

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  
NOVEMBER 10, 2021 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Wednesday, November 10, 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: Nicholas Lorusso  
Eric Berger  
Brian Chambley  
Gene Galligan  
Tony Ligi  
Shannon Johnson  
Eugene Montgomery  
Kevin Reinke  
William (Bill) Starr  
Sen. Mike Fesi (delegate for Sen. Talbot)  
Brian Van Dreumel  
Steven Werner

Absent were: Jeff Albright  
Bill Chauvin

Also present: Richard Newberry, CEO  
Paige Harper  
Joe Sciortino  
Derek Haney  
Ricky Lindsey

## Chair's Report

Chairman Lorusso called the meeting to order at 1:06 p.m. He began by asking Ms. Harper to call roll. With twelve members present, a quorum was met and the meeting moved forward.

Chairman Lorusso introduced Sen. Fesi, who had been appointed to attend the November meeting in place of Sen. Talbot, and thanked him for attending and helping the Board achieve a quorum. The next item on the agenda was a report from Eugene Montgomery on the Compensation Committee meeting that was held on October 28<sup>th</sup>. Mr. Montgomery reported that the Committee met to discuss CEO compensation and a contract and officer compensation, but that no formal action was taken. The Committee does not have a recommendation to bring to the Board. However, he noted that the Compensation Committee did pass a resolution commending Mr. Newberry and his team for the fine job they have done over the past two years addressing numerous hurricanes and the resulting claims. He also stated that the Compensation Committee voted to make one small amendment to their Charter, the removal of a section on an unnecessary form, Form 990, and the addition of the review of the supplemental compensation exhibit required to be filed with the LDI. Mr. Montgomery made a motion to accept the Revised Compensation Committee Charter dated November 2021. M. Galligan seconded the motion. With no further discussion forthcoming, and no objections, the motion was passed unanimously.

The next item on the agenda was the minutes of the September 2021 meeting. After the Board members were given an opportunity to review the minutes, Mr. Ligi moved that the September 2021 minutes be approved. Mr. Montgomery seconded the motion. With no further discussion on the motion or the minutes, and no opposition, the minutes were approved unanimously.

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

## CEO Report

A) Company Officer Appointments. The first item in the CEO report was the appointment of company officers for 2022. Mr. Newberry presented the following slate of officers:

Richard Newberry- CEO

Ricky Lindsey- CIO

Paige Harper-CAO, General Counsel, Corporate Secretary

Joseph Sciortino- Vice President, Account and Finance

Steven Werner moved to approve the above slate of officers for 2022. Eugene Montgomery seconded. With no discussion forthcoming and no opposition, the motion was approved unanimously.

B) 2022 Board Meeting Schedule. Next Mr. Newberry presented for approval the schedule of regular Board meeting for 2022 (second Thursday of every odd month). Mr. Berger moved to approve the schedule and Mr. Ligi seconded. With no opposition, the schedule was adopted.

C) Storm Update. Mr. Newberry distributed a supplemental board book with a storm update, along with additional information related to the Commercial Rate filing and a Commercial and Personal Lines

Underwriting Rate increase. Mr. Newberry reported to the Board that as of the date of the Board meeting, LCPIC had received 13,006 Hurricane Ida claims. Ninety-nine percent of those had been contacted, ninety-seven percent had been inspected and seventy-four percent had been closed. The average loss payment is \$23,383 and the total amount of indemnity paid is north of \$202 million.

- D) Commercial and Personal Lines Underwriting Limits Increase. After giving the Board a thorough update on Hurricane Ida, as well as Laura and Delta from 2020, Mr. Newberry moved to the next item on the agenda, an increase in the underwriting limits for Commercial and Personal Lines. Currently, the commercial limits were set at \$5.5 million per building and \$2.2 for contents, with an \$11 million aggregate per policy. The recommendation is to move to a limit of \$10 million per building and \$3.2 for contents with a \$20 million aggregate per policy. LCPIC can go to the reinsurance market to receive facultative treaty to cover the amounts over the \$5.5 million limit we currently have in place. After an in-depth discussion between Board members and LCPIC management, as well as a couple of iterations of a motion, Mr. Starr moved to increase commercial underwriting limits to \$10 million per individual building, \$3.2 million for contents, and a policy aggregate of \$20 million, subject to an attempt to procure facultative reinsurance on an individual basis for the portion of coverage over \$5.5 million on any individual building being covered. The increase in limits is subject to a 2 year sunset provision. The motion was seconded by Eugene Montgomery. With no further discussion forthcoming and no objections, the motion was passed unanimously. At this point, Mr. Montgomery moved to affirm an increase in personal lines coverage A limits from \$750,000 to \$1 million, which had been originally brought to the Board on July 12<sup>th</sup>, 2018. Mr. Van Dreumel seconded the motion. With no further discussion forthcoming and no objections, the motion was approved unanimously.
- E) Commercial Rate update. Next Mr. Newberry reported that the commercial rate filing approved by the Board and filed with the LDI had been approved by the LDI. It will be implemented by LCPIC with the approved 02/01/2022 effective date.
- F) 2022 Budget. Finally, Mr. Newberry introduced the proposed budget for 2022. He began with a look at the 2021 budget and how LCPIC has fared. He noted a net loss of \$22.2 million due to storm activity. It was noted that had the storms not occurred, LCPIC would have made approximately \$10 million in 2021. Upon completing a detailed review of the 2021 budget, Mr. Newberry turned to the proposed 2022 budget. Due to the storm activity, LCPIC has budgeted an increase in policy count of up to 5000 policies and an increase in the cost of reinsurance. After explaining the 2022 proposed budget, Mr. Newberry fielded questions from the Board. Following an in depth discussion, Eugene Montgomery moved to approve the proposed 2022 budget as presented to the Board. Bill Starr seconded the motion. With no further discussion forthcoming, and no opposition, the 2022 budget was approved unanimously.
- G) Third Quarter 2021 Financials. The last item on the agenda requiring a vote was the third quarter financials for 2021, which were presented by Mr. Joe Sciortino. After a quick review of the high points, Mr. Sciortino noted that the Audit Committee members were sent the financials for review and questions. Mr. Van Dreumel recommended approval of the third quarter financials and their filing with the LDI, and so moved. Mr. Montgomery seconded the motion. Hearing no opposition, Chair Lorusso declared the motion approved unanimously.
- H) Management Report. With all voteable items out of the way, the Board moved on to the Management Report. Mr. Sciortino noted that in force policies were at 38,829 as of the end of September 2021. This is in comparison to 35,717 policies at the end of September, 2020. Total TIV this September was \$7.7 billion, compared to \$6.9 billion in September 2020.

1) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in September and October 2021 62 complaints were received. These are hurricane related complaints. After responding to questions related to the complaints and what they are based on, the CEO report was concluded.

With the conclusion of the CEO report, Chair Lorusso 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, Chair Lorusso stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Mr. Montgomery so moved. Mr. Ligi seconded the motion. Chair Lorusso called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIIC staff and the Board were asked to leave the room.

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

At the conclusion of the Executive Session, Chairman Lorusso asked for a motion to exit Executive Session and re-enter the public forum. Mr. Montgomery so moved. Mr. Starr seconded the motion. A roll call vote was taken. The motion passed unanimously. Chair Lorusso 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 Chairman Lorusso asked for a motion to adjourn. Sen Fesi so moved; Shannon Johnson seconded. There being no opposition, the meeting was adjourned at 3:10 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 November 10, 2021 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on January 13, 2022.

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Paige M. Harper, Secretary