



Louisiana
Citizens

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Corporation

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May 1, 2007

TO: All LA Citizens FAIR and Coastal Plan Assessable Insurers and Producers

COMMERCIAL RATE LEVEL and RATING CHANGES

**The new rates will be effective June 1, 2007 for New Business and
August 1, 2007 for Renewal Business**

The Louisiana Rating Commission has approved the following changes to the property insurance rate levels for commercial properties for the LA Citizens FAIR and Coastal Plans. The approved rating changes are applicable to all new business policies effective June 1, 2007 and all renewal business policies effective August 1, 2007.

The approved revisions to the rates resulted in an overall increase of +129.6% for the FAIR Plan and +146.3% for the Coastal Plan. The increase for both plans for the entire state is +138.4%. The changes have been applied equally on all classes on all parishes and on group I and II rates respectively.

The new rates are available in the LPMS Quote System

The new rates are available for quoting on the LPMS System. To obtain a quote using the new rate, simply change the effective date to June 1, 2007 or later. The LPMS Quote screen will allow you to advance the requested effective date up to sixty days from the date the quote is generated. The LPMS quote screen will *not* allow you to back date the requested effective date.

Summary of Changes

New maximum limits

An additional rating change that has taken place is the maximum insurance limits have been expanded. On a "per location"* bases \$5 million may be written on buildings and

\$2 million on personal property. This can apply to one or multiple buildings at the same location. The “per policy” limit has *not* changed and will remain at \$10 million dollars. This is maximum that can be written.

Requests by agents to endorse *current* term policies *above* the \$2,000,000 per location limit will only be allowed at renewal, and *may* require a cancellation and rewrite of the current policy.

LA Citizens still requires a minimum of 80% coinsurance based on Actual Cash Value, and increases to existing buildings will be considered. Those buildings currently insured for \$2,000,000 will only be considered for an increase at renewal and within the context of 80% of ACV. See the attached explanatory memo for details.

*Location is defined as the entire area within a described premises or site bounded by public thoroughfares or open waterways

New minimum required deductibles

Some deductible factors changes have also been approved. The minimum deductible on FAIR plan policies will be either \$500 or \$1,000 for All Perils not including wind and hail, depending on the coverage amount, and a 2% minimum wind and hail deductible. The Coastal Plan deductible minimums are increased to \$2,500 or \$5,000 for All Perils not including wind and hail, depending on the coverage amount and a mandatory 5% wind and hail deductible. See the explanatory memo for limit details.

New higher deductible options

Lastly, rating factors were approved for deductible factors up to \$500,000. Requests for endorsements to current policies will only be honored at renewal. See the explanatory memo for limit details.

Please keep in mind that coverage is bound by LA Citizens upon receipt of a properly completed application and payment of the required amount due. Effective dates are determined based upon receipt or USPS post mark cancellation date. Coverage will be bound at 12:01 A.M. on the date following receipt or postmark cancellation. Accordingly, properly completed application packages received or postmarked May 30, 2007 will be bound May 31, 2007 using the old rates unless a later effective date is requested. Properly completed application packages received or postmarked May 31, 2007 or later will be bound using the new rates.

EXPLANATORY MEMORANDUM

Summary Exhibit - PROPOSED RATE CHANGES BY PARISH

| PARISH | FAIR | | COASTAL | |
|------------------|---------|----------|---------|----------|
| | Group I | Group II | Group I | Group II |
| Acadia | 129.6% | 129.6% | 146.3% | 146.3% |
| Allen | 129.6% | 129.6% | 146.3% | 146.3% |
| Ascension | 129.6% | 129.6% | 146.3% | 146.3% |
| Assumption | 129.6% | 129.6% | 146.3% | 146.3% |
| Avoyelles | 129.6% | 129.6% | 146.3% | 146.3% |
| Beauregard | 129.6% | 129.6% | 146.3% | 146.3% |
| Bienville | 129.6% | 129.6% | 146.3% | 146.3% |
| Bossier | 129.6% | 129.6% | 146.3% | 146.3% |
| Caddo | 129.6% | 129.6% | 146.3% | 146.3% |
| Calcasieu | 129.6% | 129.6% | 146.3% | 146.3% |
| Caldwell | 129.6% | 129.6% | 146.3% | 146.3% |
| Cameron | 129.6% | 129.6% | 146.3% | 146.3% |
| Catahoula | 129.6% | 129.6% | 146.3% | 146.3% |
| Claiborne | 129.6% | 129.6% | 146.3% | 146.3% |
| Concordia | 129.6% | 129.6% | 146.3% | 146.3% |
| De Soto | 129.6% | 129.6% | 146.3% | 146.3% |
| East Baton Rouge | 129.6% | 129.6% | 146.3% | 146.3% |
| East Carroll | 129.6% | 129.6% | 146.3% | 146.3% |
| East Feliciana | 129.6% | 129.6% | 146.3% | 146.3% |
| Evangeline | 129.6% | 129.6% | 146.3% | 146.3% |
| Franklin | 129.6% | 129.6% | 146.3% | 146.3% |
| Grant | 129.6% | 129.6% | 146.3% | 146.3% |
| Iberia | 129.6% | 129.6% | 146.3% | 146.3% |
| Iberville | 129.6% | 129.6% | 146.3% | 146.3% |
| Jackson | 129.6% | 129.6% | 146.3% | 146.3% |
| Jefferson | 129.6% | 129.6% | 146.3% | 146.3% |
| Jefferson Davis | 129.6% | 129.6% | 146.3% | 146.3% |
| La Salle | 129.6% | 129.6% | 146.3% | 146.3% |
| Lafayette | 129.6% | 129.6% | 146.3% | 146.3% |
| Lafourche | 129.6% | 129.6% | 146.3% | 146.3% |
| Lincoln | 129.6% | 129.6% | 146.3% | 146.3% |
| Livingston | 129.6% | 129.6% | 146.3% | 146.3% |
| Madison | 129.6% | 129.6% | 146.3% | 146.3% |
| Morehouse | 129.6% | 129.6% | 146.3% | 146.3% |
| Natchitoches | 129.6% | 129.6% | 146.3% | 146.3% |

EXPLANATORY MEMORANDUM

Summary Exhibit - PROPOSED RATE CHANGES BY PARISH (cont)

| PARISH | FAIR | | COASTAL | |
|----------------------|---------|----------|---------|----------|
| | Group I | Group II | Group I | Group II |
| Orleans | 129.6% | 129.6% | 146.3% | 146.3% |
| Ouachita | 129.6% | 129.6% | 146.3% | 146.3% |
| Plaquemines | 129.6% | 129.6% | 146.3% | 146.3% |
| Pointe Coupee | 129.6% | 129.6% | 146.3% | 146.3% |
| Rapides | 129.6% | 129.6% | 146.3% | 146.3% |
| Red River | 129.6% | 129.6% | 146.3% | 146.3% |
| Richland | 129.6% | 129.6% | 146.3% | 146.3% |
| Sabine | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Bernard | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Charles | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Helena | 129.6% | 129.6% | 146.3% | 146.3% |
| St. James | 129.6% | 129.6% | 146.3% | 146.3% |
| St. John The Baptist | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Landry | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Martin | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Mary | 129.6% | 129.6% | 146.3% | 146.3% |
| St. Tammany | 129.6% | 129.6% | 146.3% | 146.3% |
| Tangipahoa | 129.6% | 129.6% | 146.3% | 146.3% |
| Tensas | 129.6% | 129.6% | 146.3% | 146.3% |
| Terrebonne | 129.6% | 129.6% | 146.3% | 146.3% |
| Union | 129.6% | 129.6% | 146.3% | 146.3% |
| Vermillion | 129.6% | 129.6% | 146.3% | 146.3% |
| Vernon | 129.6% | 129.6% | 146.3% | 146.3% |
| Washington | 129.6% | 129.6% | 146.3% | 146.3% |
| Webster | 129.6% | 129.6% | 146.3% | 146.3% |
| West Baton Rouge | 129.6% | 129.6% | 146.3% | 146.3% |
| West Carroll | 129.6% | 129.6% | 146.3% | 146.3% |
| West Feliciana | 129.6% | 129.6% | 146.3% | 146.3% |
| Winn | 129.6% | 129.6% | 146.3% | 146.3% |

New Maximum Limits – Commercial

| Limit of Insurance | Maximum Limits | |
|--------------------|---------------------------------------|-------------|
| | Building (Min 80% coinsurance needed) | Contents |
| Per Location* | \$5,000,000 | \$2,000,000 |
| Per Policy** | \$10,000,000 | |

*A Location can include more than one building, the limit applies To all Buildings/Contents covered at that location

**Limit applies regardless of the number of Buildings/Contents that are being covered

New Mandatory Minimum Deductibles – Commercial

| Coverage Amount* | Minimum Deductible** | | | |
|--------------------|----------------------|-------------|--------------|---------------|
| | FAIR Plan | | Coastal Plan | |
| | All Peril | Wind & Hail | All Peril | Wind and Hail |
| Up to \$3,000,000 | \$500 | 2% | \$2,500 | 5% |
| \$3,000,001 and up | \$1,000 | 2% | \$5,000 | 5% |

*Combined Building and Contents amount

**All Peril Deductible is Flat, Wind and Hail Deductible is a Percentage Deductible

New Deductible Credit Factors – Commercial

The base deductible is now \$500, memo shows only the new deductibles

GROUP I

| Total Limit of Insurance per location | GROUP I Deductible Options and Credit Factors | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.61 | 0.49 | 0.42 | 0.38 | 0.35 |
| \$3,500,001-\$5,500,000 | 0.54 | 0.41 | 0.35 | 0.32 | 0.29 |
| \$1,000,001-\$3,500,000 | 0.52 | 0.40 | 0.34 | 0.31 | 0.28 |
| \$1-\$1,000,000 | 0.43 | 0.33 | 0.28 | 0.26 | 0.24 |

GROUP II

| Total Limit of Insurance per location | GROUP II Deductible Options and Credit Factors | | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.60 | 0.48 | 0.41 | 0.37 | 0.34 |
| \$3,500,001-\$5,500,000 | 0.53 | 0.40 | 0.34 | 0.31 | 0.28 |
| \$1,000,001-\$3,500,000 | 0.51 | 0.39 | 0.33 | 0.30 | 0.27 |
| \$1-\$1,000,000 | 0.33 | 0.25 | 0.22 | 0.21 | 0.20 |

OTHER CAUSES OF LOSS

| Total Limit of Insurance per location | GROUP II Deductible Options and Credit Factors | | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.40 | 0.30 | 0.25 | 0.23 | 0.21 |
| \$3,500,001-\$5,500,000 | 0.37 | 0.28 | 0.24 | 0.22 | 0.20 |
| \$1,000,001-\$3,500,000 | 0.35 | 0.27 | 0.23 | 0.21 | 0.19 |
| \$1-\$1,000,000 | 0.25 | 0.21 | 0.20 | 0.19 | 0.18 |

New Deductible Credit Factors – Commercial

The base deductible is now \$500, memo shows only the new deductibles

GROUP I

| Total Limit of Insurance per location | GROUP I Deductible Options and Credit Factors | | | | |
|---------------------------------------|--|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.61 | 0.49 | 0.42 | 0.38 | 0.35 |
| \$3,500,001-\$5,500,000 | 0.54 | 0.41 | 0.35 | 0.32 | 0.29 |
| \$1,000,001-\$3,500,000 | 0.52 | 0.40 | 0.34 | 0.31 | 0.28 |
| \$1-\$1,000,000 | 0.43 | 0.33 | 0.28 | 0.26 | 0.24 |

GROUP II

| Total Limit of Insurance per location | GROUP II Deductible Options and Credit Factors | | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.60 | 0.48 | 0.41 | 0.37 | 0.34 |
| \$3,500,001-\$5,500,000 | 0.53 | 0.40 | 0.34 | 0.31 | 0.28 |
| \$1,000,001-\$3,500,000 | 0.51 | 0.39 | 0.33 | 0.30 | 0.27 |
| \$1-\$1,000,000 | 0.33 | 0.25 | 0.22 | 0.21 | 0.20 |

OTHER CAUSES OF LOSS

| Total Limit of Insurance per location | GROUP II Deductible Options and Credit Factors | | | | |
|---------------------------------------|---|-----------|-----------|-----------|-----------|
| | \$100,000 | \$200,000 | \$300,000 | \$400,000 | \$500,000 |
| \$5,500,001-\$10,000,000 | 0.40 | 0.30 | 0.25 | 0.23 | 0.21 |
| \$3,500,001-\$5,500,000 | 0.37 | 0.28 | 0.24 | 0.22 | 0.20 |
| \$1,000,001-\$3,500,000 | 0.35 | 0.27 | 0.23 | 0.21 | 0.19 |
| \$1-\$1,000,000 | 0.25 | 0.21 | 0.20 | 0.19 | 0.18 |