

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, JANUARY 17, 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, JANUARY 17, 2007:

Mr. Barry Busada, Mr. Joe Godchaux, Jr., Mr. Jabari Ragas, Mr. Steven Ruiz

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

Also present were Clarissa Preston, Deputy Commissioner/Office of Property & Casualty; 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 Mr. Busada, which received no objection.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - January 17, 2007 - 25231

ARMED FORCES INSURANCE EXCHANGE
17 - OTHER LIABILITY
REVISED RATE AND RULE
PERSONAL UMBRELLA LIABILITY PROGRAM
REVISION OF BASE RATE

OVERALL % IMPACT: +19.77%

OVERALL \$ IMPACT: \$6,915.00

OF POLICYHOLDERS: 149

COMPANY REFERENCE: LA-U-11-06-5

REQUESTED EFFECTIVE DATES - NEW: 4/9/2007 RENEWAL: 4/9/2007

The last adjustment to this program was found to meet requirements under the Flex Band provision Key # 19442 and resulted in an overall rate increase of +6.37% to be effective 5/10/04.

The purpose of this filing is to submit a revision to the base class premium as follows:

Current Base Rate per \$1Milliom	Proposed Base Rate per \$1 Million
Entire State- \$119	Entire State- \$ 149

The company's reinsurer, GenRe, requires that the company obtain an adequate rate and has recommended the base rate proposal that is being submitted. With only 149 policies in force, the book of business is reinsured in an 80/20 quota share for the first million and 100% above \$1 million.

This change results in an overall rate increase of +19.77% or +\$6,915 (149 policyholders).

Listed below is the Louisiana and countrywide experience:

LOUISIANA

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 35,258	\$ 297	-0.8%
2002	35,923	3,026	+8.4%
2003	36,454	6,197	+17.0%
2004	37,101	19,877	+53.6%
2005	36,053	22,858	+63.4%
All Years	\$ 180,789	\$ 51,661	+28.6%

COUNTRYWIDE

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	2,722,355	\$	3,671,011	+134.8%
2002		2,736,772		3,115,840	+113.9%
2003		2,708,166		4,815,276	+177.8%
2004		2,687,855		9,562,581	+355.8%
2005		2,539,242		12,884,095	+507.4%
All Years	\$	13,394,390	\$	34,048,802	+254.2%

FINAL ACTION: Withdrawn.

ADDITIONAL MINUTES: This filing was withdrawn by the company prior to the LIRC meeting and no action was taken by the Commission.

FINAL EFFECTIVE DATES - NEW: 4/9/2007 **RENEWAL:** 4/9/2007

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, January 17, 2007

1a - January 17, 2007 - 25110

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

1 - PROPERTY

REVISED RATE AND RULE

COMMERCIAL PROPERTY

FAIR PLAN (+129.6% - AMENDED FROM +119.8%)

COASTAL PLAN (+146.3% - AMENDED FROM +138.4%)

OVERALL % IMPACT: +138.4%

OVERALL \$ IMPACT: \$2,350,000.00

OF POLICYHOLDERS: 1230

COMPANY REFERENCE: LCPIC-2006 Commercial Property

REQUESTED EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

Louisiana Citizens Property Insurance Corporation adopted the FAIR and Coastal Plan Commercial Property rates and rules previously approved for use by the Property Insurance Association of Louisiana in October 2003 (item #25a) to be effective January 1, 2004.

The last rate revision under the Property Insurance Association of Louisiana was in August 2001 (item #8a) and resulted in an overall decrease of -5.3% to be effective January 1, 2002.

Louisiana Citizens Property Insurance Corporation now wishes to revise rates for its Commercial Property Fair and Coastal Plans.

The overall rate impact of this filing is +138.4% (AMENDED FROM +129.6%) or \$2.35 million (approximately 1,230 policyholders).

The proposed change is +129.6% (AMENDED FROM +119.8%) for the FAIR Plan and +146.3% (AMENDED FROM +138.4%) for the Coastal Plan.

The specific changes being proposed are:

- An increase in base rates.

- The introduction of higher deductible options. New deductible options of \$100,000, \$200,000, \$300,000, \$400,000 and \$500,000 are being introduced.
- Introduction of required minimum deductibles as follows:

Coverage Amount *	Minimum Deductible **	
	FAIR Plan	Coastal Plan
Up to \$3 million	2% / \$500	5% / \$2,500

** Hurricane Percentage Deductible/Flat All Other Perils Deductible

Louisiana Citizens Property Insurance Corporation states "Due to a lack of credible data by Zone or Parish, the rate change is being applied across-the-board to all Zones. No Zone factors are being changed".

The statewide increase for both the Fair Plan and the Coastal Plan do not vary by territory. All Fair Plan policyholders (approximately 750) will see their coverage increase by 129.6%. All Coastal Plan policyholders (approximately 480) will see their coverage increase by 146.3%.

The Louisiana experience is as follows:

LOUISIANA
FAIR PLAN

(Accident Year as of 9/30/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2002	344,950	83,308	24.2%
2003	645,049	119,984	18.6%
2004	823,554	70,031	8.5%
2005	761,428	204,934	26.9%
All Years	\$ 2,574,981	\$ 478,257	18.6%

LOUISIANA
COASTAL PLAN

(Accident Year as of 9/30/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2002	685,376	20,242	3.0%
2003	792,541	95,936	12.1%
2004	884,502	124,215	14.0%
2005	842,062	396,214	47.1%

All Years	\$	3,204,481	\$	636,607	19.9%
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FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Godchaux motions to approve the filing as amended to +138.4% from +129.6%. Hearing no objection, the filing is approved as amended.

Mr. Terry Lisotta was the company representative present.

FINAL EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

2a - January 17, 2007 - 25111

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

4 - HOMEOWNERS

REVISED RATE AND RULE

DWELLING FIRE AND HOMEOWNERS - WIND-ONLY

FAIR PLAN (+69.0%)

COASTAL PLAN (+59.1%)

OVERALL % IMPACT: **+68.2%**

OVERALL \$ IMPACT: **\$260,000.00**

OF POLICYHOLDERS: **440**

COMPANY REFERENCE: LCPIC - 2006 Mandatory - Residential Wind-Only

REQUESTED EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

The last adjustment to this program occurred in September 2004 (item #1a) which resulted in an overall increase of +26.9% effective January 1, 2005 for new business and March 1, 2005 for renewal business.

With this filing, Louisiana Citizens Property Insurance Corporation wishes to revise rates and rules for its Residential Wind-Only Fair and Coastal Plans.

The overall rate impact of this filing is **+68.2%** or **\$260,000** (approximately 440 policyholders).

The proposed change is +69.0% or \$240,000 for the FAIR Plan and +59.1% or \$20,000 for the Coastal Plan.

The specific changes being proposed are:

- An increase in base rates.
- Deletion of the \$250 deductible.
- The introduction of \$5,000 and \$10,000 all peril deductible options.
- Expansion of the rules to permit coverage up to \$750,000 of Coverage A.
- Introduction of required minimum deductibles as follows:

Coverage Amount *	Minimum Deductible **	
	FAIR Plan	Coastal Plan
\$0 to \$250,000	2% / \$500	5% / \$500
>\$250,000	2% / \$1,000	5% / \$1,000

* Combined Building and Contents

** Hurricane Percentage Deductible / Flat All Other Perils Deductible

Louisiana Citizens Property Insurance Corporation states "All Coastal Plan policyholders (approximately 40) will see their coverage increase by 59.1%. Under the Fair Plan the maximum increase (100%) will be in all parishes listed below:

Allen	Ascension	Beauregard
East Feliciana	Evangeline	Iberville
Livingston	Pointe Coupee	Saint Helena
Saint Landry	Tangipahoa	Washington
West Baton Rouge	West Feliciana	

There are 11 Fair Plan policyholders with coverage in the territories listed above. There are 3 Fair Plan policyholders with coverage in the territories with the minimum percentage change (-50.0%)".

The Louisiana experience is as follows:

LOUISIANA
FAIR PLAN - WIND ONLY
 (Accident Year as of 6/30/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2002	298,906	9,161	3.1%
2003	259,817	531,807	204.7%
2004	320,797	21,591	6.7%
2005	326,062	8,382	2.6%
All Years	\$ 1,205,582	\$ 570,941	47.4%

LOUISIANA
COASTAL PLAN - WIND ONLY
 (Accident Year as of 6/30/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2002	25,332	4,384	17.3%

2003		22,023		86,617	393.3%
2004		23,934		0	0.0%
2005		27,411		1,333	4.9%
All Years	\$	98,700	\$	92,334	93.6%

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Busada motions to approve the filing. Mr. Ruiz objects. A vote was taken on the motion to approve the filing. For the motion to approve was Mr. Busada and Mr. Ragas. Against the motion to approve was Mr. Ruiz and Mr. Godchaux. There was a tie of 2 to 2. Mr. Chad Brown abstains from voting and instructs legal counsel to provide guidance regarding conflict of interest. As such, the filing fails. Mr. Godchaux then makes a motion to reconsider the filing. Mr. Godchaux motions to approve the filing. Mr. Ruiz objects. A vote was taken on the motion to approve the filing. For the motion to approve was Mr. Godchaux, Mr. Busada and Mr. Ragas. Against the motion to approve was Mr. Ruiz. By a vote of 3 to 1, the filing was approved.

Mr. Terry Lisotta was the company representative present.

FINAL EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

3a - January 17, 2007 - 25113

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION (CITIZENS)

4 - HOMEOWNERS

REVISED RATE AND RULE

DWELLING FIRE AND HOMEOWNERS - EXCLUDING WIND-ONLY

FAIR PLAN

COASTAL PLAN

OVERALL % IMPACT: **+7.0% (AMENDED FROM +31.7%)**

OVERALL \$ IMPACT: **\$13,239,187**

OF POLICYHOLDERS: **135000**

COMPANY REFERENCE: LCPIC - 2006 Mandatory - Residential excluding Win

REQUESTED EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

The last adjustment to this program occurred in September 2004 (item #1a) which resulted in an overall increase of +26.9% effective January 1, 2005 for new business and March 1, 2005 for renewal business.

With this filing, Louisiana Citizens Property Insurance Corporation wishes to revise rates and rules for its Residential Excluding Wind-Only Fair and Coastal Plans.

The overall rate impact of this filing is **+7.0% (AMENDED FROM +31.7%)** or an estimated **\$13,239,187 (AMENDED FROM \$59,954,605)** (estimated policy count of 135,000).

The specific changes being proposed are:

- An increase in base rates.
- Deletion of the \$250 deductible.
- The introduction of \$5,000 and \$10,000 all peril deductible options.
- Expansion of the rules to permit coverage up to \$750,000 of Coverage A.
- Introduction of required minimum deductibles as follows:

Coverage Amount *	Minimum Deductible (excluding renter/condo) **	
	FAIR Plan	Coastal Plan
\$0 to \$250,000	2% / \$500	5% / \$500
>\$250,000	2% / \$1,000	5% / \$1,000

* Combined Building and Contents

** Hurricane Percentage Deductible / Flat All Other Perils Deductible

Louisiana Citizens Property Insurance Corporation states "Rate changes do not vary within each territory. Coastal Plan policyholders with Dwelling Fire (approximately 1100) with EC coverage will see their EC coverage increase by 261%. All Fair Plan policyholders with Homeowners Renter/Condo coverage in Saint John the Baptist (approximately 20 insureds) will see rates increase by 132%. Regarding the minimum percentage rate changes, all Coastal Plan insureds with Fire only coverage in Terrebonne (approximately 280) will realize a 43% decrease in Fire rates. All Fair Plan insureds (approximately 880) with only Fire coverage in the Parish of Saint John the Baptist will receive a 50% decrease in Fire rates".

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas motions to approve the filing as amended from the floor to +7.0% from +31.7%. Mr. Ruiz objects. A vote was taken on the motion to approve the filing as amended. For the motion to approve was Mr. Ragas, Mr. Busada and Mr. Godchaux. Against the motion to approve was Mr. Ruiz. By a vote of 3 to 1, the filing is approved as amended from the floor to +7.0%.

Mr. Terry Lisotta was the company representative present.

FINAL EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 5/1/2007

4a - January 17, 2007 - 25131

HANOVER INSURANCE COMPANY, THE
 MASSACHUSETTS BAY INSURANCE COMPANY
 HANOVER AMERICAN INSURANCE COMPANY, THE

4 - HOMEOWNERS

REVISED RATE ONLY

HOMEOWNERS PROGRAM

OVERALL % IMPACT: +49.8% (AMENDED FROM +58.0%)

OVERALL \$ IMPACT: \$10,490,000

OF POLICYHOLDERS: 15571

COMPANY REFERENCE: HO-LA-06458-01

REQUESTED EFFECTIVE DATES - NEW: 2/1/2007

RENEWAL: 2/15/2007

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

Key #23045 - Flex	+9.8%	Meets Requirements	Eff. 5/1/06 N & R
Key #19180 - Flex	+7.1%	Meets Requirements	Eff. 2/1/05 N & R

With this filing, the companies are requesting an overall increase of +49.8% (AMENDED FROM +58.0%) or +\$10,490,000 (AMENDED FROM +\$12,216,431) (15,571 policyholders).

In order to adequately absorb projected reinsurance costs for 2007, the companies are proposing to revise base rates and territory factors.

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

(Accident Year as of 12/31/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	10,082,784	\$	5,197,215	51.5%
2002		11,259,114		4,690,063	41.7%
2003		13,677,724		4,861,664	35.5%
2004		16,636,000		5,409,041	32.5%
2005		18,965,000		121,776,171	642.1%
All Years	\$	70,620,621	\$	141,934,154	201.0%

COUNTRYWIDE

(Accident Year as of 12/31/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	146,265,755	\$	84,765,366	58.0%
2002		166,080,932		89,090,058	53.6%
2003		208,899,674		115,468,876	55.3%
2004		281,284,493		146,442,281	52.1%

2005		383,199,089		258,835,658	67.5%
All Years	\$	1,185,729,943	\$	694,602,239	58.6%

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas motions to approve the filing as amended to +49.8% from +58.0%. Mr. Ruiz objects. A vote was taken on the motion to approve the filing as amended. For the motion to approve was Mr. Ragas, Mr. Busada and Mr. Godchaux. Against the motion to approve was Mr. Ruiz. By a vote a 3 to 1, the filing was approved as amended to +49.8%.

Joelle Lopez, Kellie Thibodeau, Catherine Eska, William Cahill and Tom Clark were the company representatives present.

FINAL EFFECTIVE DATES - NEW: 2/1/2007 RENEWAL: 2/15/2007

5a - January 17, 2007 - 25367

HARTFORD FIRE INSURANCE COMPANY
HARTFORD ACCIDENT AND INDEMNITY COMPANY
HARTFORD CASUALTY INSURANCE COMPANY
HARTFORD INSURANCE COMPANY OF THE SOUTHEAST
HARTFORD UNDERWRITERS INSURANCE COMPANY
TWIN CITY FIRE INSURANCE COMPANY

4 - HOMEOWNERS

REVISED RATE ONLY

HOMEOWNERS PROGRAM

OVERALL % IMPACT: **+24.0%**

OVERALL \$ IMPACT: **\$124,749.00**

OF POLICYHOLDERS: **388**

COMPANY REFERENCE: FN.14.799.2006.01

REQUESTED EFFECTIVE DATES - NEW: 2/1/2007 RENEWAL: 3/18/2007

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

#1a - 8/93	0.0%	Approved	Effective 9/1/93
#2a - 5/92	+3.9%	Approved	Effective 8/1/92

With this filing, the companies propose to revise base rates only. These changes will result in an overall increase of +24.0% or +\$124,749 (388 policyholders).

Listed below are the Homeowners Program changes by form:

Forms	Base Rate	Total Change
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2 and 3	+25.0%	+25.0%
4 and 6	0.0%	0.0%
Total		+24.0%

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

(Accident Year as of 6/30/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	404,414	\$	86,532	21.4%
2003		429,651		161,013	37.5%
2004		500,651		246,250	49.2%
2005		554,978		302,326	54.5%
2006		529,626		2,330,514	440.0%
All Years	\$	2,419,320	\$	3,126,635	129.2%

COUNTRYWIDE

(Accident Year as of 6/30/06)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	215,615,723	\$	137,225,365	63.6%
2003		229,507,869		122,721,947	53.5%
2004		254,630,765		120,561,378	47.3%
2005		274,536,902		107,967,502	39.3%
2006		275,310,905		52,403,334	19.0%
All Years	\$	1,249,602,164	\$	540,879,526	43.3%

FINAL ACTION: Deferred.

ADDITIONAL MINUTES: Mr. Ruiz motions to defer the filing as it is still under actuarial review. Hearing no objection, the filing is deferred.

FINAL EFFECTIVE DATES - NEW: 2/1/2007 RENEWAL: 3/18/2007

6a - January 17, 2007 - 25286

CINCINNATI INSURANCE COMPANY, THE
 9 - INLAND MARINE
 ADOPTION
 PERSONAL INLAND MARINE
 ADOPTION OF ISO REFERENCE FILING: # PM-2006-RLA1
 REVISED LOSS COST MULTIPLIER

OVERALL % IMPACT: +11.7%
OVERALL \$ IMPACT: \$0.00
OF POLICYHOLDERS: 0
COMPANY REFERENCE: M-06-3123-LA
REQUESTED EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 3/1/2007

The last adjustment to this program occurred in September 2005 (#7a) with the adoption of ISO's designated filings PM-2004-RLA1 and PM-2002-RLA1. This resulted in an overall increase of +8.1% effective November 1, 2005.

The referenced company now wishes to adopt ISO's filing designation **PM-2006-RLA1** (#3a, 6/06) for its Personal Inland Marine program and revise its loss cost multiplier from 1.647 to **1.631**.

The company indicates that this filing will result in an overall increase of +11.7%, having no dollar impact and affecting no policyholders.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Godchaux motions to approve the filing. Hearing no objection, the filing is approved.

FINAL EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 3/1/2007

7a - January 17, 2007 - 25459

INSURANCE SERVICES OFFICE, INC.
9 - INLAND MARINE
LOSS COST FILING
PERSONAL INLAND MARINE
REVISION OF ISO LOSS COSTS FOR PUBLIC PROTECTION CONSTRUCTION CLASS
1 INTRODUCED FILING DESIGNATION NUMBER PM-2007-RLC1
OVERALL % IMPACT: 0.0%
COMPANY REFERENCE: PM-2007-RLC1

The last adjustment to this program was a revision of ISO loss cost under filing designation number PM-2006-RLA1, which occurred in June 2006 (Item #3a – Key #23698) and resulted in an overall rate increase of +12.8% to be effective 12/1/06.

In accordance with Louisiana Revised Statute 22:1405 (l)(1)(a), the Louisiana Insurance Department recently advised this rating organization that the statute also applies to the Personal Inland Marine program; therefore, this rating organization now files to revise their loss costs under filing designation number PM-2007-RLC1 to create a differential between

the Fine Arts and Personal Property Protection Classes 1 and 2 through 8. A flat \$100 deductible applies to each class.

This revision results in a 0.0% change in loss costs.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Godchaux motions to approve the filing. Hearing no objection, the filing is approved.

FINAL EFFECTIVE DATES - NEW: 3/1/2007 RENEWAL: 3/1/2007

Mr. Bernard Smith, a consumer, addresses the Commission members concerning homeowners rate increases.

Mr. Busada addresses the Commissioner's comments about the Rating Commission being abolished.

Mr. Joel Louque, a consumer, addresses the Commission members concerning homeowners rate increases.

Mr. Ragas motions to adjourn.