

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, SEPTEMBER 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 WEDNESDAY, SEPTEMBER 19, 2007:

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

Deputy Commissioner Brown stated for the record that the Department had received correspondence indicating Mr. Ruiz 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 Mr. Ruiz, which received no objection.

AGENDA AND NOTICE

Part I -- Casualty

Reading of the Minutes of Previous Meeting

1 - September 19, 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: 09/19/2007 Renewal: 09/19/2007

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 documentation has been forwarded to the Actuary.

Final Action: Deferred

Additional Minutes: Mr. Ragas 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, September 19, 2007

1a - September 19, 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:

Form	Base Rate Change
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)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
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: Disapproved

Additional Minutes: Dr. Berry motioned to disapprove this filing as it was found to be not actuarially justified. After hearing no objection, the filing was disapproved.

2a - September 19, 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 (21,686 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		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)

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. Busada motioned to defer this filing at staff's request. Staff still has concerns regarding forms and stacking deductibles. The Commission also requested that a company representative be present at the next regularly scheduled Commission meeting. After hearing no objection, the filing was deferred.

The Commission voted for a Resolution to acknowledge Mr. Ruiz and Mr. Godchaux's participation and service on the Commission. Mr. Chad Brown will have legal counsel and staff prepare the Resolution for the next regularly scheduled Commission meeting.

Mr. Joel Louque, a consumer, addressed the Commission regarding the status of his appeal. Mr. Warren Byrd, Executive Counsel for the Louisiana Department of Insurance, made an appearance on behalf of the Department and provided Mr. Louque with an update on the status.

Motion to adjourn was made by Dr. Berry.