

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 TUESDAY, JUNE 19, 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 TUESDAY, JUNE 19, 2007:

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

Deputy Commissioner, Chad Brown represented the Commissioner, James 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 Mr. Ruiz, which received no objection.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - June 19, 2007 - 26189

AMERICAN SOUTHERN HOME INSURANCE COMPANY
 19 - PRIVATE PASSENGER AUTOMOBILE
 REVISED RATE AND RULE
 RIDERS CHOICE PROGRAM-MOTORCYCLE
 REVISION OF BASE RATES, RELATIVES FOR CLASS, SUB-CLASS, CC'S, YEARS OF
 EXPERIENCE, AGE/MARITAL STATUS, DISCOUNTS, SURCHARGES AND MANUAL
 FORMATTIING

*****AMENDED TO +27.2% OR +\$64,879*****

OVERALL % IMPACT: +54.6%

OVERALL \$ IMPACT: \$130,235.00

OF POLICYHOLDERS: 334

COMPANY REFERENCE: 20070313-06

REQUESTED EFFECTIVE DATES - NEW: 7/1/2007 RENEWAL: 7/1/2007

The referenced company submitted and received approval for their initial rates and rules for this program in December 2005 (Item # 6- Key # 22316) effective May 1, 2006.

With this filing, they are submitting a proposed revision to their Rider's Choice Program-motorcycle relativities for class, subclass, CCs (cubic centimeters), years of experience, and age/marital status based on loss experience.

- The base rates have been adjusted to compensate for changes in the relativities as follows:

Coverage	Current Base Rate	Proposed Base Rate
BI	\$11.65	\$12.29
PD	\$11.65	\$14.09
PL	\$7.35	\$8.53
Med Pay	\$5.00	\$10.90
Comp	\$18.50	\$19.37
Coll	\$43.35	\$83.64
UM/UIM	\$101.00	\$137.30
UM/UIM PD	\$7.55	\$7.55
Accessory Rate Per \$100	\$2.00	\$2.00

- **Filing Manual formatting changes-** by removing underwriting type definitions and rules to compress the filing pages and remove any unnecessary information.
- **At-Fault accidents-** raised the accident chargeability limit from \$300 to **\$1,000**.
- **Discounts- Homeowner Discount-** lowered this discount to 10% from previously

filed 15% discount to better account for this discount in relation to the insured's insurance score. **Association/Affinity Discount-** a discretionary discount that will be applied if the applicant is a member of a qualifying association or affinity group.

- **Surcharges- Driving Record Surcharge-** lowered the driving record surcharge for one point to 5% from 15%. **Felonies-** any felony conviction is now listed as a 15 point surcharge.

These changes will result in an overall rate increase of **+54.6%** or **+\$130,235 amended to +27.2% or +\$64,879** (334 policyholders) broken down by coverage as follows:

Coverage	Proposed Rate Change
Liability	+0.6% amend to +0.7%
Physical Damage	+97.1% amended to +48.1%
Total	+54.6% amended to +27.2%

Listed below is the Louisiana and Countrywide experience:

LOUISIANA

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2006	\$ 72,809	\$ 102,876	141.3%

COUNTRYWIDE

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2002	\$ 2,712,175	\$ 2,968,222	109.4%
2003	3,607,912	3,972,349	110.1%
2004	3,277,810	2,454,442	74.9%
2005	2,716,251	1,733,612	63.8%
2006	2,518,143	1,154,550	45.8%
All Years	14,832,291	12,283,174	82.8%

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

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dr. Berry motioned to approve this filing as amended by the company to +27.2%. After hearing no objection, the filing was approved as amended.

Dana Endress and Tehya Duckworth were the company representatives present.

FINAL EFFECTIVE DATES - NEW: 8/1/2007 RENEWAL: 8/1/2007

2 - June 19, 2007 - 26297

HARTFORD INSURANCE COMPANY OF THE MIDWEST
 PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD
 17 - OTHER LIABILITY

REVISED RATE AND RULE

REVISION OF PERSONAL UMBRELLA LIABILITY POLICY (PULP) RATES AND RULES

OVERALL % IMPACT: **+16.10%**

OVERALL \$ IMPACT: **\$17,679.00**

OF POLICYHOLDERS: **785**

COMPANY REFERENCE: FN.17.095/RWG.200701

REQUESTED EFFECTIVE DATES - NEW: 7/3/2007 RENEWAL: 7/3/2007

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 countrywide 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 documentation has been forwarded to the Actuary.

FINAL ACTION: Deferred.

ADDITIONAL MINUTES: Mr. Ruiz motioned to defer this filing and requested that a company representative be present at the next regularly scheduled LIRC Meeting to address some additional concerns regarding proposed rates. After hearing no objection, the filing was deferred.

FINAL EFFECTIVE DATES - NEW: 7/3/2007 RENEWAL: 7/3/2007

3 - June 19, 2007 - 26407

INSURANCE SERVICES OFFICE, INC.

17 - OTHER LIABILITY

REVISED RATE ONLY

PERSONAL LIABILITY SUPPLEMENT

LOSS COST LEVEL REVISION

OVERALL % IMPACT: **-4.4%**

COMPANY REFERENCE: DL 2007-RLA1

REQUESTED EFFECTIVE DATES - NEW: 1/1/2008 RENEWAL: 1/1/2008

The last adjustment to this program occurred in May 2005 (item #2), which resulted in an overall decrease of -0.3% effective January 1, 2006.

With this filing, Insurance Services Office, Inc. (ISO) is revising its loss costs, which will result in a **-4.4%** statewide change from the present loss costs.

The statewide advisory \$100,000 liability/\$1,000 medical payments loss cost level changes are as follows:

Class	Rate Change
Initial Residence	
No Business - 1 Family	-13.4%
No Business - 2 Family	-13.4%
No Business - 3 Family	-13.4%
No Business - 4 Family	-13.4%

Business - 1 Family	-9.4%
Business - 2 Family	-10.6%
Business - 3 Family	-11.0%
Business - 4 Family	-11.4%
Home Day Care	-3.7%
Other Insured Locations	
Not Occupied by Owner - 1 Family	-3.2%
2 Family	-3.8%
3 Family	-6.2%
4 Family	-7.6%
Watercraft	-10.0%
Snowmobiles	-15.0%
Total	-4.4%

A copy of this filing has been forwarded to our 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: 1/1/2008

RENEWAL: 1/1/2008

4 - June 19, 2007 - 26501

INSURANCE SERVICES OFFICE, INC.

17 - OTHER LIABILITY

REVISED RULE ONLY

PERSONAL UMBRELLA

REVISION OF ISO MULTISTATE RULES FILING DESIGNATION NUMBER DL-2006-

OUPRU

OVERALL % IMPACT: 0%

OVERALL \$ IMPACT: \$0.00

OF POLICYHOLDERS: 0

COMPANY REFERENCE: DL-2006-OUPRU

The referenced rating organization is submitting this filing to revise several sections of the PUP General Rules manual including relocating the rule applicable to the exclusion of fungi, wet or dry rot, or bacteria exclusion to the Multistate General Rules.

Currently under the ISO Personal Umbrella program, a state-specific limited fungi, wet or dry rot, or bacteria exclusion endorsement applies in Louisiana. In order to uniformly reflect the revisions made in the forms supplement to multistate PUP forms filing, Paragraph J.1 in

Rule 4-Description of Optional Endorsements is deleted.

Also, a revision to the Louisiana PUP Exception pages is being proposed to maintain the reference to the Louisiana-specific endorsement in Rule 4.H. Exclusion-Fungi, Wet or Dry Rot, or Bacteria endorsement.

The requested rule revisions require approval of companion forms. A copy of this filing has been forwarded to the Actuary.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz motioned to approve this filing contingent upon companion form approval. After hearing no objection, the filing was approved contingent upon form approval.

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Tuesday, June 19, 2007

1a - June 19, 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

OVERALL % IMPACT: **+26.6%**

OVERALL \$ IMPACT: **\$9,321,452.00**

OF POLICYHOLDERS: **16755**

COMPANY REFERENCE: 2007-02-0103

REQUESTED EFFECTIVE DATES - NEW: 6/19/2007 RENEWAL: 6/19/2007

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% or +\$9,321,452 (16,755 policyholders).

The proposed changes by form are as follows:

Policy Form	Proposed Base Rate Changes	Overall Change
Dwelling	+28.0%	+26.9%
Tenants	0.0%	0.0%
Condominiums	0.0%	0.0%
Total	+26.6%	+26.6%

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: Deferred.

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

FINAL EFFECTIVE DATES - NEW: 6/19/2007 RENEWAL: 6/19/2007

2a - June 19, 2007 - 26496

STATE NATIONAL INSURANCE COMPANY, INC.

9 - INLAND MARINE

REVISED RATE AND RULE

PERSONAL INLAND MARINE

PETFIRST INSURANCE PROGRAM

OVERALL % IMPACT: 21.7%

OVERALL \$ IMPACT: \$23.00

OF POLICYHOLDERS: 1

COMPANY REFERENCE: PFH-SN-0001-07 R (LA)

REQUESTED EFFECTIVE DATES - NEW: 7/1/2007

RENEWAL: 7/1/2007

The captioned company, with this filing, proposes to revise its initial filing (#16a, 7/05) with a comprehensive enhancement for the originally filed rates and rules for the program.

As in similar programs, this program reimburses the pet owner for expenses incurred and arising from covered incidents or services through three coverage plans:

- Basic plan
- Preferred plan
- Preferred Plus plan

This filing's revisions include:

- Overall 20-25% rate increase from the current Basic and Preferred plans
- Removal of dollar limits on a variety of medical procedures

This will result in an overall increase of +21.7% or +\$23, affecting 1 policyholder.

The requested rate/rule requires approval of companion forms.

A copy has been forwarded to the actuarial division.

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: 7/1/2007 RENEWAL: 7/1/2007

A consumer, Mr. Joel Louque addressed the Commission regarding an ongoing complaint.

Mr. Ruiz motioned to obtain a resolution to allow the Attorney General's office to give a second opinion on Mr. Charles Hansberry's opinion regarding Allstate implementing a 5% mandatory statewide hurricane deductible. Dr. Berry objected to the motion. A vote was taken on the motion to obtain the resolution. Voting for obtaining the resolution was Mr. Ruiz and Mr. Busada. Voting against obtaining the resolution was Dr. Berry and Mr. Ragas. As a result of the tie vote, the resolution failed. According to Robert's Rules of Order, the adoption of a motion or a resolution fails if a majority vote is required for the adoption of such and a tie vote is obtained.

Rich Piazza spoke about Risk Management Services (RMS) hurricane modeling and what should be used by companies.

Mr. Ragas adjourned.