

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
MARCH 10, 2022 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, March 10, 2022. 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
Eric Berger
Brian Chambley
Bill Chauvin
Tony Ligi
Gene Galligan
Rep. Huval (late arrival)
Shannon Johnson
Eugene Montgomery
Kevin Reinke
William (Bill) Starr (late arrival)
Sen. Talbot
Brian Van Dreumel
Steve Werner

Absent were: Jeff Albright

Also present: Commissioner Donelon
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 welcoming Rep. Mike Huval to the Board, representing the House Insurance Committee. Chair Lorusso then moved on to the second agenda item, the minutes of the prior meeting on January 13, 2022. After a review of the minutes, Mr. Van Dreumel moved to approve them as proposed. Mr. Galligan and Mr. Berger offered seconds to 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 for the 2022-2023 treaty year. He started by explaining that since October 2021, following Hurricane Ida, LCPIC has experienced a spike in policies and the corresponding TIV (total insured value). As of January 2022, LCPIC's policy count and TIV were up to approximately 45,500 and \$10 billion, respectively. Based on trending and information at the time of the Board meeting, it is expected that LCPIC will reach around 652,000 policies and a TIV of 16.4 billion by 09/30/2022. This increase has an impact on LCPIC's efforts to obtain reinsurance. Instead of the \$38 million originally budgeted, it looks like the amount will be closer to \$100 million. LCPIC wants to stay in the one in 200 or 250 year range for reinsurance in order to be prepared to cover storms similar to Ida or Katrina. With this change in LCPIC's policy and TIV landscape in mind, along with the current state of the market, Mr. Newberry asked the Board for leeway from the amount originally budgeted when negotiating the reinsurance program. After a great deal of discussion, Mr. Van Dreumel moved to give Mr. Newberry, as CEO of LCPIC, the authority to negotiate the best deal possible for Louisiana Citizens in a very difficult reinsurance market. Mr. Montgomery seconded the motion. Upon discussion of the motion, Mr. Chauvin presented a substitute motion to the Board. Mr. Chauvin moved to include in the motion given by Mr. Van Dreumel, the parameters of negotiating the best deal possible for LCPIC with the goal of staying in the one in 200 or 250 range and with premium in the \$100 million range. Mr. Reinke seconded Mr. Chauvin's motion and Mr. Van Dreumel withdrew his original motion. With no further discussion forthcoming, a vote was taken and substitute motion was approved unanimously.

Next, Mr. Newberry updated the Board on the personal lines rate filing previously approved for filing. He informed the Board that the filing had been approved by the LDI and would be implemented as per the previous approval.

B) Financials and Management Report. Next up, Mr. Sciortino presented the Year End 2021 financials. LCPIC ended 2021 with operating cash of \$128.6 million and another \$11.5 million of cash equivalents, for a total operating cash of \$140.1 million. Additionally, LCPIC ended the year with state municipal bond investments of \$66.5 million for a total cash and investments of \$206.6 million at the end of 2021. On the income statement, LCPIC showed a net loss for the year of \$28.3 million. This loss was driven by storm activity. The company ended the year with a surplus of \$134.6 million, leaving LCPIC in a strong position overall despite two years in a row of storms. One number to point out is LCPIC's operating expenses. The company was over budget for 2021 by \$10.6 million due to the expense of third party adjusters needed to

handle storm adjusting. With no questions from the Board about the year end 2021 financials, Mr. Sciortino moved to the 2021 Yellow Book. He noted that these are compiled of the same numbers he went over for the year end financials. They are simply presented in the required statutory format and filed with the Department of Insurance. These financials were reviewed by our auditors and members of the Audit Committee. With their blessing the 2021 Yellow Book was filed with the Department of Insurance by the March 1 deadline. Mr. Berger then moved to approve the LCPIIC financials for 2021 and to approve the filing of those financials with the Department of Insurance. Mr. Chauvin seconded the motion. With no questions or discussion forthcoming and no opposition, the motion was approved unanimously.

C) 2021 Audit Update. Mr. Sciortino next updated the Board on the 2021 Audit. The auditors, Duplantier, Hrapmann, Hogan and Maher, began the audit in January. They perform field work through the middle of February. The 2021 Audit has been running very smoothly and no issues have arisen to date. The final audit report will be due June 1.

D) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in January and February 2022, 29 complaints were received. 28 were claim related and one was policy related. There being no 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. Mr. Montgomery so moved. Mr. Ligi 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. Mr. Ligi so moved. Mr. Starr 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 gave Rep. Huval and opportunity to further introduce himself to the Board and say a few words. Rep. Huval noted that he is looking forward to working with the Board. Mr. Ligi then congratulated Commissioner Donelon for his induction into the Louisiana Political Hall of Fame. On that note, Mr. Lorusso asked for a motion to adjourn. Mr. Montgomery so moved; Mr. Chambley seconded. There being no opposition, the meeting was adjourned at 2:19 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 March 10, 2022 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on May 12, 2022.

Paige M. Harper, Secretary