

Louisiana Property and Casualty Insurance Commission

Full Commission Meeting

Wednesday, August 22, 2007
Louisiana Department of Insurance
Plaza Hearing Room
1:30 p.m.

Minutes

Commission Members Present: Commissioner Jim Donelon, Ted Haik, Jeff Albright, Richard Clements, Marc Carter, Tom O'Neal, Joe Deutsch, Aubrey Temple, Trey Roche (representing Nicholas Gachassin), Bob Thompson (representing Col. Jim Champagne), F. Charles "Chuck" McMains, Earl Taylor, Rhonda Lamendole (representing Steve Hymel), Lorrie Brouse, Trey Boudreaux (representing Richard Stalder).

Commission Members Absent: Senator Cain, Senator Quinn, Representative Carter, Representative Farrar, Kimberly Robinson, Dr. Christine Berry.

Commission Staff Present: Terrell Moss, David Evans and Katie Walsh.

DOI Staff Present: Clarissa Preston, Joyce Paul, Ron Musser, Gail Darbonne, Michele Stewart, Audrey Higginbotham, Geralyn May, Bill Newton.

Chairman Ted Haik called the meeting to order at 1:40 pm, and welcomed the Commission members and other attendees to the meeting.

Ms. Terrell Moss called the roll, reporting a quorum was present.

Mr. Haik welcomed the newest member of the Commission, Mr. Joseph Deutsch, executive director of the Property Insurance Association of Louisiana (PIAL). He also introduced Mr. Bill Newton, the new Chief Deputy Commissioner at the Department of Insurance (DOI).

Mr. Robert Page, National PIA President-elect, was introduced. Mr. Page was asked to give a national overview to the Commission. He stated that Louisiana has a perception problem as an unfavorable place to conduct business. With the reforms the Legislature has enacted, we need to continue the efforts and do a better job of communicating the good things, such as the *Insure Louisiana Incentive Program*, the strong building code and Louisiana's significant contributions to the national economy, so Louisiana is considered the place to do business. Mr. Page reported on some proposed solutions recently discussed at a PIA forum in Florida entitled: *Government and Insurance Markets: Achieving the Balance*. The discussion focused on long-term issues, such as mitigation, coastal development, the enforcement of building codes, infrastructure, and disciplined land use policy. Mr. Page noted that part of the national focus has shifted to the anti-concurrent causation clause that the National Flood Insurance Program (NFIP) allowed the

“Write Your Own” carriers to adopt in the homeowner policies. The insurance industry is seeking practical economic solutions, and on the national level this is going to be a huge issue. A proposed solution, approved last month by the House Financial Services Committee, is to include wind coverage in the NFIP, whose reformation and transformation is being debated. Another proposed solution is to wrap TRIA into that same program, making it much harder to vote against. He reiterated the challenge for Louisiana and other coastal states that support a federal solution is to awaken the rest of the nation to the fact that no region is without natural catastrophes, and that the impact of such a catastrophic event, whether hurricane, earthquake or flood, impacts that state, its region and the nation as a whole. We must keep this in mind when insuring for disasters, and also dealing with disaster preparation, mitigation, response and aid. Solutions must balance both the political and economic realities. For any local economy to function properly, insurance must be affordable. Mr. Page also pointed out that Louisiana must get a handle on the 14 pieces of insurance legislation currently before Congress, because they are changing daily driven by competing regional concerns.

Commissioner Jim Donelon reported on the progress that has been made in the insurance market in Louisiana, including legislation passed and plans for the future. The Commissioner believes that a federal backstop is the right approach to take in securing the insurance market and supports adding wind coverage to TRIA, rather than to the NFIP program. He spoke about the topic of the anti-concurrent causation clause (the wind vs. flood debate), and reported that while only 20 percent of Mississippi residents had flood insurance in place during Katrina, Louisiana residents were better prepared with 40 percent having flood coverage. Mr. Donelon believes that the restructuring of FEMA will be an important issue in Congress in the near future. He stated that he will continue to travel and promote the new incentive package and legislation in hopes of bringing new business into the state. Commissioner Donelon also recognized the Commission for its hard work and continued efforts to improve the insurance marketplace in the state.

Ms. Alison Jones, Legislative Coordinator, and Ms. Caroline Brock, Chief Examiner in the Financial Solvency Division at the DOI, were introduced. Ms. Jones presented brief summaries on the property and casualty legislation from the past session. She reported the legislation was designed to make the Louisiana insurance market more attractive to insurers and also to enhance consumer protection. The report included: Acts 43, 235, 191, 404, 323, 156, 447, 459, 377, 381, 222, and 335. She also reported on the legislation dealing with the Louisiana Citizens Insurance Corporation, which included Acts 420, 468, and 382.

Ms. Brock reported on the *Insure Louisiana Incentive Program* in more detail, and gave a progress report on the regulation currently being developed for the program by DOI.

Mr. Bob Thompson, Assistant Director of the Louisiana Highway Safety Commission, gave the Commission members a run down of the 2007 legislation concerning highway and traffic safety. He discussed the eight bills that were filed, resulting in the passage of three. Those that failed related to: all occupants wearing seatbelts, age limitations on driving ATV's, cell phone use while driving, cell phone use while driving in school zones, and enacting a driver point/responsibility system. The legislation that was successful included: placement of an ignition interlock device in a vehicle for those found guilty of 1st offense DWI, stiffer drag racing penalties, and expansion on the classification of people authorized to draw blood at a crime scene to include physicians assistants, EMT's, and nurse practitioners.

Mr. Haik asked the Commission members for suggestions on specific topics and actions for discussion for future meetings.

Mr. Albright suggested having Mr. Randy Noel attend the next meeting to discuss issues regarding the new building code and implementation process.

Ms. Brouse suggested that the Commission be educated on “markets of last resort” present in the state, including the LA Auto Plan and the PIAL. She thinks this Commission is the appropriate body to have some educational and historical perspective in terms of the plans that have existed in the state. Ms. Brouse suggested including information on their formation and comparisons to other state.

Mr. Richie Clements suggested that the Commission issue a response to a recent negative article published in the *National Underwriter*, about the regulatory environment in Louisiana. He suggested that a response be composed outlining the many efforts and positive steps taken by the state and insurers within the state.

Mr. Haik agreed, and wanted to address the problem as a Commission. He appointed a sub-committee of Ms. Brouse, Mr. Albright, Mr. Clements and himself. The steps to be taken are:

1. Circulate 1st and 2nd articles to the Commission.
2. Staff work on draft response, submitting to sub-committee.
3. Sub-committee confer, and then send draft to all members of the Commission to sign off on before releasing.

There being no further business, the Louisiana Property and Casualty Insurance Commission adjourned at 3:30 pm.