April 11, 2007

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

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
BOARD OF DIRECTORS SPECIAL MEETING
MARCH 29, 2007 2:00 P.M.
MINUTES

A Special meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was held on March 29, 2007 at the offices of the Department of Insurance located at 1702 N. Third St., Baton Rouge, Louisiana, Hearing Room on the first floor commencing at 2:00 p.m. The following is an official record of the meeting.

Present were: Michael Domingue
Joelle Lapeze
Honorable Karen Carter
Chad Brown, Chairman
Treasurer John Kennedy and Jim Napper
Ron Newson
Jeff Albright

Also in attendance: Terry Lisotta, CEO and secretary to the Board
John Waters, General Counsel
Billy Bostwick, Bostwick Crawford
Bob Crawford, Bostwick Crawford
John D. McConnell, i4 Integrated Solution
Denise Brignac, Department of Insurance
Caryl Mathes, Louisiana Citizens
Zaren James
Benny Buras
Sandra Burns, Bankers Insurance
Mike Emery, Bankers Insurance
Lisa Barthelemy, Bankers Insurance
Sharon Rorinson
Joel Watkins
Julie Jenkins, MacNeill Group
BOD.07.28 PRIOR MEETING MINUTES

A. March 14, 2007 Minutes – deferred at the request of Mr. Napper
B. March 22, 2007 Meeting – not issued yet; deferred

BOD.07.29 SEARCH FOR CEO

Denise Brignac updated the Board on Commissioner Donelon’s search.

BOD.07.30 AUDIT COMMITTEE REPORT

A. Legislative Auditors

Mr. Theriot reported to the Board that his staff is presently going through Louisiana Citizens’ records, and his office would put out an RFP for an auditor once they had a better understanding of the records. Mr. Theriot said he would report back to the Board.
Mr. Waters, at the request of staff, reported to the Board that RSM McGladrey Inc. had withdrawn from negotiation for additional bookkeeping help to balance the checkbook shortly before today’s Board meeting.

B. Financial Auditors

Denise Brignac gave the Board a report on the progress on developing an RFP for a new auditing firm. The Legislative Auditor will handle the RFP and select the auditor.

C. DOI Auditors

John McConnell gave the Board an update on his review of the problems Louisiana Citizens has with its system.

Treasurer Kennedy and Jim Napper moved that all checks for operating expenses (excluding claims checks) over $500, whether written by Louisiana Citizens or PIAL or anyone else for the account or on behalf of Louisiana Citizens, be submitted for Board approval before being issued. The motion was seconded by Rep. Carter. The motion was called and the following votes recorded:

Yea: Treasurer Kennedy / Mr. Napper
    Rep. Carter
    Mr. Domingue
    Mr. Brown

Nay: Mr. Albright
    Mr. Newsom
    Ms. Lapeze

The motion was approved.

**BOD.07.31 REINSURANCE**

Mr. Lisotta reported that Guy Carpenter had no further presentation to make until the Board decided what reinsurance to purchase.
The 2007 budget was discussed. Treasurer Kennedy asked for further information about furniture and equipment, policy administration, IT by Design’s fees, professional fees and property taxes paid to Jefferson Parish.

On the motion of Mr. Domingue, seconded by Mr. Napper, and unanimously approved, the agenda was expended to include three items:

1. Denise Brignac explained to the Board Commissioner Donelon’s proposed capital incentive program to draw insurance companies to Louisiana to write homeowners’ coverage, and perhaps commercial coverage as well.

2. At the request of Mr. Gachassin of the Attorney General’s Office, Jim Napper reported that the Attorney General’s Office suggests that the Board of Directors form a Litigation Subcommittee to deal with Louisiana Citizens’ lawyers on litigation matters, that Sen. Kostelka be its chairman, that Rep. Carter or her designee and the Treasurer or his designee, be its other members, and the Attorney General and Mr. Waters serve in advisory capacities, and that this subcommittee report back to the Board after communicating with outside counsel.

Mr. Napper moved to form the Board’s Litigation Subcommittee with the membership and duties outlined above, subject to Sen. Kostelka’s acceptance of the chairmanship. Rep. Carter seconded the motion.

A vote was called and the motion passed unanimously.

3. Service providers advised they had nothing further to add to their reports at last week’s meeting.

Sandra Burns and Mike Emery of Bankers Insurance reported that processing of new commercial business is now being done in three days, and Bankers has a backlog of only twenty one new applications and some endorsements due to system problems. New applications are averaging about 35 a day. Staffing has
been increased in anticipation of a possible increase in applications.

A special Board of Directors meeting will be held on April 4, 2007, at the offices of the Department of Insurance located at 1702 N. Third St., Baton Rouge, Louisiana, Hearing Room on the first floor commencing at 2:00 p.m.

This concludes the minutes for the above-mentioned meeting. If you have any questions pertaining to these minutes, please do not hesitate to give me a call.

Yours truly,