

# **Louisiana Property and Casualty Insurance Commission Full Commission Meeting**

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**Tuesday, August 20, 2013  
Louisiana Department of Insurance  
Plaza Hearing Room  
1:30 p.m.**

## **Minutes**

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**Commission Members Present:** Commissioner Donelon, Ted Haik, Jeff Albright, Senator Dan Morrish, Representative Kirk Talbot, Ray Aleman, Jr., Lee Ann Alexander, Ann Metrailler, Phyllis Perron (representing J.E. Brignac, Jr.), Paul Buffone, Anne Cassity, Sheriff Greg Champagne, Michael Guy, Chris Haik, Wes Hataway, Ron Henderson, Scott Landry, LTC. John LeBlanc, A.J. Hebert (representing Robert Moorman) and Earl Taylor

**Commission Members Absent:** Senator Eric LaFleur, Representative Greg Cromer, Steve Campbell, and Lou Fey

**Commission Staff Present:** Terrell Moss and David Evans

**DOI Staff Present:** Patrick Bell, Ileana Ledet, Ed O'Brien, Rich Piazza, Charles Hansberry, Judy Wright, Ben Darnell, Herv Dorsey, Geralyn May and Joycelyn Spriggs

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The Louisiana Property and Casualty Insurance Commission (LPCIC) meeting was called to order at 1:40 p.m. by chairman Ted Haik.

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

Chairman Haik welcomed the commission members and recognized new members Ray Aleman, Jr. as the Commissioner's appointee and Chris Haik, as the consumer representative appointed by the president of the Senate. He also noted that a summary of property and casualty related legislation from the 2013 Regular Legislative Session was included in each member's packet for review. 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), indicated that he had immersed himself in his new job over the last five weeks following his broad experience in the private sector P&C insurance business over the last 40 plus years. His concentration had been on Citizens' two number one priorities: preparing for the next "big one" and de-population of Citizens' policyholders to the private market. He noted that some new companies were showing interest in de-population.

Mr. Wes Hataway, Director of the Office of Workers' Compensation, provided an update on his agency's efforts accompanied by a PowerPoint presentation.\*

Mr. Hataway emphasized the success of the medical treatment guidelines – authorized by 2009 legislation and implemented in July 2011 – in reducing the time it takes to resolve disputes between the injured employee's treating physician and the employer as to what kind of treatment the worker should receive.

Mr. Hataway explained other successful workers' compensation initiatives spearheaded by his agency, including: the use over the last two years of dedicated funds to obtain federal grants for vocational rehabilitation; the establishment of the Workplace Safety Task Force; and the two-year old Youth Safety Program. Mr. Hataway spoke briefly about Act 337 of the 2013 Regular Session.

Commission members had questions and comments regarding funding and youth safety.

Mr. Paul Buffone, Sr. Vice President/Chief Claims & Information Officer of the Louisiana Workers' Compensation Corporation, provided an employer/insurer perspective on workers' comp supplemented by a PowerPoint presentation.\*

While Mr. Buffone praised the implementation of the medical treatment guidelines and utilization review rules and the continuing 20-year decrease in the frequency of workers' comp claims, he focused on the reasons why the cost of claims remains high in the state.

The commission members had questions and comments throughout Mr. Buffone's detailed report.

Insurance Commissioner Jim Donelon briefed the commission on the impact of the reforms included in the Biggert-Waters re-authorization of the National Flood Insurance Program (NFIP) and recent developments. The Commissioner noted Louisiana's reliance on the NFIP with the third highest policy count among the states and greatest beneficiary of claims payments.

Commissioner Donelon recounted his attendance at a recent Government Accountability Office roundtable in Washington, D.C.

The Commissioner noted that among current actions being taken are: FEMA has agreed to look at certifying local levees; determining whether total premium payments actually exceed total claims payments since the inception of the NFIP; and the united efforts of our congressional delegation to obtain relief from the harsh NFIP reforms.

Mr. Curt Eysink, Executive Director of the Louisiana Workforce Commission, presented information on the imminent \$60 billion growth in industrial construction and its anticipated impact on business and insurance supported by a PowerPoint presentation.\*

Mr. Eysink indicated that the majority of this construction would occur between the latter part of this year and 2016 along and south of the I-10 corridor and result in new jobs and workers.

Mr. Eysink stated that the purpose of his presentation was to get the insurance sector thinking about the impact that this swift, unprecedented growth will have on the insurance industry so that the industry will not be caught unprepared.

The report prompted a number of questions and discussion from the commission members.

Mr. Scott Landry, Vice President of Lane & Associates, Inc. and a surplus lines broker, gave an overview of the surplus lines insurance market illustrated by a PowerPoint presentation.\*

Mr. Landry provided an expansive review of the characteristics of insurance, the need for regulation, the role, types of risks, and characteristics of the surplus lines market, and the nature of the national and Louisiana P&C markets served by surplus lines.

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 Sheriff Champagne and seconded by Senator Morrish. The LPCIC meeting adjourned at 3:48 pm.

\* PowerPoint presentation posted on LDI website ([www.lds.la.gov](http://www.lds.la.gov)) at "Property & Casualty Commission".