December 16, 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 DECEMBER 14, 2006 1:30 P.M. MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was held on December 14, 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 commenced at 1:30 p.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
House of Representatives-Designee Rick Farrar
Allstate Ins. Co. Mike Ely
PIA of Louisiana Hal Stiel
Hanover Ins. Co. Joelle Lapeze
State Farm Ins. Co. Ron Newsom
IIABL Jeff Albright
State Farm Ins Co Ron Newsom
At Large Appointment Lee Mallett
At Large Appointment Michael Domingue
SLC.06.102 PRIOR MEETING MINUTES

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

A. November 30, 2006

A motion was made by Mr. Napper, seconded by Ms. Lapeze to approve the minutes as written. The motion passed with out objection

SLC.06.103 LCPIC ELECTION OF OFFICERS

The Board shall elect officers annually.

Nominations from the floor will be accepted for Chairman and Vice-Chairman.

Mr. Brown and Mr. Ely were nominated to continue in their roles as Chairman and Vice Chairman, respectively.

A motion was made by Mr. Newson to close the nominations. The motion was seconded by Mr. Napper and passed without objection
SLC.06.104 LITIGATION

General Counsel updated the Board on the cases in which involve Citizens.

SLC.06.105 EMERGENCY ASSESSMENT

Special Session of the Legislature 12-08/18

Staff updated the Board on the actions underway in the session.

Staff’s report to the HIC is attached for reference.

SLC.06.106 CLAIMS REPORT

Staff will provide the weekly report for review. The numbers are not changing as dramatically as in previous reporting cycles; we have substantially closed most cases.

SLC.06.107 STAFF REPORT

A. Rate filing

Staff was given the authority to amend any of our filings from the floor.

A motion was made by Mr. Newson to close the nominations. The motion was seconded by Mr. Napper and passed without objection.

B. LCPIC Operations

Staff will provide information on:

1. Banking Services

   Staff reported that the OSP is not the proper venue to extend the banking relationship. Staff was instructed to contact the bank and offer an extension of two years at the same terms.

   A motion was made by Mr. Albright to extend he banking relationship for two years. The motion was seconded by Mr. Ely and passed without objection.
2. **LPMS**

Over the last few months we have been advising the Board of the issues surrounding the system problems we are encountering. The primary causes are:

* Conversion of data from prior vendor
* Disruption of implementation process
* Changes to comply with emergency orders
* Changes demanded by legislators
* Out of sequence endorsements

3. **Producer Binding Authority**

   a. Producer Agreement
   b. Application Process
   c. Continuing Education Tracking
   d. Effective date of program

Staff advises the Board that the agreement is complete but the system work will take more time. Once the final agreement and related changes are agreed upon, the design and programming work can begin. Remember this is a substantial change to the system logic and will require a considerable amount of time to reprogram.

4. **2007 Budget**

This item was referred to the Investment/finance Committee for review.

A motion was made by Mr. Farra to referred the budget to the Investment/finance Committee for review. The motion was seconded by Mr. Albright and passed without objection.

5. **Legis Auditor’s Review-Assessments**

Staff advised the Board the assessment review is complete. We have been notified of two additional reviews will start soon. One dealing with our rate making procedures and the other a comparison of mechanisms used in other residual market.
1. Investment Committee; TBA
2. Audit Committee; TBA
3. Executive Committee; TBA
4. Board of Directors; February 15, 2007; 2pm

Yours very truly,

TERRY M. LISOTTA

TML: cat