

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 OCTOBER 19, 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, OCTOBER 19, 2005:

Dr. Christine Berry, Barry Busada, Joe Godchaux Jr., Jabari Ragas, Steven Ruiz.

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

Also present were Paula Davis, Deputy Commissioner/Office of Property & Casualty; Barita Morgan, Clarissa Preston, Linda Gonzales, 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.

Mr. Ragas expanded the agenda and Mr. Ragas also motioned to approve adding on Item #5a.

Mr. Busada motioned to adjourn the meeting.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - October 19, 2005 - 21435

FIREMAN'S FUND INSURANCE COMPANY
AMERICAN INSURANCE COMPANY, THE
NATIONAL SURETY CORPORATION
ASSOCIATED INDEMNITY CORPORATION

AMERICAN AUTOMOBILE INSURANCE COMPANY
17 - OTHER LIABILITY
REVISED RATE AND RULE
PERSONAL CATASTROPHE COVERAGE POLICY PROGRAM
PRESTIGE EXCESS
(+5.2%)

COMPANY REFERENCE: NLAPU0105 PK
REQUESTED EFFECTIVE DATES - NEW: 10/19/2005 RENEWAL: 10/19/2005

The last adjustment to this program occurred in October 2002 and resulted in an overall rate increase of +45.3% to be effective 11/1/02.

The referenced companies are now submitting an upgrade and offer customers a new name, new look and new coverages. The companies propose to expand and modify their Personal Catastrophe cover excess policy as follows:

1. Rename the policy as Prestige Excess
2. Revise the current increased limits factors
3. Include \$25,000 private counsel coverage and \$25,000 crisis management coverage within the basic charge
4. Include contractual liability for physical damage to rental vehicles within the basic charge
5. Include several new exposures among the Additions and Reductions rating section of the policy
6. Revise the territorial basic charges

These policy changes include coverage enhancements, as well as modifications that continue to make this Excess policy among the top quality products available. The current and proposed rates are various and are included in the filing for the various coverage types.

These changes result in an overall rate increase of +5.2% or +\$63,528 (2,021 policyholders). A copy of the entire filing has been forwarded to the Actuary.

Since the filing contains some new exposures, the requested rates and rules require approval of companion forms.

FINAL ACTION: Deferred.

ADDITIONAL MINUTES: Mr. Busada deferred action pending completion of the actuarial review.

FINAL EFFECTIVE DATES - NEW: 10/19/2005 RENEWAL: 10/19/2005

2 - October 19, 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: 12/1/2005 RENEWAL: 2/1/2006

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: Deferred.

ADDITIONAL MINUTES: Mr. Busada deferred action pending completion of the actuarial review.

FINAL EFFECTIVE DATES - NEW: 12/1/2005 RENEWAL: 2/1/2006

3 - October 19, 2005 - 22127

NATIONAL UNION FIRE INSURANCE COMPANY OF LOUISIANA
AUDUBON INSURANCE COMPANY
AMERICAN INTERNATIONAL INSURANCE COMPANY
19 - PRIVATE PASSENGER AUTOMOBILE
REVISED RULE ONLY
REVISE CLASSIFICATION PLAN
(0%)
COMPANY REFERENCE: 08-17-815-491
REQUESTED EFFECTIVE DATES - NEW: 10/19/2005

The last adjustment to this program is the approval of their initial rates and rules which occurred in September 2005 (Items #8, #9, #10) effective September 26, 2005, but the filings as of yet have not been implemented.

The companies submit this filing to propose several revisions to their approved classification plan. The original class plan contained all adult classifications from age 30 and above. The revised class plan factors are derived using American International Companies' countrywide class plan. The new class plan proposes to adopt the countrywide factors for adults ages 30 to 60. For ages 60 and above the countrywide class factors were averaged.

One exception was made to this procedure. With regard to the collision coverage for married adults where the age 60-64 countrywide factors are actually higher than the 65 and over factors, only the age 65 and over class factors for the countrywide plan were averaged. Finally, the resulting class factors for the remaining vehicle use and mileage categories were derived using the present countrywide differentials.

A copy of the filing has been forwarded to the actuary.

FINAL ACTION: Approved.
ADDITIONAL MINUTES: Mr. Busada approved.
FINAL EFFECTIVE DATES - NEW: 10/19/2005

4 - October 19, 2005 - 22060

HARTFORD INSURANCE COMPANY OF THE MIDWEST
19 - PRIVATE PASSENGER AUTOMOBILE
REVISED RATE AND RULE
INTRODUCTION OF THE HARTFORD RECOVERCARE ADVANTAGE
(0%)
COMPANY REFERENCE: FN.15.599/RWG.2005.03
REQUESTED EFFECTIVE DATES - NEW: 11/15/2005 RENEWAL: 11/15/2005

The company is submitting this filing to revise its automobile program by introducing the Hartford RecoverCare Advantage program, which covers the cost of four major types of essential services: landscaping, housekeeping, cooking and transportation for the listed drivers on the policy.

The estimated cost of this mandatory coverage is \$3.11 per vehicles which will be added to their Medical Payment base rates. The company will reduce the medical payments increased limits factors, so that the policyholder receives the \$3 rate regardless of the medical payments limit selected.

This will result in an overall rate change of 0%. However, there will be a premium increase of +0.3% or +\$54,481 affecting 11, 538 policyholders.

The rate and rule filing received the approval of companion form filing #2053547.

A copy of the file has been forwarded to the actuary.

FINAL ACTION: Approved.
ADDITIONAL MINUTES: Dr. Berry approved.
FINAL EFFECTIVE DATES - NEW: 11/15/2005 RENEWAL: 11/15/2005

5 - October 19, 2005 - 22062

PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD
19 - PRIVATE PASSENGER AUTOMOBILE
REVISED RATE AND RULE
INTRODUCTION OF THE HARTFORD RECOVERCARE ADVANTAGE
(0%)
COMPANY REFERENCE: FN.15.599/RWG.04
REQUESTED EFFECTIVE DATES - NEW: 11/15/2005 RENEWAL: 11/15/2005

The company is submitting this filing to revise its automobile program by introducing the Hartford RecoverCare Advantage program, which covers the cost of four major types of essential services: landscaping, housekeeping, cooking and transportation for the listed drivers on the policy.

The estimated cost of this mandatory coverage is \$3.11 per vehicles which will be added to their Medical Payment base rates. The company will reduce the medical payments increased limits factors, so that the policyholder receives the \$3 rate regardless of the medical payments limit selected.

This will result in an overall rate change of 0%. However, there will be a premium increase of +0.2% or +\$13,130 affecting 2,395 policyholders.

The rate and rule filing received the approval of companion form filing #2053547.

A copy of the file has been forwarded to the actuary.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved.

FINAL EFFECTIVE DATES - NEW: 11/15/2005 RENEWAL: 11/15/2005

6 - October 19, 2005 - 22046

AMERICAN INTERNATIONAL INSURANCE COMPANY
19 - PRIVATE PASSENGER AUTOMOBILE
WITHDRAWAL OF RATES OR RULES
WITHDRAWAL OF RATES AND RULES APPROVED UNDER ITEM #97 JULY 1999-KEY # 4551
COMPANY REFERENCE: 05-17-815-442
REQUESTED EFFECTIVE DATES - NEW: 10/19/2005

The referenced company is submitting this filing for the purpose of withdrawal of revised rates and rules approved in July 1999 under Item # 97 (Key # 4551) as the filing was never implemented and a new filing has been submitted and approved under referenced number 21958 in the September 2005 LIRC meeting to be effective 9/26/05.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved.

FINAL EFFECTIVE DATES - NEW: 10/19/2005

7 - October 19, 2005 - 22116

SENTINEL INSURANCE COMPANY, LTD.
35 - INTERLINE FILING
INITIAL RATE AND RULE
PERSONAL OFF-ROAD RECREATIONAL VEHICLES AND PERSONAL WATERCRAFT PROGRAM
COMPANY REFERENCE: FN.20.999.2005.01
REQUESTED EFFECTIVE DATES - NEW: 5/2/2006

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

This program provides coverage for recreational vehicles and recreational vessels including off-road recreational vehicles, ATV's, golf carts, snowmobiles, pleasure boats and personal watercraft. This product offering acknowledges the growing market of recreational off-road vehicles and water "toys" to better serve the insurance needs of consumers.

Most of the rating variables and factors proposed are on a countrywide basis and are modeled based on a competitor's program including increased limits, deductible, operator classification, engine size and vehicle age factors.

The base rates are calculated to produce competitive premiums. The company states that as they gain experience with the vehicles, they will adjust the rates accordingly. The base rates vary by territory and are included in the filing per type of unit.

Numerous discounts are included in this filing for driver training, association membership, Hartford auto and homeowner account policies, homeownership, and persistency. Also being included are surcharges for inexperienced operators, auto accidents and auto violations. The company states that to leverage their existing infrastructure, they will be using their existing auto rules to determine the chargeable accidents and violations.

Coverages provided by the policies are bodily injury, property damage, medical payments, passenger hazard, water sport liability, comprehensive, collision and hull coverage. Based on specific underwriting criteria, a tier factor is assigned to each recreational vehicle or recreational vessel for each coverage type. A twelve tiered factor is provided based on specific criteria for placement of an insured.

Trailer coverage, additional customizing equipment coverage, on water towing coverage for watercraft, uninsured watercraft coverage and additional specified perils personal effects are miscellaneous coverages included.

The annual minimum premiums are as follows:

Coverage	Minimum Annual Premium
Recreational Vehicles	\$50.00
Recreational Vessels	\$100.00

The requested rates and rules require approval of companion forms.

FINAL ACTION: Approved.

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

FINAL EFFECTIVE DATES - NEW: 5/2/2006

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, October 19, 2005

1a - October 19, 2005 - 21868

AMICA MUTUAL INSURANCE COMPANY

4 - HOMEOWNERS

INITIAL RATE AND RULE

INTRODUCTION OF IDENTITY THEFT EXPENSE COVERAGE RATE AND

ADOPTION OF ISO FILING DESIGNATION NO.: HO-2005-RIF02 - LOUISIANA (LA05-11)

COMPANY REFERENCE: LA-H-05-4-RU

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

The last adjustment to this program occurred in June 2005 (item #1a), which resulted in an overall decrease of - 3.2% effective October 1, 2005.

With this filing, the company wishes to adopt ISO Filing Designation No.: HO-2005-RIF02 - Louisiana (LA05-11). These are additional rules for Identity Fraud Expense Coverage.

The company also wishes to introduce rates for this optional endorsement.

The rate is as follows:

Limit of Liability	Rate
\$15,000	\$35.00

This rate is similar to what other companies have filed for Identity Fraud Expense Coverage.

There is no rate impact associated with this filing.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved.

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

2a - October 19, 2005 - 22057

AMICA MUTUAL INSURANCE COMPANY

4 - HOMEOWNERS

REVISED RULE ONLY

ELIMINATION OF THE 1% HURRICANE DEDUCTIBLE OPTION AND

INTRODUCTION OF A MANDATORY 2% HURRICANE DEDUCTIBLE IN ALL PARISHES WITH NO BUY-BACK PROVISION

COMPANY REFERENCE: LA-H-05-5-RU

REQUESTED EFFECTIVE DATES - NEW: 1/1/2006

RENEWAL: 1/1/2006

In July 2005 (item #6a), Amica Mutual Insurance Company introduced 1%, 2% and 5% optional hurricane percentage deductibles for use with its Homeowners Program to be effective December 1, 2005.

With this filing, the company is eliminating the 1% hurricane deductible option. In addition, the 2% hurricane deductible is no longer an optional deductible. The 2% hurricane deductible will be mandatory and will apply to all dwelling policies in all parishes. There will be no buy-back provision available. The company will maintain a base deductible of \$500 on all other perils. Policyholders will still have the option of purchasing higher all perils deductibles and the option of purchasing a 5% hurricane deductible.

The company states "This change will allow us to preserve our long term commitment to the Louisiana marketplace while being mindful of the financial interests of Amica and its policyholders".

The statewide rate level impact associated with this change is 0.0%; however, policyholders will receive a premium reduction from this revision and an Important Notice to Louisiana Policyholders will be sent out, informing policyholders of the change.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dr. Berry approved.

FINAL EFFECTIVE DATES - NEW: 1/1/2006

RENEWAL: 1/1/2006

3a - October 19, 2005 - 22053

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

4 - HOMEOWNERS

REVISED RATE AND RULE

HOMEGARD HOMEOWNERS PROGRAM

INTRODUCTION OF LIMITED FUNGI, WET OR DRY ROT OR BACTERIA COVERAGE

COMPANY REFERENCE: HF HO LA01176AIR01

REQUESTED EFFECTIVE DATES - NEW: 11/1/2005

RENEWAL: 1/1/2006

The above captioned company wishes to submit rules for corresponding forms for use with the Homegard Homeowners Program.

With this filing, the company is introducing Limited Fungi, Wet or Dry Rot or Bacteria Coverage. It has added a rule clarifying that a special aggregate limit of up to 50% applies to any mold liability loss.

The Limited Fungi, Wet or Dry Rot or Bacteria Coverage Endorsement provides the following limited amounts of insurance:

1. Section I - Fungi, Wet or Dry Rot or Bacteria

Up to \$10,000 on an aggregate basis, for:

a. Loss to property caused by fungi, wet or dry rot or bacteria;

- b. The cost to remove fungi, wet or dry rot or bacteria from covered property;
- c. The cost to tear out and replace any part of the building or other covered property as needed to gain access to the fungi, wet or dry rot or bacteria; and
- d. The cost of any testing of air or property to confirm the absence, presence or level of fungi, wet or dry rot or bacteria, whether performed prior to, during or after removal, repair, restoration or replacement.

This coverage applies only if such loss or costs result from a peril insured against that occurs during the policy period.

1. Section II - Fungi, Wet or Dry Rot or Bacteria

Up to 50% on an aggregate basis, for the total of all damages arising directly or indirectly, in whole or in part, out of the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any fungi, wet or dry rot or bacteria.

There is no premium adjustment.

The company has also revised the Mandatory Amendatory Endorsement for Louisiana to include changes made to the additional coverage section, the conditions section and the exclusion section.

State Exception Pages HG-X-LA-1 through HG-X-LA-4 (09/05) replace HG-X-LA-1 (04/00) through HG-X-LA-3 (09/99).

There is no rate impact associated with this filing.

The requested rate/rule requires approval of companion forms (#2054327).

FINAL ACTION: Approved.

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

FINAL EFFECTIVE DATES - NEW: 11/1/2005 RENEWAL: 1/1/2006

4a - October 19, 2005 - 22102

PROGRESSIVE SECURITY INSURANCE COMPANY
PROGRESSIVE PALOVERDE INSURANCE COMPANY
9 - INLAND MARINE
INITIAL RATE AND RULE
PERSONAL INLAND MARINE
WATERCRAFT PROGRAM
(0.0%)

COMPANY REFERENCE: LA BT 2004-05

REQUESTED EFFECTIVE DATES - NEW: 11/22/2005 RENEWAL: 1/1/2006

The last adjustment to this program occurred September, 2003 (#3), under a Special Lines filing, with an overall decrease of -0.1% effective September 30, 2003 for new business and November 9, 2003 for renewal business.

The referenced companies now wish to separate the **Watercraft** program from the above mentioned Special Lines filing. They are also introducing several program changes to broaden coverage, improve retention, segmentation and rating accuracy. They also indicate that they are expanding their acceptability guidelines, streamlining underwriting and enhancing coverages. The proposed revisions highlights follow:

- Removing the Minimum Earned Premium of \$50
- Changing the definition Financial Responsibility markets by adding more market levels for better segmentation. Also they will be re-evaluating an insured's market level at every renewal
- Eliminating the Target Risk surcharge
- Removal of the \$100 Physical Damage deductible option for new business only. Renewals will be "grandfathered"
- Add an extended Coastal Navigation coverage option. The limit of 75 nautical miles is free and the new, extended limit of 125 nautical miles is available for an additional charge

Rates changes are as follows:

Watercraft	Rate Change	Premium Impact
Liability	8.3%	\$152,787
Physical Damage	-3.1%	(\$152,647)
Overall	0.0%	\$140

The companies indicate that this filing will affect 17,931 policyholders.

The requested rate/rule requires approval of companion form(s).

FINAL ACTION: Deferred.

ADDITIONAL MINUTES: Mr. Ruiz deferred this filing. The Commission requests the following additional information:

A company representative to be present at the next regularly scheduled Commission meeting of Tuesday, November 15, 2005.

Identify the location of the policyholders that will receive a +25% increase.

Courtney Thornton of Adams and Reese was present representing the company.

FINAL EFFECTIVE DATES - NEW: 11/22/2005 RENEWAL: 1/1/2006

5a - October 19, 2005 - 22175

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION
 1 - PROPERTY
 REGULAR ASSESSMENT
 DISCUSSION

Discussion of regular assessment due to Hurricane Katrina.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas approved.

Terry Lisotta was present representing the company.

LOUISIANA INSURANCE RATING COMMISSION

Part III -- Legislative Mandates

Wednesday, October 19, 2005

1 - October 19, 2005 - 22119

INSURANCE SERVICES OFFICE, INC.

19 - PRIVATE PASSENGER AUTOMOBILE

REVISED RULE ONLY

REVISION TO RULE 3.G. MILITARY PERSONELL AUTOMOBILE LIABILITY

INSURANCE PREMIUM DISCOUNT AND INSURER REBATE PROGRAM

COMPLIANCE WITH ACT 770

COMPANY REFERENCE: PP-2005-OMPD1

REQUESTED EFFECTIVE DATES - NEW: 2/1/2006

RENEWAL: 2/1/2006

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved.

After a discussion, Mr. Ruiz made the motion that a request be sent to both Allstate and State Farm requesting a company representative be present at the November 15, 2005 LIRC meeting to address a series of concerns in regard to claims handling for Hurricane Katrina.

Mr. Busada adjourned.

FINAL EFFECTIVE DATES - NEW: 2/1/2006

RENEWAL: 2/1/2006