September 30, 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 SEPTEMBER 14, 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 September 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 10:00 a.m.

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
LA Farm Bureau Ins. Co. Blaine Briggs
Hanover Ins. Co. Joelle Lapeze
State Farm Ins. Co. Ron Newson
IIABL Jeff Albright

OTHERS PRESENT: REPRESENTED BY:
General Counsel John Waters
P & C Consultants Chris Faser
Adams Reese E. L. Henry
Guy Carpenter David Duffy
Legislative Auditor Kyle Farrar
Emile Kline
PIA of Louisiana Jody Boudreaux
Chad Brown, Chairman, welcomed all members and guests to the meeting of the Board of Directors for the Louisiana Citizens Property Insurance Corporation. Mr. Chad Brown, Chairman will preside over the meeting.

**SLC.06.75 PRIOR MEETING MINUTES**

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

A. August 24, 2006

A motion was made by Mr. Stiel to approve and dispense with the reading of the minutes; the motion was seconded by Mr. Henry and passed without objection.

**SLC.06.76 CLASS ACTION LAWSUITS**

General Counsel updated the Board on the class action suits.

Mr. Waters advised the Board that we are expecting more suites to be filed prior to the prescription date of August 29.

**SLC.06.77 EMERGENCY ASSESSMENT**

Staff advised the Board the “emergency assessment” notification, including the penalty provisions was accepted.

Staff was instructed to forward to the DOI for approval.

**SLC.06.78 LINE OF CREDIT**

Staff advised the Board, the Investment Committee agenda will include: Alternative financing methods (LOC and CAT bonds), budgets for 2005, 2006 and budget preparation, 2007. The meeting will be; October 17, 2006 at Citizens office in Baton Rouge.

Staff was instructed to inform the members of the Investment Committee of the time and location of the meeting.
SLC.06.79 CLAIMS REPORT

A. Katrina claims

Currently we have 63,815 claims reported, 54,461 closed with payment, 5,532 closed without payment, 927 have request to be reopened, this is a closure rate of 94.01%. The average claim paid is; $15,475.84 with cost of $1,707.42.

B. Rita claims

Currently we have 12,792 claims reported, 9,566 closed with payment, 2,823 closed without payment, 123 have request to be reopened, this is a closure rate of 96.85%. The average claim paid is; $9,034.49 with cost of $1,102.43.

C. Mediation program

Staff reports we have approximately 2,691 requests for mediation with approximately 86% for Katrina and 14% for Rita.

D. Lawsuits

Staff advised the Board we approximately .6 % of the claims filed have resulted in a lawsuit.

SLC.06.80 STAFF REPORT

A. Rate filing

Staff reported we are in contact with the actuarary working on the explanation of the method we used to determine the residential property rates and comparisons.

B. LCPIC Operations

Staff will provide information on:

1. Producer Binding Authority
   a. Producer Agreement
b. Errors and Omissions coverage

c. Continuing Education

d. Effective date of program

A high level discussion transpired on the development and implementation of binding authority. Counsel was asked to review and provide an opinion on the implementation requirements outlined in Act.

2. Service Providers

No discussion transpired on this subject.

**SLC.06.81 LEGISLATION**

Staff reported there were no new activities effecting LCPIC.

**SLC.06.82 OPEN SESSION**

1. October 5, 2006

Yours very truly,

TERRY M. LISOTTA

TML: cat