

<p style="text-align: center;">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</p> <p style="text-align: center;">1</p> <p style="text-align: center;">LAIP GOVERNING COMMITTEE MEETING September 26, 2013</p> <p style="text-align: center;">Held at The Department of Insurance 1702 North 3rd Street Beginning at 9:25 a.m.</p> <p style="text-align: center;">REPORTED BY: BETTY D. GLISSMAN, CCR</p> <p style="text-align: center;">Betty D. Glissman, CCR</p>	<p style="text-align: center;">3</p> <p>1 Present by Phone: 2 Mr. Chuck Kwolek (AIPSO) 3 Mr. Robert Powers (AIPSO) 4 Ms. Jennifer Johnson (AIPSO) 5 Ms. Christine Lindgren (AIPSO) 6 Mr. Chris Falguerra (AIPSO) 7 Mr. Tom Assad (AIPSO) 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25</p> <p style="text-align: center;">Betty D. Glissman, CCR</p>
<p style="text-align: center;">2</p> <p>1 APPEARANCES: 2 3 CHAIRPERSON: 4 Ms. S. Denise Brignac 5 6 BOARD MEMBERS: 7 Mr. Noel Bunol, IV (President of the 8 Senate Designee) 9 Mr. Christopher Howell (Department of 10 Insurance Appointee) 11 Mr. Russ Galbraith (Farmers) 12 Mr. Bobby Dupre (LAFAC) 13 Representative Major Thibaut (House of 14 Representatives Appointee) 15 Mr. Jamold Little (State Farm) 16 (Present by Telephone) 17 Mr. Sergei Vinokur (Hanover) 18 (Present by Telephone) 19 Mr. Brian Harley (Liberty Mutual) 20 (Present by Telephone) 21 22 ALSO PRESENT: 23 Mr. Michael Donovan (Progressive) 24 Ms. Suzy Sheriff (AIPSO) 25 Mr. Timothy Messier (AIPSO) Mr. Ben Moss Mr. Robert Myers - General Counsel</p> <p style="text-align: center;">Betty D. Glissman, CCR</p>	<p style="text-align: center;">4</p> <p>1 MS. BRIGNAC: 2 All right. At this time, I 3 would like to call to order the Governing 4 Committee meeting of the Louisiana 5 Automobile Insurance Plan. It is Thursday, 6 September 26, 2013 at 9:25 a.m. I am Denise 7 Brignac, Chairperson presiding over the 8 meeting. 9 At this time, I will conduct 10 roll call. Denise Brignac, I'm here. 11 Chris Howell, representing 12 Commissioner Donelon? 13 MR. HOWELL: 14 Here. 15 MS. BRIGNAC: 16 Noel Bunol, representing the 17 President of the Senate? 18 MR. BUNOL: 19 Here. 20 MS. BRIGNAC: 21 Representative Major Thibaut, 22 representing the Speaker of the House? 23 REPRESENTATIVE THIBAUT: 24 Here. 25</p> <p style="text-align: center;">Betty D. Glissman, CCR</p>

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1 MS. BRIGNAC:
 2 Mr. Bobby Dupre, representing
 3 LAFAC?
 4 MR. DUPRE:
 5 Here.
 6 MS. BRIGNAC:
 7 Russ Galbraith, representing
 8 the at-large seat?
 9 MR. GALBRAITH:
 10 Here.
 11 MS. BRIGNAC:
 12 I have Jamold Little
 13 representing State Farm?
 14 MR. LITTLE:
 15 Here.
 16 MS. BRIGNAC:
 17 Brian Harley, representing
 18 Liberty Mutual?
 19 MR. HARLEY:
 20 Here.
 21 MS. BRIGNAC:
 22 Sergei, and I'm going to
 23 butcher your last name, Vinokur, how do you
 24 say that, representing Hanover?
 25
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1 MR. VINOKUR:
 2 Vinokur, close enough.
 3 MS. BRIGNAC:
 4 All right. The first agenda
 5 item -- oh, before we move on, we need to
 6 acknowledge the rest of the folks in the
 7 room and on the phone. I have Suzy Sheriff
 8 representing AIPSO.
 9 MR. MESSIER:
 10 Tim Messier, AIPSO.
 11 MS. BRIGNAC:
 12 Timothy Messier representing
 13 AIPSO.
 14 Michael Donovan representing
 15 Progressive.
 16 And on the phone, could you
 17 please state your name again from AIPSO?
 18 MR. KWOLEK:
 19 Chuck Kwolek.
 20 MR. POWERS:
 21 Robert Powers.
 22 MS. LINDGREN:
 23 Chris Lindgren.
 24 MR. ASSAD:
 25 Tom Assad.
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1 MR. FALGUERRA:
 2 Chris Falguerra.
 3 MS. JOHNSON:
 4 Jennifer Johnson.
 5 MS. BRIGNAC:
 6 All right. Thank you.
 7 The first agenda item is the
 8 Anti-Trust Preamble. A copy has been
 9 provided. So I'm not going to read it,
 10 again. An official copy will be put into
 11 the record.
 12 Antitrust Preamble
 13 We are here to discuss and act on
 14 matters relating to the business of the
 15 Louisiana Automobile Insurance Plan and not
 16 to discuss or pursue the business interests
 17 of our individual companies. We should
 18 proceed with caution and alertness towards
 19 the requirements and prohibitions of federal
 20 and state antitrust laws. We should not
 21 engage in discussion - either at this
 22 meeting or in private conversations - of our
 23 individual company's plans or contemplated
 24 activities. We should concern ourselves
 25 only with the business of the Louisiana
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1 Automobile Insurance Plan as set forth in
 2 the agenda for this meeting. Only residual
 3 market matters may be discussed at residual
 4 market meetings and each company's voluntary
 5 market plans cannot be discussed.
 6 We may not discuss the
 7 circumstances, conditions or actions under
 8 which our individual companies will withdraw
 9 from particular lines of coverage in this
 10 state, or will withdraw as servicing
 11 carriers for the Plan. We may not discuss
 12 or agree to refuse to supply servicing
 13 carrier services to the Plan or agree to
 14 withdraw other services, products, or lines
 15 of business. We also may not discuss or
 16 agree to refuse to do business with
 17 individual or classes of insurers,
 18 producers, brokers or insureds, unless
 19 clearly authorized and actively supervised
 20 by the state.
 21 The second agenda item is
 22 approval of the minutes. First, we're going
 23 to -- we had a little faux pas at the last
 24 Board meeting -- Governing Committee
 25 meeting. When we were approving the
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1 September 27, 2012 minutes, we had a motion
 2 and a second, but we never had a vote,
 3 because Mr. Dupre took personal privilege on
 4 the floor and we forgot to go back and vote
 5 on them. So we need to actually approve
 6 first the September 27, 2012 minutes. So
 7 I'll entertain a motion to do that.

8 MR. HOWELL:
 9 (Makes motion.)

10 MS. BRIGNAC:
 11 I have a motion by Mr.
 12 Howell.

13 MR. BUNOL:
 14 Second.

15 MS. BRIGNAC:
 16 A second by Mr. Bunol.
 17 Any discussion on the motion?
 18 (No response.)

19 MS. BRIGNAC:
 20 All those in favor, say,
 21 "Aye."
 22 (All "Aye" responses.)

23 MS. BRIGNAC:
 24 All right. Now, we're going
 25 to move on to the minutes from the June 11,
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1 2013 meeting. You have a copy in your Board
 2 agenda. I'll give you a few moments to look
 3 over those. You can discuss any changes.
 4 If there aren't any, I'll entertain a motion
 5 to approve.

6 MR. GALBRAITH:
 7 (Makes motion.)

8 MS. BRIGNAC:
 9 I have a motion by Mr.
 10 Galbraith.

11 Do I have a second?
 12 MR. DUPRE:
 13 Second.

14 MS. BRIGNAC:
 15 Second by Mr. Dupre.
 16 Any discussion on the motion?
 17 (No response.)

18 MS. BRIGNAC:
 19 All those in favor, say,
 20 "Aye."
 21 (All "Aye" responses.)

22 MS. BRIGNAC:
 23 Any opposed?
 24 (No response.)

25 MS. BRIGNAC:
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1 All right. The third agenda
 2 item is report from Chairperson. Just a
 3 little information on the Louisiana market
 4 in general, you know, we kind of still are
 5 hanging out in somewhat of a soft market for
 6 auto. We have seen a slight up tick in rate
 7 filings for rate increases on personal
 8 lines. There was the recent release of
 9 ranking of the states for the highest auto
 10 premiums. Louisiana has made their way all
 11 the way to number one. We do have the
 12 highest insurance auto rates in the country.

13 It was encouraging that last
 14 week we were -- the Department was actually
 15 contacted by the Governor's Office and I
 16 believe they may start some research into
 17 how maybe we can address the auto rates here
 18 in the state. So I don't know what will
 19 come out of that. We did provide a lot of
 20 information to the Governor's Office. We're
 21 also in the process of scheduling a meeting
 22 with them to discuss that.

23 If there are no questions for
 24 me -- and, Suzy, you know what I did.
 25 MS. SHERIFF:
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1 That's fine.

2 MS. BRIGNAC:
 3 Actually, Suzy asked that we
 4 move up the Executive Session on the agenda
 5 because of the folks from AIPSO
 6 participating by phone. If we can knock
 7 that out, they can go back to their duties
 8 at AIPSO. So, at this time, I would like to
 9 jump to Agenda Item #13, which is Executive
 10 Session. I'll entertain a motion to go into
 11 Executive Session.

12 REPRESENTATIVE THIBAUT:
 13 (Makes motion.)

14 MS. BRIGNAC:
 15 I have a motion by
 16 Representative Thibaut.

17 MR. GALBRAITH:
 18 Second.

19 MS. BRIGNAC:
 20 I have a second by Mr.
 21 Galbraith.

22 Any discussion on the motion?
 23 (No response.)

24 MS. BRIGNAC:
 25 All those in favor, say,
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1 "Aye."
 2 (All "Aye" responses.)
 3 MS. BRIGNAC:
 4 Any opposed?
 5 (No response.)
 6 MS. BRIGNAC:
 7 All right. I would ask
 8 anyone other than the Governing Committee
 9 members and AIPSO representatives to leave
 10 the room.
 11 (EXECUTIVE SESSION)
 12 MS. BRIGNAC:
 13 I think Bob is going to have
 14 to help me out here, because when we went
 15 into Executive Session, he kind of gave me
 16 the wink and nod that I forgot to do a roll
 17 call vote on the motion because when you go
 18 into Executive Session, you have to do that
 19 when you're subject to open meeting laws.
 20 So tell what --
 21 MR. MYERS:
 22 The issue of the open meeting
 23 laws continuously plague us and we have a
 24 Supreme Court ruling saying that we're a
 25 private entity, but we are a hybrid. So I
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1 prefer, and I think it would be better
 2 suited, that we keep it open, but I can
 3 probably do something and stop that if there
 4 is a problem.
 5 MS. BRIGNAC:
 6 So, I'll entertain a motion
 7 to come out of Executive Session. We're
 8 back in the public forum. We're going to
 9 have to do that by roll call vote. So, at
 10 this time, I'll entertain a motion.
 11 MR. DUPRE:
 12 (Makes motion.)
 13 MS. BRIGNAC:
 14 I have a motion by Mr. Dupre.
 15 MR. GALBRAITH:
 16 Second.
 17 MS. BRIGNAC:
 18 Second by Mr. Galbraith.
 19 Any discussion on the motion?
 20 (No response.)
 21 MS. BRIGNAC:
 22 All right. We'll start going
 23 around the table.
 24 Mr. Howell?
 25 MR. HOWELL:
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1 Here.
 2 MS. BRIGNAC:
 3 Yes?
 4 MR. HOWELL:
 5 Yes.
 6 MS. BRIGNAC:
 7 Mr. Bunol?
 8 MR. BUNOL:
 9 Yes.
 10 MS. BRIGNAC:
 11 Mr. Dupre?
 12 MR. DUPRE:
 13 Yes.
 14 MS. BRIGNAC:
 15 Mr. Galbraith?
 16 MR. GALBRAITH:
 17 Yes.
 18 MS. BRIGNAC:
 19 Representative Thibaut?
 20 REPRESENTATIVE THIBAUT:
 21 Yes.
 22 MS. BRIGNAC:
 23 Jamold Little?
 24 MR. LITTLE:
 25 Yes.
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1 MS. BRIGNAC:
 2 Brian Harley?
 3 MR. HARLEY:
 4 Yes.
 5 MS. BRIGNAC:
 6 Sergei?
 7 MR. VINOKUR:
 8 Yes.
 9 MS. BRIGNAC:
 10 All right. The motion
 11 passes.
 12 At this time, we are out of
 13 Executive Session, back into the public
 14 meeting. Please let the record reflect that
 15 we did not take any formal action while in
 16 Executive Session.
 17 At this time, I will
 18 entertain a motion relative to the CAIP
 19 servicing carrier selection.
 20 MR. DUPRE:
 21 (Makes motion.)
 22 MS. BRIGNAC:
 23 I have a motion by Mr. Dupre
 24 to enter into a contract with --
 25 MR. DUPRE:
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1 I move that the Committee
 2 Plan enter into a four-year agreement with
 3 Progressive commencing September 1, 2014. I
 4 move to accept the minimum fee as
 5 recommended by the CAIP Countrywide
 6 Committee the following years, 2014,
 7 \$13,250,000; 2015, \$13,550,000; 2016,
 8 \$13,900,000; 2017, \$14,255,000.

9 MS. BRIGNAC:
 10 All right.

11 MR. DUPRE:
 12 I make that as a motion.

13 MS. BRIGNAC:
 14 I got your motion.
 15 Do I have a second?

16 MR. GALBRAITH:
 17 Second.

18 MS. BRIGNAC:
 19 Mr. Galbraith seconds that
 20 motion.

21 Any discussion on the motion?
 22 (No response.)

23 MS. BRIGNAC:
 24 All those in favor, say,
 25 "Aye."
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1 (All "Aye" responses.)

2 MS. BRIGNAC:
 3 Any opposed?
 4 (No response.)

5 MS. BRIGNAC:
 6 All right. We're now going
 7 to go back to Agenda Item #4, which is
 8 report from General Counsel.

9 MR. MYERS:
 10 I have nothing to report
 11 other than Robert Powers has kept me abreast
 12 of the Broussard case. We have gone back
 13 and forth on e-mails on it, I think y'all
 14 are all protected on that. Then there is
 15 the plaintiff's case is rather weak,
 16 although they're going to move for summary
 17 judgment on it. I don't know about that.
 18 But the trailer issue that is going to come
 19 up with another part of liability on the
 20 trailer, that will be granted. So I think
 21 y'all are protected on that issue.

22 That's all going on from a
 23 legal end right now.

24 MS. BRIGNAC:
 25 All right. Any questions for
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1 Mr. Myers?
 2 (No response.)

3 MS. BRIGNAC:
 4 If not, we'll move on to
 5 Agenda Item #5, which is the AIPSO
 6 operations report. Suzy.

7 MS. SHERIFF:
 8 All right. First, if we
 9 could back up just a minute. In the past, I
 10 just remembered we have always asked the
 11 Committee to give you the authority to sign
 12 the contract on behalf of the Committee and
 13 we will be executing that contract. So do
 14 you want to get a motion that you can sign
 15 the four year contract with Progressive?

16 MR. DUPRE:
 17 I make a motion that Ms.
 18 Brignac be given that authority to sign the
 19 contract.

20 MS. BRIGNAC:
 21 I have a motion by Mr. Dupre
 22 granting the Chair authority to sign the
 23 CAIP servicing carrier contract. I have a
 24 second by Mr. Bunol.

25 Any discussion on the motion?
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1 (No response.)

2 MS. BRIGNAC:
 3 All those in favor, say,
 4 "Aye."

5 (All "Aye" responses.)

6 MS. BRIGNAC:
 7 Any opposed?
 8 (No response.)

9 MS. BRIGNAC:
 10 All right. Now, the AIPSO
 11 operations report.

12 MS. SHERIFF:
 13 Thank you.

14 The first item is the plan
 15 population report, year to date through
 16 August, 2013. That's Exhibit #3. We have
 17 received one private passenger application
 18 this year compared to zero last year, and 19
 19 commercial compared to 20 last year. So we
 20 are staying flat for the totals, which in
 21 years past, it has been going down
 22 significantly. So we'll see how the year
 23 ends up.

24 We currently have 16 policies
 25 in force for commercial, 16. Most of ours
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1 come in for short terms because they do the
 2 Mardi Gras boats and we do the sugarcane.
 3 So we don't have that many that stay in
 4 year-round.

5 MR. DUPRE:
 6 Is anyone writing the
 7 sugarcane on a voluntary basis, is that why
 8 we're getting fewer numbers?

9 MS. SHERIFF:
 10 Yes, and they're going --
 11 with the rates increased, I think we found
 12 when we talked to them before that when the
 13 rates increased, a lot of these companies
 14 just went to a full year policy with other
 15 companies rather than doing the short-term,
 16 but they are getting it elsewhere.

17 MS. BRIGNAC:
 18 Looking for multiple uses for
 19 their truck so they can get annual coverage
 20 instead of that short three month coverage
 21 that we provided.

22 MR. DUPRE:
 23 I've noticed as I ride around
 24 and I went as far as Oak Grove, Louisiana,
 25 which I had never been to before, if you go
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1 10 more miles you are in Arkansas, if you're
 2 going east, you are in Mississippi in 10
 3 miles. So, in that corner, there's a lot of
 4 farm land up in north Louisiana, beautiful.
 5 I had never really realized how many acres
 6 of sweet potatoes are planted up there. It
 7 took our -- St. Landry Parish used to be
 8 big, big sweet potatoes. We plant very few,
 9 now.

10 But, anyhow, I noticed the
 11 trucks themselves have been upgraded to much
 12 newer models and I'm sure they're capable of
 13 operating year-round compared to the older
 14 models that we used to insure and had the
 15 accidents and all of that. So I think all
 16 of that has worked well.

17 MS. SHERIFF:
 18 If there are no questions
 19 about the plan population reports, I will
 20 move on to the next Exhibit, which is
 21 Exhibit #4, the Executive Summaries and
 22 Budget Variances Report through July. The
 23 AIP is currently \$1,296 under budget.
 24 Nothing real significant there other than
 25 we've had some vacancies and we haven't
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1 utilized the Committee travel budget to date
 2 yet. We're over budget. Bad debt, that's
 3 an unbudgeted account and we did have a bad
 4 debt settlement, and central processor is
 5 slightly over budget.

6 Moving on to the CAIP, which
 7 is Exhibit #4, Pages 3 and 4, the CAIP is
 8 \$122 over budget. Not much to say there.

9 Are there any questions about
 10 either of those reports?

11 (No response.)

12 MS. BRIGNAC:
 13 All right. Moving on to
 14 Agenda Item #6, which is quorum at Governing
 15 Committee meetings, Exhibit #5.

16 MS. SHERIFF:
 17 All right. Last year, we
 18 received a letter -- a joint letter from AIA
 19 PCI asking us to look at the language for a
 20 member when they were unable to fill a
 21 vacancy for Governing Committee members
 22 during the year, and you recall we talked
 23 about that. That was referred to the AIPSO
 24 Residual Market Committee. They looked at
 25 this and came out with two proposals, the
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1 next two items 6 and 7 on the agenda, in
 2 response to that correspondence. The first
 3 one, they're proposing a quorum be
 4 determined based on the actual number of
 5 Committee members that have been appointed
 6 or are elected. And what that means is, if
 7 we have a Committee of nine, but we only
 8 have seven and we have two vacancies, the
 9 quorum is based on seven, not nine, as it is
 10 currently. That will help us to be able to
 11 continue doing business in times that we
 12 have difficulty getting Governing Committee
 13 members.

14 MR. DUPRE:
 15 Do you need a motion to that
 16 effect?

17 MS. SHERIFF:
 18 Yes, sir.

19 MR. DUPRE:
 20 I make that motion. That
 21 makes sense in times that there's not much
 22 activity.

23 MS. BRIGNAC:
 24 I don't know that I agree
 25 with that, but I'm just the Chair. I don't
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1 vote. I'm just the moderator.
2 MR. DUPRE:
3 Give me your reasons.
4 MS. BRIGNAC:
5 Well, I think when you have
6 an entity that is established by law and it
7 sets the number of members, the quorum needs
8 to be the majority of the members set by
9 law. That's just my belief. But, like I
10 said, I'm just the Chairperson. I don't
11 vote. I have your motion to approve the
12 recommendation. If I get a second, we'll
13 move forward with it. I know Bob is looking
14 at me.
15 MR. MYERS:
16 I have a bunch of notes that
17 I made on that.
18 MR. DUPRE:
19 What's your -- you are our
20 guidance.
21 MR. MYERS:
22 Well, the problem you've got
23 is, its functioned this way by statute for
24 many, many years. I understand the
25 complications that we've had, but the
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1 function and the way it was set up was
2 designed to make sure everybody has a role
3 in here. Now, we are going to have people
4 in here that don't have a role and they will
5 be excused and they will have to shift out
6 and they can do certain things and not do
7 certain things. And I looked at this and I
8 had a problem with it, too.
9 MR. DUPRE:
10 I'll withdraw my motion.
11 MR. MYERS:
12 No, no, no.
13 MS. BRIGNAC:
14 That's your motion.
15 MR. DUPRE:
16 I just thought it was to help
17 Suzy.
18 MS. BRIGNAC:
19 It -- actually, it's to help
20 this Committee to be able to meet in times
21 when we don't have a full Board. And I will
22 tell you, there have been many times that I
23 ran into that, because I chair Citizens,
24 where I didn't have a quorum and I had to
25 cancel a meeting. Our quorum has now been
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1 set by law. Even though I have 15 members,
2 my quorum is only seven, but that is
3 actually in law now. And we just did the
4 same thing with the Equal Opportunity Board
5 for insurance. We were having trouble with
6 quorums and appointed members, and so they
7 set a minimum in the statute of what your
8 quorum was going to be.
9 REPRESENTATIVE THIBAUT:
10 Have you had any troubles
11 with this Board?
12 MS. BRIGNAC:
13 You know, the only -- well,
14 last time, I had the minimum. I had the
15 five that I needed. That's the only time I
16 can recall, other than when Governor Jindal
17 implemented the financial reporting tiers,
18 the Board of Ethics did, and I had a lot of
19 members resign. And so we went, you know,
20 probably six months to a year where we had
21 problems.
22 REPRESENTATIVE THIBAUT:
23 We meet so infrequently.
24 MS. BRIGNAC:
25 Really right now we only meet
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1 two times a year and these guys have been
2 great over here at this side of the table.
3 They're pretty good. If I need them to show
4 up, I am begging and they get here. But,
5 like I said, the last time was the first
6 time since that financial reporting issue.
7 MR. DUPRE:
8 Well, I'll withdraw it. I
9 thought it was something that was kind of
10 necessary, but if it's not, let's leave it
11 like it is.
12 MS. BRIGNAC:
13 I mean, that's for the group
14 to decide. If you can get a second to your
15 motion then we will vote on it. If you want
16 to withdraw it, that's your --
17 REPRESENTATIVE THIBAUT:
18 I think if it's not broken,
19 we don't need to fix it. If it starts to be
20 a problem, then we'll come back and address
21 it or somebody can.
22 MR. DUPRE:
23 Thank you, Suzy.
24 MS. SHERIFF:
25 Sure.
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1 All right. The second
 2 proposal that came out of that -- and just
 3 so you know, in some of the plans, I am not
 4 presenting the quorum language. This is not
 5 something we're trying to do countrywide.
 6 In one of my states, we have such a small
 7 committee, I mean, if you have five members
 8 and you have one that's not there. So it's
 9 not that this is something, but it is
 10 something for the Committee to consider
 11 because the trades have been having
 12 difficulty getting companies to step up and
 13 that's where this is coming in.

14 And the same is true, the
 15 next proposal, which is the CAIP servicing
 16 carrier on the Governing Committee. In the
 17 '90s, we had a lot of volume, a lot of
 18 companies that wanted to be on servicing
 19 carrier -- or on the Committee. So, at that
 20 time, we did a uniform plan language where a
 21 CAIP servicing carrier could not serve on
 22 the Committee. That has worked well, but in
 23 recent times in some states, we have been
 24 totally unable to get one of the trade
 25 appointments and the servicing carrier has
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1 stepped up and helped us out in those. What
 2 they have done is not voted on any issue
 3 that pertains to CAIP. This proposal would
 4 introduce that language where they could
 5 serve on the Committee and, also, that it
 6 outlines the provisions of what they could
 7 not vote on. And Progressive has been very
 8 good in saying they would be willing to fill
 9 that seat if no other company is interested.
 10 They are not actively going after those
 11 seats, but if we can't find it in other
 12 states, they have stepped in just to help.
 13 So this proposal would allow because right
 14 now it is specifically excluded that a CAIP
 15 servicing carrier can serve on this
 16 Committee.

17 MR. MYERS:
 18 I think that's pretty much
 19 the same issue that we are dealing with
 20 previously. We have not had that problem
 21 yet, have we?

22 MS. SHERIFF:
 23 We had one of the trades that
 24 Ben and I -- we danced quite a bit trying to
 25 get one. We did finally get it. But, yes,
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1 we've done some communication trying to get
 2 it.

3 MR. MYERS:
 4 Dancing.

5 MS. SHERIFF:
 6 Dancing, yes, but we did get
 7 it filled. So, yes, at this point, like
 8 Denise said, this is a great Committee. We
 9 have had great support and participation.
 10 We haven't had a problem. We can certainly
 11 table this as we did the other one and if it
 12 becomes an issue, bring both of them back at
 13 that time.

14 MS. BRIGNAC:
 15 What do y'all think? This
 16 one doesn't give me as much heartburn.

17 MR. DUPRE:
 18 I'm not saying anything.

19 MS. BRIGNAC:
 20 I mean because even though
 21 they would be able to participate, it
 22 outlines when they can and can't engage.
 23 But I'm okay with tabling this one, too.

24 MR. HOWELL:
 25 I make a motion to table
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1 this.

2 MS. BRIGNAC:
 3 All right. I don't know that
 4 we need to vote on that, do we, Bob?

5 MR. MYERS:
 6 No.

7 MS. BRIGNAC:
 8 Good, we don't. We'll just
 9 bring this one back if it presents a
 10 problem.

11 MS. SHERIFF:
 12 All right. Well, we're going
 13 to hope we do better on the next one. It is
 14 kind of critical.

15 MS. BRIGNAC:
 16 All right. Agenda Item #8,
 17 the commercial auto coverage parts program,
 18 Exhibit #7.

19 MS. SHERIFF:
 20 Yes. This is the reason
 21 we've got the huge agenda. This item is --
 22 as you know, we follow ISO in the forms, the
 23 rules. They have introduced the March 2010
 24 edition of their commercial auto coverage
 25 parts program. So our -- AIPSO has made
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1 changes that they think are applicable to a
 2 plan that maybe are not applicable for ISO.
 3 And Chris Falguerra and Chris Lindgren are
 4 on the phone.
 5 Chris and Chris, could you
 6 briefly outline the highlights of this
 7 proposal, please?
 8 MS. LINDGREN:
 9 This is Chris Lindgren.
 10 There are four significant changes to ISO's
 11 2010 CACP that we're doing. The first one
 12 was a result of the Auto Coverage Form. ISO
 13 previously introduced the Motor Carrier
 14 Coverage Program to provide coverage for
 15 these risks. We're proposing to not adopt
 16 the Motor Carrier Coverage Form at this
 17 time. Extensive research shows that it is
 18 not widely used in the voluntary market and
 19 it hasn't been tested in court. So,
 20 instead, we're proposing that coverage for
 21 that coverage previously afforded under the
 22 Business Auto Policy and the Truckers
 23 Endorsement, and this doesn't represent any
 24 change in the -- in coverage.
 25 The second deviation was the
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1 audio, visual and data electronic equipment
 2 coverage. ISO is extending coverage to all
 3 permanently installed electronic equipment
 4 powered solely by the vehicle's electrical
 5 system. Currently, coverage only applies to
 6 equipment that reproduces sound. We're
 7 proposing that the Louisiana Plan adopts a
 8 binding of coverage to include other
 9 electronic equipment.
 10 The next one is
 11 Transportation of Seasonal or Migrant
 12 Agricultural Workers. These changes -- the
 13 changes to the form will apply to the
 14 provisions of the Migrant and Seasonal
 15 Agricultural Worker Protection Act. This
 16 change will bring the coverage to legal
 17 compliance with no change in rates.
 18 And the fourth is Exclusion
 19 of Federal Employees. This is a new form
 20 that excludes coverage for U.S. Government
 21 employees, and like the transportation
 22 changes, it also brings the coverages to
 23 legal compliance with no change in rates.
 24 Those are the only four
 25 deviations from ISO.
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1 MS. BRIGNAC:
 2 All right. Are there any
 3 questions for Chris?
 4 (No response.)
 5 MS. BRIGNAC:
 6 If not, I'll entertain a
 7 motion to approve the recommendation of
 8 AIPSO relative to the 2010 commercial auto
 9 coverage parts program.
 10 MR. DUPRE:
 11 Are you in favor of this?
 12 Did you have time to study it?
 13 MS. BRIGNAC:
 14 I have.
 15 MR. DUPRE:
 16 I'll make a motion to approve
 17 this recommendation.
 18 MS. BRIGNAC:
 19 And I have motion by Mr.
 20 Dupre.
 21 Do I have a second?
 22 MR. BUNOL:
 23 Second.
 24 MS. BRIGNAC:
 25 And I have a second by Mr.
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1 Bunol.
 2 Any discussion on the motion?
 3 (No response.)
 4 MS. BRIGNAC:
 5 All those in favor, say,
 6 "Aye."
 7 (All "Aye" responses.)
 8 MS. BRIGNAC:
 9 Any opposed?
 10 (No response.)
 11 MS. BRIGNAC:
 12 All right. Agenda Item #9,
 13 our 2014 AIP and CAIP budgets.
 14 MS. SHERIFF:
 15 All right. Thank you.
 16 The first item, Exhibit #8,
 17 is the AIP budget. Our 2013 budget was
 18 \$68,595. We are projecting that we will
 19 spend \$64,707. So we're looking at being
 20 under budget. So for 2014, we are proposing
 21 a budget of \$64,641. That is a decrease of
 22 \$39,054 from the 2013 budget. Most of that
 23 decrease you will see is in AIPSO central
 24 processor fees of \$4,050. That is because
 25 the operations audit was done in 2013 at a
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1 cost of \$5,555. We will not be doing that
 2 audit next year. So, actually, central
 3 processor fees, the rates have gone up a
 4 bit, have increased a bit, but the net is a
 5 decrease of \$4,000.

6 Are there any questions about
 7 any of the individual line items? You'll
 8 see that we did put in -- the D&O policy has
 9 continued to come in, and thank you, Ben,
 10 for handling that, at around \$7,000. Last
 11 year, the Committee authorized \$7,500, so
 12 that Ben did not have to come back to the
 13 Committee if it went up a couple of hundred.
 14 So we included a budget of \$7,500 for that
 15 policy, again.

16 MS. BRIGNAC:
 17 All right. Any questions on
 18 AIP budget?
 19 (No response.)
 20 MS. BRIGNAC:
 21 If not, I need a motion to
 22 approve the proposed 2014 budget of \$64,641.
 23 MR. BUNOL:
 24 (Makes motion.)
 25 MS. BRIGNAC:
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1 I have a motion by Mr. Bunol.
 2 REPRESENTATIVE THIBAUT:
 3 Second.
 4 MS. BRIGNAC:
 5 A second by Representative
 6 Thibaut.
 7 Any discussion on the motion?
 8 (No response.)
 9 MS. BRIGNAC:
 10 All those in favor, say,
 11 "Aye."
 12 (All "Aye" responses.)
 13 MS. BRIGNAC:
 14 Any opposed?
 15 (No response.)
 16 MS. SHERIFF:
 17 All right. Moving on to the
 18 CAIP budget, which is Exhibit #9, we have a
 19 budget proposed for 2014. It is \$18,442 and
 20 that is a decrease of \$2,076 from the 2013
 21 budget. That decrease is primarily the
 22 audit that is being done of the servicing
 23 carrier in 2013 that will not be done in
 24 2014.
 25 MS. BRIGNAC:
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1 Any questions on the proposed
 2 2014 CAIP budget?
 3 (No response.)
 4 MS. BRIGNAC:
 5 If not, I need a motion to
 6 approve the 2014 CAIP budget of \$18,442.
 7 REPRESENTATIVE THIBAUT:
 8 (Makes motion.)
 9 MS. BRIGNAC:
 10 Representative Thibaut moved.
 11 Do I have a second?
 12 MR. GALBRAITH:
 13 Second.
 14 MS. BRIGNAC:
 15 Second by Mr. Galbraith.
 16 Any discussion on the motion?
 17 (No response.)
 18 MS. BRIGNAC:
 19 All those in favor, say,
 20 "Aye."
 21 (All "Aye" responses.)
 22 MS. BRIGNAC:
 23 Any opposed?
 24 (No response.)
 25 MS. BRIGNAC:
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1 We're getting to my always
 2 favorite part of the agenda, private
 3 passenger rate filing. That one is actually
 4 going down again.
 5 All right, Tim.
 6 MR. MESSIER:
 7 All right. The letter is
 8 dated August 22nd. It shows that two years
 9 ago, we took a decrease of 8.5 percent.
 10 Last year, we actually had an indication of
 11 2 percent. We took no change. We've gotten
 12 one app in the 12 months ending March of
 13 2012, and a zero in the 12 months ending
 14 March of 2013, not a lot of volume there to
 15 worry about. We're continuing to use a loss
 16 cost approach where we set our rates based
 17 on the ISO loss cost. This year, it calls
 18 for a decrease of 6.6 percent and given the
 19 low indicated change and the low dollar
 20 impact, we're proposing that we take no
 21 change to the private passenger rates.
 22 Any questions?
 23 MR. DUPRE:
 24 I'll make that motion.
 25 MS. BRIGNAC:
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1 If it is a no change, Bob, do
 2 we have to vote on it if we're not --
 3 MR. MYERS:
 4 I wasn't listening. I'm
 5 sorry.
 6 MS. BRIGNAC:
 7 I'm saying on the private
 8 passenger rate filing, there's going to be a
 9 no change. So we're not going to be making
 10 a submission, right, Tim?
 11 MR. MESSIER:
 12 Correct.
 13 MS. BRIGNAC:
 14 So we don't have to vote on
 15 that.
 16 MR. MESSIER:
 17 Correct.
 18 MS. BRIGNAC:
 19 Unless y'all want to do the
 20 6.6.
 21 All right. Commercial rate
 22 filing.
 23 MR. MESSIER:
 24 All right. This one shows
 25 that we've taken rate changes pretty
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1 regularly always on July 1st. Last year was
 2 an increase of 11.3 percent. The background
 3 section also shows we've been dropping about
 4 10 to 15 percent as far as app count goes.
 5 The big change this year is the sugarcane
 6 haulers are no longer the largest portion of
 7 the plan. When I was here last year, the
 8 latest year of data had, I think, had 80
 9 some odd percent of the data was the
 10 sugarcane haulers. This year, it's down to
 11 29 percent and the non-owned business is
 12 actually 31 percent, a little bit more. So
 13 it's a big change in the book of business.
 14 We continue to use a blended approach where
 15 we do a financial indication and we look at
 16 the ISO loss cost and we give a little
 17 weight to each of those analyses. This year
 18 it shows an increase of 3.8 percent, the
 19 lowest it's been as far as I can remember
 20 and I've been doing Louisiana quite a few
 21 years. So given the change in the book of
 22 business, the improvement in the financial
 23 results, which are shown on the second page
 24 the lower indication, we're proposing no
 25 change for this one as well.
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1 MS. BRIGNAC:
 2 That is totally different
 3 from the 300 and 400 percent that we were
 4 seeing.
 5 MR. MESSIER:
 6 The big change is the volume
 7 of sugarcane haulers has dropped so much.
 8 MS. BRIGNAC:
 9 All right. Does the Board --
 10 does anybody have any questions for Tim?
 11 (No response.)
 12 MS. BRIGNAC:
 13 If not, y'all are okay with
 14 the no change on the commercial as well.
 15 All right. Agenda Item #12,
 16 is Conflict of Interest Policy and
 17 Statement, which is -- are we just saying
 18 this needs to be filled out and given to
 19 Ben?
 20 MS. SHERIFF:
 21 Yes. It's included in the
 22 agenda. And just as a reminder because I
 23 know this is kind of -- well, we actually
 24 have rewritten it a little bit to make it
 25 easier to fill out, but the disclosure, you
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1 would need to check the disclosure column if
 2 there is a disclosure -- I mean if there is
 3 a conflict. Otherwise, you would need to
 4 check if you're a company rep, a servicing
 5 company, a public representative or a
 6 producer rep.
 7 If you would hand those to
 8 Ben, that would be great. And those of you
 9 on the phone, if you would mail or fax those
 10 to Ben --
 11 MR. MOSS:
 12 My fax number is (225)
 13 342-1993. That's (225) 342-1993.
 14 MS. BRIGNAC:
 15 Scanning and e-mail works
 16 well, too.
 17 MR. MOSS:
 18 That, too.
 19 MS. BRIGNAC:
 20 All right. That gets us to
 21 any other business and I know there was
 22 something.
 23 MS. SHERIFF:
 24 Yes. We have received a
 25 request from AIPSO internal audit to ask the
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1 Committee if there would be any interest in
 2 changing the audit schedule from every two
 3 years to every three years. We have such
 4 low volume, the results of our last audits
 5 have had no exceptions. So they are
 6 recommending that we change it. Again,
 7 that's totally at the Committee's
 8 discretion. The cost again this year was
 9 \$5,500, roughly. There were no findings at
 10 all in that report. All of the effective
 11 dates were assigned according to the plan.
 12 All of the operations showed adequate
 13 controls. So they're asking the Committee
 14 if that's something you would like to do --
 15 have that expense every three years rather
 16 than every two years. We are auditing like
 17 100 percent of application submissions by
 18 the way.

19 MS. BRIGNAC:
 20 I don't have an issue with
 21 that. I mean, that's pretty standard in the
 22 insurance examination arena that we do a
 23 company every three years. With the amount
 24 of activity, it seems appropriate to me, but
 25 that's -- however the Committee feels. I
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1 mean, is that something we have to vote on,
 2 Suzy?

3 MS. SHERIFF:
 4 We would just need a
 5 consensus.

6 MS. BRIGNAC:
 7 I think we'll vote on it.
 8 What do you think, gentlemen?

9 MR. DUPRE:
 10 I was kind of like Robert, I
 11 was kind of in a daze.

12 MS. BRIGNAC:
 13 We're talking about moving
 14 the AIPSO internal audit from every two
 15 years to every three years because we're
 16 such a small plan and low activity. It
 17 would just spread the cost out.

18 MR. DUPRE:
 19 Robert?

20 MR. MYERS:
 21 I think I am okay with that.

22 MR. DUPRE:
 23 I will make that motion.

24 MR. MYERS:
 25 We had problems with Lisotta
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1 years ago, but that's way behind us, so.
 2 And y'all have done a good job with this.

3 MS. SHERIFF:
 4 And, actually, if the volume
 5 increased we can always bring it back. It
 6 is definitely not set in stone, it is just
 7 their scheduling.

8 MS. BRIGNAC:
 9 Of if the Committee is
 10 uncomfortable, we can always request that it
 11 be done.

12 MS. SHERIFF:
 13 Right.

14 MS. BRIGNAC:
 15 I have a motion by Mr. Dupre
 16 to move the audit to every three years.

17 MR. BUNOL:
 18 I have a second by Mr. Bunol.
 19 Any discussion on the motion?
 20 (No response.)

21 MS. BRIGNAC:
 22 All those in favor, say,
 23 "Aye."
 24 (All "Aye" responses.)

25 MS. BRIGNAC:
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1 Any opposed?
 2 (No response.)

3 MS. BRIGNAC:
 4 All right. That gets us to
 5 Agenda Item #15, which is our next Governing
 6 Committee meeting. There is a proposed date
 7 of April 10, 2014, which as I sit here
 8 today, I have no conflicts.

9 MS. SHERIFF:
 10 No NAIC meetings on that
 11 date?

12 MS. BRIGNAC:
 13 I don't think it is in April,
 14 it is in March in 2014, because we're in
 15 Orlando.

16 If not, I'll entertain a
 17 motion to adjourn.

18 MR. GALBRAITH:
 19 (Makes motion.)

20 MS. BRIGNAC:
 21 Motion by Mr. Galbraith.

22 MR. BUNOL:
 23 Second.

24 MS. BRIGNAC:
 25 I have a second by Mr. Bunol.
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Anyone opposed to adjourning?
(No response.)
MS. BRIGNAC:
Thank you.

(Meeting was concluded at 10:16 a.m.)

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REPORTER'S CERTIFICATE

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 26, 2013
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 3, 2013, Baton Rouge,
Louisiana.

BETTY D. GLISSMAN, CCR
CERTIFIED COURT REPORTER

Betty D. Glissman, CCR