

LAIP
GOVERNING COMMITTEE
MEETING
MARCH 23, 2012

Held at The Department of Insurance
1702 North 3rd Street
1st Floor Conference Room
Beginning at 9:08 a.m.

REPORTED BY:
BETTY D. GLISSMAN, CCR

1 MS. BRIGNAC:
 2 All right. Good morning. I
 3 would like to call to order the Governing
 4 Committee meeting of the Louisiana
 5 Automobile Insurance Plan. It is Friday,
 6 March 23, 2012 at 9:08 a.m.
 7 I am Denise Brignac,
 8 Chairperson to the Committee. At this time,
 9 I will conduct roll call. Myself, Denise
 10 Brignac, representing Commissioner Donelon.
 11 Chris Howell?
 12 MR. HOWELL:
 13 Present.
 14 MS. BRIGNAC:
 15 Bobby Dupre?
 16 MR. DUPRE:
 17 Here.
 18 MS. BRIGNAC:
 19 Noel Bunol?
 20 MR. BUNOL:
 21 Here.
 22 MS. BRIGNAC:
 23 Russ Galbraith?
 24 MR. GALBRAITH:
 25 Here.

1 APPEARANCES:
 2
 3 CHAIRPERSON:
 4 Ms. S. Denise Brignac
 5
 6 BOARD MEMBERS:
 7 Mr. Noel Bunol, IV (President of
 8 the Senate Designee)
 9 Mr. Christopher Howell (Department of
 10 Insurance Appointee)
 11 Mr. Bobby Dupre (LAFAC)
 12 Mr. Russ Galbraith (Farmers)
 13 Mr. Jamal Little (State Farm)
 14 (Present by Telephone)
 15 Mr. Major Thibaut (House of
 16 Representative Appointee)
 17 Mr. Chris Meredith (Safeco)
 18
 19 ALSO PRESENT:
 20 Ms. Suzy Sheriff (AIPSO)
 21 Mr. Ben Moss
 22 Ms. Susan Petrillo (Progressive)
 23 Mr. Robert Myers - General Counsel
 24 Mr. Robert Powers (AIPSO)
 25 (Present by Telephone)

1 MS. BRIGNAC:
 2 Kellie Thibodeaux?
 3 MS. THIBODEAUX:
 4 Here.
 5 MS. BRIGNAC:
 6 Chris Meredith?
 7 MR. MEREDITH:
 8 Here.
 9 MS. BRIGNAC:
 10 Representative Thibaut?
 11 MR. THIBAUT:
 12 Here.
 13 MS. BRIGNAC:
 14 Jamal Little?
 15 MR. LITTLE:
 16 (No response.)
 17 MR. MOSS:
 18 I sent him the call-in
 19 information. He said that he was calling
 20 in.
 21 MS. BRIGNAC:
 22 That's eight members and a
 23 quorum. Also present we have Bob Myers,
 24 general counsel to the Governing Committee.
 25 MR. MYERS:

1 (Pages 1 to 4)

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1 Present.
2 MS. BRIGNAC:
3 Suzy Sheriff representing
4 AIPSO. On the phone, we have Robert Powers
5 representing AIPSO. Susan Petrillo
6 representing Progressive.
7 MS. PETRILLO:
8 Yes.
9 MS. BRIGNAC:
10 Did I miss anybody? Okay.
11 The first agenda item is the
12 Anti-Trust Preamble. I'm not going to read
13 it into the record because I've given an
14 official copy for the record, unless anyone
15 would like for me to do that.
16 Antitrust Preamble
17 We are here to discuss and act on
18 matters relating to the business of the
19 Louisiana Automobile Insurance Plan and not
20 to discuss or pursue the business interests
21 of our individual companies. We should
22 proceed with caution and alertness towards
23 the requirements and prohibitions of federal
24 and state antitrust laws. We should not
25 engage in discussion - either at this

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1 meeting or in private conversations - of our
2 individual company's plans or contemplated
3 activities. We should concern ourselves
4 only with the business of the Louisiana
5 Automobile Insurance Plan as set forth in
6 the agenda for this meeting. Only residual
7 market matters may be discussed at residual
8 market meetings and each company's voluntary
9 market plans cannot be discussed.
10 We may not discuss the
11 circumstances, conditions or actions under
12 which our individual companies will withdraw
13 from particular lines of coverage in this
14 state, or will withdraw as servicing
15 carriers for the Plan. We may not discuss
16 or agree to refuse to supply servicing
17 carrier services to the Plan or agree to
18 withdraw other services, products, or lines
19 of business. We also may not discuss or
20 agree to refuse to do business with
21 individual or classes of insurers,
22 producers, brokers or insureds, unless
23 clearly authorized and actively supervised
24 by the state.
25 The second agenda item is the

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1 minutes from the November 10, 2011 meeting.
2 They are under Tab 2. I'll give you a few
3 minutes to look at them to see if there are
4 any changes. If not, I'll entertain a
5 motion to approve.
6 MR. LITTLE:
7 Jamal Little.
8 MS. BRIGNAC:
9 Good morning, Jamal. We're
10 on Agenda Item #2, which is the minutes.
11 MR. LITTLE:
12 Okay.
13 MS. BRIGNAC:
14 All right. Does anybody have
15 any changes to the minutes?
16 (No response.)
17 MS. BRIGNAC:
18 If not, I'll entertain a
19 motion to approve.
20 MS. THIBODEAUX:
21 I move to approve the
22 minutes.
23 MS. BRIGNAC:
24 I have a motion by Ms.
25 Thibodeaux.

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1 MR. GALBRAITH:
2 Second.
3 MS. BRIGNAC:
4 I have a second by Mr.
5 Galbraith.
6 Any discussion on the motion?
7 (No response.)
8 MS. BRIGNAC:
9 All those in favor, say
10 "Aye."
11 (All "Aye" responses.)
12 MS. BRIGNAC:
13 Any opposed?
14 (No response.)
15 MS. BRIGNAC:
16 Agenda Item 3 is the report
17 from the Chairperson. I don't really have
18 anything to report. It's been quiet in the
19 last six months.
20 So I'll move on to Agenda
21 Item #4, which is report from general
22 counsel.
23 Mr. Myers.
24 MR. MYERS:
25 It's been very, very quiet.

2 (Pages 5 to 8)

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Exhibit II
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1 usual pieces of correspondence, nothing big.
2 We'll get into the other little issue about
3 conflicts, but that's not going to be a
4 problem either. So everything has been
5 copacetic.
6 MS. BRIGNAC:
7 Okay. Moving on to -- does
8 anybody have any questions for Bob before I
9 move on?
10 (No response.)
11 MS. BRIGNAC:
12 No, okay.
13 Agenda Item #5, which is the
14 AIPSO operations report, I'll tender to
15 Suzy.
16 MS. SHERIFF:
17 Thank you. The first item is
18 Exhibit #3, the plan population report for
19 last year. We had two private passenger
20 applications for the entire year; that was
21 compared to none the previous year. And we
22 had a total of 24 commercial applications;
23 that is compared to 90 in 2010. So our
24 total for the year was 26 applications. We
25 were down just over 71 percent.

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1 We did go back and pull to
2 see, because it doesn't break out in the
3 commercial how many are the sugarcane risks.
4 In 2010, which it had increased greatly, we
5 had 58 sugarcane risks. Last year, our
6 total was two. That's all of the sugarcane
7 that came in.
8 MR. MOSS:
9 Two?
10 MS. SHERIFF:
11 Two.
12 MR. DUPRE:
13 Which company wrote them?
14 Noel, did you run across
15 anybody that could tell you who was writing
16 them all of a sudden?
17 MR. BUNOL:
18 I could find out.
19 MS. SHERIFF:
20 What we had reported last
21 time, we contacted a couple of producers to
22 see why they were submitting fewer. Some
23 were sending them to -- I'm sorry, some of
24 them were going to year policies. So rather
25 than it being a sugarcane short-term policy.

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1 they were insuring the risk for the full
2 year. So they were going to their normal
3 voluntary market for that. We also found
4 that a couple of the mills had closed. I'm
5 trying to remember what the other reasons
6 were. That's pretty much it. They went to
7 year policies, so they were able to get it
8 in the involuntary.
9 MR. DUPRE:
10 Good.
11 MS. SHERIFF:
12 The year to date for February
13 is Exhibit #4, and we had no private
14 passenger. We received 18 commercial.
15 That's down a little bit from 2011. We
16 received a total of 18 this year. Last
17 year, we received 21. So it's gone down a
18 bit, but not nearly as much as the
19 sugarcane.
20 If there are no other
21 questions about the plan population reports,
22 we'll go on to the Executive Summaries and
23 Budget Variance Reports.
24 The first one is Exhibit #5,
25 that is for the year ending December 2011.

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1 The year-to-date budget was \$94,334. We
2 came in at \$63,526 or \$30,800 plus over --
3 under budget. The areas -- you will notice
4 on Pages 1 and 2, we've broken out what was
5 under budget and the reason. The ones that
6 are significant were travel was under budget
7 by \$3,623. That was because we budgeted
8 \$5,000 not knowing how many of the new
9 Governing Committee members would be putting
10 their travel through. We only expended
11 \$1,377. So that's why that was so much
12 less.
13 Every year we keep decreasing
14 the legal consultation budget, but every
15 year we continue to come in significantly
16 under. So we were only -- our expenses were
17 less than \$5,000 last year and we had
18 budgeted \$25,000.
19 Miscellaneous, that is just a
20 charge off for bad debt, \$6,754. That's
21 obviously an unbudgeted account, so we never
22 know when those are going to happen.
23 And the last item is central
24 processor. We had fewer meetings last year,
25 and the sugarcane risk means so many fewer.

3 (Pages 9 to 12)

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Exhibit II
Page 3 of 14

<p style="text-align: right;">Page 13</p> <p>1 Primarily, it was mine and Jennifer's hours 2 that were under budget. So we were total 3 under -- \$12,204 under budget. So pretty 4 soon we're going to be paying you guys to do 5 this the way it's going here. 6 If we move on to the CAIP for 7 December, the CAIP budget for the year was 8 \$23,415. The actual was \$18,360. So we're 9 under budget by \$5,055. 10 Again, the main areas that 11 were under we've talked about before were -- 12 the bank charges were under \$1,349. We're 13 earning so little interest that rather than 14 moving all of the money to the liquid asset 15 trust, we're leaving it under the bank 16 account to offset the fees. So we're making 17 more money by paying less fees than we could 18 make on interest right now. So at the time 19 we prepared the budget, we didn't realize we 20 would be doing that. 21 The other is the central 22 processor. Again, we were under budget for 23 the CAIP for \$3,771. A lot of the people at 24 AIPSO last year -- and we'll talk about this 25 later -- were working on the commercial</p>	<p style="text-align: right;">Page 15</p> <p>1 this one is over by \$199, and then we had an 2 interest payment to Progressive of \$27. 3 Are there any questions about 4 either of these reports? 5 MS. BRIGNAC: 6 No, but I think before we 7 move on, for the new Board members, travel 8 reimbursement is an option. If you need to 9 take advantage of that, we do have a Board 10 member that currently does. So, I mean, 11 don't be shy if you need to do that. I 12 think we -- do we use AIPSO's travel 13 reimbursement or the Department? 14 MS. SHERIFF: 15 We use AIPSO. The only thing 16 that AIPSO has is they do meet the federal 17 government mileage rate. 18 MS. BRIGNAC: 19 Right, which is higher than 20 ours. 21 MS. SHERIFF: 22 Right. Otherwise, any 23 expenses over \$50, we would need a receipt. 24 We need it on the expense report signed. 25 First time you'll need to sign the</p>
<p style="text-align: right;">Page 14</p> <p>1 operation and it's going to become effective 2 soon and I think that's why we had less 3 countrywide commercial hours last year. 4 If there are no questions 5 about the year ending budget variance 6 reports, we'll move on to -- we only have 7 one month -- these are released for 2012, 8 each the 15th of the following month. This 9 agenda went out on March 9th, so we did not 10 have the February numbers. So this is 11 somewhat dated at this point. 12 But for January, we're under 13 budget by \$2,066, only half of the budget. 14 Again, that's central processor. Primarily, 15 we were under budget \$1,555. The rent, I'm 16 not sure -- you probably -- for those of you 17 who are new, you may not be aware of AIPSO's 18 arrangement. We do the operations. We do 19 this out of AIPSO's home office. We pay 20 \$500 a year for nominal rent, and that's 21 usually paid in January. For some reason, 22 that didn't hit yet. So that will be coming 23 up. 24 For the commercial, we are 25 over budget by \$226. Central processor on</p>	<p style="text-align: right;">Page 16</p> <p>1 appropriate tax forms so that we can 2 reimburse you. But anyone that wants to do 3 that, please contact me. We'll get you 4 hooked up to do that. 5 MS. BRIGNAC: 6 All right. Any questions for 7 Suzy on the operations reports? 8 (No response.) 9 MS. BRIGNAC: 10 If not -- is that an accept 11 only? I ask this every time, don't I? Do 12 we need to accept that by vote? 13 MR. MYERS: 14 You should. 15 MS. BRIGNAC: 16 At this time, I would 17 entertain a motion to accept the AIPSO 18 operation report. 19 MR. GALBRAITH: 20 (Makes motion.) 21 MS. BRIGNAC: 22 I have a motion by Mr. 23 Galbraith. 24 Do I have a second? 25 MR. BUNOL:</p>

4 (Pages 13 to 16)

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1 Second.
 2 MS. BRIGNAC:
 3 Mr. Bunol seconds.
 4 Any discussion on the
 5 motion?
 6 (No response.)
 7 MS. BRIGNAC:
 8 All those in favor, say
 9 "Aye."
 10 (All "Aye" responses.)
 11 MS. BRIGNAC:
 12 Any opposed?
 13 (No response.)
 14 MS. BRIGNAC:
 15 Again Item #6 is availability
 16 of applications and forms. Suzy.
 17 MS. SHERIFF:
 18 Thank you. Exhibit #7 is a
 19 proposal from AIPSO that would change
 20 whereby producers can no longer purchase
 21 forms in bulk. In the past, we had the
 22 carbon application. Producers would buy
 23 large numbers of them, keep them on hand,
 24 and we no longer do that. Everything is
 25 pretty much online now. They can get a

1 paper application if they need to. But for
 2 private passenger risk, as you probably
 3 recall, they have to use the electronic
 4 application interface. It is mandatory. So
 5 we do encourage them to send it online.
 6 Various provisions, if they cannot, they can
 7 still submit a paper app. So this proposal
 8 would just remove from the plan the language
 9 whereby those applications are available
 10 through AIPSO's mail order management
 11 department. That was discontinued in
 12 December of 2011.
 13 Are there any questions about
 14 this proposal?
 15 MR. DUPRE:
 16 Do you need a motion? I make
 17 a motion that we approve that method.
 18 MS. BRIGNAC:
 19 I have a motion by Mr. Dupre
 20 to approve AIPSO's recommended change.
 21 MS. THIBODEAUX:
 22 I second that.
 23 MS. BRIGNAC:
 24 I have a second by Ms.
 25 Thibodeaux.

1 Any discussion on the motion?
 2 (No response.)
 3 MS. BRIGNAC:
 4 All those in favor, say
 5 "Aye."
 6 (All "Aye" responses.)
 7 MS. BRIGNAC:
 8 Any opposed?
 9 (No response.)
 10 MS. BRIGNAC:
 11 Agenda Item #7 is the records
 12 retention and destruction schedule. Suzy.
 13 MS. SHERIFF:
 14 In the past, because the auto
 15 plan was deemed to be a public entity, we
 16 kept all records. We were paying storage to
 17 keep everything that was brought from the
 18 Metairie office. I mean, we're not tossing,
 19 throwing anything or destroying anything.
 20 When this was decided that it's now a
 21 private, we developed this record retention
 22 and destruction schedule using some of the
 23 other plans as an example.
 24 One of the reasons I chose to
 25 put this on the agenda now is, Robert

1 Powers, who is AIPSO's legal counsel is on
 2 the phone. He was instrumental in helping
 3 develop the schedule for AIPSO's home office
 4 and all of the plans. So I thought if there
 5 were questions, he could tell us the
 6 rationale for why certain dates were chosen.
 7 This is just a draft, kind of a discussion
 8 point, that we can start with. I, again,
 9 took some of the plans that were approved
 10 and scheduled in other states and used a lot
 11 of those same dates.
 12 I'm thinking that we probably
 13 at some point are going to want to discuss,
 14 you know, what do we do with these records
 15 that are in storage. The legislative audit
 16 has concluded it's now a private body. Do
 17 we really need these things that go back to
 18 1950 to pay storage every month?
 19 Robert Powers, do you have
 20 anything to add on that?
 21 MR. POWERS:
 22 The only thing I wanted to
 23 add is that I have reviewed any applicable
 24 statutes as well as any Department regs and
 25 directives regarding records retention just

1 in general for entities that are regulated
2 by the Department, and what you have in
3 front of you either meets or exceeds any of
4 those requirements or directives.

5 MR. DUPRE:

6 Do you have a lot of records
7 to dispose of?

8 MS. SHERIFF:

9 We do. We have -- well, most
10 of them are still here.

11 MS. BRIGNAC:

12 Yes. We had to -- sometime
13 ago when Ben and I had to go fetch them from
14 Metairie, we ended up renting a storage
15 unit, which is over on Perkins Road. And
16 the records are just being stored in there,
17 because, you know, we were in the midst of
18 that investigation.

19 But I do have a question, not
20 really record retention. It's more legal in
21 that even though the Attorney General's
22 Office has said that we're a private entity
23 based off of the Supreme Court decision, the
24 law was specifically changed to say the
25 Legislative Auditor could review our books

1 us. It never happened. So we didn't incur
2 all of the attorney fees and we were able to
3 kind of just duck.

4 But I've always wondered, and
5 I think it would be a better idea if we
6 probably hold off on destroying documents
7 for a little bit longer of a period of time.

8 And, for example, Mr. Lisotta
9 can come in with some type of
10 post-conviction relief deal, it happens all
11 the time. Even though he served his
12 sentence, he could still come in and say,
13 well, you know, this, that, and all that.

14 I would think it would be
15 better if we hold off for a period of time,
16 for another two to three years, with those
17 records. But that's something you'll have
18 to decide. But I think your recommendations
19 are solid, but, you know, with what we have
20 been through, it concerns me.

21 MS. SHERIFF:

22 Is he -- we certainly --
23 again, we don't have that many in Rhode
24 Island, so we don't have a problem
25 maintaining everything. Most of it is here

1 and records.

2 MR. MYERS:

3 The Supreme Court said that
4 we are a private entity, but they talk about
5 a hybrid part of it, and that's always, you
6 know, been a concern to me. So we are
7 private, but they talk about a component
8 part in that decision about public entity.
9 I take the overall decision that we are
10 private, but I looked at this document
11 retention and I think it's fine. Robert,
12 you did a good job with it.

13 But my problem right now is
14 that -- and for all of you that -- most of
15 you that are new here, I mean, we had a
16 problem here about four years ago, and
17 someone ended up going to jail. And it was
18 a hotly contested, widely publicized issue
19 and it got resolved, and you're seeing why
20 the attorney fees dropped. At one point, we
21 were looking at lawsuits, RICO actions, it
22 was everything. And, in fact, the Citizens
23 plan, which we're one of three of, actually
24 got sued on a RICO, got out on it, and we
25 sat and we were waiting for the lawsuit for

1 and we are paying storage. That was why I
2 wanted to bring this up because, I mean, how
3 long -- this could go on forever and that's
4 fine if that's what the Committee decides
5 they want to do. We just wanted to at least
6 put it out there for discussion so it was a
7 conscious decision.

8 MS. BRIGNAC:

9 Chris, did you have a
10 comment?

11 MR. HOWELL:

12 AIPSO pays for the storage?

13 MS. BRIGNAC:

14 No, we do, the plan does.

15 MR. MEREDITH:

16 Can I ask a question?

17 MS. BRIGNAC:

18 Yes.

19 MR. MEREDITH:

20 Number one, what's the
21 benefit, meaning what are the storage fees
22 that we would save? And then, two, for Mr.
23 Myers, why does waiting two to three years
24 make you feel more comfortable?

25 MR. MYERS:

1 Well, it would make me feel
2 more comfortable because I would like to get
3 it to a 10-year period, post the major
4 problems we had and it was a significant
5 issue. And 10 years really gives you a
6 pretty much a cleansing period.

7 You know, I look at the tax
8 requirements and they say seven. Then you
9 get the deal with bad faith and fraud and
10 the deadline is extended. I look at this,
11 and right now I have 5,000 boxes from my
12 firm -- and we're not a big firm -- and
13 we're paying a fortune to keep those. And
14 then, of course, they get you, because then
15 to retrieve them, and then destroy them,
16 they charge you and we're just keeping them
17 for a while. I'm going to ultimately get
18 rid of everything, but I like a 10-year
19 period just for the added protection. And
20 it's just a personal feeling that I have,
21 but -- and I don't think it's that
22 expensive.

23 MS. SHERIFF:

24 No, it is only \$82 a month.

25 MR. DUPRE:

1 We've cut almost all other
2 expenses, so if that's a problem, we're in
3 bad shape.
4 MS. SHERIFF:
5 No. It's more of if -- one
6 of the reasons -- and, Robert, jump in here.
7 You know, we had set for a lot of these
8 plans that are -- that there's not that
9 issue with public and private definite
10 dates, because if you hang onto something
11 and you get sued, and your record retention
12 shows that there's no reason you have to
13 retain it, and you have a retention policy
14 that says you're not going to retain it, and
15 they want something 50 years old, well, good
16 luck, we don't have it and we can't provide
17 it for court. So by saying we're keeping
18 everything, we are open to having to provide
19 everything.

20 MR. MYERS:

21 Yes. That's true, but the
22 law is knew or should have known, and should
23 you have known that this potentially could
24 have been a problem.

25 MS. SHERIFF:

1 Right. And in Louisiana, I
2 admit it is very different with the law.
3 I'm the first to admit that.

4 MR. MYERS:

5 That's the first line of
6 every pleading, you knew or should have
7 known.

8 MR. POWERS:

9 This is Robert Powers.
10 Obviously, based upon the unique nature of
11 what's occurred in Louisiana, I don't -- I
12 actually probably would agree with what Bob
13 is saying with regard to just having sort of
14 an additional period of time before we
15 embark on this schedule. I would just
16 recommend if that's what the Governing
17 Committee chooses to do, that -- you know, I
18 think we're going to have a record of this
19 proceeding, but that be part of any -- you
20 know, of other -- any records retention and
21 destruction guidelines we have, because I
22 don't want a situation where, you know, we
23 come to something three or four years down
24 the road and, you know, we have to produce a
25 bunch of stuff and someone is concerned as

1 to why we didn't have a policy in place. I
2 think we can at least say, well, we chose
3 to, you know, keep that policy in abeyance
4 for this period due to the nature of the
5 litigation and other matters that have
6 occurred over the past years.

7 MR. MYERS:

8 That's what I think you ought
9 to do, but it's a gray area.

10 MR. DUPRE:

11 Do you need a motion, Denise?

12 MS. BRIGNAC:

13 No.

14 MS. SHERIFF:

15 Actually, Robert, are you
16 wanting the Committee to approve that we
17 have reviewed and -- or are you okay with it
18 just being a part of the transcript?

19 MR. POWERS:

20 I think it's fine that it's
21 part of the transcript that we're going to
22 hold this schedule in abeyance for whatever
23 term, I guess, Bob is recommending, and that
24 I would think that they would want to come
25 back and review it, you know, once we reach

1 the end of that term.
 2 MS. BRIGNAC:
 3 Can I ask you this, Bob? Say
 4 for the old stuff up until the litigation we
 5 make a decision to hold onto, but anything
 6 new that occurred under the new Board and
 7 the new administration, why couldn't we have
 8 the record retention policy for that?
 9 MR. MYERS:
 10 You could. You could.
 11 That's something you may want to consider.
 12 I think the idea of having a document
 13 retention policy -- you're one hundred
 14 percent correct, you know, people, that's
 15 the first thing they look at.
 16 And I got involved in one
 17 about six months ago, the exact same deal
 18 where they threw it at me and I said, no,
 19 you knew or should have known that this was
 20 going to be a problem, and it created a big
 21 problem. I was on the plaintiff's side in
 22 that case. I said, no, you can't hide
 23 behind this document retention policy when
 24 it only benefits you, what about the public,
 25 and that's what I've always been worried

1 That's right.
 2 MS. BRIGNAC:
 3 But anything from August of
 4 '06 until now, why couldn't we have it under
 5 our record retention?
 6 MR. MYERS:
 7 You can do it, not a problem.
 8 That way you'll have it in place.
 9 MS. SHERIFF:
 10 One of the things another
 11 state that I work with that is a little bit
 12 similar in the setup in that it is the
 13 Department and the Chair, and you work with
 14 them. We had a mechanism in place for five
 15 years. So we've been working with the
 16 Department of Archives to say, what do you
 17 want us to do with these records? And we
 18 sent them four boxes of records that they
 19 wanted as permanent and we've recommended --
 20 legal has recommended that the main thing
 21 they wanted were agendas of every executive
 22 committee and governing committee, and these
 23 are recommended to be permanent. So we are
 24 consistent with what I just experienced
 25 going through. I mean, we had to inventory

1 about.
 2 MS. BRIGNAC:
 3 Well, I can tell you that
 4 each State agency is required to have its
 5 own record retention policy, which we do,
 6 and we continually destroy those records in
 7 accordance with the schedule. I mean, we
 8 have things that we only maintain a year.
 9 Some things, you maintain 90 days.
 10 MR. MYERS:
 11 The Bar Association says it's
 12 five years. We try to keep it simple. Now,
 13 it's 10 and I've got all of those boxes.
 14 MS. BRIGNAC:
 15 I'm just thinking from the
 16 2006 date when all of that occurred, I don't
 17 see why we couldn't have a retention policy
 18 in place for anything after that date to
 19 current. And I appreciate that all of that
 20 stuff that was involved in the litigation,
 21 yes, we may want to hang on to it for
 22 another -- at this point, we are saying 10
 23 years, but we would have to hold it another
 24 four.
 25 MR. MYERS:

1 every file, every document that we had for
 2 five years and send it to the archives
 3 director, and it was a year long process,
 4 but finally they did determine -- there were
 5 a few files that they were concerned, you
 6 know, like the appointment of the Board and
 7 that kind of thing, that they wanted, but
 8 pretty much it was just agendas and minutes
 9 that they wanted permanent.
 10 MS. BRIGNAC:
 11 Well, if we were in a
 12 situation where we now have the opinion that
 13 we are private, you would have to do that
 14 here, too. I mean, we would have to
 15 eventually, you know, box it, ship it to
 16 archives, and then they do the destruction
 17 of the records upon our request.
 18 MS. SHERIFF:
 19 Okay. So if we do adopt this
 20 program, are you saying AIPSO would not
 21 destroy any files, we would need to send
 22 them here?
 23 MS. BRIGNAC:
 24 No. I'm saying if we were
 25 public, if we were still under the public,

1 we would have to do it that way. But, no,
2 we don't.

3 MS. SHERIFF:

4 Because we are scanning in
5 things like the application and that's --
6 you know, that's one of the things that --
7 we don't get that many applications, but we
8 do have every envelope, every application,
9 every copy of the check. We scan them, but
10 we're not even destroying the paper ones
11 yet. Even though they are scanned in, we
12 still have all of the paper ones, too.

13 MR. MYERS:

14 The proposal would work.

15 MS. BRIGNAC:

16 I'm just throwing it out
17 here, food for thought. Maybe we address it
18 again in September, so you can chew on it
19 for a little while.

20 MR. MYERS:

21 Exactly. Why don't y'all as
22 a Board take it up at the next one and we'll
23 have a vote on it. It will give us a little
24 comfort zone to think about the proposal.
25 If you want to initiate it at that point,

1 you can initiate at that point to take
2 effect any year, anything you want.

3 Yes, sir.

4 MR. MEREDITH:

5 I have one more question for
6 you, Mr. Myers. Is there a specific time
7 period that -- you know, forgive me for not
8 being totally up to speed for the prior
9 lawsuit -- but is there a specific time
10 period that we're worried about retention,
11 does it go back all the way to 1950?

12 MR. MYERS:

13 No. I'm worried about
14 specifically what took place here in 2006
15 and '07 and before that. because the
16 Legislative Auditor limited the
17 investigation to a period of time. He could
18 go back even farther and he didn't. That's
19 all behind us. but I'm always worried about,
20 well, you know, somebody else stirring the
21 pot, well, what happened even before that,
22 and what's going on with other numbers, but
23 I really think we keep all those records.
24 That's a solid plan right there.

25 MS. BRIGNAC:

1 And it's not -- when we went
2 to -- for your benefit, the way this used to
3 be structured is we had the PIAL in
4 Louisiana, which is the Property Insurance
5 Association of Louisiana, which does fire
6 ratings and things like that. It was run by
7 a Board and a group of individuals who had
8 LAIP, which was administered by PIAL, and we
9 also had Citizens -- Louisiana Citizens that
10 was administered by the PIAL. Because of
11 the Legislative Auditor and other things,
12 which was really kicked off by Katrina,
13 those entities divorced. And so Citizens is
14 separate, PIAL is separate, LAIP is
15 separate. But because PIAL did the
16 administration, everything was kind of like
17 co-mingled.

18 So when Ben and I went to go
19 pick up the records for LAIP, it's very
20 sporadic. I mean, it was boxes of crap. I
21 don't know how else to put it. And so, you
22 know, there was no rhyme or reason. It
23 wasn't filed in any order. Nothing was put
24 into folders. I mean, everything was just
25 dumped into boxes.

1 Ben, what would you say we
2 have, maybe 15?

3 MR. MOSS:

4 Maybe more than that.

5 MS. BRIGNAC:

6 Fifteen, 20 boxes of records
7 and these date back to the organization of
8 the plan in the '70s. I mean, that's all
9 the records from the late '70s in there.
10 So, I mean -- but it's not a lot. I mean,
11 it couldn't have been all LAIP records for
12 all that time frame because at one time we
13 had almost 100,000 policies in the Plan.

14 MR. DUPRE:

15 We had more than that. I've
16 been on this Board since 1973.

17 MR. MYERS:

18 And those boxes were all
19 gathered because of a grand jury subpoena.
20 We had a problem. And then the target of
21 the investigation was saying 20 years before
22 this was all approved and I can do anything
23 I want to do. And so they were looking for
24 records and who said this, where is it, and
25 they were looking -- they didn't care

1 whether you stopped at three years. They
2 wanted everything. Where is the authority,
3 oh, I had authority, and we're looking for,
4 you know, the minutes and everything. So
5 that's an issue and that thing is way behind
6 us, but it's still an issue.

7 MR. MEREDITH:

8 What I kind of want to know
9 the answer to, what was the specific time of
10 the audit?

11 MS. BRIGNAC:

12 I want to say -- was it 2003
13 to '06? It was two or three years.

14 MR. MYERS:

15 It was a three-year period
16 that they stopped at the audit.

17 MS. SHERIFF:

18 But there were -- one of the
19 reasons a lot of the files that are not here
20 is, at one point the manager actually worked
21 for AIPSO and all of the expenses did come
22 through AIPSO. We have all of those, but at
23 the point that they joined together --

24 MS. BRIGNAC:

25 1990.

1 document retention policy, we would no
2 longer have documents that were passed by
3 the Board and it's a well-recognized
4 term period we don't have the records. It
5 was still kept in the long run. We would
6 get some lawyer like me saying, well, wait a
7 minute, you should have known, but that's an
8 issue, but now you know both sides of the
9 story, and we could make a decision.

10 MS. SHERIFF:

11 Like I said, I wanted to put
12 it on the agenda now as a point of
13 discussion. We never discussed it. And I
14 just think it's time to at least bring it to
15 the forefront.

16 All right. So you would like
17 for me to put it on the agenda again for
18 September?

19 MS. BRIGNAC:

20 Yes.

21 All right. Agenda Item #8 is
22 open items. Do we have any? I don't think
23 so.

24 All right. Agenda Item #9 is
25 Executive Session. At this time, I'll

1 MS. SHERIFF:

2 -- we found a lot of those
3 files were missing. Because what they would
4 do is, they would submit it to like the PIAL
5 and just do a split, you know, a fourth goes
6 to the auto plan. So there were no records
7 for the auto plan because it was all under
8 -- it's paid out of PIAL. Those are the
9 kind of things that -- it was mostly the
10 audit of the expenses, and they could go
11 back to earlier expenses. For some reason,
12 they chose 2003, but this practice obviously
13 was a longer period and they could go back
14 even longer.

15 MR. MYERS:

16 I'm overly sensitive about it
17 because I would be on the phone with the FBI
18 and say, we have half of these records and a
19 quarter of the records here. It was just
20 like Suzy said, the records were just thrown
21 into a big box and nobody had any real idea
22 of what we were looking at and now we do.
23 So we're pretty solid now. So I think if we
24 just -- I like the proposal. I think that
25 Robert's idea of getting it down to a

1 entertain a motion to go into Executive
2 Session to discuss the CAIP compliance audit
3 as well as the National Continental
4 Indemnification request.

5 MR. GALBRAITH:

6 (Makes motion.)

7 MS. BRIGNAC:

8 I have a motion by Mr.
9 Galbraith.

10 MR. BUNOL:

11 Second.

12 MS. BRIGNAC:

13 A second by Mr. Bunol.

14 Any discussion on the motion?

15 (No response.)

16 MS. BRIGNAC:

17 All those in favor, say

18 "Aye."

19 (All "Aye" responses.)

20 MS. BRIGNAC:

21 All right. We're in
22 Executive Session. I would ask Ms. Betty
23 and Ms. Susan to leave the room, please.

24 (EXECUTIVE SESSION)

25 MS. BRIGNAC:

1 All right. At this time, I
 2 would entertain a motion to come out of
 3 Executive Session.
 4 MR. DUPRE:
 5 I make that motion.
 6 MS. BRIGNAC:
 7 I have a motion by Mr. Dupre.
 8 MR. HOWELL:
 9 I have a second by Mr. Chris
 10 Howell.
 11 Any discussion on the motion?
 12 (No response.)
 13 MS. BRIGNAC:
 14 All those in favor, say
 15 "Aye."
 16 (All "Aye" responses.)
 17 MS. BRIGNAC:
 18 Any opposed?
 19 (No response.)
 20 MS. BRIGNAC:
 21 All right. Please let the
 22 record reflect that the Board did not take
 23 any formal action while in Executive
 24 Session.
 25 At this time, I'll entertain

1 table for consideration is that the
 2 application by National Continental
 3 Insurance Company for indemnification on a
 4 case, Thomas Enterprise and Operations,
 5 Inc., be approved subject to no money being
 6 spent for the indemnification portion unless
 7 and until the end of the case, so that there
 8 could be a determination as to whether or
 9 not there is gross negligence or willful
 10 misconduct.
 11 MS. BRIGNAC:
 12 Do I have anyone that would
 13 like to make that motion?
 14 Mr. Bunol has made the
 15 motion.
 16 Do I have a second?
 17 MR. DUPRE:
 18 I'll second.
 19 MS. BRIGNAC:
 20 I have a second by Mr. Dupre.
 21 Any discussion on the motion?
 22 (No response.)
 23 MS. BRIGNAC:
 24 All those in favor, say
 25 "Aye."

1 a motion to accept the CAIP audit report
 2 that was discussed in Executive Session.
 3 MS. THIBODEAUX:
 4 (Makes motion.)
 5 MS. BRIGNAC:
 6 I have a motion by Ms.
 7 Thibodeaux.
 8 MR. GALBRAITH:
 9 Second.
 10 MS. BRIGNAC:
 11 I have a second by Mr.
 12 Galbraith.
 13 Any discussion on the motion?
 14 (No response.)
 15 MS. BRIGNAC:
 16 (No response.)
 17 MS. BRIGNAC:
 18 All those in favor, say
 19 "Aye."
 20 (All "Aye" responses.)
 21 MS. BRIGNAC:
 22 All right. Would you like to
 23 word my next motion, Mr. Myers?
 24 MR. MYERS:
 25 Yes. The proposal on the

1 (All "Aye" responses.)
 2 MS. BRIGNAC:
 3 Any opposed?
 4 (No response.)
 5 MS. BRIGNAC:
 6 All right. Now, we're down
 7 to Agenda Item #10, which is any other
 8 business, and I think both Suzy and I have
 9 one. So I'll let you go. Do you have one?
 10 MS. SHERIFF:
 11 I do have one.
 12 MS. BRIGNAC:
 13 You go first.
 14 MS. SHERIFF:
 15 Thank you. I just wanted to
 16 update the Committee on what was previously
 17 called CAIPSO that I think I reported on in
 18 the past at AIPSO. just quickly let the new
 19 members know what exactly is going on with
 20 that.
 21 In the past, as Noel
 22 mentioned, we had something like 200,000
 23 policies. That was nationwide. We had
 24 hundreds and hundreds of thousands --
 25 actually millions of policies. The

1 commercial volume has dropped so drastically
 2 and -- well, actually, I should probably
 3 take a step back and explain how CAIP works.
 4 Private passenger
 5 applications that come into the plan are
 6 directly assigned to member companies. They
 7 handle that business. Any risk with that
 8 business is their company's risk. If
 9 there's a profit, they make it; if there's a
 10 loss, they take it.
 11 But CAIP is different because
 12 the exposures are so large. So any risk
 13 that comes in that's a commercial risk gets
 14 assigned to, in this case, Progressive, and
 15 those risks are shared between all member
 16 companies in the state. So if there's a
 17 loss, the member companies pay their portion
 18 of that loss. If there's a profit, that
 19 money is returned to the member companies.
 20 So as the volume has been
 21 going down so much, we had at one point
 22 something like 30 or 40, maybe more,
 23 servicing carriers countrywide. We now have
 24 essentially one. And the volume is so low
 25 that last year Progressive and the AIPSO

1 members in the next week or so, but I
 2 brought some extras if anyone wants to pick
 3 one up and take it today, because it
 4 outlines what has happened with this, what
 5 we've looked at.
 6 One of the things that AIPSO
 7 is doing is, is we're setting up a
 8 commercial operations center at AIPSO's home
 9 office. We will write five million of the
 10 premium serving as a back up to Progressive,
 11 so that if Progressive did withdraw, there's
 12 something in place to keep the CAIP viable.
 13 Another thing that is going
 14 to be happening, and probably at the
 15 September meeting, either Robert Powers or
 16 Chuck Kwolek, who is the Vice President of
 17 Field Operations, or both, will probably be
 18 coming to this meeting to explain where we
 19 are on this.
 20 The AIPSO board gave us
 21 direction last year that what they want us
 22 to do is to provide direction for state
 23 governing committees to review and adjust
 24 CAIP fee structures that would be more
 25 attractive to existing servicing carriers.

1 board had discussions that it was no longer
 2 feasible to do this the way it is now
 3 because they can't even cover their overhead
 4 for what they're making based on the
 5 formulas approved. So at that time, the
 6 AIPSO board approved a payment to
 7 Progressive to take us through -- Robert,
 8 it's 2013, correct?
 9 MR. POWERS:
 10 I'm sorry, Suzy. I wasn't
 11 able to hear you.
 12 MS. SHERIFF:
 13 It's 2013 that we currently
 14 have the fee arrangement with Progressive,
 15 right?
 16 MR. POWERS:
 17 That is correct. It's
 18 through August 31, 2013.
 19 MS. SHERIFF:
 20 All right. And at that time,
 21 we have got to have something different in
 22 place, and we've been working on a couple of
 23 different things. And I did bring a few
 24 extra of the AIPSO facts. They are being
 25 mailed to all of the Governing Committee

1 So, basically, the fees we
 2 have right now with the volumes we have is
 3 just not attractive to servicing carriers.
 4 If we want the CAIP to continue and we want
 5 servicing carriers to do this business, then
 6 it's going to cost more, and that will be
 7 borne by the plan. AIPSO only paid that fee
 8 for the first couple of years out of its
 9 general assessment, which is still paid by
 10 all of the state plans under the state
 11 companies. But this will be going to each
 12 individual state to decide how you want to
 13 go forward with it.
 14 It's a massive undertaking.
 15 You know, we don't want the volumes to
 16 increase. But at the same time, if
 17 Progressive can't even cut their overhead,
 18 obviously, they can't continue to do
 19 business as it is now.
 20 So that's where we are on it.
 21 Again, the President's report, I just got
 22 this the day before I left and I read it and
 23 it really does outline what has happened and
 24 the volume and the drop and what we're
 25 looking at, the different things. So if

1 anyone wants to take that, please feel free.
 2 They're right over here.
 3 Are there any questions about
 4 CAIP and -- what we were calling CAIPSO I
 5 believe is now AIPSO Insured Operations. Is
 6 that correct, Robert?
 7 MR. POWERS:
 8 That's correct.
 9 MS. SHERIFF:
 10 For some reason, they changed
 11 it when we got used to calling it CAIPSO.
 12 And this was set up with AIPSO doing this,
 13 not to compete with Progressive. We can't
 14 emphasize that enough, that it was not meant
 15 to try to take the business; it was meant to
 16 have something in place. We've been working
 17 on it over a year. We have three states
 18 that have approved it. We'll be going live
 19 in April with those three states writing a
 20 percentage of the business. Because those
 21 three states -- the business is not even
 22 going to bring us to five million and we
 23 have to have five million in order to
 24 operate that, and we will be going out to
 25 some other plans as well to get that up to

1 five million. I believe our countrywide
 2 premium in the CAIP right now is around a
 3 billion, a little over a billion.
 4 Any questions?
 5 (No response.)
 6 MS. BRIGNAC:
 7 No questions for Suzy.
 8 MS. SHERIFF:
 9 Thank you.
 10 MS. BRIGNAC:
 11 All right. My other business
 12 is our new D&O insurance will renew -- is up
 13 for renewal before our next meeting in the
 14 fall. And so I would like for the Board to
 15 give -- Ben takes care of that for the Board
 16 currently. I believe our policy is with our
 17 insurer, Egan Insurance Services places that
 18 for us. Last year's premium was around
 19 \$6.800 and that has continued to drop. If
 20 you recall, right after we reorganized the
 21 plan after 2006, that premium was pretty
 22 high. I think even before Ben got involved,
 23 it might have been as high as \$10,000. So I
 24 would like for the Board to give Ben
 25 authority to renew the policy with the

1 provision if it's more than the \$6,800 that
 2 we paid this year, that we'll shop it around
 3 to see if we can find something better.
 4 MS. SHERIFF:
 5 Actually, we budgeted 6,800.
 6 For some reason, it came in a little higher.
 7 It was \$7,000 this year.
 8 MS. BRIGNAC:
 9 So give you authority up to
 10 \$7,500.
 11 MR. DUPRE:
 12 I make a motion that we give
 13 Ben authority up to \$7,500 or we have to
 14 come back and discuss it.
 15 MS. BRIGNAC:
 16 I have a motion by Mr. Dupre.
 17 Do I have a second?
 18 MR. MEREDITH:
 19 Second.
 20 MS. BRIGNAC:
 21 I have a second by Mr.
 22 Meredith.
 23 Any discussion on the motion?
 24 (No response.)
 25 MS. BRIGNAC:

1 All those in favor, say
 2 "Aye."
 3 (All "Aye" responses.)
 4 MS. BRIGNAC:
 5 And opposed?
 6 (No response.)
 7 MS. BRIGNAC:
 8 All right. Agenda Item #11
 9 is the date of the next meeting, which we
 10 were looking at sometime around the end of
 11 September, first of October. You may want
 12 to get it in before September 30th because
 13 if Jindal's retirement bill goes in, I am
 14 retiring September 30th.
 15 So we were looking maybe like
 16 September 26th. I want to do it in the
 17 middle of the week.
 18 MS. SHERIFF:
 19 The 20th or the 27th are a
 20 Thursday.
 21 MS. BRIGNAC:
 22 The 27th is fine with me for
 23 now. For now, we'll set it for September
 24 27th. Does everybody like morning, 9 a.m.
 25 okay? We'll have our annual meeting. So

1 we'll be in the meeting at 9 and the regular
 2 Board meeting at 10 or 9.
 3 Oh, Ben wanted me to make a
 4 comment. I think this is the first time
 5 since August of 2007 that we've had all nine
 6 members participate in the Governing
 7 Committee meeting.
 8 All right. At this time, I
 9 would entertain a motion to adjourn.
 10 MR. BUNOL:
 11 (Makes motion.)
 12 MS. BRIGNAC:
 13 Mr. Bunol makes that motion.
 14 MR. DUPRE:
 15 Mr. Dupre seconds it.
 16 Is anybody opposed to
 17 adjourn?
 18 (No response.)
 19 MS. BRIGNAC:
 20 Thank you.
 21
 22
 23 (Meeting adjourned at 10:08 a.m.)
 24
 25

1 REPORTER'S CERTIFICATE
 2
 3 I, BETTY D. GLISSMAN, Certified
 4 Court Reporter, Certificate No. 86150, in
 5 and for the State of Louisiana, do hereby
 6 certify that the Louisiana Automobile
 7 Insurance Plan Governing March 23, 2010
 8 meeting was reported by me in the stenotype
 9 reporting method, was prepared and
 10 transcribed by me or under my personal
 11 direction and supervision, and is a true and
 12 correct transcript to the best of my ability
 13 and understanding. April 3, 20120, Baton
 14 Rouge, Louisiana.
 15
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 19
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 21
 22 BETTY D. GLISSMAN, CCR
 23 CERTIFIED COURT REPORTER
 24
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