

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

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
BOARD OF GOVERNORS MEETING  
MAY 10, 2012 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, May 10, 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 1:03 P.M.

Present were: Denise Brignac, Chairwoman  
Eric Berger  
Fred Bosse (arrived following roll call)  
Rep. Cromer (arrived following roll call)  
Sam Little  
Eugene Montgomery  
Senator Dan Morrish  
Jim Napper  
Johnny Reeves  
William (Bill) Starr

Absent were: Jerry Carlisle  
Gene Galligan  
Senator Eric LaFleur  
Craig LeBouef  
Senator Julie Quinn

Also present: Richard Robertson, CEO  
Steve Cottrell  
Paige Harper  
Ron Eaton  
Vijay Ramachandran  
Scott Romito  
Lisa Barthelemy  
Darren Patin  
Jim Babst  
Mr. Neil Reeves  
Representative Joe Harrison  
Senator Bert Allain

Mr. Paul P. Naquin  
Mr. Larry Bergeron  
Mr. Delman Walker  
Mr. Jeff Albright

### Chairwoman's Report

Ms. Brignac, Chairwoman, called the meeting to order at 1:03 p.m. Chairwoman Brignac asked Ms. Harper to take roll call. There being a quorum present, the meeting began. Chairwoman Brignac began her report by noting that several members of the public were in attendance who may want to speak to the Board. She passed around a note pad for those wishing to speak to sign and stated that she would call each up to speak prior to Executive Session.

### Minutes of Prior Meeting

Chairwoman Brignac introduced the minutes from the February 22, March 2 and March 9 Board meetings. Sen. Morrish moved that the Board approve the minutes as proposed. Mr. Little seconded. With no discussion on the motion, a vote was taken and the minutes were approved unanimously. Chairwoman Brignac then moved on to the third item on the agenda, the CEO Report.

### CEO Report

#### A) 2011 Financials

Mr. Robertson asked Mr. Cottrell to report on the financials. Mr. Cottrell noted that although the Audit Committee was unable to meet prior to the Board meeting due to scheduling conflicts, the individual Audit Committee members were given the financials to review and there were no issues to report. There being no further questions by the Board on the financials, Mr. Napper moved that the Board approve the submission of the 2012 first quarter financials to the Department of Insurance for their review. Mr. Montgomery seconded the motion. There being no discussion forthcoming on the motion, Chairwoman Brignac called for a vote. The motion passed unanimously.

#### B) Management Report

Mr. Cottrell pointed out that the regular Management Reports were included in the Board book under Tab B for the convenience of the Board members. He noted that there have been no significant or unusual events since the last report and asked if any Board members had any questions on the report. There being no questions, Mr. Cottrell moved forward with the next item on the agenda.

#### C) 2012 Personal Lines Rate Filing

Mr. Cottrell began by reminding the Board that at the March meeting he informed the Board that he wanted to do a more in-depth review of the wind and hail rates previously

approved by the Board and the Department of Insurance prior to the June 1, 2012 effective date. He reported that reviewing the rates and discussing them with the Department of Insurance actuaries, he is comfortable in telling the Board that the math and logic behind the rates is correct and in accordance with state law. A lengthy discussion by the Board regarding the increase in the wind and hail rates followed. After Mr. Cottrell answered the Board's questions, Chairwoman Brignac asked the members of the public who requested time to speak to approach the table to address the Board. The first person to speak was Rep. Harrison from District 51, which includes St. Mary, Assumption, Terrebonne and LaFourche parishes. He stated that citizens in his district are paying more for insurance than they are for their mortgages. He asked the Board to reconsider the rate increase. Sen. Allain from District 21, representing St. Mary, part of Iberia, part of LaFourche and part of Terrebonne parishes, spoke next. He too spoke of the financial burden on his constituents and asked that the Board give them relief on the rates. Sen. Morrish, a LCPIC Board member, responded that insureds need to work with their agents to find less expensive solutions and reminded everyone that LCPIC's rates are statutorily driven and that without a legislative change, LCPIC does not have options with regard to the rates.

The next speaker was Mr. Paul Naquin, the Parish President of St. Mary Parish. He expressed an opinion that St. Mary Parish was being "picked on" and asked for a review of the rates and an explanation. Mr. Larry Bergeron, the Mayor Pro Tem of Morgan City addressed the Board as well. He stated that he had been well represented by Sen. Allain and Rep. Harrison and just asked that his letter be put in the minutes. The next speaker to address the Board was Delman Walker, an insurance agent from New Orleans. He took issue with the method of calculating the 2012 wind and hail rates. He also took issue with the grant program and expressed a concern that Louisiana is headed down the path to becoming like Florida Citizens. He urged that the situation be addressed quickly.

The final speaker was Mr. Jeff Albright with the Independent Insurance Agents association. He wanted to make several points. First, that he understands the "pain" of the policyholders in south Louisiana with the wind and hail rate increases. Second, is that the problem is that there is no voluntary "wind and hail only" market and the LCPIC wind and hail rate has never been compared to a market rate. This year is the first time LCPIC has compared its rate to the value the market places on wind and hail coverage and adjusted their rates accordingly. Finally, he pointed out that the whole problem with the property market in Louisiana is the wind exposure. If the wind only rate is not above the market wind rate, LCPIC will end up with all wind exposure, which hurts LCPIC. After a lengthy discussion, Mr. Napper moved to amend the agenda to allow for a vote not noted on the agenda to be taken. Mr. Starr seconded the motion. Chairwoman Brignac called for a roll call vote on the motion to amend the agenda. The vote would need to be unanimous. Upon the first "no" vote by Mr. Berger, the motion was defeated. Before moving onto the next item on the agenda, the Board requested that LCPIC management provide the Board a comparison of the old rates, the actuarial rates for 2012 and the rates as filed, for each parish.

D) 2012 Reinsurance Update

Mr. Robertson asked Mr. Cottrell to update the Board on the 2012 Reinsurance Program. Mr. Cottrell explained that the 2012 program has \$450 million of coverage. That amount is less than the expiring program due to depopulation and resulting decline in value insured by LCPIC. The program gives LCPIC equal or better coverage than the previous year for approximately \$7 million less. After an extensive question and answer session, Chairwoman Brignac moved to the next agenda item.

E) Complaints

Ms. Harper noted that in the months of March and April LCPIC received 11 complaints. Four of those complaints were claim related, three related to premium increases and four were other underwriting related issues. There were no questions regarding the complaints.

Having already entertained members of the public who wished to address the Board, Chairwoman Brignac accepted a motion by Mr. Montgomery to move into Executive Session. Mr. Little seconded. With no discussion on the motion forthcoming, Chairwoman Brignac called for a roll call vote. The motion passed unanimously.

-----Executive Session-----

At the conclusion of Executive Session, Mr. Little moved that the Board come out of Executive Session and back into the public forum. Mr. Montgomery seconded the motion. With no discussion on the motion, a roll call vote was taken. With unanimous approval, the Board left Executive Session and reentered the public forum. Chairwoman Brignac asked that the record reflect that no formal action was taken while in Executive Session.

With the conclusion of the agenda, Chairwoman Brignac entertained a motion by Mr. Little and seconded by Mr. Montgomery to adjourn. There being no opposition, the meeting was adjourned.

**Approved:**

I hereby certify that these are a true and correct copy of the May 10, 2012 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on July 12, 2012.



Paige M. Harper, Secretary