

Louisiana Citizens Property Insurance Corporation Board Meeting
Thursday, March 9, 2023 1:00 PM Central

Poydras Building - Hearing Room first floor
1702 N. Third Street
Baton Rouge, Louisiana 70802

Jeff Albright:	Present
Eric Berger:	Present
Brian Chambley:	Present
William Chauvin:	Present
Gene Galligan:	Present
Mike Huval:	Absent
Shannon Johnson:	Present
Tony Ligi:	Present
Eugene Montgomery:	Present
Kevin Reinke:	Present
Bill Starr:	Absent
Kirk Talbot:	Present
Steven Werner:	Present

Present: 11, Absent: 2.

I. Call To Order

Chairman Lorusso called the meeting to order at 1:08 p.m.

II. Roll Call

Chairman Lorusso asked Ms. Harper to take roll call. With eleven (11) Board members in attendance, a quorum was present.

III. Chairman's Report

Chairman Lorusso reported that the Louisiana 2023 Legislative Session would begin on April 10th. If anyone has any questions or concerns about any bills to not hesitate to contact the LDI.

IV. Minutes

Approval of Minutes of the prior meeting held on January 12, 2023. This motion, made by Steven Werner and seconded by Tony Ligi, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea
Yea: 10, Nay: 0, Absent: 3

V. CEO Report

Chairman Lorusso handed over the meeting to LCPIC CEO, Richard Newberry for status reports and business presented by LCPIC management.

V.A. Overview

V.A.1. 2023/2024 Reinsurance Update

Mr. Newberry began his update by recapping the number of policies LCPIC currently has in place, the estimates of how many will go elsewhere as their renewal dates approach or will be depopulated out of LCPIC through the depopulation program, and the estimates of how many new policies the company will take on. The estimated number of policies for Sept 30, 2023, which is the number used for reinsurance quote purposes is 135,054. Going into the process, the goal is to obtain coverage for one in one hundred, which would be \$1.75 billion at the top of the reinsurance tower. If there is capacity in the market, LCPIC will explore being able to go higher.

V.A.2. Depopulation Updates on Rounds 16 and 17 and the Timeline for Round 18 (Voteable)

In Round 17, 20,399 policies were offered to the take out companies. Of those, 20,023 distinct policies were requested by the companies. Ultimately, 7,268 of those were authorized by the agent of records to be depopulated. The assumption date is set at April 1, 2023 and policyholders have until June 30, 2023 to opt out of depopulation. Two mailings will be sent out to the policyholders whose policies were authorized informing them of their right to opt out.

Next, Mr. Newberry introduced the proposed plan for Round 18 beginning on May 1, 2023 for approval by the Board. The following motion was requested:

To approve the recommendation of LCPIC staff to accept the proposed requirements, dates, and timeline, as presented during the March 9, 2023 Board Meeting, for Depopulation Round 18. This motion, made by William Chauvin and seconded by Tony Ligi, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea

Yea: 10, Nay: 0, Absent: 3

V.A.3. Claim Vendor RFP- Vendor Selection (Voteable)

The next item on the agenda was the claim vendor selection resulting from the claim vendor RFP previously approved by the Board. Mr. Newberry noted that a team of LCPIC management staff including Stephanie Jackson, Blake Hoggatt, Ricky Lindsey and Paige Harper reviewed the RFP responses and interviewed the highest ranking vendors. From a pool of over thirty-five (35) responding vendors, four (4) were selected to be recommended to the Board. Those four are Mid-America Catastrophe, SWA Claims Management, One Call and Ryze Claims Solutions. With these four in place, LCPIC will have access to 1,000 field adjusters and 570 desk adjusters. LCPIC has previously worked with both One Call and SWA Claims Management. After answering questions, LCPIC requested the following motion:

To approve the selection of the Catastrophe Claim Vendors as proposed by LCPIC management for the purpose of providing claims administration in the event of a catastrophe. This motion, made by Jeff Albright and seconded by Eugene Montgomery, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony

Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea
Yea: 10, Nay: 0, Absent: 3

V.B. Financials and Management Report

V.B.1. 2022 Year End Financials and Management Book

Mr. Sciortino began his report with a summary of the year end financials. He noted that at the end of the 2022, LCPIIC had \$222 million of operating cash, \$45.9 million of invested cash and cash equivalents for a total operating cash of \$267.9 million. On top of that the company had municipal bond investments of \$83.3 million for a total cash and investments of \$351.2 million. The year ended with a loss of \$33.6 million.

V.B.2. LCPIIC 2022 Yellow Book (Voteable)

The numbers are the same for the yellow book, but the information is in the statutory format required to be approved by the Board and filed with the LDI. The following motion was recommended:

To approve LCPIIC financials for 2022, and to approve the filing of the 2022 financials with the Louisiana Department of Insurance. This motion, made by Kirk Talbot and seconded by Brian Chambley, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea
Yea: 10, Nay: 0, Absent: 3

V.C. 2022 Audit Update

Mr. Sciortino reported that the auditors began their fieldwork in January and February. To date, the audit has gone very smoothly. The statutory audit filing date is June 1st, so the audit will be complete before that time. After that the auditors will produce the GASB audit, which is due on June 30th.

V.D. Line of Credit Renewal (Voteable)

LCPIIC's line of credit with Region's Bank of \$125 million expires on June 1, 2023. LCPIIC management is asking that the Board approve a renewal of the line of credit at \$125 million for two years. The cost of renewing the line of credit will be \$295,000 (23 basis points). After that the only cost will be interest if a draw against the line of credit is made. The following motion was requested:

To adopt the attached Resolution required by Region's Bank for the renewal of LCPIIC Line of Credit. This motion, made by Eugene Montgomery and seconded by Steven Werner, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea
Yea: 10, Nay: 0, Absent: 3

V.E. Complaints

Ms. Harper gave the report on Complaints received in January and February 2023. There were a total of 19 complaints. Three were claim related and the remainder were policy related, all due to the increase in rates.

Prior to entering into Executive Session, Mr. Galligan asked if the UPC policyholders being non-renewed by UPC would receive an extra 60 days to get their policies rewritten, as was given to policyholders from other companies that went under in the past year. Commissioner Donelon addressed the question and stated that the extension was not being put out by the LDI due to the availability of other carriers writing new business and the numbers of policies in question not being as high as they were last summer. He noted, however, that LCPIC could apply an extension if it wished. In response, the Board presented the following motion:

To amend the agenda to allow for the discussion and vote on allowing a 30 day extension for binding coverage for UPC policyholders whose policies have been cancelled. This motion, made by Jeff Albright and seconded by Eugene Montgomery, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea

Yea: 10, Nay: 0, Absent: 3

After amending the agenda, a motion was made:

To approve a 30 day extension for binding coverage for UPC policyholders whose policies have been cancelled. This motion, made by Jeff Albright and seconded by Gene Galligan, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea

Yea: 10, Nay: 0, Absent: 3

V.F. Executive Session

With the CEO report concluded, Chairman Lorusso moved on to the Executive Session. He asked if anyone from the public first wished to address the Board. With no speakers from the public, Chairman Lorusso noted that with nothing to report or discuss during Executive Session he would move directly to adjournment of the meeting.

VI. Adjournment

With the conclusion of the agenda, and no further business to discuss, Chairman Lorusso asked for a motion to adjourn.

Approval of Adjourning the meeting at 2:19 p.m. This motion, made by Tony Ligi and seconded by Brian Chambley, Carried.

Eric Berger: Absent, Mike Huval: Absent, Bill Starr: Absent, Jeff Albright: Yea, Brian Chambley: Yea, William Chauvin: Yea, Gene Galligan: Yea, Shannon Johnson: Yea, Tony Ligi: Yea, Eugene Montgomery: Yea, Kevin Reinke: Yea, Kirk Talbot: Yea, Steven Werner: Yea
Yea: 10, Nay: 0, Absent: 3