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LAIP
GOVERNING COMMITTEE
MEETING
MAY 22, 2014

Held at The Department of Insurance
1702 North 3rd Street
4th Floor Conference Room
Beginning at 9:03 a.m.

REPORTED BY:
BETTY D. GLISSMAN, CCR

Betty D. Glissman, CCR

3

1 MS. BRIGNAC:
2 All right. Good morning. I
3 would like to call to order the Board of
4 Governors Meeting for the Louisiana
5 Automobile Insurance Plan. It is Thursday,
6 May 22, 2014 at 9:03 a.m. I'm Denise
7 Brignac, Chairperson presiding over the
8 meeting. At this time, I will conduct roll
9 call.
10 Denise Brignac. I'm here.
11 Noel Bunol?
12 MR. BUNOL:
13 (No response.)
14 MS. BRIGNAC:
15 Absent.
16 Sergey Vinokur?
17 MR. VINOKUR:
18 (No response.)
19 MS. BRIGNAC:
20 Absent.
21 Russ Galbraith?
22 MR. GALBRAITH:
23 Here.
24 MS. BRIGNAC:
25 Chris Howell?
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2

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. Russ Galbraith (Farmers)
11 Mr. Jamold Little (State Farm)
12 (Present by Telephone)
13
14 ALSO PRESENT:
15 Ms. Suzy Sheriff (AIPSO)
16 Ms. Susan Petrillo (Progressive)
17
18 ALSO PRESENT BY TELEPHONE:
19 Mr. Robert Powers (AIPSO)
20 Ms. Christine Lindgren (AIPSO)
21 Ms. Jennifer Johnson (AIPSO)
22
23
24
25

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4

1 MR. HOWELL:
2 Here.
3 MS. BRIGNAC:
4 Jamold Little?
5 MR. LITTLE:
6 Here.
7 MS. BRIGNAC:
8 Bobby Dupre?
9 MR. DUPRE:
10 Here.
11 MS. BRIGNAC:
12 Representative Thibaut?
13 REPRESENTATIVE THIBAUT:
14 (No response.)
15 MS. BRIGNAC:
16 Not here.
17 MS. SHERIFF:
18 And then we have with AIPSO,
19 we've got Jennifer Johnson, Chris Lindgren,
20 and Robert Powers.
21 MS. BRIGNAC:
22 All right. Also participating in
23 person is Suzy Sheriff, representing AIPSO,
24 and Susan --
25

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5

1 MS. PETRILLO:
2 Petrillo.
3 MS. BRIGNAC:
4 -- Petrillo.
5 All right. First agenda item is
6 the Anti-Trust Preamble. I'm not going to
7 read it. I will enter an official copy for
8 the record unless there's a member that
9 would like for me to read it. Looking
10 around the table, no.
11 Antitrust Preamble
12 We are here to discuss and act on
13 matters relating to the business of the
14 Louisiana Automobile Insurance Plan and not
15 to discuss or pursue the business interests
16 of our individual companies. We should
17 proceed with caution and alertness towards
18 the requirements and prohibitions of federal
19 and state antitrust laws. We should not
20 engage in discussion - either at this
21 meeting or in private conversations - of our
22 individual company's plans or contemplated
23 activities. We should concern ourselves
24 only with the business of the Louisiana
25 Automobile Insurance Plan as set forth in
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1 the agenda for this meeting. Only residual
2 market matters may be discussed at residual
3 market meetings and each company's voluntary
4 market plans cannot be discussed.
5 We may not discuss the
6 circumstances, conditions or actions under
7 which our individual companies will withdraw
8 from particular lines of coverage in this
9 state, or will withdraw as servicing
10 carriers for the Plan. We may not discuss
11 or agree to refuse to supply servicing
12 carrier services to the Plan or agree to
13 withdraw other services, products, or lines
14 of business. We also may not discuss or
15 agree to refuse to do business with
16 individual or classes of insurers,
17 producers, brokers or insureds, unless
18 clearly authorized and actively supervised
19 by the state.
20 Agenda Item #2 are the minutes of
21 the September 26, 2013 meeting, Exhibit #2.
22 I'll give you a minute or so to read those,
23 and then I'll entertain a motion to approve
24 or if there's any recommended changes,
25 please let me know.
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7

1 MR. GALBRAITH:
2 Motion to approve.
3 MR. HOWELL:
4 Second.
5 MS. BRIGNAC:
6 I have a motion by Mr. Galbraith
7 and a second by Mr. Howell.
8 Any discussion on the motion?
9 (No response.)
10 MS. BRIGNAC:
11 All those in favor, say, "Aye."
12 (All "Aye" responses.)
13 MS. BRIGNAC:
14 Any opposed?
15 (No response.)
16 MS. BRIGNAC:
17 Report from Chairperson, that
18 would be me. I'm not aware of anything I
19 need to bring to the Board's attention.
20 It's been very quiet here lately. We did
21 have the issue that Noel brought to us
22 relative to some -- I hate to use the word
23 "fake" -- but fake insurance cards, which
24 has been referred to --
25 MR. DUPRE:
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8

1 Fraudulent.
2 MS. BRIGNAC:
3 Fraudulent. There you go. Thank
4 you, Bobby. Fraudulent ID cards, and so
5 that's been referred to our Fraud Division.
6 I tried to go down and get an update from
7 our Deputy Commissioner over Fraud, but he
8 wasn't available. So, hopefully, at the
9 next Board meeting, I'll be able to report
10 back to you on that particular case.
11 There's somebody out there issuing ID cards
12 with the plan name as the insured and we
13 have no policies -- or we have one on the
14 auto -- personal auto.
15 MS. SHERIFF:
16 But the ID cards would never have
17 the name.
18 MS. BRIGNAC:
19 Right. It would have the
20 assigned --
21 MS. SHERIFF:
22 It would be the assigned company.
23 So, yes.
24 MS. BRIGNAC:
25 Yes.
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9

1 MS. SHERIFF:
2 They say LA Plan. We get the
3 calls.
4 MS. BRIGNAC:
5 Agenda Item #4 is report from
6 general counsel. Unfortunately, Mr. Myers
7 could not attend today. He had a hearing in
8 court.
9 So we'll move on to Agenda Item
10 #5, which is the AIPSO Operations Report.
11 Suzy.
12 MS. SHERIFF:
13 All right. Thank you. The first
14 item is Exhibit #3 for the population
15 reports for the year ending December 2013.
16 We ended the year with three private
17 passenger applications, that's compared to
18 zero the year before; and 19 commercial
19 applications compared to 21 the year before.
20 So we were actually up one for the year. We
21 had 22 assignments compared to 21. And for
22 this year through April, we've had one
23 private passenger and that's again compared
24 to zero last year, 17 commercial compared to
25 17 last year for a total of 18 compared to
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10

1 17.
2 We had last year, just so you
3 know, no sugarcane risk at all through the
4 Plan. They have completely disappeared as
5 of last year. This year and last year, the
6 17 commercial are Mardi Gras. So those do
7 seem to be fairly stable, but they have
8 dropped over the last few years, but they
9 seem to be stabilizing.
10 And one other item, just so you
11 know, as of February 2014, the policy in
12 force -- commercial policy in force count
13 was 17.
14 And if there are no questions
15 about that, I will move on to --
16 MR. DUPRE:
17 Denise, one question. At the
18 height of the business, and I was part of
19 the Plan, how many hundred thousand did we
20 get?
21 MS. BRIGNAC:
22 It was close to, I want to say,
23 200,000 policies, was it not, in the early
24 '90s.
25 MR. DUPRE:
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11

1 That or more.
2 MS. BRIGNAC:
3 Yes. Well, we closed down --
4 MR. DUPRE:
5 And now we're three. So you can
6 see what the market did similar to what --
7 the sugarcane. I mean, it reminded me of
8 what happened to auto. I mean, we had
9 policies coming in here. I mean, it was
10 just literally unreal, because you get them
11 in, but then you've got to assign them. So
12 it was, I mean, constant. I mean, it was
13 some work going on around here just doling
14 out all these of applications. And then
15 here came -- the Louisiana companies started
16 about that time, and then Progressive came
17 in and I'm happy to say I brought them into
18 the state. I got their paperwork approved
19 and it grew from there.
20 And then I think it was Jimmy
21 Patterson probably and I increased the
22 limits to the 100/300. I don't know what
23 they are right now, but that was a big push.
24 The companies didn't want it, but there was
25 so little market that we almost had to offer
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12

1 something for the people that got tickets
2 and young drivers and all. There was no
3 place to go with your young drivers back in
4 those days.
5 So, anyhow, just a little
6 history. I'm glad to know -- I've been
7 telling people, you know, when -- how long
8 you been on it, I've been on it. Y'all are
9 busy? No. I said, nothing now, but I
10 always use the number around 200,000,
11 because it was so busy.
12 MR. HOWELL:
13 That's amazing.
14 MS. SHERIFF:
15 All right. Next item, Exhibit
16 #5, the Executive Summary and Budget
17 Variance Report for the AIP ending December
18 2013. We ended the year for the AIP under
19 budget by \$5,706. Primarily, that was due
20 to committee travel. We put in \$5,000 each
21 year, because we never know how many
22 committee members are going to require
23 travel expenses, if there will be
24 replacement, but we only utilized last year
25 \$829.
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13

1 In addition, the legal fees are
 2 generally under budget, although I think
 3 this is closer to budget than we've ever
 4 seen since we started budgeting for this.
 5 We did have a bad debt of \$1,280, so that
 6 was an over budget.
 7 And then the last item, AIPSO
 8 central processor fees were over \$1,340.
 9 That was primarily financial services hours
 10 because of additional time on the KPMG
 11 audit.
 12 And moving on to the CAIP, which
 13 is Pages 3 and 4 of Exhibit #5, we ended the
 14 year also under budget of \$1,628, minor
 15 amounts in each account. Nothing really
 16 significant there.
 17 Moving on to through March 2014,
 18 Exhibit #6, for the first three months,
 19 we're \$1,711 under budget. Most of that is
 20 AIPSO central processor hours and that is
 21 for the AIP. And for the CAIP, we are \$857
 22 under budget and, again, most of that is
 23 AIPSO central processor fees.
 24 Are there any questions about the
 25 Executive Summaries or the Budget Variance
 Betty D. Glissman, CCR

14

1 Reports?
 2 (No response.)
 3 MS. BRIGNAC:
 4 All right. No questions for
 5 Suzy?
 6 MR. HOWELL:
 7 Is there any reason to increase
 8 the central processor budget?
 9 MS. SHERIFF:
 10 We -- what we do each year is we
 11 base it on the previous 15 months for each
 12 department, and then we look at anything
 13 that may be happening outside of that, like
 14 if there's going to be a residual market
 15 audit for CAIP, if there is going be an
 16 internal audit, and we adjust the budget
 17 that way. So when we present -- we're
 18 getting ready to start the budget process in
 19 the next couple of months. We will do that
 20 and we will come back to you with a budget
 21 based on that.
 22 MR. HOWELL:
 23 Okay.
 24 MS. BRIGNAC:
 25 All right. Any other questions
 Betty D. Glissman, CCR

15

1 for Suzy?
 2 (No response.)
 3 MS. BRIGNAC:
 4 If not, Agenda Item #6, servicing
 5 carrier allowances, Exhibit #7.
 6 MS. SHERIFF:
 7 Okay. Thank you. This item is
 8 for the Committee's information. It is
 9 based on a formula that has been previously
 10 approved by the Committee. However, it is
 11 required to be brought to the Committee's
 12 attention each year and we have to notify
 13 Progressive of the new rates prior to
 14 September 1st of this year. So we've put a
 15 comparison in the report.
 16 So for 2014, the liability was
 17 21. It has gone down slightly to 20.5 ^{23.4}
 18 percent. Physical damage was at 2.34 that
 19 is also decreasing to 22.3 percent, and
 20 that's for the administrative expense. For
 21 the loss adjustment expense, the ULAE is
 22 decreasing about 1 percent to 16.1. The
 23 physical damage is remaining the same at
 24 8.1.
 25 And as I said, we will send out
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16

1 the notification to Progressive before
 2 September 1st.
 3 And at this point, I mentioned to
 4 Denise, I would like to update the Committee
 5 briefly on the supplemental fee -- CAIP
 6 supplemental fee for 2013. As you know, we
 7 have talked about the fee in the last couple
 8 of years and we did pay a supplemental fee
 9 for 2012. We had estimated that the break
 10 even point would be countrywide written
 11 premium of 42 million to generate the amount
 12 of fees that would not require a
 13 supplemental fee. Last year, we had just
 14 over 44 million. 43.2, I believe, was
 15 written by Progressive, the remaining was
 16 written by AIPSO Insurance Operations so
 17 there was no supplemental fee paid last
 18 year. So we anticipate that that will be
 19 the case again this year, because we are
 20 seeing slight increases in the commercial
 21 business.
 22 MS. BRIGNAC:
 23 All right. Any questions for
 24 Suzy on servicing carrier allowances?
 25 (No response.)
 Betty D. Glissman, CCR

17

1 MS. BRIGNAC:
2 Does the Board need to take
3 action on that or is it just to bring to the
4 attention?
5 MS. SHERIFF:
6 No, just for your attention.
7 MS. BRIGNAC:
8 All right. Moving on to Agenda
9 Item #7, which is Exhibit #8, personal
10 vehicle sharing program.
11 MS. SHERIFF:
12 I'll start with this. Chris,
13 keep me out of trouble. Chris Lindgren is
14 on the phone from AIPSO.
15 This is a proposal that we're
16 seeing countrywide. We're following ISO in
17 this proposal, and the reason that this is
18 coming out is because there's starting to be
19 some programs where people are doing
20 personal vehicle sharing. This is not like
21 the ones where they're renting out their
22 cars, that's already excluded, but this is
23 where a facilitator actually gets people --
24 I see this more in places, I would think,
25 like New York, where people don't need a car
Betty D. Glissman, CCR

18

1 every day, where there's a car that one
2 person owns and other people contract with
3 them to use that car. That would be
4 excluded on the personal policy with this
5 proposal. It would also make reference that
6 the facilitator would -- if they did have
7 this kind of risk, they would refer that to
8 the Plan for an individual rate and we would
9 develop a rate for the facilitator and that
10 would be submitted to the Insurance
11 Department for approval. But it is not a
12 risk that we contemplate -- well, the Plan
13 rates -- private passenger rates do not
14 contemplate this kind of activity.
15 MR. DUPRE:
16 Did you get any calls for that,
17 Denise?
18 MS. BRIGNAC:
19 No. I haven't had any.
20 MR. GALBRAITH:
21 It's a fairly new thing. We've
22 seen it in other states.
23 MS. PETRILLO:
24 It's pretty popular in California
25 right now.
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19

1 MS. SHERIFF:
2 And one thing that we -- we're --
3 if this comes in on a commercial policy,
4 we're waiting for ISO -- and they're having
5 -- their commercial auto panel of insurers
6 is evaluating this now as to how those will
7 be rated. So, again, it's not that they
8 can't get insurance, because there is
9 mandatory insurance, we know that. It's
10 just not going to be on their personal
11 policy covering that one driver for that one
12 car.
13 Chris, have I missed anything?
14 Do you need to -- can you add anything that,
15 please?
16 MS. LINDGREN:
17 I think -- the only thing that I
18 guess I would stress is, like you said, this
19 isn't ride sharing, where ride sharing is
20 already excluded on the policy and that's
21 more of a taxi-type service, and this is,
22 like you said, where they're renting out
23 their vehicle while it's not being used.
24 MS. SHERIFF:
25 That came up in another state
Betty D. Glissman, CCR

20

1 with the Oubre and that sort of thing and
2 that's already excluded. This is not that.
3 This is a totally new program that they're
4 doing whereby, again, people use one car.
5 Different people are basically using that
6 one car, but this would not allow the owner
7 of that car to have coverage while those
8 other people are using it.
9 MS. BRIGNAC:
10 All right. Any other questions?
11 (No response.)
12 MS. BRIGNAC:
13 If not, what's your pleasure?
14 MR. DUPRE:
15 Do we need to make a motion?
16 MS. BRIGNAC:
17 Yes. We need a motion to approve
18 the proposed language.
19 MR. DUPRE:
20 I'll make that motion to approve
21 the language.
22 MR. GALBRAITH:
23 Second.
24 MS. BRIGNAC:
25 I have a motion by Mr. Dupre and
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21

1 a second by Mr. Galbraith.
 2 Any discussion on the motion?
 3 (No response.)
 4 MS. BRIGNAC:
 5 All those in favor, say, "Aye."
 6 (All "Aye" responses.)
 7 MS. BRIGNAC:
 8 Any opposed?
 9 (No response.)
 10 MS. BRIGNAC:
 11 All right. Agenda Item #8,
 12 Exhibit #9, a revision of -- to the
 13 definition of Plan.
 14 MS. SHERIFF:
 15 This proposal is just to change
 16 the definition of some of the current plans,
 17 because some of the plans have changed. And
 18 this is based on the current provision,
 19 display the name of the state with residual
 20 market mechanisms that do not meet the
 21 definition of a plan. And in the rating,
 22 there is a reference to whether the state is
 23 a plan state or a non-plan state. So this
 24 is just for clarification. For example,
 25 South Carolina Reinsurance Facility no
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22

1 longer exists, it is now an AIP. So it
 2 eliminates that, and it's changing the names
 3 of the others. Massachusetts now has an
 4 AIP, but they also have a Commonwealth Auto
 5 Reinsurer, so that would not fall under the
 6 definition of the Plan. So this does not
 7 have any rating impact. It is just -- it is
 8 just to clarify the definitions of these
 9 plans.
 10 MS. BRIGNAC:
 11 All right. Any questions for
 12 Suzy?
 13 (No response.)
 14 MS. BRIGNAC:
 15 If not, I need a motion to
 16 approve the clarification of the definition
 17 of a plan.
 18 MR. GALBRAITH:
 19 I'll move.
 20 MS. BRIGNAC:
 21 I have a motion by Mr. Galbraith.
 22 Do I have a second?
 23 MR. HOWELL:
 24 Second.
 25 MS. BRIGNAC:
 Betty D. Glissman, CCR

23

1 By Mr. Howell.
 2 Any discussion on the motion?
 3 (No response.)
 4 MS. BRIGNAC:
 5 All those in favor, say, "Aye."
 6 (All "Aye" responses.)
 7 MS. BRIGNAC:
 8 Any opposed?
 9 (No response.)
 10 MS. BRIGNAC:
 11 That brings us to Agenda #9,
 12 which is open items.
 13 Does anyone have any items they
 14 need to discuss under #9?
 15 (No response.)
 16 MS. BRIGNAC:
 17 If not, we'll move to Agenda Item
 18 #10, which is Executive Session. I think I
 19 need to do a vote to go into Executive
 20 Session.
 21 MR. GALBRAITH:
 22 (Makes motion.)
 23 MS. BRIGNAC:
 24 So motion by Mr. Galbraith.
 25 MR. HOWELL:
 Betty D. Glissman, CCR

24

1 Second.
 2 MS. BRIGNAC:
 3 A second by Mr. Howell.
 4 All those in favor of going into
 5 Executive Session, say, "Aye."
 6 (All "Aye" responses.)
 7 MS. BRIGNAC:
 8 Any opposed?
 9 (No response.)
 10 MS. BRIGNAC:
 11 No. All right. Then, I'd ask
 12 those who are not on the Board to excuse
 13 themselves.
 14 (Executive Session)
 15 MR. BRIGNAC:
 16 I'll need a motion to come out of
 17 Executive Session.
 18 MR. DUPRE:
 19 I'll make that motion.
 20 MS. BRIGNAC:
 21 Motion by Mr. Dupre.
 22 MR. HOWELL:
 23 Second.
 24 MS. BRIGNAC:
 25 Second by Mr. Howell.
 Betty D. Glissman, CCR

25

1 Any discussion on the motion?
 2 (No response.)
 3 MS. BRIGNAC:
 4 All those in favor, say, "Aye."
 5 (All "Aye" responses.)
 6 MS. BRIGNAC:
 7 Any opposed?
 8 (No response.)
 9 MS. BRIGNAC:
 10 Please let the record reflect
 11 that the Governing Committee did not take
 12 any formal action while in Executive
 13 Session. And at this time, I'll entertain
 14 any motions that a Board member deems
 15 appropriate.
 16 MR. GALBRAITH:
 17 Motion to approve.
 18 MS. BRIGNAC:
 19 I've got a motion by Mr.
 20 Galbraith to approve the National
 21 Continental compliance audit.
 22 MR. DUPRE:
 23 I have a second by Mr. Dupre.
 24 Any discussion on the motion?
 25 (No response.)
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26

1 MS. BRIGNAC:
 2 All those in favor, say, "Aye."
 3 (All "Aye" responses.)
 4 MS. BRIGNAC:
 5 Any opposed?
 6 (No response.)
 7 MS. BRIGNAC:
 8 All right. Agenda Item #11, any
 9 other business. The only thing that I
 10 wanted to bring to the Governing Committee's
 11 attention is that since the departure of Ben
 12 Moss, a lot of this has fallen through to me
 13 to take care of myself and I'm not a very
 14 organized person anymore because I have so
 15 many things that I have to take care of, but
 16 I did finally get the renewal notice for our
 17 D&O coverage. And so I'm working on that
 18 application right now and hopefully we'll
 19 get it submitted this afternoon or tomorrow.
 20 And that is it for me.
 21 Anybody else?
 22 (No response.)
 23 MS. BRIGNAC:
 24 All right. That brings us to
 25 Agenda Item #12, the date of next meeting,
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27

1 which would be our annual meeting in this,
 2 right?
 3 MS. SHERIFF:
 4 Yes.
 5 MS. BRIGNAC:
 6 Okay. And what did we decide?
 7 MS. SHERIFF:
 8 Well, we could do September 11th,
 9 September 25th. I hate to go into November
 10 because of the budget or October -- when did
 11 you say Arkansas is?
 12 MR. GALBRAITH:
 13 The 2nd.
 14 MS. SHERIFF:
 15 The 2nd. So we could do the --
 16 October the 9th or the 16th, whichever of
 17 those work.
 18 MS. BRIGNAC:
 19 Well, I know that I have to go
 20 out of town on the 13th. I'm just not sure
 21 -- I have a wedding in another state. The
 22 25th looks good for me, September 25th.
 23 MS. SHERIFF:
 24 Okay.
 25 MS. BRIGNAC:
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1 All right. The next meeting,
 2 September 25th, here at the Department of
 3 Insurance. Well, when everybody gets back
 4 to the office, if you'll check and make sure
 5 that that's convenient, and if not, let me
 6 know, and then we'll work on another date,
 7 Suzy and I will.
 8 MS. SHERIFF:
 9 Great.
 10 MS. BRIGNAC:
 11 I need motion to adjourn?
 12 MR. DUPRE:
 13 (Makes motion.)
 14 MS. BRIGNAC:
 15 Mr. Dupre makes the motion to
 16 adjourn.
 17 MR. HOWELL:
 18 Second.
 19 MS. BRIGNAC:
 20 Mr. Howell seconds.
 21 Anybody opposed?
 22 (No response.)
 23 Thank you.
 24
 25 (Meeting adjourned at 9:36 a.m.)
 Betty D. Glissman, CCR

REPORTER'S CERTIFICATE

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I, BETTY D. GLISSMAN, Certified Court Reporter, Certificate No. 86150, in and for the State of Louisiana, do hereby certify that the Louisiana Automobile Insurance Plan Governing May 22, 2014 meeting was reported by me in the stenotype reporting method, was prepared and transcribed by me or under my personal direction and supervision, and is a true and correct transcript to the best of my ability and understanding.

June 2, 2014, Baton Rouge, Louisiana.

BETTY D. GLISSMAN, CCR
CERTIFIED COURT REPORTER

Betty D. Glissman, CCR