

Louisiana Property and Casualty Insurance Commission Full Commission Meeting

**Wednesday, January 27, 2010
Louisiana Department of Insurance
Plaza Hearing Room
1:30 p.m.**

Minutes

Commission Members Present: Ted Haik, Senator Dan Morrish, Representative Page Cortez, Representative Nickie Monica, Raymond Aleman, Lee Ann Alexander (via conference call), Chris Broadwater, Manuel DePascual, Chris Haik, Ann Metrailler, Michael Guy, Cherie Pinac, Stephen Schrempp and Earl Taylor

Commission Members Absent: Commissioner Donelon, Jeff Albright, Sheriff Greg Champagne, Senator Eric LaFleur, Kay Hodges and LTC John LeBlanc

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

DOI Staff Present: Denise Brignac, Ed O'Brien, Lori Cherry, Judy Wright, John Lamke, Geralyn May, Joycelyn Spriggs and Sherice Forte

Chairman Ted Haik called the meeting to order at 1:35 pm. He welcomed the Commission members and thanked them for attending.

Ms. Walsh called the roll, reporting that a quorum was present.

A report on the status of Louisiana Citizens was presented to the commission by Mr. Vijay Ramachandran, Vice President, and Mr. Steve Cottrell, Chief Financial Officer.

Mr. Cottrell summarized Citizens' historical and financial background and discussed the recently released 2008 legislative audit performed on the company. Citizens reported that the audit performed was more costly and took much longer to perform than the audit planned by the CPA firm that had preformed the audits for the previous three years. Louisiana Citizens has taken or is taking action to remediate all 15 findings reported in the audit, some of which are related to the problems and limitations of the old computer system.

Mr. Ramachandran updated the commission on testing, training, and implementation of Citizens' new web-based computer system. The conversion to the new system will affect new residential policies, beginning 3/1/2010, and renewal policies, beginning 4/1/2010, and will incorporate data updates, agent training, webinars, greater efficiency, and more security. The depopulation of Citizens was also discussed. Over the past two years, 40,000 policies have been taken out of Citizens, in part due to legislation and the incentive grant program. Since 3/2008, there have

been three rounds of depopulation, each time attracting one or more new insurance companies. Statutorily, at least one round of depopulation must be performed per calendar year.

Discussion followed.

Mr. Ed O'Brien, Deputy Commissioner of Property and Casualty, Louisiana Department of Insurance (LDOI), reported that the availability of auto insurance in the state is the best it has ever been. In the residual auto market, there is one remaining policy. He also reviewed HR 71, authored by Representative Harrison in the 2009 Regular Legislative Session. The resolution asked the LDOI to study the feasibility of prohibiting homeowners' insurance companies from imposing more than a two-percent named storm deductible per hurricane season. Mr. O'Brien discussed the background, including responses from companies concerning reinsurance, exposure management, and the impact on their AM Best ratings. The findings will be reported to the Legislature. He also reported on the NCCI LA Workers Compensation State Advisory Forum. Workers compensation premiums and claim frequency both continue to decline; and the market for workers compensation insurance in the state is competitive. Supplemental workers compensation detail on legislation and medical expenses was given by Mr. Broadwater.

Ms. Donna Tate, State Executive Director for MADD, briefed commission members on ignition interlock devices and issues surrounding them. There are presently nine pieces of legislation governing interlocks. If all of the legislation is not considered when enforcing the interlocks, the devices will prove ineffective due to gaps between legislation and law enforcement. The main obstacle surrounding ignition interlock devices is improper enforcement. Few judges sentence first and second DWI offenders to install the ignition interlock devices in their vehicles. Devices are being monitored too infrequently, thus making them ineffective. While technology surrounding the devices has improved, there are still areas that need updating. New Mexico has seen a drastic decrease in the number of alcohol-related fatalities and repeat DWI offenses since fully implementing the ignition interlock device.

Mr. Alton Ashy of Advanced Strategies, Inc., representing a vendor of ignition interlock devices, submitted a letter to the commission concerning issues the interlock industry in Louisiana faces as it relates to enforcement of the current DWI laws.

Discussion followed.

Representative Monica motioned that this commission object to the Streamlining Commission's recommendation to dissolve Louisiana Citizens. Mr. Taylor seconded the motion.

Representative Cortez amended the motion to defer discussion and voting on the motion until the next meeting of the LPCIC. There was no objection to this amendment, and the motion passed.

The next meeting date of February 18th was agreed upon by the members present.

Mr. Taylor made a motion to adjourn the meeting. With no further business to discuss, this meeting of the Louisiana Property and Casualty Insurance Commission adjourned at 3:20 pm.