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2 LAIP  
3 GOVERNING COMMITTEE  
4 MEETING  
5 April 9, 2015  
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11 Held at The Department of Insurance  
12 1702 North 3rd Street  
13 4th Floor Conference Room  
14 April 9, 2014  
15 Beginning at 9:01 a.m.  
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21  
22 REPORTED BY:  
23 KRISTIE GARRISON, CCR  
24  
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1 PRESENT BY PHONE:  
2 Mr. Robert Powers (AIPSO)  
3 Mr. Chris Young (AIPSO)  
4 Ms. Beth Loon (AIPSO)  
5 Ms. Jennifer Johnson (AIPSO)  
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1 APPEARANCES:  
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3 CHAIRPERSON:  
4 Ms. S. Denise Brignac  
5  
6 BOARD MEMBERS:  
7 Mr. Christopher Howell (Department of  
8 Insurance Appointee)  
9 Mr. Blaine Briggs (Louisiana Farm  
10 Bureau)  
11 Mr. Frank Galitski (Farmers Insurance  
12 Group)  
13 Mr. Aaron Angel (State Farm Auto  
14 Insurance)  
15 (Present by Telephone)  
16  
17 ALSO PRESENT:  
18 Ms. Suzy Sheriff (AIPSO)  
19 Mr. Tom Assad (AIPSO)  
20 Mr. Robert Myers - General Counsel  
21 Ms. Susan Petrillo (Progressive)  
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1 MS. BRIGNAC:  
2 Good morning. I'd like to call  
3 to order the Governing Committee Meeting of  
4 the Louisiana Automobile Insurance Plan. It  
5 is Thursday, April 9, 2015 at 9:01 a.m. I'm  
6 Denise Brignac, chairperson presiding over  
7 the meeting.  
8 Since I am a one man show, I'll  
9 do my own role call. Denise Brignac. I am  
10 here.  
11 Chris Howell?  
12 MR. HOWELL:  
13 Here.  
14 MS. BRIGNAC:  
15 Blaine Briggs?  
16 MR. BRIGGS:  
17 Here.  
18 MS. BRIGNAC:  
19 Frank Galitski?  
20 MR. GALITSKI:  
21 Here.  
22 MS. BRIGNAC:  
23 Bobby Dupre? Absent.  
24 Noel Bunol? Absent.  
25 Representative Major Thibaut?

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1 Absent.  
2 Sergei Vinokur? Absent.  
3 Aaron Angel?  
4 MR. ANGEL:  
5 Here by phone.  
6 MS. BRIGNAC:  
7 Five members and a quorum. I'd  
8 like to welcome Mr. Angel and Mr. Galitski  
9 to the Governing Committee. We appreciate  
10 Jamold Little and Russ Galbraith's  
11 participation on the board for so many  
12 years. I look forward to working with the  
13 two of you.  
14 MR. GALITSKI:  
15 Thank you.  
16 MS. BRIGNAC:  
17 The First Agenda Item is the  
18 Antitrust Preamble. As in the past, I will  
19 place an official copy into the record and  
20 will not read it unless there is a board  
21 member that would prefer that I do. Looking  
22 around and not seeing any heads saying go  
23 for it. I'm going to do that.  
24 Antitrust Preamble  
25 We are here to discuss and act on

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

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1 withdraw other services, products, or lines  
2 of business. We also may not discuss or  
3 agree to refuse to do business with  
4 individual or classes of insurers,  
5 producers, brokers or insureds, unless  
6 clearly authorized and actively supervised  
7 by the state.  
8 Second Agenda Item is the Minutes  
9 of the September 25, 2014 meeting. That is  
10 under tab 2.  
11 MS. SHERIFF:  
12 I have a couple of corrections.  
13 MS. BRIGNAC:  
14 Suzy has some corrections.  
15 MS. SHERIFF:  
16 On Exhibit 2, Page 8 of 10. The  
17 first one is on what the court reporter has  
18 a number of 30. At the very bottom it says,  
19 (Reading): Because the plan requires that  
20 we build the member companies. That should  
21 be bill, B-I-L-L.  
22 In that same paragraph going  
23 further, the last word "Mr. Lozada." That  
24 should be Lisotta, L-I-S-O-T-T-A.  
25 MS. BRIGNAC:

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1 Are there any other recommended  
2 changes by committee members? If not, I  
3 will entertain a motion to approve with the  
4 two suggested changes by Ms. Sheriff.  
5 MR. BRIGGS:  
6 Denise, Blake. On Page 13 of the  
7 minutes, line 4. It says DNO, it should be  
8 D&O.  
9 MS. BRIGNAC:  
10 Thank you. Any other  
11 corrections? If not, motion to approve?  
12 MR. GALITSKI:  
13 I'll make a motion to approve  
14 that as amended.  
15 MS. BRIGNAC:  
16 I have a motion by Mr. Galitski.  
17 Do I have a second?  
18 MR. HOWELL:  
19 Second.  
20 MS. BRIGNAC:  
21 Mr. Howell.  
22 Any discussion on the motion?  
23 All those in favor say, "Aye."  
24 (All "Aye" responses.)  
25 MS. BRIGNAC:

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1 Any opposed?  
2 (No response.)  
3 MS. BRIGNAC:  
4 All right. Report from the  
5 chairperson. Those of you who that didn't  
6 hear my story before you came in, I spent  
7 the night in the emergency room with my  
8 father, so my brain is not working properly  
9 right now. I can't think of anything to  
10 report, so I'm going to move on to Report of  
11 General Counsel, Mr. Myers.  
12 MR. MEYERS:  
13 I do have one thing that I want  
14 to bring up. It is an issue that came up  
15 the last meeting or actually the meeting  
16 before that. Mr. Powers brought before the  
17 board a motion to have the bill of National  
18 Continental paid, which was an extraordinary  
19 expense based on a death lawsuit that had  
20 been handled and reported to the board on a  
21 number of occasions. They were very good  
22 about doing that and keep us in the loop as  
23 to the progress of that litigation with a  
24 death case. And that case settled for  
25 \$322,000.

10

1 The issue that came up recently  
2 was that National Continental made a  
3 proposal for reimbursement of \$54,712.23 for  
4 having to have outside counsel brought in  
5 because there was a threat of litigation  
6 involved and the failure to procure proper  
7 insurance and things like that.  
8 I was opposed to that last time,  
9 because it was the first time -- it was  
10 actually brought up before, but the money  
11 issue was not. I viewed that as being an  
12 ordinary expense of the insurance process  
13 and not something the board should be  
14 responsible for.  
15 I talked to Mr. Powers, he's on  
16 the line, and he is counsel for AIPSO. We  
17 were discussing back and forth and I said I  
18 want to look at some contracts. He was kind  
19 enough to provide me with the State of  
20 Louisiana CAIP servicing carrier agreement  
21 that was executed many years ago when AIPSO  
22 got involved in this matter. We started  
23 discussing that looking at it back and  
24 forth. He was very open this is standard  
25 practice done in every other state. I said,

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1 "Well, I'm really interested in Louisiana."  
2 And he said, "Well, let's take a look at the  
3 contract." So we looked at the contract.  
4 What is in the contract and it's  
5 called an Indemnification Provision in  
6 paragraph 8.1. This is the original  
7 servicing agreement with National  
8 Continental. They don't want to get  
9 involved in these processes unless they are  
10 protected. It says in section 8.1  
11 (reading): Any servicing carrier made or  
12 threatened to be made a party to any action  
13 for extra contractually relief or reparation  
14 of an insurance policy by a party other than  
15 the plan arising out of an incident, which  
16 occurred while the servicing carrier was  
17 performing its duties as a servicing carrier  
18 of the plan shall mandatory be indemnified  
19 against all judgments, fines, amounts paid,  
20 and settlement, reasonable cost and  
21 expenses, and it says including attorney  
22 fees.  
23 The plan also under that section  
24 8.1 states that it is incumbent upon the  
25 carrier to make a motion before the board

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1 for payment of any expenses in excess of  
2 \$10,000.  
3 And then finally it says  
4 (reading): The indemnification provided  
5 shall be a portion among all CAIP  
6 subscribers.  
7 After reviewing the contract and  
8 looking at the proposal that was made and  
9 the fact that it was brought before the  
10 board, on updates from Mr. Powers during  
11 these conferences that we have, and he  
12 generally participates by phone, I think  
13 it's compensable and should be paid. Which  
14 is the opposite of my position before, but  
15 that was the first time I had really looked  
16 at that issue. I think it is probably  
17 correct.  
18 Robert, what do you think?  
19 MS. SHERIFF:  
20 One quick thing, Robert. Do we  
21 need to go -- I'm sorry, should we go into  
22 executive session? We now have Bob's  
23 report, but should we for discussion of this  
24 do this in executive session?  
25 MR. POWERS:

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1 I don't think executive session  
2 is necessary in the matter it's been  
3 settled. I don't think it is necessary.  
4 MS. SHERIFF:  
5 Okay. I just didn't want to get  
6 us in trouble.  
7 MR. MEYERS:  
8 The principal case had already  
9 been settled. It's just about cost and  
10 attorney's fees.  
11 MR. POWERS:  
12 Bob, I think you have summarized  
13 the state of the contractual agreement with  
14 National Continental. I am in agreement and  
15 with your recommendation that these expenses  
16 or reimbursable to National Continental.  
17 MR. MEYERS:  
18 And jut for the board, if this  
19 happens in the future, we have always been  
20 brought to the attention of these issues.  
21 We can put the brakes on. This was an  
22 extraordinary -- this is the first one  
23 that's really come out. But we can ask Mr.  
24 Powers to do things later on down the road.  
25 But this one was one that we knew was a

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1 potential problem that's been before the  
2 board, just on updates for the last two  
3 years. I think it would be appropriate to  
4 pay the bill. But there has to be a motion  
5 and I vote.  
6 MS. BRIGNAC:  
7 So we do that now?  
8 MR. MEYERS:  
9 I think we can do it now. Just  
10 get it out of the way, if that's okay with  
11 you.  
12 MS. BRIGNAC:  
13 So before I move to a motion, are  
14 there any questions for Mr. Meyers? This  
15 has been a long outstanding issue. It would  
16 be nice to get it concluded and off our  
17 agenda.  
18 MR. MEYERS:  
19 That's why I wanted to take it  
20 out of order and get it out the way.  
21 MS. BRIGNAC:  
22 If there is no questions for Bob,  
23 I would entertain a motion to approve the  
24 payment of the -- say the amount again, Bob?  
25 MR. MEYERS:

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1 The amount is \$54,712.23.  
2 MR. BRIGGS:  
3 (Makes motion.)  
4 MS. BRIGNAC:  
5 I have a motion by Mr. Briggs.  
6 Do I have a second?  
7 MR. HOWELL:  
8 Second.  
9 MS. BRIGNAC:  
10 Mr. Howell has seconded it. Any  
11 discussion on the motion? All those in  
12 favor say, "Aye."  
13 (All "Aye" responses.)  
14 MS. BRIGNAC:  
15 Any opposed?  
16 (No response.)  
17 MS. BRIGNAC:  
18 All right. Anything else, Bob?  
19 MR. MEYERS:  
20 That's it for me. Thank you very  
21 much.  
22 MS. BRIGNAC:  
23 Moving on to Agenda Item #5, the  
24 AIPSO Operations Reports. Ms. Sheriff.  
25 MS. SHERIFF:

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1 Thank you. My report is not  
2 nearly as exciting as Bob's. We are going  
3 to talk about applications for the year.  
4 For the year ending December 2014, we had a  
5 total of 1 private passenger application and  
6 18 commercial, or 19 for the year, which is  
7 down from 22 the previous year.  
8 This year through February we've  
9 had no private passenger, 17 commercial.  
10 Those 17 are all Mardi Gras and it's the  
11 same number we had the year before.  
12 I do want to mention that we had  
13 no sugar cane applications at all during the  
14 last season. Those have totally disappeared  
15 from the plan at this time.  
16 One other number just for you to  
17 be aware of is the policy in-force is 17 as  
18 of November 2014. That is the commercial  
19 policies that were currently enforced at  
20 that time.  
21 Now, interestingly because we do  
22 have 17 and Mardi Gras season had not  
23 started, that does mean we do have some  
24 policies in the plan that just keep rolling  
25 over that we don't get new applications.

1 Even though those 17 are very short term  
2 policies, we do have a larger volume in the  
3 plan that that would indicate.

4 Are there any questions about the  
5 plan volume? If not, we will go to the  
6 executive summaries and budget variance  
7 report.

8 The first report, Exhibit #5,  
9 that is the AIP for the year ending 2014.  
10 Our budget was a total of \$64,641 and we  
11 came in at \$50,553 or a little over \$14,000  
12 under budget. That was partially due to  
13 travel. We had fewer meetings and some  
14 scheduling conflicts, so there were less  
15 travel expenses for committee members that  
16 they submitted.

17 Legal, one of the meetings,  
18 Counsel wasn't able to attend and we had  
19 fewer issues requiring review, so we were  
20 under budget there by \$7,143.

21 We were over budget under bad  
22 debt, that's an unbudgeted account. It was  
23 for a write-off for a company that is  
24 insolvent.

25 The next Page 4 of 6, is the CAIP

1 year ending budget variance. Our budget was  
2 \$18,442. We were at \$23,309 or over budget  
3 by \$4,867. The reason for that is, when  
4 Progressive notified us of the amount of the  
5 indemnification, part of that was accrued  
6 during the year. Even though it had not  
7 been paid and had not yet been approved.  
8 Because we were aware of it, we did have to  
9 approve part of it. That was an \$8,486  
10 unbudgeted amount.

11 However, Central Processer was  
12 under budget and that is AIPSO's fees by  
13 \$3,200 and that was primarily for financial  
14 services. Their billings were about \$3,000  
15 under budget.

16 Going onto the year-to-date,  
17 Exhibit #6, the AIP is -- I'm not going to  
18 spend a lot of time on this. We're \$938  
19 under budget. The budget is \$7,333. And  
20 the CAIP we are \$362 under budget, but  
21 that's only with two months experience.

22 Are there any questions about the  
23 expenses or the budget variance report? If  
24 not, that concludes our presentation.

25 MS. BRIGNAC:

1 Moving on to Agenda Item #6, this  
2 is a proposal by AIPSO to function as a  
3 backup CAIP service provider. I don't know  
4 if Suzy or Robert wants to do that.

5 MS. SHERIFF:

6 I'm going to start with that and  
7 we have Chris Young and Beth Loon on the  
8 phone, and Tom Assad is here with us to help  
9 me with this. Since we have two new  
10 committee members, I'm going to do just a  
11 very quick update on where we are on this.

12 Over the years we have been  
13 dropping servicing carriers as the  
14 commercial volume has decreased countrywide.  
15 We had 20 servicing carriers years ago. We  
16 now have one, which is Progressive or  
17 National Continental.

18 The AIPSO board was concerned  
19 that should the volume continue to drop and  
20 Progressive feel that it was no longer  
21 profitable for them to remain in this  
22 position, we have no backup. We had no way  
23 to continue to service the commercial  
24 business. It was agreed after an exhaustive  
25 study that the CAIP was the mechanism that

1 they felt was the way to handle this  
2 business.

3 A few years ago the AIPSO board  
4 directed AIPSO to do two things. One, to  
5 come up with a minimum supplemental fee to  
6 roll out to the plans in the event that the  
7 volume dropped below a certain amount, then  
8 the plans would pay the difference to make  
9 up to a certain amount to Progressive, so  
10 they could continue as a servicing company.  
11 The directive also was for AIPSO to set up  
12 some sort of a backup service in the event  
13 we did not -- if Progressive pulled out, and  
14 we could not find another company that would  
15 be willing to service this business.

16 So we have done both of those  
17 things. A few years ago, we started in  
18 AIPSO an operation called AIPSO Insurance  
19 Operation. We're using National Specialty  
20 Insurance Company as a fronting company. We  
21 are currently writing for four states. We  
22 have 2.9M in premiums. Our goal is to write  
23 five million in annual premium through the  
24 insurance operations. We have Crawford and  
25 Company servicing the claims for those

1 risks. So that is in place. That is  
 2 operating in the event it was ever needed  
 3 for AIPSO to be the backup service provider.  
 4 So what we have in the agenda is  
 5 a proposal that would put the language in  
 6 the plan that should it ever become  
 7 necessary, this would give the Governing  
 8 Committee the authority to act on appointing  
 9 AIPSO as a backup service provider. It is  
 10 only intended to be there because we have to  
 11 roll this out to every state and it has to  
 12 be approved by every Governing Committee and  
 13 then by every insurance department. Should  
 14 something happen and Progressive give its 18  
 15 month notice, that would put us in a really  
 16 tight time frame to get all of this done.  
 17 We are trying to get the language  
 18 in the plan now just so that should that  
 19 happen -- and I want to emphasize that  
 20 Progressive has indicated they are staying  
 21 in this market, and they have no intent to  
 22 withdraw. The volume is increasing now. We  
 23 had no minimum supplemental fee last year.  
 24 The fees generated by the volume were  
 25 adequate, so we had no additional

1 supplemental fee. This is just as a plan B,  
 2 should we need it.  
 3 Chris and Robert, do you have  
 4 anything to add to that?  
 5 MR. POWERS:  
 6 I have nothing to add. Just  
 7 emphasize Suzy what you indicated. This is  
 8 a plan B. Simply if they are passed and  
 9 approved by the insurance department, simply  
 10 sits there until needed. Even if it is  
 11 needed, it would still be subject to  
 12 Governing Committee discussion and review as  
 13 to whether they would want AIO to come in  
 14 and service this business. So, again, it's  
 15 just there as the authority to get it into  
 16 the plan now. That would be a step you  
 17 wouldn't need to have to do should this come  
 18 to pass one day.  
 19 MS. SHERIFF:  
 20 Thank you, Robert. That is a  
 21 good point. This does not make it happen.  
 22 This only puts the language in the plan that  
 23 the committee would discuss the possibility  
 24 of it happening.  
 25 Chris, do you have more to add?

1 MR. YOUNG:  
 2 No, Suzy. You did a good job  
 3 with summarizing it.  
 4 MS. SHERIFF:  
 5 Tom?  
 6 MR. ASSAD:  
 7 When it comes before you again,  
 8 it would be in the form of a service  
 9 provider agreement where you would see all  
 10 the terms and conditions for AIPSO to  
 11 perform as an AIO. At that time, you would  
 12 have to evaluate whether or not you want  
 13 that to happen. This just provides the plan  
 14 the ability to consider that in the future.  
 15 MS. BRIGNAC:  
 16 For the committee, this is  
 17 something that Suzy and I have discussed for  
 18 several years. Initially -- probably 2010  
 19 maybe or '09 when I went to the plan  
 20 manager's meeting. I had concerns with it  
 21 because I wasn't sure how it was going to  
 22 function, whose paper was the business going  
 23 to be written knowing that AIPSO could not  
 24 get licensed in our state as an insurance  
 25 company. They have addressed all my

1 concerns. They have a national writer. I  
 2 did check. They are licensed in Louisiana.  
 3 Prior to this meeting, Suzy and  
 4 Robert and I had a conversation and I looked  
 5 at it, from my perspective of a committee  
 6 member as well as a Department of Insurance  
 7 staff member, I don't have any concerns with  
 8 it.  
 9 MS. SHERIFF:  
 10 Thank you.  
 11 One thing I do want to point out  
 12 about this language. Basically this is the  
 13 same kind of an operation that the current  
 14 CAIP does with one exception. There are a  
 15 couple of penalties that are placed on the  
 16 current servicing carrier for things that  
 17 would not be put on AIPSO, because the  
 18 penalties would be paid by the insurance  
 19 companies to the insurance companies. Those  
 20 have been removed from the way that would  
 21 work. So otherwise, it would be functioning  
 22 as a CAIP with AIPSO as the service  
 23 provider, with policies written by a  
 24 fronting company.  
 25 But, again, our goal is we are

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1 gearing it up just because if something  
2 happened, as you know, there is no way we  
3 could in 18 months start an operation, get  
4 this approved in all the states, write  
5 policies, issue policies, and be an  
6 effective servicing company. So we are  
7 doing it with a very small volume now just  
8 to make sure it's in place, everything is  
9 working properly.

10 And Chris's area has done a  
11 wonderful job in every new state that comes  
12 on. They do all of the rates, and they test  
13 it before it ever goes online. And his  
14 people have spent an enormous amount of  
15 time, and Chris has in bringing each state  
16 on. We are really looking ahead to make  
17 sure that if it should happen, it would be  
18 as seamless as possible.

19 MS. BRIGNAC:  
20 Any questions. No? If not, the  
21 will of the committee -- we would need a  
22 motion to approve a change to the plan to  
23 add AIPSO as a backup CAIP service provider.

24 MR. GALITSKI:  
25 I'll make that motion.

26

1 MS. BRIGNAC:  
2 I have a motion by Mr. Galitski.  
3 Do I have a second?  
4 MR. BRIGGS:  
5 Second.  
6 MS. BRIGNAC:  
7 I have a second by Mr. Briggs.  
8 Any discussion on the motion?  
9 (No response.)  
10 MS. BRIGNAC:  
11 All those in favor say, "Aye."  
12 (All "Aye" response.)  
13 MS. BRIGNAC:  
14 Any opposed?  
15 (No response.)  
16 MS. BRIGNAC:  
17 Agenda Item #7, Clarification of  
18 Excess Hired and Nonowned Coverage, Exhibit  
19 #8.  
20 MS. SHERIFF:  
21 Thank you.  
22 This is purely just to clarify  
23 and to remove some redundant language from  
24 the plan.  
25 Section 22 currently has a

27

1 language that this is supplementary coverage  
2 and it gives provisions for when it is  
3 allowed. Rule 124 has that same language,  
4 so we are removing the redundant language  
5 and we are also just adding to clarify that  
6 this is for hired and nonowned autos.  
7 Currently the language only states, this  
8 excess liability coverage is for nonowned,  
9 but it is also for hired.

10 Again, it is just basically a  
11 cleanup proposal.

12 MS. BRIGNAC:  
13 Any question for Suzy. If not,  
14 I'll need a motion to approve the proposed  
15 change.

16 MR. HOWELL:  
17 I'll make a motion to approve.

18 MS. BRIGNAC:  
19 I have a motion by Mr. Howell.  
20 Do I have a second?  
21 MR. GALITSKI:  
22 I'll second it.

23 MS. BRIGNAC:  
24 I have a second by Mr. Galitski.  
25 Thank you. Any discussion on the motion?

28

1 (No response.)  
2 MS. BRIGNAC:  
3 All those in favor say, "Aye."  
4 (All "Aye" responses.)  
5 MS. BRIGNAC:  
6 Any opposed?  
7 (No responses.)  
8 MS. BRIGNAC:  
9 Agenda Item #8, Discontinuance of  
10 Sale of Paper Manuals, Exhibit #9.  
11 MS. SHERIFF:  
12 AIPSO has always provided paper  
13 manuals for sale to anyone requesting that  
14 manual, and free of charge we have mailed  
15 out any updates to the manual. With the  
16 advent of the Internet and everything now  
17 being online, the policy forms, the manuals,  
18 everything is currently online. They can  
19 access it. AIPSO is doing away with  
20 printing those manuals.  
21 So what this proposal is doing is  
22 just changing the plan language to say that  
23 hard copies are not available but are now  
24 electronic. There are some provisions if  
25 the Internet is down and EASi is down for

1 how they can submit an application. And,  
2 obviously, if a producer had a problem and  
3 needed something they would contact a plan  
4 and we would send it to them. But mail  
5 order management of AIPSO is no longer going  
6 to be providing that service for a charge.  
7 This is just updating the manual to reflect  
8 that.

9 MS. BRIGNAC:

10 I'd have to say, I've been on the  
11 board since 2006. I've chaired this board  
12 since that long, and I've just in the last  
13 six months went online and created my  
14 account to start looking at it  
15 electronically.

16 Any questions for Suzy on the  
17 proposed change? If not, I'll entertain a  
18 motion to approve Discontinuance of the Sale  
19 of Paper Manuals.

20 MR. HOWELL:

21 I will.

22 MR. GALITSKI:

23 (Makes motion.)

24 MS. BRIGNAC:

25 I have a motion by Mr. Howell and

1 a second by Mr. Galitski. Any discussion on  
2 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 #9,  
12 Garage Dealer Rating Clarification, Exhibit  
13 #10.

14 MS. SHERIFF:

15 If I could just kind of back up  
16 and add one quick thing. If anyone here has  
17 not signed up to receive alerts for when the  
18 agendas are out or updates to the manual or  
19 anything, please let us know and we will get  
20 that done for you, so that you can access  
21 this agenda online if you want. Because we  
22 have so few meetings and they seem to be big  
23 and it's nice to have a binder, we continue  
24 printing them. But you can get all of that  
25 information online. And if you want to do

1 that, just let me know.

2 Garage Dealer Rating

3 Clarification, Exhibit #10. We noticed  
4 recently that the worksheet for the garage  
5 dealer did not -- it was not the same as the  
6 truckers worksheet and the public autos.  
7 What it has -- you'll notice it has just an  
8 easy way for people to rate these, because  
9 we still don't have commercial rating, but  
10 that's coming soon.

11 They were taking the additional  
12 charges and the worksheet shows that you  
13 multiply that times the experience rating.  
14 And that should actually be an either/or.  
15 You either do the additional charges or you  
16 do the experience rating, whichever  
17 generates the most premium. This is jut a  
18 correction to this worksheet, so that it is  
19 in line with the truckers worksheet and the  
20 public autos and to show that it is an  
21 either/or thing.

22 MS. BRIGNAC:

23 Any questions for Suzy on the  
24 proposed change to Garage Dealer Rating? If  
25 not, I'll entertain a motion to approve.

1 MR. BRIGGS:

2 (Makes motion.)

3 MS. BRIGNAC:

4 I have a motion by Mr. Briggs.

5 Mr. GALITSKI:

6 (Makes motion.)

7 MS. BRIGNAC:

8 A second by Mr. Galitski. Any  
9 discussion on the motion?

10 (No response.)

11 MS. BRIGNAC:

12 All those in favor say, "Aye."

13 (All "Aye" responses.)

14 MS. BRIGNAC:

15 Any opposed?

16 (No response.)

17 MS. BRIGNAC:

18 Agenda Item #10, Household  
19 Assignment Procedure.

20 MS. SHERIFF:

21 This is Exhibit #11. Currently  
22 we have in place the household procedure so  
23 that if someone comes in to the plan and say  
24 they have a car registered to them and it's  
25 insured with a certain company and they have

1 another car that's registered to them, but  
2 their son is driving it, that company won't  
3 take the son, so it's coming through the  
4 plan. We want to assign it back to the same  
5 company in the household, so they don't have  
6 two policies on the same person. That's  
7 what the household procedure does. It tries  
8 to keep the risk with the same company.

9           However, there is not a provision  
10 in the plan. It states that we will do  
11 that, but it doesn't indicate to do that the  
12 company has to have a quota and be taking  
13 assignments. This is just clarification.  
14 If a company is not taking assignments, then  
15 we could not assign that to them. This plan  
16 language would just add that stipulation.

17           Blaine, did I explain that well?

18       MR. BRIGGS:

19           I was just trying to read it. I  
20 read it before. I wanted to make sure I  
21 understand it.

22       MS. SHERIFF:

23           And part of this is due to the  
24 low volume and the credit programs. A lot  
25 of companies are currently over assigned, so

1 they wouldn't get any assignments. If we  
2 force it, that just makes them more over  
3 assigned.

4           So, again, there's a lot of  
5 things with the low volume. We've gotten  
6 rid of some of the credit programs. But  
7 with the low volume, it's impacting a lot of  
8 different things and making us take a second  
9 look at some of the things.

10       MS. BRIGNAC:

11           Any questions? If not, I'll  
12 entertain a motion to approve the proposed  
13 amendment for Household Assignment  
14 Procedure.

15       MR. GALITSKI:

16           I'll make that motion.

17       MS. BRIGNAC:

18           I have a motion by Mr. Galitski.  
19 Do I have a second?

20       MR. ANGEL:

21           I'll second it.

22       MS. BRIGNAC:

23           Thank you, Mr. Angel. I have a  
24 second by Mr. Angel. Any discussion on the  
25 motion?

1           (No response.)

2       MS. BRIGNAC:

3           All those in favor say, "Aye."

4           (All "Aye" responses.)

5       MS. BRIGNAC:

6           Any opposed?

7           (No responses.)

8       MS. BRIGNAC:

9           All right. Agenda Item #11, Open  
10 Items. Yes, Mr. Meyers.

11       MR. MEYERS:

12           I meant to bring this up earlier.  
13 You and I got involved earlier this year on  
14 an issue, and we have some new members here.  
15 Y'all are required to file a Conflict of  
16 Interest Forms every year. This year, it  
17 came to our attention, somebody hadn't filed  
18 one and we got involved in that issue, if  
19 you remember?

20       MS. BRIGNAC:

21           Yeah. It is not really Conflict  
22 of Issue. It's a Financial Disclosure  
23 Statement with the Board of Ethics.

24       MR. MEYERS:

25           That's right.

1       MS. BRIGNAC:

2           And it's due every May 15th for  
3 anybody that was a member as of the previous  
4 December 31st. There's been some debate  
5 over whether or not the LAIP members need to  
6 file because it's public versus private.  
7 I've always recommended better to be safe  
8 than sorry, so you need to file it. You can  
9 go to the Board of Ethics website and go to  
10 reports and there is a disclosure, I think  
11 it is tier 2.1.

12       MR. MEYERS:

13           And for the new members, y'all  
14 are probably a private entity and there is  
15 Supreme Court decision that came out about  
16 five years ago that says that, but you are a  
17 hybrid. So we made the decision five years  
18 ago when many of y'all weren't around here  
19 to go ahead and file these disclosures and  
20 these financial forms. It's worked very  
21 well.

22           What happened is somebody failed  
23 to do it and the ethics board got involved  
24 in it and the next thing you know they  
25 wanted a pound of flesh. There is some case

1 law that supports it. You don't have to do  
2 it. I think that person ended up having to  
3 hire counsel. And I don't want to see y'all  
4 have to do that.

5 MS. BRIGNAC:

6 We won't know the disposition of  
7 that matter because the Board of Ethics  
8 investigations are confidential. If there  
9 is a ruling against the individual saying  
10 that they did violate ethics because they  
11 didn't file the disclosure, we would know  
12 that. If they rule in the other  
13 direction --

14 MR. MEYER:

15 We won't know it.

16 MS. BRIGNAC:

17 -- there will just be no action.  
18 I'm kind of waiting to see. I think it was  
19 an agenda item on the confidential agenda  
20 for the March meeting. It usually takes  
21 some 60 days to get their stuff out.

22 MR. MEYERS:

23 The easier way to do it is just  
24 file it.

25 MR. BRIGGS:

1 What is the official name of it?

2 MS. BRIGNAC:

3 It's financial disclosure tier

4 2.1.

5 MR. HOWELL:

6 It has to be done by the 15th of  
7 May?

8 MS. BRIGNAC:

9 15th of May. And really it's  
10 your name, your affiliation, you would  
11 disclose that you are on this Governing  
12 Committee, and then if you have any  
13 arrangements with state government.

14 MR. MEYER:

15 Just a precaution. It just  
16 happened and we need to know about that.

17 MS. BRIGNAC:

18 For example, through your agency,  
19 if you did a public entity with a client of  
20 yours, you may need to disclose that.

21 MR. ANGEL:

22 What's the website?

23 MS. BRIGNAC:

24 Louisiana State Board of Ethics.  
25 And I think it is ethics.la -- let me think

1 about this.

2 MR. BRIGGS:

3 Can you send something out to us?

4 MS. BRIGNAC:

5 I'll forward you the link.

6 That's a good idea, Blaine. Mr. Galitski,  
7 it wouldn't apply to you because you weren't  
8 on the board, but Russ needs to do it.

9 MR. GALITSKI:

10 Just out of curiosity, what was  
11 the -- just an oversight or reluctance to  
12 file the forms?

13 MS. BRIGNAC:

14 I think it was --

15 MS. SHERIFF:

16 We had a change.

17 MS. BRIGNAC:

18 Well, one board member wasn't on  
19 the board, but maybe six months, so they  
20 just weren't aware of it. They came and  
21 went between the dates. I think it was  
22 probably both of those individuals just were  
23 not aware of it.

24 MR. GALITSKI:

25 Now they are.

1 MS. BRIGNAC:

2 Yes, they are.

3 MR. MEYERS:

4 We had anticipated it five or  
5 seven years ago it's going to be a potential  
6 problem because it's public versus private.  
7 We just made the decision, let's go ahead  
8 and file them. It's safer. And then sure  
9 enough, now, this thing popped up and they  
10 got private counsel. I think the case law  
11 supports you don't have to do, but we don't  
12 want to go down that road because stranger  
13 things happen in Louisiana.

14 MR. GALITSKI:

15 To put a little bit of a finer  
16 point, is that the disclosure for the  
17 individual or the company that the  
18 individual --

19 MS. BRIGNAC:

20 The individual.

21 MR. GALITSKI:

22 Not the company the individual  
23 represents?

24 MS. BRIGNAC:

25 That's correct, yes.

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1 MR. ANGEL:  
2 Tier 1, right?  
3 MS. BRIGNAC:  
4 Tier 2.1.  
5 MR. GALITSKI:  
6 It's just a PDF file, you open it  
7 up, fill it out, and submit it.  
8 MS. BRIGNAC:  
9 I don't think you can submit it  
10 electronically. You can fill it out online,  
11 but you have to print it and sign it.  
12 MR. GALITSKI:  
13 Notarized, I guess?  
14 MS. BRIGNAC:  
15 I can't remember, but I don't  
16 think so.  
17 MR. GALITSKI:  
18 And submit it to --  
19 MS. BRIGNAC:  
20 To Board of Ethics. There is an  
21 address on the from.  
22 MR. GALITSKI:  
23 And just mail it in?  
24 MS. BRIGNAC:  
25 Yes.

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1 MR. GALITSKI:  
2 Do y'all want a copy of that?  
3 MS. BRIGNAC:  
4 No, I do not.  
5 All right. Is that it?  
6 MR. MEYER:  
7 That's it.  
8 MS. BRIGNAC:  
9 Next Agenda Item would be  
10 Executive Session. I'll need a vote to go  
11 into Executive Session.  
12 MS. SHERIFF:  
13 We don't need to now.  
14 MS. BRIGNAC:  
15 We don't need to. Let's skip it.  
16 Let's go down to Agenda Item 13,  
17 which is Any Other Business. I know Suzy  
18 has one.  
19 MS. SHERIFF:  
20 I do. And I'll pass these  
21 around. Every year we do the CAIP servicing  
22 carrier allowances. We have to notify the  
23 servicing carrier by September 1st of the  
24 new allowances. The plan does require that  
25 the committee review them. Now, these this

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1 don't have to be approved by the committee  
2 because you've already approved the formula  
3 that these are calculated on. That's why we  
4 are adding this. We just got these this  
5 week and did not want to hold it up because  
6 the next meeting would be after we have to  
7 notify them. Otherwise, we would have to  
8 send it out.  
9 Just briefly, there is not a lot  
10 of change from last year.  
11 Aaron, I will send you a copy of  
12 this as well. Sorry, I didn't get this to  
13 you in advance. I literally got it as I was  
14 walking out of the office on Tuesday.  
15 So the liability --  
16 Administrative Expense Allowance. The  
17 liability for 2015 is 20.5 percent. For  
18 2016, it will be down slightly to 20.3  
19 percent. The physical damage was 22.3  
20 percent this year. That is decreasing to 22  
21 percent next year. For the Loss Adjustment  
22 Expense, the ULAE is currently 16.1 and that  
23 is dropping to 11.0, so that's a significant  
24 decrease. The ALAE is, of course, is direct  
25 reimbursement. And the Physical Damage is

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1 the only one that's increasing slightly from  
2 8.1 to 8.2 percent.  
3 So, again, as I mentioned. This  
4 is based on the formula that has previously  
5 been approved by the committee. So this is  
6 just for the committee's review and these  
7 will be sent to the servicing carrier prior  
8 to September 1st, so they can get these  
9 programmed into their system for next year.  
10 MS. BRIGNAC:  
11 Any questions for Suzy? If not,  
12 as she stated, that doesn't require any  
13 committee action. So that brings us to  
14 Agenda Item #14, which is the date of our  
15 next meeting. Do you have a recommendation?  
16 MS. PETRILLO:  
17 The 23rd.  
18 MR. BRIGNAC:  
19 September.  
20 MS. SHERIFF:  
21 What day is that?  
22 MS. BRIGNAC:  
23 It's a Wednesday.  
24 MS. SHERIFF:  
25 A Wednesday. Would Thursday

1 work?  
 2 MS. PETRILLO:  
 3 Yes.  
 4 MS. SHERIFF:  
 5 The 24th, September 24th. Does  
 6 that work? Bob and I will be another year  
 7 older.  
 8 MR. MEYER:  
 9 Absolutely. We are born on the  
 10 same day.  
 11 MS. BRIGNAC:  
 12 So next board meeting is  
 13 September 24th at -- do y'all like 9:00 or  
 14 10:00?  
 15 MR. MEYERS:  
 16 9:00 works well.  
 17 MS. BRIGNAC:  
 18 9:00 a.m. here at the Department  
 19 of Insurance.  
 20 All right. Now, I'll entertain a  
 21 motion to adjourn.  
 22 MR. HOWELL:  
 23 (Makes motion.)  
 24 MS. BRIGNAC:  
 25 Got one by Mr. Howell.

1 MR. GALITSKI:  
 2 (Makes motion.)  
 3 MS. BRIGNAC:  
 4 A second by Mr. Galitski. Anyone  
 5 opposed.  
 6 (No response.)  
 7 MS. BRIGNAC:  
 8 All right. Thank y'all.  
 9  
 10 (Meeting concluded at 9:41 a.m.)  
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1 REPORTER'S CERTIFICATE  
 2  
 3 I, KRISTIE GARRISON, Certified Court  
 4 Reporter, Certificate No. 2014015, in and  
 5 for the State of Louisiana, do hereby  
 6 certify that the Louisiana Automobile  
 7 Insurance Plan Governing April 9, 2015,  
 8 meeting was reported by me in the voice  
 9 writing reporting method, was prepared and  
 10 transcribed by me or under my personal  
 11 direction and supervision, and is a true and  
 12 correct transcript to the best of my ability  
 13 and understanding.  
 14 April 21, 2015, Baton Rouge, Louisiana.  
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 21  
 22  
 23  
 24 KRISTIE GARRISON, CCR  
 25 CERTIFIED COURT REPORTER