

LAIP
GOVERNING COMMITTEE MEETING

Held at The Department of Insurance
1702 North 3rd Street
Fourth Floor Conference Room
September 22, 2016
Beginning at 9:57 a.m.

REPORTED BY:
BETTY D. GLISSMAN, CCR

- 1 APPEARANCES:
- 2
- 3 CHAIRPERSON:
- 4 Ms. S. Denise Brignac
- 5 BOARD MEMBERS:
- 6 Mr. Aaron Angel (State Farm Auto Insurance)
- 7 Mr. Noel Bunol, IV (President of
- 8 the Senate Designee)
- 9 Mr. Blaine Briggs (Farm Bureau)
- 10 Mr. Bobby Dupre (LAFAC)
- 11 Mr. Christopher Howell (Department of
- 12 Insurance Appointee)
- 13 ALSO PRESENT:
- 14 Ms. Suzy Sheriff (AIPSO)
- 15 Mr. Robert Myers - General Counsel
- 16 Ms. Susan Petrillo (Progressive)(By Phone)
- 17 AIPSO REPRESENTATIVES PRESENT BY PHONE:
- 18 Ms. Sherri Palermo
- 19 Ms. Jennifer DeOlivera
- 20 Mr. Chris Falaguerro
- 21 Mr. Timothy Messier
- 22 Ms. Jennifer Johnson
- 23
- 24
- 25

- 1 MS. BRIGNAC:
- 2 All right. I'm going to call to
- 3 order the Governing Committee meeting of the
- 4 Louisiana Automobile Insurance Plan. It's
- 5 Thursday, September 22, 2016, at 9:57 a.m. I
- 6 am Denise Brignac, Chairperson, presiding over
- 7 the meeting. At this time, I will conduct roll
- 8 call. Denise Brignac, I'm here.
- 9 Christopher Howell?
- 10 MR. HOWELL:
- 11 Here.
- 12 MS. BRIGNAC:
- 13 Aaron Angel?
- 14 MR. ANGEL:
- 15 Here.
- 16 MS. BRIGNAC:
- 17 Blaine Briggs?
- 18 MR. BRIGGS:
- 19 Here.
- 20 MS. BRIGNAC:
- 21 Bobby Dupre?
- 22 MR. DUPRE:
- 23 Here.
- 24 MS. BRIGNAC:
- 25 Noel Bunol?

- 1 MS. BUNOL:
- 2 Here.
- 3 MS. BRIGNAC:
- 4 All right, six members and a quorum.
- 5 Also present in the room with us is Suzy
- 6 Sheriff, representing AIPSO, and Bob Myers, our
- 7 general counsel, and we have Susan Petrillo
- 8 with Progressive on the phone. And, I'm sorry,
- 9 I don't know the AIPSO -- I know Tim Messier is
- 10 on the phone. We also have Jennifer Johnson.
- 11 You're going to make me pronounce these names.
- 12 MS. SHERIFF:
- 13 Sherri Palermo.
- 14 MS. BRIGNAC:
- 15 Sherri -- I could have got that.
- 16 Christopher Falaguerro and Jennifer
- 17 DeOlivera.
- 18 MS. SHERIFF:
- 19 DeOlivera.
- 20 MS. BRIGNAC:
- 21 DeOlivera, all right.
- 22 All right. Agenda Item #1 is
- 23 Anti-Trust Preamble. I am not going to read
- 24 it. I will place the official copy -- a copy
- 25 into the official record, unless someone here

1 would like for me to read it. I don't see
 2 anybody saying, go for it.
 3 Antitrust Preamble
 4 We are here to discuss and act on matters
 5 relating to the business of the Louisiana
 6 Automobile Insurance Plan and not to discuss or
 7 pursue the business interests of our individual
 8 companies. We should proceed with caution and
 9 alertness towards the requirements and
 10 prohibitions of federal and state antitrust
 11 laws. We should not engage in discussion -
 12 either at this meeting or in private
 13 conversations - of our individual company's
 14 plans or contemplated activities. We should
 15 concern ourselves only with the business of the
 16 Louisiana Automobile Insurance Plan as set
 17 forth in the agenda for this meeting. Only
 18 residual market matters may be discussed at
 19 residual market meetings and each company's
 20 voluntary market plans cannot be discussed.
 21 We may not discuss the circumstances,
 22 conditions or actions under which our
 23 individual companies will withdraw from
 24 particular lines of coverage in this state, or
 25 will withdraw as servicing carriers for the

1 Plan. We may not discuss or agree to refuse to
 2 supply servicing carrier services to the Plan
 3 or agree to withdraw other services, products,
 4 or lines of business. We also may not discuss
 5 or agree to refuse to do business with
 6 individual or classes of insurers, producers,
 7 brokers or insureds, unless clearly authorized
 8 and actively supervised by the state.
 9 MS. BRIGNAC:
 10 So moving on to Agenda Item #2, which
 11 is the minutes of the July 7, 2016, meeting,
 12 I'll give you a second to peruse those. Since
 13 AIPSO took care of those, I don't think Suzy
 14 will have any changes.
 15 MS. SHERIFF:
 16 Not that I'm telling.
 17 MS. BRIGNAC:
 18 If no recommended changes, I'll
 19 entertain a motion to approve.
 20 MR. BRIGGS:
 21 (Makes motion.)
 22 MS. BRIGNAC:
 23 I have a motion by Mr. Briggs.
 24 MR. ANGEL:
 25 Second.

1 MS. BRIGNAC:
 2 A second by Mr. Angel.
 3 Any discussion on the motion?
 4 (No response.)
 5 MS. BRIGNAC:
 6 All those in favor, say, "Aye."
 7 (All "Aye" responses.)
 8 MS. BRIGNAC:
 9 Any opposed?
 10 (No response.)
 11 MS. BRIGNAC:
 12 All right. Agenda Item #3 is report
 13 from Chairperson. I don't really think I have
 14 anything to report that affects the --
 15 MS. SHERIFF:
 16 The fraud thing is the only thing
 17 outstanding.
 18 MS. BRIGNAC:
 19 Oh, we do still have a confidential
 20 fraud investigation open on the individual that
 21 was handing out the insurance cards --
 22 MR. BUNOL:
 23 ID cards.
 24 MS. BRIGNAC:
 25 -- with the auto plan with the

1 insurer on them.
 2 MR. DUPRE:
 3 That's been a while.
 4 MS. BRIGNAC:
 5 Yes, but I think that -- there has
 6 been some activity, but all of our fraud
 7 investigations are confidential. So,
 8 therefore, I can't disclose what's going on,
 9 but we are moving forward with that.
 10 Agenda Item #4 is report from general
 11 counsel, Mr. Myers.
 12 MR. MYERS:
 13 It's been very quiet. We had a
 14 couple of calls from, you know, auditors, but
 15 nothing is going on. That's probably the low
 16 number of policies, but that's a good thing.
 17 MS. BRIGNAC:
 18 Yes. All right. Moving on to Agenda
 19 Item #5, which is the AIPSO operations report
 20 and I will turn it over to Ms. Sheriff.
 21 MS. SHERIFF:
 22 Thank you. The first item, Exhibit
 23 #3 -- and, Bobby, I didn't have these numbers
 24 off the top of my head. I had reviewed this,
 25 this morning. So that's why I knew.

1 The plan population report through
2 August, we received one private passenger
3 application, 22 commercial applications through
4 August. So 23 for the year, that's compared to
5 one private passenger, 19 commercial for the
6 same period last year.

7 And I will move on to the AIP and
8 CAIP executive summaries and budget variance
9 reports through July. That's Exhibit #4. So
10 we are actually over budget by only \$371
11 through July, but I want to make note of a
12 couple of items that balance each other out
13 somewhat. The consultation -- legal
14 consultation, we are under budget there by
15 \$1,578. As Bob mentioned, there has not been a
16 lot of activity requiring his review.

17 We are over budget in central
18 processor. Earlier this year, we had that
19 application submission proposal, which took a
20 lot of time, and as you can see by this agenda,
21 there are more proposals that seem to be coming
22 through now. And, in addition, we are getting
23 a few more calls and it's mostly for commercial
24 risks, which it does take time to deal with
25 them, to help them learn how to rate it and to

1 submit applications to the plan. So for that
2 reason, the central processor is actually over
3 budget through July by \$3,188.

4 And moving on to the exhibit Pages 3
5 and 4 for the commercial, there's not much
6 there in that budget. We are \$168 over budget
7 and that is the central processor, \$125.

8 If there are no questions about that,
9 I'll quickly go through the AIO update.

10 That is AIPSO's insurance operations
11 that is providing the services to if we ever
12 needed to serve as a backup carrier for the
13 CAIP. So they're writing currently in four
14 states, New Jersey, Georgia, New Hampshire, and
15 DC. They have a written -- a net premium of
16 4.7 million as of the third quarter of the CAIP
17 fiscal year, but they will write for calendar
18 year 2016 of 7 million. Their target was 7.5,
19 but we are seeing a little bit less coming
20 through than we expected.

21 And they're still working on the
22 things I mentioned in past for the larger
23 states, getting those online, so that if they
24 had to, it would be ready to go. They're not
25 anticipating taking any more states right now,

1 but they are having to, for the larger states,
2 get the rating and everything online, so that
3 if they had to, they could do it. And they're
4 also doing the smaller states, setting it up
5 for the billing and things that those would be
6 rating. So that's pretty much all that's going
7 on with AIO.

8 The next Item D, the CAIP Countrywide
9 Committee. As you know, Blaine Briggs was very
10 generous in taking his time to sit on the ad
11 hoc committee with Arkansas, Indiana, and
12 Oklahoma. Louisiana formed the ad hoc
13 committee. We had -- Eugene Phillips was from
14 Union -- I'm sorry, from Union Insurance. He
15 represented Oklahoma and Arkansas. And then we
16 had Mark Guest from State Auto representing
17 Indiana, and Blaine representing Louisiana.
18 They selected Eugene to serve on the CAIP
19 Countrywide Committee. And that first meeting
20 is scheduled for October the 14th of that
21 committee.

22 And that is my report. If there are
23 any questions, I'll be happy to try to answer
24 them.

25 MS. BRIGNAC:

1 Any questions for Suzy?
2 (No response.)

3 MS. BRIGNAC:

4 If not, moving on to Agenda Item #6,
5 which is, I guess, the recommended change to
6 our Commercial Auto Coverage Parts Program.

7 MS. SHERIFF:

8 Chris Falaguerro is on the phone. He
9 is the author of this proposal. So he is going
10 to briefly go over the changes -- the
11 significant changes that are included.

12 Chris.

13 MR. FALAGUERRO:

14 Yes, right, Suzy. Hello, everybody.
15 This is not as bad as it looks. What I'm going
16 to do is give you a quick summary of what we're
17 changing. I'll go over a couple of deviations
18 that we're proposing and I'll go over at the
19 end a few Louisiana specific changes to try to
20 give you an overview of what's going on.

21 ISO has introduced the 2013 version
22 of the Commercial Auto Coverage Parts Program
23 and with this addition, ISO has withdrawn the
24 Garage Coverage Form and has introduced an Auto
25 Dealers Coverage Form. We are proposing that

1 we adopt the revisions to the Commercial Auto
 2 Coverage Parts Program with certain deviations.
 3 The main deviation is that we're introducing AP
 4 72 44, which is an exclusions endorsement, and
 5 this form excludes general liability coverages
 6 from the new Auto Dealers Coverage form such as
 7 abuse, host liquor liability, personal and
 8 advertising injury. It's our intent to
 9 maintain the coverages that currently exist in
 10 the Garage Coverage Form and not adopt new
 11 general liability coverages that ISO is
 12 adopting.

13 The majority of the changes that
 14 you're seeing in all these forms are actually
 15 editorial in nature. They are updating
 16 paragraph references, schedules, headers, lead
 17 in statements, et cetera, to track the changes
 18 to the business auto policy and the new Auto
 19 Dealers Coverage Form.

20 So in addition to the major change,
 21 which is the exclusion endorsement I just
 22 discussed, there are a few things that are
 23 Louisiana specific. And some examples, the
 24 physical damage provisions are amended to
 25 clarify that loss rather than an accident

1 triggers coverage in a business auto policy.

2 The truckers endorsement is amended
 3 to remove the trailers interchange provision
 4 since this coverage is not provided by the
 5 plan. And CA 21 81, the UM PD form is amended
 6 to include the current property damage
 7 liability limit of \$25,000. Rule 74 is amended
 8 to delete the reference to trailers from the
 9 dump and transit mix truck classifications
 10 since this secondary classification factor does
 11 not actually apply to trailers.

12 And, lastly, in Rule 102, it looks
 13 like a lot of changes in that rule for auto
 14 dealers, but we're actually doing -- it's just
 15 re-formatting and clarifying the rule. If you
 16 were to look at it, you would see -- in detail,
 17 you would see that all of the factors are
 18 actually remaining the same and that we're
 19 really not changing premium impact.

20 So, in summary, we're recommending
 21 you adopt the CACP with deviations to eliminate
 22 general liability provisions and that's it.

23 If you have any questions on that,
 24 I'd be happy to answer them.

25 MR. DUPRE:

1 No questions. I move we approve.

2 MS. BRIGNAC:

3 I have a motion by Mr. Dupre to
 4 approve the recommended changes to the
 5 Commercial Auto Coverage Parts Program.

6 Do I have a second?

7 MR. ANGEL:

8 Second.

9 MS. BRIGNAC:

10 I have a second by Mr. Angel.

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 All right. Thank you, Chris.

21 MR. FALAGUERRO:

22 You're welcome.

23 MS. BRIGNAC:

24 Agenda Item #7, which is the CAIP
 25 servicing carrier on the Governing Committee.

1 I don't know if the members recall, but Suzy
 2 brought this to the committee last year, I
 3 think.

4 MS. SHERIFF:

5 2013 --

6 MS. BRIGNAC:

7 Oh, wow.

8 MS. SHERIFF:

9 -- September 2013.

10 MS. BRIGNAC:

11 Three years ago, which would allow
 12 the company that functions as our CAIP
 13 servicing carrier to also be a member of the
 14 Governing Committee. At that time, we didn't
 15 have an issue with vacancies and we voted -- or
 16 we actually just tabled it. It's back on the
 17 agenda since we have had some vacancies and
 18 we're having issues with getting volunteers to
 19 serve on this committee. And so what this
 20 would allow is -- for example, right now
 21 Progressive is our CAIP servicing carrier, but
 22 it would also allow Progressive to have a
 23 Governing Committee position.

24 MR. DUPRE:

25 Do you need a motion for that?

1 MS. BRIGNAC:
 2 Well, I wanted some discussion. I
 3 really would like to --
 4 MR. HOWELL:
 5 Will they be able to vote?
 6 MS. BRIGNAC:
 7 No. They would vote on everything
 8 but CAIP.
 9 MS. SHERIFF:
 10 They would vote on CAIP as long as it
 11 was nothing that would affect their fee
 12 schedule. They would be able to vote on things
 13 like, you know, CAIP if -- how long a policy
 14 would be cancelled -- before a policy was
 15 cancelled, any of those changes, but anything
 16 that affects their fee schedule, they would
 17 recuse from the vote.
 18 This was introduced -- the language
 19 that they could not serve years ago when --
 20 like Denise and Bobby were saying, we had so
 21 many policies, the companies wanted to be on
 22 the committees. They were very active and we
 23 had lots of servicing carriers. And as the
 24 time has gone off, it's no longer like that.
 25 We have difficulty in a lot of states even

1 getting enough to have a committee. And in
 2 those states, Progressive has stepped up and
 3 offered to apply and they actually had offered
 4 to apply as an at-large for Louisiana this
 5 year, and then we realized they could not,
 6 because this language is here. It is just
 7 something that helps us to keep the committees
 8 going in times that if somebody can't show up
 9 and we're already down three people and if
 10 someone didn't show up, it could be a real
 11 problem.
 12 MR. DUPRE:
 13 Since I brought them into the state,
 14 I'd like to make that motion when it's proper,
 15 Ms. Denise.
 16 MS. BRIGNAC:
 17 I see kind of an uh-uh look on your
 18 face.
 19 MR. BUNOL:
 20 No, I think it's good.
 21 MS. BRIGNAC:
 22 Okay.
 23 MR. BUNOL:
 24 You know, I mean, they're processing
 25 the work. I think their feedback is going to

1 be better than any of ours. There's not many
 2 policies --
 3 MS. BRIGNAC:
 4 Right.
 5 MR. BUNOL:
 6 -- but they're looking at the
 7 policies. They really know -- they're going to
 8 better know the issues than we are, because
 9 they're looking at it. And if they can't vote
 10 on their fee, it makes sense.
 11 MS. BRIGNAC:
 12 Okay.
 13 MR. BRIGGS:
 14 There's no conflict of interest. It
 15 makes sense.
 16 MS. BRIGNAC:
 17 All right. So I have a motion by Mr.
 18 Dupre to change our policy to allow the CAIP
 19 servicing provider to participate as a member
 20 of the Governing Committee.
 21 Do I have a second?
 22 MR. HOWELL:
 23 Second.
 24 MS. BRIGNAC:
 25 I have a second by Mr. Howell.

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 All right. Agenda Item #8,
 11 incomplete applications, Exhibit #8.
 12 MS. SHERIFF:
 13 Actually, I'm sorry, this is Exhibit
 14 #7 for incomplete application.
 15 MS. BRIGNAC:
 16 I'm sorry. That was my --
 17 MS. SHERIFF:
 18 No problem.
 19 MS. BRIGNAC:
 20 -- I jumped ahead.
 21 MS. SHERIFF:
 22 This is for applications that are
 23 sent in to the plan that do not contain the
 24 information that we have to have to assign it
 25 and the producer does not respond to us and

1 provide that information. When we get an
2 application that does not have the right
3 information, we always call the producer first
4 and we try to work it out quickly over the
5 phone and have them send the information we
6 need. In some cases, that does not happen and
7 we have to return the application.

8 Now, in that process, if -- when it
9 goes back to the producer and they don't return
10 it to us, we don't have the authority to ever
11 remove that from the system. It's in the
12 system. It's a pending return application. We
13 can never take it out of the system. This
14 would give the plan the authority to go in and
15 if we don't have that application, they have 15
16 days to return it to us. And at 20 days, we
17 would retract that from the system and the
18 applicant and the producer would be notified
19 there was no coverage, it was null and void,
20 because we never had an application or the
21 funds. And that's usually when it has to go
22 back is when we don't have the funds.

23 That -- again, when we send it back,
24 the first time we send that application, the
25 applicant gets a copy of the letter as well.

1 honor the original effective date. So we don't
2 just immediately return it and they have to
3 start all over. We really try to work it out
4 with them, but sometimes they just have to be
5 returned.

6 MR. ANGEL:

7 And I think we clarified in Arkansas
8 that all premiums paid is returned.

9 MS. SHERIFF:

10 Every -- the check never goes in the
11 bank. They get their check back. So it is --
12 it's not cancelled. Again, it is null and
13 void. There was never a policy written. They
14 never had coverage. It was never assigned.

15 MS. PETRILLO:

16 Suzy, can I just comment?

17 MS. SHERIFF:

18 Yes, please.

19 MS. PETRILLO:

20 It's Susan. I have no problem with
21 the new underlying and the added language and
22 the retractions procedure, they all make sense.
23 My biggest concern is language that already
24 existed under C1. It says, the application
25 shall not be accepted by the Plan and will not

1 So they know that that application has not been
2 assigned and is not effective. But this is
3 just to keep those applications out there in
4 limbo. Usually what happens is during that
5 process, they find coverage somewhere else. So
6 the producer just never does the paperwork to
7 pull that out of the system and it's just in
8 limbo forever, because we're not allowed to
9 ever take it out.

10 MR. DUPRE:

11 It's kind of a self-auditing, too, at
12 the same time when you send that letter to the
13 applicant just in case it was a fraudulent --

14 MS. SHERIFF:

15 Exactly.

16 MR. DUPRE:

17 -- application matter. It let's that
18 applicant know they better look into this
19 agency.

20 MS. SHERIFF:

21 Right. And it may be something --
22 and we do -- even if it's funds, we will tell
23 the producer generally if they send us the
24 wrong funds, that if they will send us the
25 replacement overnight, we will continue and

1 be processed if any section of the applications
2 are not properly completed. My concern is just
3 how literally we're interpreting that and if
4 anything is left blank on the application, a
5 VIN number, a driver's information is not
6 complete, are we returning those?

7 MS. SHERIFF:

8 No. There has to be -- it has to be
9 the standard minimum application submission
10 standards that's in a different section, it
11 outlines -- but if it's not signed, yes, we
12 have to have a signature.

13 MS. PETRILLO:

14 Right.

15 MS. SHERIFF:

16 If they don't send funds. But, no,
17 it's something that they don't put in that they
18 have an attachment with it. If they don't have
19 the VIN number, but they have the registration
20 with the VIN number attached, we do not return
21 it for that sort of thing.

22 Jennifer, is there anything you can
23 add to that?

24 MS. JOHNSON:

25 No. Most information that they would

1 leave off I would call and get if I thought we
 2 really needed it --
 3 MS. SHERIFF:
 4 Okay.
 5 MS. JOHNSON:
 6 -- and have them send it in.
 7 MS. SHERIFF:
 8 Does that answer it, Susan?
 9 MS. PETRILLO:
 10 Yes. My concern is just returning
 11 applications --
 12 MS. SHERIFF:
 13 Right.
 14 MS. PETRILLO:
 15 -- for blank sections on the
 16 application where the applicant, of course,
 17 applied and believed he had coverage and left
 18 good money, because the producer didn't fill
 19 out all the blanks that we're going to return
 20 the application.
 21 MS. SHERIFF:
 22 No, we actually go the opposite way.
 23 We got dinged on an audit this year, because
 24 there's a few places for the producer to sign
 25 the application. They signed one place, but

1 No, I agree.
 2 MS. SHERIFF:
 3 So, I mean, it is less vague to give
 4 the Plan some guidance or some leeway in not
 5 just returning everything because every T is
 6 not crossed and every I is not dotted.
 7 I'm going to look at that section to
 8 see, because sometimes when you take a section
 9 also out of context, there are other sections
 10 that define it more and maybe rather than
 11 taking every one's time, I could come back the
 12 next time and give you other parts of the Plan
 13 that refer to that and if you still have
 14 concerns, then we can request a revision if you
 15 want. I just -- I think we would not want it
 16 to be too strict.
 17 MR. HOWELL:
 18 Right. It seems like it's written
 19 strict right now.
 20 MS. SHERIFF:
 21 Yes. I'm sure --
 22 MS. PETRILLO:
 23 To me, it's clear now. The standards
 24 that define it differently and -- because this
 25 section doesn't refer you there. Like, I'm

1 did not sign the other place, but the place
 2 they signed said that -- it actually referenced
 3 the area that was not signed that it attests to
 4 that as well. So we didn't send it back and we
 5 got -- like I said, we got dinged. But we kind
 6 of just -- we try to get some things going. We
 7 don't want to sit on them.
 8 MR. HOWELL:
 9 Suzy, can that be amended, the
 10 section that she's reading, though? I mean, it
 11 clearly states that we will not accept the
 12 policy if the application is not filled out
 13 correctly. So is there an amendment for that
 14 or you're going to just leave it that way?
 15 MS. SHERIFF:
 16 I think they're leaving it a little
 17 vague, because the -- for the Plan, because if
 18 you get into putting exactly -- I mean, we know
 19 it has to be signed. We know we have to have
 20 checks. But, again, the example I used, if it
 21 says, if a VIN number is not included, but they
 22 attached registration with that vehicle and the
 23 VIN number, are we going to send it back
 24 because they didn't write it in there?
 25 MR. HOWELL:

1 fine with what it says in 7A and 8A, but those
 2 are very specific and narrow restrictions. I'm
 3 just concerned about the statement before that
 4 that says, if any sections of the applications
 5 are not properly completed.
 6 MS. SHERIFF:
 7 Okay. Well, we can certainly revise
 8 it. This is your plan and however you want it.
 9 MS. PETRILLO:
 10 It's differently in different states.
 11 MS. SHERIFF:
 12 Right.
 13 MS. PETRILLO:
 14 We didn't care for that language.
 15 MS. SHERIFF:
 16 Would you like for me to bring back
 17 at the next meeting language -- Susan, are you
 18 saying that you've seen it different in
 19 different states?
 20 MS. PETRILLO:
 21 I've seen language just like this,
 22 but enforced very specifically where if
 23 something is missing, a crossed T, a little bit
 24 of an exaggeration, but, you know, maybe not a
 25 complete VIN number or a year is missing of the

1 vehicle or something is missing on the
 2 application, anything left blank including
 3 gross receipts when there's not a gross
 4 receipts policy, loss runs is not attached,
 5 things that we don't even need, and those are
 6 being returned.
 7 MS. SHERIFF:
 8 Now, this is in the a personal
 9 section, though, not in the commercial section.
 10 Section 8 is in the personal auto section.
 11 MS. PETRILLO:
 12 Right.
 13 MS. SHERIFF:
 14 Right. So, I mean, it would -- most
 15 of this -- it's a very shorter application. It
 16 doesn't have all of the things. I know what
 17 you're saying, the commercial application has a
 18 lot of spaces and a lot of the things they
 19 don't need to fill in. But, I mean, if they --
 20 what Susan is saying, if this was a hired and
 21 not owned, and they did not fill in that they
 22 did not want hired and not owned, if they
 23 didn't put NA, would we send it back and would
 24 have nothing to do with that. There's a lot of
 25 sections in the commercial, I understand that,

1 but this is just personal.
 2 MS. PETRILLO:
 3 Yes. And if you want everything,
 4 then I think it's fine, but if not, I think we
 5 can have some minimum standards like these are
 6 the things we would return for, a missing
 7 signature, missing money --
 8 MS. SHERIFF:
 9 Okay.
 10 MS. PETRILLO:
 11 -- and kind of whatever your must
 12 haves are.
 13 MR. HOWELL:
 14 I think signature is premium and
 15 money.
 16 MS. SHERIFF:
 17 Yes. Both the signature of the
 18 applicant and the producer. All right. Well,
 19 we can certainly look at that and I can go back
 20 to our plan services people and see if this has
 21 been brought up any time in the past, if RMC
 22 has discussed it or if other states have
 23 discussed it. And if there is any different
 24 language in any other plans, then I'll bring
 25 that back at the next meeting.

1 So since the concerns that Chris and
 2 Susan have really don't affect this proposal,
 3 could we go ahead and take action on this
 4 proposal?
 5 MR. HOWELL:
 6 Yes.
 7 MS. BRIGNAC:
 8 I'll need a motion to approve the
 9 proposal to allow AIPSO to return -- to remove
 10 from the system applications that have been
 11 returned to the agent.
 12 MR. ANGEL:
 13 Motion to approve.
 14 MS. BRIGNAC:
 15 I've got a motion by Mr. Angel.
 16 MR. BUNOL:
 17 Second.
 18 MS. BRIGNAC:
 19 Second by Mr. Bunol.
 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 Any opposed?
 2 (No response.)
 3 MS. BRIGNAC:
 4 All right. Agenda Item #9 is
 5 retraction of the EASi applications, Exhibit
 6 #8.
 7 MS. SHERIFF:
 8 This proposal kind of goes hand in
 9 hand with the other, the incomplete
 10 applications, in that when a producer submits
 11 an application online, they also have to, at
 12 this point, still submit a copy of the paper
 13 application and the money. So this proposal is
 14 for those that we get the electronic, but we
 15 never get the paper and the funds. That
 16 usually happens, because they've changed their
 17 mind, they've submitted it twice accidentally,
 18 or they were actually going in and using the
 19 system to make a quote and they submitted it.
 20 And we ask them to retract it, but if they do
 21 not, we again cannot retract it and it just
 22 hangs out in the system. So this would be
 23 where we would get a report of the -- what we
 24 call unmatched applications and we would call
 25 the producer, ask them to either send it in or

1 to retract it. If they do not do that, then at
 2 day 15, we would send a letter telling them
 3 that the application is being retracted, and
 4 then on day 20, we would actually retract it.
 5 So they would have several times that they
 6 could get that in. But, again, this is usually
 7 just a case of they've changed their mind.
 8 MS. BRIGNAC:
 9 All right. Any questions for Suzy on
 10 that?
 11 (No response.)
 12 MS. BRIGNAC:
 13 If not, I'll entertain a motion to
 14 approve the proposal to allow AIPSO to retract
 15 unmatched EASi applications from the system.
 16 MR. DUPRE:
 17 I make that motion.
 18 MS. BRIGNAC:
 19 I have a motion by Mr. Dupre.
 20 MR. BRIGGS:
 21 Second.
 22 MS. BRIGNAC:
 23 Second Mr. Mr. Briggs.
 24 Any discussion on the motion?
 25 (No response.)

1 factor of loss cost. That methodology shows a
 2 need for an increase of 2.5 percent this year,
 3 which will give us \$400 of additional premium
 4 based on the low plan premium volume. And
 5 since it will basically cost more to implement
 6 the change that we would receive, we are
 7 proposing to take no change at this time.
 8 MR. DUPRE:
 9 I'll second that motion.
 10 MR. MESSIER:
 11 Are there any questions?
 12 MS. BRIGNAC:
 13 So I'll need a motion to --
 14 MR. DUPRE:
 15 I make that motion.
 16 MR. BUNOL:
 17 Second.
 18 MS. BRIGNAC:
 19 I've got a motion by Mr. Dupre to
 20 make no change to our personal rate at this
 21 time, and a second about Mr. Bunol.
 22 Any discussion on the motion?
 23 (No response.)
 24 MS. BRIGNAC:
 25 All those in favor, say, "Aye."

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 #10 is our
 9 private passenger rate review, Exhibit #9.
 10 Is that Tim?
 11 MS. SHERIFF:
 12 Tim Messier.
 13 MR. MESSIER:
 14 Yes. Good morning everybody. Can
 15 you hear me okay?
 16 MS. BRIGNAC:
 17 Yes.
 18 MR. MESSIER:
 19 We'll get right into it then. The
 20 rate change was effective in March of this
 21 year. We took a 22.7 percent increase. We've
 22 had just one application in the past 12 months,
 23 so it continues to be extremely low volume.
 24 With that low volume, we are setting our rates
 25 on a benchmark process where we basically use a

1 (All "Aye" responses.)
 2 MS. BRIGNAC:
 3 Any opposed?
 4 (No response.)
 5 MS. BRIGNAC:
 6 All right. Agenda Item #11,
 7 commercial rate review, Exhibit #10.
 8 MR. MESSIER:
 9 All right. Thank you, Denise. Two
 10 years ago, we took a decrease of 7.6 percent.
 11 Last year, we actually had a decrease indicated
 12 of just about 10 percent, but we had some --
 13 pretty much a worsening of the financial
 14 results and we took no change last year.
 15 Looking at this year's data, we've noticed a
 16 decline in premium volume of the sugarcane
 17 haulers has continued to the point that we have
 18 no sugarcane hauler premium at all at this
 19 point. We used to have millions and millions
 20 of dollars. There's really been a big
 21 turnaround in the last 5 or 10 years. We also
 22 use the loss cost benchmark approach here,
 23 because of the low volume. It shows the need
 24 for a decrease of 16.8 percent, but we didn't
 25 have that issue. The financial results are

1 very poor in the case. I have attached the
 2 policy year experience reports showing the
 3 latest 11 years and for that long-term 11 year
 4 approach, we have a net operating result of 254
 5 percent, meaning that for every dollar of
 6 premium we bring in, we're paying out \$2.50. I
 7 looked at the shorter term to get to the
 8 results that really don't have the sugarcane
 9 hauler impact, but even looking at policy years
 10 2011 through '15, we met our operating result
 11 and still hold at 200 percent. So given the
 12 poor recent experience, we are again proposing
 13 no change to the rates.

14 Are there any questions?
 15 (No response.)

16 MS. BRIGNAC:

17 If not, I'll entertain a motion to
 18 approve the recommendation of no change -- rate
 19 change to our commercial.

20 MR. BRIGGS:

21 So moved.

22 MS. BRIGNAC:

23 I have a motion by Mr. Briggs.

24 MR. BUNOL:

25 Second.

1 budget amount for 2017 and there's only a
 2 certain criteria. It has to exceed \$2,000 that
 3 we would explain it. So we're showing a
 4 difference from the 2017 budget to 2016
 5 projected expenses of \$3,972 for central
 6 processor and that's for the AIP. That is
 7 because there was an audit this year. There
 8 will not be one next year.

9 And then in the re-projection area,
 10 again, it's central processor that we're
 11 explaining. That's because there's a variance.
 12 We're over budget or we've over, the
 13 re-projected is over the next year's budget by
 14 -- this year's budget by \$3,384 and that is, as
 15 I mentioned before, the proposals. We're
 16 spending quite a bit more time on proposals and
 17 lengthy proposals this year.

18 So Page 3 is the first page of the
 19 actual budget and we have -- the 2016 budget
 20 was 61,675. We're re-projecting that to be up
 21 63,281. That is again because of the plan
 22 services proposals. Next year, we're looking
 23 at a budget of 61,087 and that is the decrease
 24 due to the audit. So, overall, we are looking
 25 at -- when you look at projected budgets for

1 MS. BRIGNAC:

2 A second by Mr. Bunol.
 3 Any discussion on the motion?
 4 (No response.)

5 MS. BRIGNAC:

6 All those in favor, say, "Aye."
 7 (All "Aye" responses.)

8 MS. BRIGNAC:

9 Any opposed?
 10 (No response.)

11 MS. BRIGNAC:

12 All right. Agenda Item #12 is our
 13 proposed 2017 budget. Suzy.

14 MS. SHERIFF:

15 Thank you. You may notice we have a
 16 different format this year with the budget. We
 17 had a working group get together of companies
 18 that serve on a lot of different governing
 19 committees and AIPSO staff to review what we
 20 should be providing, because some states were
 21 providing two page budgets. Some states were
 22 providing 100 pages of documentation. So this
 23 is the recommendation they came out with a
 24 little bit different in that we first -- we
 25 have a budget narrative that's telling us our

1 2016 to budget 2017, a 3.47 percent decrease.

2 And you have not seen the next page,
 3 Page 4. That is the listing by AIPSO
 4 departments of what each department budgets.
 5 That is so that when I'm talking about central
 6 processor fees, you know what you're paying
 7 for. And I also brought, if anyone is
 8 interested, a handout that shows what each of
 9 these departments does. So if anyone would
 10 like to have those, then you can see what we
 11 budgeted in 2016, what we're proposing for
 12 2017, and what that department does for each
 13 plan.

14 The next page, 5 of 6, we have the
 15 CAIP budget. There's not a lot of difference.
 16 The only thing that's going on next year that
 17 did not happen this year is the residual market
 18 audit of National Continental Insurance
 19 Company. Our portion of that is 162 for the
 20 expenses, and then there will be a portion as
 21 well in central processor. So we are looking
 22 for approval there of \$17,015 for the 2017 CAIP
 23 budget.

24 If these budgets are approved -- you
 25 may recall this year we did not do an

1 assessment, because we had extra cash that we
 2 didn't know what it was for that went back to
 3 like 2005 -- prior to 2005. So we used part of
 4 that extra cash to fund the expenses for this
 5 year, but at the end of 2015, we ended up -- we
 6 had \$187,000. Our expenses that we are
 7 re-projecting for this year are just over
 8 \$63,000. So we are expecting to end this year
 9 with almost \$124,000. So what we would like to
 10 suggest is if this budget is approved of
 11 \$61,000 and change, that that excess cash be
 12 used to fund it and we would do the same thing
 13 we did in the past. We would assess the
 14 members the membership fee, but in the same
 15 invoice, we would offset with a credit, because
 16 we are required to do an assessment each year.
 17 MR. DUPRE:
 18 Sounds good. Running a tight ship.
 19 MS. SHERIFF:
 20 Yes.
 21 MS. BRIGNAC:
 22 All right. If there's no additional
 23 questions for Suzy, I'll entertain a motion to
 24 approve the 2017 AIP budget of \$61,087 and the
 25 CAIP 2017 proposed budget of \$17,015.

1 MR. ANGEL:
 2 I have a motion by Mr. Angel.
 3 MR. BRIGGS:
 4 Second.
 5 MS. BRIGNAC:
 6 Second by Briggs.
 7 Any discussion on the motion?
 8 (No response.)
 9 MS. BRIGNAC:
 10 All those in favor, say, "Aye."
 11 (All "Aye" responses.)
 12 MS. BRIGNAC:
 13 Any opposed?
 14 (No response.)
 15 MS. BRIGNAC:
 16 All right.
 17 MS. SHERIFF:
 18 Would anyone like the handout that I
 19 brought? If not, that's fine.
 20 MS. BRIGNAC:
 21 All right. Agenda Item #13 is
 22 conflict of interest policy and statement.
 23 Each Governing Committee member is required to
 24 sign one. So please do so and provide it to
 25 Ms. Sheriff. There's a copy in your agenda

1 under Exhibit #12.
 2 That brings us to Agenda Item #14,
 3 which is Executive Session.
 4 MS. PETRILLO:
 5 I will go ahead and disconnect now.
 6 MS. BRIGNAC:
 7 Thank you.
 8 At this time, I'll entertain a motion
 9 to go into Executive Session to discuss the New
 10 Hampshire Insurance Company claim summary
 11 report.
 12 MR. DUPRE:
 13 I make that motion if you need a
 14 motion.
 15 MS. BRIGNAC:
 16 Yes, I do. Thank you, Mr. Dupre.
 17 I have a motion by Mr. Dupre.
 18 MR. BUNOL:
 19 I second.
 20 MS. BRIGNAC:
 21 A second by Mr. Bunol.
 22 And I will -- I have to do roll call
 23 vote, Bob?
 24 MR. MYERS:
 25 Yes.

1 MS. BRIGNAC:
 2 Okay. I'll do a roll call vote in
 3 favor of going into Executive Session.
 4 Indicate with an affirmative answer.
 5 Mr. Angel?
 6 MR. ANGEL:
 7 Yes.
 8 MS. BRIGNAC:
 9 Mr. Howell?
 10 MR. HOWELL:
 11 Yes.
 12 MS. BRIGNAC:
 13 Mr. Bunol?
 14 MR. BUNOL:
 15 Yes.
 16 MS. BRIGNAC:
 17 Mr. Briggs?
 18 MR. BRIGGS:
 19 Yes.
 20 MS. BRIGNAC:
 21 Mr. Dupre?
 22 MR. DUPRE:
 23 Yes.
 24 MS. BRIGNAC:
 25 All right. And I would -- well,

1 Susan disconnected. So we're good to go.
 2 (Executive Session.)
 3 MS. BRIGNAC:
 4 All right. At this time, I'll
 5 entertain a motion to come out of Executive
 6 Session.
 7 MR. BUNOL:
 8 (Makes motion.)
 9 MS. BRIGNAC:
 10 Mr. Bunol moves.
 11 MR. HOWELL:
 12 Second.
 13 MS. BRIGNAC:
 14 Mr. Howell seconds.
 15 Once again, I'll go through roll call
 16 vote, and indicate your response in an
 17 affirmative, so we can get out of Executive
 18 Session.
 19 Mr. Angel?
 20 MR. ANGEL:
 21 Yes.
 22 MS. BRIGNAC:
 23 Mr. Howell?
 24 MR. HOWELL:
 25 Yes.

1 MS. BRIGNAC:
 2 Mr. Bunol?
 3 MR. BUNOL:
 4 Yes.
 5 MS. BRIGNAC:
 6 Mr. Briggs?
 7 MR. BRIGGS:
 8 Yes.
 9 MS. BRIGNAC:
 10 Mr. Dupre?
 11 MR. DUPRE:
 12 Yes.
 13 MS. BRIGNAC:
 14 All right. We're out of Executive
 15 Session, back in the normal meeting. And
 16 please let the record reflect that we did not
 17 take any formal action while in Executive
 18 Session. And at this time, I'll entertain a
 19 motion to accept the New Hampshire Insurance
 20 Company Claim Summary Report discussed while in
 21 Executive Session.
 22 MR. HOWELL:
 23 (Makes motion.)
 24 MS. BRIGNAC:
 25 I have a motion by Mr. Powell.

1 MR. BUNOL:
 2 Second.
 3 MS. BRIGNAC:
 4 A second by Mr. Bunol.
 5 Any discussion on the motion?
 6 (No response.)
 7 MS. BRIGNAC:
 8 All those in favor, say, "Aye."
 9 (All "Aye" response.)
 10 MS. BRIGNAC:
 11 Any opposed?
 12 (No response.)
 13 MS. BRIGNAC:
 14 All right. Agenda Item #15, any
 15 other business. Does anybody have any other
 16 business?
 17 (No response.)
 18 MS. BRIGNAC:
 19 I don't either. Agenda Item #16 is
 20 the date of the our next meeting. Right now,
 21 it is scheduled for April 20, 2017. When
 22 you're able to -- I know that's a little bit
 23 far in advance, but check your calendars and
 24 get back to the office and let me know if you
 25 have a conflict. And in the meantime, we'll

1 work on more Board members.
 2 All right. And at this time, I'll
 3 entertain a motion to adjourn.
 4 MR. BUNOL:
 5 (Makes motion.)
 6 MS. BRIGNAC:
 7 Mr. Bunol moves.
 8 MR. HOWELL:
 9 Second.
 10 MS. BRIGNAC:
 11 Mr. Howell seconds.
 12 Anybody opposed?
 13 (No response.)
 14 MS. BRIGNAC:
 15 No. All right.
 16
 17
 18 (Meeting adjourned 10:42 a.m.)
 19
 20
 21
 22
 23
 24
 25

REPORTER'S CERTIFICATE

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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 September 22, 2016, 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.

October 5, 2016,, Baton Rouge, Louisiana.

BETTY D. GLISSMAN, CCR
CERTIFIED COURT REPORTER