January 5, 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 JANUARY 5, 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 January 5, 2005. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St., 4th floor Conference room, Baton Rouge, Louisiana. The following is the official record of the meeting.

Mr. Chad Brown, Chairman presided over the meeting.

ORGANIZATION OR COMPANY: REPRESENTED BY:
Allstate Ins. Co. Mike Ely
Commissioner of Insurance – Designee Chad Brown, Chairman
PIA of Louisiana Hal Stiel
Louisiana Farm Bureau Blaine Briggs
State Treasurer-Designee Jim Napper
State Farm Mutual Ron Newson
Senate Insurance Committee-Chairperson Designee Carla Roberts
Hanover Ins. Co. Joelle Lapeze

OTHERS PRESENT: REPRESENTED BY:
Bear Sterns Ken Hiteshew
Department of Insurance Clarissa Preston
Chad Brown, Chairman, welcomed all members and guests to the Special meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation. Mr. Brown asked each to identify them self and who they are representing.

**SLC.06:01 PRIOR MEETING MINUTES**

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

A. December 8, 2005

A motion was made by Mr. Briggs, seconded by Mr. Ely to approve the minutes as written. There were no objections to the motion.

**SLC.06:02 SPECIAL ASSESSMENT REVENUE BONDS**

The Chairman of the Investment Committee will report on the status of the procurement of bonds for payment of claims for LCPIC.

Mr. Lisotta asked Mr. Napper to report on the Special Assessment Revenue Bonds, and Mr. Napper asked Gordon King (Financial Advisor) to provide an update.

Mr. King reported that the financing team had worked diligently since the last Board meeting on the financing documents, including the indenture and the official statement. He reported that there would be a meeting on
Monday (1/9) to finalize documents in order to get same to the rating agencies and bond insurers in advance of our meetings later this month. King also reported that the financing team had an excellent meeting with Mr. Lisotta and Ms. Mathes during the week of 12/26 concerning due diligence and sizing issues.

Mr. King then asked Don Wilbon (J. P. Morgan) and Kent Hiteshew (Bear Stearns) to comment on the state of the financing. Mr. Wilbon reported that (1) the team is working on the sizing issue and documents, (2) the structure and the team's cognizance of the need to preserve the right to pay the debt off early, and (3) the rating agencies and bond insurers' meetings were tentatively set for the week of 1/23 in New York. There was discussion concerning attendees at the NY meetings.

Mr. King then called on Richard Leibowitz (Co-Bond Counsel) to discuss a proposed resolution that would allow the corporation to reimburse itself out of the proceeds of the bond issuance for any expenditures made up to 60 days prior to the date of this meeting - a standard resolution in bond financings. Upon motion by Mr. Stiel, seconded by Mr. Ely, the resolution was adopted.

Mr. King gave a report on the trustee bank solicitation process, as authorized at the last Board meeting. Solicitations were sent to the 5 banks listed on the State Bond Commission's list and Wells Fargo Bank (who requested a solicitation), and 5 banks submitted responses. King went over a handout which summarized the responses. After discussion, Mr. Napper made a motion, seconded by Mr. Briggs, to accept the proposal of Regions Bank to serve as trustee on this financing. The motion was adopted without opposition.

Finally, Mr. King indicated that Issuer's Counsel was necessary to deal with financing legal issues affecting the corporation in the financing, and that the firm of DeCuir, Clark & Adams had been recommended for this position. Upon motion of Mr. Newson, seconded by Ms. Lapeze, the DeCuir firm was hired as Issuer's Counsel, with the caveat that Mr. Napper would discuss with Treasurer Kennedy and report back to Chairman Brown if there were any issues.
SLC.06:03 CLASS ACTION LAWSUITS

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

General Counsel advised that each of these actions is being monitored very closely and we are taking actions to protect LCPIC’s interest.

SLC.06:04 STAFF REPORT

A. Coverages Changes

Builders Risk Coverage is being worked on by staff with the assistance of the service providers, agent’s association and the DOI. We will have a recommendation by the next meeting.

B. Call Centers

LCPIC’s call center is being readied to take over the services currently being provided by Lynx. We intend to close the Lynx center by the end of the month.

C. System upgrades

Staff is prepared to make changes to meet the needs of the market place.

D. Education

Staff is scheduling training in the first quarter of 2006 for;

1. Agents

   Staff advised the Board, we are preparing agendas and schedules to conduct five or six seminars around the state.

2. Service Providers

   Staff advised the Board; we have conducted the Underwriting segment of the SP training last week and will do the same next week for the Claims segment of their scheduled training.
3. General Awareness of LCPIC

Staff advised the Board, we are scheduling informational meeting with interested officials around the state to bring them up to date on LCPIC’s activities.

E. LCPIC coverage cards

Staff advised the Board, we will be issuing wallet size coverage/contact cards for our policyholder to carry with them. The card will be similar to those required under the automobile compulsory insurance laws.

F. 2006 Business Planning Session

Staff advised the Board the business plan will be developed over the next several weeks.

G. 2005 Annual Report

Staff advised the Board the Annual Report will be presented at the February 16th meeting.

H. 2006 Rate Filing

Staff advised the Board the Annual Rate filing will be presented at the February 2nd meeting.

I. LCPIC Advanced Checks-distribution

Staff advised the Board we will close the advance check center and will have the Service Providers assume the issuing of advance checks for the policy holders. We will have the exit plan implemented by the end of the month.

SLC.06:05 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 collection of reinsurance and assessment proceeds received from the carriers.

D. AIGCS Agreement

Staff reported on the status of the negotiations with AIGCS to handle the 14,216 claims to resolution. We feel we can reach level of confidence with AIGCS’s services that is compliance with current statutes and possibly be an asset to us in future catastrophes.

SLC.06:06 FOR YOUR INFORMATION

Staff advised the Board; Directive 191, procedures carriers will use to recoup the regular and emergency assessments levied by LCPIC and Emergency Order 23, instructing carriers how they are to handle damaged properties, are on LCPIC’s web site.

SLC.06:07 NOTICE TO PRODUCERS

Staff advised upon resolution of the items above, a revised notice will be released for the benefit of the policyholders of LCPIC.

SLC.06:08 MEETING SCHEDULE FOR 2006

A motion was made by Mr. Ely, second by Mr. Briggs to schedule meetings as recommended for by staff, every other Thursday thru February, (1/5, 1/19, 2/2 and 2/16). After those dates we go back to the regular schedule. The motion passed with out objection.

SLC.06:09 SPECIAL SESSION

Staff advised that a Special session will be called for 14 days at the end of this month or the beginning of next month. Issues may be presented that may effect Citizens’ operation.

SLC.06:10 OPEN SESSION
Commissioner Wooley addressed the Board.

The Commissioner commented on how LCPIC is going to a major player in the property market for the next business cycle. The Commissioner asked that LCPIC become more accessible by expanding its service centers to other areas of the state, adopt our operations to service the needs of the market as it relates to essential property products and be prepared to service the people of Louisiana as a standard carrier would until the standard market can recovery from Katrina and Rita.

The Commissioner thanked the Board for the opportunity to relate the office feels is the manner in which LCPIC can best serve the citizens of Louisiana.

Yours very truly,

TERRY M. LISOTTA

TML: cat