

FINANCIAL REPORT  
LOUISIANA CITIZENS  
PROPERTY INSURANCE CORPORATION  
DECEMBER 31, 2024 AND 2023

LOUISIANA CITIZENS  
PROPERTY INSURANCE CORPORATION

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## INDEPENDENT AUDITOR'S REPORT

June 24, 2025

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To the Board of Directors of  
Louisiana Citizens Property Insurance Corporation  
Metairie, Louisiana

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the business-type activities and the major fund of the Louisiana Citizens Property Insurance Corporation (the "Company"), a component unit of the State of Louisiana, as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the major fund of the Louisiana Citizens Property Insurance Corporation as of December 31, 2024 and 2023, and the respective changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Louisiana Citizens Property Insurance Corporation and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Citizens Property Insurance Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Louisiana Citizens Property Insurance Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Louisiana Citizens Property Insurance Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana Citizens Property Insurance Corporation's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2025 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

*Duplantier, Sharpman, Hogan and Shaker, LLP*

New Orleans, Louisiana

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

The Management's Discussion and Analysis of the Louisiana Citizens Property Insurance Corporation's (the Company) financial performance presents a narrative overview and analysis of the Company's activities for the years ended December 31, 2024 and 2023. This discussion and analysis focuses on current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. We encourage readers to consider the information presented here in conjunction with the additional information contained in the Company's financial statements.

**Financial Highlights:**

The financial highlights for the Louisiana Citizens Property Insurance Corporation for the fiscal year ended December 31, 2024 were:

- The Company renewed its reinsurance program in May 2024 with storm coverage of \$2,090 million and retention of \$200 million that includes a traditional reinsurance program, two cat bonds, and a parametric limit for a decrease in cost of approximately \$9.7 million for the June 1, 2024 through May 31, 2025 program period as compared to June 1, 2023 through May 31, 2024 program period. The 2024 – 2025 program period provides for a 1 in 100 year storm coverage compared to a 1 in 106 year storm coverage for the 2023 – 2024 program.
- The Company completed a nineteenth round of depopulation effective April 1, 2024 transferring 8,415 policies and approximately \$2,400 million of exposure to the private insurance market. The Company also completed a twentieth round of depopulation effective December 1, 2024 transferring 13,481 policies and approximately \$4,491 million of exposure to the private insurance market.
- On January 9, 2025, the Board of Directors of the Company voted to terminate the 1.36% assessment on all residential and commercial property insurance policies in Louisiana, effective April 1, 2025. This assessment, originally established to fund the repayment of bonds issued for debt resulting from claims related to Hurricanes Katrina and Rita, was previously scheduled to expire in June 2026. Although the assessment will end in April 2025, the Company will continue to make semi-annual debt service payments and annual principal payments through June 2026. As of December 31, 2024, the Company has collected sufficient assessments to cover all remaining debt service and principal obligations.

**Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Louisiana Citizens Property Insurance Corporation's basic financial statements. The Company's financial statements comprise three components: 1) Management's Discussion and Analysis, 2) the Basic Financial Statements (including the notes to the financial statements), and 3) Required Supplementary Information. This report also contains other supplementary information in addition to the basic financial statements themselves.

***Basic Financial Statements***

The basic financial statements present information for the Company as a whole in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Fund Net Position, and the Statements of Cash Flows.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Overview of the Financial Statements: (Continued)**

The Statement of Net Position presents information on all of the Company's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between them presented as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Company is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information showing how the Company's net position changed during the most recent fiscal year. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Company's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities as required by GASB 34.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

**Financial Analysis of the Entity:**

The following is a summary of the Statements of Net Position:

Condensed Statements of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Current assets	\$ 874,345,810	\$ 735,569,388	\$ 477,668,408
Capital assets	1,191,473	720,591	521,080
Right of use asset - lease	2,498,174	2,706,000	245,704
Right of use asset - SBITA	1,882,000	2,397,612	-
Other non-current assets	115,338,862	85,415,592	68,063,215
Total assets	<u>995,256,319</u>	<u>826,809,183</u>	<u>546,498,407</u>
Deferred outflows of resources	<u>309,507</u>	<u>482,623</u>	<u>839,447</u>
Current liabilities	467,816,845	525,457,144	420,572,154
Non-current liabilities	71,389,665	128,697,475	179,469,377
Total liabilities	<u>539,206,510</u>	<u>654,154,619</u>	<u>600,041,531</u>
Deferred inflows of resources	<u>845,700</u>	<u>1,283,329</u>	<u>1,458,314</u>
Net position:			
Net investment in capital assets	912,013	646,103	521,080
Restricted for debt service	287,826,600	258,985,230	210,842,957
Unrestricted	166,775,003	(87,777,475)	(265,526,028)
Total Net Position (Deficit)	<u>\$ 455,513,616</u>	<u>\$ 171,853,858</u>	<u>\$ (54,161,991)</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

*Assets*

*2024*

Total assets increased by \$168.4 million in 2024 compared to 2023 due to the reasons described below.

Current assets, consisting primarily of cash, cash equivalents, investments, and receivables, increased by \$138.8 million in 2024. The increase in current assets was primarily due to continued growth and rate changes in 2024. In addition, restricted investments held by bond trustee increased by \$29.5 million primarily due to emergency assessment collections exceeding bond service costs. The emergency assessment rate is arrived by comparing the annual bond service costs to prior year statewide premiums written. The emergency assessment collections are then attained by applying the assessment rate to current year insurer premiums written which inherently varies higher or lower than the prior year statewide premiums written used to determine the emergency assessment rate. Offsetting the increase in cash and cash equivalents was a decrease of \$7.4 million in premiums receivable due to the policies depopulated during 2024.

Other non-current assets, consisting primarily of the restricted cash related to escheatment and noncurrent investments, increased by \$29.9 million in 2024. Other non-current assets increased primarily due to noncurrent investments purchased from cash provided from the increase in new policies written.

*2023*

Total assets increased by \$280.3 million in 2023 compared to 2022 due to the reasons described below.

Current assets, consisting primarily of cash, cash equivalents, investments, and receivables, increased by \$257.9 million in 2023. The increase in current assets was primarily due to an increase from continued growth and rate changes in 2023. In addition, an increase in premium receivables of \$23.3 million resulting from new policies written. Restricted investments held by bond trustee of \$27.7 million increased primarily due to emergency assessment collections exceeding bond service costs. The emergency assessment rate is arrived by comparing the annual bond service costs to prior year statewide premiums written. The emergency assessment collections are then attained by applying the assessment rate to current year insurer premiums written which inherently varies higher or lower than the prior year statewide premiums written used to determine the emergency assessment rate. Offsetting the increase in cash was a decrease of \$14.5 million in reinsurance recoverables on paid loss and loss adjustment expenses due to Hurricane Ida claim activity in the prior year.

Other non-current assets, consisting primarily of the restricted cash related to escheatment and noncurrent investments, increased by \$17.4 million in 2023. Other non-current assets increased primarily due noncurrent investments purchased from cash provided from the increase in new policies written.



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

***Deferred Outflows of Resources***

2024

Total deferred outflows of resources decreased by \$173 thousand in 2024 compared to 2023 primarily due to the changes in estimates related to other post-employment benefits and net pension liabilities.

2023

Total deferred outflows of resources decreased by \$357 thousand in 2023 compared to 2022 primarily due to the changes in estimates related to other post-employment benefits and net pension liabilities.

***Liabilities***

2024

Total liabilities decreased by \$114.9 million in 2024 compared to 2023 primarily due to the reasons described below.

The combined current and noncurrent bonds payable decreased by \$56.4 million in 2024 compared to 2023 primarily due to a \$53.5 million in scheduled bond principal payments made in 2024, and amortization of bond premiums of \$2.9 million in 2024.

Unearned premiums decreased by \$66.4 million in 2024 compared to 2023 primarily as a result of less in-force policies written by the Company during 2024.

Claims reserves and claims adjustment expense reserves decreased by \$10.4 million in 2024 compared to 2023. The decrease is primarily due to a decrease in the projected ultimate loss for Hurricane Ida in 2024 as a result of the year-end actuarial analysis.

Takeout premium payable increased by \$27.9 million in 2024 compared to 2023 primarily due to the takeout premiums owed to the assuming insurers on the policies depopulated in Round 20 of depopulation in December 2024. In 2023, the latest round of depopulation took place in October 2023, so there were no significant payables owed to assuming insurers at year end.

2023

Total liabilities increased by \$54.1 million in 2023 compared to 2022 primarily due to the reasons described below.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

***Liabilities*** (Continued)

The combined current and noncurrent bonds payable decreased by \$54.9 million in 2023 compared to 2022 primarily due to a \$51.0 million in scheduled bond principal payments made in 2023, and amortization of bond premiums of \$3.9 million in 2023.

Unearned premiums increased by \$93.7 million in 2023 compared to 2022 primarily as a result of policy growth and rate changes during 2023.

Claims reserves and claims adjustment expense reserves increased by \$44.0 million in 2023 compared to 2022. The increase is primarily due to \$17.2 million case reserves and IBNR reserves for 2023 non-catastrophe losses, and a \$54.6 million increase in IBNR reserves for Hurricane Ida. The increase is offset by a decrease of \$26.7 million for all 2022 claims and \$1.2 million for all other claims.

Other current liabilities decreased by \$44.6 million in 2023 compared to 2022 primarily due to the ceded premiums booked in 2022 in anticipation of the adjusted contractual premium owed under the Company's core reinsurance program. The ceded reinsurance premium under the core program is amortized and paid on a provisional basis during the contract term based upon the total insured value (TIV) at the beginning of the contract period, which is June 1, 2023. The adjusted contractual premium payable is calculated using the TIV at the end of the contract period which is May 31, 2024. Due to the significant increase in policies issued during the 2022 contract period, a greater adjusted contractual premium was calculated and paid compared to 2023.

***Net Position***

***2024***

The increase in net position of \$283.7 million in 2024 compared to 2023 was primarily due to a net operating income of \$163.5 million and a net non-operating income of \$120.1 million.

***2023***

The increase in net position of \$226.0 million in 2023 compared to 2022 was primarily due to a net operating income of \$100.5 million and a net non-operating income of \$125.6 million.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

***Net Position (Continued)***

The following is a summary of the Statements of Revenues, Expenses and Changes in Fund Net Position:

Condensed Statements of Revenues, Expenses and Changes in Fund Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenue:			
Net premiums revenue	\$ 305,443,644	\$ 260,542,110	\$ 82,561,928
Finance charges and other operating income	4,121,646	4,935,854	8,477,436
Total operating revenues	309,565,290	265,477,964	91,039,364
Operating expenses:			
Claims and underwriting expenses	144,662,743	164,175,702	155,077,934
Depreciation and amortization	1,368,090	848,097	607,091
Total operating expenses	146,030,833	165,023,799	155,685,025
Operating income (loss)	163,534,457	100,454,165	(64,645,661)
Non-operating revenues (expenses):			
Interest expense	(3,521,324)	(4,368,017)	(6,261,860)
Other revenue	123,646,627	129,929,701	97,157,629
Total non-operating revenues	120,125,303	125,561,684	90,895,769
Change in net position	283,659,760	226,015,849	26,250,108
Net position (deficit) at beginning of year	171,853,858	(54,161,991)	(80,412,099)
Net position (deficit) at end of year	<u>\$ 455,513,618</u>	<u>\$ 171,853,858</u>	<u>\$ (54,161,991)</u>

**2024**

Change in net position increased \$57.6 million in 2024 compared to 2023 due to the reasons described below.

Net premium revenue was \$44.9 million higher in 2024 compared to 2023. The increase was a result of the unearned premiums in 2023 becoming earned in 2024 and less premium written in 2024.

The claims and underwriting expense was \$19.3 million lower in 2024 compared to 2023. The decrease in claims and underwriting expenses was primarily due to the decrease in the projected ultimate loss of Hurricane Ida in the December 2024 actuarial analysis.

Interest expense decreased by \$847 thousand in 2024 compared to 2023. The decrease in 2024 was primarily attributable to a decrease in interest expense due to a reduction in the amortization of deferred outflows from advanced refunding.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Financial Analysis of the Entity: (Continued)**

***Net Position (Continued)***

Other revenue decreased by \$6.3 million in 2024 compared to 2023. The decrease in 2024 was primarily attributable to a decrease in Emergency Assessment Income of \$19.6 million, an increase in tax exempt surcharge of \$2.4 million, and an increase in investment income of \$10.9 million.

***2023***

Change in net position increased \$226 million in 2023 compared to 2022 due to the reasons described below.

Net premium revenue was \$178 million higher in 2023 compared to 2022. The increase was a result of the increase in unearned premiums as described on Page 8 of the Liabilities section for 2023.

The claims and underwriting expense was \$9.1 million higher in 2023 compared to 2022. Claims expenses were \$28.8 million greater in 2023 as compared to 2022 primarily due to an increase of \$45.6 million from Hurricane Ida and an increase of \$56.7 million from 2023 accident year claims. Offsetting these increases was a decrease of \$70.8 million from 2022 accident year claims. Underwriting expenses increased primarily due to \$17.3 million related to agents' commissions and \$9.5 million related to premium taxes resulting from the increase in premiums written in 2023. Offsetting the increase in claims and underwriting expenses was a \$46.5 million decrease in the allowance for doubtful reinsurance recoverable balances in 2023 as compared to 2022.

Interest expense decreased by \$1.9 million in 2023 compared to 2022. The decrease in 2023 was primarily attributable to a decrease in interest expense due to a reduction in the amortization of deferred outflows from advanced refunding.

Other revenue increased by \$32.8 million in 2023 compared to 2022. The increase in 2023 was primarily attributable to an increase in Emergency Assessment Income of \$10 million, an increase in tax exempt surcharge of \$9.2 million, and an increase in investment income of \$13.5 million.

**Cash Flow and Liquidity:**

***Cash Flow***

Sources of cash include cash receipts from customers, principally, premiums collected, emergency assessments and amounts received from restricted investments. Primary uses of cash include cash payments for services provided, cash payments to employees, and principal and interest paid on debt.

The other cash flow from non-capital financing activities is primarily assessment collections less debt service costs on long-term debt obligations from restricted cash.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

**Cash Flow and Liquidity: (Continued)**

***Liquidity***

All liquid funds held by the Company are kept in commercial bank accounts that are FDIC insured or 100% collateralized.

In addition to policy holder premiums, the Company has a much broader range of resources available to pay losses and repay debt obligations than does a typical insurer. Presently, the Company can institute a regular assessment up to approximately \$384 million on the state insurance industry derived from 10% of their written premium for deficits each year, and an emergency assessment up to approximately \$446 million derived from 10% of the premium written on property policyholders of the State of Louisiana for each calendar year of a storm to pay debt incurred in previous years. Emergency assessments levied in any calendar year can remain in place each year until any borrowings from that year have been repaid.

In 2023, the Company secured a \$125.0 million line of credit with Regions Bank that matures in June 2025. The line of credit provides additional liquidity to the corporation.

In 2010, the Company instituted lockbox processing to reduce cash flow interruption in the event of a temporary closure of its office for a catastrophic event.

In 2005, the Company did not have sufficient funds to pay 80,000 claims resulting from Hurricanes Katrina and Rita. In 2006, the Company issued \$678.2 million of assessment revenue bonds and \$300.0 million in auction rate securities. After multiple refinancings, the Company has approximately \$113 million of fixed rate assessment revenue bonds outstanding as of December 31, 2024. The debt service of these bonds is paid through emergency assessments on property insurance policies written in the State of Louisiana. The emergency assessments are remitted quarterly to the bond trustee, and the assessment revenue bonds will be fully paid in 2026.

**Pending Litigation**

As of December 31, 2024 there were 472 open litigation matters against LCPIC. The majority of these lawsuits are first-party suits related to 2021 Hurricane Ida and 2020 Hurricanes Laura, Delta and Zeta. Excluding the Oubre class action suit described below, unpaid loss and loss adjustment expenses in the amount \$15.5 million are included in the claims reserve and claims adjustment expense reserves on the statement of net position. The balance of the litigated matters are first party losses, third-party bodily injury claims, subrogation or claims where the issue of coverage is in dispute.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

**Financial Analysis of the Entity: (Continued)**

**Pending Litigation (Continued)**

*Oubre v. Louisiana Citizens Property Insurance Corporation.* The plaintiffs in this suit allege that LCPIC failed to timely initiate loss adjustment as required by Louisiana statutory law exposing LCPIC to penalties up to a mandatory limit of \$5,000. On July 23, 2012, LCPIC settled the first phase of this class action suit with a payment of \$104.7 million to the plaintiff counsel for distribution to the class members. LCPIC entered into a settlement with the class for the remaining Oubre claims. LCPIC has paid \$145.5 million towards the final settlement as of December 31, 2024 and has a reserve of \$3.7 million for the remaining settlement (included in unpaid losses on the statement of net position). LCPIC will continually review the reserve to ensure that it meets the anticipated settlement costs.

**Future Plans**

LCPIC had \$1,877.5 million in total reinsurance and cat bonds in place for the 2024 storm season, which provided 1 in 100 year storm coverage. The cat bonds include two three-year catastrophe bonds for \$350 million and \$295 million. In addition to the reinsurance program and cat bonds, LCPIC has reinstatement premium protection and second event catastrophe coverage. The amount of reinsurance purchased by LCPIC is determined by many factors, which include losses projected by catastrophe models, insured values of the company, reinsurance market prices, and availability of cash. The reinsurance coverage, excluding cat bonds, described above expires on May 31, 2025. LCPIC is in the process of negotiating a new reinsurance program for the 2025 storm season and it is anticipated to provide a minimum of 1 in 122 year storm coverage.

**Contacting Louisiana Citizens Property Insurance Corporation's Management:**

This financial report is designed to provide the citizens and taxpayers of Louisiana, customers, and creditors with a general overview of the Company's finances. If you have questions about this report or need additional financial information, contact Adam Bourgeois at (504) 832-3214 or [abourgeois@lacitizens.com](mailto:abourgeois@lacitizens.com).

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS:</b>		
Current assets:		
Cash	\$ 270,773,306	\$ 344,638,234
Cash equivalents	260,767,787	118,536,045
Bond investments	77,022,907	36,057,488
Restricted cash equivalents	142,430,865	112,953,333
Premium receivables and agent's balances, net	74,339,559	81,725,683
Reinsurance recoverables	5,206,945	4,427,497
Emergency assessments receivable	17,058,249	20,000,000
Prepaid reinsurance premiums	22,604,101	14,071,986
Net pension asset	200,127	283,845
Other current assets	3,941,964	2,875,277
Total current assets	<u>874,345,810</u>	<u>735,569,388</u>
Noncurrent assets:		
Restricted cash for escheatment	6,737,052	6,030,085
Bond investments	108,428,014	79,274,965
Capital assets	1,191,473	720,591
Right of use asset - lease	2,498,174	2,706,000
Right of use asset - SBITA	1,882,000	2,397,612
Other noncurrent assets	173,796	110,542
Total noncurrent assets	<u>120,910,509</u>	<u>91,239,795</u>
Total assets	<u>995,256,319</u>	<u>826,809,183</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>		
Deferred outflows - pension and OPEB	309,507	482,623
Total deferred outflows of resources	<u>\$ 309,507</u>	<u>\$ 482,623</u>

See accompanying notes to the financial statements.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
STATEMENTS OF NET POSITION (Continued)  
DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>LIABILITIES:</b>		
Current liabilities:		
Claims reserves	\$ 70,310,939	\$ 80,949,065
Claims adjustment expense reserves	12,358,062	12,104,263
Unearned premiums	269,149,070	335,528,695
Bonds payable, net of unamortized premium	57,225,779	56,439,991
Unearned tax exempt surcharge	8,992,675	10,544,413
Commissions payable to agents	11,725,749	13,129,284
Taxes, licenses, and fees due	5,863,990	12,941,888
Accrued bond interest	432,611	584,056
Lease liability	133,759	71,881
SBITA liability	533,734	491,652
SBITA accrued interest	39,372	50,479
Takeout premium payable	29,359,777	1,447,572
Other current liabilities	1,691,328	1,173,905
Total current liabilities	<u>467,816,845</u>	<u>525,457,144</u>
Noncurrent liabilities:		
Bonds payable, net of unamortized premium	58,242,591	115,468,370
Escheatment payable	6,737,052	6,030,085
Lease liability	2,745,271	2,822,856
SBITA liability	1,207,498	1,741,232
Other postemployment benefits	2,457,253	2,634,932
Total noncurrent liabilities	<u>71,389,665</u>	<u>128,697,475</u>
Total liabilities	<u>539,206,510</u>	<u>654,154,619</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>		
Deferred inflows - pensions and OPEB	845,700	1,283,329
Total deferred inflows of resources	<u>845,700</u>	<u>1,283,329</u>
<b>NET POSITION:</b>		
Net investment in capital assets	912,013	646,103
Restricted for debt service	287,826,600	258,985,230
Unrestricted (deficit)	<u>166,775,003</u>	<u>(87,777,475)</u>
Total net position	<u>\$ 455,513,616</u>	<u>\$ 171,853,858</u>

See accompanying notes to the financial statements.



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>OPERATING REVENUES:</b>		
Premiums earned	\$ 584,485,392	\$ 524,196,996
Premiums ceded	(279,041,748)	(263,654,886)
Net premiums revenue	305,443,644	260,542,110
Finance and service charges	4,074,871	4,893,115
Other operating income	46,775	42,739
Total operating revenues	<u>309,565,290</u>	<u>265,477,964</u>
<b>OPERATING EXPENSES:</b>		
Claims and claim adjustment expenses	74,893,336	79,084,296
Commissions and brokerage	48,661,637	59,489,967
Salary and related items	4,101,946	3,731,783
Board, bureaus and associations	3,890,075	5,220,558
Taxes, licenses and fees	6,308,246	7,878,498
Equipment, depreciation, and repairs and maintenance	1,032,419	834,476
Amortization - right of use leased assets	264,000	263,202
Amortization - right of use SBITA assets	515,613	185,600
General office	3,598,463	3,619,408
Employee benefits	1,298,121	1,231,318
Other underwriting expenses	1,466,979	3,484,693
Total operating expenses	<u>146,030,835</u>	<u>165,023,799</u>
Operating income	<u>163,534,455</u>	<u>100,454,165</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest expense	(3,047,293)	(4,131,329)
Interest expense - lease liability	(295,339)	(184,003)
Interest expense - SBITA liability	(178,692)	(52,685)
Investment income	25,593,564	14,695,028
Emergency assessment income	79,358,879	98,975,601
Tax exempt surcharge	18,694,184	16,259,072
Total nonoperating revenues	<u>120,125,303</u>	<u>125,561,684</u>
CHANGE IN NET POSITION	283,659,758	226,015,849
Net position (deficit), beginning of year	<u>171,853,858</u>	<u>(54,161,991)</u>
NET POSITION, END OF YEAR	<u>\$ 455,513,616</u>	<u>\$ 171,853,858</u>

See accompanying notes to the financial statements.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Premiums collected	\$ 239,128,228	\$ 312,254,057
Finance and service charges collected	4,074,871	4,893,115
Other receipts	753,742	1,337,231
Claims recovered (paid)	(62,373,859)	8,653,186
Claim adjustments recovered (paid)	(17,581,673)	(10,991,947)
Underwriting expense paid	(57,944,145)	(127,015,619)
Net cash provided by operating activities	<u>106,057,164</u>	<u>189,130,023</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Emergency assessments received	82,300,630	94,975,601
Tax exempt surcharge received	17,142,446	19,567,677
Amounts remitted to bond trustee, net	(53,530,000)	(50,980,000)
Interest paid on capital debt	(6,593,867)	(8,478,108)
Net cash provided by noncapital financing activities	<u>39,319,209</u>	<u>55,085,170</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	(1,059,359)	(598,806)
Principal payments on right of use leased asset	(71,881)	(197,644)
Principal payments on right of use SBITA asset	(491,652)	(350,329)
Net cash used by capital and related financing activities	<u>(1,622,892)</u>	<u>(1,146,779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(184,807,766)	(114,932,830)
Investment income received	24,273,145	13,840,055
Proceeds from sale of investments	115,332,453	88,409,542
Net cash used by investing activities	<u>(45,202,168)</u>	<u>(12,683,233)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>98,551,313</b>	<b>230,385,181</b>
Cash and cash equivalents, beginning of year	<u>582,157,697</u>	<u>351,772,516</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b><u>\$ 680,709,010</u></b>	<b><u>\$ 582,157,697</u></b>
<b>Reconciliation of cash and cash equivalents to the Statements of Net Position:</b>		
Cash - current	\$ 270,773,306	\$ 344,638,234
Cash equivalents - current	260,767,787	118,536,045
Restricted cash equivalents - current	142,430,865	112,953,333
Restricted cash for escheatment - noncurrent	<u>6,737,052</u>	<u>6,030,085</u>
	<b><u>\$ 680,709,010</u></b>	<b><u>\$ 582,157,697</u></b>

See accompanying notes to the financial statements.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
STATEMENTS OF CASH FLOWS (Continued)  
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 163,534,455	\$ 100,454,165
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense - capital assets	588,477	399,295
Amortization - right of use leased assets	264,000	263,202
Amortization - right of use SBITA assets	515,613	185,600
Changes in assets and liabilities:		
Decrease (increase) in:		
Premiums receivable and agents' balances	7,386,124	(23,298,516)
Reinsurance recoverables	(779,448)	14,535,260
Prepaid reinsurance premiums	(8,532,115)	(7,815,942)
Deferred outflows	173,116	356,824
Other current assets	(368,958)	3,089,283
Increase (decrease) in:		
Claims and claim adjustment expense reserves	(10,825,048)	44,008,057
Unearned premiums	(66,379,626)	93,661,480
Accrued taxes, licenses and fees due	(6,637,179)	3,831,744
Commissions payable to agents	(1,403,535)	3,158,334
Deferred inflows	(437,629)	(174,985)
Escheatment payable	706,968	1,294,492
Other postemployment benefits	(177,679)	(190,491)
Takeout premium payable	27,912,205	(1,584,807)
Other current liabilities	517,423	(43,042,972)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 106,057,164</u>	<u>\$ 189,130,023</u>
Noncash capital and related financing activities during the year for:		
Modification of right of use leased asset	\$ -	\$ 2,723,498
Acquisition of right of use SBITA asset	-	2,397,612
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ 5,121,110</u>

See accompanying notes to the financial statements.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

NATURE OF THE BUSINESS:

Louisiana Citizens Property Insurance Corporation (the “Company”) is a component unit of the State of Louisiana. The Company’s principal business activity is to operate insurance plans which provide property insurance for residential and commercial property, solely for applicants who are in good faith entitled, but are unable to procure insurance through the voluntary market. Louisiana Citizens Property Insurance Corporation was created in accordance with provisions of Louisiana Revised Statutes (LRS) 22:2291 - 22:2371 and began operations on January 1, 2004. The Company operates solely in Louisiana. The Company operates residual market insurance programs designated as the Coastal Plan and the Fair Access to Insurance Requirements Plan (FAIR Plan). The Coastal Plan is for property insurance written on locations between the Gulf of Mexico and the Intracoastal Waterway and the FAIR Plan is property insurance above the Intracoastal Waterway.

The Company is governed by a Board of Directors consisting of fifteen members, who serve without compensation. The Board consists of the Commissioner of the Department of Insurance, the State Treasurer, the chairman of the House Committee on Insurance, the chairman of the Senate Committee on insurance or their designees, six representatives appointed by the Governor, two members appointed by the Commissioner of the Louisiana Department of Insurance, and three members appointed by the Governor.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Reporting Entity:

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board’s (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. Application of these criteria determines potential component units for which the primary government is financially accountable and the organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. Based on the application of these criteria, the Company is a component unit of the State of Louisiana and its financial activity is reported in the state’s Comprehensive Annual Financial Report by discrete presentation.

The financial statements presented herein relate solely to the financial position and results of operations of the Company and are not intended to present the financial position of the State of Louisiana or the results of its operations or its cash flow.

Basis of Accounting:

The accounting policies and practices of the Company conform to accounting principles generally accepted in the United States applicable to a proprietary fund of a governmental entity. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Company applies all applicable GASB pronouncements as they become effective.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Accounting: (Continued)

The financial statements of proprietary funds are prepared using the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. All assets and liabilities associated with the operations of the Company are included in the statements of net position. The statements of cash flows provides information about how the Company finances and meets the cash flow needs of its activities. Proprietary funds also distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this criteria are reported as non-operating revenues and expenses.

GASB Statement No. 34 established standards for financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses, and changes in fund net position, and a statement of cash flows. It requires net position to be classified and reported in three components: net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets - this component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation, right of use assets, net accumulated amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets as adjusted for deferred inflows and outflows associated with the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted net position - this component of net position includes assets subject to external constraints imposed by creditors, such as through debt covenants, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - this component of net position consists of net position that did not meet the definition of "restricted" or "net investment in capital assets".

Cash and Cash Equivalents:

Cash and cash equivalents include all financial institution deposits and liquid investments with an original maturity of three months or less when purchased. Cash equivalents are stated at fair value.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments:

Investments are recorded at fair value. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specified identification method.

Policy Acquisition Costs:

Costs associated with the production of renewing policies and servicing existing insurance policies, such as net agent commissions, servicing company fees and other taxes and fees are expensed as incurred.

Depopulation:

The Company is required to undertake a depopulation effort annually per Louisiana State Statute LRS 22:2314. The Company accounts for premiums of depopulated policies as a reduction of direct premiums written. Losses and other costs associated with depopulated policies are removed from the financial statements.

Capital Assets:

The Company's capital assets include items such as furniture, office equipment and electronic data processing equipment (EDP). The Company has a capitalization policy whereby thresholds are applied to determine if the asset should be capitalized or expensed. All movable property, not including computer software, over \$5,000 is capitalized based upon a variable useful life depending on the descriptive category for which that property meets. Office furniture and fixtures are capitalized and depreciated over a 10-year life. Computers and peripheral equipment such as hard drives, printer, monitor, keyboards, and such are capitalized and depreciated over a three-year life. Office machinery and equipment other than computers are capitalized and depreciated over a six-year life. All computer software purchased or developed for internal use over \$1,000,000 is capitalized and amortized over three years for operating software, and over five years for non-operating software. The straight-line depreciation method is used for depreciation of capital assets, and the assets are assumed to have no salvage value. A full year of depreciation will be taken in the year the asset is placed into service and a full year of depreciation will be taken in the year of disposal also. All depreciation expense is allocated between loss adjustment expenses and underwriting expenses.

Leases:

The Company accounts for leases and leasing transactions in accordance with GASB Statement No. 87, *Leases*. This Statement outlines a single model for lease accounting based on the foundational principal that leases are financings of the right to use of an underlying asset. Other than short term leases, under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Leases: (Continued)

about governments' leasing activities. The Company determines if an agreement is a lease or contains a lease at inception. The lease term for accounting purposes may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise. Right-to-use assets and the corresponding lease liabilities are recorded at the commencement date based on the present value of lease payments over the expected lease term.

Long-Term Obligations:

Long-term debt and other long-term obligations are reported as liabilities in the statements of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Noncurrent liabilities include estimated amounts for other postemployment benefits, leases, and subscription-based information technology arrangements that will not be paid within the next fiscal year.

Information relating to the Company's other postemployment benefits obligation, deferred inflows and deferred outflows of resources, and other postemployment benefits expense, was calculated by the Company's actuary, Willis Tower Watson.

Claims Reserves and Claim Adjustment Expense Reserves:

The liabilities for claims and claim adjustment expenses include an amount determined from loss reports and individual cases and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on estimates and, while management believes that the amount is adequate, the ultimate liability may be in excess of or less than the amounts provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in current earnings.

Deferred Outflows/Inflows of Resources:

Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The Company records deferred outflows of resources related to pensions and other postemployment benefits.

Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The Company records deferred inflows of resources related to pensions and other postemployment benefits.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Premiums:

Premiums are recorded as earned on a daily pro rata basis over the policy period. The portion of premiums not earned at the end of the period is recorded as unearned premiums.

Premiums receivable includes amounts due from policyholders for billed premiums. Billings are calculated using the estimated annual premiums for each policy and are paid either through an installment plan offered by the Company or in their entirety at the inception of the policy.

Assessments:

In the event that the Governing Board of the Company determines that a deficit exists in either the Coastal Plan or the FAIR Plan, the Company may levy a regular assessment for each affected Plan in order to remedy any deficit. All insurers who become authorized and then engage in writing property insurance within Louisiana shall participate in regular assessment of the Coastal and FAIR Plans in the proportion that the net direct premium of such participant written in the state during the preceding calendar year bears to the aggregate net direct premiums written in the state by all insurers during the preceding calendar year as certified to the Governing Board by the Louisiana Department of Insurance.

When the deficit incurred in a particular calendar year is not greater than ten percent of the aggregate state wide direct written premium for the subject lines of business for the prior calendar year, the entire deficit will be recovered through regular assessments. When the deficit incurred exceeds ten percent, the regular assessment may not exceed the greater of ten percent of the calendar year deficit, or ten percent of the aggregate statewide direct written premium for the subject lines of business for the prior calendar year. Any remaining deficit shall be recovered through an emergency assessment.

All persons who procure a policy of insurance of one or more subject lines of business from an insurer who becomes authorized and then engages in writing property insurance with Louisiana from the FAIR or Coastal plans are subject to emergency assessment by the Company.

Upon determination by the Governing Board of the Company that a deficit exceeds the amount allowed to be recovered through regular assessment, the Governing Board shall levy an emergency assessment for as many years as necessary to cover all deficits. The amount of emergency assessment levied in a particular year shall be a uniform percentage of that year's direct written premium for the subject lines of business. The total amount of emergency assessment levied in any calendar year will not exceed the greater of: (a) ten percent of the amount needed to cover the original deficit plus interest, fees, commissions, required reserves, and other costs associated with the financing of the original deficit, or (b) ten percent of the aggregate state wide direct written premium for the subject lines of business and for all plan accounts of the Company for the prior year, plus interest, fees, commissions, required reserves, and other costs associated with the financing of the original deficit. To the extent the aggregate amount of the



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Assessments: (Continued)

emergency assessment will not exceed the greater of (a) or (b), the Governing Board shall impose an emergency assessment in the amount required by any applicable loan agreement, trust indenture, or other financing agreement.

Reinsurance:

Premiums ceded under reinsurance agreements are recorded as a reduction of earned premiums. Reinsurance recoverables on paid or unpaid losses are recorded as receivables. All catastrophe reinsurance payments are recorded as premiums ceded and are amortized over the life of the contract period for which the payments apply. Premiums ceded included catastrophe reinsurances purchases.

Bond Issuance Costs:

Bond issuance costs are incurred in connection with acquiring bonds payable and are expensed as incurred.

Income Taxes:

The Company constitutes an integral part of the State of Louisiana and its income is exempt from federal income tax pursuant to Private Letter Ruling 160165-03 from the Internal Revenue Service. Obligations issued by the Company constitute obligations of the State of Louisiana within the meaning of Section 103(c)(1) of the Internal Revenue Code.

Pension:

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, information about the net position, and changes in net position of the defined benefit pension plan in which the Company participates, has been determined on the same basis as it was reported by the respective defined benefit pension plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Market Risk:

The Company underwrites residential and commercial property insurance policies in the State of Louisiana through Coastal Plan and FAIR Plan. Therefore, adverse economic changes or certain changes in the insurance laws of the State of Louisiana could have a significant impact on the Company's future financial position and results of operations.

The Coastal Plan is for property insurance written on locations between the Gulf of Mexico and the Intracoastal Waterway. The FAIR Plan is property insurance above the Intracoastal Waterway. Therefore, severe storm activity in any of these areas or throughout the State of Louisiana could have a significant impact on the Company's future financial position and results of operations.

Unlike private insurers that are subject to liquidation in the event of insolvency, the Company is able (and statutorily required) to levy assessments in the event of a deficit in any or all of its accounts.

Takeout Premium Payable:

As a part of the depopulation process, the Company owes a takeout premium to the insurance companies assuming the policies. The premium is based on the total unearned premium at the time of assumption less a ceding commission percentage and retention percentage. The takeout premium is due and payable at the time of assumption.

New Accounting Pronouncements:

During the year ended December 31, 2023, the following statement was implemented: Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. GASB Statement No. 96 provides guidance on the accounting and financial reporting for a subscription-based information technology arrangements (SBITAs) for governments. It establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability. The implementation of this standard did not require any restatement of prior periods or cumulative effect adjustment recorded in the year of adoption.

During the year ended December 31, 2024, the following statement was implemented as of January 1, 2024: GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 101 provides guidance to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. It establishes a consistent approach for all types of leave, eliminating potential comparability issues between governments with different leave policies. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

New Accounting Pronouncements: (Continued)

likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of this standard did not require any restatement of prior periods or cumulative effect adjustment recorded in the year of adoption.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

Cash:

Cash is stated at cost, which approximates market value. State statute authorizes the Company to invest in U.S. bonds, treasury notes, or certificates. The Company may also invest in direct repurchase agreements of any federal bank. The collateral for the agreement can only include securities as described above.

The Company's cash, including cash restricted for escheatment, consisted of the following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
<u>December 31, 2024</u>		
Demand Deposits	\$ 277,510,358	\$ 288,152,175
	<u>\$ 277,510,358</u>	<u>\$ 288,152,175</u>
<u>December 31, 2023</u>		
Demand Deposits	\$ 350,668,319	\$ 360,707,010
	<u>\$ 350,668,319</u>	<u>\$ 360,707,010</u>

Included in cash at December 31, 2024 and 2023 is unclaimed property, consisting of outstanding checks totaling \$6,737,052 and \$6,030,085, respectively, which is restricted for escheatment to the appropriate states.

Custodial Credit Risk - Deposits:

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Company will not be able to recover deposits or collateral securities that are in possession of an outside party. The Company does not have a formal policy for custodial credit risk. Under state law, deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

As of December 31, 2024 and 2023, none of the Company's cash was exposed to custodial credit risk. These deposits were either secured by the pledge of securities owned by the fiscal agent bank or covered by the FDIC Insurance.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Investments and Cash Equivalents:

The Company's investment objectives and guidelines are created to enable the Company to invest funds prudently for the benefit of the Company to provide reasonable risk characteristics while emphasizing safety of principal first, liquidity second and yield third. The consideration of sufficient short-term funds in order to continue operations is paramount and during certain times sufficient liquidity should be maintained in order to meet peak demands which may be adjusted due to reinsurance coverage and other circumstances.

The Company is authorized to invest retained funds pursuant to the limitations set forth in Title 22 for insurers. As of December 31, 2024 and 2023, the Company had investments and cash equivalents totaling \$588,649,573 and \$346,821,831, respectively.

The Company categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value measurements are categorized as follows:

Level 1 – investments that have readily available quoted prices in active markets where significant transparency exists in the executed/quoted price.

Level 2 – investments that have quoted prices with data inputs which are observable either directly or indirectly, but do not represent quoted prices from an active market.

Level 3 – investments for which prices are based on significant unobservable inputs.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
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2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Investments and Cash Equivalents: (Continued)

The Company has the following recurring fair value measurements as of December 31, 2024 and 2023:

		Fair Value Measurement Using:		
		Quoted Prices in	Significant Other	Significant
		Active Markets	Observable	Unobservable
		(Level 1)	Inputs	Inputs
			(Level 2)	(Level 3)
		December 31, 2024		
Investments by Fair Value Level:				
Unrestricted investments and cash equivalents:				
Bond investments	\$ 185,450,921	\$ -	\$ 185,450,921	\$ -
Cash equivalents	260,767,787	260,767,787	-	-
Total Unrestricted	<u>\$ 446,218,708</u>	<u>\$ 260,767,787</u>	<u>\$ 185,450,921</u>	<u>\$ -</u>
Restricted cash equivalents	<u>\$ 142,430,865</u>	<u>\$ 142,430,865</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments and Cash Equivalents	<u>\$ 588,649,573</u>	<u>\$ 403,198,652</u>	<u>\$ 185,450,921</u>	<u>\$ -</u>

		Fair Value Measurement Using:		
		Quoted Prices in	Significant Other	Significant
		Active Markets	Observable	Unobservable
		(Level 1)	Inputs	Inputs
			(Level 2)	(Level 3)
		December 31, 2023		
Investments by Fair Value Level:				
Unrestricted investments and cash equivalents:				
Bond investments	\$ 115,332,453	\$ -	\$ 115,332,453	\$ -
Cash equivalents	118,536,045	118,536,045	-	-
Total Unrestricted	<u>\$ 233,868,498</u>	<u>\$ 118,536,045</u>	<u>\$ 115,332,453</u>	<u>\$ -</u>
Restricted cash equivalents	<u>\$ 112,953,333</u>	<u>\$ 112,953,333</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments and Cash Equivalents	<u>\$ 346,821,831</u>	<u>\$ 231,489,378</u>	<u>\$ 115,332,453</u>	<u>\$ -</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Investments and Cash Equivalents: (Continued)

The following methods and assumptions were used to estimate fair value of each class of financial instruments:

Bond investments consist of investments in short-term state and local government bonds. Bond investments were measured using observable inputs; however, the market for these bond investments was not active.

Cash equivalents consist of investments in both traditional and government money market funds. Money market mutual fund investments were measured based on quoted prices for identical assets in active markets.

Custodial Credit Risk - Investments:

Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Company does not presently have a formal policy for custodial credit risk. Investments are exposed to custodial risk if the securities are uninsured and unregistered with securities held by a financial institution or agent, and in the Company's name. Investments were not exposed to custodial credit risk as of December 31, 2024 and 2023.

Interest Rate Risk:

Interest rate risk is defined as the risk a government may face should interest rate variances adversely affect the fair value of investments. The fair value of fixed-maturity investments fluctuates in response to changes in market interest rates. Increases in prevailing interest rates generally translate into decreases in fair value of those instruments. The fair value of interest sensitive instruments may also be affected by the creditworthiness of the issuer, prepayment options, relative values of alternative investments and other general market conditions. The Company does not presently have a formal policy that addresses interest rate risk.

The fair values of investments and cash equivalents at December 31, 2024 and 2023, by contractual maturity, are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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DECEMBER 31, 2024 AND 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Interest Rate Risk: (Continued)

<u>2024</u>		<u>Investment Maturities</u>			
	<u>Total</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Greater than 10 years</u>
Unrestricted investments and cash equivalents:					
Bond investments	\$ 185,450,921	\$ 77,022,907	\$ 108,428,014	\$ -	\$ -
Cash equivalents	260,767,787	260,767,787	-	-	-
Total	<u>\$ 446,218,708</u>	<u>\$ 337,790,694</u>	<u>\$ 108,428,014</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted Cash Equivalents	<u>\$ 142,430,865</u>	<u>\$ 142,430,865</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

  

<u>2023</u>		<u>Investment Maturities</u>			
	<u>Total</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>5-10 years</u>	<u>Greater than 10 years</u>
Unrestricted investments and cash equivalents:					
Bond investments	\$ 115,332,453	\$ 36,057,488	\$ 79,239,925	\$ 35,040	\$ -
Cash equivalents	118,536,045	118,536,045	-	-	-
Total	<u>\$ 233,868,498</u>	<u>\$ 154,593,533</u>	<u>\$ 79,239,925</u>	<u>\$ 35,040</u>	<u>\$ -</u>
Restricted Cash Equivalents	<u>\$ 112,953,333</u>	<u>\$ 112,953,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Restricted cash equivalents in the amount of \$142,430,865 and \$112,953,333 as of December 31, 2024 and 2023, respectively, were held by a bond trustee for the repayment of the Company's emergency assessment revenue bonds issued to cover the 2005 plan year deficit resulting from Hurricanes Rita and Katrina.

Credit Risk:

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The Company may be invested in direct United States Treasury Obligations, United States Government Agency Obligations, direct security repurchase and reverse repurchase agreements, time certificates of deposit, investment grade commercial paper, investment grade corporate notes and bonds, investment grade municipal bonds and money market funds consisting solely of securities otherwise eligible for investment.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Credit Risk: (Continued)

As of December 31, 2024, the Company had the following exposure to credit risk:

	Total	Government Money Market Fund	Trust Cash Sweep Money Market Funds	Bond Investments
A1	\$ 15,414,512	\$ -	\$ -	\$ 15,414,512
A2	18,522,311	100,000	-	18,422,311
A3	993,011	-	-	993,011
Aa2	41,110,342	1,400,112	-	39,710,230
Aa3	16,359,213	1,386,856	-	14,972,357
Aaa	404,493,375	257,630,519	142,430,865	4,431,991
Baa2	1,429,660	-	-	1,429,660
N/A	90,055,162	250,300	-	89,804,862
W/R	271,987	-	-	271,987
Total	<u>\$ 588,649,573</u>	<u>\$ 260,767,787</u>	<u>\$ 142,430,865</u>	<u>\$ 185,450,921</u>

As of December 31, 2023, the Company had the following exposure to credit risk:

	Total	Government Money Market Fund	Trust Cash Sweep Money Market Funds	Bond Investments
A1	\$ 8,989,882	\$ -	\$ -	\$ 8,989,882
A2	15,835,591	-	-	15,835,591
A3	722,257	-	-	722,257
Aa2	20,602,087	500,255	-	20,101,832
Aa3	16,726,147	-	-	16,726,147
Aaa	232,228,538	117,785,136	112,953,333	1,490,069
N/A	51,474,073	250,654	-	51,223,419
W/R	243,256	-	-	243,256
Total	<u>\$ 346,821,831</u>	<u>\$ 118,536,045</u>	<u>\$ 112,953,333</u>	<u>\$ 115,332,453</u>



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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DECEMBER 31, 2024 AND 2023

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS: (Continued)

Concentration of Credit Risk:

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Company, shall not, except in the case of investments in or loans upon the security of general obligations of the government of the United States or of any state or territory of the United States, or the District of Columbia, have a single security that compromises more than 5 percent of the fair value of the Company's portfolio.

The Company had the following cash equivalents, which are obligations of the Federal government and are excluded from the 5% restriction:

<u>Issuer</u>	<u>2024</u>	<u>2023</u>
FIMM Government Portfolio Class I	\$ 257,630,519	\$ 117,785,136
FIMM Treasury Portfolio Class III	142,430,865	112,953,333

Foreign Currency Risk:

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment. The Company does not presently have a formal policy that addresses foreign currency risk. The Company's exposure to foreign currency risk is limited to investments in global or pooled non-U.S. equity mutual funds. The Company had no investments in global or pooled non-U.S. equity mutual funds at December 31, 2024 and 2023.

3. ASSESSMENTS RECEIVABLE:

Louisiana Revised Statute 22:2299-2300 provides that any insurer who engages in writing property insurance with the State shall become an assessable insurer in the Coastal Plan and FAIR Plan. In the event that the governing board of the Company determines that a deficit exists in either the Coastal Plan or the FAIR Plan, the Company may levy regular assessments against assessable insurers for each affected plan to help offset such deficit. Furthermore, assessable insurers are permitted to recoup all regular assessments from their policyholders by applying a surcharge to all policies. Any amounts recouped by the insurers in excess of amounts assessed are required to be forwarded to the Company. The Company did not execute a regular assessment in 2024 and 2023.

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3. ASSESSMENTS RECEIVABLE: (Continued)

Upon a determination by the governing board that a deficit in a plan exceeds the amount that will be recovered through regular assessments, the governing board is authorized to levy, after verification by the Department of Insurance, emergency assessments for as many years as necessary to cover the deficit. The board determined that the 2005 plan year deficit exceeded the amounts levied under the 2005 regular assessment and has levied an emergency assessment beginning in 2007. Assessment rates for the years ended December 31, 2024 and 2023 were 1.70% and 2.10% of written premiums, respectively. The assessments are collected by the insurers and remitted to the Company's bond trustee quarterly. The total of emergency assessments levied for the years ended December 31, 2024 and 2023 amounted to \$79,358,879 and \$98,975,601, respectively, of which approximately \$17,058,249 and \$20,000,000 remained outstanding as of December 31, 2024 and 2023, respectively.

4. CAPITAL ASSETS:

Depreciation expense for capital assets for the years ended December 31, 2024 and 2023 was \$588,477 and \$399,295, respectively, and was allocated to loss adjustment expenses and underwriting expenses.

A summary of changes in capital assets and accumulated depreciation follows:

<u>2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Electronic data processing equipment	\$ 19,360,373	\$ 1,059,359	\$ (17,517)	\$ 20,402,215
Office equipment	<u>1,404,824</u>	<u>-</u>	<u>-</u>	<u>1,404,824</u>
Total depreciable assets	20,765,197	1,059,359	(17,517)	21,807,039
Less accumulated depreciation				
Electronic data processing equipment	(18,873,988)	(558,559)	17,517	(19,415,030)
Office equipment	<u>(1,170,618)</u>	<u>(29,918)</u>	<u>-</u>	<u>(1,200,536)</u>
Total accumulated depreciation	<u>(20,044,606)</u>	<u>(588,477)</u>	<u>-</u>	<u>(20,615,566)</u>
Capital assets, net	<u>\$ 720,591</u>	<u>\$ 470,882</u>	<u>\$ (17,517)</u>	<u>\$ 1,191,473</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

4. CAPITAL ASSETS: (Continued)

<u>2023</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Depreciable capital assets:				
Electronic data processing equipment	\$ 18,994,797	\$ 365,576	\$ -	\$ 19,360,373
Office equipment	1,171,594	233,230	-	1,404,824
Total depreciable assets	20,166,391	598,806	-	20,765,197
Less accumulated depreciation:				
Electronic data processing equipment	(18,531,907)	(342,081)	-	(18,873,988)
Office equipment	(1,113,404)	(57,214)	-	(1,170,618)
Total accumulated depreciation	(19,645,311)	(399,295)	-	(20,044,606)
Capital assets, net	<u>\$ 521,080</u>	<u>\$ 199,511</u>	<u>\$ -</u>	<u>\$ 720,591</u>

5. LINE OF CREDIT:

The Company maintains a line of credit providing for a maximum borrowing of \$125,000,000 at December 31, 2024 and December 31, 2023. Interest on this line is payable monthly at a variable rate based on the 30-day Secured Overnight Financing Rate (SOFR) plus 2.0% for the year ended December 31, 2024 and December 31, 2023. SOFR at December 31, 2024 and December 31, 2023 was 4.53% and 5.34%, respectively. The line of credit is secured by all premiums and accounts receivable and revenue from all sources, exclusive of emergency assessment levied pursuant to LA R.S. 22:2307E. The line matures June 1, 2025. There was no balance outstanding on the line of credit at December 31, 2024 and 2023.

6. RESTRICTED ASSETS:

Restricted assets in the Company at December 31, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</u>
Cash for escheatment	\$ 6,737,052	\$ 6,030,085
Cash equivalents with bond trustee	142,430,865	112,953,333
Total	<u>\$ 149,167,917</u>	<u>\$ 118,983,418</u>

The cash for escheatment is held by the Company until escheated. Cash equivalents with bond trustee includes money market funds held by a bond trustee for the repayment of the Company's emergency assessment revenue bond issued to cover the 2005 plan year deficit resulting from Hurricanes Katrina and Rita.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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7. LIABILITIES FOR CLAIMS RESERVES AND CLAIM ADJUSTMENT EXPENSES:

The liabilities for claims reserves and claim adjustment expense reserves for the years ended December 31, 2024 and 2023 were \$150,405,605 and \$198,482,611, respectively. The reinsurance recoverables on unpaid claims for the years ended December 31, 2024 and 2023 were \$66,923,360 and \$104,175,318, respectively. The total liabilities for claims reserves and claim adjustment expense reserves, net of reinsurance recoverables on unpaid claims, for the years ended December 31, 2024 and 2023 were \$83,482,245 and \$94,307,293, respectively.

Included in the net balances above were liabilities of \$813,244 and \$1,253,965, which were included in other line items on the Statements of Net Position.

Unpaid claims and claim adjustment expenses are stated as the Company's estimate of the ultimate cost, excluding reinsurance, of settling all incurred but unpaid claims. Unpaid claims and claim adjustment expenses are not discounted and no estimate for salvage and subrogation is applied as a reduction to the unpaid losses. The estimate for unpaid claims and claim adjustment expenses is closely monitored and adjusted for changes in economic, social, judicial and legislative conditions, as well as historical trends. The Company uses various development modeling techniques to assist in the evaluation of its reserves under the direction of its chief actuary.

Management believes that the loss reserves are adequate, but establishing reserves is a judgmental and inherently uncertain process. It is, therefore, possible that as conditions and experience develops, reserve adjustments may be required in the future.

For both catastrophic and non-catastrophic claims, the loss adjusting function is performed by Company employees and contracted independent adjusting firms. The Company compensates the independent adjusting firms, depending upon the type or nature of the claims, either on per-day rate or on a graduated fee schedule based on the gross claim amount, consistent with industry standard methods of compensation.

The Company is involved in a class action lawsuit and a number of other legal proceedings arising out of various aspects of its business which have been reserved for above. See Note 16 for a description of the class action claim and other legal proceedings.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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8. LONG-TERM LIABILITIES:

BONDS PAYABLE

*Series 2016AB:*

In 2016, the Company issued \$217,510,000 of assessment revenue refunding bonds in order to advance refund \$213,195,000 principal amount of the Assessment Revenue Bonds Series 2006C1 through 2006C3, \$49,785,000 principal amount of the Assessment Revenue Bond Series 2012R, and to pay the cost of issuance of the Series 2016AB bonds, which consisted of 2016A bonds of \$160,810,000 and 2016B bonds of \$56,700,000. The bonds were issued in denominations of \$5,000 or any integral multiple thereof. The 2016A bonds bear interest of 5.00% per annum, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2016. The 2016A bond maturity dates range from June 1, 2023 to June 1, 2026. The 2016B bonds bear interest of 2.64% and 2.74% per annum, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2016. The 2016B bond maturity dates range from June 1, 2024 to June 1, 2025. Bond principal payments of \$53,530,000 and \$50,980,000 were made during the years ended December 31, 2024 and 2023, respectively. The outstanding balance due on these bonds as of December 31, 2024 and 2023 was \$113,000,000 and \$166,530,000, respectively.

The Emergency Assessment Revenue Bond Series 2016AB are considered to be direct placements. The Company's revenue refunding bonds are secured by pledge revenues, which consists solely of the 2005 Emergency Assessments and are not secured by any other revenues or assets of the Company. In the event of default, the Company will levy the 2005 Emergency Assessment for each year in the maximum amount permitted under the Citizens Act. If the default continues, the refunding bonds are subject to acceleration, but no assurance is given that pledged revenues or other assets of the Company would be available to pay principal of and interest on the refunding bonds in full upon acceleration.

A schedule of debt service requirements, including bond premiums, as of December 31, 2024 was as follows:

	<u>Series 2016AB</u>	
<u>Maturity</u>	<u>Principal</u>	<u>Interest</u>
2025	55,345,000	4,037,042
2026	57,655,000	1,441,375
	<u>113,000,000</u>	<u>\$ 5,478,417</u>
Plus Bond Premium	<u>2,468,370</u>	
Total Net Debt		
Service Requirement	<u>\$ 115,468,370</u>	

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

8. LONG-TERM LIABILITIES: (Continued)

BONDS PAYABLE (Continued)

Net unamortized premium at December 31, 2024 and 2023 was \$2,468,370 and \$5,378,361, respectively. The total interest expense on the fixed rate bonds for the years ended December 31, 2024 and 2023 was \$3,047,293 and \$4,131,329, respectively, including annual amortized net premium of \$2,909,991 and \$3,948,155, and is included in "Interest Expense" in the accompanying Statements of Revenues, Expenses and Changes in Fund Net Position.

The following is a summary of long-term debt transactions of the Company for the years ended December 31, 2024 and 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Expenditures</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<u>December 31, 2024</u>					
Series 2016AB Bonds	\$ 166,530,000	\$ -	\$ (53,530,000)	\$ 113,000,000	\$ 55,345,000
Bond premium	5,378,361	-	(2,909,991)	2,468,370	1,880,779
Lease liability	2,894,737	56,174	(71,881)	2,879,030	133,759
SBITA liability	2,232,884	-	(491,652)	1,741,232	533,734
OPEB liability	2,634,932	-	(177,679)	2,457,253	-
Total	<u>\$ 179,670,914</u>	<u>\$ 56,174</u>	<u>\$ (57,181,203)</u>	<u>\$ 122,545,885</u>	<u>\$ 57,893,272</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments/ Expenditures</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<u>December 31, 2023</u>					
Series 2016AB Bonds	\$ 217,510,000	\$ -	\$ (50,980,000)	\$ 166,530,000	\$ 53,530,000
Bond premium	9,326,516	-	(3,948,155)	5,378,361	2,909,991
Lease liability	368,883	2,723,498	(197,644)	2,894,737	71,881
SBITA liability	-	2,583,213	(350,329)	2,232,884	491,652
OPEB liability	2,825,423	-	(190,491)	2,634,932	-
Total	<u>\$ 230,030,822</u>	<u>\$ 5,306,711</u>	<u>\$ (55,666,619)</u>	<u>\$ 179,670,914</u>	<u>\$ 57,003,524</u>

9. AGENT COMMISSIONS:

The Company policies are written by various insurance agents licensed in the State of Louisiana. These agreements provide for commissions to be paid to the agents at rates established by the Board and calculated as a percentage of direct written premiums, net of certain surcharges and assessments. Agent commissions were \$48,661,637 and \$59,489,967 during the years ended December 31, 2024 and 2023, respectively. Agent commissions payable were \$11,725,749 and \$13,129,284 for the years ended December 31, 2024 and 2023, respectively.

10. REINSURANCE:

The Company purchases private reinsurance through Guy Carpenter & Company, LLC, as licensed reinsurance intermediaries. The participating reinsurance companies will reimburse the Company, through the intermediary, a specified percentage of losses incurred if a prescribed retention is reached.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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10. REINSURANCE: (Continued)

The Company purchases reinsurance based on levels of loss. The Company is liable for the first amount of ultimate net loss, shown in the table below as “Company Retention,” arising out of each loss occurrence. The reinsurer is then liable, as respects each excess layer, for the amount by which such ultimate net loss exceeds the Company’s applicable retention for that layer. However, the liability of the reinsurer under any excess layer of reinsurance coverage provided does not exceed either of the following: (1) the amount shown below as “Reinsurer Per Occurrence Limit” for that excess layer as respects loss or losses arising out of any one loss occurrence, or (2) the amount shown as “Reinsurer’s Term Limit” for that excess layer. Each excess layer of reinsurance coverage provided was as follows:

Reinsurance in place for the year ended December 31, 2024 was as follows:

	<u>January 1, 2024 to May 31, 2024 (in thousands)</u>					
	First Excess	Second Excess	Third Excess	Fourth Excess	Fifth Excess	Sixth Excess
Company's retention	\$ 200,000	\$ 300,000	\$ 500,000	\$ 800,000	\$ 1,050,000	\$ 1,330,000
Reinsurer's per occurrence limit	\$ 100,000	\$ 200,000	\$ 300,000	\$ 250,000	\$ 280,000	\$ 420,000
Reinsurer's term limit	\$ 200,000	\$ 400,000	\$ 600,000	\$ 500,000	\$ 560,000	\$ 840,000
Annual minimum premium	\$ 38,500	\$ 57,500	\$ 57,000	\$ 34,375	\$ 33,600	\$ 44,100

	<u>June 1, 2024 to December 31, 2024 (in thousands)</u>					
	First Excess	Second Excess	Third Excess	Fourth Excess	Fifth Excess	Sixth Excess
Company's retention	\$ 200,000	\$ 300,000	\$ 500,000	\$ 800,000	\$ 1,050,000	\$ 1,330,000
Reinsurer's per occurrence limit	\$ 100,000	\$ 200,000	\$ 300,000	\$ 250,000	\$ 280,000	\$ 670,000
Reinsurer's term limit	\$ 200,000	\$ 400,000	\$ 600,000	\$ 500,000	\$ 560,000	\$ 1,340,000
Annual minimum premium	\$ 42,000	\$ 66,000	\$ 66,000	\$ 35,000	\$ 33,600	\$ 67,000

Reinsurance in place for the year ended December 31, 2023 was as follows:

	<u>January 1, 2023 to May 31, 2023 (in thousands)</u>						
	First Excess	Second Excess	Third Excess	Fourth Excess	Fifth Excess	Seventh Excess	Eighth Excess
Company's retention	\$ 50,000	\$ 70,000	\$ 150,000	\$ 300,000	\$ 300,000	\$ 795,000	\$ 1,050,000
Reinsurer's per occurrence limit	\$ 20,000	\$ 80,000	\$ 150,000	\$ 225,000	\$ 225,000	\$ 255,000	\$ 100,000
Reinsurer's term limit	\$ 40,000	\$ 160,000	\$ 300,000	\$ 450,000	\$ 450,000	\$ 510,000	\$ 200,000
Annual minimum premium	\$ 7,600	\$ 21,600	\$ 27,000	\$ 22,500	\$ 18,000	\$ 16,575	\$ 5,500

	<u>June 1, 2023 to December 31, 2023 (in thousands)</u>					
	First Excess	Second Excess	Third Excess	Fourth Excess	Fifth Excess	Sixth Excess
Company's retention	\$ 200,000	\$ 300,000	\$ 500,000	\$ 800,000	\$ 1,050,000	\$ 1,330,000
Reinsurer's per occurrence limit	\$ 100,000	\$ 200,000	\$ 300,000	\$ 250,000	\$ 280,000	\$ 420,000
Reinsurer's term limit	\$ 200,000	\$ 400,000	\$ 600,000	\$ 500,000	\$ 560,000	\$ 840,000
Annual minimum premium	\$ 38,500	\$ 57,500	\$ 57,000	\$ 34,375	\$ 33,600	\$ 44,100

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10. REINSURANCE: (Continued)

The premiums can also potentially be adjusted if the total insurable value is greater than 10% or less than 5% of the estimated total insurable value used to calculate the contract premium.

During the years ended December 31, 2024 and 2023, the Company also purchased facultative reinsurance through Guy Carpenter & Company. Facultative reinsurance is coverage purchased by the Company to cover a single risk or policy. The Company obtained this reinsurance to cover high value policies against the risk of loss. The reinsurance covers the full length of the policy.

During the years ended December 31, 2024 and 2023, the Company also purchased County Weighted Industry Loss reinsurance based on levels of loss. The Company is liable for the first amount of ultimate net loss, shown in the table below as “Company Retention,” arising out of each loss occurrence. The reinsurer is then liable, as respects each excess layer, for the amount by which such ultimate net loss exceeds the Company’s applicable retention for that layer. However, the liability of the reinsurer under any excess layer of reinsurance coverage provided does not exceed either of the following: (1) the amount shown below as “Reinsurer Per Occurrence Limit” for that excess layer as respects loss or losses arising out of any one loss occurrence, or (2) the amount shown as “Reinsurer’s Term Limit” for that excess layer. Each excess layer of reinsurance coverage provided during the years ended December 31, 2024 and 2023 was as follows:

	Second/Third County Weighted Industry Loss	Fourth/Fifth County Weighted Industry Loss	Sixth County Weighted Industry Loss
Company's			
Retention	\$ 300,000	\$ 800,000	\$ 1,330,000
Reinsurer's Per			
Occurrence Limit	\$ 500,000	\$ 530,000	\$ 670,000
Reinsurer's			
Term Limit	\$ 1,000,000	\$ 1,060,000	\$ 1,340,000
Annual Minimum			
Premium	\$ 111,250	\$ 55,650	\$ 53,600



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10. REINSURANCE: (Continued)

	Second/Third County Weighted Industry Loss	Fourth/Fifth County Weighted Industry Loss	Sixth County Weighted Industry Loss
Company's			
Retention	\$ 300,000	\$ 800,000	\$ 1,330,000
Reinsurer's Per			
Occurrence Limit	\$ 500,000	\$ 530,000	\$ 420,000
Reinsurer's			
Term Limit	\$ 1,000,000	\$ 1,060,000	\$ 840,000
Annual Minimum			
Premium	\$ 112,500	\$ 67,840	\$ 39,900

As of December 31, 2024, the Company had additional coverage through six catastrophe bonds. In 2024, the Company purchased additional coverage through a \$200 million, Class A three-year catastrophe bond that provides coverage for 29.85% of up to \$2 billion in losses in excess of \$1.33 billion covered by retention and traditional reinsurance. The Company also purchased a \$75 million, Class B three-year catastrophe bond that provides coverage for 25% of up to \$800 million in losses in excess of \$500 million covered by retention and traditional reinsurance.

In 2023, the Company purchased additional coverage through a \$120 million, Class A three-year catastrophe bond that provides coverage for 48% of up to \$1.05 billion in losses in excess of \$800 million covered by retention and traditional reinsurance. The Company also purchased a \$75 million, Class B three-year catastrophe bond that provides coverage for 25% of up to \$800 million in losses in excess of \$500 million covered by retention and traditional reinsurance.

In 2022, the Company purchased additional coverage through a \$120 million, Class A three-year catastrophe bond that provides coverage for 53% of up to \$525 million in losses in excess of \$300 million covered by retention and traditional reinsurance. The Company also purchased a \$55 million, Class B three-year catastrophe bond that provides coverage for 24% of up to \$525 million in losses in excess of \$300 million covered by retention and traditional reinsurance.

In 2021, the Company purchased additional coverage through a \$75 million, Class A three-year catastrophe bond that provides coverage for 75% of up to \$345 million in losses in excess of \$245 million covered by retention and traditional reinsurance. The Company also purchased additional coverage through a \$50 million, Class B three-year catastrophe bond that provides coverage for 100% of up to \$120 million in losses in excess of \$70 million covered by retention and traditional reinsurance. The 2021 catastrophe bonds were retired during the year ended December 31, 2024.

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10. REINSURANCE: (Continued)

In 2020, the Company purchased additional coverage through a \$60 million, three-year catastrophe bond that provides coverage for 60% of up to \$360 million in losses in excess of \$260 million covered by retention and traditional reinsurance. The 2020 catastrophe bonds were retired during the year ended December 31, 2023.

The effect of reinsurance on premiums written and earned during the years ended December 31, 2024 and 2023 were as follows:

Year ended December 31, 2024

	<u>Premiums</u>	
	<u>Written</u>	<u>Earned</u>
Direct	\$ 518,276,701	\$ 584,485,392
Ceded	(279,041,748)	(279,041,748)
Net premiums	<u>\$ 239,234,953</u>	<u>\$ 305,443,644</u>

Year ended December 31, 2023

	<u>Premiums</u>	
	<u>Written</u>	<u>Earned</u>
Direct	\$ 618,059,736	\$ 524,196,996
Ceded	(263,654,886)	(263,654,886)
Net premiums	<u>\$ 354,404,850</u>	<u>\$ 260,542,110</u>

Amounts recoverable from reinsurers on unpaid losses and loss adjustment expenses are estimated based on the allocation of estimated unpaid losses and loss adjustment expenses among coverage lines. Actual amount recoverable will depend on the ultimate settlement of losses and loss adjustment expenses. Reinsurance contracts do not relieve the Company from its obligation to policyholders. The Company remains liable to its policyholders for the portion reinsured to the extent that any reinsurer does not meet the obligations assumed under their reinsurance agreements.

At December 31, 2024 and 2023, the Company had reinsurance receivables on unpaid claims of \$66,923,360 and \$104,175,318 and reinsurance recoverables on paid losses of \$5,206,945 and \$4,427,497, respectively. The reinsurance receivable on unpaid claims is netted with the loss reserve liability on the Statements of Net Position.

11. RETIREMENT PLANS:

Prior to September 1, 2008, the Company sponsored a non-contributory agent multiple-employer defined benefit pension plan covering all employees that were hired prior to April 1, 2008, through a services agreement with Property Insurance Association of Louisiana (PIAL) to participate in the Pension Plan for Insurance Organization (PPIO).

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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11. RETIREMENT PLANS: (Continued)

Benefits Provided:

PPIO provides retirement and survivor's benefits to all qualified employees of the Company. The following is a brief description of the plan and its benefits. Participants should refer to the detailed plan description for more complete information.

*Normal Retirement Benefit:*

Normal retirement benefit is the annual benefit that is payable as a life annuity beginning on individual's normal retirement date. Normal retirement benefit is equal to the following:

- 1.15% of average annual compensation up to covered compensation multiplied by years of credited service (maximum 35 years); plus
- 1.55% of average annual compensation in excess of covered compensation multiplied by years of credited service (maximum 35 years); plus
- 0.5% of average annual compensation multiplied by years of credited service from 35 to 45 years.

Under a life annuity, participant will receive monthly payments for the rest of his/her life. No benefits will be paid after the death.

*Minimum Retirement Benefit*

Normal retirement benefit cannot be less than the benefit the participant would have received on any earlier retirement date or the benefit accrued as of December 31, 1988. Also, if the participant has completed at least 15 years of vesting service, normal retirement benefit will not be less than \$1,200 per year. If the participant has completed less than 15 years of vesting service, the \$1,200 will be reduced by \$80 for each year of vesting service that is less than 15 years.

*Adjustment of Pension Benefit Payment Before or After Normal Retirement Date*

Following the termination of employment, the participant may decide when to begin pension benefit payments. The amount of the pension benefit that a member may receive as a life annuity may vary if he/she receives pension benefit payments on a date other than normal retirement date. Generally, the following rules apply:

- If participant has completed at least 15 years of vesting service, the life annuity he/she could begin to receive on normal retirement date will be unreduced if individual begins to receive pension benefit payments as of the first day of any month between the first day of the month after attaining age 62 and before normal retirement date.

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11. RETIREMENT PLANS: (Continued)

Benefits Provided: (Continued)

- If participant has completed at least 15 years of vesting service, the life annuity he/she could begin to receive on normal retirement date will be reduced, but by less than a full actuarial reduction, if individual begins to receive pension benefit payments as of the first day of any month between the first day of the month after attaining age 55 and before the first day of the month after attaining age 62.
- If participant has completed at least 5 years of vesting service but less than 15 years of vesting service, the life annuity he/she could begin to receive on normal retirement date will be actuarially reduced if individual begins to receive pension benefit payments as of the first day of any month between the first day of the month after attaining age 55 and before normal retirement date.
- If participant begins pension benefit payments after the normal retirement date, the life annuity, he/she could begin to receive on normal retirement date (or upon termination of employment if later) will be actuarially increased until the benefit commencement date.

*Early Retirement Benefit*

If participant terminates employment and begins to receive a pension benefit as a life annuity before normal retirement date, the life annuity may be reduced because it commences early. The reduction for early commencement is described below.

*Age 55 with at Least 5, but Less Than 15 Years of Vesting Service*

Individuals may begin receiving pension benefits before normal retirement date if he/she is age 55 or older and has completed at least 5, but less than 15, years of vesting service. Pension benefits will be actuarially reduced based on member's age when commenced benefit to reflect the longer period over which pension benefit will be paid.

The following factors are used to determine the amount of benefit a participant would receive as a life annuity on an earlier retirement date. Normal retirement benefit would be multiplied by the factors below (which are adjusted for partial years) to determine reduced pension amount payable as a life annuity:

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11. RETIREMENT PLANS: (Continued)

Benefits Provided: (Continued)

Age at early retirement:	Early retirement reduction factor for normal retirement benefit
64	0.909
63	0.828
62	0.756
61	0.693
60	0.636
59	0.586
58	0.540
57	0.499
56	0.462
55	0.428

*Age 55 with at Least 15 Years of Vesting Service*

The participant may begin receiving pension benefits before normal retirement date if he/she is age 55 or older and has completed at least 15 years of vesting service. Pension benefit will have less of an early retirement reduction than if the participant had completed fewer than 15 years of vesting service.

If the participant terminates employment with at least 15 years of vesting service and elects to commence pension benefits on or after reaching age 62 but before reaching age 65, pension benefit payable as a life annuity will be equal to the amount payable as a life annuity beginning on normal retirement date.

If the participant terminates employment with at least 15 years of vesting service and elects to commence pension benefits on or after reaching age 55 but prior to age 62, pension benefit payable as a life annuity will be equal to the amount of a normal retirement benefit, but reduced to take into account younger age and the longer period over which benefit payments will be received.

The following factors are used to determine the amount of benefit participant would receive as a life annuity beginning on an earlier retirement date. Normal retirement benefit would be multiplied by the factors below (which are adjusted for partial years) to determine a reduced pension amount payable as a life annuity:

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11. RETIREMENT PLANS: (Continued)

Benefits Provided: (Continued)

Age at early retirement:	Early retirement reduction factor for normal retirement benefit
61	0.97
60	0.94
59	0.89
58	0.84
57	0.79
56	0.74
55	0.69

*Special Social Security Supplement*

In addition to the pension benefits described above, if the participant begins receiving benefits before age 62, completed at least 15 years of vesting service, and elects to receive retirement benefits as a life annuity, the individual will receive, from benefit commencement date to the first day of the month on or after 62<sup>nd</sup> birthday (or date of death if earlier), the amount described as follows, reduced by the applicable early retirement reduction factor above: 0.4% of average annual compensation up to covered compensation multiplied by years of credited service, up to a maximum of 35 years. This amount is then adjusted by the early retirement reduction factor of 0.89. The participant would receive an additional amount equal to \$575 per month until age 62.

If the member elects to receive a pension benefit in a form of payment other than a life annuity, the special social security supplement will be adjusted to reflect that other form of payment.

Once the member has attained age 62, the special social security supplement will cease. If the participant elects to receive pension benefits as a life annuity, the special social security supplement will cease at date of death if he/she would die before reaching age 62. The special social security supplement is intended to provide bridge payments until the participant is eligible to begin receiving social security retirement benefits. This supplement will cease at age 62, regardless of whether or not the member has applied for social security benefits.

*Small Benefit and Younger Than Age 55*

If the participant terminates employment after becoming vested and the value of pension benefits when he/she terminates employment exceeds \$5,000, the participant may begin to receive pension benefits as of the first day of any month following termination of employment provided that the value of pension benefits does not exceed \$20,000 as of that time. Individual may elect to receive pension benefits in a lump sum or in another form of payment. If the participant elects to receive pension benefits beginning before age 55, pension benefits will be actuarially reduced based on age when a member commences benefit to reflect the longer period over which pension benefits will be paid.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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11. RETIREMENT PLANS: (Continued)

Benefits Provided: (Continued)

*Pension Guarantees*

Pension benefits under this plan are insured by the PBGC, a Federal insurance agency. If the plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits. The PBGC guarantee generally covers:

- Normal and early retirement benefits;
- Disability benefits if a participant becomes disabled before the plan terminates;
- Certain benefits for survivors.

*Employees Covered by the Benefit Terms*

As of December 31, 2024 and 2023, the following employees were covered by the Plan:

	<u>2024</u>	<u>2023</u>
Active employees	17	21
Inactive employees or beneficiaries currently receiving benefits	19	16
Inactive employees entitled to but not yet receiving benefits	<u>6</u>	<u>5</u>
Total	<u>42</u>	<u>42</u>

Contributions:

Contributions to pay for plan benefits are paid by the participating employers to a trust administered by the Principal Trust Company (the Trust), or its successors or assigns. When participants retire, the necessary amount will be allocated from the available funds under the Trust to provide pension benefits. Both the participant and employer contribute toward social security taxes throughout the participant's career; however, the cost of the plan is paid entirely by participating employers. Participants are not required to contribute to the plan.

Pension Asset, Pension Expense, and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to Pensions:

As of December 31, 2024 and 2023, the Company reported an asset of \$200,127 and \$283,845, respectively, for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2024 and 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of those dates.

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11. RETIREMENT PLANS: (Continued)

Pension Asset, Pension Expense, and Deferred Outflows of Resources  
and Deferred Inflows of Resources Related to Pensions: (Continued)

For the years ended December 31, 2024 and 2023, the Company recognized pension expense of \$83,718 and pension benefit of \$241,599, respectively. As of December 31, 2024 and 2023, the Company reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>2024</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,527	\$ 1,768
Change of assumptions	-	90,289
Net difference between projected and actual earnings on pension plan investments	225,953	-
Total	<u>\$ 269,480</u>	<u>\$ 92,057</u>
 <u>2023</u>	 Deferred Outflows of Resources	 Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,292	\$ 2,874
Change of assumptions	7,679	171,586
Net difference between projected and actual earnings on pension plan investments	236,192	-
Total	<u>\$ 261,163</u>	<u>\$ 174,460</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense/(benefit) as follows:

Year ending:	Amount
2025	\$ 59,301
2026	110,967
2027	(5,978)
2028	13,133
2029	-
Total	<u>\$ 177,423</u>



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11. RETIREMENT PLANS: (Continued)

Actuarial Assumptions:

The total pension liability in the December 31, 2024 and 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2024</u>	<u>2023</u>
Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	5.25%
Inflation	3.00%	3.50%
Salary Increase	N/A	N/A
Mortality Rates	Pri-2012: separate employee, retiree and contingent annuitant with MP-2021 mortality improvement scale applied on a generational basis	Pri-2012: separate employee, retiree and contingent annuitant with MP-2021 mortality improvement scale applied on a generational basis

Discount Rate:

The discount rate used to measure the total pension liability for the years ended December 31, 2024 and 2023 was 6.00%. The long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Plan's Net Pension Asset:

Changes in the Plan's net pension asset for the years ended December 31, 2024 and 2023 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Asset</u>
Balance, December 31, 2023	\$ 1,719,509	\$ 2,003,354	\$ 283,845
Change for the year:			
Service cost	-	-	-
Interest cost	98,587	-	(98,587)
Difference between expected and actual experience	57,602	-	(57,602)
Changes of assumptions	-	-	-
Employer contributions	-	42,126	42,126
Net investment income	-	50,610	50,610
Benefit payments	(152,760)	(152,760)	-
Administrative expenses	-	(20,265)	(20,265)
Net changes	<u>3,429</u>	<u>(80,289)</u>	<u>(83,718)</u>
Balance, December 31, 2024	<u>\$ 1,722,938</u>	<u>\$ 1,923,065</u>	<u>\$ 200,127</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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11. RETIREMENT PLANS: (Continued)

Changes in Plan's Net Pension Asset: (Continued)

	Increase (Decrease)		
	Total Pension <u>Liability</u>	Plan Fiduciary <u>Net Position</u>	Net Pension <u>Asset</u>
Balance, December 31, 2022	\$ 1,881,045	\$ 1,923,291	\$ 42,246
Change for the year:			
Service cost	-	-	-
Interest cost	95,614	-	(95,614)
Difference between expected and actual experience	(3,980)	-	3,980
Changes of assumptions	(133,518)	-	133,518
Net investment income	-	219,064	219,064
Benefit payments	(119,652)	(119,652)	-
Administrative expenses	-	(19,349)	(19,349)
Net changes	<u>(161,536)</u>	<u>80,063</u>	<u>241,599</u>
Balance, December 31, 2023	<u>\$ 1,719,509</u>	<u>\$ 2,003,354</u>	<u>\$ 283,845</u>

Sensitivity of the Company's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate:

The following presents the Company's proportionate share of the net pension liability or net pension asset using the discount rate for the years ended December 31, 2024 and 2023 of 6.00%, as well as what the employer's proportionate share of the net pension liability or net pension asset would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate at the years ended December 31, 2024 and 2023:

	1.0% Decrease <u>5.00%</u>	Current Discount <u>Rate 6.00%</u>	1.0% Increase <u>7.00%</u>
<u>2024</u>			
Company's proportionate share of the net pension (liability) asset	<u>\$ 24,846</u>	<u>\$ 200,127</u>	<u>\$ 348,822</u>
<u>2023</u>			
Company's proportionate share of the net pension (liability) asset	<u>\$ 101,822</u>	<u>\$ 283,845</u>	<u>\$ 437,687</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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11. RETIREMENT PLANS: (Continued)

Payables to the Pension Plan:

As of December 31, 2024 and 2023, the Company had no outstanding payables to the defined benefit plan.

Defined Contribution Plans:

Effective September 1, 2008, the Company froze its defined benefit pension plan and replaced it with a defined contribution plan. The Company contributes 11% of each employee's wages to the defined contribution plan. Contributions are expensed each month, and the Company carried no assets or liabilities for the defined contribution plan on its statement of net position. The Company's contribution to the plan was approximately \$803,246 and \$671,408 during the years ended December 31, 2024 and 2023, respectively.

In addition, the Company sponsors a contributory 401k savings plan covering eligible employees for which the Company matches 75% of employee contributions up to a maximum of 6% of eligible compensation. The Company's matching contributions to the plan totaled approximately \$257,492 and \$244,214 for the years ended December 31, 2024 and 2023, respectively. Both defined contribution plans are 401k saving plans and are administered by Prudential Financial, Inc.

12. COMPENSATED ABSENCES:

Employees earn and accrue vacation leave at various rates, depending on their years of service. Employees are given 8 days of sick leave on December 1 each year. Additionally, on December 1, the Company will pay employees for up to a maximum of 5 unused sick days from the previous year. Unused sick leave does not carryover at the end of the year. The maximum vacation carryover at the end of the year is five days.

Upon termination, employees are compensated for any unused vacation and sick leave at the employee's hourly rate of pay at the time of termination. The liability for unused vacation leave and sick leave at December 31, 2024 and 2023 was approximately \$408,536 and \$154,034, respectively.

13. LEASES:

The Company has adopted the guidelines of the Louisiana Office of Statewide Reporting and Accounting Policy for the GASB 87 reporting of leases. Leases with a total contract value (the gross (undiscounted) aggregate value of fixed and fixed-in-substance cash flows remaining over the term of the contract, including reasonably certain renewal periods) of \$100,000 are evaluated for lease reporting under GASB 87. Leases with a total contract value under \$100,000 are recorded in the same manner as a short-term lease with rent payments reported as expense or revenue in the statement of revenues, expenses, and changes in fund net position as those payments are due based on the terms of the lease.

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13. LEASES: (Continued)

The Company leased office space under a non-cancelable lease with the Galleria, which expired in September 2023. This office space was leased for a term of 120 months, effective October 1, 2013. The lease was subsequently extended from November 1, 2023 until March 2034, a total of 125 additional months. Lease payments are due monthly, with the monthly payments increasing on an annual basis over the life of the lease. Interest due by the Company for late payments shall be at the lessor's discount rate of 4% plus the annual prime rate as published from time to time in the Wall Street Journal, with the highest rate being used if a range of rates is published.

The lease liability was remeasured during the year ended December 31, 2023 to account for the modification in the lease term and interest rate.

The lease liability was remeasured during the year ended December 31, 2024 to account for the modification in the interest rate.

The amended Galleria office lease, including the original lease and subsequent modifications, is summarized as follows:

	Start	Payment	Payment	Interest	Lease	Lease
<u>Description</u>	<u>Date</u>	<u>Terms</u>	<u>Amount</u>	<u>Rate</u>	<u>Liability</u>	<u>Liability</u>
					<u>Total</u>	<u>12/31/2024</u>
Galleria lease	10/1/2013	245 months	Variable	9.95%	\$6,055,730	\$2,879,030

As of December 31, 2024 and 2023, a right of use asset, net of amortization, of \$2,498,174 and \$2,706,000, respectively, and a lease liability of \$2,879,030 and \$2,894,737, respectively, are recorded in the Company's Statements of Net Position.

Annual requirements to amortize the obligation and related interest on the amended Galleria office lease are as follows:

<u>Year Ending</u>			
<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 133,759	\$ 279,011	\$ 412,770
2026	195,650	264,345	459,995
2027	225,650	243,544	469,194
2028	258,968	219,611	478,579
2029	295,951	192,200	488,151
Thereafter	1,769,052	413,055	2,182,107
	<u>\$2,879,030</u>	<u>\$1,611,766</u>	<u>\$ 4,490,796</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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14. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITAs):

The Company has adopted the guidelines of the Louisiana Office of Statewide Reporting and Accounting Policy for the GASB 96 reporting of SBITAs. SBITAs with a total contract value (the gross (undiscounted) aggregate value of fixed and fixed-in-substance cash flows remaining over the term of the contract, including reasonably certain renewal periods) of \$100,000 are evaluated for SBITA reporting under GASB 96. SBITAs with a total contract value under \$100,000 are recorded in the same manner as a short-term SBITA with SBITA payments reported as expense or revenue in the statement of revenues, expenses, and changes in fund net position as those payments are due based on the terms of the SBITA.

The Company entered into a SBITA with Guidewire Software, Inc., for the use of certain subscription services for InsuranceNow Cloud US. The term of the agreement is five years commencing on September 30, 2023 and ending on September 30, 2028. Subscription payments are due annually. The first minimum annual payment due in accordance with the agreement is \$327,776 and each of the four subsequent payments due are \$655,551, with no interest rate explicit in the lease. The interest rate for this SBITA is the Company's incremental borrowing rate at the time of commencement of 8.50%. As of December 31, 2024 and 2023, a right to use asset, net of amortization, of \$1,815,071 and \$2,310,090, respectively, a SBITA liability of \$1,674,292 and \$2,147,321, respectively, and SBITA accrued interest of \$35,579 and \$45,630, respectively, was recorded in the Company's Statements of Net Position.

The Company entered into a SBITA with Sapiens Americas Corporation, for the use of their FinancialPro, CheckPro, and F9 Report Writer accounting software. The term of the agreement is five years, with F9 Report Writer services commencing on January 1, 2023 and ending on December 31, 2027, and FinancialPro and CheckPro services commencing on April 1, 2023 and ending on March 31, 2028. Subscription payments are due annually, with the minimum annual payments due in accordance with the agreement increasing on an annual basis. The interest rate for this SBITA is the Company's incremental borrowing rate at the time of commencement of 8.50%. As of December 31, 2024 and 2023, a right to use asset, net of amortization of \$66,929 and \$87,522, respectively, a SBITA liability of \$66,940 and \$85,563, respectively, and SBITA accrued interest of \$3,793 and \$4,849, respectively, was recorded in the Company's Statements of Net Position.

Annual requirements to amortize the SBITA obligations and related interest on the SBITAs are as follows:

Year Ending			
December 31,	Principal	Interest	Total
2025	\$ 533,734	\$ 135,915	\$ 669,649
2026	579,398	89,475	668,873
2027	628,100	39,111	667,211
	<u>\$1,741,232</u>	<u>\$ 264,501</u>	<u>\$ 2,005,733</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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15. UNAUDITED RECONCILIATION BETWEEN GAAP AND STATUTORY NET INCOME:

Accounting principles generally accepted in the United States of America (GAAP basis) differ in certain respects from the accounting practices prescribed or permitted by insurance regulatory authorities (statutory basis). A reconciliation between the change in net position and the deficiency in net position as reported under GAAP basis and statutory basis for the years ended December 31, 2024 and 2023 follows:

	<u>2024</u>	<u>2023</u>
Change in net position - GAAP basis	\$ 283,659,758	\$ 226,015,849
Adjustments to:		
Pension plan expense	(142,194)	(10,378)
Other	(6,900,917)	(18,676,482)
Amortization expense - right of use leased assets	264,000	263,202
Amortization expense - right of use SBITA assets	515,613	185,600
Rent expense	(367,220)	(381,647)
Software maintenance expense	(681,451)	(352,534)
Interest expense	474,031	236,687
Investment change in fair value	10,367	(976,284)
Excess emergency assessments	(82,371,370)	(99,122,273)
Tax exempt surcharge	(18,694,184)	(16,259,072)
Net income - statutory basis	<u>\$ 175,766,433</u>	<u>\$ 90,922,668</u>
	<u>2024</u>	<u>2023</u>
Net position - GAAP basis	\$ 455,513,616	\$ 171,853,858
Adjustments to:		
Non-admitted assets	(28,081,960)	(25,364,446)
Right of use asset - lease	(2,498,174)	(2,706,000)
Right of use asset - SBITA	(1,881,999)	(2,397,612)
Net pension asset	522,912	677,918
Lease liability	2,879,030	2,894,737
SBITA liability	1,741,232	2,232,884
SBITA accrued interest	39,372	50,479
Other accrued liabilities	22,200	(211,269)
Restricted assessments	(41,457,532)	(39,245,910)
Allowance for doubtful accounts	2,829,752	9,951,325
Investment change in fair value	185,261	174,894
Emergency assessments receivable	(3,385,320)	76,774,428
Provision for reinsurance receivable	(90,721)	(87,088)
Accumulated surplus - statutory basis	<u>\$ 386,337,669</u>	<u>\$ 194,598,198</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
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16. COMMITMENTS AND CONTINGENCIES:

The Company is involved in certain litigation and disputes incidental to its operations. In the opinion of management, after consultation with legal counsel, there are substantial defenses to such litigation and disputes and any ultimate liability, in excess of reserves resulting there from, will not have a material adverse effect on the Company's financial condition or results of operations.

The Company is also involved in other potentially significant litigation described below; any of which could have a material adverse effect on the financial condition or results of operations. These matters raise difficult and complicated factual and legal issues and are subject to many uncertainties and complexities, including the underlying facts of each matter; novel legal issues; variations between jurisdictions in which matters are being litigated, heard, or investigated; differences in applicable laws and judicial interpretations; the length of time before many of these matters might be resolved by settlement through litigation or otherwise; and the current legal environment faced by large corporations and insurance companies.

The outcome of these matters may be affected by decisions, verdicts, settlements and the timing of such other individual and class action lawsuits that involve the Company, other insurers, or other entities and by other legal, governmental, and regulatory actions that involve the Company, other insurers, or other entities. The outcome may also be affected by future state legislation, the timing or substance of which cannot be predicted.

In lawsuits, plaintiffs seek a variety of remedies. In some cases, the monetary damages sought to include punitive or treble damages. Often specific information about the relief sought, such as the amount of damages is not available. When specific monetary demands are made, they are often set just below a state court jurisdictional limit in order to seek the maximum amount available regardless of the specifics of the case.

For the reasons previously specified, it is often not possible to make meaningful estimates of the amount or range of loss that could result from the known and unknown matters described. The Company reviews these matters on an ongoing basis and follows appropriate accounting guidance when making accrual and disclosure decisions. When assessing "reasonably possible" and "probable" outcomes, the Company bases its decisions on its assessment of the ultimate outcome following all appeals. Additionally, in instances where a judgment, assessment or fine has been rendered against the Company, there is a presumption that criteria in reaching a "reasonably possible" and "probable" outcome have been met. In such instances, the amount of liability recorded by the Company will include the anticipated settlement amount, legal costs, insurance recoveries and other related amounts and take into account factors such as the nature of the litigation, progress of the case, opinions of legal counsel, and management's intended response to the litigation, claim or assessment.

Due to the complexity and scope of the matters disclosed below and the many uncertainties that exist, the ultimate outcome of these matters cannot be reasonably predicted. In the event of an unfavorable outcome in any one or more of these matters, the ultimate liability may be in excess of the amounts currently reserved.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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16. COMMITMENTS AND CONTINGENCIES: (Continued)

A summary of potentially significant litigation follows:

*Oubre v. Louisiana Citizens Property Insurance Corporation.* The plaintiffs in this suit allege that the Company failed to timely initiate loss adjustment as required by Louisiana statutory law exposing the Company to penalties up to a mandatory limit of \$5,000 per claim. On July 23, 2012, the Company settled the majority of this class action suit with a payment of \$104.7 million to the plaintiff counsel for distribution to the current class members. The Company entered into a settlement with the class for the remaining Oubre claims. At December 31, 2024 and 2023, the Company had a reserve of \$3.7 million for this case for resolution of the remaining claims, which the Company believes, is adequate. The reserve is included in claims and claims adjustment reserves on the accompanying Statements of Net Position.

As of December 31, 2024, there were 472 open litigation matters against the Company. The majority of these lawsuits are related to first party suits related to 2021 Hurricane Ida and 2020 Hurricanes Laura, Delta, and Zeta. The Company believes it has established appropriate reserves for all lawsuits, in addition to class action claims described above. The Company has no assets that it considers to be impaired.

In addition to claims under the insurance policies it issues, the Company is potentially exposed to various risks of loss, including those related to torts; theft of, damage to, and destruction of assets; errors or omissions; injuries to employees; and natural disasters. As of the years ended December 31, 2024 and 2023, the Company had insurance protection in place from various commercial insurance carriers covering various exposures, including workers' compensation, property loss, employee liability, general liability, directors' and officers' liability, and business auto and cyber insurance. Management continuously revisits the limits of coverage and believes that current coverage is adequate. There were no significant reductions in insurance coverage from the previous year.

17. DEPOPULATION:

The Louisiana State Legislature created the Company to operate insurance plans as a residual market for residential and commercial property. The legislature further intended that the Company work toward the ultimate depopulation of these residual market plans also known as the Coastal Plan and FAIR Plan. To encourage the ultimate depopulation to these residual market plans, the Louisiana Citizens Property Insurance Corporation Policy Take-Out Program was created.

Under the take-out plan guidelines, not less than once per calendar year, the Company, with the approval of the governing board of the Company, may offer some or all its in-force policies for removal to the voluntary market. The Company shall include in any offers for depopulation policies that, based on geographic and risk characteristics, serve to reduce the exposure of the Company. Each insurer admitted to write homeowners insurance or insurance, insuring one or two-family owner occupied premises for fire and allied lines or insurance which



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17. DEPOPULATION: (Continued)

covers commercial structures in the State of Louisiana may apply to the Company to become a take-out company. Insurers will be approved to participate in the depopulation of the Company based on statutory guidelines set forth in accordance with LRS 22:2314(C).

Policies may be removed from the Company at policy renewal or as part of a bulk assumption. In an assumption, the take-out company is responsible for losses occurring from the assumption date through the expiration of the Company's policy period.

Unearned premiums remitted to take-out companies pursuant to assumption agreements is reflected as a reduction in "premium earned" in the Statements of Revenues, Expenses, and Changes in Fund Net Position and totaled \$38,027,279 and \$22,101,995 for the years ended December 31, 2024 and 2023, respectively.

The Company provides administration services with respect to the assumed policies. All agreements provide for the take-out company to adjust losses. The take-out company pays a ceding commission to the Company to compensate the Company for policy acquisition costs, which includes servicing company fees and agent commissions. While the Company is not liable to cover claims after the assumption, the Company continues to service policies for items such as policyholder endorsements or cancellation refunds. Should the Company process and provide a refund to policyholders, such amount is subsequently collected from the take-out company. At December 31, 2024 and 2023, there were no assumed premiums due from certain take-out companies.

18. RESTRICTED NET POSITION:

The Statement of Net Position includes \$287,826,600 and \$258,985,230 of funds restricted by enabling legislation for the repayment of Special Assessment Revenue Bonds as of December 31, 2024 and 2023, respectively. The amounts equal the excess of unspent emergency assessment collected to satisfy the debt service requirements for the year.

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The Louisiana Citizens Property Insurance's OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB Plan administered by the Company. The authority to establish and/or amend the obligation of the employer, employees and retirees' rests with the Company. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board (GASB) Statement No. 75.

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DECEMBER 31, 2024 AND 2023

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Plan Description:

The Company provides postemployment medical and life insurance for qualified employees hired prior to January 1, 2010. Employees may qualify for participation in the plan by: a) attaining age 55 and completing 14 years and one hour of service or b) attaining age 60; completing at least 5 years of service, two of which occur after October 28, 2010, be employed with the Company at the time of retirement and retire in good status.

Contribution Rates:

Plan members contribute 25% of medical premiums, including Medicare supplement, dental and vision coverage, and 100% of supplemental life insurance. Plan members are not required to contribute for basic life insurance. For the years ended December 31, 2024 and 2023, the Company paid \$56,145 and \$77,240, respectively, for retiree insurance premiums.

Employees Covered by Benefit Terms:

At December 31, 2024 and 2023, the following employees were covered by the benefit terms:

	<u>2024</u>	<u>2023</u>
Active employees	22	24
Inactive employees or beneficiaries currently receiving benefits	27	25
Inactive employees entitled to but not yet receiving benefits	-	-
Total	<u>49</u>	<u>49</u>

Actuarial Methods and Assumptions:

The total OPEB liability in the December 31, 2024 and 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	<u>2024</u>	<u>2023</u>
Actuarial Cost Method	Entry Age	Entry Age
Discount Rate	5.75%	5.25%
Salary Increase Rate	3.00%	3.00%
Healthcare Cost Trend Rate	7.00%	7.00%
Year of Ultimate Trend Loss	2031	2030
Mortality Assumptions	Pri-2012/MP2021	Pri-2012/MP2021

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
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DECEMBER 31, 2024 AND 2023

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Actuarial Methods and Assumptions: (Continued)

The discount rates were chosen by the plan sponsor based on market information on the measurement date as required by U.S. GAAP.

Actuarial valuations involve estimates of the value of the reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for postemployment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years if service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Company and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Company and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Board and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Changes in the Total OPEB Liability:

Changes in the Plan's OPEB liability for the years ended December 31, 2024 and 2023 were as follows:

	<u>Total OPEB Liability</u>
Balance at December 31, 2023	\$ 2,634,932
Changes for the year:	
Service cost	53,312
Interest cost	139,659
Differences between expected and actual experience	(233,607)
Changes of assumptions	(80,898)
Benefit payments	(56,145)
Net changes	<u>(177,679)</u>
Balance at December 31, 2024	<u>\$ 2,457,253</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Changes in the Total OPEB Liability: (Continued)

	<u>Total OPEB Liability</u>
Balance at December 31, 2022	\$ 2,825,423
Changes for the year:	
Service cost	51,738
Interest cost	156,120
Differences between expected and actual experience	(383,999)
Changes of assumptions	62,890
Benefit payments	(77,240)
Net changes	<u>(190,491)</u>
Balance at December 31, 2023	<u>\$ 2,634,932</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the Company's total OPEB liability using the discount rate for the years ended December 31, 2024 and 2023 of 5.75% and 5.25%, respectively, as well as what the Company's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate at the years ended December 31, 2024 and 2023:

<u>2024</u>	1.0% Decrease <u>4.75%</u>	Current Discount <u>5.75%</u>	1.0% Increase <u>6.75%</u>
Total OPEB Liability	<u>\$ 2,804,299</u>	<u>\$ 2,457,253</u>	<u>\$ 2,171,406</u>
 <u>2023</u>	 1.0% Decrease <u>4.25%</u>	 Current Discount <u>5.25%</u>	 1.0% Increase <u>6.25%</u>
Total OPEB Liability	<u>\$ 3,021,814</u>	<u>\$ 2,634,932</u>	<u>\$ 2,317,872</u>

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:

The following presents the Company's total OPEB liability using the healthcare cost trend rate for the years ended December 31, 2024 and 2023 of 7.00%, as well as what the Company's OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rate at years ended December 31, 2024 and 2023:

<u>2024</u>	1.0% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1.0% Increase <u>8.00%</u>
Total OPEB Liability	<u>\$ 2,170,822</u>	<u>\$ 2,457,253</u>	<u>\$ 2,808,122</u>
 <u>2023</u>	 1.0% Decrease <u>6.00%</u>	 Current Discount <u>7.00%</u>	 1.0% Increase <u>8.00%</u>
Total OPEB Liability	<u>\$ 2,316,810</u>	<u>\$ 2,634,932</u>	<u>\$ 3,026,946</u>

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

As of December 31, 2024 and 2023, the Company reported total OPEB liability of \$2,457,253 and \$2,634,932, respectively. The total OPEB liability was measured as of December 31, 2024 and 2023, and was determined by an actuarial valuation of that date.

For the year ended December 31, 2024 and 2023, the Company recognized OPEB income of \$287,974 and \$163,583, respectively.

As of December 31, 2024 and 2023, the Company reported deferred outflows of resources and deferred inflows of resources to OPEB from the following sources:

<u>2024</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 12,075	\$ 333,484
Change of assumptions	27,952	420,159
Total	<u>\$ 40,027</u>	<u>\$ 753,643</u>

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NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2024 AND 2023

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB): (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: (Continued)

<u>2023</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 54,260	\$ 277,333
Change of assumptions	167,200	831,536
Total	<u>\$ 221,460</u>	<u>\$1,108,869</u>

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending:	
2025	\$ (543,556)
2026	(148,823)
2027	<u>(21,237)</u>
Total	<u>\$ (713,616)</u>

Payables to the OPEB Plan:

As of December 31, 2024 and 2023, the Company had no outstanding payables to the OPEB plan.

20. DISAGGREGATION OF RECEIVABLE BALANCES:

Receivable balances at December 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
<u>Description</u>		
Premiums receivable	\$ 5,201,538	\$ 4,348,240
Premiums deferred	70,080,805	78,119,886
Allowance for doubtful accounts	<u>(942,784)</u>	<u>(742,443)</u>
Total premium receivables, net	<u>\$ 74,339,559</u>	<u>\$ 81,725,683</u>
Emergency assessment receivable	<u>\$ 17,058,249</u>	<u>\$ 20,000,000</u>
Reinsurance recoverables on paid losses	\$ 7,093,913	\$ 13,636,379
Allowance for doubtful accounts	<u>(1,886,968)</u>	<u>(9,208,882)</u>
Total reinsurance recoverables on paid losses, net	<u>\$ 5,206,945</u>	<u>\$ 4,427,497</u>

## REQUIRED SUPPLEMENTARY INFORMATION

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS  
FOR THE TEN YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability:										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,518
Interest	98,587	95,614	89,788	90,066	94,584	95,307	97,458	97,099	98,542	88,164
Difference between expected and actual experience	57,602	(3,980)	17,870	10,181	60,606	24,723	(52,455)	(14,459)	(1,330)	155,128
Change of assumptions	-	(133,518)	(163,574)	5,787	57,104	132,883	(4,249)	(10,143)	89,909	19,877
Benefit payments, including refunds	(152,760)	(119,652)	(116,696)	(107,685)	(97,341)	(90,830)	(68,903)	(63,010)	(65,094)	(76,800)
Net change in total pension liability	3,429	(161,536)	(172,612)	(1,651)	114,953	162,083	(28,149)	9,487	122,027	225,887
Total pension liability - beginning	<u>1,719,509</u>	<u>1,881,045</u>	<u>2,053,657</u>	<u>2,055,308</u>	<u>1,940,355</u>	<u>1,778,272</u>	<u>1,806,421</u>	<u>1,796,934</u>	<u>1,674,907</u>	<u>1,449,020</u>
Total pension liability - ending	<u>\$ 1,722,938</u>	<u>\$ 1,719,509</u>	<u>\$ 1,881,045</u>	<u>\$ 2,053,657</u>	<u>\$ 2,055,308</u>	<u>\$ 1,940,355</u>	<u>\$ 1,778,272</u>	<u>\$ 1,806,421</u>	<u>\$ 1,796,934</u>	<u>\$ 1,674,907</u>
Plan fiduciary net position:										
Net investment income (loss)	\$ 50,610	\$ 219,064	\$ (524,982)	\$ 163,725	\$ 279,992	\$ 413,597	\$ (129,494)	\$ 267,353	\$ 134,212	\$ (52,967)
Contributions - employer	42,126	-	-	45,928	6,107	23,873	29,923	10,821	-	-
Benefit payments, including refunds	(152,760)	(119,652)	(116,696)	(107,685)	(97,341)	(90,830)	(68,903)	(63,010)	(65,094)	(76,800)
Administrative expense	(20,265)	(19,349)	(19,388)	(8,901)	(8,220)	(10,658)	(9,558)	(10,948)	(12,277)	(9,638)
Net change in plan fiduciary net position	(80,289)	80,063	(661,066)	93,067	180,538	335,982	(178,032)	204,216	56,841	(139,405)
Plan fiduciary net position - beginning	<u>2,003,354</u>	<u>1,923,291</u>	<u>2,584,357</u>	<u>2,491,290</u>	<u>2,310,752</u>	<u>1,974,770</u>	<u>2,152,802</u>	<u>1,948,586</u>	<u>1,891,745</u>	<u>2,031,150</u>
Plan fiduciary net position - ending	<u>\$ 1,923,065</u>	<u>\$ 2,003,354</u>	<u>\$ 1,923,291</u>	<u>\$ 2,584,357</u>	<u>\$ 2,491,290</u>	<u>\$ 2,310,752</u>	<u>\$ 1,974,770</u>	<u>\$ 2,152,802</u>	<u>\$ 1,948,586</u>	<u>\$ 1,891,745</u>
Net pension asset - ending	<u>\$ 200,127</u>	<u>\$ 283,845</u>	<u>\$ 42,246</u>	<u>\$ 530,700</u>	<u>\$ 435,982</u>	<u>\$ 370,397</u>	<u>\$ 196,498</u>	<u>\$ 346,381</u>	<u>\$ 151,652</u>	<u>\$ 216,838</u>
Plan fiduciary net position as a % of total pension liability	111.62%	116.51%	102.25%	125.84%	121.21%	119.09%	111.05%	119.17%	108.44%	112.95%
Covered employee payroll	-	-	-	-	-	-	-	-	-	-
Net pension asset as % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF CHANGES IN THE  
OPEB LIABILITY AND RELATED RATIOS  
FOR THE SEVEN YEARS ENDED DECEMBER 31, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability:							
Service cost	\$ 53,312	\$ 51,738	\$ 98,109	\$ 123,686	\$ 96,203	\$ 78,979	\$ 90,909
Interest cost	139,659	156,120	120,388	123,330	139,104	149,963	125,688
Differences between expected and actual experience	(233,607)	(383,999)	30,371	38,812	33,516	127,419	220,101
Changes of assumptions	(80,898)	62,890	(1,273,579)	(592,087)	361,184	403,418	(313,203)
Benefit payments	(56,145)	(77,240)	(129,394)	(150,483)	(143,874)	(126,357)	(135,115)
Net change in total OPEB liability	(177,679)	(190,491)	(1,154,105)	(456,742)	486,133	633,422	(11,620)
Total OPEB liability - beginning:	<u>2,634,932</u>	<u>2,825,423</u>	<u>3,979,528</u>	<u>4,436,270</u>	<u>3,950,137</u>	<u>3,316,715</u>	<u>3,328,335</u>
Total OPEB liability - ending:	<u>\$ 2,457,253</u>	<u>\$ 2,634,932</u>	<u>\$ 2,825,423</u>	<u>\$ 3,979,528</u>	<u>\$ 4,436,270</u>	<u>\$ 3,950,137</u>	<u>\$ 3,316,715</u>
Covered-employee payroll	\$ 2,871,095	\$ 2,897,495	\$ 2,753,332	\$ 2,737,460	\$ 2,737,121	\$ 2,806,790	\$ 2,890,594
Total OPEB liability as a % of covered-employee payroll	85.59%	90.94%	102.62%	145.37%	162.08%	140.74%	114.74%

This schedule is intended to show information for 10 years. Additional years will be presented as they become available.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

1. PENSION:

Changes in Benefit Terms:

There were no changes of benefit terms for any of the years presented in the Schedule of Changes in Net Pension Asset and Related Ratios.

Changes in Assumptions:

Amounts reported for 2024 reflect a decrease in the inflation used in calculations from 3.50% to 3.00%. Also, the assumed rate of return used in calculations was increased from 5.25% to 6.00%.

Amounts reported for 2023 reflect an increase to the discount rate used to measure total pension liability from 5.25% to 6.00%. Also, the inflation used in calculations was increased from 3.00% to 3.50%.

Amounts reported for 2022 reflect an increase to the discount rate used to measure total pension liability from 4.50% to 5.25%. Also, the assumed investment rate of return used in calculations was increased from 4.50% to 5.25%.

Amounts reported for 2021 reflect a change to the use of the PRI-2012 mortality tables with the MP-2021 mortality improvement scale applied on a generational basis.

Amounts reported for 2020 reflect a change to the use of the PRI-2012 mortality tables with the MP-2020 mortality improvement scale applied on a generational basis. Also, the discount rate used to measure the total pension liability was reduced from 5.00% to 4.50%.

Amounts reported for 2019 reflect a change to the use of the PRI-2012 mortality tables with the MP-2019 mortality improvement scale applied on a generational basis. Also, the discount rate used to measure the total pension liability was reduced from 5.50% to 5.00%.

Amounts reported for 2018 reflect a change to the use of the RP-2014 mortality tables with the MP-2018 mortality improvement scale applied on a generational basis.

Amounts reported for 2017 reflect a change to the use of the RP-2014 mortality tables with the MP-2017 mortality improvement scale applied on a generational basis.

Amounts reported for 2016 reflect a change to the use of the RP-2014 mortality tables with the MP-2016 mortality improvement scale applied on a generational basis. Also, in 2016, the discount rate used to measure the total pension liability was reduced from 6.00% to 5.50%.

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

1. PENSION: (Continued)

Changes in Assumptions: (Continued)

Amounts reported for 2015 reflect a change to the use of the RP-2014 mortality tables with MP-2015 mortality improvement scale applied on a generational basis. Also, in 2015, the discount rate used to measure the total pension liability was reduced from 6.25% to 6.00%.

2. OTHER POSTEMPLOYMENT BENEFITS (OPEB):

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 19 to the financial statements.

There were no changes in benefit terms for the years presented.

No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, paragraph 4.

Changes in Assumptions:

The discount rate changed from 5.25% as of December 31, 2023 to 5.75% as of December 31, 2024.

The discount rate changed from 5.50% as of December 31, 2022 to 5.25% as of December 31, 2023.

The discount rate changed from 3.00% as of December 31, 2021 to 5.50% as of December 31, 2022.

The discount rate changed from 2.75% as of December 31, 2020 to 3.00% as of December 31, 2021.

The discount rate changed from 3.50% as of December 31, 2019 to 2.75% as of December 31, 2020.

The discount rate changed from 4.50% as of December 31, 2018 to 3.5% as of December 31, 2019.

## SUPPLEMENTARY INFORMATION

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF BOARD MEMBER COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Board Members</u>	<u>Per Diem</u>	<u>Expense Reimbursement</u>	<u>Total Compensation</u>
Ben Albright	\$ -	\$ -	\$ -
Brian E. Chambley	-	-	-
Daryl V. Burckel	-	-	-
Eric Berger	-	-	-
Joseph "Jody" Guillot	-	-	-
Kevin Reinke	-	-	-
Kirk Talbot	-	-	-
Michael "Gabe" Firment	-	-	-
Renee Free	-	-	-
Robert Page	-	-	-
Samuel Wilkinson	-	-	-
Steven Werner	-	-	-
Tim Temple	-	-	-
William P. Chauvin	-	-	-
William Starr	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

June 24, 2025

To the Board of Directors of  
Louisiana Citizens Property Insurance Corporation  
Metairie, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Louisiana Citizens Property Insurance Corporation (the "Company"), a component unit of the State of Louisiana, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements, and have issued our report thereon dated June 24, 2025.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

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Members  
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Society of LA CPAs

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Company's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Duplantier, Sharpness, Hogan and Parker, LLP*

New Orleans, Louisiana

LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
SUMMARY SCHEDULE OF FINDINGS  
DECEMBER 31, 2024

SUMMARY OF AUDITOR’S RESULTS:

1. The opinion issued on the financial statements of Louisiana Citizens Property Insurance Corporation for the year ended December 31, 2024 was unmodified.
2. There were no significant deficiencies or material weaknesses required to be disclosed by Government Auditing Standards.
3. There were no instances of noncompliance considered material to the financial statements, as defined by Government Auditing Standards.

FINDINGS – FINANCIAL STATEMENT AUDIT:

NONE



LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2024

STATUS OF PRIOR YEAR AUDIT FINDINGS:

NONE