

Louisiana Property and Casualty Insurance Commission
Full Commission Meeting

Friday, November 14, 2008
Louisiana Department of Insurance
Plaza Hearing Room
1:30 p.m.

Minutes

Commission Members Present: Commissioner Donelon, Ted Haik, Senator Cravins, Senator Morrish, Representative Cortez, Representative Monica, Fabian Blache (representing Chris Broadwater), Lorrie Brouse, Marc Carter, Manuel DePascual, Kay Hodges, John LeBlanc, Ben Huxon (representing Rick McGimsey) and Raymond Aleman

Commission Members Absent: Jeff Albright, Earl Taylor, Aubrey Temple

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

DOI Staff Present: Clarissa Preston, Trent Beach, Rich Piazza, Judy Wright and Sherice Forte

Chairman Ted Haik called the meeting to order at 1:40 pm.

Ms. Walsh called the roll.

Chairman Haik and Commissioner Donelon welcomed the Louisiana Property and Casualty Insurance Commission (LPCIC) members to the meeting, which included new members, Manuel DePascual, representative for the PIA, and Raymond Aleman, the commissioner's appointee (Act 459). Commissioner Donelon was also pleased to announce that Jeff Albright accepted the position of vice-chairman of the LPCIC.

Mr. John Wortman, CEO of Louisiana Citizens Property Insurance Corporation (Citizens), made a few brief remarks on Citizens' basic statutory guidelines, which require it to be the market of last resort with its rates higher than the marketplace. Scott Romito, Citizens' actuary, explained the process to determine the rates and this year's results.

Discussion followed on the proposed rate increases for several coastal parishes and any alternative solutions to resolving the difference between the actuarially justified rates and the market rates. The state's progression from 2001 to present was outlined by Commissioner Donelon, pointing out the positive steps taken to make Citizens' rates non-competitive, passage

of the statewide building code and the Insure LA Incentive Program, and the “take out” program that has attracted six new companies and inquiries from twelve more.

Discussion prompted the formation of a sub-committee to further analyze Citizens’ rating process. Members of the committee are: Ms. Brouse, Senator Morrish, Senator Cravins, Representative Kleckley, Mr. Carter, Mr. Romito and Mr. Piazza, Chief Actuary for the Department of Insurance. The group will report any recommendations to LPCIC for consideration or approval prior to the LPCIC annual report deadline.

Mr. Trent Beach, Director of the Property and Casualty Compliance Division, and Ms. Clarissa Preston, Deputy Commissioner of the Consumer Advocacy Division, discussed the topic of consumer issues and trends. Mr. Beach noted that the Department of Insurance had received approximately three thousand phone calls related to Hurricanes Gustav and Ike. Of those calls, roughly 500 were registered as formal complaints, mainly dealing with hurricane deductibles, claim delays, additional living expenses (ALE), and settlement offers. On this date, over 61 percent of the formal hurricane complaints filed had been closed. Many of those complaints were filed because consumers were not familiar with their insurance policies and their rights as a policyholder stated Mr. Beach.

Ms. Preston explained that the Office of Consumer Advocacy, created during the 2007 Regular Legislative Session, strives to protect the consumer through education on homeowners, auto, and life and health insurance, with programs including Consumer 101 and providing consumers with a policyholders “Bill of Rights”. She pointed out that the office had been instrumental in recovering approximately half a million dollars for consumers. Ms. Preston also briefly discussed Act 806, which was passed in the 2006 Regular Legislative Session, and which states that all adjusters in the state of Louisiana (company and public) must be licensed. This discussion stemmed from a consumer issue brought to the Commission by Mr. Haik

Representative Charles “Chuck” Kleckley and Senator Donald Cravins briefed the commission members on the state of the homeowners’ insurance industry and potential legislation for 2009. Senator Cravins proposed that the LPCIC along with the House and Senate Committees on Insurance and representatives from the legal profession, business and insurance industry have a meeting in the near future to discuss the auto insurance rates in Louisiana.

Representative Kleckley anticipates that legislation regarding hurricane deductibles may arise, but action should be taken with caution. He suggested possible alternatives, such as pre-tax savings accounts to meet hurricane deductibles, and a seasonal hurricane deductible (one deductible per hurricane season).

Commission members discussed topics that would be of interest for future study.

Ms. Brouse suggested that both the LPCIC and the Department of Insurance continue to broaden and strengthen consumer awareness through educational programs and through the media.

Mr. LeBlanc urged the commission members to address the issues of impaired driving and seatbelt usage in Louisiana. Recommendations that would increase fines for failure to wear a seatbelt and introducing mandatory usage for all occupants should be supported by the Commission. He also suggested that the Commission monitor the DWI Task Force recommendations in order to support those for possible legislation.

Commissioner Donelon suggested that researching legislation passed by other states concerning these topics could be beneficial to the Commission in drafting possible legislation. He recommended that the LPCIC review Texas' and Georgia's legislation pertaining to "real time auto insurance verification" as an issue for further study. The Commissioner noted that Louisiana is among the top five states with unprotected railroad crossings and suggested this as an area for further study.

There being no further business to discuss, and upon a motion to adjourn, the Louisiana Property and Casualty Insurance Commission meeting ended at 3:30 pm.