

LOUISIANA INSURANCE RATING COMMISSION
POST OFFICE BOX 94157, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804-9157

MINUTES

MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE LOUISIANA INSURANCE RATING COMMISSION BEGINNING AT 10AM ON WEDNESDAY DECEMBER 21, 2005 IN THE HEARING ROOM, POYDRAS BUILDING, 1702 NORTH THIRD STREET, BATON ROUGE, LOUISIANA.

THE FOLLOWING MEMBERS WERE PRESENT FOR THE MEETING AT 10 AM ON WEDNESDAY, DECEMBER 21, 2005:

Dr. Christine Berry, Barry Busada, Jabari Ragas, Steven Ruiz.

Deputy Commissioner, Chad Brown represented the Commissioner, Robert Wooley.

Also present were Clarissa Preston, Deputy Commissioner/Office of Property & Casualty; Barita Morgan, and Staff Members of the Office of Insurance Rating; Richard Piazza, Actuary for the Louisiana Insurance Rating Commission; and other department staff members and representatives of certain groups.

Reading of the Minutes of the previous Meeting were dispensed with and accepted upon the motion of Dr. Berry, which received no objection.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - December 21, 2005 - 22165

FARMERS INSURANCE EXCHANGE
17 - OTHER LIABILITY
REVISED RATE AND RULE
PERSONAL UMBRELLA PROGRAM

(+30.2%)

COMPANY REFERENCE: LA-UMB-2005-101

REQUESTED EFFECTIVE DATES - NEW: 1/1/2006

RENEWAL: 3/1/2006

The referenced company received approval for its initial rates and rules for the above captioned program in June 2003 under Item # 75 to be effective July1, 2003.

With this filing, the company is proposing changes to their base rates and rules as follows:

- Increasing the increased limits factors for limits above \$1 million.
- Revising the point surcharge to 0.40 per point starting from the first point.
- Revising the accident and citation surcharge plan for maximum allowable points per policy.
- Increasing the charge for rental units from \$15 to \$20 for each unit.
- Adjusting base rates, including those for additional vehicles, youthful drivers, watercraft and recreational vehicles.
- Introducing a 50% surcharge for unsupported business.

These changes will result in an overall rate increase of +30.2% or +\$55,000 (738 policyholders).

A copy of the entire filing with actuarial support has been forwarded to the Actuary.

FINAL ACTION: Disapproved.

ADDITIONAL MINUTES: Mr. Ruiz disapproved this filing because it was not actuarially justified.

FINAL EFFECTIVE DATES - NEW: 1/1/2006

RENEWAL: 3/1/2006

2 - December 21, 2005 - 22245

INSURANCE SERVICES OFFICE, INC.

19 - PRIVATE PASSENGER AUTOMOBILE

LOSS COST FILING

REVISION OF ISO AUTO ADVISORY PROSPECTIVE LOSS COST FILING DESIGNATION NUMBER PP 2005-

BRLA1 LOUISIANA

(-2.2%)

COMPANY REFERENCE: PP 2005-BRLA1

The last ISO Private Passenger Automobile Loss Costs (PP-2003-BRLA1) was approved in February 2003 (Item #45), which resulted in an overall decrease in loss cost of -2.8%.

With this filing, the rating organization is proposing to revise its prospective loss costs for Private Passenger Automobile. The loss costs represent a -2.2% in loss costs. The advisory level changes are:

Single Limit Liability	+4.1%
Bodily Injury	+9.2%
Property Damage	-1.0%
Medical Payments	+8.9%
UM/BI	+18.8%

UM/PD	+3.8%
Comprehensive	-15.0%
Collision	-12.7%
Total	-2.2%

This filing is a companion filing to a revision of increased limits factors filing designation number PP 2005-IRLA1 filed in this agenda under Item Key # 22289.

FINAL ACTION: Approved.
ADDITIONAL MINUTES: Mr. Busada approved.

3 - December 21, 2005 - 22289

INSURANCE SERVICES OFFICE, INC.
19 - PRIVATE PASSENGER AUTOMOBILE
REVISED RULE ONLY
REVISION OF PERSONAL AUTO LIABILITY INCREASED LIMITS FACTOR FILING DESIGNATION NUMBER
PP 2005-IRLA1
(+2.2%)
COMPANY REFERENCE: PP 2005-IRLA1-LOUISIANA
REQUESTED EFFECTIVE DATES - NEW: 6/1/2006 RENEWAL: 6/1/2006

The last adjustment to this program was a revision of Personal Auto Liability Increased Limits Factors, which occurred in May 1999 (Item #5) key # 5447 and resulted in a decrease of -6.7% to be effective October 1, 1999.

With this filing, this rating organization is submitting a revision of the Personal Auto Liability Increased Limits Factors resulting in an overall increase of +2.2% as follows:

Coverage	Indicated	Proposed
Bodily Injury	+1.0%	+1.0%
Property Damage	+1.0%	+2.7%
Single Limit*	+9.0%	+9.0%
TOTAL	+1.6%	+2.2%

* The single limit increased limit factors are based on filed Bodily Injury and Property Damage increased limit factors.

This filing is a companion filing to loss cost revision filing designation number PP 2005-BRLA1 filed in this agenda under Item Key # 22245.

FINAL ACTION: Deferred.
ADDITIONAL MINUTES: Dr. Berry deferred filing pending completion of the actuarial review.
FINAL EFFECTIVE DATES - NEW: 6/1/2006 RENEWAL: 6/1/2006

4 - December 21, 2005 - 22407

NATIONAL GENERAL ASSURANCE COMPANY
 19 - PRIVATE PASSENGER AUTOMOBILE
 REVISED RATE AND RULE

(+18.5%) CAPPED AT (+16.6%)

COMPANY REFERENCE: NGAC093005

REQUESTED EFFECTIVE DATES - NEW: 1/1/2006

RENEWAL: 1/31/2006

Listed below is a history of actions taken in regard to this program:

Flex Band Key # 20392	+2.2%	Eff. 3/26/05	Meets Requirements
#49 8/03	+3.0%	Effective 9/2/03N 10/2/3R	Approved
#38 2/3	+7.5%	Effective 2/26/03	Approved
#19 4/01	-3.7%	Effective 5/3/01	Approved
#65 10/99	-7.0%	Effective 10/27/99	Approved
#61 3/98	Initial		Approved

The referenced company is submitting a revision to their rates which results in an overall increase of **+18.5%(UNCAPPED)** or **+\$1,536,202** (4,296 policyholders). **The company states they will cap the increase to an overall +16.6%(CAPPED) or +\$1,378,406.** The rate change per coverage is broken down as follows:

1.

Coverage	Uncapped	Capped
Bodily Injury	+67.5%	+61.4%
Property Damage	+8.9%	+5.0%
Medical Payments	+1.6%	-0.8%
UM	-2.3%	+4.5%
UIM	+34.2%	+27.0%
Full Timer BI	0.0%	0.0%
Comprehensive	-11.8%	-12.9%
Collision	-1.4%	-3.1%
Rental Reimbursement	+13.3%	+11.8%
Towing	+40.7%	+39.0%
Personal Effects	0.0%	0.0%
Total	+18.5	+16.6%

2. The company is also revising their rules manual concerning Mechanical Breakdown coverage as they do not have the capability to offer Roadside Assistance coverage as required by House Bill 700. This coverage will no longer be available for new business and will be phased out for existing renewal policies as they come up for their next renewal.

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 707,240	\$ 586,311	82.9%

2002		1,075,711		909,769	84.6%
2003		2,363,684		1,919,222	81.2%
2004		6,590,881		4,808,175	73.0%
2005		8,234,236		7,020,393	85.3%
All Years	\$	18,971,752	\$	15,243,870	80.4%

COUNTRYWIDE

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 35,556,862	\$ 29,763,835	86.1%
2002	55,162,349	41,627,465	75.5%
2003	88,397,770	58,422,690	66.1%
2004	140,712,724	90,843,801	64.6%
2005	168,514,090	119,977,723	71.2%
All Years	\$ 327,344,170	\$ 255,344,030	78.0%

Listed below is a summary of Louisiana direct experience:

Calendar Year	Earned Premium \$	Total Loss & LAE Incurred \$	Total Loss & LAE Incurred Ratio %	Total Underwriting Expense Incurred Ratio %
2005	6,232,536	6,091,797	97.7	40.5
2004	7,392,060	5,479,521	74.1	38.8
2003	6,248,748	5,321,406	85.2	37.2
2002	4,980,380	4,065,117	81.6	34.9
2001	5,070,977	3,661,924	72.2	27.8
2000	5,043,418	5,362,312	106.3	33.1
1999	5,170,692	3,644,935	70.5	27.0
1998	5,811,616	5,727,970	98.6	26.7
All Years	45,950,426	39,354,982	85.6	33.7

Calendar Year	Other Income Less Other Expenses Ratio %	Underwriting Gain or Loss %	Investment Gain on Funds Ratio %	Overall Gain or Loss %
2005	0.6	-37.6	0.3	-37.3
2004	0.3	-12.5	0.2	-12.3
2003	0.5	-21.9	0.2	-21.7
2002	0.1	-16.5	0.4	-16.1
2001	-0.1	-0.1	0.6	0.6

2000	-0.5	-40.0	0.2	-39.7
1999	-0.7	1.8	0.6	2.4
1998	0.8	-24.5	0.5	-24.1
All Years	0.2	-19.2	0.4	-18.8

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dr. Berry approved. Company representatives Scott Murphy and Jeff House were present.

FINAL EFFECTIVE DATES - NEW: 1/1/2006 RENEWAL: 1/31/2006

5 - December 21, 2005 - 22408

AMICA MUTUAL INSURANCE COMPANY

17 - OTHER LIABILITY

REVISED RULE ONLY

PERSONAL UMBRELLA LIABILITY INSURANCE PROGRAM

REVISION TO ADOPT THE FUNGI, WET OR DRY ROT OR BACTERIA EXCLUSION FROM ISO FILING

DESIGNATION NUMEBR DL-2005-RUP1 AND INTRODUCTION OF ADDITIONAL RULE REVISIONS TO BE

USED WITH SEVERAL OPTIONAL CORRESPONDING ENDORSEMENTS

COMPANY REFERENCE: LA-H-05-2-RR

REQUESTED EFFECTIVE DATES - NEW: 4/1/2006 RENEWAL: 4/1/2006

The referenced company is submitting this filing to adopt ISO'S Fungi, Wet or Dry Rot or Bacteria exclusion from their rule filing designation number DL-2005-RUP1, which was approved in the August 2005 LIRC meeting under Key # 21779 (Item #5).

The company is also revising their manual pages to include the following ISO rules which correspond to previously filed endorsements:

- A. **Auto Liability Exclusion Endorsement Form DL 98 11-** this endorsement excludes all auto liability coverage for an insured that has neither owned nor non-owned auto exposures. There is no premium charge when endorsement is used.
- B. **Auto Liability Following Form Endorsement Form DL 98 12-** this endorsement limits auto coverage to the same extent coverage is provided in underlying insurance.
- C. **Exclusion- Designated Auto Endorsement Form DL 98 13-** this endorsement excludes one or more designated autos. There is no premium charge when this endorsement is used.
- D. **Exclusion- Designated Recreational Motor Vehicle Endorsement Form DL 98 14-** this endorsement excludes one or more designated recreational motor vehicles. There is no premium charge when this endorsement is used.
- E. **Exclusion- Designated Watercraft Endorsement Form DL 98 15-** this endorsement excludes one or more designated watercraft. There is no premium charge when this endorsement is used.
- F. **Exclusion- All Hazards in Connection with Designated Premises Endorsement Form DL 98 16-** this endorsement excludes one or more designated premises. There is no premium charge when this endorsement is used.

The company states these rule revisions have no rate impact on existing policyholders.

The requested rules require approval of companion forms under form filing number 2055415.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dr. Berry approved.

FINAL EFFECTIVE DATES - NEW: 4/1/2006

RENEWAL: 4/1/2006

6 - December 21, 2005 - 22316

AMERICAN SOUTHERN HOME INSURANCE COMPANY

19 - PRIVATE PASSENGER AUTOMOBILE

INITIAL RATE AND RULE

INTRODUCTION OF RIDERS CHOICE PROGRAM FOR MOTORCYCLES, OFF-ROAD VEHICLES, MOPEDS AND SCOOTERS INCLUDING A MILITARY PERSONEL DISCOUNT RULE PER REGULATION 81/HOUSE BILL 797

COMPANY REFERENCE: 20051103-02

REQUESTED EFFECTIVE DATES - NEW: 3/1/2006

The referenced company is submitting its initial rates and rules to be used with the above captioned program.

This program provides coverage for liability, physical damage and other miscellaneous coverages for motorcycles, off-road vehicles, mopeds and scooters and will be written for a term of twelve (12) months. The proposed rates were determined by using countrywide data to set age/marital status, size, class, age of unit, years of motorcycle experience and driving record surcharge factors. For the territory definitions, increased limits factors and deductible factors are the same as those of Progressive and a blended approach to the factors using both rates of Foremost Insurance Company and Progressive Security Insurance Company.

The highlights of the proposed program are as follows:

- **Broad Classification of Motorcycles-** Units are divided into classes and sub-classes according to the use of engine size varying rates among the ranges within specific class/sub-class.
- **Safety Apparel-** a stand-alone coverage that will be automatically provided to any policy that has collision coverage at no charge.
- **Insurance Scoring-** the company has formed an agreement with ChoicePoint to assist them with this scoring.
- **Riding Experience-** the company proposes a lower rate as a reward those insureds who have motorcycle riding experience, as well as those who have their motorcycle operator's license.
- **Discounts-** several discounts are being offered including
 - a. **Homeowner discount-** applies to insureds that own a home, including condominiums and mobile homes.
 - b. **Loss-free renewal discount-** a tiered approach to loss-free customers who continue to renew with the company.
 - c. **Transfer discount-** a tiered discount designed to offer relief to insureds who transfer from another carrier. A smaller discount is offered to insureds that have a lapse in coverage, up to 30 days. The greater discount will be applied to insureds that have had no lapse in coverage. This discount is applied to an applicant and then removed at first renewal.
 - d. **Driver training discount-** a reward to insureds who take the time to learn or refresh their motorcycle

driving skills and complete an approved motorcycle driver education course.

e. **Multiple unit discount**- a discount offered to customers who insure more than one unit under one policy with the company.

F. **Military personnel discount**- this discount applies to bodily injury, property damage, passenger liability, medical payments, and UM/UIM. There are specific guidelines for eligibility for this discount outlined in the filing. The discount does not apply to off-road vehicles or golf carts and does not apply toward the maximum discount of 30%. The discount of 12.5% is in compliance with Regulation 81.

Several surcharges applicable are:

1. A **point system** with tiered surcharge percentages will be used depending on the type of violation. This will allow for educated underwriting as well as balanced surcharges applied to all customers and is similar to competitor's methods.
2. **Unverifiable MVR surcharge**- applies to any rated operator whose motor vehicle record is not verifiable.
3. **Ineligible unit surcharge**- applies to a bound unit that does not fit within their existing guidelines as an eligible unit.
4. **Trike surcharge**- applies to any unit that has been converted from a two-wheeled motorcycle to a trike, or was originally manufactured as a trike.

The requested rates and rules require approval of companion forms under form filing reference number 2055195.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved this filing contingent upon approval of its companion forms.

FINAL EFFECTIVE DATES - NEW: 3/1/2006

7 - December 21, 2005 - 22510

IMPERIAL FIRE AND CASUALTY INSURANCE COMPANY

19 - PRIVATE PASSENGER AUTOMOBILE

INITIAL RATE AND RULE

INTRODUCTION OF THE IMPERIAL SUMMIT PROGRAM

COMPANY REFERENCE: IFAC020106R

REQUESTED EFFECTIVE DATES - NEW: 2/1/2006

RENEWAL: 2/1/2006

The referenced company is submitting its initial rates and rules to be used with the above captioned [program].

The Imperial Summit program will offer additional coverages and discounts not provided in their current six month and monthly programs.

Coverages that will be offered through this program include Bodily Injury, Property Damage, UM, UIM, UMPD, Other than Collision, Collision, Custom Parts or Equipment, Rental Reimbursement, Towing and Labor, Loan/Lease Payoff and Trailer coverages. The rates are based on competitor information from Progressive Security Insurance Company, ISO vehicle symbol information and Trans/Union Insurance Risk Score- Auto.

This program will be marketed through independent agents and will utilize a tiered rating approach. Three elements will determine the policyholder's tier:

1. Prior insurance
2. Prior liability limits
3. Credit score

Insureds are placed in a nine tier grouping which is determined by specific criteria such as proof of prior coverage for the named insured, the number of days of lapse of coverage and the prior bodily injury limit. The company states it will perform periodic reviews of the underwriting tier and credit tier, independently of each to determine tier placement.

Policy discounts offered through this program are:

1. Multi-car discount- more than one vehicle on the policy.
2. Homeowner discount- if the insured or resident spouse owns a home or condominium as determined in accordance with residence definitions.
3. Paid-in-full discount-if the insured chooses the 1-pay bill plan at the point of sale.
4. Advance Quote discount- to policies written as new business if the company quote is initiated by the customer more than 7 days before the policy effective date and the policy has prior insurance with no lapse in coverage. This discount will continue at renewal.
5. 3-Year accident and violation free discount applies if the following conditions are met:
 - A. None of the eligible to be rated drivers has any occurrences in the past 35 months that have several codes outlined in the filing.
 - B. All eligible to be rated drivers are at least 16 years old.
 - C. The policy has prior insurance without lapse or with a lapse of 30 days or less.
6. Customer EFT discount- if the insured selects the EFT payment plan at inception or at any subsequent renewal.
7. Active Military discount- in compliance with Regulation 81 at 12.5%/ 25%.

Fees that may apply include:

1. NSF fee- any payment that is returned for non-sufficient funds is \$25.
2. Late fee- a late fee of \$6 will be charged for any installment payment that is postmarked or transacted by phone or internet after the bill due date or if a payment is returned NSF and not replaced on or before the bill due date.
3. Reinstatement fee- \$6 will be charged for any policy requiring reinstatement with a lapse in coverage.

***The company states that its current policyholders in the existing six month and monthly programs will not be affected by the introduction of this new program.**

The requested rates and rules require approval of companion forms.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved this filing contingent upon the approval of its companion forms.

FINAL EFFECTIVE DATES - NEW: 2/1/2006

RENEWAL: 2/1/2006

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, December 21, 2005

1a - December 21, 2005 - 22518

AMERICAN MODERN HOME INSURANCE COMPANY
1 - PROPERTY
INITIAL RATE AND RULE
DWELLING FIRE
INTRODUCTION OF DWG-1, DWG-3 AND VACANT DWELLING PROGRAMS
COMPANY REFERENCE: 20051130-04
REQUESTED EFFECTIVE DATES - NEW: 3/1/2006

The above captioned company wishes to file initial rates and rules for its DWG-1 and DWG-3 Dwelling Fire Programs.

These programs are designed for individuals who do not qualify for, or do not need, coverage in the standard market due to the age, value, or occupancy of their home.

The company states it will utilize the same rate structure as the dwelling program currently approved for its sister company, American Southern Home Insurance Company.

The company will utilize an Insurance Score rate relativity.

Deductibles

DWG-1 and DWG-3 Programs (Owner Occupied, Rental Occupied and Seasonal Occupied)

The rates and/or premiums shown herein for all coverages on the dwelling are subject to a \$500 all peril deductible. There is a 2% wind and hail deductible with a minimum of \$1,000. The deductible is applicable per home, per loss occurrence.

Vacant Dwelling Program

The rates and/or premiums shown herein for all coverages on the dwelling are subject to a \$500 all peril deductible. There is a 2% wind and hail deductible with a minimum of \$1,000. The deductible is applicable per home, per loss occurrence.

Listed below is the Countrywide experience:

COUNTRYWIDE
(as of 9/30/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001 (3Q)	\$ 5,955,683	\$ 3,342,457	56.1%

2002 (3Q)		9,727,038		7,459,437	76.7%
2003 (3Q)		22,695,787		19,091,408	84.1%
2004 (3Q)		36,064,416		20,289,609	56.3%
2005 (3Q)		39,878,926		21,703,053	54.4%
All Years	\$	114,321,850	\$	71,885,964	62.9%

The requested rate/rule requires approval of companion forms.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Busada approved this filing contingent upon approval of the companion form filing.

FINAL EFFECTIVE DATES - NEW: 3/1/2006