

LAIP
GOVERNING COMMITTEE
MEETING
APRIL 21, 2016

Corrected Transcript
Held at The Department of Insurance
1702 North 3rd Street
4th Floor Conference Room
Beginning at 9:07 a.m.

REPORTED BY:
BETTY D. GLISSMAN, CCR

1 MS. BRIGNAC:
2 All right. I would like to call to order
3 the Governing Committee meeting of the Louisiana
4 Automobile Insurance Plan. It is Thursday, April
5 21, 2016, at 9:07 a.m. I am Denise Brignac,
6 Chairperson, presiding over the meeting. At this
7 time, since I'm a one woman show, I will do roll
8 call.
9 Aaron Angel?
10 MR. ANGEL:
11 Here.
12 MS. BRIGNAC:
13 Blaine Briggs?
14 MR. BRIGGS:
15 Here.
16 MS. BRIGNAC:
17 Noel Bunol?
18 MR. BUNOL:
19 (No response.)
20 MS. BRIGNAC:
21 Not present.
22 Bobby Dupre?
23 MR. DUPRE:
24 Here.
25 MS. BRIGNAC:

1 APPEARANCES:
2
3 CHAIRPERSON:
4 Ms. S. Denise Brignac
5
6 BOARD MEMBERS:
7 Mr. Christopher Howell (Department of
8 Insurance Appointee)
9 Mr. Bobby Dupre (LAFAC)
10 Mr. Blaine Briggs (Farm Bureau)
11
12 PRESENT BY TELEPHONE:
13 Mr. Aaron Angel (State Farm)
14
15 ALSO PRESENT:
16 Ms. Suzy Sheriff (AIPSO)
17 Mr. Robert Myers, General Counsel
18 Ms. Caren Kerman (Progressive)
19
20 AIPSO REPRESENTATIVES PRESENT BY TELEPHONE:
21 Mr. Robert Powers
22 Ms. Jennifer Johnson
23 Ms. Beth Loon
24 Ms. Kathy Murtagh
25

1 Christopher Howell?
2 MR. HOWELL:
3 Here.
4 MS. BRIGNAC:
5 Christopher Fox?
6 MR. FOX:
7 (No response.)
8 MS. BRIGNAC:
9 Not present.
10 And Representative Major Thibaut?
11 REPRESENTATIVE THIBAUT:
12 (No response.)
13 MS. BRIGNAC:
14 Not present.
15 And the Chairperson, Ms. Brignac, is
16 here. So that's five members and quorum.
17 First agenda item is the Anti-Trust
18 Preamble. I have provided a copy for the official
19 record. I'm not going to read it unless there is a
20 member that so desires. Everybody is shaking their
21 head, no.
22 Antitrust Preamble
23 We are here to discuss and act on matters
24 relating to the business of the Louisiana Automobile
25 Insurance Plan and not to discuss or pursue the

1 business interests of our individual companies. We
 2 should proceed with caution and alertness towards
 3 the requirements and prohibitions of federal and
 4 state antitrust laws. We should not engage in
 5 discussion - either at this meeting or in private
 6 conversations - of our individual company's plans or
 7 contemplated activities. We should concern
 8 ourselves only with the business of the Louisiana
 9 Automobile Insurance Plan as set forth in the agenda
 10 for this meeting. Only residual market matters may
 11 be discussed at residual market meetings and each
 12 company's voluntary market plans cannot be
 13 discussed.

14 We may not discuss the circumstances,
 15 conditions or actions under which our individual
 16 companies will withdraw from particular lines of
 17 coverage in this state, or will withdraw as
 18 servicing carriers for the Plan. We may not discuss
 19 or agree to refuse to supply servicing carrier
 20 services to the Plan or agree to withdraw other
 21 services, products, or lines of business. We also
 22 may not discuss or agree to refuse to do business
 23 with individual or classes of insurers, producers,
 24 brokers or insureds, unless clearly authorized and
 25 actively supervised by the state. I'll move on to

1 Agenda Item #2, which is the minutes of the
 2 September 24, 2015, meeting. I'll give you a second
 3 or two to read over those. If there's any
 4 recommended changes, please bring those to my
 5 attention. If not, I will entertain a motion to
 6 approve.

7 MR. DUPRE:
 8 Move that we approve the minutes.

9 MS. BRIGNAC:
 10 I have a motion by Mr. Dupre.

11 MR. HOWELL:
 12 Second.

13 MS. BRIGNAC:
 14 Second by Mr. Howell.
 15 Any discussion on the motion?
 16 (No response.)

17 MS. BRIGNAC:
 18 All those in favor, say, "Aye."
 19 (All "Aye" responses.)

20 MS. BRIGNAC:
 21 Any opposed?
 22 (No response.)

23 MS. BRIGNAC:
 24 All right. Moving along, Agenda Item #3,
 25 which is the report from Chairperson. The only item

1 I would like to bring to the Governing Committee's
 2 attention is May 15th is right around the corner.
 3 As a Board member, you're required to file the
 4 financial disclosure with Ethics. It's the Tier 2.1
 5 reporting form. You can get that from the Ethics
 6 website, which is www.ethics.state.la.us. Please
 7 make sure that you have that filed, which is a
 8 postmark by May 15th, or they will be seeking you
 9 out for a fine.

10 Any questions for the Chairperson?
 11 (No response.)

12 MS. BRIGNAC:
 13 If not, moving on to Agenda Item #4,
 14 which is report from general counsel. I'll tender
 15 to our general counsel, Mr. Myers.

16 MR. MYERS:
 17 All is well. There is no litigation nor
 18 expected litigation. We did the CPA reporting about
 19 three weeks ago, so no problems. That's a good
 20 report.

21 MS. BRIGNAC:
 22 Any questions for Mr. Myers?
 23 (No response.)

24 MS. BRIGNAC:
 25 If not, before we move into the meat of

1 our agenda, I would like to introduce Ms. Caren
 2 Kerman from Progressive. She's taking over for
 3 Susan. She will now be our Progressive rep. So
 4 please welcome her to our meeting. And we look
 5 forward to working with you in the future.

6 MS. KERMAN:
 7 As I do. Thank you.

8 MS. BRIGNAC:
 9 Moving on now to Agenda Item #5, which is
 10 the AIPSO operations report. I'll turn over to Suzy
 11 Sheriff.

12 MS. SHERIFF:
 13 Thank you. The first item, the Plan
 14 Population Report for year ending December 2015,
 15 that's your Exhibit #3. For the year, we received
 16 one private passenger application, 22 commercial
 17 applications, for a total of 23 for the year.
 18 That's an increase of 21 percent over the 19
 19 received in 2014.

20 The next exhibit, #4, is for year-to-date
 21 through March. We have received no private
 22 passenger applications, 22 commercial applications,
 23 for a total of 22 for the year. I would like to
 24 note that those are all Mardi Gras applications.
 25 Last year, we had 17 and it was up to 22 this year,

1 so a slight increase.

2 If there are no questions about those
3 reports -- oh, I would like to also add, the PIF,
4 the policy in force count, for the commercial is 19.
5 So those are the risks that just stay in the plan
6 that don't have to keep coming back through. So we
7 have 19 of those currently.

8 The AIP and CAIP Executive Summaries and
9 Budget Variance Report for the year ending, we have
10 Exhibit #5, and we ended the AIP for the year under
11 budget by \$5,613. That is primarily two categories.
12 Committee travel, we had no committee travel
13 expenses submitted last year. So that was under
14 budget by \$2,500.

15 For consultation, that is our attorneys'
16 fees, we were under budget by \$2,640. As Bob
17 mentioned, there's very little going on in the plan
18 that's requiring review by the counsel. So that's
19 why we are under budget for that.

20 If we move on to Exhibit #5, Pages 3 and
21 4, this is the CAIP Budget Variance Report for the
22 year. This is a different picture. We ended the
23 year 597 percent of budget or \$88,144 over budget.
24 But as you recall, we had -- the item that I
25 mentioned at the last meeting where we carry policy

1 for 2016, they have agreed with Progressive that the
2 maximum we will write out of AIPSO is 7.5 million.

3 Again, we're not trying to take business
4 away from -- really not Progressive, but National
5 Continental Insurance Company. That's the company
6 that writes it, but to make sure we have something
7 in place should we ever need to do it.

8 And a couple of other things about AIO,
9 in January 2016, I'm sorry, we changed the
10 third-party administrator for claims. Crawford and
11 Company was handling it. Now, York Risk Services is
12 handling it and everything has been successfully
13 transferred to York. We are currently writing in
14 four states, New Jersey, Georgia, New Hampshire, and
15 District of Columbia. We've done some requirement
16 gathering and policy configuration for several other
17 states, but at this point, there are no plans to
18 write those states. We are just -- those are large
19 ones that should anything happen, it would not be a
20 quick turnaround. So we're getting those set up if
21 we could write it.

22 And the last item is the rapid expansion
23 plan. If we were writing all of the states, there
24 are a lot of states that have such a low volume that
25 they would not be done through the system, because

1 years for 11 years, on the 12th year, one balance is
2 written off. So we had a company in rehab that has
3 been carried on those reports for 11 years and that
4 was \$88,000 and it was written off at the end of
5 that policy year.

6 And the last exhibit for that is the year
7 to date through February for the -- and we haven't
8 had a lot of expenses this year, but again we give
9 you the most recent. We are currently \$858 over
10 budget for the AIP and that is AIPSO central
11 processor fees primarily. And the CAIP is \$490 over
12 budget for the year and, again, that is AIPSO
13 central processor fees.

14 And the last item we talked about at the
15 last meeting, and I apologize we failed to include
16 it as an agenda item and we will in the future, is
17 the AIPSO insurance operations that we're doing out
18 of AIPSO to process the commercial applications. As
19 you know, this was set up, because the volume was
20 dropping. We wanted to have a plan in place in case
21 Progressive ever did pull out and we could not find
22 another servicing carrier. The volume has been
23 increasing so much. We had estimated that for the
24 year, the AIO would write 3.5 million. They
25 actually ended the year writing 5.8 million. And

1 that would be too time consuming to try to put all
2 of the rates and do it all. So that would all be
3 done manually except for the claims and the billing.
4 That would be handled the same way as all the other
5 states.

6 And are there any questions about the AIO
7 and where we are on that?

8 (No response.)

9 MS. SHERIFF:

10 If not, that concludes my report.

11 MS. BRIGNAC:

12 All right. If no questions for Suzy on
13 Agenda Item #5, we will move to Agenda Item #6,
14 which is the 2017 CAIP servicing carrier allowance,
15 Exhibit #7.

16 MS. SHERIFF:

17 That is included, Pages 1 and 2, to give
18 you the new rates that are calculated for 2017. As
19 you know, we are required to advise the servicing
20 carrier of the new rates by September 1st. This
21 does not require approval, but it is something we
22 bring to the Committee every year, so you can see
23 what the rates have been and will be. So the
24 administrative expense allowance, the 2016 liability
25 was 20.3. That is going down in 2017 to 19.1. The

1 physical damage is going from 22 percent to 20.9.
 2 The ULAE has reduced significantly from 11 to 5.6.
 3 And the only one that is having a slight increase is
 4 the ALAE loss adjustment expense allowance.
 5 Physical damage is going from 8.2 to 8.5.

6 And, again, these are calculated based on
 7 a formula previously approved by the Committee. So
 8 it does not require approval, but it is for the
 9 Committee's information. And we will send a letter
 10 to National Continental prior to September 1st.

11 MS. BRIGNAC:
 12 Any questions on the carrier allowances?
 13 (No responses.)

14 MS. BRIGNAC:
 15 All right. Agenda Item #7, which is
 16 application of submission requirements, Exhibit #8.

17 MS. SHERIFF:
 18 Okay. As you probably have noticed in
 19 your businesses and in your homes, the mail is
 20 getting slower. There are a lot of changes going on
 21 with the post offices. They're closing post
 22 offices. It's just taking longer. And because the
 23 timeliness of submission, the producers, they get
 24 deficiencies if they don't mail applications within
 25 a certain time. And, also, the effective date can

1 they're able to do a paper application. And right
 2 now, they have to submit that one day after
 3 completion. We're increasing that to two working
 4 days. And this proposal also includes a new
 5 definition to working day for clarification
 6 purposes. That, I believe, are -- they're the main
 7 things. We're -- they're also -- well, doing the
 8 performance standards, those standards were updated
 9 to reflect these changes.

10 Kathy is there. Anything else in that
 11 proposal you would like to mention that I've missed?

12 MS. MURTAGH:
 13 No. You did a good job, Suzy. Thank
 14 you.

15 MS. SHERIFF:
 16 Thank you. Are there any questions about
 17 this proposal or the reason for the proposal?
 18 (No response.)

19 MS. BRIGNAC:
 20 If not, I'll need a motion to approve the
 21 changes to the application set forth in Exhibit #8.

22 MR. BRIGGS:
 23 So moved.

24 MS. BRIGNAC:
 25 I have a motion by Mr. Briggs.

1 be affected by a late submission, which is often due
 2 to the post office.

3 So this proposal is proposing
 4 enhancements to the procedures for EASi private
 5 passenger and commercial applications that are not
 6 subject to the 20 day delay. What it would change
 7 is, if a producer submits these applications online
 8 and it's documented online in EASi when they
 9 submitted it and they send us all of the proper
 10 documentation, which means the application -- signed
 11 application, the money, and any forms that are
 12 required, then they have 15 days to do that. If
 13 they do it, they get the effective date requested
 14 and it is not considered deficient. So that is
 15 hopefully we've had a lot -- all of the plans have
 16 had a lot of issues over the years with this, with
 17 not being able to read postmarks, with postmarks not
 18 being on the envelopes. This will take care of that
 19 and it will, in anticipation of the changes with the
 20 postal service, make this more timely and more
 21 beneficial for both producers and the insureds.

22 Another change to that proposal is there
 23 is an alternate application submission procedure.
 24 That is for if the system is down or if their system
 25 is down and they cannot do it electronically,

1 MR. DUPRE:
 2 Second.
 3 MS. BRIGNAC:
 4 I have a second by Dupre.
 5 Any discussion on the motion?
 6 (No response.)

7 MS. BRIGNAC:
 8 All those in favor, say, "Aye."
 9 (All "Aye" responses.)

10 MS. BRIGNAC:
 11 Any opposed?
 12 (No response.)

13 MS. BRIGNAC:
 14 All right. Agenda Item #8 is the private
 15 passenger application dealing with uninsured
 16 motorist coverage, Exhibit #9.

17 MS. SHERIFF:
 18 This proposal is basically to do one
 19 thing, but while we were doing it, we were cleaning
 20 up some other things. It was noticed that in
 21 Section 5 of coverages, the uninsured motorist or
 22 property damage offered limits of \$25,000, \$50,000,
 23 and \$100,000. The plan only offers \$25,000. So
 24 this proposal was to correct that in the
 25 application, some other things. So while we were

1 doing it to clean it up, we did is we changed -- we
 2 removed an asterisk that -- the asterisk didn't make
 3 sense. So we took that out, because it was saying
 4 you had to have one thing to purchase another, but
 5 the other thing you had to purchase to get the one
 6 with the asterisk. So it was just a typo actually.
 7 The second one is the statement under the
 8 uninsured motorist is amended and it previously just
 9 said a form must be completed and attached. Now,
 10 we've changed that to say if you're rejecting
 11 coverage, you have to fill out this form. And by
 12 doing that, we are removing Section 12, which
 13 basically says the same thing as what we're saying
 14 in this new statement. And I believe -- Jennifer or
 15 Beth, is there anything else about that application
 16 change that you would like to mention?
 17 (No audible response.)
 18 MS. SHERIFF:
 19 Is that a no?
 20 MS. JOHNSON:
 21 Only that the new one, the one that you
 22 have to complete the form for is if you're rejecting
 23 or if you're selecting lower than your BI coverage.
 24 MS. SHERIFF:
 25 Right. Thank you, Jennifer. Yes, not

1 Any opposed?
 2 (No response.)
 3 MS. BRIGNAC:
 4 Agenda #9, any open items. That's
 5 usually you, but Suzy nothing?
 6 MS. SHERIFF:
 7 Nothing, no.
 8 MS. BRIGNAC:
 9 All right. Skipping on to Agenda Item
 10 #10, which is Executive Session, we'll go into
 11 Executive Session to discuss the National
 12 Continental audit. At this time, I will entertain a
 13 motion to go into Executive Session.
 14 MR. BRIGGS:
 15 (Makes motion.)
 16 MS. BRIGNAC:
 17 I have a motion by Mr. Briggs.
 18 MR. DUPRE:
 19 Second.
 20 MS. BRIGNAC:
 21 A second by Mr. Dupre.
 22 Do we have to do a roll call vote?
 23 MR. ANGEL:
 24 Yes.
 25 MS. BRIGNAC:

1 just rejecting, but selecting lower coverage. So
 2 mostly this is clean up, but again because we were
 3 offering something that the plan didn't offer, we
 4 wanted to get that in compliance.
 5 MS. BRIGNAC:
 6 Any questions for Suzy?
 7 (No response.)
 8 MS. BRIGNAC:
 9 If not, I need a motion to approve the
 10 proposed changes to the private passenger
 11 application.
 12 MR. DUPRE:
 13 So moved.
 14 MS. BRIGNAC:
 15 I have a motion by Mr. Dupre.
 16 MR. HOWELL:
 17 Second.
 18 MS. BRIGNAC:
 19 Second by Mr. Howell.
 20 Any discussion on the motion?
 21 (No response.)
 22 MS. BRIGNAC:
 23 All those in favor, say, "Aye."
 24 (All "Aye" responses.)
 25 MS. BRIGNAC:

1 Okay. I'll have to do a roll vote on
 2 that one.
 3 Mr. Angel?
 4 MR. ANGEL:
 5 Yes.
 6 MS. BRIGNAC:
 7 All right. Mr. Briggs?
 8 MR. BRIGGS:
 9 Yes.
 10 MS. BRIGNAC:
 11 Mr. Dupre?
 12 MR. DUPRE:
 13 Yes.
 14 MS. BRIGNAC:
 15 Mr. Howell?
 16 MR. HOWELL:
 17 Yes.
 18 MS. BRIGNAC:
 19 And the Chair votes yes. So we will go
 20 into Executive Session. I will ask Ms. Glissman and
 21 Ms. Kerman to leave the room, please.
 22 (Executive Session)
 23 MS. BRIGNAC:
 24 All right. At this time, I'll entertain
 25 a motion to come out of Executive Session and go

1 back into the public meeting.
 2 MR. BRIGGS:
 3 (Makes motion.)
 4 MS. BRIGNAC:
 5 Mr. Briggs moves.
 6 MR. DUPRE:
 7 Second.
 8 MS. BRIGNAC:
 9 Mr. Dupre seconds.
 10 At this time, I'll do roll call.
 11 Mr. Angel?
 12 MR. ANGEL:
 13 Here.
 14 MS. BRIGNAC:
 15 Mr. Briggs?
 16 MR. BRIGGS:
 17 Here.
 18 MS. BRIGNAC:
 19 Mr. Dupre?
 20 MR. DUPRE:
 21 Here.
 22 MS. BRIGNAC:
 23 Mr. Howell?
 24 MR. HOWELL:
 25 Here.

1 entertain a motion to accept the 2015 CAIP
 2 compliance audit.
 3 MR. DUPRE:
 4 I so move.
 5 MS. BRIGNAC:
 6 I have a motion by Mr. Dupre.
 7 MR. BRIGGS:
 8 Second.
 9 MS. BRIGNAC:
 10 A seconds by Mr. Briggs.
 11 Any discussion on the motion?
 12 (No response.)
 13 MS. BRIGNAC:
 14 All those in favor, say, "Aye."
 15 (All "Aye" responses.)
 16 MS. BRIGNAC:
 17 Any opposed?
 18 (No response.)
 19 MS. BRIGNAC:
 20 Now, Agenda Item #11, which is any other
 21 business. Does anybody have any other business?
 22 (No response.)
 23 MS. BRIGNAC:
 24 No. All right. Agenda Item #12 is the
 25 date of our next meeting. Right now, we have set it

1 MS. BRIGNAC:
 2 And Ms. Brignac votes, yes, too. We're
 3 out of Executive Session. Please let the record
 4 reflect that the Board did not take any formal
 5 action while in Executive Session.
 6 Does anyone have any questions for Ms.
 7 Kerman before we move off of the CAIP audit?
 8 (No response.)
 9 MS. BRIGNAC:
 10 No. All right. That takes us to Agenda
 11 Item #11, which is any other business.
 12 MS. SHERIFF:
 13 We do need a motion to accept the audit.
 14 MS. BRIGNAC:
 15 Sorry. Before we move on, we'll need --
 16 MS. KERMAN:
 17 And I just wanted to also say -- extend
 18 my thanks to the RMAS for their help in coordinating
 19 the audit and we appreciate the results and be able
 20 to present them.
 21 MS. SHERIFF:
 22 For those of your that don't know, RMAS
 23 is Residual Market Audit Services.
 24 MS. BRIGNAC:
 25 All right. At this time, I will

1 tentatively for September 22, 2016. Do y'all like
 2 the 9:00 a.m. or would you -- 9:30 is good for
 3 everybody? Once you get back to your offices, if
 4 you'll check and make sure. If there are some
 5 conflicts, let us -- just let us know and if I see I
 6 have a quorum issue, I'll get with Suzy and we'll
 7 come up with a --
 8 MS. SHERIFF:
 9 Blaine, it looks like you already one
 10 issue?
 11 MR. BRIGGS:
 12 I do.
 13 MS. BRIGNAC:
 14 All right. That concludes our agenda for
 15 today. At this time, I will entertain a motion to
 16 adjourn.
 17 MR. HOWELL:
 18 (Makes motion.)
 19 MS. BRIGNAC:
 20 Mr. Howell moves.
 21 MR. BRIGGS:
 22 Second.
 23 MS. BRIGNAC:
 24 Mr. Briggs seconds.
 25 Is anyone opposed?

1 (No response.)
2 MS. BRIGNAC:
3 Hearing none, we're adjourned. Thank
4 you.
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1 REPORTER'S CERTIFICATE
2

3 I, BETTY D. GLISSMAN, Certified Court Reporter,
4 Certificate No. 86150, in and for the State of
5 Louisiana, do hereby certify that the Louisiana
6 Automobile Insurance Plan Governing April 21, 2016,
7 meeting was reported by me in the stenotype
8 reporting method, was prepared and transcribed by me
9 or under my personal direction and supervision, and
10 is a true and correct transcript to the best of my
11 ability and understanding.

12 April 25, 2016, Baton Rouge, Louisiana.
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20 BETTY D. GLISSMAN, CCR
21 CERTIFIED COURT REPORTER
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