

TO ALL MEMBERS OF THE BOARD OF GOVERNORS FOR THE LOUISIANA CITIZENS
PROPERTY INSURANCE CORPORATION AND THE PUBLIC

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
SPECIAL MEETING OF THE BOARD OF DIRECTORS
April 20, 2012 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Friday, April 20, 2012. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St. Baton Rouge, Louisiana, Hearing Room commencing at 10:44 A.M.

Present were: Denise Brignac, Chairwoman
Gene Galligan
Craig LeBouef
Sam Little
Eugene Montgomery
Senator Dan Morrish
Jim Napper
Julie Quinn
Johnny Reeves
William (Bill) Starr

Absent were: Eric Berger
Fred Bosse
Jerry Carlisle
Rep. Cromer
Senator Eric LaFleur

Also present: Commissioner Donelon
Treasurer Kennedy
Richard Robertson, CEO
Steve Cottrell
Paige Harper

Chairwoman's Report

Ms. Brignac, Chairwoman, called the meeting to order at 10:44 a.m. Chairwoman Brignac asked Ms. Harper to take roll call. There being a quorum present, the meeting began. With nothing

new to report, Chairwoman Brignac moved directly to the next item on the agenda, a report by Finance Committee Chair Jim Napper on a proposed line of credit.

Mr. Napper reported that the Finance Committee met prior to the Board meeting where Mr. Cottrell gave a presentation on a proposed line of credit through Regions Bank. Mr. Napper stated that it was the Finance Committee's unanimous recommendation that the full Board approve the proposal. He then asked Mr. Cottrell to present the proposal to the Board.

Mr. Cottrell reminded the Board that currently Louisiana Citizens Property Insurance Corporation (LCPIC) maintains a \$50 million line of credit with Regions Bank. That line of credit is due to expire within the next month. After negotiating with Regions for a new line of credit, the Bank has offered a line of credit in the amount of \$75 million for three years. This new line of credit will cost LCPIC 17 basis points or .17%. In comparison, the expiring two year line of credit cost LCPIC 24 basis points or .24%. Therefore, the new program is approximately 1/3 less expensive than the expiring program.

At the conclusion of the presentation, with no questions forthcoming by the Board, Mr. Napper moved that the Board approve LCPIC going forward with the line of credit as outlined by Mr. Cottrell. Mr. Montgomery seconded. There being no discussion on the motion, Chairwoman Brignac called for a vote. The motion passed unanimously.

The next item on the agenda was a reinsurance update by Mr. Cottrell. He reported to the Board that the purchase of a catastrophe bond as part of the LCPIC 2012 reinsurance program went well. The interest and demand was much higher than expected and LCPIC was able to "up size" and purchase a \$125 million catastrophe bond instead of the \$100 million originally expected. It is a three year catastrophe bond and will cost LCPIC approximately 1.6% less than the reinsurance rate paid in 2011. Adding this catastrophe bond to the LCPIC reinsurance program is expected to save the company approximately \$3 million a year over the next three years. Mr. Cottrell then explained how the catastrophe bond would work with the remainder of the reinsurance program. Attached is a handout he provided the Board members. After a discussion of the program, Chairwoman Brignac moved to the next item on the agenda, a rate change update.

Mr. Cottrell gave an update on the rate changes that have been approved by the Department of Insurance. He noted that with regard to the "wind and hail only" rates, he wanted additional time to review them before implementation. The Commissioner asked that Mr. Cottrell and Mr. Romito, LCPIC Chief Actuary, meet with the Department as soon as possible. There being no further discussion or questions, Chairwoman Brignac moved to the next item on the agenda.

Before entertaining a motion to move into Executive Session, Chairwoman Brignac asked if any members of the public wished to address the Board. There being none she accepted a motion from Mr. Napper to move into Executive Session. Mr. Little seconded the motion. With no further discussion on the motion, a unanimous roll call vote, and no comments from the public, the Board moved into Executive Session.

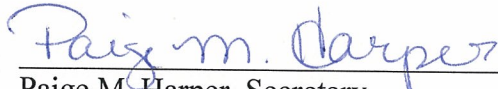
--Executive Session--

After completing the Executive Session, Mr. Little moved for the Board to come out of Executive Session and reenter the public forum. Mr. LeBouef seconded the motion. There being no discussion on the motion, Chairwoman Brignac asked Ms. Harper to take a roll call vote. With no opposition to the motion, the Board reentered the public forum. Chairwoman Brignac asked that the record reflect that the Board did not take any formal action while in Executive Session.

The agenda being concluded, Chairwoman Brignac entertained a motion to adjourn. Sen. Morrish moved to so adjourn the Board meeting. Mr. Montgomery seconded the motion. With no opposition to the motion, the meeting was adjourned at 11:57 a.m.

Approved:

I hereby certify that these are a true and correct copy of the April 20, 2012 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on July 12, 2012.



Paige M. Harper, Secretary