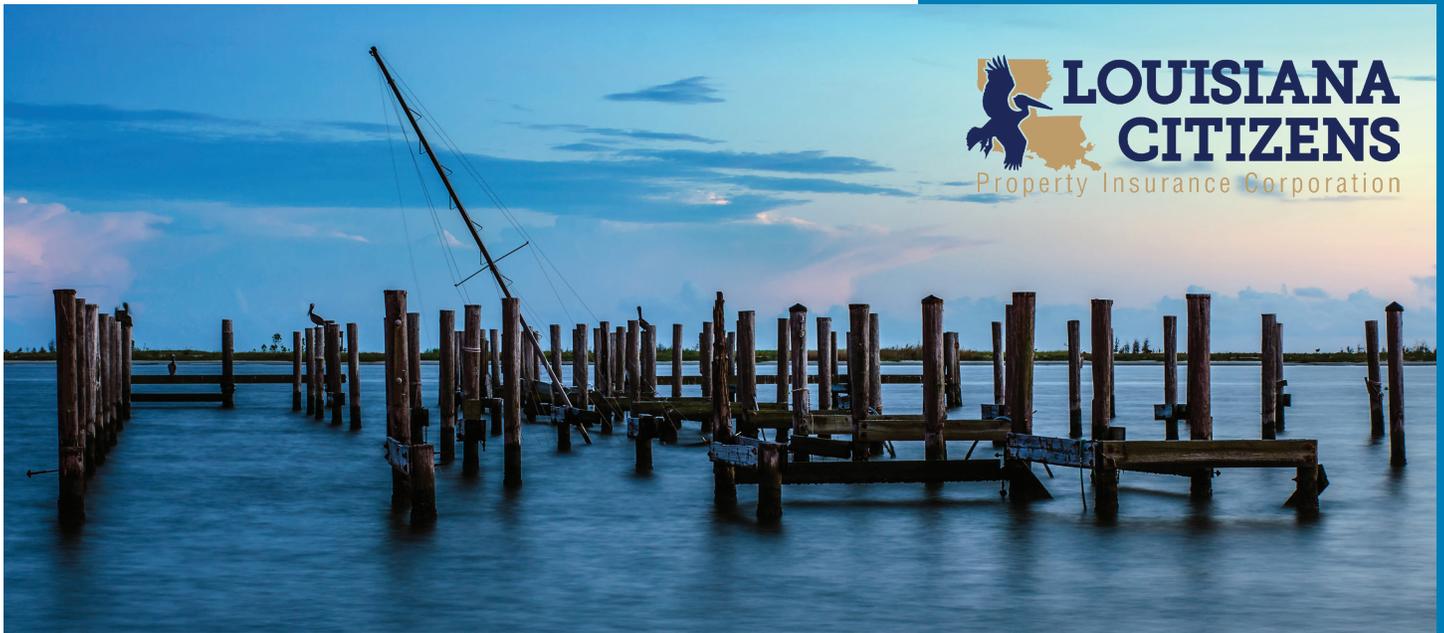


# CASE STUDY



## TRANSFORMING CATASTROPHE CLAIMS HANDLING

*After learning some hard lessons from Hurricanes Katrina and Gustav, Louisiana Citizens Property Insurance uses Xactware's suite of solutions to energize claims-handling performance following Hurricane Isaac.*

### FAST, EFFECTIVE CATASTROPHE RESPONSE

When a catastrophe strikes, insurance carriers — both large and small — must be prepared to handle the influx of claims quickly and thoroughly. This is a principle that Louisiana Citizens Property Insurance has learned from firsthand experience.

Since the company's founding in 2005, it has been on the frontlines of some of the biggest hurricanes in recent U.S. history. However, through the use of Xactware solutions and industry best practices, Louisiana Citizens has improved its ability to deliver fast, effective claims service, even in the most extreme circumstances.

### LOUISIANA CITIZENS PROPERTY INSURANCE CORPORATION

[www.lacitizens.com](http://www.lacitizens.com)

#### INDUSTRY

Insurance Carrier

#### IMPLEMENTATION PARTNER

Xactware

#### SOLUTIONS

Xactimate and XactAnalysis

#### KEY CHALLENGES

- Inspect and estimate losses with greater consistency
- Send and receive claims assignments more efficiently
- Implement an effective way to monitor claims progress

#### KEY BENEFITS

Through the use of Xactware solutions, Louisiana Citizens has been able to:

- Increase claims-handling consistency
- Improve its ability to monitor outside vendors
- Xactware solutions also played a key role in helping Louisiana Citizens close 94 percent of Hurricane Isaac claims in less than two months following the storm.

## SMALL CARRIER, TALL ORDER

Although Louisiana Citizens qualifies as a small carrier, it must be ready to respond like a large carrier in catastrophe situations. The company currently covers 105,000 policies and handles an average of 6,000 “daily” claims per year. But as the residual market insurer in Louisiana, most of its policyholders reside in New Orleans and other high-risk areas along the Gulf of Mexico. This means a significant storm could easily inundate Louisiana Citizens with tens of thousands of claims, which is exactly what has happened several times over the past eight years.

## HURRICANE KATRINA: ‘A WAKE-UP CALL’

The property industry was unprepared when Hurricane Katrina submerged most of New Orleans in August 2005. The storm struck hardest in parishes where many of Louisiana Citizens’ policyholders lived, and the carrier soon received about 80,000 claims for wind and water damage.

A small staff of internal adjusters handles Louisiana Citizens’ daily claim load, but the company must rely on independent adjusting firms to deal with catastrophe claims surges. After Hurricane Katrina, Louisiana Citizens used a simple system to adjust claims.

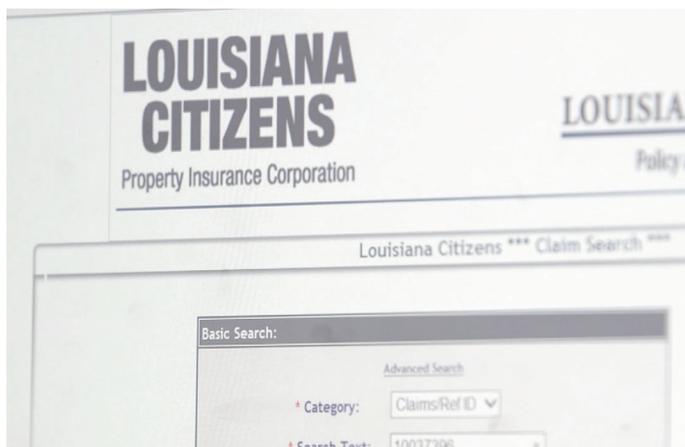
Upon first notice of loss, staff members created new claims in Excel spreadsheets and then relayed them via fax or email to independent adjusting firms. The firms then assigned, inspected, and returned the claims by email or fax.

Given the size of the storm, Louisiana Citizens needed to bring on many independent adjusting firms — some of which used estimating platforms that differed from the carrier’s preferred method. This resulted in consistency that didn’t meet with Louisiana Citizens’ standards for repair estimates. The disjointed system for sending and receiving assignments also presented a number of challenges.

“We had no tool that would allow us to track our adjusters or the work they were doing. We basically didn’t have any control over the claims process.”

“A customer might call in to know the status of their claim, and we had to rely on the adjuster to provide that information,” said Stephanie Jackson, Director of Claims for Louisiana Citizens. “That was a very difficult task — very inefficient process.”

As a result of Hurricane Katrina, Louisiana Citizens paid out more than \$1.7 billion in claims and \$160 million in class action lawsuits. Though the experience was disastrous, the company considered it a wake-up call and resolved to transform its catastrophe response.



*“Utilizing Xactware products has enabled us to transform our claims organization.”*

## THE TRANSFORMATION BEGINS

After Hurricane Katrina, Louisiana Citizens reviewed its workflow and identified several areas for improvement:

- Inspect and estimate losses more consistently.
- Assign and receive claims more efficiently.
- Implement an effective way to monitor claims progress.

The carrier brought on additional staff that had extensive experience in catastrophe management and deployed a new internal claims system to capture information more efficiently during first notice of loss.

These changes helped Louisiana Citizens better serve its 51,000 policyholders who were affected by Hurricane Gustav in 2008, but the company was still not satisfied with its response plan. In 2009, Louisiana Citizens turned to Xactware's suite of solutions to address its challenges.

## XACTWARE: MULTIPLE SOLUTIONS, COMMON PLATFORM

Louisiana Citizens has been a long-time user of Xactware's claims estimating system, Xactimate, but during Hurricanes Katrina and Gustav it had to work with independent adjusters who used other estimating platforms to inspect and document property damage.

Prior to 2009, the company also had not used XactAnalysis, Xactware's claims management and analytical network. After a thorough evaluation, Louisiana Citizens found that XactAnalysis contained valuable capabilities that would help improve catastrophe response, including:

- Inspection algorithms audit assignments for common scoping or estimating errors.
- Files update in real time whenever action is taken on a claim.
- Customizable rules monitor performance and notify users when standards aren't met.

- Management reports provide real-time analytics to track individual claims, company performance, and industry trends.

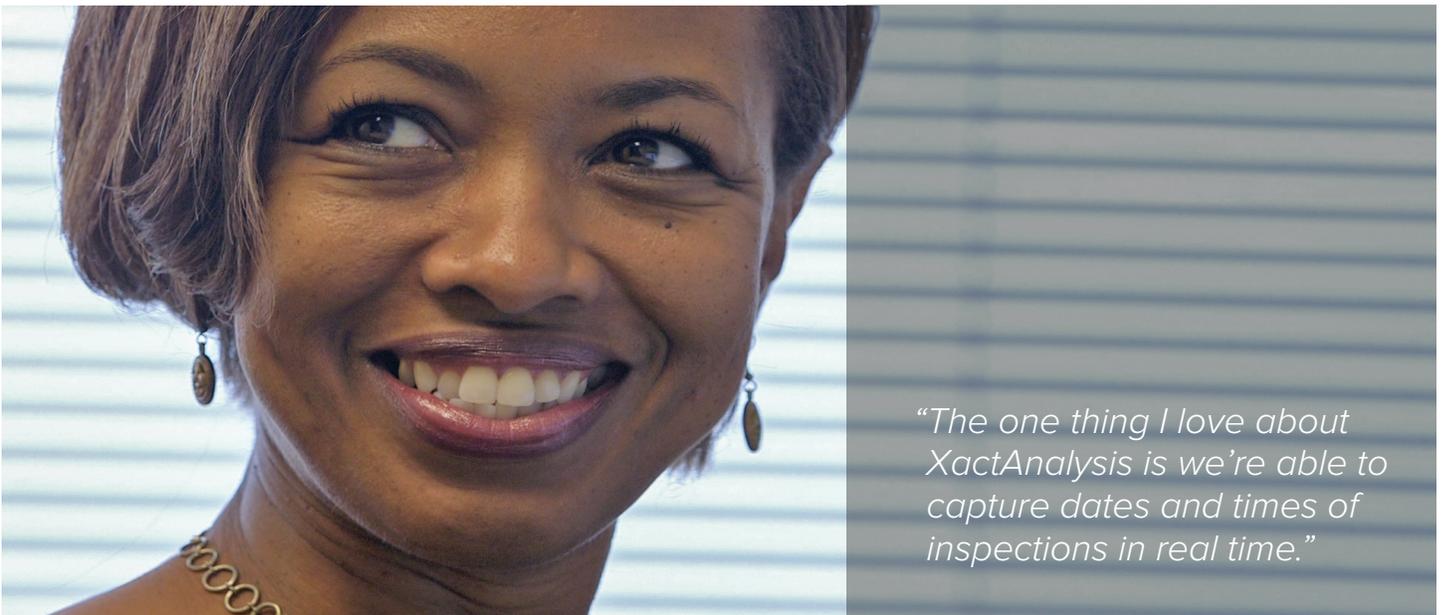
The seamless integration between Xactimate and XactAnalysis was another important feature for Louisiana Citizens.

"It's helpful for us as a small carrier to be able to go to a vendor that provides solutions to multiple challenges and then have those products working on a common platform so we're not dealing with multiple vendors and multiple platforms," Netzel said. "That's a real benefit for us."

## NEW, IMPROVED CATASTROPHE APPROACH

With Xactware's solutions as a foundation, Louisiana Citizens rolled out a new system for handling catastrophe claims. The carrier tightly integrated XactAnalysis with its first notice of loss system so that when a catastrophe strikes, staff members can quickly create new assignments and then efficiently relay them to external service providers.

To maintain consistency, the company also requires service providers to inspect losses and submit repair estimates through Xactimate. With this new approach in place, Louisiana Citizens was ready to face its next challenge: Hurricane Isaac.



*"The one thing I love about XactAnalysis is we're able to capture dates and times of inspections in real time."*

## TOTAL CLAIMS TRANSFORMATION

When Hurricane Isaac struck in 2012, it wreaked more than \$612 million in damages just in Louisiana and affected about 18,000 Louisiana Citizens policyholders (approximately 18 percent of the company's book of business).

To handle claims from the storm, Louisiana Citizens contracted 15 adjusting firms and an army of 400 adjusters. Xactware solutions greatly enhanced the carrier's ability to manage its service provider network and settle claims in a timely manner.

"Using Xactimate just makes the production of handling claims more efficient," said Erin Belk, a Claims Supervisor at Louisiana Citizens. "It allows the adjuster to obtain roof diagrams. It allows them to create an estimate without having to hand-write it and research unit costs. It's a wonderful tool. I couldn't foresee us using anything else at this point."

XactAnalysis also enabled Louisiana Citizens to send and receive assignments from external staff as well as monitor claims progress more effectively.

"The one thing I love about XactAnalysis is we're able to capture dates and times of inspections in real time," Jackson said. "It also allows us to send alerts so that if we're nearing a time when that adjuster did not make contact or complete the inspection, we're able to follow up."

Through the use of Xactware solutions, Louisiana Citizens successfully closed 94 percent of its claims in less than 60 days after Hurricane Isaac. In comparison, the company only closed 47 percent of its claims at that same point following Hurricane Gustav.

"Xactware has been a critical part of our claims transformation," Netzel said. "It fills such a huge void for us. The whole ability to understand the status of your claims in real time was critical to our success in this cat operation."



*"We had no common estimating platform. We had no tool that would allow us to track our adjusters or the work they were doing. We basically didn't have control over the claims process."*

## DELIVERING PREMIUM CATASTROPHE RESPONSE

An effective system for maintaining consistency, assigning claims, and monitoring progress in the wake of a catastrophe can be the difference between a successful experience and a complete disaster. Louisiana Citizens has shown that small and mid-tier carriers can deliver premium claims service, regardless of company size or magnitude of the event.

"Utilizing Xactware products has enabled us to transform our claims organization," Netzel said. "We've improved the timeliness of our response to our policyholders, we have better consistency in the way that we're handling our claims, and we now have a way to quantifiably measure the impact of our adjusting on the company."

[Try XactAnalysis Today!](#)

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