

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
MARCH 11, 2021 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, March 11, 2021. 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, Chairman
Jeff Albright
Brian Chambley
Craig LeBouef
Tony Ligi
Eugene Montgomery
Sen. Talbot
Brian Van Dreumel

Absent were: Eric Berger
Rep. Brown
Gene Galligan
Thomas Glasson
Kevin Reinke
William (Bill) Starr

Also present: Commissioner Donelon
Richard Newberry, CEO
Paige Harper
Joe Sciortino
Derek Haney
Ricky Lindsey

Chairman's Report

Chairman Lorusso called the meeting to order at 1:02 pm, asking Ms. Harper to call roll. With eight members in attendance, a quorum was present. Chair Lorusso then moved on to the second agenda item, the minutes of the prior meeting in January 2021. After a review of the minutes, Mr. Ligi moved to approve them as proposed. Mr. LeBouef seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.

The next item on the agenda was the CEO Report.

CEO Report

A) Overview. Mr. Newberry began his report with a storm update. He reported that LCPIC has incurred a little over \$100 million in losses due to the 2020 storms; however, LCPIC's reinsurance retention is \$35 million, so LCPIC will be paying around \$35 million toward those losses. Additionally Mr. Newberry noted an exhibit in the Board book that shows the average number of days LCPIC has taken from the first notice of loss (FNOL) until the inspection has been 9.47. Under normal circumstances, insurers have 30 days to initiate loss adjustment and in the case of a catastrophe the Commissioner of Insurance can (and did) extend that time frame to 60 days. LCPIC's averages have been well within that time frame. In fact, the average number of days from the FNOL to the first payment has only been 25.64.

Mr. Albright spoke up to tell the Board that he recently met with several Legislators and agents from Southwest Louisiana. He heard lots of complaints about lots of insurance companies, but did not hear any about LCPIC. He also commented that there have been various problems experienced by agents after the 2020 storms and that LCPIC has been very responsive to those issues, doing a phenomenal job addressing them.

The next item in Mr. Newberry's report was an update on the 2021/2022 reinsurance program. Mr. Newberry gave the Board background on the current market and key factors that will affect the market as LCPIC goes into this year's reinsurance renewal process.

Next, Mr. Newberry moved on to the CAT Vendor RFP. The Board previously voted on and approved the RFP itself. LCPIC management, specifically Senior Claim Director Stephanie Jackson and a team of two other members of senior management have completed the RFP process and have their recommendations for CAT vendors for the Board to vote on. For the position of Third Party Administrator, the company recommends MD Claims Group. The pick for back up claims administrator is IAS Claims Service. The FNOL vendor is recommended to be Eberl, and the supporting adjusting firms recommended are Eberl, Legion Claim Services, BSA Claim Services, Team One Adjusting Services and Inspection Depot. Finally, the pick for the desk adjusting vendor is Creative Adjusting. After discussing the vendors and the criteria used in making the selections, as well as answering questions, Chair Lorusso asked for a motion to approve the vendor selections proposed by LCPIC management. Sen. Talbot so moved. The motion was seconded by Mr. Chambley. With no further discussion forthcoming and no objections, the motion was carried unanimously and the vendor selections were approved.

- B) Personal Lines Rate Filing Update. The next topic on the agenda was the personal lines rate filing previously voted on by the Board. Mr. Newberry reported that the filing was approved by the LDI as filed.
- C) Financials and Management Report. Next up, Mr. Sciortino presented the year end financials for 2020. LCPIC ended the year with \$48.6 million in operating cash, \$52 million invested cash and cash equivalents, for a total operating cash position of \$100.6 million. The total cash and investment position was \$178.1 million at the end of the year. LCPIC is still looking good from a cash perspective in spite of the storm activity of 2020. That speaks to the strength of LCPIC's reinsurance program. With regard to the income statement, LCPIC ended the year at \$24.6 million of net loss. Losses of \$95.6 million were incurred, \$8.6 million of loss adjustment expenses, with an offset of \$63.2 million in ceded losses. Premiums earned were slightly higher than expected at \$59.2 million. After completing a comprehensive review of the financials, Sen Talbot moved to approve the year end 2020 financials and approve them for filing with the LDI. Mr. Albright seconded the motion. There being no further discussion forthcoming and no objections, the motion passed unanimously.
- D) 2020 Audit Update. Mr. Sciortino reported that the auditors have been working with LCPIC starting in January. There has been no indication that any problems have arisen. The auditors will meet with the Audit Committee in May to give their report to them. Everything is on schedule.
- E.) Line of Credit Renewal. LCPIC has had a line of credit in place since 2010. This year LCPIC is seeking another two year extension to the line of credit. The fees are remaining the same at \$132.5 thousand. The amount of the line of credit, \$50 million, is not changing either. After Mr. Sciortino answered the Board's questions, Mr. Ligi moved to approve the proposed extension. Sen. Tabot seconded the motion. With no further discussion and no objections, the motion carried unanimously.
- F) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in January and February 2021, 11 complaints were received. Ten were claim related, two policy related and one was for claim and policy reasons. With no questions regarding the claims, Chair Lorusso moved forward with the agenda.

With the CEO report concluded, Chairman Lorusso moved on to the Executive Session. Ms. Harper noted that there were no items to report or discuss in the Executive Session. That being the case, and with the agenda concluded, and no further business to discuss, Chairman Lorusso asked for a motion to adjourn. Mr. Montgomery so moved; Mr. Chambley seconded. There being no opposition, the meeting was adjourned at 1:48 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 March 11, 2021 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on May 13, 2021.

Paige M. Harper, Secretary