

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
MAY 12, 2022 MINUTES

Ladies and Gentlemen:

A meeting of the Governing Board for the Louisiana Citizens Property Insurance Corporation was held on Thursday, May 12, 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
Jeff Albright
Brian Chambley
Bill Chauvin
Tony Ligi
Gene Galligan
Rep. Huval (late arrival)
Shannon Johnson
Eugene Montgomery
Brian Van Dreumel

Absent were: Eric Berger
Kevin Reinke
William (Bill) Starr
Sen. Talbot
Steve Werner

Also present: Commissioner Donelon
Paige Harper
Joe Sciortino
Derek Haney
Ricky Lindsey
Stephanie Jackson

Chairman's Report

Chairman Lorusso called the meeting to order at 1:10 p.m., asking Ms. Harper to call roll. There being a quorum present, he began by reminding the Board Members that the Ethics Board Financial Disclosures were due the next day. Chair Lorusso then moved on to the second agenda item, the minutes of the prior meeting on March 10, 2022. Upon realizing that due to a printing error the minutes had not been printed in the Board book in their entirety, Chairman Lorusso informed the Board that the March minutes would be tabled until the July meeting and reviewed at that time.

The next item on the agenda was the CEO Report.

CEO Report

Chairman Lorusso reported that the CEO, Richard Newberry, was unable to attend the meeting, but that his staff would be standing in for him. He asked Mr. Joe Sciortino to start off the CEO report.

A) Overview. Mr. Sciortino began with an update on the reinsurance for 2022-2023. He noted that although the reinsurance purchasing process was not yet complete, LCPIC was still targeting 1.2 billion in total coverage at a 263 year event. Everything is on track but the process is taking longer due to market conditions this year. Many reinsurers do not have the same appetite for capacity as they have had in previous years. Despite that, LCPIC is optimistic that its reinsurance tower will be filled. Additionally, the new CAT Bond was announced the day of the Board meeting and in the market for investors to review. Mr. Sciortino reported that the plan is to have the CAT Bond complete by June 8-10. Mr. Sciortino also reported that despite LCPIC's optimism, plans have been made for options in the event that the reinsurance tower is not filled completely. The main option is to purchase coverage with parametric limits. Parametric limits are based on the insurer's model portfolio and payout when certain, predetermined parameters are met. After a lengthy, in depth discussion of the reinsurance issue, with questions being asked and answers provided, Mr. Sciortino completed the update on reinsurance and Mr. Haney began a presentation on the 2021 Actuarial Opinion and Report. He reported that the report was completed by the deadline and in compliance with NAIC guidelines. LCPIC reserves were determined to be reasonable. The reports are available upon request. After completing his report on the Actuarial Opinion, Mr. Haney addressed the 2022 Round of Depopulation. He began by referring to the Louisiana statute regarding LCPIC depopulation program and efforts. Mr. Haney pointed out there is flexibility in the statute that allows LCPIC to offer a portion of the book based on an analysis of the geographic and risk characteristics in order to reduce the exposure of the company. Over the last four years there was minimal activity in the depopulation program largely due to the fact that LCPIC had been shrinking and the book of business getting much smaller. This year, because LCPIC is seeing a lot of growth, the proposed plan is, beginning June 1, to allow companies interested in participating in depopulation to look at LCPIC's entire book of business. The companies would have until August 1 to give LCPIC a list of the policies they want to assume. Next, LCPIC would take the policies requested by the companies and analyze them according to their geographic and risk characteristics to select which ones LCPIC wants to offer. At the September Board meeting the companies would be presented to the Board for a vote, as well as the numbers proposed to be depopulated after LCPIC analysis of the policies. The portal would be opened on September 15 for agents to review the policies up for depopulation to make their authorization decision. Authorized policies would be assumed on December 1 and policyholders would have from December 1, 2022 to February 28, 2023 to opt out of being depopulated. LCPIC will continue

to renew assumed policies renewing prior to March 1, 2023. Following some discussion of the proposal, Mr. Van Dreumel moved to approve the recommendations of the LCPIC staff to accept the proposed requirements, dates and timelines as presented during the May 12, 2022 Board meeting for depopulation round 16. This includes authorization to allow depopulation companies to review LCPIC's full book of business for selection for removal to the voluntary market. Mr. Albright seconded the motion. With no further discussion on the motion forthcoming and no objection, the motion was approved unanimously. Next up was Ms. Stephanie Jackson to present a proposal to contract with several additional vendors for catastrophe claim services. In 2021 LCPIC went through an RFP process to choose catastrophe vendors. The original plan was to rely on those vendors alone for the 2022 storm season; however, the rise in policies led LCPIC staff to determine that additional resources are needed. The timing of the rise in policies left no time for an RFP. But the vendors selected are ones LCPIC have worked with in the past and/or went through the RFP process previously. The proposed contracts would be identical in form to the contracts currently being used with LCPIC catastrophe vendors. The vendors in question are Eberl, Shafer, Wood and Associates (SWA) and One Call Claim Services. The additional contracts would give LCPIC an extra 300 desk and field adjusters at our disposal. That would put LCPIC at over 1,100 desk and field adjusters for the 2022 storm season. Mr. Albright complimented LCPIC on their efforts and moved to approve the vendors and the contracts for claims administration in the event of a catastrophe. Mr. Montgomery seconded the motion. With no further discussion forthcoming and no objections, the motion was approved unanimously.

B) Financials and Management Report. Next up, Mr. Sciortino presented the March 2022 and First Quarter 2022 financials. Operating cash, as of March, was \$39.3 million. Invested cash was at \$50 million, for a total operating cash position of \$89.4 million. Additionally, LCPIC has investment of \$79.5 million for a total of cash and investments of \$168.9 million. On the income statement, LCPIC is at \$2.5 million of net income year to date through March. Loss ALE incurred is at \$6.5 million. \$55 million was the surplus amount in March. There have been no significant changes in the balance sheet. With regard to operating expenses LCPIC is \$3.3 million over budget due to external management fees related to the storms of the past two years. The policy count in March was 48,972, up thirteen thousand from the previous year. After the review of the financials, Mr. Chambley moved to approve the 1st Quarter 2022 LCPIC financial and to file them with the Louisiana Department of Insurance. Mr. Galligan seconded the motion. There being no further discussion on the motion forthcoming and no objections, 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. A draft of the audit report has been received. Everything looked good with the report and the final audit report will be filed before the June 1 deadline.

D) Complaints. The final item on the CEO report was complaints. Ms. Harper reported that in March and April 2022, 16 complaints were received. All of them were claim 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. Chauvin so moved. Mr. Van Dreumel seconded the motion. The Chairman called for a roll call vote. The motion passed unanimously and the Board entered into Executive Session. Everyone except LCPIC 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. Chauvin so moved. Mr. Van Dreumel 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 accepted a motion from Mr. Ligi to adjourn. Rep. Huval seconded. There being no opposition, the meeting was adjourned at 2:20 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 May 12, 2022 minutes that were adopted by the Board of Directors of Louisiana Citizens Property Insurance Corporation on July 14, 2022.

Paige M. Harper, Secretary