

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, OCTOBER 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, OCTOBER 17, 2007**:

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

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

Also present were Charles B. Hansberry, III, Esq., Director of Insurance Rating, 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 - October 17, 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: 10/17/2007    Renewal: 10/17/2007

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 that 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 countrywide 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. Ragas motioned to defer this filing at the company's request and the Commission requested additional information from the company. After hearing no objection, the filing was deferred.**

**2 - October 17, 2007 - 222449**

Insurance Services Office, Inc.

19 - Private Passenger Automobile

Revised Rate only

Private Passenger Automobile

Revision of ISO Personal Auto Liability Increased Limit Factors Filing Designation Number PP 2007-IRLA1- Louisiana

Overall % Impact: **+7.3**

Company Reference: PP 2007-IRLA1

Requested Effective Dates - New: 04/01/2008      Renewal: 04/01/2008

The last adjustment to this program was a Revision of Personal Auto Liability Increased Limits Factors filing designation number PP-2005-IRLA1- Louisiana, which occurred in January 2006 (Item # 2- Key # 22289). This resulted in a rate increase of +2.2% effective 6/1/06.

With this filing, the referenced rating organization is submitting a revision to the Personal Auto Liability Increased Limits Factors under filing designation number PP 2007-IRLA1- Louisiana. This change results in a rate increase of **+7.3%** or **\$0** as follows:

<b>Coverage</b>	<b>Proposed Rate Change</b>
Bodily Injury	+8.4%
Property Damage	+2.7%
Single Limit	+10.8%
<b>Total</b>	<b>+7.3%</b>

A companion loss cost filing under Key # 222452 is filed under separate cover.

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

**Final Action: Approved**

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

**Final Effective Dates - New: 04/01/2008      Renewal: 04/01/2008**

**3 - October 17, 2007 - 222452**

Insurance Services Office, Inc.

19 - Private Passenger Automobile

Loss Cost Filing

Private Passenger Automobile

Revision of Personal Auto Advisory Prospective Loss Cost Level Filing Designation Number PP 2007-BRLA1- Louisiana

Overall % Impact: **+7.7**

Company Reference: PP 2007-BRLA1

The last adjustment to this program was a revision of ISO Personal Auto Prospective Loss Cost under filing designation number PP-2006-BRLA1. This occurred in November 2006 (Item # 1- Key # 25041) and resulted in a rate decrease of -8.0%.

With this filing, the referenced rating organization is submitting is revision to their Personal Auto Prospective Loss Cost Level under filing designation number PP 2007-BRLA1. This will result in a rate increase of **+7.3%** in loss cost as follows:

<b>Coverage</b>	<b>Proposed Rate Change</b>
Single Limit Liability	-1.5%
Bodily Injury	-13.9%
Property Damage	+11.7%
Medical Payments	-8.9%
UM/UIM Bodily Injury	+27.2%
UM/UIM Property Damage	+11.0%
Comprehensive	+12.1%
Collision	+15.0%
<b>Total</b>	<b>+7.7%</b>

A companion filing for increased limits factors under filing designation number PP 2007-IRLA1 is also filed under separate cover under Key # 222449.

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

**Final Action: Approved**

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

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, October 17, 2007

1a - October 17, 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: 10/17/2007 Renewal: 10/17/2007

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 (21,686 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	\$	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		13,324,920		54,843,675	411.6%
2006		15,043,343		3,859,163	25.7%
All Years	\$	66,024,189	\$	79,903,253	121.0%

**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	\$	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: Dr. Berry motioned to defer this filing and the Commission requested additional information from the company. After hearing no objection, the filing was deferred.**

**The next LIRC Meeting date was changed to Wednesday, November 14, 2007 in lieu of Wednesday, November 21, 2007.**

**Dr. Berry motioned to adjourn.**