

LAIP  
GOVERNING COMMITTEE  
MEETING  
SEPTEMBER 27, 2012

Held at The Department of Insurance  
1702 North 3rd Street  
4th Floor Conference Room  
Beginning at 9:18 a.m.

REPORTED BY:  
BETTY D. GLISSMAN, CCR

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 27, 2012 at 9:18 a.m. I am Denise  
7 Brignac, Chairperson presiding over the  
8 meeting.  
9 At this time I will conduct a  
10 roll call.  
11 Denise Brignac, I'm here.  
12 Christopher Howell?  
13 MR. HOWELL:  
14 Here.  
15 MS. BRIGNAC:  
16 Bobby Dupre?  
17 MR. DUPRE:  
18 (No response.)  
19 MS. BRIGNAC:  
20 Absent.  
21 Representative Thibaut?  
22 MR. THIBAUT:  
23 (No response.)  
24 MS. BRIGNAC:  
25 Absent.

1 APPEARANCES:  
2 CHAIRPERSON:  
3 Ms. S. Denise Brignac  
4  
5 BOARD MEMBERS:  
6 Mr. Noel Bunol, IV (President of  
7 the Senate Designee)  
8  
9 Mr. Christopher Howell (Department of  
10 Insurance Appointee)  
11 (Present by Telephone)  
12  
13 Mr. Russ Galbraith (Farmers)  
14  
15 Mr. Jamold Little (State Farm)  
16 (Present by Telephone)  
17  
18 Ms. Kellie Thibodau (Hanover)  
19 (Present by Telephone)  
20  
21 Mr. Michael Donovan (Progressive)  
22  
23 ALSO PRESENT:  
24 Ms. Suzy Sheriff (AIPSO)  
25 Mr. Timothy Messier (AIPSO)  
26 Mr. Ben Moss  
27 Mr. Robert Myers - General Counsel  
28 Mr. Chuck Kwolek (AIPSO)  
29 Mr. Robert Powers (AIPSO)  
30 Ms. Linda Voita (AIPSO)  
31 Ms. Jennifer Johnson (AIPSO)  
32 Ms. Kathy Murtagh (AIPSO)  
33 Mr. Tom Assad (AIPSO)

1 Noel Bunol?  
2 MR. BUNOL:  
3 Here.  
4 MS. BRIGNAC:  
5 Jamold Little?  
6 MR. LITTLE:  
7 Here by phone.  
8 MS. BRIGNAC:  
9 Russ Galbraith?  
10 MR. GALBRAITH:  
11 Here.  
12 MS. BRIGNAC:  
13 Kellie Thibodau?  
14 MS. THIBODAU:  
15 Here.  
16 MS. BRIGNAC:  
17 Chris Meredith?  
18 MR. MEREDITH:  
19 (No response.)  
20 MS. BRIGNAC:  
21 Six members and a quorum.  
22 All right. The first agenda  
23 item is the Anti-Trust Preamble.  
24 Is there anyone else  
25 participating by phone?

Page 5

1 MR. KWOLEK:  
 2 Members of AIPSO, Chuck  
 3 Kwolek.  
 4 MS. JOHNSON:  
 5 Jennifer Johnson.  
 6 MS. MURTAGH:  
 7 Kathy Murtagh.  
 8 MS. VOTTA:  
 9 Linda Votta.  
 10 MR. ASSAD:  
 11 Tom Assad.  
 12 MR. POWERS:  
 13 Robert Powers.  
 14 MS. BRIGNAC:  
 15 All right. Also, let the  
 16 record reflect Bob Myers, counsel to the  
 17 Governing Committee, Tim Messier, Suzy  
 18 Sheriff, and Mr. Donovan.  
 19 All right. The first agenda  
 20 item is the Anti-Trust Preamble. I will not  
 21 read the Preamble in, but I will enter an  
 22 official copy into the record unless anyone  
 23 would like for me to read it.  
 24 (No response.)  
 25 Antitrust Preamble

Page 7

1 carrier services to the Plan or agree to  
 2 withdraw other services, products, or lines  
 3 of business. We also may not discuss or  
 4 agree to refuse to do business with  
 5 individual or classes of insurers,  
 6 producers, brokers or insureds, unless  
 7 clearly authorized and actively supervised  
 8 by the state.  
 9 MS. BRIGNAC:  
 10 If not, moving on to Agenda  
 11 Item #2, which is the minutes of the July  
 12 13, 2012 meeting. That's under Exhibit #2.  
 13 Are there any changes that need to be made  
 14 to the minutes?  
 15 (No response.)  
 16 MS. BRIGNAC:  
 17 If not, I will entertain a  
 18 motion to approve.  
 19 MR. BUNOL:  
 20 I make a motion to approve  
 21 the prior minutes.  
 22 MS. BRIGNAC:  
 23 I have a motion by Mr. Bunol  
 24 to approve the July 13, 2012 minutes.  
 25 MR. GALBRAITH:

Page 6

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

Page 8

1 Second.  
 2 MS. BRIGNAC:  
 3 I have a second by Mr.  
 4 Galbraith.  
 5 Any discussion on the motion?  
 6 (No response.)  
 7 MS. BRIGNAC:  
 8 If not, all those in favor,  
 9 say, "Aye."  
 10 (All "Aye" responses.)  
 11 MS. BRIGNAC:  
 12 Any opposed?  
 13 (No response.)  
 14 MS. BRIGNAC:  
 15 All right. Agenda Item #3 is  
 16 report from Chairperson and I actually do  
 17 have a couple of things to bring to the  
 18 Governing Committee's attention.  
 19 One is, I received notice  
 20 from PIAL that Mr. Lisotta made a lump sum  
 21 payment of his restitution. I want to say  
 22 the total amount was \$23,000 that he owed in  
 23 restitution. The PIAL -- and it was to be  
 24 shared between LAIP, PIAL and Citizens --  
 25 Louisiana Citizens, and they did the

1 breakdown and the LAIP will be getting the  
 2 lion's share of that restitution. It's a  
 3 little bit over \$15,000 that will be coming  
 4 back into the Plan from that restitution.  
 5 Also, at the last meeting we  
 6 voted to make a change to the policy form to  
 7 reflect the change in law for short rate  
 8 cancellations. When we filed the policy  
 9 form, it had language relative to minimum  
 10 premium, which the Department has asked the  
 11 Plan to take out. I directed Suzy for AIPSO  
 12 to do that and they have re-filed the policy  
 13 form for approval removing the minimum  
 14 premium language.  
 15 Agenda Item #4 is report from  
 16 General Counsel.  
 17 MR. MYERS:  
 18 Everything has been quiet.  
 19 We've had some discussions about formulating  
 20 a plan for document destruction. Robert is  
 21 going to talk about that in a little while.  
 22 We've been kind of exchanging some ideas.  
 23 It came up last time. If you remember, we  
 24 decided to wait and I think -- and I spoke  
 25 to some people at the Department of Justice

1 years. So we have a total of 20  
 2 applications for the Plan through August  
 3 compared to 24. We also have 16 policies in  
 4 force currently with Progressive as of the  
 5 May 2012 quota -- quarter -- I'm sorry,  
 6 quarter.  
 7 So that is that report.  
 8 Unless there are some questions, I'll move  
 9 on to the Executive Summaries and Budget  
 10 Variance Reports through July, and that's  
 11 Exhibit #4.  
 12 Our year-to-date budget is  
 13 \$41,081. We're currently \$5,442 under  
 14 budget. Primarily, that is due to central  
 15 processor. The AIPSO central processor fees  
 16 have been less. However, I do anticipate  
 17 that that will be closer to budget by year  
 18 end because of the extra meeting we held.  
 19 Also, under budget slightly  
 20 is the committee travel. We haven't had as  
 21 much committee travel charged to the Plan --  
 22 back to the Plan this year.  
 23 The next item, which is the  
 24 CAIP Budget Variance Report, Exhibit #4,  
 25 Pages 3 and 4 of 4, the CAIP is currently

1 and they're pretty much finished with  
 2 everything. So I think we can move forward  
 3 with that and we'll deal with that a little  
 4 bit later, and everything else has been  
 5 pretty quiet.  
 6 MS. BRIGNAC:  
 7 All right. Any questions for  
 8 Bob?  
 9 (No response.)  
 10 MS. BRIGNAC:  
 11 If not, moving on to Agenda  
 12 Item #5, which is the AIPSO Operations  
 13 Report under Exhibits #3 and #4.  
 14 Suzy.  
 15 MS. SHERIFF:  
 16 Thank you.  
 17 The first item, the Plan  
 18 Population Report year to date through  
 19 August, we've received no private passenger  
 20 applications this year compared to two last  
 21 year at this time.  
 22 CAIP has not changed much,  
 23 however. We've received 20 to date compared  
 24 to 22 last year. So it seems to be  
 25 declining less than it has in previous

1 over budget by \$1,329. That's due to both  
 2 audit travel and the central processor, and  
 3 as you probably recall, I think I mentioned  
 4 at the last meeting, we failed to include in  
 5 the budget the expense for the New Hampshire  
 6 Insurance Company audit. That was about  
 7 \$2,000 broken out in between audit travel  
 8 and central processor. So that's why we're  
 9 over budget in those areas. The Committee  
 10 has approved those expenses as they've come  
 11 through since it was an unbudgeted account.  
 12 Are there any questions about  
 13 either of those reports?  
 14 (No response.)  
 15 MS. SHERIFF:  
 16 Thank you, Denise.  
 17 MS. BRIGNAC:  
 18 All right. If no questions  
 19 for Suzy, we'll move on to Agenda Item #6,  
 20 which is the Alternative Service Carrier  
 21 Appointment Process, Exhibit #5.  
 22 MS. SHERIFF:  
 23 There's a lot of people on  
 24 the phone that won't have it, but --  
 25 MS. BRIGNAC:

1 For those of you on the  
2 phone, we're passing out a -- sort of a  
3 Power Point presentation.

4 MS. SHERIFF:

5 All right. At the last  
6 meeting, the Committee approved the interim  
7 fee for Progressive and did approve the  
8 concept of AIPSO going ahead and going  
9 forward with developing Plan language for  
10 the implementation of the countrywide  
11 selection of the CAIP servicing carrier. So  
12 this -- the agenda includes the proposed  
13 language, Exhibit #5, and the handout you  
14 have is going to just briefly go over what  
15 Chuck is going to be talking about.

16 So those of you on the phone,  
17 you're not really going to miss a lot not  
18 having this because Chuck will be covering  
19 all of this, but I'm sorry we didn't have  
20 this to you advance.

21 Chuck, do you want to take  
22 it?

23 MR. KWOLEK:

24 Yes. Thank you. And,  
25 actually, they may be missing even less,

1 couple of points that I think need to be  
2 highlighted.

3 MS. BRIGNAC:

4 Well, the people around the  
5 table are raising eyebrows going short,  
6 short, short.

7 MR. KWOLEK:

8 Short, short, short. Okay.  
9 Here we go.

10 As Suzy pointed out, you  
11 already basically approved the concept and  
12 asked us to come back with language. That  
13 language is in the agenda. It has been  
14 technically reviewed by all of our forms and  
15 policy writers here. It has also been  
16 checked over by our legal department. So  
17 having said that, the language basically  
18 does what you already approved in concept to  
19 do.

20 The couple of things that I  
21 would like to point out on the slides that I  
22 did hand out or that you did receive, on  
23 Page 9, if everybody could go to Page 9, it  
24 says, Governing Committee's Role. That  
25 first bullet says select a regional

1 Suzy. I'm going to open this up to the  
2 Madame Chair and the Committee.

3 Last time when we gave a  
4 presentation, there seemed to be  
5 overwhelming responsiveness to this  
6 countrywide process. What this slide show,  
7 for lack of -- these slides do is basically  
8 just explain in layman's terms the language,  
9 and we pretty much went over the language  
10 before and everybody has the language in  
11 front of them. So I'm going to give the  
12 Committee an opportunity now to -- I can  
13 either go through this in its entirety,  
14 which won't take very long, or I can shorten  
15 it and just point out a couple of things  
16 that I feel are important for the Committee  
17 to know. And the only reason I'm offering  
18 that up is, you know, it seems like  
19 everybody on the Committee was fully on  
20 board with this and totally understood it.  
21 So I don't want to be redundant as I might  
22 have been last time.

23 So I'll open that to the --  
24 Madame Chair and the Committee. Do you want  
25 me to go through the whole thing or just a

1 representative to a countrywide committee.  
2 So what the Governing Committee is going to  
3 have to do either at this meeting or  
4 sometime shortly thereafter, because time is  
5 of the essence, is to pick somebody from the  
6 Committee to meet with -- and it could be by  
7 telephone -- to meet with other members in  
8 this region, this group of states, to pick a  
9 representative for this countrywide  
10 committee. So in some states, it's been the  
11 chairperson. In other states, they just  
12 picked somebody to serve on this ad hoc  
13 committee. And, again, this ad hoc  
14 committee, the person from the Louisiana ad  
15 hoc committee, would then meet with members  
16 of other states, and the states include  
17 Arkansas, Indiana, Louisiana and Oklahoma.  
18 So they would get together and then pick a  
19 person from one of those plans to be on this  
20 countrywide committee.

21 So, again, what the Governing  
22 Committee needs to do either today or very  
23 soon is to pick that person.

24 The second thing that I would  
25 like to point out is on Page 12. That's the

1 last page of the presentation. Once this  
 2 Committee has solicited and made a  
 3 recommendation to all of the states, the  
 4 Louisiana Plan will have to either accept or  
 5 reject the countrywide committee's  
 6 recommendation within 60 days of its  
 7 receipt. The reason for that is because,  
 8 as you know, we need everybody's  
 9 participation. You've heard this many times  
 10 through the presentations before, and if  
 11 states start dropping off, we better figure  
 12 out what our Plan B is.  
 13 And the second bullet on  
 14 that, if accepted, you would need to execute  
 15 a state-specific servicing carrier  
 16 agreement. Now, that's consistent with  
 17 today's process. Each state has its own  
 18 separate contract. The difference here is  
 19 that it would be a recommendation coming  
 20 down from this countrywide committee. And  
 21 once that committee has solicited and made a  
 22 recommendation, that committee dissolves.  
 23 All authority continues to rest with the  
 24 individual state Governing Committees.  
 25 And with that, that's my

1 MS. SHERIFF:  
 2 Right. If we could do it  
 3 today, that would be great.  
 4 MS. BRIGNAC:  
 5 All right. If there's no  
 6 questions, first we'll address the amendment  
 7 to the Plan language. I'll need a motion to  
 8 approve a change, an amendment to the Plan  
 9 language to bring into this alternative  
 10 servicing carrier appointment process.  
 11 MR. GALBRAITH:  
 12 I so move.  
 13 MS. BRIGNAC:  
 14 I have motion by Russ  
 15 Galbraith.  
 16 Do I have a second?  
 17 MR. BUNOL:  
 18 Second.  
 19 MS. BRIGNAC:  
 20 I have a second by Mr.  
 21 Bunol.  
 22 Is there any discussion on  
 23 the motion?  
 24 (No response.)  
 25 MS. BRIGNAC:

1 short version. Are there any questions?  
 2 MS. SHERIFF:  
 3 Could I just add, the one  
 4 change that we're doing that doesn't really  
 5 relate to it, just so the Committee is aware  
 6 of this, on Exhibit #5, Page 7 of 7, the  
 7 last paragraph we would be taking out of the  
 8 Plan, that was put in when CAIP was  
 9 originally adopted and it's no longer  
 10 pertinent. So we would be eliminating that  
 11 from the Plan. It's how to handle risks if  
 12 you were writing them in the voluntary  
 13 market. And, again, that's so old language,  
 14 it's no longer relevant.  
 15 MS. BRIGNAC:  
 16 All right. Are there any  
 17 questions for Chuck?  
 18 (No response.)  
 19 MS. BRIGNAC:  
 20 If not, we're going to need  
 21 to approve the amendment to the Plan  
 22 language and we're also going to need to  
 23 select today our regional representative,  
 24 because we don't meet again for quite some  
 25 time.

1 If not, all those in favor,  
 2 say, "Aye."  
 3 (All "Aye" responses.)  
 4 MS. BRIGNAC:  
 5 Any opposed?  
 6 (No response.)  
 7 MS. BRIGNAC:  
 8 All right. Thank you.  
 9 At this time we'll need to  
 10 select a representative.  
 11 Do we have to approve that,  
 12 Bob?  
 13 MR. MYERS:  
 14 Yes.  
 15 MS. BRIGNAC:  
 16 We do.  
 17 MR. MYERS:  
 18 And the problem is, you've  
 19 probably got to figure out among y'all who  
 20 would be geographically available, because I  
 21 don't know where you'll meet.  
 22 MS. SHERIFF:  
 23 Chuck mentioned that we might  
 24 -- Chuck, is it correct that we might be  
 25 doing the ad hoc by teleconference, that's

1 not really decided yet, right?  
 2 MR. KWOLEK:  
 3 Yes. I don't see any reason  
 4 why the ad hoc committee could not appoint,  
 5 you know, somebody to the countrywide  
 6 committee. I will say this, though, the  
 7 countrywide committee, once it is formed,  
 8 remember that's that 10-person committee,  
 9 they will have to, in my mind, be at at  
 10 least one meeting, because that's where --  
 11 one in person meeting, because that's where  
 12 the respondents to the RFP will be giving  
 13 their presentations.  
 14 But for the ad hoc committee  
 15 itself, just to choose the rep from the  
 16 region, that needs to be on the countrywide,  
 17 that I don't see why they can't do that via  
 18 telephone.  
 19 MS. BRIGNAC:  
 20 All right. Let me ask this.  
 21 Is there any member that are interested or  
 22 would like to be the representative on the  
 23 ad hoc? Mr. Bunol has just said he will.  
 24 MR. MYERS:  
 25 He stepped up to the plate.

1 (All "Aye" responses.)  
 2 MS. BRIGNAC:  
 3 Any opposed?  
 4 (No response.)  
 5 MS. BRIGNAC:  
 6 All right. I guess that's it  
 7 for that one.  
 8 MS. SHERIFF:  
 9 Yes, Chuck, Linda and Kathy,  
 10 I know you were on for this. If you need to  
 11 leave for other things, that's certainly --  
 12 that's fine.  
 13 MR. KWOLEK:  
 14 We will be, Suzy. And I want  
 15 to thank the Committee for their expedient  
 16 response to this.  
 17 We do have one other thing.  
 18 As we pointed out in our first presentation,  
 19 you know, a couple of months ago, we have to  
 20 sync up these contracts. So Robert Powers  
 21 just needs to talk a couple of minutes about  
 22 what we need to do.  
 23 MR. POWERS:  
 24 If you remember, we have  
 25 extended out Progressive in terms of

1 MS. BRIGNAC:  
 2 He has stepped up to the  
 3 plate.  
 4 If there is no one else that  
 5 is interested, at this time I'll entertain a  
 6 motion to appoint Mr. Bunol to the ad hoc  
 7 committee.  
 8 MR. GALBRAITH:  
 9 (Makes motion.)  
 10 MS. BRIGNAC:  
 11 I have a motion by Mr.  
 12 Galbraith.  
 13 I need a second from someone  
 14 on the phone.  
 15 MR. LITTLE:  
 16 I second. This is Jamold.  
 17 MS. BRIGNAC:  
 18 Thank you, Jamold.  
 19 Jamold Little has seconded  
 20 the motion.  
 21 Any discussion on the motion?  
 22 (No response.)  
 23 MS. BRIGNAC:  
 24 All those in favor, say  
 25 "Aye."

1 providing them with amendments to August 31  
 2 of 2014. So, effectively, what we're saying  
 3 is that their contract to provide the CAIP  
 4 servicing carrier services will end on that  
 5 date, and by that time the countrywide  
 6 committee will have done its job and we'll  
 7 have a new carrier or the same carrier.  
 8 But, currently, the Louisiana servicing  
 9 carrier agreement with Progressive contained  
 10 a termination date of 12/31/2013.  
 11 Therefore, we need to do an extension of  
 12 that agreement to the 8/31/14 date. So what  
 13 we're -- and this is something that's being  
 14 done in a lot of other states as well,  
 15 they're either doing an extension or in some  
 16 cases they have to shorten the agreement to  
 17 back it up to the 8/31/14 date.  
 18 So, again, we're trying to  
 19 get all of the states that are participating  
 20 to have the common expiration date of August  
 21 31 of 2014. So we're preparing agreements  
 22 here at AIPSO for all of the states that  
 23 have to do this including Louisiana. It's a  
 24 simple amendment to the current CAIP  
 25 servicing carrier agreement.

Page 25

1 So what we're seeking here  
 2 today is permission to have the Chair, or  
 3 whoever you deem appropriate, execute the  
 4 agreement when we have it available and  
 5 ready for you to sign.  
 6 MS. BRIGNAC:  
 7 Okay. So I will need a  
 8 motion to approve the extension of the  
 9 contract with Progressive from 12/31/2013 to  
 10 August 31, 2014 and to give the Chairperson  
 11 authority to sign on the Plan's behalf.  
 12 MS. SHERIFF:  
 13 Exactly.  
 14 MR. BUNOL:  
 15 So moved.  
 16 MS. BRIGNAC:  
 17 I have a motion by Mr.  
 18 Bunol.  
 19 MR. GALBRAITH:  
 20 Second.  
 21 MS. BRIGNAC:  
 22 I have a second by Mr.  
 23 Galbraith.  
 24 Any discussion on the motion?  
 25 (No response.)

Page 26

1 MS. BRIGNAC:  
 2 All those in favor, say  
 3 "Aye."  
 4 (All "Aye" responses.)  
 5 MS. BRIGNAC:  
 6 Any opposed?  
 7 (No response.)  
 8 MS. BRIGNAC:  
 9 All right.  
 10 MR. POWERS:  
 11 Thank you.  
 12 MS. BRIGNAC:  
 13 You're welcome.  
 14 MR. KWOLEK:  
 15 Thank you very much. For the  
 16 remainder of the meeting, this is Chuck  
 17 Kwolek. I'll be leaving.  
 18 MS. SHERIFF:  
 19 Is Linda leaving with you,  
 20 Chuck?  
 21 MR. KWOLEK:  
 22 Linda Votta and Kathy Murtagh  
 23 are also leaving.  
 24 MS. SHERIFF:  
 25 Thank you.

Page 27

1 MS. BRIGNAC:  
 2 All right. Moving on to  
 3 Agenda Item #7, which is the proposed budget  
 4 for the AIP and CAIP, Exhibits #6 and #7,  
 5 and I will let Suzy do her thing, again.  
 6 MS. SHERIFF:  
 7 Thank you.  
 8 All right. On Page 1 of  
 9 Exhibit #6, we have the AIP proposed budget.  
 10 The 2012 budget was \$84,281. We're  
 11 expecting the expenses to come in at about  
 12 \$61,000. Next year, we are proposing a  
 13 budget of \$68,595. The -- you'll notice  
 14 that the central processor is pretty much  
 15 flat, but actually central processor  
 16 includes an increase of \$5,555 for the  
 17 operations audit next year. So, actually,  
 18 if it weren't for the audit, central  
 19 processor would be going down about \$5,000.  
 20 The main difference in this  
 21 budget is, Denise and I spoke about the  
 22 audit, that we've had in the budget pretty  
 23 much every year since 2007, that we have put  
 24 \$15,000 in for an independent audit, and at  
 25 this point it doesn't look like that's going

Page 28

1 to happen. So we took it out of the budget  
 2 for 2013. So what we're asking is approval  
 3 of the budget of \$68,595, and we would make  
 4 an assessment based on that budget.  
 5 Do you want me to cover CAIP  
 6 or do you want to do them individually?  
 7 MS. BRIGNAC:  
 8 Let's do them individually.  
 9 MS. SHERIFF:  
 10 Are there any questions about  
 11 any specific budget line items?  
 12 One other thing, it's a minor  
 13 amount I just want to mention. We have \$200  
 14 in miscellaneous for bank fees. You know, I  
 15 said in the past we did not have bank fees  
 16 because we were leaving enough money in the  
 17 account to cover the fees because we were  
 18 earning so little interest on those -- that  
 19 money that it didn't -- it wasn't worthwhile  
 20 to transfer it to the LAT for the interest.  
 21 However, there's going to be some changes at  
 22 the end of the year in the banking laws and  
 23 we're not sure how that's going to affect  
 24 it. So we did put the bank fees back in.  
 25 MS. BRIGNAC:

Page 29

1 All right. Are there any  
 2 questions for Suzy on the proposed budget?  
 3 (No response.)  
 4 MS. BRIGNAC:  
 5 If not, I'll entertain a  
 6 motion to approve the proposed 2013 budget  
 7 of \$68,595 for the Louisiana AIP.  
 8 MR. GALBRAITH:  
 9 So moved.  
 10 MS. BRIGNAC:  
 11 I have a motion by Mr.  
 12 Galbraith.  
 13 Do I have a second?  
 14 MR. BUNOL:  
 15 Second.  
 16 MS. BRIGNAC:  
 17 Second by Mr. Bunol.  
 18 Any discussion on the motion?  
 19 (No response.)  
 20 MS. BRIGNAC:  
 21 All those in favor, say  
 22 "Aye."  
 23 (All "Aye" responses.)  
 24 MS. BRIGNAC:  
 25 Any opposed?

Page 30

1 (No response.)  
 2 MS. BRIGNAC:  
 3 All right.  
 4 MS. SHERIFF:  
 5 All right. The next item,  
 6 Exhibit #7, is the CAIP budget, and we're  
 7 proposing a budget of \$20,518. Again, it's  
 8 pretty flat. The main difference is the  
 9 audit of Progressive next year, which the  
 10 residual market audit portion of that would  
 11 be \$1,082. AIPSO's portion for central  
 12 processing fees would be \$878. So we're  
 13 looking at an increase of budget of \$2,350  
 14 and, again, that is almost totally for that  
 15 audit.  
 16 MS. BRIGNAC:  
 17 All right. Any questions for  
 18 Suzy on the CAIP proposed budget?  
 19 (No response.)  
 20 MS. BRIGNAC:  
 21 If not, I'll entertain a  
 22 motion to approve the 2013 budget for the LA  
 23 CAIP of \$20,518.  
 24 MR. GALBRAITH:  
 25 So moved.

Page 31

1 MS. BRIGNAC:  
 2 I have a motion by Mr.  
 3 Galbraith.  
 4 MR. BUNOL:  
 5 Second.  
 6 MS. BRIGNAC:  
 7 I have a second by Mr. Bunol.  
 8 Any discussion on the motion?  
 9 (No response.)  
 10 MS. BRIGNAC:  
 11 All those in favor, say  
 12 "Aye."  
 13 (All "Aye" responses.)  
 14 MS. BRIGNAC:  
 15 Any opposed?  
 16 (No response.)  
 17 MS. BRIGNAC:  
 18 All right. Moving on to  
 19 Agenda Item #8, which is the private  
 20 passenger rate review under Exhibit #8.  
 21 Tim.  
 22 MR. MESSIER:  
 23 Thank you, Denise.  
 24 The background shows that we  
 25 took a decrease of 8.5 percent last year.

Page 32

1 It was effective just this April. The apps  
 2 show we just had one app in the 12 months  
 3 ending March of this year. Volume remains  
 4 low. Because there's so little actual  
 5 experience to look at, we used a loss cost  
 6 approach where we set rates off of the ISO  
 7 loss costs. The methodology shows a need  
 8 for an increase of two percent. And based  
 9 on the 2010 earned premiums that we have in  
 10 our stat data, that two percent increase  
 11 would result in an extra \$32. So the  
 12 proposal is that we make no change to rates  
 13 at this time.  
 14 Any questions?  
 15 MS. BRIGNAC:  
 16 No.  
 17 So do we have to do anything  
 18 since there's no change?  
 19 MR. MYERS:  
 20 I don't think we have to do  
 21 anything. Well, maybe we need to get it on  
 22 the record that we're approving a no change  
 23 and let's go ahead and to it by approval of  
 24 the Board.  
 25 MS. BRIGNAC:

8 (Pages 29 to 32)

Betty D. Glissman, CCR  
 (225) 754-8609

Exhibit II  
 Page 8 of 14

Page 33

1 At this time I'll entertain a  
 2 motion to make no change to the private  
 3 passenger rates.  
 4 MR. GALBRAITH:  
 5 So moved.  
 6 MS. BRIGNAC:  
 7 I have a motion by Mr.  
 8 Galbraith.  
 9 MR. BUNOL:  
 10 Second.  
 11 MS. BRIGNAC:  
 12 A second by Mr. Bunol.  
 13 Any discussion on the motion?  
 14 (No response.)  
 15 MS. BRIGNAC:  
 16 All those in favor, say  
 17 "Aye."  
 18 (All "Aye" responses.)  
 19 MS. BRIGNAC:  
 20 Any opposed?  
 21 (No response.)  
 22 MS. BRIGNAC:  
 23 All right. Is the next one  
 24 just as easy?  
 25 MR. MESSIER:

Page 34

1 The next one is a little more  
 2 difficult.  
 3 MS. BRIGNAC:  
 4 All right. Agenda Item #9,  
 5 Commercial Rate Review, Exhibit #9.  
 6 MR. MESSIER:  
 7 Okay. Last year, we had an  
 8 indication of 44.9 percent and took an  
 9 increase of 15.7, and that was effective in  
 10 July of this year. Apps are down. We've  
 11 had 22 in the 12 months ending in March,  
 12 which is about a 70 percent decrease, and  
 13 it's consistent with what we've had the last  
 14 couple of years, the vast majority of the  
 15 premium in the CAIP is from the sugarcane  
 16 haulers. For acting year 2010, 82 percent  
 17 of the planned premium is from sugarcane  
 18 haulers. Nine percent comes from non-owner  
 19 risk and just another nine percent from all  
 20 other risk types.  
 21 So it's really this one  
 22 category risk that's driving our experience.  
 23 We continue to do a three-year financial  
 24 indication and give it some weight and the  
 25 remaining weight to the loss cost process.

Page 35

1 It is similar to what we just talked about  
 2 on the private side, what we've been doing  
 3 the past few years in a row, and it shows  
 4 the need for an increase of 18.2 percent.  
 5 Because we're doing this blanket indication  
 6 based on financial data, we don't actually  
 7 have changes by sub-line and coverage, but  
 8 we need to do something to develop those.  
 9 What we typically do is adjust the loss cost  
 10 methodology to reproduce the overall  
 11 indication of 18.2 and we've done that here,  
 12 but there's a little twist because ISO does  
 13 not have loss cost for the sugarcane  
 14 haulers, which is where all the premium is.  
 15 So we've also developed some loss ratio  
 16 relativity, which is what we've been doing  
 17 quite a few years in a row, no change in the  
 18 methodology.  
 19 And, thirdly, we've also  
 20 looked at the pure loss cost method, because  
 21 if we didn't have the sugarcane risk, the  
 22 volume of everything else is so low, we  
 23 would be using pure loss cost methodology.  
 24 So, basically, on Exhibit #1,  
 25 you see the formula base rate change in

Page 36

1 Column 2A, and then three methods, loss  
 2 ratio relativity and pure LCM as well. So  
 3 we look at all of these different methods of  
 4 allocating change to the sub-line and we've  
 5 subjectively made decisions on what to  
 6 change and we've capped them at an increase  
 7 of 15 percent and a decrease of 25 percent.  
 8 And overall the proposed change is 11.3  
 9 percent effective in July of this year.  
 10 The second page of the letter  
 11 also shows the CAIP experience report  
 12 result. The net operating results are all  
 13 over 200 percent. It's not quite as bad as  
 14 that looks on the surface, because that  
 15 doesn't bring your premium to the current  
 16 level and, you know, we have taken some rate  
 17 changes as of late, and that's why the  
 18 indication is only 18 percent, not 100  
 19 percent.  
 20 It is quite a bit of stuff I  
 21 just went over. Does anyone have any  
 22 questions that I could try to answer for  
 23 you?  
 24 MS. SHERIFF:  
 25 Tim, the sub-line, the only

1 increase would be sugarcane. There's two  
 2 that would get decreases, right, trucks,  
 3 tractors and the hired autos would get  
 4 increases?  
 5 MR. MESSIER:  
 6 Yes. That's pretty  
 7 consistent with what we've been doing.  
 8 We've been raising the rates for sugarcane  
 9 haulers because their poor experience has  
 10 been driving the poor CAIP results. And a  
 11 lot of the other sub-lines, I think they  
 12 were giving the changes in the past  
 13 erroneously when we were actually just  
 14 giving a flat change to all risk types,  
 15 rather than trying to figure out who was  
 16 really responsible for the poor experience.  
 17 So consistent with the last  
 18 several years, we're slowly decreasing the  
 19 rates in the other classes, not sugarcane  
 20 haulers.  
 21 MR. BUNOL:  
 22 What's the average premium  
 23 for sugarcane haulers?  
 24 MR. MESSIER:  
 25 I'm sorry, I don't have that

1 MR. BUNOL:  
 2 Right about now.  
 3 MR. MOSS:  
 4 Right now they should be  
 5 applying to get an October start. We did  
 6 have -- the hurricane did damage the crop,  
 7 but I don't know.  
 8 MR. MYERS:  
 9 That's when it all starts  
 10 now, this is it.  
 11 MR. MOSS:  
 12 It would definitely be --  
 13 start coming in, I would think.  
 14 MR. GALBRAITH:  
 15 Didn't we have a pretty big  
 16 decrease, though, from -- I don't know what  
 17 the time period would be, but --  
 18 MS. BRIGNAC:  
 19 In the number of policies,  
 20 yes.  
 21 MR. GALBRAITH:  
 22 Our volume went way down,  
 23 though.  
 24 MR. MESSIER:  
 25 Yes. The voluntary market,

1 in front of me.  
 2 MR. BUNOL:  
 3 They are 90-day policies,  
 4 right?  
 5 MR. MESSIER:  
 6 Yes, yes. And a lot of them  
 7 -- I think that's the big difference between  
 8 the sugarcane haulers written in the Plan  
 9 and those in the voluntary market. The  
 10 voluntary market company says, well, we're  
 11 not going to take you for the 90 days if we  
 12 don't have you year round for other  
 13 exposure. I think that's why the types of  
 14 risks that we get in the Plan tend to have  
 15 the worst experience.  
 16 MS. SHERIFF:  
 17 Jennifer, we haven't gotten  
 18 any this year yet, right?  
 19 MS. JOHNSON:  
 20 We've received one sugarcane.  
 21 MS. SHERIFF:  
 22 One so far. Okay.  
 23 MR. MOSS:  
 24 Sugar is ramping up, isn't  
 25 it?

1 right.  
 2 MR. MOSS:  
 3 It was in the 200's?  
 4 MS. SHERIFF:  
 5 When we first started doing  
 6 them, we were getting around 250 and now  
 7 we're down to -- last year I think we got  
 8 twenty. Is that right, Jennifer?  
 9 MS. JOHNSON:  
 10 I believe so, yes.  
 11 MR. MESSIER:  
 12 I think also we've seen the  
 13 experience hasn't been quite as bad since  
 14 Progressive came in. I don't know if they  
 15 were doing a bad job handling the claims or  
 16 just because, you know, there are fewer of  
 17 them, but the experience has improved. It's  
 18 still not great. It's like we're breaking  
 19 even, but it's not as poor as it has been.  
 20 MS. BRIGNAC:  
 21 Any other questions for Tim?  
 22 (No response.)  
 23 MS. BRIGNAC:  
 24 If not, I guess the overall  
 25 proposed rate change is 11.3 percent and

Page 41

1 that's capping the sugarcane haulers at 15  
 2 percent with a 25 percent decrease on other  
 3 sub-lines. I'll entertain a motion to  
 4 approve or not approve.  
 5 MR. GALBRAITH:  
 6 Well, I haven't heard any  
 7 discussion. Are we comfortable with this?  
 8 I mean, is that -- usually, we have more  
 9 conversation about this.  
 10 MS. BRIGNAC:  
 11 Well, Bobby is usually the  
 12 that --  
 13 MR. BUNOL:  
 14 There are only 22 policies in  
 15 there now. I mean, obviously, there's  
 16 somebody in the voluntary market writing  
 17 them.  
 18 MR. GALBRAITH:  
 19 Right.  
 20 MR. BUNOL:  
 21 Fifteen percent increase on a  
 22 90-day policy in dollars and cents, it's not  
 23 going to be that much money.  
 24 MR. GALBRAITH:  
 25 I'll make a motion.

Page 42

1 MS. BRIGNAC:  
 2 All right. I have a motion  
 3 by Mr. Galbraith to approve the proposed  
 4 rate change of 11.3 percent.  
 5 MR. BUNOL:  
 6 Second.  
 7 MS. BRIGNAC:  
 8 I have a second by Mr. Bunol.  
 9 Any discussion on the motion?  
 10 (No response.)  
 11 MS. BRIGNAC:  
 12 All those in favor, say  
 13 "Aye."  
 14 (All "Aye" responses.)  
 15 MS. BRIGNAC:  
 16 Any opposed?  
 17 (No response.)  
 18 MS. BRIGNAC:  
 19 All right. Agenda Item #10,  
 20 record retention and destruction schedule.  
 21 Is that AIPSO or Bob?  
 22 MR. MYERS:  
 23 Robert, I think you're going  
 24 to be taking that one, aren't you?  
 25 MR. POWERS:

Page 43

1 Sure. You have in front of  
 2 you the proposed records retention and  
 3 destruction at Exhibit #10. And you all may  
 4 remember at the prior meeting, we had  
 5 discussion about the proposed schedule and  
 6 at the time Bob had raised some concerns  
 7 about, you know, moving forward with this  
 8 because of some of the past activity  
 9 involving the Plan and some of the criminal  
 10 actions that were brought where Plan records  
 11 were required. And I think Bob spoke to it  
 12 in his report, but he may want to mention it  
 13 again, that he -- I think he's -- we're  
 14 ready to move forward with that, but, Bob,  
 15 I'll let you confirm that.  
 16 MR. MYERS:  
 17 One of the first questions I  
 18 wrote down yesterday when I was looking at  
 19 this was exactly what you answered earlier,  
 20 I wanted to know where that money was from  
 21 Lisotta. So we've got that taken care of.  
 22 So he has met his obligation pursuant to his  
 23 sentence. So that's out of the way.  
 24 What y'all need to know is,  
 25 and why I was concerned about it last time,

Page 44

1 and I've kind of gotten through that, the  
 2 prescriptive period or the limitation of  
 3 action under federal law for this type of  
 4 action for Lisotta was five years, and we've  
 5 pretty much gotten through that. I was  
 6 worried about, you know, could somebody come  
 7 up -- because, the audit, if y'all remember  
 8 back then when all of us got subpoenaed down  
 9 to the Senate, back then there were still  
 10 some issues about money that was never  
 11 resolved. Remember, they only took a  
 12 percentage of it, but I think it's pretty  
 13 much behind us now.  
 14 So I would suggest we go with  
 15 the State recommended -- which we have here,  
 16 right. Robert. is fine. but the State of  
 17 Louisiana is pretty similar to this one  
 18 anyway. It's almost identical.  
 19 MS. BRIGNAC:  
 20 Each agency gets to set their  
 21 own record retention.  
 22 MR. MYERS:  
 23 Yes. And I think we're safe  
 24 and I was just kind of concerned about it  
 25 last time when it came up because of a

1 couple of issues with that five-year period,  
 2 and we've gone back -- pretty much we're  
 3 through that already. So we're clean now.  
 4 MR. POWERS:  
 5 Just to confirm, as I  
 6 mentioned the last time on that schedule,  
 7 there are -- actually, in most cases, exceed  
 8 sort of the general insurance department  
 9 requirements for a regulated entity. So  
 10 we're definitely safe in terms of, you know,  
 11 just the general requirement for records  
 12 retention for the insurance department  
 13 regulation. And I would suggest that we  
 14 want to, you know, just make sure we're  
 15 clear we can actually wait until 2013 to get  
 16 this thing started, so we have another -- we  
 17 have a full calendar year if that helps.  
 18 MR. MYERS:  
 19 We're okay with it right now  
 20 in my opinion. If you want to go into,  
 21 like, January 1 of 2013, that will be fine.  
 22 That would get the thing going. We're  
 23 holding a ton of documents. Y'all have got  
 24 an unbelievable amount of paper sitting  
 25 around somewhere. I remember we talked

1 Second.  
 2 MS. BRIGNAC:  
 3 A second by Mr. Bunol.  
 4 Any discussion on the motion?  
 5 (No response.)  
 6 MS. BRIGNAC:  
 7 All those in favor, say  
 8 "Aye."  
 9 (All but one "Aye" response.)  
 10 MS. BRIGNAC:  
 11 Any opposed?  
 12 (No response.)  
 13 MS. BRIGNAC:  
 14 All right. Moving on to  
 15 Agenda Item #11, which is the yearly  
 16 conflict of interest policy and statement.  
 17 I'm assuming that each -- you have this in  
 18 here because each member needs to execute  
 19 one and get it to Ben Moss.  
 20 MS. SHERIFF:  
 21 And if I could just  
 22 reiterate, you will need to check one of the  
 23 first four statements, but, also, either  
 24 check the fifth statement or explain the  
 25 fifth statement.

1 about that.  
 2 MS. BRIGNAC:  
 3 It's in a storage unit.  
 4 MR. MYERS:  
 5 We might as well start  
 6 getting rid of it.  
 7 MR. MOSS:  
 8 It's a lot.  
 9 MR. MYERS:  
 10 It's a lot, yes.  
 11 MS. BRIGNAC:  
 12 Any questions for Robert or  
 13 Bob on the record retention schedule?  
 14 (No response.)  
 15 MS. BRIGNAC:  
 16 If not, I'll entertain a  
 17 motion to approve the record retention and  
 18 destruction schedule to make it effective  
 19 January 1, 2013.  
 20 MR. GALBRAITH:  
 21 So moved.  
 22 MS. BRIGNAC:  
 23 I have a motion by Mr.  
 24 Galbraith.  
 25 MR. BUNOL:

1 MS. BRIGNAC:  
 2 Okay.  
 3 MS. SHERIFF:  
 4 I know we have to go back  
 5 sometimes with that one. And that is  
 6 perforated in your agenda so that you can  
 7 tear this one out and send it to us.  
 8 MR. MOSS:  
 9 For y'all on the phone, you  
 10 can e-mail it to me or fax it and my -- the  
 11 fax number is (225) 342-1993, just whenever  
 12 you get a chance.  
 13 MS. BRIGNAC:  
 14 All right. Which gets us to  
 15 Agenda Item #12, which is Executive Session.  
 16 All right. At this time I'll entertain a  
 17 motion to go into Executive Session to  
 18 discuss New Hampshire Insurance Company  
 19 compliance audit and National Continental  
 20 Insurance Company indemnification request.  
 21 MR. GALBRAITH:  
 22 (Makes motion.)  
 23 MS. BRIGNAC:  
 24 I have a motion by Mr.  
 25 Galbraith.

12 (Pages 45 to 48)

Betty D. Glissman, CCR  
 (225) 754-8609

Exhibit II  
 Page 12 of 14

1 MR. BUNOL:  
 2 Second.  
 3 MS. BRIGNAC:  
 4 A second by Mr. Bunol.  
 5 Any discussion on the motion?  
 6 (No response.)  
 7 MS. BRIGNAC:  
 8 If not, all those in favor,  
 9 say "Aye."  
 10 (All "Aye" responses.)  
 11 MS. BRIGNAC:  
 12 Any opposed?  
 13 (No response.)  
 14 MS. BRIGNAC:  
 15 All right. We are now in  
 16 Executive Session. I would ask Mr. Donovan  
 17 to leave the room.  
 18 (Executive Session.)  
 19 MS. BRIGNAC:  
 20 All right. At this time I'll  
 21 entertain a motion to come out of Executive  
 22 Session.  
 23 MR. BUNOL:  
 24 (Makes motion.)  
 25 MS. BRIGNAC:

1 MS. BRIGNAC:  
 2 I have a motion by Mr.  
 3 Galbraith.  
 4 MR. BUNOL:  
 5 Second.  
 6 MS. BRIGNAC:  
 7 A second by Mr. Bunol.  
 8 Any discussion on that  
 9 motion?  
 10 (No response.)  
 11 MS. BRIGNAC:  
 12 All those in favor, say  
 13 "Aye."  
 14 (All "Aye" responses.)  
 15 MS. BRIGNAC:  
 16 Any opposed?  
 17 (No response.)  
 18 MS. BRIGNAC:  
 19 All right. Agenda Item #13,  
 20 which is any other business. Does anybody  
 21 have any other business?  
 22 (No response.)  
 23 MS. BRIGNAC:  
 24 If not, we'll go to Agenda  
 25 Item #14, which is the scheduling of the

1 I have a motion by Mr.  
 2 Bunol.  
 3 MR. GALBRAITH:  
 4 Second.  
 5 MS. BRIGNAC:  
 6 A second by Mr. Galbraith.  
 7 Any discussion on the motion?  
 8 (No response.)  
 9 MS. BRIGNAC:  
 10 If not, all those in favor,  
 11 say "Aye."  
 12 (All "Aye" responses.)  
 13 MS. BRIGNAC:  
 14 Any opposed?  
 15 (No response.)  
 16 MS. BRIGNAC:  
 17 Please let the reflect that  
 18 the Governing Committee did not take any  
 19 formal action while in Executive Session.  
 20 At this time I'll entertain a  
 21 motion to accept the compliance audit of the  
 22 New Hampshire Insurance Company as presented  
 23 in Executive Session.  
 24 MR. GALBRAITH:  
 25 So moved.

1 next meeting. If you recall, we've gone to  
 2 two meetings a year. So March.  
 3 MS. SHERIFF:  
 4 The only thing I have set at  
 5 this point is a meeting on March 7th.  
 6 Otherwise, the month is good.  
 7 MS. BRIGNAC:  
 8 I can't do the 14th, because  
 9 I'll have a Citizens Board meeting.  
 10 Do y'all like Thursdays?  
 11 MR. BUNOL:  
 12 That's fine.  
 13 MS. BRIGNAC:  
 14 So what about Thursday, March  
 15 21st? The next meeting will be Thursday,  
 16 March 21, 2013.  
 17 And with that, that concludes  
 18 our agenda. At this time I'll entertain a  
 19 motion to adjourn.  
 20 MR. GALBRAITH:  
 21 (Makes motion.)  
 22 MS. BRIGNAC:  
 23 I have a motion by Mr.  
 24 Galbraith.  
 25 MR. BUNOL:

1 Second.  
 2 MS. BRIGNAC:  
 3 A second by Mr. Bunol.  
 4 Any discussion on the motion?  
 5 (No response.)  
 6 MS. BRIGNAC:  
 7 All those in favor, say  
 8 "Aye."  
 9 (All "Aye" responses.)  
 10 MS. BRIGNAC:  
 11 Any opposed?  
 12 (No response.)  
 13 MS. BRIGNAC:  
 14 Thank you for participating  
 15 on the phone.  
 16  
 17 (Meeting concluded at 10:08 a.m.)  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

1 REPORTER'S CERTIFICATE  
 2  
 3 I, BETTY D. GLISSMAN, Certified  
 4 Court Reporter, Certificate No. 86150, in  
 5 and for the State of Louisiana, do hereby  
 6 certify that the Louisiana Automobile  
 7 Insurance Plan Governing September 27, 2012  
 8 meeting was reported by me in the stenotype  
 9 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 October 3, 2012, Baton Rouge,  
 15 Louisiana.  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23 BETTY D. GLISSMAN, CCR  
 24 CERTIFIED COURT REPORTER  
 25