

TO ALL MEMBERS OF THE BOARD OF GOVERNORS FOR THE LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION AND THE PUBLIC

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
BOARD OF GOVERNORS MEETING  
NOVEMBER 12, 2020 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, November 12, 2020. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St. Baton Rouge, Louisiana, Hearing Room, commencing at 1:00 P.M.

Present were: Nicholas Lorusso  
Rep. Brown  
Brian Chambley  
Gene Galligan  
Craig LeBouef  
Kevin Reinke  
Treasurer Schroeder  
William (Bill) Starr  
Sen. Talbot  
Brian Van Dreumel

Absent were: Jeff Albright  
Eric Berger  
Tom Glasson  
Eugene Montgomery

Also present: Richard Newberry, CEO  
Paige Harper  
Joe Sciortino

## Chair's Report

Chairman Lorusso called the meeting to order at 1:06 p.m. He began by asking Ms. Harper to call roll. With ten members present, a quorum was met and the meeting moved forward.

Chairman Lorusso stated that he had nothing to report, but thanked everyone for coming to the meeting so that the 2021 budget could be considered. The next item on the agenda was the minutes of the September 2020 meeting. After the Board members were given an opportunity to review the minutes, Mr. LeBouef moved that the July 2019 minutes be approved. Mr. Van Dreumel seconded the motion. With no further discussion on the motion or the minutes, and no opposition, the minutes were approved unanimously.

Chair Lorusso then moved to the CEO Report and asked Mr. Newberry to take over with his updates.

## CEO Report

A) Company Officer Appointments. The first item in the CEO report was the appointment of company officers for 2021. Mr. Newberry presented the following slate of officers:

Richard Newberry- CEO

Ricky Lindsey- CIO

Paige Harper-CAO, General Counsel, Corporate Secretary

Joseph Sciortino- Vice President, Account and Finance

Craig LeBouef moved to approve the above slate of officers for 2021. Gene Galligan seconded. With no discussion forthcoming and no opposition, the motion was approved unanimously.

B) Proposed RFP. The next item on the agenda was a proposal to enter into an RFP process for catastrophe claim vendors. LCPIC did a RFP for such vendors last year and is considering a potential RFP again this year. LCPIC management asked that the Board approve of LCPIC issuing an RFP if deemed necessary. Rep Brown moved to approve a potential RFP for the purpose of determining vendors for claim administration in the event of a catastrophe. Brian Chambley seconded. With no further discussion forthcoming and no opposition, the motion carried.

C) 2021 Board Meeting Schedule. Next Mr. Newberry presented for approval the schedule of regular Board meeting for 2021 (second Thursday of every odd month). Sen Talbot moved to approve the schedule and Brian Van Dreumel seconded. With no opposition, the schedule was adopted.

D) Depopulation. The next topic presented was an update on depopulation. Mr. Newberry reported that LCPIC offered 4,089 policies for depopulation in 2020. 2,171 of those policies were requested by the companies participating in the 2020 round of depopulation. Only 76 of those were approved for depopulation by the agent of record on each policy. Those 76 insureds have until February 28, 2021 to opt out and have their policy remain with LCPIC. Sen Talbot asked if those numbers were "normal". Mr. Newberry responded that they were indeed in line with the numbers seen over the last three years of depopulation. Mr. Galligan asked if LCPIC expects to pick up any additional policies this year. Mr. Newberry stated that the company may receive some new business, probably builders risk/renovation policies, particularly in areas recently devastated.

- E) Commercial Rate update. Next Mr. Newberry reported that the commercial rate filing approved by the Board and filed with the LDI had been approved by the LDI. It will be implemented by LCPIC with the approved 2021 effective date.
- F) 2021 Budget. Finally, Mr. Newberry introduced the proposed budget for 2021. He began with a look at the 2020 budget and how LCPIC has fared. He noted that 2020 direct written premiums have been \$3.9 million over budget; however, ceded premiums written were \$1.9 million under budget. 2020 operating expenses are \$1 million over budget due to external management fees incurred because of the adjustment of 2020 storm claims; however, 2020 forecasted operating costs are expected to be only \$191,000 over the 2020 budget, thanks to being under budget in the areas of liability insurance and decreased wages and benefits due to attrition, as well as being over budget on written premiums. An overview of the proposed 2021 budget shows operating expenses \$625,000 below the 2020 budget. The 2021 reinsurance budget is \$29.5 million compared to \$24.1 million in 2020. This is due to market conditions. The 2021 budgeted ending cash position reflects an increase of \$6.5 million for the year.

After completing a review of the proposed budget, Mr. Newberry fielded questions from the Board. Following an in depth discussion, Treasurer Schroeder moved to approve the proposed 2021 budget as presented to the Board. Craig LeBouef seconded the motion. With no further discussion forthcoming, and no opposition, the 2021 budget was approved unanimously.

- G) Third Quarter 2020 Financials. The last item on the agenda requiring a vote was the third quarter financials for 2020, which were presented by Mr. Joe Sciortino. After a quick review of the high points, Mr. Sciortino noted that the Audit Committee members were sent the financials for review and questions. Mr. LeBouef, Chair of the Audit Committee, stated that he believes the financials to be good news. LCPIC has a healthy cash and short term investment position, particularly considering the year we had; debt is going down and LCIC has good solvency. He recommended approval of the third quarter financials and their filing with the LDI, and so moved. Mr. Van Dreumel seconded the motion. Hearing no opposition, Chair Lorusso declared the motion approved unanimously.
- H) Management Report. With all voteable items out of the way, the Board moved on to the Management Report. Mr. Sciortino noted that in force policies were at 35,717 as of the end of September 2020. This is in comparison to 37,255 policies at the end of September, 2019. Total TIV this September was \$6.9 billion, compared to \$7.2 billion in September 2019.
- I) LDI Exam Report: Next, Mr. Sciortino reported on the LDI Exam report (as of December 2018). The exam report was completed within the previous couple of months. The report was positive, with nothing that warranted note. There were a couple of recommendations related to IT Cyber Security, both of which are currently being addressed. In the Board book is an acknowledgement form for each Board member to sign acknowledging receipt of the exam report. The signed forms are required by the LDI.
- J) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in September and October 2020 seven complaints were received. Six claim-related and one was policy related. There being no questions regarding the complaint, the CEO report was concluded.

With the conclusion of the CEO report, Chair Lorusso moved on to the Executive Session. He asked if anyone from the public first wished to address the Board. With no other speakers from the public stepping forward, Vice

Chair Montgomery stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Sen Talbot so moved. Mr. Chambley seconded the motion. Chair Lorusso called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIC staff and the Board were asked to leave the room.

-----Executive Session-----

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At the conclusion of the Executive Session, Chairman Lorusso asked for a motion to exit Executive Session and re-enter the public forum. Mr. Chambley so moved. Sen Talbot seconded the motion. A roll call vote was taken. The motion passed unanimously. Vice Chair Montgomery noted that the Board had re-entered the public forum. He asked that the record reflect that the Board did not take any formal action while in Executive Session.

With no further business to discuss, it was noted that the next meeting is scheduled for January 14, 2021. Chairman Lorusso asked for a motion to adjourn. Sen Talbot so moved; Rep Brown seconded. There being no opposition, the meeting was adjourned at 2:15 p.m.

**Adjourn**

**Paige M. Harper**

**General Counsel and Corporate Secretary/Chief Administrative Officer**

**Approved:**

I hereby certify that these are a true and correct copy of the November 12, 2020 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on January 14, 2021.

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Paige M. Harper, Secretary