



## i<sup>4</sup> Case Study

### **THE PERFECT STORM**

#### **Abstract:**

i<sup>4</sup> was engaged by the **Louisiana Department of Insurance** to perform an assessment of, and then implement solutions regarding, the policy management and claims system of **Louisiana Citizens Property Insurance Corporation** (“LA Citizens”), a nonprofit organization created to provide insurance products in the state of Louisiana for applicants who are entitled, but unable, to procure insurance in the voluntary marketplace.

#### **Background:**

The integrity of LA Citizen’s policy management system was in question following a conversion. The company had attempted a mid-term conversion, which is complex and risky, to a new system that had not been tested. The new system was implemented on October 1, 2005 which was only one month after the devastating Hurricane Katrina. Following Hurricanes Katrina and Rita in 2005, LA Citizens faced record claims and an increase in policies. The company had revenues in excess of \$300M and was mired with organizational issues. As a result of the storms, LA Citizens was displaced from their offices for two months and mail delivery, which included premium payments, was delayed by as much as nine months. Due to these factors, the state of Louisiana issued a moratorium on the cancellation of insurance policies due to non-payment. LA Citizens, as a result, attempted to make modifications in their new system to prevent automatic cancellations. Furthermore, the system was not structured to capture historical transactions, so the company was unable to generate reports for previous period’s financial statements. In 2007, they were still unable to produce financial statements for 2005 or 2006 and were facing audits and public scrutiny. At that time, when the Louisiana Department of Insurance and various insurance rating agencies still did not have LA Citizens financial information, i<sup>4</sup> was engaged to help. i<sup>4</sup> was initially hired by the Louisiana Department of Insurance to determine whether LA Citizen’s system had the appropriate data architecture and sufficient data integrity to support financial statement and annual statement balances and then to implement recommended solutions to LA Citizen’s data issues.

## **Results:**

i<sup>4</sup> initially completed and delivered, without any assistance from the system vendor, a thorough analysis of the current system's architecture and abilities. i<sup>4</sup> identified all the conversion issues, including the data that was not accurately or completely converted to the new system. i<sup>4</sup> then implemented solutions to the system problems, including the creation of a financial data mart, separate from the system, to generate reports, facilitate financial analysis, and support financial statements. In order to create the data mart, i<sup>4</sup> had to identify the reliable data elements from the system and parse data from multiple areas to create the necessary history for accurate financial reporting. The completed financial data mart contains a complete historically accurate record for all financial transactions and has been thoroughly reconciled and tested. The data mart, created by i<sup>4</sup>, has served as the ultimate solution for LA Citizens who now has simple access to relevant, accurate financial information. Using the i<sup>4</sup> data mart, Citizens was able to prepare accurate financial statements and complete the necessary audits of their financial data. The analysis of Citizen's system and creation of the data mart and historical financial reports was completed by i<sup>4</sup> within only six months.

Next, i<sup>4</sup> implemented automated processes to support current monthly transactions and processing. These processes extract relevant data from the system and create key statistical data and necessary reports. The reports are accessible by the users and easily generated. i<sup>4</sup> also created the processes and calculations to support "take-out" transactions, including calculations of ceded earned premium and all related reporting. The accounting implications of ceded policies are calculated and the financial data mart updated to reflect these transactions. This function was not possible within LA Citizens policy management system.

i<sup>4</sup> then implemented their customized web-based business intelligence solution for LA Citizens, including customized dashboards with drill downs, key indicator reports, managed reporting, etc. With i<sup>4</sup>'s help, LA Citizens has been able to move from being a company that was barely "weathering the storm" to a company that is now able to successfully and efficiently manage and improve their business. i<sup>4</sup> was extremely instrumental in the successful turnaround of this organization and remains a valued partner of LA Citizens.