

Louisiana Property and Casualty Insurance Commission Full Commission Meeting

**Thursday, September 4, 2014
Louisiana Department of Insurance
Plaza Hearing Room
1:30 p.m.**

Minutes

Commission Members Present: Commissioner Donelon, Lou Fey, Jeff Albright, Representative Kirk Talbot, Ray Aleman, Jr., Lee Ann Alexander, Jamie Bourg (representing Paul Buffone), Major Eddy Beckendorf (representing Sheriff Greg Champagne), Will Grubbs, Jr., Michael Guy, Chris Haik, Wes Hataway, Ron Henderson, Scott Landry, LTC. John LeBlanc and Ann Metrailer.

Commission Members Absent: Senator Dan Morrish, Senator Ronnie Johns, Representative Greg Cromer, J.E. Brignac, Jr., Stephen Campbell, Robert Moorman, Frank Opelka and Earl Taylor.

Commission Staff Present: Terrell Moss and David Evans

LDI Staff Present: Noble Ellington, Patrick Bell, Ileana Ledet, Arlene Knighten and Darie Jordan

The Louisiana Property and Casualty Insurance Commission (LPCIC) meeting was called to order at 1:43 p.m. by chairman Lou Fey.

Mr. Evans called the roll and reported a quorum present.

Mr. Fey welcomed the commission members and recognized Ann Metrailer as the new PCI representative with Lee Ann Alexander now representing NAMIC, which was added to the membership by Act 223 of the 2014 legislative session. He noted that this was his first meeting as Chair of the LPCIC and hoped for the success of his predecessor, Ted Haik. Mr. Fey remarked that only one of the LPCIC's 2014 recommendations to the Legislature was enacted and asked that the Commission again consider hand-held cell phone use.

Mr. Fey proposed several future meeting topics and encouraged the other members to offer their ideas on ways to lower property and casualty insurance rates. Commissioner Donelon was delayed, so the Chairman proceeded with the next speaker on the agenda.

Mr. Dave Thomas, CEO of Louisiana Citizens Property Insurance Corporation (Citizens), thoroughly briefed the Commission on Citizens' status in terms of its "three mandates:" minimize the chance of assessment, respond to claims in a timely and fair manner, and adopt and maintain a culture of accountability that treats agents, policyholders, and the public at large with respect, courtesy, and a sense of urgency. In that context he detailed Citizens' reinsurance program,

depopulation efforts that have resulted in its current 98,000 policy count and anticipated further reduction in the current 8th round, cost savings from bringing Citizens' underwriting and claims operations in-house, contractual provision for catastrophe adjusters, and continuing efforts to educate the public about Citizens.

Mr. Thomas provided Commission members with detailed answers to their questions.

Commissioner Jim Donelon thanked Mr. Fey for accepting the chairmanship of the LPCIC following the retirement of the "irreplaceable Ted Haik, to whom we owe a great debt of gratitude."

The Commissioner assessed the state's property and casualty market in terms of the devastation of hurricanes Katrina and Rita nine years ago. Through the joint efforts of many, including legislators, two different governors, and the broad-based business group Coalition to Insure Louisiana, the state continues on a successful path of recovery. While some national insurers have reduced their market share, other insurers have filled the void, including two who doubled their business and 21 new property insurance companies who have entered and are actively writing in the state. "The best barometer of the viability of our property and casualty market" is the fact that our residual insurer, Louisiana Citizens, has fewer policies today than pre-Katrina. Although pricing continues to be a challenge, the Commissioner judged Louisiana's property insurance market more robust and competitive today than it was before Katrina and a "poster child" for the future among the two dozen coastal states with tropical storm exposure.

Commissioner Donelon remarked on the recent legislative session that some progress was made and, more importantly, negatives to the state's recovery were avoided. He elaborated on several bills, recognizing ones authored by each of the LPCIC's legislative members: Senators Morrish and Johns and Representatives Cromer and Talbot. The Commissioner closed by reminding all that it was one week from the September 11th to 30th historical peak of the hurricane season in Louisiana and was hopeful that we would continue without impact this year.

Mr. Fey directed the members' attention to handouts on P&C legislation and on bills pertaining to LPCIC legislative recommendations. A lengthy discussion on lowering the jury trial threshold ensued that provided insight into the obstacles confronted and the lessons learned that will aid the chance of passage next Session.

Mr. Hataway, Director of the Office of Workers' Compensation, stated that there was no one big workers' compensation issue this Session. However, he described Act 375 as a significant piece of legislation and explained how it streamlines what had been a lengthy process of ensuring that companies comply with compulsory workers' compensation insurance requirements.

Mr. Hataway also singled out HCR 99, which calls for a study and recommendations to address the over-prescribing of pain medication in the general population. He stated that for this next year it would be the primary focus of his Office to assume some level of management of this problem within workers' comp with either a formulary or some other oversight.

Discussion followed on compliance issues and the possibility of WCRI studying the impact of the recent reclassification at the federal level of some opioids and highly addictive drugs.

Mr. Mike Barron, Impaired Driving Coordinator for the Louisiana Highway Safety Commission, provided the members with a handout that summarized specific impaired driving laws enacted during the 2014 legislative session and elaborated upon three of these that may contribute to lowering insurance rates. He commended the LPCIC for its recommendation that was embodied in Act 458, which closed a loophole that had permitted those pleading Article 894 to obtain reinstatement of their driver's license prior to successful completion of probation. Act 385 reorganized the existing DWI law to make it easier to work, which may lead to more successful prosecutions. Act 299 requires that all arrested for DWI be fingerprinted, which will create a record of each arrestee and thereby improve tracking, data, and enforcement.

With no further discussion, the chair asked if there were any comments from the public in attendance. When there were none the chair called for a motion to adjourn which was offered by Mr. Hataway and seconded by Mr. Albright. The LPCIC meeting adjourned at 3:03 pm.