

Minutes
Meeting of the Board of Directors
Louisiana Insurance Guaranty Association

November 30, 2017

The quarterly meeting of the Board of Directors was held on November 30, 2017 at 10:00 a.m., at the Louisiana Insurance Guaranty Association, located at 2142 Quail Run, Baton Rouge, Louisiana 70808. The meeting was publicly noticed in accordance with the Open Meetings Law.

Members present constituting a quorum:

Michael T. Gray (Chairman)
Markham R. McKnight (Treasurer)
Wayne T. Roussel (Secretary)
Noel J. Bunol, IV
Bill Gourgues
John Hawie
William D. Hughs, III
Tom McCormick

The Gray Insurance Company
Appointee of the Commissioner of Insurance
Appointee of the President of the Senate
Gulf States Insurance Company, LAFAC Representative
State Farm Insurance Companies
Louisiana Workers' Compensation Corporation
Appointee of the Speaker of the House
LAMMICO

Others Present:

John Wells
Gerry Coryell
Stephanie Laborde
Edward Dittmar
Kenneth Ranieri
James Poche, III
Andrew DeGraw
David Lonibos
Lacey Anderson

Executive Director, LIGA
Claims Manager, LIGA
LIGA General Counsel, Milling Benson Woodward, LLP
LIGA Investment Advisor, Wells Fargo Advisors, LLC
Regional Advice Officer, Wells Fargo Advisors, LLC
Investment Manager, Wells Fargo Advisors, LLC
Reporter, *The Surplus Lines Reporter*
VP of Institutional Trust Services, Hancock Whitney
Administrative Assistant, LIGA

Members absent from meeting:

Denis Husers

Appointee of the Commissioner of Insurance

Call to Order by the Chairperson of LIGA Board of Directors

The meeting was called to order by Chairperson Gray at 10:00 a.m.

Quorum

Mr. Gray then advised a quorum was present.

Approval of the Minutes of the September 28, 2017 Meeting of the Board of Directors

A motion was made by Mr. Roussel and seconded by Mr. Gourgues to approve the Minutes of the September 28, 2017, Meeting of the Board of Directors. Objections were called for. There being none, a vote was taken, and the motion carried.

Report on Operations

Executive Director, John Wells

Mr. Wells thanked the committee members who came in early for the committee meetings held before the Board meeting as they had a fast paced but productive morning. He added the Audit Committee was to schedule a meeting in January to continue their work. He then summarized his written report. He announced that the court had

signed the liquidation order for Guarantee Insurance Company and gave an update on what their process was going to be on the claims received from this company.

Mr. Wells added the Personnel Committee had met earlier that morning to discuss some staffing issues and they would discuss more of that in the Committee Reports section of the agenda.

Mr. Wells stated he would also like to review the 2018 Budget in his report and asked if anyone had any questions with regards to the budget, what their business goals were and expectations for 2018. Mr. Hughs stated those at the Finance Committee earlier were able to ask their questions then. No other questions were presented.

A motion was made by Mr. Hughs and seconded by Mr. McKnight to approve the 2018 Budget. Objections were called for. There being none, a vote was taken, and the motion carried.

Mr. Wells then asked for any questions regarding the 2017 Budget through October or for his report.

Hearing none, Mr. Gray then asked to move on to Report on Claims & Litigation.

Report on Claims & Litigation
Claims Manager, Gerry Coryell

Mr. Coryell presented his written report to the Board. He called for any questions regarding his report.

Hearing none, Mr. Gray stated they would move on to the Report of General Counsel.

Report of General Counsel
General Counsel, Stephanie Laborde

Ms. Laborde summarized her written report to the Board. She stated they continued to plow their way through the Affirmative Insurance Company's files. She added it was complicated because the plaintiff's bar had become aware of the Luneau amendment and they are trying to apply the amendment to the current pending cases. She stated so far, they had been uniformly successful in convincing the court that the Luneau amendment should not apply to currently pending cases only to future insolvencies.

She continued by stating another issue that has been taking up a fair amount of their time was the Castlepoint Insolvency, it had a lot of bigger insureds. She stated that she and Gerry were spending a lot of time with net worth investigations and evaluations.

Report of Insurance Commissioner's Office

No report from Insurance Commissioner's Office.

Committee Reports and Recommendations

Mr. Wells stated the Finance Committee had met and asked for Mr. McKnight to give a brief report of what happened at the meeting.

Mr. McKnight stated that the Committee reviewed the 2018 Budget and had very few questions as the narrative was thorough. He then asked Mr. Hawie to summarize the investment discussion. He explained Mr. Hawie had been working with Mr. Wells and Wells Fargo on giving the Board a little education of where LIGA was or where they needed to be with investments.

Mr. Hawie stated he had met with Wells Fargo and Mr. Wells about a month prior where they had an informal discussion regarding the current investment policy. He stated they thought it would be helpful for Wells Fargo to provide the Board with some continuing education. The primer on different types of risks and rewards would build on the members foundation and kick off the discussion of LIGA's investment direction. If they were comfortable after

they had gone through the discussion with the current policy, then fine; if they wanted to look at making some changes he felt confident that Wells Fargo could get them through that.

Mr. Hughs stated the Personnel Committee had met. He added they reviewed the current staffing level and, while it looked good, it also looked as though one adjuster could be brought on from temporary to a full-time basis. He added although it was not Board purview but rather they were giving management feedback. He added the Committee recommended a raise for executive staff. He added it was also their recommendation at this time not to fulfill the Operations Manager position until or unless volume picks up and they could always discuss that on a quarterly basis if necessary.

Mr. Gourgues stated the Audit Committee had met and approved the next audit. He added the Audit Committee would meet just before that audit takes place and then again afterwards to review the results.

Executive Session

A motion was made by Mr. Hughs and seconded by Mr. McCormick to go into Executive Session. Objections were called for. There being none, a vote was taken, and the motion carried.

Executive Session
10:13 a.m.-10:35 a.m.

Old Business

Nothing to report

New Business

Mr. Dittmar introduced Mr. Poche and Mr. Ranieri with Wells Fargo. He stated Mr. Ranieri would be giving the presentation. Mr. Ranieri then gave a presentation on different asset categories and on LIGA's individual investment portfolio. The Board discussed the topic and Mr. Ranieri also took questions.

Adjournment

A motion was made by Mr. Roussel and seconded by Mr. McKnight to adjourn the meeting. Objections were called for. There being none, a vote was taken, and the motion carried.

The meeting was adjourned at 11:28 a.m.

APPROVED:

These minutes were presented and approved at a meeting of the Board of Directors of the Louisiana Insurance Guaranty Association, held March 29, 2018.


Wayne T. Roussel, Secretary


Michael T. Gray, Chairman

These Minutes were written by Lacey Anderson, Administrative Assistant, LIGA, from a recording on the FTS Reporter and notes during the Board Meeting.