

December 1, 2011

**NORTH CAROLINA INSURANCE UNDERWRITING
ASSOCIATION - NCIUA
(Coastal Property Insurance Pool)**

**NORTH CAROLINA JOINT
UNDERWRITING ASSOCIATION - NCJUA
(FAIR Plan)**

Presented by Lee Dunn, Jr., Assistant General Manager

AGENDA

- 2011 FISCAL YEAR FINANCIAL STATUS
 - Explanation of Agent's Commission
 - NCIUA/NCJUA Commission Structure
 - Other Information

2011 FISCAL YEAR FINANCIAL STATUS

2011 FISCAL YEAR	NCJUA	NCIUA	COMBINED
PREMIUMS	\$25,589,193	\$303,724,266	\$329,313,459
PAID LOSSES INCLUDING EXPENSE *Data as of 9/30/11	\$(23,181,082)	\$(64,123,043)	\$(87,304,125)
OPERATING EXPENSE AGENT COMMISSION	\$(3,780,665)	\$(39,146,303)	\$(42,926,968)
OPERATING EXPENSE NCJUA/NCIUA OPERATIONS	\$(2,400,687)	\$(5,056,555)	\$(7,457,241)
OPERATING EXPENSE PREMIUM TAX	\$(697,226)	\$(8,459,328)	\$(9,156,555)
REINSURANCE EXPENSE	\$(12,387,488)	\$(208,817,651)	\$(221,205,139)
PREMIUM REMAINING	\$(16,857,955)	\$(21,878,614)	\$(38,736,569) ³

COMMISSION EXPENSE

- NCIUA/NCJUA
 - Commissions for both the NCIUA and NCJUA are authorized by the respective Plans of Operation as approved by each Board of Directors and the Commissioner of Insurance
 - Commissions are that portion of individual policy premiums that are paid to agents for their work in handling the consumers' insurance affairs

COMMISSION STRUCTURE NCIUA/NCJUA

Line of Business	NCIU A	NCJUA
Residential Dwelling	13%	15%
Commercial	13%	15%
Crime	10%	10%
Residential Homeowner	13%	NA

- Certified and web agents are authorized for standard commission (majority)
 - Certified but non-web agents are authorized for 8% on all lines
 - Non-certified and non-web agents are authorized for 5% on all lines
 - The average standard market commissions used to determine manual rates by the North Carolina Rate Bureau are:
 - Homeowners 14%
 - Dwelling Fire (fire portion) 15%
 - Dwelling EC (wind portion) 12.2%
- (data provided by NCRB)

COMMISSION OTHER INFORMATION

A homeowner policy in the NCIUA with an annual premium of \$2,000 would generate \$260 to the agent for handling the consumer's insurance affairs under the standard commission structure.

The Commission Operating Expense is a sum total of all written premiums based on the various commission structures for all agents on an fiscal year basis.

Any commission paid on a policy that is cancelled prior to the expiration date would have the pro-rated amount of commission returned to the Associations.

NCIUA NCJUA

END OF PRESENTATION