

Minutes
Meeting of the Board of Directors
Louisiana Insurance Guaranty Association

March 29, 2018

The quarterly meeting of the Board of Directors was held on March 29, 2018 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)
Wayne T. Roussel (Secretary)
Noel J. Bunol, IV
Bill Gourgues
John Hawie
William D. Hughs, III
Tom McCormick
Denis Husers

The Gray Insurance Company
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
Appointee of the Commissioner of Insurance

Others Present:

Caroline Brock
John Wells
Gerry Coryell
Stephanie Laborde
Edward Dittmar
Brian Rehling
David Lonibos
Jamie Burgess
Andrew DeGraw
Lacey Anderson

Rep. of Insurance Commissioner, Department of Insurance
Executive Director, LIGA
Claims Manager, LIGA
LIGA General Counsel, Milling Benson Woodward, LLP
LIGA Investment Advisor, Wells Fargo Advisors, LLC
CFA, Wells Fargo Investment Institute
VP of Institutional Trust Services, Hancock Whitney
Hancock Whitney
Reporter, *The Surplus Lines Reporter*
Administrative Assistant, LIGA

Members absent from meeting:

Markham R. McKnight (Treasurer)

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 10:02 a.m.

Quorum

Mr. Gray then advised a quorum was present.

Approval of the Minutes of the November 30, 2017 Meeting of the Board of Directors

A motion was made by Mr. Roussel and seconded by Mr. Hughs to approve the Minutes of the November 30, 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 summarized his written report to the Board. He reported and gave updates on the insolvencies of Access Insurance Company and Guarantee Insurance Company.

Mr. Wells continued his report by announcing that Board member, Bill Gourgues had informed him of his upcoming retirement from State Farm and it would be his last Board meeting with the Board. He added State Farm was working on a replacement for Mr. Gourgues on the Board. He stated Mr. McCormick had announced that he too had retired from LAMMICO but expressed his interest to remain on the Board. He added Mrs. Laborde reviewed LIGA's Plan of Operation and there was no legal issue for a member to remain on the Board because they were no longer employed with a member company.

Mr. Wells presented an updated budget for the end of 2017 and a 2018 updated budget through January.

It was moved by Mr. Hughs and seconded by Mr. Roussel to accept the Report on Operations. Objections were called for. There being none, a vote was taken, and the motion carried.

Report on Claims & Litigation
Claims Manager, Gerry Coryell

Mr. Coryell summarized his written report to the Board. He stated they continued to handle the Affirmative Insurance Company claims and had closed approximately 78% of the Affirmative losses. He added they reduced temporary staff by one as of January 1st, also per the guidance of the Personnel Committee, they had converted one of the temporary staff to permanent as of the end of January.

It was moved by Mr. Hughs and seconded by Mr. Roussel to accept the Report on Claims. Objections were called for. There being none, a vote was taken, and the motion carried.

Report of General Counsel
General Counsel, Stephanie Laborde

Ms. Laborde summarized her written report to the Board. She stated the Guarantee and Castlepoint insolvencies involved several potentially high net worth insureds than LIGA typically receives. She added business valuations were expensive and very complex and require outside expertise. They were retaining business valuation experts in a number of those cases to determine their consolidated net worth. She stated they had been able to determine many of the insureds had a consolidated net worth in excess of \$25 million and had been able to deny those claims on that basis.

Ms. Laborde stated they were hopeful they would not receive any sub-standard auto insolvencies during the pending change to the credit statute under the Luneau bill from last year, before they fixed it, but they had in fact received claims from one of those companies. She added they would work very hard with the courts, adjusters and plaintiff's counsel to make it clear that was only a one-year provision and that any judgements that were received had language in them, that no one would quote that language in the future.

Report of Insurance Commissioner's Office

No report from Insurance Commissioner's Office.

Committee Reports and Recommendations

Mr. Bunol reported the Claims Committee had met before the Board meeting and were presented with the results of the claims audit. He added the results were favorable, and the claims department met standards. The committee approved the report.

Mr. Gourgues reported the Audit Committee had met before the Board meeting and were presented with the findings of the 2017 Postlethwaite & Netterville Financial Audit. He stated there were no negative findings and the committee approved the report.

A motion was made by Mr. Hughs and seconded by Mr. Roussel to go out of order on the agenda to Old Business, so they could hear the investment presentation prepared by Mr. Brian Rehling with Wells Fargo. Objections were called for. There being none, a vote was taken, and the motion carried.

Mr. Dittmar stated as part of Wells Fargo's ongoing commitment to the Board and its conversation on the next steps with their investment policy; he introduced Mr. Rehling and stated he was the Co-Chair of Global Fixed Income Strategy. Mr. Rehling gave a presentation on fixed income investments and took questions from Board members.

A motion was made by Mr. Hughs and seconded by Mr. Roussel to refer the investment discussion to the Finance Committee and have them report back to the Board with a recommendation at their next meeting. Objections were called for. There being none, a vote was taken, and the motion carried.

Mr. Gray thanked Mr. Rehling for his presentation.

Executive Session

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

Executive Session
11:00 a.m.-11:06 a.m.

Old Business

Mr. Gray called for any Old Business. Hearing none, he called for any New Business.

New Business

The Board discussed the upcoming Board meeting dates.

Mr. Gourgues expressed his thanks to everyone and stated he had enjoyed serving on the LIGA Board, and they ran an excellent operation.

Adjournment

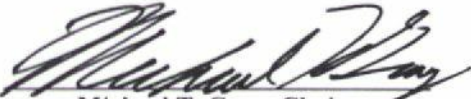
A motion was made by Mr. Rouseel and seconded by Mr. Hughs to adjourn the meeting. Objections were called for. There being none, a vote was taken, and the motion carried.

The meeting was adjourned at 11:08 a.m.

APPROVED:

These minutes were presented and approved at a meeting of the Board of Directors of the Louisiana Insurance Guaranty Association, held June 28, 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.