAL INS CO	21.2%	9041	WILSHIRE INS CO	a
9134	MERASTAR INS CO	a	2038 *	ZURICH AMERICAN INS CO	18.6%
5293 *	METROPOLITAN PROP & CAS INS CO	a			

NOTES a: Allowance of 27.6% of written premiums

\*: Includes all companies in a group

The claims expense allowance for all companies (excluding designated agent business) is 11.9% of written premiums.

The ceding expense allowance for designated agent business is 34.6% of written premium.

The claims expense allowance for designated agent business is 14.9% of written premiums plus 50% of outside legal expenses paid.

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