August 31, 2006

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

RE:  LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
BOARD OF GOVERNORS MEETING
AUGUST 24, 2006 10:00 A.M.
MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was held on August 24, 2006. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St., Baton Rouge, Louisiana, fourth floor conference room. The meeting will commence at 10:00 a.m.

Mr. Chad Brown, Chairman will preside over the meeting.

ORGANIZATION OR COMPANY: REPRESENTED BY:
Commissioner of Insurance-Designee Chad Brown, Chairman
State Treasurer-Designee Jim Napper
Governor at-large-Appointee Lee Mallett
Governor at-large-Appointee Michael Domingue
Senate Ins. Committee Chairman-Designee Sen. Kostelka
PIA of Louisiana Hal Stiel
IIABL Jeff Albright
Farm Bureau Ins. Co. Blaine Briggs

OTHERS PRESENT: REPRESENTED BY:
McGlinchey Stafford Lisa Maura
Guy Carpenter David Duffy
Legislative Auditor Kyle Farrar
Chad Brown, Chairman, welcomed all members and guests to the meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation.

**SLC.06.66** PRIOR MEETING MINUTES

The Board is asked to review and approve the minutes for the following meeting:

A. June 1, 2006

A motion was made by Mr. Stiel, seconded by Mr. Mallett and passed with out objection approving the minutes as written.

**SLC.06.67** CLASS ACTION LAWSUITS

General Counsel updated the Board on each case pending.

**SLC.06.68** EMERGENCY ASSESSMENT

After considerable discussion, a motion was made by Mr. Albright, seconded by Mr. Domingue to levy a 3.6% emergency assessment on all policyholder in the State as indicated in the Emergency Assessment resolution for calendar year 2007. The motion passed six to zero with one abstention by Mr. Napper. The resolution was executed by Mr. Brown.

Staff was instructed to revise the Policyholders Guide to Citizens Assessment for distribution to the JIC.
Staff advises the Notification to Insurers, the reporting guidelines and instructions on where to send the assessments collected will be released accordingly.

**SLC.06.69  LINE OF CREDIT**

After considerable discussion, Staff was instructed to call a meeting of the Investment committee to review our future need for a LOC or other instruments available to Citizens to ensure financial liquidity.

**SLC.06.70  PCI MEMBERSHIP**

Staff was instructed to contact the Governor’s Office, Director of Boards and Commissions and file the recommended Board members for Liberty Mutual.

**SLC.06:71  CLAIMS REPORT**

A. Katrina claims

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>OPEN</th>
<th>% RESERVES</th>
<th>AVG</th>
</tr>
</thead>
<tbody>
<tr>
<td>63,698</td>
<td>3,831</td>
<td>92.04</td>
<td>$15,381</td>
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B. Rita claims

<table>
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<tr>
<th>TOTAL</th>
<th>OPEN</th>
<th>% RESERVES</th>
<th>AVG</th>
</tr>
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<tbody>
<tr>
<td>12,762</td>
<td>387</td>
<td>95.6</td>
<td>$8,997</td>
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C. Mediation program

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<tr>
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<th></th>
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<tbody>
<tr>
<td>Katrina</td>
<td>1574</td>
</tr>
<tr>
<td>Rita</td>
<td>327</td>
</tr>
</tbody>
</table>

D. Lawsuits

A motion was made to go into Executive session by Mr. Albright, seconded by Mr. Mallett, the motion passed without objection.

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<table>
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</thead>
<tbody>
<tr>
<td>Katrina</td>
<td>160</td>
</tr>
<tr>
<td>Rita</td>
<td>19</td>
</tr>
</tbody>
</table>
A motion was made to return to regular session by Mr. Albright, seconded by Mr. Mallett, the motion passed without objection.

SLC.06:72 STAFF REPORT

A. Re-insurance

Staff called on Mr. Duffy to update the Board on the Re-insurance Market.

Mr. Duffy advised the Board our program is fully placed.

Mr. Duffy advised the January one renewals will see an increase in their program cost as the June ones did. The reason is the new models were used in the June and now will be applied on the January renewals.

Mr. Duffy reminded the Board that there is a clause in the agreement about population and that September 1st is the audit date. If our population is below projected levels we will receive a refund on the program up to 10%.

Mr. Albright comments on the great job Guy Carpenter did in placing our program and how grateful we are.

Mr. Alright reported our intent to raise our limits for large commercial properties, remove our co-insurance provisions and amend the participation rules on commercial policies has meet with serious concern from the reinsurers that are on our program.

B. Rate filing

1. Residential wind only rates,
2. Commercial wind only rates,
3. Commercial property rate adjustment and
4. Residential property rate adjustment.

Staff reported the actuarial reviews are complete. We are now ready to develop the comparisons to the voluntary market as required by statute. Staff was instructed to work with the actuarial firm to develop the
method to be used in determining our residential rate filing.

Staff will report back at the next meeting on the progress of developing a methodology to determining Citizens residential rate filing.

C. LCPIC Operations

Staff reported on the following:

1. Commercial
   a. Billing
   b. Renewals
   c. Data Conversion
   d. Manual Quotes
   e. Electronic Submissions

   Staff reported the commercial online program has been implemented in July. All the items listed have been resolved/addressed.

2. Builders Risk-Renovation
   a. Residential
   b. Commercial

   Staff reported the builder risk program was effective July 1st and available online program August 21st.

3. Producer Binding Authority
   a. Producer Agreement
   b. Errors and Omissions coverage
   c. Continuing Education
   d. Effective date of program

   Staff reported the binding provisions of HB 1141 are being developed with the cooperation of both Agents Associations.

4. Payments
Staff reported the posting of payments is approx. 10 day delayed. If a payment is received prior to the effective date but not posted until after, a reinstatement will be issued.

5. Service Providers

Staff reported the Providers are cooperating with the changes being implemented by Citizens.

A motion was made to go into Executive session by Mr. Albright, seconded by Mr. Mallett, the motion passed with out objection.

A motion was made to return to regular session by Mr. Albright, seconded by Mr. Mallett, the motion passed with out objection.

6. RSI Solutions

Staff received the report from RSI; management is preparing response for your review.

7. LPMS

   a. ImageRight
   b. Reporting
   c. Accounting
   d. Data Bases
   e. Eq/Space

Staff reported in response to the changes in the marketplace we have taken the initiative to enhance LPMS to meet the challenges we foresee. ImageRight will upgrade our document retrieval capabilities. We are designing reporting capabilities of the system so our partners can get more detail reports to assist in replacing the business in the voluntary market. Accounting, databases and eq/space are all being upgraded to meet the new requirements.


Staff reported there have been several inquiries about discounts for new business after January 1, 2007
submitted to Citizens. We have adopted the Building Code Effectiveness Grading (BCEGS) program. The rule can be found in our operations manual, Dwelling Fire Program, section 11.e.

9. **Request IRS for ruling Board**
   Bond counsel recommended we take no action on this item.

10. **Wind Load Certificates; NOAA**
    No action taken.

11. **Revise Payment Schedule**
    Staff recommend we change our renewal and installment payment schedule to require payment to be received in our office 10 days prior to due date.

    A motion was made to adopt the new payment requirements by Mr. Albright, seconded by Mr. Mallett, the motion passed without objection.

12. **Binder Extension Date**
    Staff lengthened the window in which a fax binder is viable form 60 days to 90 days to assist in the recovery in the disaster areas.

13. **Submission requirement**
    Staff recommends we require all submissions to be online. We will not accept any (new, returns or endorsements) manually submitted Effective October 1, 2006. We can process 70 to 90 new application submitted per day per employee, if they are submitted on line. If they are submitted manually, we can only process 12 to 15 new applications submitted per day per employee.

    A motion was made to adopt the new submission procedures by Mr. Stiel, seconded by Mr. Briggs, the motion passed without objection.
14. 888-568-6455

Please use give out this number to contact Citizens.

SLC.06.73 LEGISLATION

Mr. Henry reported on following legislation.

1. House Concurrent Resolution No. 180
2. House Concurrent Resolution No. 279
3. HB 1141
4. Other Action

SLC.06.74 OPEN SESSION

1. Next meeting; September 14, 2006

Yours very truly,

TERRY M. LISOTTA

TML: cat