

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  
JANUARY 9, 2020 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, January 9, 2020. 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: Nicholas Lorusso, Chairman  
Jeff Albright  
Eric Berger  
Renee' Free  
Gene Galligan  
Tom Glasson  
Eugene Montgomery  
Kevin Reinke  
William (Bill) Starr  
Rep. Talbot  
Brian Van Dreumel

Absent were: Brian Chambley  
Craig LeBouef  
Sen. Smith

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

## Chairman's Report

Chairman Lorusso called the meeting to order at 1:00 p.m., asking Ms. Harper to call roll. There being a quorum present, he began by welcoming former Representative Tony Ligi who had taken over as Executive Counsel for the Treasurer's office. Mr. Ligi will be sitting on the Board once his appointment has been made by the Treasurer. He then noted that he would be looking at appointments to insure that everyone's appointments are up to date. Chair Lorusso then moved on to the second agenda item, the minutes of the prior meeting on November 26, 2019. After a review of the minutes, Mr. Albright moved to approve them as proposed. Mr. Glasson 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 by updating the Board on reinsurance market going into the coming treaty year. Capital is plentiful for reinsurers, but they are concerned with climate change and will be closely scrutinized before the reinsurers deploy any of that capital. Additionally, over the years, the rates for reinsurance for reinsurers has been going up, which will eventually trickle down to rates for insurers on their reinsurance. However, LCPIC is very conservative in its budgeting and the anticipated changes in the market have been considered when preparing the budget. After further discussing the reinsurance market, Mr. Newberry moved into an update on the latest round of depopulation. Four companies, Access, Safepoint, Southern Vanguard and Spinnaker, initially signed up to participate in the round. Eventually Spinnaker decided to pull out of the running for policies. The total number of authorized policies is 42 in Jefferson Parish, 11 in Orleans Parish and 30 in Terrebonne Parish. Those policyholders have until February 29, 2020 to opt out and not move coverage to the respective depopulation companies.

The next topic of discussion in the CEO report was the CAT Vendor RFP, which was sent out in December 2019. So far LCPIC has received questions from 25 people and has received 3 responses. LCPIC respectfully requests that the Board approve the proposed RFP and the corresponding processes for the purpose of determining vendors for claims administration in the event of a catastrophe. Senator Elect Talbot so moved and Mr. Montgomery seconded the motion. With no further questions or comments forthcoming, and with no objections, the motion was approved unanimously.

To close his section of the CEO report, Mr. Newberry gave a status report on the Agents Advisory Committee, which holds meetings twice a year. At the most recent meeting, 9 of the 10 members were in attendance. It's an opportunity for LCPIC to get input from agents on what's working and what isn't and if, in their opinion, LCPIC is being timely and responsive to our policyholders. So far the feedback has been very positive.

B) Personal Lines Rate Filing Proposal. The next topic on the agenda was the proposed personal lines rate filing. Mr. Newberry began with a review of the process used in calculating proposed rates. He explained that there are three main steps, 1) an actuarial rate making review; 2) the market study; 3) comparing the actuarial study rates to the market study rates and taking the higher of the two, then adding an additional ten (10) percent to those rates. After completing the review, Mr. Newberry reported that the proposed

personal lines rates represent a .5% rate increase in the FAIR Plan, a .1% rate increase in the Coastal Plan, both of which come to a .4% rate increase overall, with a proposed effective date of 6/1/2020. After an in depth discussion of the rating process, Chair Lorusso asked if anyone would like to move to approve the proposed rates and methods and formulas for filing. Mr. Albright moved to submit the proposed rates to the LDOI for approval and to approve the formulas and calculations that went into the making the rates, and to allow LCPIIC to implement the rate filing as approved by the LDOI as long as there is not a material change of more than plus or minus .5%. Mr. Van Dreumel seconded the motion. With no further discussion on the motion forthcoming, Chair Lorusso called for a vote. The motion passed unanimously.

C) Financials and Management Report. Next up, Mr. Sciortino presented the November 2019 financials. As of November, LCPIIC has ending operating cash of \$29.9 million, another \$108.2 million in invested cash/cash equivalents for a total of \$138.2 million in operating cash. The company's cash and investments was at \$218.2 million at the end of November. Looking forward six months, it is anticipated that LCPIIC will have a reinsurance expenditure of \$3.5 million in January and \$5.1 million in March. On the income statement net income through November was \$11.4 million, with direct written premium being the primary driver of that number. Losses were over budget by \$1.1 million due to further development of some Isaac claims. However, the bottom line wasn't effected since the Isaac claims are fully covered by reinsurance at this point. Home office expenses continue to be below budget. With regard to surplus, the amount is \$187.7 million through November. As LCPIIC continues to have positive net income for the year, we continue to add to surplus. On the balance sheet, there is nothing of significance to note. No material changes. The LCPIIC bonds listed in the liability section are the 2005 deficit bonds and are scheduled to be paid off in 2026.

From the corporate overview in the Management report, LCPIIC had a net inforce policy count of 36,078 at the end of November, down from 39,252 the year prior. Likewise, TIV was \$7.1 million, down from \$7.6 million at the end of November 2018.

E) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in November and December 2019, 3 complaints were received. Two were claim related and one policy related. With no questions regarding the claims, Chair Lorusso moved forward with the agenda.

With the CEO report concluded, Chairman Lorusso 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, Chairman Lorusso stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Senator Elect Talbot so moved. Mr. Montgomery seconded the motion. The Chairman called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIIC staff and the Board were asked to leave the room.

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

At the conclusion of the Executive Session, Chairman Lorusso asked for a motion to exit Executive Session and re-enter the public forum. Mr. Glasson so moved. Mr. Van Dreumel seconded the motion. A roll call vote was

taken. The motion passed unanimously. Chairman Lorusso 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.

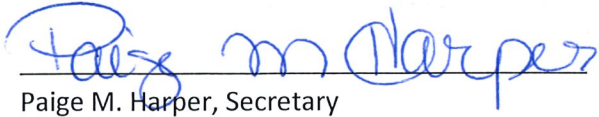
With the conclusion of the agenda, and no further business to discuss, Chairman Lorusso noted that the next meeting is scheduled for March 12, 2020 and asked for a motion to adjourn. Mr. Albright so moved; Mr. Berger seconded. There being no opposition, the meeting was adjourned at 1:37 p.m.

**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 January 19, 2020 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on March 12, 2020.

  
Paige M. Harper, Secretary