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LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

REGULAR ASSESSMENT RECOUPMENT PROCEDURES

SEPTEMBER 15, 2006

In accordance with LA R.S. 22:1430.16, LA Citizens Property Insurance Corporation (LA Citizens) has the authority to levy Regular Assessments in both the FAIR and Coastal Plans provided the Governing Board determines that a deficit exists. Due to the devastation inflicted upon Louisiana by Hurricane Katrina and Hurricane Rita, a deficit was created and LA Citizens levied a Regular Assessment against both Coastal Plan and FAIR Plan assessable insurers on October 19, 2005. Directive 191 issued by the Louisiana Department of Insurance on December 22, 2005 outlined the procedures to be followed by assessable insurers to allow the recoupment of the Regular Assessments paid.

Pursuant to Directive 191, each assessable insurer who elects to recoup the Regular Assessment paid must implement the recoupment process for an uninterrupted period of 12 months beginning with the date the assessable insurer initiates the recoupment process. In the event an assessable insurer recoups a Regular Assessment and the amount of the recoupment exceeds the amount of money remitted by the assessable insurer to LA Citizens for the Regular Assessment, the excess amount recouped must be remitted by the assessable insurer to LA Citizens to defray future deficits. Section 8.W of Directive 191 requires LA Citizens to establish a procedure to collect any amounts recouped by assessable insurers in excess of the amount of the Regular Assessment paid.

Remittance of the Excess Regular Assessments Recouped:

- a. Excess Regular Assessments recouped are to be remitted to LA Citizens within forty-five (45) days of the conclusion of each 12 month recoupment period. A 10% penalty will be imposed if the full amount due is not remitted within the forty-day period provided.
- b. If an assessable insurer is permitted by the Louisiana Department of Insurance to initiate an Extended Recoupment Plan, any Excess Regular Assessments recouped must be remitted to LA Citizens within forty-five (45) days of the conclusion of the 12 month extended recoupment period. A 10% penalty will be imposed if the full amount due is not remitted within the forty-day period provided.
- c. An aggregate report for each 12 month recoupment period and each 12 month extended recoupment period must be produced showing policy number, policy effective date, premium written, premium allocated to subject lines of business if different than the premium written, recoupment amount collected for the Coastal Plan, recoupment amount collected for the FAIR Plan, and the date of collection. A separate report may be submitted for each Plan.
- d. The report(s) must be maintained by the assessable insurer in a format that can be retrieved by LA Citizens from a password protected FTP site or other acceptable electronic format. Details to be provided not later than December 31, 2006.

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- e. Each assessable insurer may prepare their reports monthly or quarterly as they choose; however, a summary page must be attached summarizing the required information for the full 12 month recoupment period. Reports should only be submitted to LA Citizens at the end of the 12 month recoupment period.
- f. A notice that the report is available for review must be e-mailed to LA Citizens at assessments@lacitizens.com at the time the report is posted for viewing.
- g. A statement indicating the amount of the Regular Assessment recouped, the amount of the Regular Assessment paid by the assessable insurer, and the excess amount recouped must be provided. This excess amount recouped should be equal to the amount remitted.
- h. If the recoupment process is initiated as an affiliated group, a list of all members of the group must be provided including NAIC company number and the amount of Regular Assessment paid by each member of the affiliated group.
- i. The excess amounts recouped must be remitted to LA Citizens for each Plan. Payment may be made by check payable to either the LA Citizens FAIR Plan or the LA Citizens Coastal Plan.

Checks should be mailed to
LA Citizens
Attn: STOP RA
PO Box 60730
New Orleans, LA 70160.

Payments may also be made by wire transfers as follows:

Account Name	LA Citizens Property Insurance Corporation FAIR Plan Metairie, LA
Account Number	2080273862
Bank Name Capital	One Bank New Orleans, LA
ABA Number	065000090

OR

Account Name	LA Citizens Property Insurance Corporation Coastal Plan Metairie, LA
Account Number	2080273854
Bank Name Capital	One Bank New Orleans, LA
ABA Number	065000090