

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
MAY 13, 2021 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, May 13, 2021. 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: Eugene Montgomery- Vice Chairman
Jeff Albright
Brian Chambley
Gene Galligan
Shannon Johnson
Craig LeBouef
Tony Ligi
Kevin Reinke
William (Bill) Starr
Brian Van Dreumel
Steven Werner

Absent were: Nicholas Lorusso, Chairman
Eric Berger
Rep. Brown
Sen. Talbot

Also present: Commissioner Donelon
Richard Newberry, CEO
Paige Harper
Joe Sciortino
Derek Haney
Ricky Lindsey

Chairman's Report

Vice Chairman Montgomery called the meeting to order at 1:03 pm, asking Ms. Harper to call roll. With eleven members in attendance, a quorum was present. Vice Chair Montgomery then moved on to the second agenda item, the minutes of the prior meeting in March 2021. After a review of the minutes, Mr. Albright moved to approve them as proposed. Mr. Chambley seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.

The next item on the agenda was the CEO Report.

CEO Report

A) Overview. Mr. Newberry began his report with an update on the 2021/2022 reinsurance plan. He noted that LCPIC is maintaining a \$35 million retention. He further explained the entire structure and ended by saying that LCPIC was able to stay under budget for the reinsurance premium at a final cost of \$27.9 million. The company had budgeted \$29.5 million.

Next, Mr. Newberry moved to a report on the 2021 Round of Depopulation. After he summarized the process and gave a brief history, Mr. Newberry told the Board that LCPIC was proposing to make 8000 policies available for depopulation in 2021. Additionally, he laid out the proposed timeline for the process, starting with the deadline for interested companies to submit their information and sign non-disclosure agreements, all the way to February 2022, the deadline for depopulated policyholders to opt out of the depopulation of their policies. In July the Board will be asked to approve the companies interested in participating. At the conclusion of the report, Vice Chair Montgomery asked for a motion to approve the number of policies to be offered for depopulation, along with the requirements, dates and timelines proposed by LCPIC staff. Mr. Albright so moved. Mr. LeBouef seconded the motion. With no further discussion forthcoming, a vote was taken and with no opposition, the motion was passed unanimously.

The final item on Mr. Newberry's overview report was the presentation to the Board of the 2020 Actuarial Report. He summarized the findings of LCPIC's actuary Derek Haney and noted that the full report is available to the Board members upon request.

B) Financials and Management Report. Next up, Mr. Sciortino presented the March 2020 financials and the 1st Quarter 2021 financials. As of the end of March 2020, LCPIC had \$52.3 million in operating cash, another \$51.8 million in invested cash and cash equivalents. That put LCPIC at a total operating cash position of \$104.2 million, with \$78.6 million of bond investments, leaving a total cash invest possession of \$182.8 million. With regard to the income statement, as of the end of March, LCPIC had a net income of \$2.4 million, approximately one million ahead of the budget. On the other side, LCPIC had \$11.3 million in direct losses incurred with ceded amounts of \$9.7 million. Most of the losses were attributable to 2020 storm activity. Operating expenses are slightly over budget, also due to 2020 storm activity. The surplus, \$162.3 million, is up from the end of 2020. The number of net inforce policies is at 35,862, up from 35,848 the year before. At the completion of Mr. Sciortino's review of the March financials, Mr.

LeBouef, Chair of the Audit Committee commented that the Audit Committee met earlier in the day for a review of the financials. The Committee did not have any concerns and felt that the financial statement are good, leaving LCPIC in a healthy position. Mr. Ligi moved to approve the 1st Quarter financials and to approve their filing with the LDI. Mr. Werner seconded the motion. With no further discussion forthcoming, the motion was approved unanimously.

C) 2020 Audit Update. Mr. Sciortino reported that the auditors have been working with LCPIC starting in January. The audit has gone very well and they statutory audit report has been received with no findings. A representative from the Audit firm met with the Audit Committee that morning and gave all positive feedback to the Committee members.

D) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in March and April 2021, 18 complaints were received, all of which were claim related. With no questions regarding the claims, Vice Chair Montgomery moved forward with the agenda.

With the CEO report concluded, Vice Chairman Montgomery moved on to the Executive Session. He asked if anyone from the public first wished to address the Board. With no speakers from the public, Vice Chairman Montgomery stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Mr. Albright so moved. Mr. Werner seconded the motion. The Chairman 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.

At the conclusion of the Executive Session, Vice Chairman Montgomery asked for a motion to exit Executive Session and re-enter the public forum. Mr. LeBouef so moved. Mr. Ligi seconded the motion. A roll call vote was taken. The motion passed unanimously. Vice Chairman Montgomery noted that the Board had re-entered the public forum. He asked that the record reflect that the Board did not take any formal action while in Executive Session.

With the conclusion of the agenda, and no further business to discuss, Vice Chairman Montgomery asked for a motion to adjourn. Mr. LeBouef so moved; Mr. Chambley seconded. There being no opposition, the meeting was adjourned at 1:35 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 May 13, 2021 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on July 8, 2021.

Paige M. Harper, Secretary