

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

DEPOPULATION PROGRAM

FREQUENTLY ASKED QUESTIONS

1. What are the key points for a producer to consider?

Producers should have discussions with depopulation companies regarding the following:

- Financial stability of the depopulation insurers
- How coverage forms and rates will compare with Louisiana Citizens. Note that some take out companies' policies will have coverage limitations not found in Louisiana Citizens policies.
- A key issue in handling renewals will be insurance to value – producers should evaluate any impact of ITV on renewal premiums
- Other products the depopulation insurer will provide or require
- Review of business methods of the depopulation carrier(s)
- Acceptable producer contracts and compensation
- When the depopulation insurer begins to write policies on their paper it is expected they will handle these conversions as renewals; however, this should be confirmed with the depopulation insurer

2. What are the key dates that concern the producer?

Between September 1, 2011 and November 15, 2011, the take out companies will 'request' policies on the new web portal. Effective October 1, 2011, producers can access the web portal and authorize each policy to a take out company for assumption. Producers will also have access to the portal till November 15, 2011.

3. What id and password should be used to access the Depopulation portal?

LCPIC has simplified the process for agencies to access the Depopulation portal. The Agency Portal ID and Password that is used to access the Agency portal should be used to access the Depopulation portal. From the Agency portal, select the Depopulation Portal from the Quick Links menu for easy access to the Depopulation portal. There is no need to register to obtain a separate id and password for Depopulation.

4. How does a producer authorize a policy on the web portal?

The Agency portal will exhibit all the producer's policies, and the take out companies that have requested each policy. The producer can only pick one company for each policy. If only one

company has requested a policy, the producer needs to pick the company in the appropriate field, authorizing the assumption. If no company is picked, the policy will stay with Citizens.

5. What is the difference between Round 4 and Round 5 of depopulation?

Round 4 of depopulation had an assumption date of December 1, 2010. We are now in the process of implementing Round 5 of depopulation, with an assumption date of December 1, 2011.

6. What happens if a producer does not authorize assumption of a policy?

If a producer does not approve a policy for assumption, it will remain with Citizens.

7. Will the take out company provide the same coverage as Citizens?

Coverage should generally be the same as Louisiana Citizens, but individual companies may have some limitations in coverage not found in the Citizens policies. Producers should review the take out companies' forms approved by the Louisiana Department of Insurance and make sure that coverage is appropriate for policyholders.

8. How will the take out companies' rates differ from those of Citizens?

The companies involved in the take out process have generally agreed to provide the same or better rates as Citizens. However, this may vary by company and by policy, and should be confirmed with the company. Producers should review the take out companies' rate structure as approved by the Louisiana Department of Insurance.

9. Will the producer be affected if a policy is assumed?

The current producer will remain the agent of record on all policies assumed by a depopulation company.

10. How will policy changes be handled?

Citizens will continue to maintain the policy until expiration. Citizens will also renew assumed policies until February 28, 2012. The take out company will renew the policy on their paper starting March 1, 2012.

11. How will losses be handled?

All losses on assumed policies will be handled by the take out companies from December 1, 2011. Depopulation carriers will have access to their policies from December 1, 2011. Losses occurring prior to December 1, 2011 will be handled by Citizens.

12. Will there be additional depopulations after this round?

Future depopulation rounds are planned to occur at least once every year.

13. Will the take out companies be writing policies in the voluntary market?

Several depopulation companies are writing in the voluntary market. The Louisiana Department of Insurance requirements of take out companies in the bonus program should be met within 24 months after the effective date of the assumption.

14. Will policyholders be notified?

Prior to December 1, 2011 producers and policyholders will be formally notified of the assumption by both the depopulation insurer and Louisiana Citizens.

15. Can a policyholder opt out of the assumption?

Yes, the policyholder can opt out of the assumption, till January 31, 2012. The form (Request to Continue Coverage) is available on the Citizens website.

If a policyholder opts out of the assumption and chooses to continue their coverage with Citizens, the policy will be 'unassumed' and Citizens will take the policy back effective December 1, 2011.