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## Results of the 2006 Risk Management Information System Survey

Last year, the RIMS Technology Advisory Council conducted a survey to collect members' experiences and concerns pertaining to RMIS implementations. In January 2006, the committee once again asked members for input on the same RMIS issues, including barriers to implementation, availability of support, concerns with vendors, and RMIS objectives.

The follow-up survey contained most of the same 28 questions asked in 2005, which were designed to collect information about general risk management business processes, the use of RMIS, spending and budgeting for RMIS, and company demographic information. Over 500 usable responses were obtained from the 2005 survey, while only 167 members completed most questions on the follow-up survey. This bulletin reports on the responses to the 2006 survey and subsequently compares the responses of the two surveys to evaluate whether members' experiences with RMIS have changed significantly over the past year. The significant reduction in responses to the survey may be an indication that members are not especially concerned with RMIS issues at this time. Since most members who accessed the survey completed all of the questions, the length of the survey does not appear to have been a barrier to obtaining responses. While all deputy members were invited to complete the survey, respondents overwhelmingly selected "Risk Management" from the list of job categories.

### **RMIS Usage and Satisfaction**

Risk managers continue to express general satisfaction with their current RMIS. Over 70% of the respondents noted that they are very satisfied, moderately satisfied, or neutral when asked to indicate their satisfaction with their current RMIS system. The proportion of respondents that were either moderately or very satisfied increased slightly, from 51% in 2005 to 57% in 2006.

Two-thirds of the risk managers surveyed 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:

- 3.6 for response times
- 3.2 for on-site training
- 3.1 for training and support resources
- 3.9 for data integrity
- 3.3 for consulting

The responses were not significantly different from those obtained last year and indicate general satisfaction with vendors.

Members indicated varying degrees of experience with their RMIS. We asked respondents to rate the extent to which members of the risk management staff are "hands on" users of the RMIS, using a scale from 1 (rarely) to 5 (all day every day). Claims managers reportedly have the most regular access, on average, with an average rating of 3.9, followed by risk managers at 3.4. We found that the TPA staff is least likely to have regular hands-on access to the RMIS.

RMIS is used by members for a variety of purposes, and therefore contains varying types of data. The most common types of data stored in a RMIS appear to be internally administered claims and retained loss occurrences, as well as company organization codes. More than two-thirds of the respondents indicated that they also store insurer loss runs of claims by policy, TPA loss runs, and accounting system transactions. The least common use of RMIS was for handling company asset data, such as facility or fleet information. With one exception, the responses in 2006 were not significantly different than those obtained last year: the proportion of respondents indicating that their RMIS stores insurer loss run of claims by policy increased from 58% to 74%.

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### THIS ISSUE'S CONTRIBUTOR

*Patty Born is an Associate Professor of Finance at California State University, Northridge. She can be reached at (818) 677-4614 or [patricia.born@csun.edu](mailto:patricia.born@csun.edu).*

### CONTACT TAC

If you have an idea for a RIMSTech Bulletin or have comments you want to share, contact by e-mail any of the following individuals:

- **Jeff Stolle**, TAC Chair and RIMSTech Advisory Board, [jeff.stolle@pepsico.com](mailto:jeff.stolle@pepsico.com)
- **Patty Born**, RIMSTech Advisory Board, [patricia.born@csun.edu](mailto:patricia.born@csun.edu)
- **Bob Henderson**, RIMSTech Advisory Board, [robert.j.henderson@marsh.com](mailto:robert.j.henderson@marsh.com)
- **Angus Rhodes**, RIMSTech Advisory Board, [angus.rhodes@aon.co.uk](mailto:angus.rhodes@aon.co.uk)
- **Michael Scott**, RIMSTech Advisory Board, [michael\\_scott@admworld.com](mailto:michael_scott@admworld.com)
- **Meg McGeady**, RIMS, [mmcgeady@rims.org](mailto:mmcgeady@rims.org)

Risk managers report that some features of RMIS are more useful than others for business decision-making. We provided a list of seven uses of RMIS and asked respondents to rate from 1 to 5 the extent to which RMIS was helpful for solving business problems. The feature of RMIS that is reportedly most helpful is the ability to reveal accident or incident patterns by cause, location, or other descriptor to facilitate risk management. Least helpful is the ability of RMIS to suggest the coverage that should respond to a particular risk exposure.

Next, we asked respondents a series of questions pertaining to concerns with current RMIS. We provided a list of 15 dimensions of RMIS system performance as shown in the graph below, and respondents were asked to indicate, using a scale of 1 (not a concern) to 5 (critical), the extent to which these were a concern in their company. The two concerns receiving the highest ratings were both related to reporting functions: inadequate standard reporting tools and inadequate tools for creating custom or ad hoc reports. In a related question, respondents indicated that reporting tasks were the most important for achieving business objectives. The sample averages for each concern were clustered between 2.4 and 3.1, indicating only a moderate level of concern, on average, for each of the items listed. These findings are consistent with the results of the survey in 2005.

As in last year's survey, respondents' annual spending for RMIS and related external tech support varies widely. While annual dollars spent ranges from less than \$10,000 (40%) to more than \$300,000 (3%), this spending as a share of the company's total insurance and risk management budget was quite small. Ninety percent of the respondents indicated that spending for RMIS and IT accounts was less than 3% of their total insurance and risk management budget. Results from last year's survey suggested slightly larger budgets for RMIS, on average.

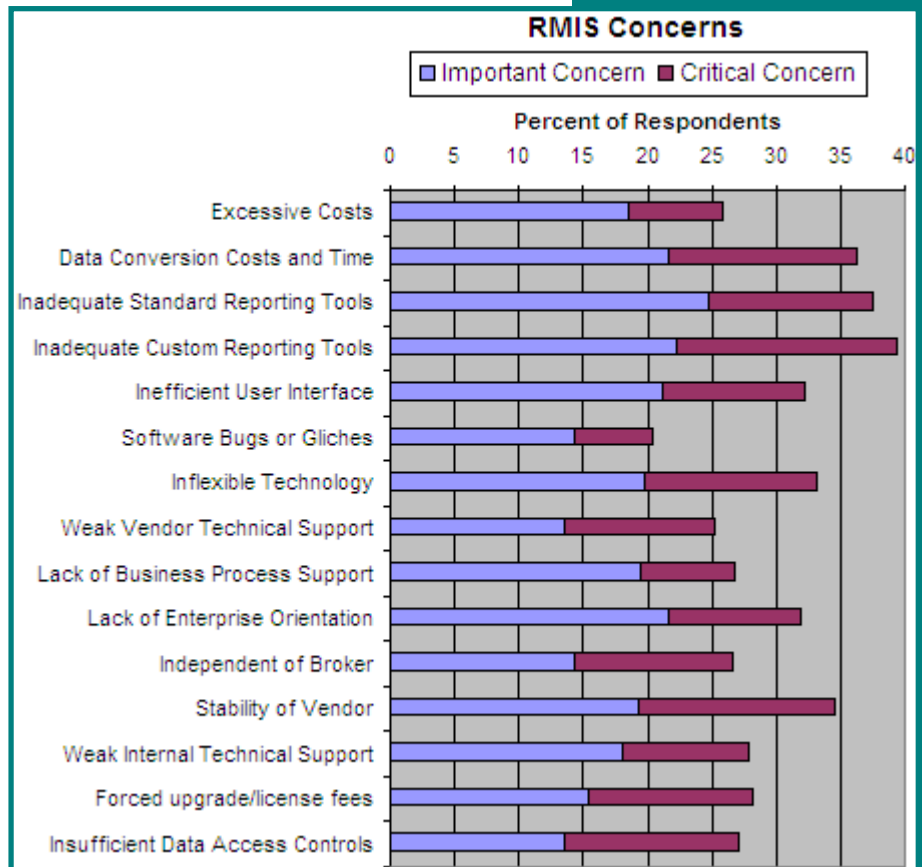
### RMIS Planning

Once again, 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. Responses for this year's survey were consistent with those obtained last year, with no significant increases in the implementation of features. Over 70% of respondents have implemented or intend to implement security to protect sensitive and privileged information. Almost 80% indicated that they are planning or have implemented features that will facilitate document management for insurance policies and claims correspondence, while only 10% have integrated their RMIS with company enterprise information systems, such as accounting or payroll. Just over half of the respondents indicated that they are interested in features that support:

- Self-administration, retained losses, and high retentions
- The use of captives
- Advanced risk financing

The results suggest diverse experience with RMIS and a general interest in implementation of RMIS features. Our results this year confirm that risk managers have quite different needs for RMIS within their organizations. One of the more recent developments in RMIS is using data standards for electronic exchange. This year, when asked if they are working with data standards for electronic exchange (e.g., ACORD standards for loss runs), only 16% of the sample reported that they were currently implementing such standards, and another 7% had plans to implement. The responses also indicate that awareness of data standards is related to the features already implemented in the RMIS. The implementation of data standards may not yet be on the radar for some companies who have not yet implemented other basic features of RMIS in their organizations.

TAC would like to thank all members who completed the RMIS survey. The results of this survey will guide future TAC efforts in this area.



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