

TO ALL MEMBERS OF THE BOARD OF GOVERNORS FOR THE LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION AND THE PUBLIC

RE: LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

 BOARD OF GOVERNORS MEETING

 SEPTEMBER 12, 2019 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, September 12, 2019. The meeting was conducted at the offices of the Department of Insurance located at 1702 N. Third St. Baton Rouge, Louisiana, Hearing Room, commencing at 1:00 P.M.

Present were: Eugene Montgomery, Vice Chairman

Brian Chambley

Renee Free

Denise Gardner

Tom Glasson

Craig LeBouef

Kevin Reinke

William (Bill) Starr

Rep. Talbot

Brian Van Dreumel

Absent were: Nick Lorusso

Jeff Albright

Eric Berger

Gene Galligan

Sen. Smith

Also present: Richard Newberry, CEO

Paige Harper

 Joe Sciortino

 Derek Haney

Chair’s Report

Vice Chair Montgomery called the meeting to order at 1:04 p.m. He began by asking Ms. Harper to call roll. With ten members present, a quorum was met and the meeting moved forward.

The next item on the agenda was the minutes of the previous meeting. Vice Chair Montgomery gave everyone an opportunity to review the minutes from the July meeting. After the Board members were given an opportunity to review the minutes, Mr. Glasson moved that the July 2019 minutes be approved. Mr. Chambley seconded the motion. With no further discussion on the motion or the minutes, Vice Chair Montgomery called for a vote. The minutes were approved unanimously.

Vice Chair Montgomery then moved to the CEO Report and asked Mr. Newberry to take over with his updates.

CEO Report

1. Overview. Mr. Newberry began his report with an update on the rate filing required in order to be compliant with Directive 215, which was filed with the LDI in accordance with Board’s vote during the July meeting. The filing was approved for new and renewal policies effective January 1, 2020.

Mr. Newberry next gave an update on the current round of depopulation. The company portal containing the 4000 policies which are available for depopulation in this round was opened on September 2 to the depopulation companies. The agency portal will be opened on October 1 to agents, allowing them to authorize depopulation of their policies to the company of their choice.

 The next update was with regard to Hurricane Barry. Mr. Newberry reported that LCPIC received a total of 569 hurricane claims. After a brief discussion with Board members regarding the application of deductibles, Mr. Newberry moved on to the proposed Commercial Rate Filing for 2020.

1. Proposed Commercial Rate Filing. Mr. Newberry presenting the proposed rates and the methods in which they were calculated. He informed the Board that the overall rate change proposed is a .2% increase, with a .9% increase in the FAIR Plan and a 3% decrease in the Coastal Plan. After some discussion, Mr. Van Dreumel moved as follows:

To approve the proposed commercial rate filing representing an overall .2% overall increase, with a .9% increase in the FAIR Plan and a 3% decrease in the Coastal Plan, as well the formulas used to determine the rates; to approve the filing of the proposed rates with the Louisiana Department of Insurance; and, if approved by the Louisiana Department of Insurance as filed, or with no more than a +/- .5% change from the filed rates, to set the approved commercial rates for implementation on 2/20/2020.

Mr. Reinke seconded the motion. With no further discussion forthcoming on the motion, a vote was called and the motion passed unanimously.

Next, Mr. Newberry asked Mr. Sciortino to address the financials.

1. Financials. Mr. Sciortino began by touching on the inforce policy numbers and TIV. As of July, LCPIC’s net Inforce policy count was 37,745. That number is down from 40,461 the year prior. The TIV in July was slightly under $ 7.3 million; down from $7.9 million in July 2018. Operating Cash was at $135.138 million and investments were at $82.3 million, combining to give LCPIC a total cash and investment position of $217.480 million.

Hurricane Barry did not have a huge impact on LCPIC. July had a total of $955,000 paid out in claims, which included Barry claims, as well as non-hurricane related claims.

At the end of July, on a year to date level, LCPIC has experienced a positive net income of just over $5 million. While claims are slightly over budget, premiums earned are over budget and operating expenses are under budge, allowing that positive net income. After responding to questions on the financials, Mr. Sciortino noted that the 2nd Quarter financials had to be filed by August 15th. As such, the financials were sent to the Audit Committee to review and comment upon prior to the filing date. Management is requesting a retroactive approval of the financials and the filing of those financials. Mr. LeBouef, Chair of the Audit Committee, commented that nothing in the financials warranted any significant, or even minor, questions. Mr. LeBouef then made a motion as follows:

To approve the Second Quarter 2019 financials presented by LCPIC management and reviewed by the members of the Audit Committee; and to retroactively approve the timely filing of the Second Quarter financials on August 15, 2019 with the Louisiana Department of Insurance.

Mr. Chambley seconded Mr. LeBouef’s motion. With no further discussion forthcoming, the motion was brought to a vote and passed unanimously.

1. Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in July and August 2019 only one claim-related complaint was received. There being no questions regarding the complaint, the CEO report was concluded.

With the conclusion of the CEO report, Vice Chair Montgomery moved on to the Executive Session. He asked if anyone from the public first wished to address the Board. With no other speakers from the public stepping forward, Vice Chair Montgomery stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Mr. Van Dreumel so moved. Mr. LeBouef seconded the motion. The Vice Chair Montgomery called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIC staff and the Board were asked to leave the room.

--------------------------------------------------------------Executive Session------------------------------------------------------------------

At the conclusion of the Executive Session, Vice Chair Montgomery asked for a motion to exit Executive Session and re-enter the public forum. Mr. LeBouef so moved. Mr. Van Dreumel seconded the motion. A roll call vote was taken. The motion passed unanimously. Vice Chair Montgomery noted that the Board had re-entered the public forum. He asked that the record reflect that the Board did not take any formal action while in Executive Session.

With no further business to discuss, Vice Chair Montgomery asked for a motion to adjourn. Ms. Gardner so moved; Mr. LeBouef seconded. There being no opposition, the meeting was adjourned at 1:33 p.m.

**Adjourn**

**Paige M. Harper**

**General Counsel and Corporate Secretary/Chief Administrative Officer**

**Approved:**

I hereby certify that these are a true and correct copy of the September 12, 2019 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on November 14, 2019.

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Paige M. Harper, Secretary