

March 2005

Results of the Risk Management Information System Survey

In early January, the RIMS Technology Advisory Council asked RIMS members to complete a survey to collect information pertaining to current uses of IT, barriers to implementation, availability of support, concerns with vendors and RMIS objectives. Over 750 members, from the US, Canada, and 15 other countries, accessed the survey, and we received over 500 responses to most of the survey questions. The survey contained 28 questions, organized into four areas, designed to collect information about general risk management business processes, the use of RMIS, spending and budgeting for RMIS, and company demographic information. This bulletin focuses on responses to the survey questions pertaining to the use of RMIS. We will be providing further analysis of these issues and the remaining survey questions in the next few months.

RMIS Usage

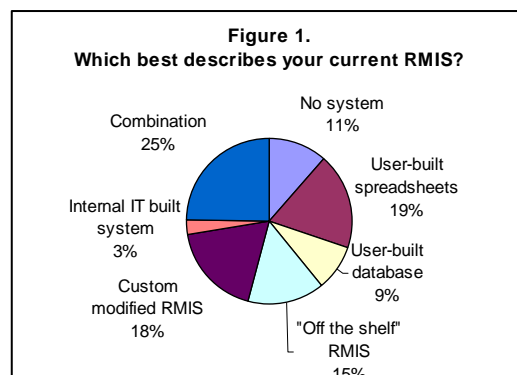
When asked to describe their current RMIS systems, the responses ranged from “no system” to some form of either user-built or vendor-supplied system, as shown in Figure 1.

The risk managers surveyed expressed general satisfaction with their current RMIS. Among those surveyed who currently have some form of RMIS, a majority noted that they are very satisfied, moderately satisfied, or neutral when asked to indicate their satisfaction with their current system. The 201 respondents who currently use “off the shelf,” custom modified, or internally built systems reported significantly higher satisfaction than the 150 respondents with user-built spreadsheets or databases.

About half of the risk managers (330) use a vendor for RMIS services. We asked them to rate their current vendors on five dimensions, using a scale of 1 to 5, where “1” indicates a need to improve, and “5” indicates excellent service. The average ratings for the five dimensions were: response times (3.4), on-site training (3.1), training and support resources (3.0), data integrity (3.8), and consulting (3.3).

The respondents reported varying experiences with inputting data into their RMIS. Over 57 percent of the respondents reported that they manually enter internally administered claims and retained loss occurrences. Insurer “loss runs” of claims, by policy, and TPA loss runs are more likely to be uploaded by an RMIS vendor. While 34 percent of the risk managers noted that they manually enter company asset data (such as fleet data), another 43 percent of respondents indicated that they do not input this information at all. Over 55 percent indicated that their data is stored at the vendor’s location.

Next, we asked the risk managers with RMIS to indicate their concerns regarding the performance of their current systems. We provided a list of 15 dimensions of RMIS system performance and respondents were asked to indicate, using a scale of 1 to 5, the extent to which these were a concern in their company. The sample averages for each item were clustered between 2.4 and 3.1, indicating only a moderate level of concern, on average, for each of the items listed.



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TAC welcomes feedback on this bulletin and suggestions of topics for future bulletins. Topics and content are the sole discretion of TAC.

The two RMIS concerns receiving the highest average ratings were both related to reporting options: inadequacy of standard reporting tools and inadequacy of tools for creating custom or ad hoc reports. Risk managers were generally the least concerned with their current controls on data access and security.

We found a wide range in respondents' annual spending for RMIS, related external or internal tech support, and in their budgeting practices. A majority of respondents (85 percent) indicated that their annual spending for external technical support is less than \$150,000. When asked the percentage of their overall insurance and risk management budget that goes to IT and RMIS, 85.6 percent indicated that this was less than 3 percent. Respondents indicated that their IT budgets are set in accordance with project and support plans (57.5 percent) or using last year's spending as a basis (33.4 percent). Less than five percent of respondents use a return on investment approach to setting their IT budget.

RMIS in Solving Business Problems

Risk managers have different opinions on the usefulness of RMIS. Respondents were asked to rate from 1 to 5 the extent to which RMIS could or should help in a variety of business problems. Over 90 percent of the respondents indicated that RMIS would be helpful (i.e., a rating of 3-5) for revealing accident or incident patterns by cause, location or other descriptor to facilitate risk mitigation. Over 80 percent indicated that RMIS would be helpful for storing claims and policies in electronic format for easy word search and retrieval, and for showing loss development triangles for budgeting fiscal year loss amounts or for evaluating the appropriateness of insurer reserves and pricing. Respondents varied the most on their opinion of the helpfulness of RMIS in having "business rules" or "system intelligence" that would look at incident descriptors and "suggest" the coverage that should respond. While the majority of respondents were neutral on this item (rating of 3), the number noting that it would be helpful (104) was nearly equal to those who noted it would not be helpful at all (90).

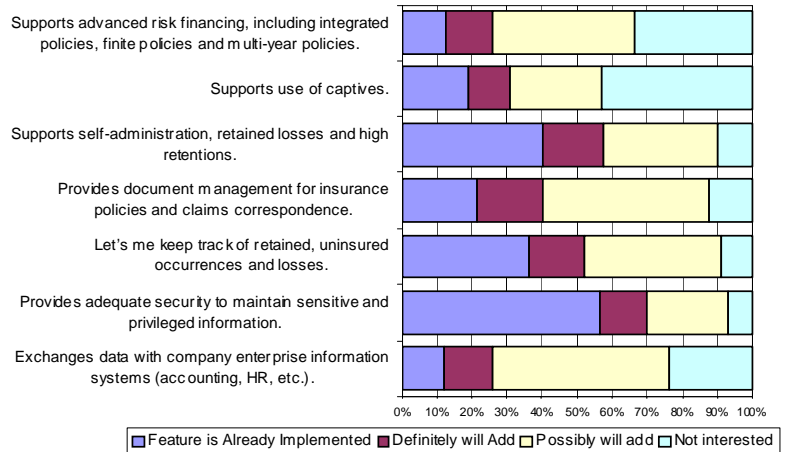
Finally, we asked respondents about their future plans for RMIS. Respondents were provided a list of RMIS features and asked to indicate whether these features were already implemented in their companies, or if they had plans to implement them. Figure 2 summarizes the 522 responses submitted in this component of the survey. The figures show the percentage of respondents in each "experience" category.

The results indicate diverse experience with RMIS among the risk managers surveyed. The variation across respondents in the general interest of some of these features provides further evidence that risk managers have quite different needs for RMIS within their organizations. As shown, 25.5 percent of the risk managers surveyed indicated that they have integrated their RMIS with other company data systems, or that they definitely will add this feature. This finding is consistent with risk manager's reports of their experience with electronic data exchange. When asked if they are working with data standards for electronic exchange (e.g., ACORD standards for loss runs), only 16.6 percent of the sample reported that they were currently implementing such standards, and another 6.1 percent had plans to implement. Over 46 percent noted that they were not aware of any data standards, and 31 percent indicated that, although they were aware of data standards, they did not have plans to implement them.

More Results

The TAC would like to thank all members who completed the RMIS survey. A complete report of the survey findings, including more detailed statistical analysis, will be available in late spring.

Figure 2. Experience with RMIS Features



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