

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, JULY 25, 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, JULY 25, 2007](#):

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

Deputy Commissioner Preston stated for the record that the Department had received correspondence indicating Mr. Godchaux has resigned his position on the Louisiana Insurance Rating Commission Board.

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

Also present were Clarissa Preston, Deputy Commissioner/Office of Property & Casualty; Charles Hansberry, 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.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - July 25, 2007 - 26297

HARTFORD INSURANCE COMPANY OF THE MIDWEST
PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD
17 - Other Liability
Revised Rate and Rule
Other Liability
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: 07/25/2007 Renewal: 07/25/2007

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:

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

Listed below is the Louisiana and countywide experience:

LOUISIANA

Year	Actual Earned Premium		Developed Loss		Loss Ratio
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

Year	Actual Earned Premium	Developed Loss	Loss Ratio
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 docuemntation has been forwarded to the Actuary.

Final Action: Deferred

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

Final Effective Dates - New: 07/25/2007 Renewal: 07/25/2007

2 - July 25, 2007 - 219858

ELECTRIC INSURANCE COMPANY

17 - Other Liability

Revised Rate only

Other Liability

Personal Excess Liability- Preferred Program

Revision to Introduce an Optioin for Higher Underlying Limits of Insurance

Overall % Impact: **+15.8%**

Overall \$ Impact: **\$2,313**

of Policyholders: **77**

Company Reference: LA-PEL-05

Requested Effective Dates - New: 08/01/2007 Renewal: 08/01/2007

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

Item Key/ Provision	Rate Change	Effective Dates	Action Taken
# 17149 (#97 5/04) Prior App	+6.6%	9/1/04 N/R	Approved
#15088 (#59 11/03) Prior App	Initial R/R	2/15/04 N	Approved

With this filing, the referenced company is proposing a revision to their Personal Excess Liability Preferred program to introduce an option for insureds to receive a credit for maintaining higher limits of underlying insurance. The current product requires only 100/300 bodily injury on the underlying auto policy and \$100,000 personal liability for the underlying homeowner policy. The company proposes to give a credit of approximately **18%** for insureds who maintain liability limits of **250/500 for auto and \$300,000 for home**.

The company states this option will help reduce the exposure for small claims on this line of business and allow customers to limit their premium increases. This change will result in an overall rate increase of **+15.8%** or **+\$ 2,313** (77 policyholders).

Listed below is the Louisiana and countrywide experience:

LOUISIANA

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	10,105	\$	0	0.0%
2003		12,225		0	0.0%
2004		14,639		0	0.0%
2005		15,853		0	0.0%
2006		15,252		0	0.0%
All Years	\$	68,074	\$	0	0.0%

COUNTRYWIDE

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2002	\$	3,976,038	\$	3,704,141	93.2%
2003		4,847,458		4,271,063	88.1%
2004		5,427,170		9,053,003	166.8%
2005		5,744,154		2,719,592	47.3%
2006		6,076,815		5,897,886	97.1%
All Years	\$	26,071,635	\$	25,645,686	98.4%

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

Final Action: Approved

Additional Minutes: Mr. Ragas motioned to approve this filing. After hearing no objection, the filing was approved.

Final Effective Dates - New: 08/01/2007 Renewal: 08/01/2007

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, July 25, 2007

1a - July 25, 2007 - 25826

AUTOMOBILE INSURANCE COMPANY OF HARTFORD, CONNECTICUT, THE
STANDARD FIRE INSURANCE COMPANY, THE
TRAVELERS INDEMNITY COMPANY OF AMERICA, THE
4 - Homeowners

Revised Rate only

Homeowners Program

(AMENDED TO +16.2%)**

Overall % Impact: **+26.6%**

Overall \$ Impact: **\$9,321,452**

of Policyholders: **16755**

Company Reference: 2007-02-0103

Requested Effective Dates - New: 08/10/2007 Renewal: 09/29/2007

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

Key #24612 - Flex Band	+9.9%	Meets Requirements	Eff. 9/29/06 N & 11/18/06 R
Key #20065 - Flex Band	+9.6%	Meets Requirements	Eff. 3/25/05 N & 5/13/05 R
Key #16502 - Flex Band	+9.9%	Meets Requirements	Eff. 3/21/04 N & 5/11/04 R

With this filing, the companies request an overall rate increase of **+26.6% (AMENDED TO +16.2%)** or **+\$9,321,452 (AMENDED TO +\$5,773,739)** (16,755 policyholders).

The proposed changes by form are as follows:

Policy Form	Proposed Base Rate Changes	Overall Change
Dwelling	+17.4%	+16.4%
Tenants	0.0%	0.0%
Condominiums	0.0%	0.0%
Total	+17.2%	+16.2%

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

(Accident Year as of 12/05)

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2001	\$ 29,126,313	\$ 29,732,044	102.1%
2002	30,454,712	30,577,163	100.4%
2003	33,785,016	20,860,570	61.7%
2004	35,442,776	17,890,425	50.5%
2005	35,170,065	146,057,884	415.3%
All Years	\$ 163,978,882	\$ 245,118,085	149.5%

COUNTRYWIDE

(Accident Year as of 12/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	1,161,013,732	\$	1,050,265,678	90.5%
2002		1,282,792,725		979,981,457	76.4%
2003		1,501,077,198		1,100,352,822	73.3%
2004		1,818,340,524		1,031,623,199	56.7%
2005		2,114,770,010		1,461,477,236	69.1%
All Years	\$	7,877,994,189	\$	5,623,700,391	71.4%

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

Final Action: Approved

Additional Minutes: Dr. Berry motioned to approve this filing as amended by the company to +16.2%. Mr. Ruiz objected. A vote was taken on the motion to approve the filing as amended. Voting for the motion to approve was Dr. Berry and Mr. Busada. Voting against the motion to approve was Mr. Ruiz and Mr. Ragas. After checking with the Actuary, Rich Piazza, the Chair, Mr. Chad Brown, voted for the filing. By a vote of 3 to 2, the filing was approved as amended.

John Milette and Nathan LaComb were the company representatives present.

Final Effective Dates - New: 06/19/2007 Renewal: 06/19/2007

2a - July 25, 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: 07/25/2007 Renewal: 07/25/2007

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 off of 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)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
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: Deferred

Additional Minutes: Mr. Ruiz motioned to defer this filing and the Commission requests a company representative be present at the next regularly scheduled meeting. After hearing no objection, the filing was deferred.

3a - July 25, 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: 07/25/2007 Renewal: 07/25/2007

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)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
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)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
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: Deferred

Additional Minutes: Mr. Ruiz motioned to defer this filing and the Commission requests a company representative be present at the next regularly scheduled meeting. After hearing no objection, the filing was deferred.

4a - July 25, 2007 - 220162

1 - Property

Discussion

Certification of 2006 calendar year assessable premiums for Louisiana Citizens Property Insurance Corporation.

Final Action: Approved

Additional Minutes: Mr. Ruiz motions to certify the 2006 calendar year assessable premiums for Louisiana Citizens Property Insurance Corporation. Mr. Busada requests that the new management and representatives for Louisiana Citizens Property Insurance Corporation be present at the next regularly scheduled meeting.

A consumer, Mr. Joel Louque, addressed the Commission regarding his disagreement with the findings of his personal complaint regarding his fire rating from the Property Insurance Association of Louisiana (PIAL). Ms. Preston and Mr. Brown advised Mr. Louque that the Department has concluded its investigation of his complaint. Mr. Brown further advised Mr. Louque that if he has not received satisfaction under the insurance code from the Commissioner's office, he should request a hearing before the Administrative Law Judge and advised him on the appropriate procedures.

Mr. Busada adjourned.