

## City Council – Action Request Form

**Date:** August 13, 2018

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**To:** The City Manager

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**From:** Evan Raleigh, Assistant City Manager

**Council Action Requested:**

Approve Economic Development Assistance to National General Insurance Company Pursuant to N.C.G.S 158-7.1 (North Ward)

**Strategic Focus Area:** Economic Vitality and Diversity  
**Strategic Objective:** Retain and Recruit Employers  
**Strategic Plan Action Item:** No  
**Key Work Item:** No



**Summary of Information:**

The attached resolution authorizes the City to provide up to \$335,563 in economic development assistance to National General Insurance Company. The City’s financial assistance will be used to reduce the company’s capital outlay associated with the proposed project in Winston-Salem. The company will invest approximately \$12.2 million over a five-year period in real and tangible property. The company will also create 626 new jobs across a number of functional areas with an average wage of \$55,553 plus benefits including health, dental, vision, life, disability and a 401k.

The City’s assistance is based upon an amount equal to approximately 65% of the net, new taxes generated by the project over its first five years. It is projected that the annual property tax revenues from the project will be approximately \$26,197 in years 1 through 4 and increase to \$60,398 in year 5. Tax revenues received from the company’s investments in machinery and equipment will range from \$4,057 to \$9,257 over the term of the agreement. The recommended economic development assistance to the company will average \$67,112 per year for five years.

**Committee Action:**

<b>Committee</b>	Finance 8/13/18	<b>Action</b>	Approval
<b>For</b>	Unanimous	<b>Against</b>	

**Remarks:**

The company is currently operating in the Madison Park facility in northern Winston-Salem with a total workforce of 1,245 employees. The company has reached full capacity at its current location and is considering whether to remain and grow in Winston-Salem or expand in one of the company's existing facilities in Baton Rouge, LA; Cleveland, OH or Tijuana, Mexico.

If approved, the first annual incentive payment would be made on or about July 1 following the first full year's property tax payment by the company for the new facility, machinery and equipment. Subsequent payments would be made annually thereafter on or about July 1.

National General Holdings Corp. (NGHC) is a publically-traded specialty personal lines insurance holding company headquartered in New York City. Through its subsidiaries, the company provides a variety of insurance products, including personal and commercial automobile, homeowners, umbrella, recreational vehicle, supplemental health, lender-placed and other niche insurance products. National General traces its roots to 1939 and has a financial strength rating of A-(excellent) from A.M. Best. NGHC entered 2018 with gross written premium approaching \$4.5 billion, up from roughly \$3.2 billion at the end of 2016. NGHC subsidiary, National General Insurance, formerly, the GMAC Insurance Group is a Winston-Salem, NC-based property and casualty insurance company that was founded in 1920. The company is the only insurance company in the United States to come from within the automotive industry.

The project is consistent with the City's public policy justification to stimulate the local economy through the creation of new jobs and investment. In addition to the City's assistance, financial assistance is being considered by Forsyth County and the State of North Carolina.