May 9, 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
MAY 9, 2006 8:00 A.M.
MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board, for the Louisiana Citizens Property Insurance Corporation, was held on May 9, 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 was called to order at 8:00 a.m.

Mr. Chad Brown, Chairman presided 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
Allstate Ins. Co. Mike Ely
PIA of Louisiana Hal Stiel
Chairman of the Senate-Designee Senator Kostelka
IIABL Jeff Albright

OTHERS PRESENT: REPRESENTED BY:
General Counsel John Waters
P & C Consultants Chris Faser
PIA of Louisiana Jody Miller Boudreaux
Guy Carpenter David Duffy
Chad Brown, Chairman, welcomed all members and guests to the meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation.

**SLC.06.42 PRIOR MEETING MINUTES**

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

A. April 20, 2006

A motion was made by Mr. Stiel, seconded by Mr. Mallett to adopt the minutes as presented. The motion passed without objection.

**SLC.06.43 CLASS ACTION LAWSUITS**

General Counsel updated the Board on the status of the Oubre case and the others we are defending.

**SLC.06.44 CLAIMS REPORT**

A. **Katrina claims**

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

Currently we have 63,196 claims reported, 50,014 closed with payment, 5,204 closed without payment, 715 have request to be reopened, this is a closure rate of 87.38%. The average claim paid is $14,212.25 with cost of $1,575.95.

B. **Rita claims**

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

Currently we have 12,639 claims reported, closed with payment, 2,680 closed without payment, 113 have request to be reopened, his is a closure rate of 92.64%. 
The average claim paid is $8,559.70 with cost of $1,018.67.

C. AIGCS Agreement

Staff reported the AIGCS contract is completed and executed.

D. Mediation program

Staff report we have approximately 1220 request for mediation with approximately 75% for Katrina and 25% for Rita.

SLC.06:45 STAFF REPORT

A. Re-insurance

Mr. Duffy of Guy Carpenter reviewed the 2006/2007 program, answered many questions pertaining to the program.

A motion was made by Mr. Albright, seconded by Sen. Kostelka to expand the core program to: $700 million coverage, the breakdown is; $625m excess of $75m.

A motion was made by Mr. Stiel, seconded by Mr. Napper to buy down the retention on the second event: $700 million coverage, the breakdown is; $670m excess of $30m.

A motion was made by Mr. Albright, seconded by Mr. Mallett to purchase the reinstatement protection program as outlined in the presentation. Which means, if a second event, such as Rita would occur this year, we would not be responsible for the premium for the second event coverage and would have protection up to the $700m.

B. Rate filing

We are on target to file in August of 2006. The structure of this filing is based on the 2004 year data.
Mr. Henry, Legislative Counsel, briefly reported on legislation that could affect the operations of LCPIC.

Bills of interest are: SB 707, SB 693, SB 620 and SB 510. Mr. Henry suggested was watch these bill as they go through the legislative process.

The number of members required to hold a meeting fell below seven. The meeting was suspended.

Staff will report on the recommended changes.

Yours very truly,

TERRY M. LISOTTA

TML: cat