



# CLAIMS & RISK MANAGEMENT

## Working Group

September 18 - 19 • Washington, DC

At the Claims & Risk Management Working Group fall meeting on September 19, 2019 in Washington, D.C., the discussion centered on two main topics: how firms could leverage claims data for risk management, and the debut of The Council's first Claims & Risk Management Benchmarking Survey, which aimed to provide participating Council members with important benchmarking data they could use to inform their decision-making process for all aspects of their business.

Nearly 30 attendees dug into these issues over the day. In attendance were the following firms:

- AHT
- Aon
- AP Intego
- Assurance
- Cobbs Allen
- Cook Maran
- Conner Strong & Buckelew
- EHD
- Energi Insurance Services
- Harden
- Heffernan Group
- Holmes Murphy & Associates
- HUB
- Hylant
- InterWest Insurance Services
- M3 Insurance
- M&T Insurance Agency
- McGriff Insurance Services
- MJ Insurance
- Murray Securus
- OneGroup NY
- Propel Insurance
- RCM&D
- The Gehring Group
- TrueNorth Companies
- UNICO Group
- Wallace Welch & Willingham

### Leveraging Claims Data for Risk Management: The Broker Role

During the morning session, Elizabeth Demaret, chief of staff and executive vice president of carrier relations at Sedgwick, led a panel on the use of claims data by brokers, and how they might work with their TPAs to provide better service to their clients. Also part of the panel were David Finan, director of risk management at ManTech International Corporation, Michal Gnatek of The MITRE Corporation, and Jesse Moreno, risk manager at Alden Management.

One of the main themes was what **role** the broker has in navigating the relationship between the client and carrier. Finan brought up the issue that a broker can often be caught between the client and the carrier, and there are questions of trust considering that the broker has a “financial interest in both parties.” In line with that, the panelists echoed, “What is the broker doing for me?”

When questioned by members as to what the panelists expected from their broker, the panelists were forthcoming. Before going to market, they wanted the broker to “let me know what’s going on in the market” so that they have context for the deliverables. After that process, they wanted the broker to define the value-add and give them tangible ways the broker will show results along with the progress they are making on the deliverables for the client. Panelists also proposed additional services they would be willing to pay more for, including data analysis “tying in operational data with other benchmarking data” and mining the intersection between TPA and operational data.

### The Council Debuts First Claims & Risk Management Benchmarking Survey

The other highlight of the fall meeting was the presentation of the results of the Claims & Risk Management Benchmarking Survey, a project conceived in the working group late last year and executed during the summer of 2019. Using questions crafted in discussions between the working group and The Council, the survey sought to offer our members preliminary benchmarking data, such as staffing levels, revenues and investment in claims and risk management departments.

Segmentation was done according to commercial property/casualty revenue, calculated from Council dues information and a

question that asked for the approximate percentage of commercial P/C revenue for each firm.

**Here are a few takeaways from the survey:**

**Average percentage of revenue generated from the following lines:**

**Commercial P/C:** 59.8% of brokerage revenue

**Employee Benefits:** 24.9% of brokerage revenue

**Personal Lines:** 9.5% of brokerage revenue

**Other:** 6.0% of brokerage revenue

**Average P/C revenue of participating firms:**

Excluding firms over \$230m in annual p/c revenue: \$38,754,129

Including firms over \$230m in annual p/c revenue: \$70,015,223

**Revenue segments based of Commercial P/C revenue:**

<u>Under \$15 million:</u>	<u>\$15 - \$49 million</u>	<u>\$50 - \$230 million</u>	<u>Over \$230 million</u>	<u>Overall</u>
22 firms	23 firms	16 firms	2 firms	64 firms

**Average P/C Staffing Levels**

Aside from the data collected, the survey also explored what software companies used for specific business tasks (Agency Management Systems, claims management, CERT tracking, etc.) and how common an integrated claims and risk management team was, as well as day-to-day business such as claims volume in one typical quarter in order to gauge the average number of claims a claims employee would handle. Questions also touched on how firms handled paying for risk management services (charged clients a fee, charged the costs back to producers, and so on), and which lines of business they specialized in for risk management and claims.

	<b>Under \$15 million</b>	<b>\$15 - \$49 million</b>	<b>\$50 - \$230 million</b>	<b>Over \$230 million</b>	<b>Overall</b>
<b>P/C Employees</b>	50	121	371	4,707	161
<b>P/C Producers</b>	12	32	102	716	43
<b>P/C Support Staff</b>	32	68	295	1,831	169
<b>Claims Personnel (all LOB)</b>	4	8	22	142	16
<b>In-House RM Consultants</b>	1	4	9	43	6
<b>Support Staff/Producer</b>	3.6	2.3	3.1	2.3	2.9
<b>Claims Staff/Producer</b>	0.9	0.6	0.4	0.3	0.6

**Full results will be released to participating firms only.**

Other topics we may explore in the future as the survey becomes more established include client retention rates, demographics, structure of the work environment, time spent reporting, advocating or proactively handling claims, possibly segmented by line of coverage, and whether or not a firm is working with a captive/captives. It is the hope that as we continue this survey in the coming years, we will begin to build a valuable data source for claims & risk management teams, much like our commercial property/casualty survey has been informing members since 1999.

**What's Next**

We hope to see you right here in Washington, D.C. at the next Claims & Risk Management Working Group session, during the Legislative & Working Groups Summit taking place February 10-12, 2020. If you have any questions, please email Robert Boyce at [Robet.Boyce@ciab.com](mailto:Robet.Boyce@ciab.com).

**Average Revenue and Budgeting Breakdowns**

	<b>Under \$15 million</b>	<b>\$15 - \$49 million</b>	<b>\$50 - \$230 million</b>	<b>Over \$230 million</b>	<b>Overall</b>
<b>Avg. Claims Budget</b>	\$ 563,801.95	\$ 490,199.91	\$ 1,770,772.50	\$ 7,864,727.00	\$ 1,068,998.41
<b>Avg. Risk Control Budget</b>	\$ 199,926.63	\$403,904.76	\$ 1,085,666.67	\$ 4,375,000.00	\$679,922.70
<b>PC Revenue/ # of PC Employee</b>	\$ 239,197.64	\$ 252,092.74	\$ 256,139.36	\$ 215,810.30	\$ 247,744.15
<b>P/C Revenue / # of PC Producer</b>	\$ 1,066,764.72	\$ 1,045,381.35	\$ 1,330,866.00	\$ 2,773,664.65	\$ 1,179,879.31
<b>Claims Budget/Claims Personnel</b>	\$ 67,233.04	\$ 67,729.66	\$ 78,878.71	\$ 81,438.88	\$ 70,730.84
<b>Risk Budget/Risk Personnel</b>	\$ 102,165.33	\$100,443.65	\$ 158,691.41	\$ 108,333.33	\$ 119,369.36
<b>Claims Budget/P/C Revenue</b>	2%	2%	2%	1%	3%
<b>Risk Budget/PC Revenue</b>	2%	2%	1%	0.6%	2%

#### Average Years of Experience

	<b>Under \$15 million</b>	<b>\$15 - \$49 million</b>	<b>\$50 - \$230 million</b>	<b>Over \$230 million</b>	<b>Overall</b>
<b>Risk Management Personnel</b>	17 years	19 years	21 years	20 years	19 years
<b>Claims Personnel</b>	13 years	20 years	20 years	17 years	18 years

