



RIMS®
Quality Improvement Process
for the Risk Management and Commercial Insurance Industry

PARTNERSHIP TOOL

Overview

*A tool for risk professionals
to set
agreed upon performance expectations
with business partners*

Developed by the Risk and Insurance Management Society, Inc. (RIMS) for use by its members and others who seek to improve the level of quality in the delivery of insurance and related services.



Quality Improvement Process (QIP) ---

The RIMS **Quality Improvement Process (QIP)** is a comprehensive program designed to guide and facilitate quality improvement. One component of the process is the ***QIP Guidelines for Performance Expectations***. It is suggested that risk managers and their industry partners use these guidelines to improve communications, develop performance expectation agreements and evaluate the performance under those agreements.

A QIP Wizard, which allows RIMS members and their industry partners to create a customizable QIP that meets the needs of their unique relationship, is available. The entire process, from choosing the applicable guidelines, to developing specific metrics, to measuring performance is built into the QIP Wizard.

The guidelines themselves are also available in a downloadable Microsoft Word format. The guidelines include suggested best practices that have been developed by RIMS in consultation with risk managers, brokers, underwriters, claims services providers and loss control providers. Many of the examples are actual performance metrics in place at Fortune 250 RIMS member companies.

This wizard is designed to provide a framework for the user to choose guidelines and develop metrics that are important to his/her organization. These are not the only metrics applicable to a partnership. However, RIMS has given considerable thought to proposing these metrics as suggested best practices for the parties to consider as reasonable performance expectations.

To successfully achieve expectations, coordination of expectations between various industry providers is necessary. Do not overlook this key consideration. The QIP wizard, in its current form, is between two partners. However, in some cases, particularly when discussing expectations with brokers and underwriters, it is critical that all three parties understand their individual commitments and recognize the interdependencies of the risk manager-broker-underwriter relationship.

Use of this tool will provide the necessary information to develop customized partnership agreements.

QIP Guiding Principles

When developing the QIP, RIMS identified three guiding principles that served as the basis for setting and measuring expectations between organizations and their industry partners: integrity, transparency and client centricity. Advancement in the level of quality in the insurance industry must have its roots in these guiding principles.

INTEGRITY

Are we doing the right thing?

TRANSPARENCY

Do we all have the necessary information about the transactions?

Do we understand the details of the process and the required or expected disclosures?

Do we trust one another?

CLIENT CENTRICITY

Are the needs of the client placed first?

Integrity speaks to the fundamental quality of a successful relationship. It represents the ethical code which serves as the guidepost for business relationships. Whether one is talking about a person of integrity, the integrity of a process, or the completeness and accuracy of a transaction, one is effectively assessing whether something is *right*. It is critical that integrity be the foundation of the broker, insurer and client relationship.

Transparency represents an openness of process and is essentially the operational equivalent of trust. If the details of the insurance transactions are known, and easy to understand, then a key concern facing risk managers will have been addressed. As participants in the “business of risk,” each of us has a duty to operate in a manner that is above reproach. Full disclosure of all information about a transaction must be communicated in order for a relationship to be based on trust and integrity.

Client Centricity is a business principle that focuses first and foremost on the needs of the client. In the management of risk, all stakeholders serve in a client role at some point in the transaction. However, for the purpose of this discussion, the client is the insured. Client centricity recognizes the importance of placing the client’s needs above all others. It is having a complete understanding of the overall investment that each stakeholder has in a relationship and a commitment to developing operational support processes that optimize the client’s needs. Quality in the insurance transaction process will only be recognized if the broker and insurer place the needs of the client first.

Using the Tool

For the purposes of this document, **quality** is defined as the degree to which a product or service meets agreed-upon expectations. This tool will help the risk manager and industry partner develop a performance expectations agreement and determine the degree to which they are meeting agreed-upon expectations.

The key elements include:

- **POSITIVE OR NEGATIVE.** Quality alone conveys characteristics or features of performance. It may be positive, as with high quality, or negative, as with low quality.
- **PRODUCT OR SERVICE.** Quality is concerned with deliverables between an industry partner and a risk manager.
- **TWO-WAY RELATIONSHIP.** Each party has quality expectations of the other party. The risk manager has the right to expect a certain level of performance. The industry partner has the right to expect a certain level of cooperation and responsiveness.
- **MULTI-PARTY RELATIONSHIP.** Each party recognizes that other parties may be involved in some or all of the aspects that affect the quality of their relationship. It is incumbent upon all parties to define their responsibilities and set performance expectations appropriate to their defined roles and in consideration of any dependence on other parties to meet agreed upon targets.
- **EXPECTATIONS.** Each party takes steps to perform according to the agreement.
- **AGREEMENT.** The expectations are discussed and established in advance of a time period and measured during the performance period.

RIMS put forth a ten-step process to create a performance expectations agreement. The process is addressed to the risk manager as client and outlines an approach that can fit services to client needs. The steps are:

1. **IDENTIFY RELATIONSHIPS.** List the services that the industry partner will perform for your organization. Examples include the placement of coverage, handling of claims and risk management consulting.
2. **REVIEW QIP GUIDELINES.** Review the guidelines that apply to the risk manager and the applicable industry partner relationship. Identify your general expectations for each guideline.
3. **PRIORITIZE EXPECTATIONS.** Assess the importance of each guideline. Determine the priority ranking of each guideline. Identify whether an expectation is critical, important or expected. The following weighting criteria are built in to the QIP Wizard.

Weighting Criteria	Description
Expected (EXP)	Guideline is expected to be performed well on a consistent basis.
Important (IMP)	Guideline is important to the successful execution of risk manager's company mission.
Critical (CRI)	Guideline is critical to company and there can be little tolerance for not meeting expectations.

4. **DETERMINE YOUR OWN PERFORMANCE ELEMENTS.** Identify the activities that must be undertaken by you in order for the industry partner to meet your expectations.
5. **DETERMINE PERFORMANCE METRICS.** Identify one or more specific metrics for each agreed-upon expectation. Ensure that each metric is reasonable and attainable. List the metrics in advance of the first meeting with the industry partner. The suggested best practices provided by RIMS should be used as a starting point and customized as needed.
6. **MEET WITH THE INDUSTRY PARTNER.** After the industry partner has a chance to review the proposed expectations and metrics, sit down to discuss the agreement. Work through points of agreement and problem areas.
7. **COORDINATE EXPECTATIONS WITH OTHER INDUSTRY PARTNERS.** To successfully meet overall expectations, individual industry partner expectations and metrics will often have to be coordinated with one another. Meetings with all affected industry partners and the risk manager may be required.
8. **REACH AN AGREEMENT.** Agree upon each expectation and metric.
9. **DEVELOP A PERFORMANCE EXPECTATIONS AGREEMENT.** Create a formal agreement on expectations, metrics and measurement methods that will be used during a specified period of time. Spell out the responsibilities of both parties under the terms of the agreement.
10. **EVALUATE PERFORMANCE.** Both parties should execute an annual assessment of themselves and their partners using the QIP performance evaluation criteria and then discuss their evaluations in a meeting or conference call. The results of the evaluation should be used to develop the QIP for the upcoming year.

Terms

Throughout the tool the following terms carry specific meanings:

- **INDUSTRY PARTNER.** An insurance broker, insurance underwriter, claims service provider, or safety and loss control provider.
- **RISK MANAGER.** The individual responsible for executing risk management solutions within an organization. This person may or may not be a full-time risk manager but in the context of the QIP, he or she is serving as the risk manager.
- **AGREEMENT.** A document covering risk management services to be performed by an industry partner. It should specify the guidelines and metrics to be used to evaluate performance, cover a specific time period and be signed by the risk manager and industry partner.
- **GUIDELINES FOR PERFORMANCE EXPECTATIONS.** Recommended general performance expectations for handling business between a risk manager and an industry partner.
- **GUIDELINE DEFINITION.** The meaning of the guideline as developed by RIMS.
- **METRIC.** A standard for measuring the achievement of a guideline. The client and industry partner develop the metrics for each guideline and include them in the agreement.

Performance Criteria:	Description:
Below Expectations (BE)	Did not meet expectations. Significant improvement is needed.
Partially Met Expectations (PM)	Performed at a level that may have been satisfactory in some, but not all assigned areas.
Met Expectations (ME)	Met and occasionally exceeded expectations. Demonstrated solid performance.
Exceeded Expectations (EE)	Performed regularly at a level that exceeded expectations.
Far Exceeded Expectations (FE)	Performed consistently at a level far above expectations. Accomplishments reflect the highest level of contribution.

- **EVALUATION.** The client's assessment of the degree to which the organization and industry partner achieved the metrics during the period of the agreement.

Guideline, Metric, and Evaluation

As an example of the application of the *QIP Guidelines for Performance Expectations*, consider the following examples:

EXAMPLE FROM AN UNDERWRITER AND RISK MANAGER QIP

- **GUIDELINE.** A risk manager and underwriter agreed that the timely and accurate delivery of insurance policies is critical to the quality of their relationship.
- **METRIC.** The underwriter agrees to provide the policy to the risk manager or their designee no later than 30 days after policy inception or after all parties have agreed to the terms and conditions, whichever date is later. If policy inaccuracies are noted, the underwriter agrees to re-issue the policy within 15 days of receipt.
- **EVALUATION.** At the end of the period, the underwriter issued one policy within 30 days with no inaccuracies noted. A second policy was issued at 30 days but had the incorrect legal name of the insured. The error was communicated to the underwriter who promptly made the change and re-issued the policy within 5 business days. The performance expectation is evaluated as being ME (Met Expectations.)

EXAMPLE FROM A BROKER AND RISK MANAGER QIP

- **GUIDELINE.** A risk manager and broker agree that they should employ a proactive approach to managing the claims process.
- **METRIC.** The broker creates a quarterly report describing the status of completed and in-process claims and recommends aggressive procedures to settle outstanding claims. The organization agrees to make its risk manager and legal counsel available for a conference call one week prior to the delivery of said report in order to share relevant claim information.
- **EVALUATION.** At the end of the period, the broker issued 100% of the required reports on time. Two of the reports did not contain complete claim evaluations. The organization made its in-house personnel available one week in advance of the quarterly deadline 100% of the time. The performance expectation is evaluated as being PM (Partially Met Expectations.)

EXAMPLE FROM A CLAIMS SERVICES PROVIDER AND RISK MANAGER QIP

- **GUIDELINE.** A risk manager and claims services provider agree that the complexity and variety of the company's claims require quick access to subject matter experts within the claims services provider's resource network.

- **METRIC.** At the beginning of the year, the claims services provider submits a list of subject matter experts for the major claim types expected. Throughout the year, a subject matter expert is made available to the risk manager and responds to all requests for review within 5 business days. The risk manager agrees to provide all of the information requested by the subject matter expert within agreed upon time frames.
- **EVALUATION.** At the end of the period, the claims services provider met all claim review requests within 5 business days. When requested, a subject matter expert was quickly identified, with the exception of one case where the person was out for a personal illness. The risk manager provided the subject matter expert with the required information promptly on request, often within hours. The performance expectation is evaluated as being ME (Met Expectations.)

EXAMPLE FROM A SAFETY & LOSS CONTROL PROVIDER AND RISK MANAGER QIP

- **GUIDELINE.** A risk manager and safety & loss control provider agree that they maintain continuity of key team members with appropriate succession plans.
- **METRIC.** The safety & loss control provider and risk manager create and maintain lists of primary and other key contacts servicing the relationship. Lists must be circulated on a timely basis to brokers and underwriters. Primary contacts must be maintained for at least a year before being changed with replacement familiar to the relationship.
- **EVALUATION.** At the end of the period, the safety & loss control provider maintained continuity of the primary contact and communicated on a timely basis changes to key contacts to all industry partners and the risk manager on the account. The risk manager was not able to maintain a primary contact on the relationship for a year and filled that role with an inexperienced individual. The risk manager did notify all industry partners of contact changes on a timely basis. The performance expectation is evaluated as being BE (Below Expectations.)

In the above examples, the guidelines and metrics are clear. The evaluation contains a quantitative and qualitative element. The risk manager met their required metrics. However, the industry partner did not fully meet the required metrics. The issue for both parties is whether this performance meets or fails to meet the expectations expressed in the guideline and metric. There will always be a subjective element in assessing achievement of quality metrics.

Quality Culture

To create a Quality Culture, the industry partner and risk manager must commit to improve quality within the framework of their own organizations. Both parties must recognize that a quality culture facilitates their relationship. Elements of such a culture are:

- **SENIOR MANAGEMENT SUPPORT.** The CEO and other senior managers of the industry partner believe in the importance of improving quality. The CEO, CFO, and other client managers work with the risk manager to support the quality initiative.
- **WORKFLOWS.** The industry partner has a structure that ties together people and processes in logical structures. The client has processes so it can identify the kinds of information needed by industry partners.
- **DATA.** Both parties identify, format, and collect data needed to achieve high quality.
- **COMMUNICATIONS.** Both parties share data on a timely basis, with special care given to the accuracy of information.
- **PERSONNEL.** Both parties hire skilled personnel with a sound work ethic and train individuals to perform their activities with a minimum of errors.
- **PROCESS.** Both parties use the QIP process to achieve high-quality results.
- **REPORTS.** Both parties develop progress reports and other means to measure achievements and identify gaps.
- **TECHNOLOGY.** Both parties work to achieve efficiency and compatibility of technology used for data collection and transmission.
- **BENCHMARKS.** Both parties use comparative data and standards to measure success or failure in the pursuit of specific goals.