

# **Louisiana Property and Casualty Insurance Commission Full Commission Meeting**

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**Wednesday, August 26, 2009  
Louisiana Department of Insurance  
Plaza Hearing Room  
1:30 p.m.**

## **Minutes**

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**Commission Members Present:** Ted Haik, Jeff Albright, Representative Page Cortez, Michelle Rayburn (representing Kay Hodges), Representative Nickie Monica, Raymond Aleman, Chris Broadwater, Sheriff Greg Champagne, Manuel DePascual, Chris Haik, LTC John LeBlanc, Ann Metrailler, Michael Guy, Cherie Pinac, and Stephen Schrempp

**Commission Members Absent:** Commissioner Donelon, Senator Eric LaFleur, Senator Dan Morrish, Lee Ann Alexander and Earl Taylor

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

**DOI Staff Present:** Caroline Brock, Alison Jones, Charles Hansberry and Judy Wright

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Chairman Ted Haik called the meeting to order at 1:40 pm. He welcomed the new members of the Louisiana Property and Casualty Insurance Commission (LPCIC) that were in attendance: Sheriff Greg Champagne, Chris Haik, Ann Metrailler, Cherie Pinac, Stephen Schrempp, and Michael Guy. New members unable to attend were: Senator Eric LaFleur and Lee Ann Alexander.

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

Ms. Alison Jones, Legislative Coordinator for the Department of Insurance (DOI) briefed Commission members on property and casualty legislation for the 2009 Regular Session and the National Conference of Insurance Legislators (NCOIL) Conference, which took place in Philadelphia this past summer. At the NCOIL conference, section six of the Credit Information Model Act was amended to include Extraordinary Life Circumstances, which allows consumers to request a review due to certain circumstances, including catastrophic events, serious illness or injury to self or immediate family member, death of spouse, child or parent, divorce or involuntary interruption, alimony or support payments, identity theft, temporary loss of employment, military deployment, and others. Ms. Jones also reviewed property and casualty legislation of the 2009 Regular Session, highlighting HB 333 (Act 134), introducing annual named storm deductibles, effective 1/1/2010; SB 130 (Act 483), which modifies Citizens' rate making methodology; and HB 208 (Act 280), Rep. Monica's permissive user bill.

Mr. Ed O'Brien, Deputy Commissioner of Property and Casualty at the DOI, reported on developing property and casualty issues. 2008 Legislation amended the financial responsibility law, raising the minimum auto liability limits from 10-20-10 to 15-30-25. This law will become effective 1/1/2010 and will affect the uninsured motorists' statute (R.S. 22:1295) requiring a new selection/rejection form. This may create problems for insurers, and the DOI is preparing for an increase in concerns that will be addressed. Mr. O'Brien also assured the Commission that the DOI has been working with insurance companies to clarify questions and potential issues involving the annual named storm deductible bill. He stated that all insurance companies have removed language from their policies that would potentially interfere with the permissive use bill. Finally, the DOI has asked for feedback from the insurance industry on the idea that no deductible higher than 2% be imposed on any homeowners' policy, complying with House Resolution 71. The Department must report to the House of Representatives before the commencement of the next session on this issue. Feedback from the insurance industry will be compiled and Mr. O'Brien stated the Department would like to report to the House by the first of the year.

Chairman Haik asked that he return and also report to the LPCIC if possible.

LTC John LeBlanc, Executive Director of the LA Highway Safety Commission (LHSC), discussed highway safety legislation. He summarized the 13 bills tracked by the LHSC, including revised DWI legislation, and updated safety belt laws. Several of the bills tracked were legislative recommendations supported by the LPCIC. These included Acts 288, 287, 236, 165 and 166.

Mr. Randy Noel, Chairman of the Louisiana State Uniform Construction Code Council (LSUCCC) reviewed updates on building codes, mitigation, and other related issues. Since the LSUCCC successfully completed "phase one" (establishing code offices in every parish throughout the state, certifying inspectors and plan reviewers, etc.), the Council has moved into "phase two", essentially focusing on the quality of the inspectors, the quality of the Code offices, the service to the public, etc. Wind Mitigation Surveyors have been established as a new category of inspectors. These surveyors must possess a home inspector's license and must also attend an International Code Council Hurricane Resistant Construction Class. The LSUCCC has effectively worked on fortifying homes' shingles and windows, preventing damage from future storms. The Code Council has formed three sub-committees:

- Code Enforcement Advisory Committee, which deals with inspector registration and complaints.
- Technical Codes Committee, which reviews new Codes and changes to the Codes.
- Administrative Committee, which assists Code offices throughout the state.

Mr. Noel also discussed the issue of Chinese drywall, which has become a problem in some parts of the state.

Discussion followed on action that could be considered for consumer protections regarding this issue.

Ms. Caroline Brock, Deputy Commissioner, Office of Financial Solvency at the DOI, reported on the Department's accreditation process by the NAIC. The Louisiana Department of Insurance has consistently received its five year accreditation from the NAIC since 1993, and most recently

received another accreditation in 2009. Receiving accreditation requires verification that laws necessary to regulate insurance companies within the state are indeed in place. These laws include examination authority, holding companies act, and receivership laws, among others. Analysts and examiner files are also reviewed to make sure they are in compliance with accreditation requirements. The DOI gets extra credit for its actuarial staff.

Chairman Haik recognized the legislators on the Commission and thanked them for their attendance and participation as members. Representative Monica commended LTC LeBlanc on the “Click it or Ticket” campaign produced by the LHSC and expressed that he would like to see a campaign on text messaging while driving, which is currently a dangerous problem. LTC LeBlanc confirmed that the LHSC recognizes the problem and would indeed like to raise awareness for the dangers of texting while driving.

Chairman Haik pointed out that 7 out of the 10 legislative recommendations voted on by the LPCIC passed in the Legislature. He also noted that the LPCIC was recognized in the July 27, 2009 edition of the *Auto Insurance Report*.

Chairman Haik noted that there was no action taken on the Direct Action Statute nor Jury Trial Threshold recommendations.

Discussion followed.

Rep. Monica motioned that this subject be discussed at the next meeting of the LPCIC, seconded by Mr. Broadwater.

Discussion followed.

Mr. Haik amended the motion to include a debate between the trial lawyers and representatives from the insurance industry on the issue, seconded by Chris Haik.

Without opposition, the motion passed.

Chairman Haik asked Mr. Albright to assist Ms. Moss with arrangements for this meeting.

Ms. Moss announced that the DOI, along with South Carolina’s Department of Insurance, will be honorary hosts for a Competitive Enterprise Institute Conference titled: *Out of the Storm09/Making Reform Work* in New Orleans, September 30th through October 2nd. The conference is geared towards regulators and legislators, and covered topics include coastal restoration, mitigation, residual markets, and reform. Invited guest speakers include Governor Jindal, Commissioner Donelon, Director Richardson and other commissioners from coastal states.

With no further business to discuss, upon a motion from Rep. Monica, the LPCIC meeting adjourned at 3:20 pm.