February 3, 2006

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

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION SPECIAL BOARD OF GOVERNORS MEETING FEBRUARY 2, 2006 10:00 A.M. MINUTES

Ladies and Gentlemen:

A Special meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was scheduled by the Chairman. The meeting was held on February 2, 2006. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St., Hearing Room, Baton Rouge, Louisiana. The following is the official record of the meeting.

Mr. Chad Brown, Chairman presided over the meeting.

<table>
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<tr>
<th>ORGANIZATION OR COMPANY:</th>
<th>REPRESENTED BY:</th>
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<tbody>
<tr>
<td>Commissioner of Insurance – Designee</td>
<td>Chad Brown, Chairman</td>
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<tr>
<td>State Treasurer-Designee</td>
<td>Jim Napper</td>
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<tr>
<td>Senate Insurance Committee-Chairperson</td>
<td>Sen. James David Cain</td>
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<td>Hanover Ins. Co.</td>
<td>Joelle Lapeze</td>
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<td>Governor at-large Appointees</td>
<td>Lee Mallett</td>
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<td>PIA of Louisiana</td>
<td>Michael Dominque</td>
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<td>House Insurance Committee-Chairperson</td>
<td>Hal Stiel</td>
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<td>State Farm Ins. Co.</td>
<td>John Miletti</td>
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<th>OTHERS PRESENT:</th>
<th>REPRESENTED BY:</th>
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<td>Bear Sterns</td>
<td>Eric Carl</td>
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Chad Brown, Chairman, welcomed all members and guests to the Special meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation.

**SLC.06.17 PRIOR MEETING MINUTES**

Upon review of the minutes of the January 19, 2006 and the January 25, 2006 meeting minutes, a motion was made by Mr. Miletti, seconded by Mr. Napper to accept the minutes as written. The motion passed with out objection.

**SLC.06:18 EMERGENCY ASSESSMENT REVENUE BONDS**

The Chairman of the Investment Committee will report on the status of:

1. The procurement of bonds.

   Staff was asked to update the Board on the presentation of the Bonds to the Rating agencies and Insurers. Staff advised the presentation is on track and is scheduled for the week of February 27th. The
Underwriters and Bond Counsel are completing the PSO for review by staff.

2. Placement of interim financing, BAN.

Mr. Mak distributed a summary of proposed terms for the interim financing to the Board for review. Mr. Whit Kling reported that the Bond Commission staff had reviewed the proposed terms and gave a favorable opinion on them. Bond Commission staff recommended acceptance of the proposed terms for the BAN. Mr. Wilbon reported that the timing of the availability of the interim financing would be determined by the enactment of the proposed changes to the LA Citizens statute. The earliest possible funding date is expected to be February 13, 2006.

Upon review of the revised Resolution authorizing the interim financing, a motion was made by Rep. Carter and seconded by Mr. Miletti authorizing the Chairman to enter into an interim financing arrangement as necessary, in an amount not to exceed $450 million, to allow LA Citizens to bridge the period of time until permanent financing is in place with the provision that the permanent financing be used in part to retire the interim financing mechanism. The motion passed unanimously.

3. Revisions needed to LCPIC’s enabling statute.

Bond counsel was asked to review with the Board the recommended changes to RS 22:1430 subpart B, needed to secure the interium financing and bond issue.

Lisa Maurer and Richard Leibowitz reviewed the recommended changes and the revised Resolution with the Board. A motion was made by Mr. Mallet, seconded by Mr. Dominque to file these changes in the first special session of the Louisiana legislature for 2006. The motion passed with out objection.
Sen. Cain and Rep. Carter agreed to sponsor identical bills needed to secure financing for LCPIC.

**SLC.06.19 CLASS ACTION LAWSUITS**

Mr. Waters, General Counsel for LCPIC recommended the Board go into Executive Session to discuss the following litigation.

A motion was make by Mr. Napper, seconded by Mr. Miletti and passed with out objection to go into Executive Session to review the litigation.

A. Orill v. LCPIC  
B. Declaratory Judgment  
C. Gentry/Oubre  
D. Turk  

A motion was make by Mr. Napper, seconded by Mr. Mallett and passed with out objection to return to regular Session. No actions were taken in Executive Session.

**SLC.06:20 CLAIMS REPORT**

A. Katrina claims  
Staff reported on the number of claims received, contacted, inspected/scoped and closed/paid.

B. Rita claims  
Staff reported on the number of claims received, contacted, inspected/scoped and closed/paid.

C. Claims payment proceeds  
Staff reported on the remaining amount of reinsurance funds to be collected and the amount of uncollected assessment funds in dispute.

D. AIGCS Agreement  
Staff reported on the status of the negotiations.
SLC.06:21 MEETING SCHEDULE FOR 2006

Staff is recommending the Board continue to meet every first and third Thursdays of the month until the regular session of the legislature is completed. It was recommended by the Chair we move the time of the third Thursday meeting to 2:00 pm so as not to conflict with Bond Commission meetings. Meetings held on the first Thursday of the month will be held at 10:00 am.

The February 16th meeting was moved to February 21st at 2PM.

SLC.06:22 OPEN SESSION

No additional items were presented for discussion.

A motion was made by Mr. Napper and seconded by Mr. Milletti to adjourn the meeting.

This concludes the minutes. If any questions, please give me a call.

Yours truly,

Terry M. Lisotta