

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 9, 2021 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, September 9, 2021. 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: Nick Lorusso- Chair  
Jeff Albright  
Brian Chambley  
Bill Chauvin  
Shannon Johnson  
Tony Ligi  
Eugene Montgomery  
Brian Van Dreumel  
Steven Werner

Absent were: Eric Berger  
Gene Galligan  
Kevin Reinke  
William (Bill) Starr  
Sen. Talbot

Also present: Commissioner Donelon  
Richard Newberry, CEO  
Paige Harper  
Joe Sciortino  
Ricky Lindsey  
Derek Haney  
Andrew DeGraw  
Gary Smith  
Jody Boudreaux  
Danielle Blanchard  
Nicole Torblaa

## Chairman's Report

Chairman Lorusso called the meeting to order at 1:03 pm, asking Ms. Harper to call roll. With nine members in attendance, a quorum was present. Chairman Lorusso welcomed new Board member Bill Chauvin and thanked everyone for coming to the meeting. He then asked Mr. Montgomery to update the Board on the Compensation Committee meeting held earlier that day. Mr. Montgomery noted that the Committee attempted to meet, but a quorum was not present, so no formal action was taken. The next item on the agenda was committee appointments. Chairman Lorusso distributed his nominations for each committee and asked the Board members to review the list. After a few minutes, Mr. Montgomery moved to accept the 2022 committee assignments as presented by Chairman Lorusso. Mr. Ligi seconded the motion. With no objections forthcoming the assignments were adopted as presented (copy attached).

The following item on the agenda was the minutes of the prior meeting in July 8, 2021. After a review of the minutes, Mr. Ligi moved to approve them as proposed. Mr. Chambley seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion, and minutes, passed unanimously.

The next item on the agenda was the CEO Report.

## CEO Report

A) Overview. Mr. Newberry began his report with an update on Hurricane Ida and LCPIC's response. As of the day of the meeting 8,292 claims had been received by LCPIC. The storm hit Louisiana in the areas of LCPIC's greatest concentration of policies, Jefferson, Orleans, Lafourche and Terrebonne parishes. LCPIC monitors the metrics constantly and has daily calls to keep on top of what is happening. In comparison, with last year's storms, Laura, Delta and Zeta, LCPIC received approximately 7,465 claims. Ida has already exceeded that number and more claims are expected. Mr. Newberry continued to explain the information LCPIC had regarding the effects of Ida on its policyholders, discussed the effect on the company's reinsurance, as well as the numbers of adjusters we have on the ground (200) and at our disposal. After responding to questions from the Board, Mr. Newberry moved on to the management report. As of September 1, 2021, LCPIC is up 2,641 policies (149 commercial and 2,492 personal lines). The relatively low number of additional policies is a testament to Louisiana having a good voluntary market.

The next item on the agenda was the proposed commercial rate filing for 2022. Mr. Newberry explained to the Board how the rates are calculated and the history of the commercial rates over the last few years. Commercial rates, in comparison to personal line rates which are based on the market, are derived actuarially and then, as is required statutorily, 10% is added. This year the proposed rate filing has an overall increase of 6.8%. That is comprised of a 6.5% increase in the FAIR plan and an 8.5% increase in the Coastal plan. Mr. Newberry then asked if the Chair of the Actuarial Committee, Brian Van Dreumel, would like to comment on the proposed filing and rates. Mr. Van Dreumel noted that the Actuarial Committee met prior to the Board meeting to discuss the proposed commercial rates. Unfortunately they did not have a quorum, so no formal action could be taken, but Mr. Newberry and Mr. Haney went through the filing and rates with them informally. As such, Mr. Van Dreumel noted that he personally would recommend that the full Board approve the rates, rating formulas and filing with the LDI. Mr. Van

Dreumel then made such a motion. Mr. Albright seconded the motion. With no objections, the motion, commercial rates, formulas, and filing were approved unanimously.

**B) Financials.** Next up, Mr. Sciortino presented the July 2021 financials. He reported that as of July, LCPIC had operating cash of \$60 million and invested cash and cash equivalents of \$51.4 million, for a total operating position of \$114.2 million. LCPIC also had investments of \$75.6 million, leaving the company with a total cash and investment position of \$189.8 million. With regard to the income statement, at the end of July, LCPIC had a net income of \$4.7 million. That is right in line with the budget. On the surplus side, LCPIC had a surplus of \$167.3 million at the end of July. This amount is up from \$161.9 million the previous year end. The balance sheet shows nothing unusual and no change to the LCPIC bonds.

Mr. Sciortino noted that LCPIC paid the annual principal payment on the bonds on June 1<sup>st</sup>. That payment was approximately \$51 million. The impact of that payment shows up on the Liability section of the financials, where we are now at \$291.8 million payable, down from \$346.8 million as the end of 2020. LCPIC has another interest payment on the bonds to make in 2021 for approximately \$7 million. Those amounts come out of the assessment funds held with a trustee and not out of LCPIC's operating cash.

On the operating expense statement you will find that LCPIC is \$522,000 over budget. This is driven by CAT related external management fees paid to LCPIC's third party CAT vendors. As the Board is aware, LCPIC does not budget specifically for CAT-related expenses, so any time we have CAT activity, those management fees will kick in and we will be over budget on that item. Additionally, there has been an increase in IT related expenses due to additional authentication software the company had to purchase as a result of our annual audit. After answering questions from the Commissioner and Board members, Mr. Sciortino's report moved to the 2<sup>nd</sup> Quarter financial statements in the Board book. After pointing out the highlights and answering questions, Mr. Sciortino's report was concluded.

**C) Complaints.** The final item on the CEO report was complaints. Ms. Harper reported that in July and August 2021, 6 complaints were received, 5 of which were claim related and 1 was policy related. With no questions regarding the claims, Chair Lorusso moved forward with the agenda.

With the CEO report concluded, Chair Lorusso noted that there was no need for an Executive Session. He asked if anyone from the public first wished to address the Board. With no speakers from the public and no new business to discuss, the agenda was concluded. Mr. Albright moved to adjourn. Mr. Montgomery seconded. The meeting was adjourned at 1:54 p.m.

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**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 9, 2021 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on November 10, 2021.

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Paige M. Harper, Secretary