

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  
JANUARY 13, 2021 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, January 13, 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, Chairman  
Jeff Albright  
Eric Berger  
Brian Chambley  
Bill Chauvin  
Tony Ligi  
Eugene Montgomery  
Kevin Reinke  
Sen. Talbot  
Brian Van Dreumel  
Steve Werner

Absent were: Gene Galligan  
Shannon Johnson  
William (Bill) Starr

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

## Chairman's Report

Chairman Lorusso called the meeting to order at 1:06 p.m., asking Ms. Harper to call roll. There being a quorum present, he began by wishing everyone a Happy New Year. Chair Lorusso then moved on to the second agenda item, the minutes of the prior meeting in November 2021. After a review of the minutes, Mr. Van Dreumel moved to approve them as proposed. Sen. Talbot seconded the motion. With no further discussion on the motion forthcoming, a vote was taken and the motion passed unanimously.

The next item on the agenda was the CEO Report.

### CEO Report

A) Overview. Mr. Newberry began his report by updating the Board on reinsurance market going into the 2022-2023 treaty year. After giving the Board an overview of the current reinsurance market and explaining that the market is hardening, Mr. Newberry reminded the Board that LCPIC budgeted \$38 million for reinsurance for 2022. He noted that he believes that LCPIC will be able to get to 1-in-300 coverage with the budgeted amount. After an in-depth discussion and answering questions, Mr. Newberry moved on to an update on the 2021 storm season.

Mr. Newberry informed the Board that, to date, LCPIC had received 13,843 Ida claims. It is anticipated that LCPIC will ultimately receive around 14,600 claims in total from Hurricane Ida. The ultimate loss to LCPIC is expected to be approximately \$461 million. To date, the company had already paid out over \$300 million. After answering questions from the Board, the meeting moved to the next item on the agenda, the Homeowner's Renovation Policy Proposal.

In working with agents, LCPIC learned of a gap in coverage that has existed, particularly following the 2020 storm season. LCPIC has a Builder's Risk policy that offers property coverage for owners whose property has been damaged while the damage is being repaired. However, that policy does not include liability coverage, which many homeowners with homeowner policies need to continue when their home has been slightly damaged. In response to the stated need, LCPIC built a policy form. It is a basic form with ACV coverage and offers liability coverage. It is an annual policy, available for one year only, with a possibility for only one additional year. Following a discussion of the proposed policy form, Mr. Chambley moved to approve the homeowner's renovation policy as presented by Mr. Newberry. Mr. Albright seconded the motion. With no further discussion forthcoming and no objections, the motion was approved unanimously.

B) Personal Lines Rate Filing Proposal. The next topic on the agenda was the proposed personal lines rate filing. Mr. Newberry began with a review of the process used in calculating proposed rates. He explained that there are three main steps, 1) an actuarial rate making review; 2) the market study; 3) comparing the actuarial study rates to the market study rates and taking the higher of the two, then adding an additional ten (10) percent to those rates. After completing the review, Mr. Newberry reported that the proposed personal lines rates represent a 5.1% rate increase in the FAIR Plan, a 2.2 % rate increase in the Coastal Plan, both of which come to a 4.8 % rate increase overall, with a proposed effective date of 6/1/2022. After an in depth discussion of the rating process, Chair Lorusso asked if anyone would like to move to approve the proposed rates and methods and formulas for filing. Mr. Van Dreumel moved to submit the proposed rates to the LDOI for approval and to approve the formulas and calculations that went into the

making the rates, and to allow LCPIIC to implement the rate filing as approved by the LDOI as long as there is not a material change of more than plus or minus .5%. Mr. Reinke seconded the motion. With no further discussion on the motion forthcoming, Chair Lorusso called for a vote. The motion passed unanimously.

C) Financials and Management Report. Next up, Mr. Sciortino presented the November 2021 financials. As of November, LCPIIC has ending operating cash of \$54 million, another \$6.9 million in invested cash/cash equivalents for a total of \$61 million in operating cash. The company's cash and investments was at \$132.5 million at the end of November. On the income statement through November shows a net loss of \$27.5 million, with storm related activity being the primary driver of that number.

From the corporate overview in the Management report, LCPIIC had a net inforce policy count of 39,781 at the end of November, up from 35,849 the year prior. Likewise, TIV was \$8.1 billion, up from \$6.9 billion at the end of November 2020.

E) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in November and December 2021, 50 complaints were received. All of them are Ida related. After answering questions regarding the complaints, Chair Lorusso moved forward with the agenda.

With the CEO report concluded, Chairman Lorusso moved on to the Executive Session. He asked if anyone from the public first wished to address the Board. With no speakers from the public, Chairman Lorusso stated that he would entertain a motion to go into Executive Session to discuss potential and pending litigation. Sen Talbotso moved. Mr. Montgomery seconded the motion. The Chairman 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. Sen. Talbot so moved. Mr. Montgomery seconded the motion. A roll call vote was taken. The motion passed unanimously. Chairman 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 the conclusion of the agenda, and no further business to discuss, Chairman Lorusso asked for a motion to adjourn. Mr. Albright so moved; Mr. Ligi seconded. There being no opposition, the meeting was adjourned at 1:51 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 January 13, 2022 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on March 10, 2022.

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Paige M. Harper, Secretary