

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 10 AM ON WEDNESDAY, AUGUST 15, 2007 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, AUGUST 15, 2007:

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

Deputy Commissioner, Chad Brown represented the Commissioner, James J. Donelon

Also present were Charles Hansberry 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 - August 15, 2007 - 26297**

HARTFORD INSURANCE COMPANY OF THE MIDWEST  
PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD

17 - Other Liability

Revised Rate and Rule

Other Liability

**COMPANY REQUESTS DEFERRAL**

Revision of Personal Umbrella Liability Policy (PULP) Rates and Rules

Overall % Impact: **+16.10%**

Overall \$ Impact: **\$17,679**

# of Policyholders: **785**

Company Reference: FN.17.095/RWG.200701

Requested Effective Dates - New: 08/15/2007      Renewal: 08/15/2007

The last adjustment to this program occurred in November 2003 (Item # 68- Key # 15266) and resulted in an overall rate increase of +24.9% effective February 03, 2004.

With this filing, the referenced companies are submitting a proposed rate increase of **+16.10%** or **+\$17,679** (785 policyholders). This filing modifies the current Personal Umbrella Liability Policy (PULP) rates and

rules.

Since this program insures members of AARP, relatively few policies include youthful operators. The companies state they recently filed and received approval to adopt the AARP youthful operator rates in their independent agency companies. with a credible amount of experience in existence, the companies state it is clear the youthful rates are too low.

Listed below are the current and proposed rates:

<b>Exposure Base</b>	<b>Current Rate</b>	<b>Proposed Rates</b>
Territory	1	1
Base Rate	\$88	\$101
<b>Youthful Operator</b>		
Ages 16-20	\$17	\$101
Ages 21-24	\$17	\$101
<b>Automobiles</b>		
One Automobile	\$24	\$28
Each Additional Auto	\$12	\$14
<b>Watercraft</b>		
	\$35	\$40
<b>Additional Residences</b>		
	\$15	\$17
<b>Business Pursuits</b>		
	\$16	\$18
<b>Day Care</b>		
	\$95	\$109
<b>Premium Reductions</b>		
BI Limit over \$250/\$500	\$5	\$6
CSL over \$300K	\$7	\$8
<b>Retained Limit</b>		
\$1,000	\$4	\$5
\$5,000	\$8	\$9
\$10,000	\$10	\$12
<b>UM \$500 Limit</b>		
One Automobile	\$12	\$14
Each Add'l Auto	\$6	\$7
<b>UM \$1M Limit</b>		
One Auto	\$14	\$16
Each Add'l Auto	\$7	\$8
<b>Minimum Premium</b>	\$120	\$138

Listed below is the Louisiana and countywide experience:

**LOUISIANA**

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	103,087	\$	1,561,179	1514.4%
2003		103,279		1,723,122	1668.4%
2004		113,637		1,915,950	1686.0%
2005		134,753		961,361	713.4%
2006		131,549		383,794	291.7%
All Years	\$	586,305	\$	6,545,406	1116.4%

**COUNTRYWIDE**

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	18,582,553	\$	43,106,453	232.0%
2003		18,854,179		39,056,277	207.1%
2004		22,141,909		50,368,101	227.5%
2005		26,755,328		36,491,558	136.4%
2006		30,065,445		6,219,678	21.0%
All Years	\$	116,399,414	\$	175,342,067	150.6%

A copy of this filing with supporting documentation has been forwarded to the Actuary.

**Final Action: Deferred**

**Additional Minutes: Mr. Ruiz motioned to defer this filing at the companies' request. After hearing no objection, the filing was deferred.**

# LOUISIANA INSURANCE RATING COMMISSION

## Part II -- Property

Wednesday, August 15, 2007

### **1a - August 15, 2007 - 26647**

HORACE MANN INSURANCE COMPANY

1 - Property

Property Deviation

Dwelling Fire Program

Change in deviation from PIAL rates from a -2% Downward Deviation to a +20% Upward Deviation

Overall % Impact: **+12.5%**

Overall \$ Impact: **\$35,736**

# of Policyholders: **654**

Company Reference: DF Rates 2007

Requested Effective Dates - New: 08/15/2007    Renewal: 08/15/2007

The above captioned company is currently using Property Insurance Association of Louisiana (PIAL) rates with a -2% downward deviation for its Dwelling Fire Program.

With this filing, the company wishes to change the deviation to a +20% upward deviation from current PIAL rates.

Along with the deviation, the company proposes the following changes:

- Current deductibles offered are \$250 All Peril, \$500 All Peril, \$1,000 All Peril and \$2,500 All Peril. The company is proposing to roll all policies currently at the \$250 and \$500 All Peril deductibles to the \$1,000 All Peril deductible. The insured will now have the option of either a \$1,000 All Peril deductible or a \$2,500 All Peril deductible.
- Removing references to the Citizens Regular Assessment from the rate manual.

These changes will result in an overall increase of **+12.5%** or **+\$35,736** (654 policyholders).

Listed below is the Louisiana and Countrywide experience:

### **LOUISIANA**

(Accident Year as of 12/31/06)

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	226,231	\$	221,454	97.9%
2003		230,157		232,017	100.8%
2004		243,833		115,452	47.3%
2005		273,179		3,684,851	1348.9%
2006		275,665		32,934	11.9%
All Years	\$	1,249,065	\$	4,286,709	343.2%

### **COUNTRYWIDE**

(Accident Year as of 12/31/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	4,387,772	\$	4,396,145	100.2%
2003		4,497,879		3,828,455	85.1%
2004		4,981,087		6,527,220	131.0%
2005		5,513,144		9,515,899	172.6%
2006		5,637,776		4,159,565	73.8%
All Years	\$	25,017,658	\$	28,427,283	113.6%

A copy of this filing has been forwarded to our Actuary.

**Final Action: Approved**

**Additional Minutes: Dr. Berry motioned to approve this filing. After hearing no objection, the filing was approved.**

**Caryn Carmean and Van McNeil were the company representatives present.**

**Final Effective Dates - New: 08/15/2007    Renewal: 08/15/2007**

**2a - August 15, 2007 - 26711**

HORACE MANN INSURANCE COMPANY  
TEACHERS INSURANCE COMPANY

4 - Homeowners

Revised Rate and Rule

Homeowner Program

Overall % Impact: **+21.6%**

Overall \$ Impact: **\$2,187,223**

# of Policyholders: **8488**

Company Reference: Homeowners Rates/Rules 2007

Requested Effective Dates - New: 08/15/2007    Renewal: 08/15/2007

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

Key #24520 - Flex Band	+10.0%	Meets Requirements	Eff. 11/1/06 N & R
Key #18937 - Flex Band	+10.0%	Meets Requirements	Eff. 1/1/05 N & R

With this filing, the companies are requesting an overall increase of **+21.6%** or **+\$2,187,224** (8,488 policyholders).

Along with the base rate revision, the companies propose the following:

**Coverage Amount Relativities**

The companies are revising their coverage amount relativities based on loss experience.

**Age of Home Rating Plan**

The companies are increasing the factors for homes 6 years old and for homes 8 years old and older based on

loss experience.

When questioned regarding compliance with Louisiana Revised Statute L.R.S.22:1471, the companies responded "We have reviewed L.R.S.22:1471. The Age of Home Rating Plan is in compliance with this law as the change in the factors applies uniformly to all policies in the state and is not based on an individual policy's loss experience".

### **Multi-Line Rating Plan**

The companies are increasing the discount for their multi-line policyholders.

In addition, corrections are being made to manual pages.

Listed below is the Louisiana and Countrywide experience:

#### **LOUISIANA**

(Accident Year as of 12/31/06)

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	6,535,512	\$	7,136,483	109.2%
2003		7,472,445		3,488,680	46.7%
2004		8,242,781		3,884,185	47.1%
2005		9,333,713		83,514,429	894.8%
2006		9,915,089		2,550,628	25.7%
All Years	\$	41,499,540	\$	100,574,405	242.4%

#### **COUNTRYWIDE**

(Accident Year as of 12/31/06)

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	126,092,940	\$	93,608,844	74.2%
2003		140,483,855		104,374,458	74.3%
2004		152,800,538		235,952,493	154.4%
2005		161,631,858		205,389,338	127.1%
2006		165,922,314		80,880,301	48.7%
All Years	\$	746,931,505	\$	720,205,433	96.4%

A copy of the filing has been forwarded to our Actuary.

### **Final Action: Approved**

**Additional Minutes: Mr. Busada motioned to disapprove this filing. Dr. Berry objected and made a substitute motion to approve the filing to which Mr. Ruiz objected. A vote was taken on the substitute motion to approve the filing. Voting for the motion to approve was Dr. Berry and Mr. Ragas. Voting against the motion to approve was Mr. Busada and Mr. Ruiz. After checking with the Actuary, Mr Rich Piazza, the Chair, Mr. Chad Brown, voted for the filing. By a vote of 3 to 2, the filing was approved.**

**Caryn Carmean and Van McNeil were the company representatives present.**

**Final Effective Dates - New: 08/15/2007    Renewal: 08/15/2007**

**3a - August 15, 2007 - 220756**

Amica Mutual Insurance Company

4 - Homeowners

Revised Rate only

Homeowners Program

Overall % Impact: **+20.6%**

Overall \$ Impact: **\$285,765**

# of Policyholders: **1143**

Company Reference: LA-H-07-1-R

Requested Effective Dates - New: 12/01/2007    Renewal: 12/01/2007

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

#4a - 8/06	+14.2%	Approved	Eff. 12/1/06 N & R
#1a - 6/05	-3.2%	Approved	Eff. 10/1/05 N & R
Key #15959 - Flex Band	+10.0%	Meets Requirements	Eff. 3/1/04 N & R

With this filing, the company is requesting an overall rate increase of **+20.6%** or **+\$285,765** (1,143 policyholders).

The proposed change by form is as follows:

<b>Form</b>	<b>Base Rate Change</b>
Dwelling	+21.3%
Tenants	0.0%
Condominiums	0.0%

In addition to the base rate changes, the company wishes to revise its rates associated with Miscellaneous Rating Rule 511 Loss Assessment. It has offset the condominium rates by a factor of 1.016 so that the company does not realize a change in premium as a result of the revised loss assessment rates.

The company also wishes to revise the Homeowners Risk Factor Rule (HRF). In particular, it wishes to revise the factors associated with Insurance Bureau Scores 788 to 802. It is proposing to use the same factors as are currently being used for Insurance Bureau scores 803 and higher.

Listed below is the Louisiana and Countrywide experience:

**LOUISIANA**

(Accident Year as of 12/31/06)

<b>Year</b>	<b>Actual Earned Premium</b>		<b>Developed Loss</b>		<b>Loss Ratio</b>
2002	\$	966,889	\$	670,433	69.3%
2003		1,131,851		659,052	58.2%
2004		1,342,973		423,604	31.5%
2005		1,525,748		16,251,196	1065.1%
2006		1,472,103		330,568	22.5%
All Years	\$	6,439,564	\$	18,334,854	284.7%

**COUNTRYWIDE**  
(Accident Year as of 12/31/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	245,762,960	\$	158,413,655	64.5%
2003		296,932,732		199,789,011	67.3%
2004		346,917,308		238,274,406	68.7%
2005		385,586,059		238,926,766	62.0%
2006		396,085,983		174,856,759	44.1%
All Years	\$	1,671,285,042	\$	1,010,260,598	60.4%

A copy of this filing has been forwarded to our Actuary.

**Final Action: Deferred**

**Additional Minutes: Mr. Ruiz motioned to defer this filing as it is still under actuarial review. After hearing no objection, the filing was deferred.**

**4a - August 15, 2007 - 220754**

AMERICAN SOUTHERN HOME INSURANCE COMPANY

4 - Homeowners

Revised Rate and Rule

Mobile Home Programs

Overall % Impact: **+10.97%**

Overall \$ Impact: **\$1,627,971**

Company Reference: 20070615-02

Requested Effective Dates - New: 10/01/2007    Renewal: 10/01/2007

This filing was originally disapproved by the Commission as item #9a in April 2007 because it was not actuarially justified. The company has now refiled and believes it has made the necessary changes for approval per discussions with our Actuary.

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

Key #22967 - Flex Band	+2.8%	Meets Requirements	Eff. 6/15/06 N & R
Key #17850 - Flex Band	+2.43%	Meets Requirements	Eff. 11/1/04 N & 12/1/04 R

With this filing, the company proposes the following changes:

- The definition for Travel Trailer has been removed from page G-1 of the manual.
- The Minimum Written and Earned Premium information has been moved from the rate pages to the General Rules section.
- Added a heading for Non premium bearing Optional Coverages in the Eligibility section.
- Removed the Holiday Traveler's program in its entirety, as travel trailers are now eligible for coverage under the Recreational Vehicle Program in the state of Louisiana.
- Revised the Deductible definitions on pages R-1 and R-4.
- Territory Relativities for the Mobile Home and Seasonal programs have been increased for Territory 51 from 1.65 to 2.36 and for Territory 54 from 1.10 to 1.72.
- Territory Relativities for the Mobile Homeowner program have been increased to 1.94 for Territory 51

and to 3.01 for Territory 54.

- Mobile Home rates for the Rental/Commercial program have been increased for Territories 51 and 54.
- In the Liability and Optional Coverages sections, all references to endorsements have been removed.
- Added an Animal Liability Exclusion as an optional credit (page R-10).

The company has attached the following items for informational purposes:

- Important Notice for the Attached Structure Limitation, MHN68.
- Important Notice for the per coverage Hurricane Deductible, MHN65.
- Application, clarifying the Attached Structures Limitation and the per coverage Hurricane Deductible.

These changes will result in an overall rate increase of +10.97% or +\$1,627,971 (4,387 policyholders).

Listed below is the Louisiana and Countrywide experience:

### LOUISIANA

(Accident Year as of 12/31/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	12,575,684	\$	11,859,968	94.3%
2003		12,590,460		4,620,027	36.7%
2004		12,489,782		4,720,420	37.8%
2005		15,043,343		7,321,711	48.7%
2006		15,043,343		3,859,163	25.7%
All Years	\$	67,742,612	\$	32,381,289	47.8%

### COUNTRYWIDE

(Accident Year as of 12/31/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	21,882,072	\$	13,513,115	61.8%
2003		21,393,860		5,716,972	26.7%
2004		20,979,153		19,485,750	92.9%
2005		25,520,202		66,269,710	259.7%
2006		30,088,048		6,510,255	21.6%
All Years	\$	119,863,335	\$	111,495,803	93.0%

A copy of this filing has been forwarded to our Actuary.

#### **Final Action: Deferred**

**Additional Minutes: Mr. Ruiz motioned to defer this filing as it is still under actuarial review. After hearing no objection, the filing was deferred.**

**At the request of the Commission, Mr. Mark Brockelman, CFO of Louisiana Citizens Property Insurance Corporation (LCPIC) was present at the meeting. Mr. Brockelman gave a brief presentation on the current operating status of LCPIC and answered questions posed by commission members.**

**A consumer, Mr. Joel Louque addressed the Commission and inquired as to the status of his hearing request. Mr. Chad Brown advised him that the Division of Administrative Law will handle the matter and contact him directly with the Docket number and a hearing date.**

**Mr. Ruiz adjourned.**