

TO ALL MEMBERS OF THE BOARD OF GOVERNORS FOR THE LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
AND THE PUBLIC

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
BOARD OF GOVERNORS MEETING
SEPTEMBER 8, 2016 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, September 8, 2016. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St. Baton Rouge, Louisiana, Hearing Room, commencing at 1:00 P.M.

Present were: Denise Brignac, Chairwoman
Eric Berger
Thomas Enright
Gene Galligan
Craig LeBouef
Sam Little
Eugene Montgomery
Sen. John Smith
Rep. Kirk Talbot

Absent were: Fred Bosse
Jason Dupree
Senator Eric LaFleur
Johnny Reeves
Kevin Reinke
William (Bill) Starr

Also present: Richard Newberry, CEO
Steve Cottrell
Paige Harper
Vijay Ramachandran

Chairwoman's Report

Chairwoman Brignac called the meeting to order at 1:10 p.m., asking Ms. Harper to call roll. With a quorum was present she began the meeting by introducing the newest member of the Board, Thomas Enright. Mr. Enright is the Treasurer's appointee and replaces Preston Robinson.

Chairwoman Brignac then moved on to the minutes of the prior meeting held on July 14, 2016. Mr. LeBouef moved to approve the minutes as proposed. Mr. Little seconded the motion. With no further discussion on the motion forthcoming, Chairwoman Brignac called for a vote. With no opposition, the motion passed unanimously.

The next order of business was the CEO report.

- A) Overview. Mr. Newberry began by stating that our hearts go out to those who have been impacted by the recent flooding. LCPIC received over 750 claims at a cost of a half a million dollars. While LCPIC does not write flood insurance, many claimants needed an inspection and denial letter in order to get FEMA money. He also reported to the Board that the company would be working on an endeavor to have 24-7 web portal reporting, as well as systems for geo coding. Mr. Newberry summarized topics to be discussed in the meeting, to include Bond refinancing and how that impacts the Company in the future and discussed the use of multivariate analysis.
- B) Management Report. Mr. Newberry next addressed the Management Report. He noted that net premiums are at \$74.1 million. That amount is approximately \$18 million less than less year at the same time. He total net enforced policies are 66,709, down almost 20,000. LCPIC's TIV is over \$13.7 billion.
- C) Depopulation Update. With regard to depopulation, Mr. Newberry reported that nine companies signed up to be involved in this year's round. The three new ones are Spinnaker, Excaliber and Gulf States. The company portal was opened on September 1st for companies to request take out policies. The agency portal will be opened on October 1st. The assumption date is scheduled for December 1 and policyholders will have 60 days to opt out if they so choose. After answering a few questions, Mr. Newberry turned it over to Mr. Cottrell to discuss the financials.
- D) Financials. Mr. Cottrell reported to the Board that in the absence of any hurricanes over the last three seasons, as of August, the company has amassed \$162 million in cash. LCPIC has never had this much cash before. He also presented the second quarter financials that had to be filed with the Department of Insurance by a certain deadline. LCPIC usually asks the Board to approve filings before they are made, but the filing had to be made prior to the Board meeting, so management went over them with the Audit Committee prior to the filing and now asks that the Board ratify the filing. Craig LeBouef, Chair of the Audit Committee, spoke up and noted that he thought that financials all looked in good order. He then moved that the Board retroactively approve the June 30, 2016 submission of the second quarter financials to the Louisiana Department of Insurance. Mr. Berger seconded the motion. With no further discussion forthcoming, a vote was called and the motion passed unanimously.
- E) Bond Refinancing Update. Next Mr. Cottrell updated the Board on the final savings from the July bond refinancing. The savings came to just under \$100 million, which was approximately \$8 million more than originally estimated.
- F) 2017 Assessment Rate. The proposed 2017 Assessment Rate presented by Mr. Cottrell is 2.52 %, a drop from the 2016 rate. The Department of Insurance has approved the calculations. The next step is for the Board to approve and set the rate. Sen. Smith moved to approve the 2.52% 2017 assessment rate. Mr. Little seconded. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.
- G) Proposed Commercial Rate Filing. The next item on the agenda was the proposed commercial rate filing. After a discussion about the commercial book of business and an explanation of the process for calculating the rates for the rate filing, Mr. Cottrell reported that the proposed overall rate is at a 5.9% decrease over last year's rates. Mr. Berger moved to approve the submission of the rate filing indicating a 5.9% decrease, along with approval of the formulas and methodology used to reach the 5.9% decrease. Mr. Montgomery seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.

H) Complaints. Finally, Ms. Harper reported to the Board that eight complaints were filed with LCPIC in July and August. Two of those were claim related, five were policy related and one was both claim and policy related. With no questions from Board members on the complaints, Chairwoman Brignac moved on to the next agenda item.

Before moving directly into Executive Session, Chairwoman Brignac asked if anyone from the public first wished to address the Board. When no one stepped forward, she stated that she would entertain a motion to go into Executive Session to discuss potential and pending litigation. Mr. Montgomery so moved. Mr. LeBouef seconded the motion. The Chairwoman called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIC staff and the Board were asked to leave the room.

-----Executive Session-----

At the conclusion of the Executive Session, Chairwoman Brignac asked for a motion to exit Executive Session and re-enter the public forum. Mr. Montgomery so moved. Mr. Little seconded the motion. A roll call vote was taken. The motion passed unanimously. Chairwoman Brignac noted that the Board had re-entered the public forum. She asked that the record reflect that the Board did not take any formal action while in Executive Session. She then stated that she would entertain any motions any Board member would like to make. Mr. Montgomery moved to grant Mr. Newberry, CEO, authority to settle the Netzel vs. LCPIC matter up to the amount discussed.

With the conclusion of the agenda, and with no further business to discuss, Chairwoman Brignac stated that the next Board meeting is scheduled for Thursday, November 10, 2016 at 1:00 p.m. Mr. LeBouef moved to adjourn the meeting; Mr. Little seconded. There being no opposition, the meeting was adjourned at 2:15 p.m.

Adjourn

Paige M. Harper
General Counsel and Corporate Secretary/Chief Administrative Officer

Approved:

I hereby certify that these are a true and correct copy of the September 8, 2016 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on January 12, 2017.

A handwritten signature in blue ink that reads "Paige M Harper". The signature is written in a cursive style and is positioned above a horizontal line.

Paige M. Harper, Secretary