CLAIMS & RISK MANAGEMENT Working Group

RECAP

EXECUTIVE SUMMARY.

The Council convened its second Claims & Risk Management Working Group with a specific focus – as requested by the working group members – on data analytics. The intention of this meeting was to explore how brokers are using data to support their claims and risk management functions.

After introductions, the group broke out into smaller groups of 5-6 in order to have a more in-depth discussion, guided by a list of suggested discussion questions of opportunities and challenges they are experiencing with their own data. The group then came back together to summarize what they had discussed in the break-out.

Next, the group heard from Chris Gagnon, CIO of The Council, who spoke about advances in data visualization and offered advice about how working group members can get buy-in from senior management for data projects that can often be a leap of faith. During lunch, the group heard from Joel Wood and Joel Kopperud of The Council's Government Affairs department, who offered an overview of what is going on in Washington with The Council's top legislative priorities, and a preview of the upcoming 2016 elections. Finally, the group heard from Jason Franks of Origami Risk, who spoke about Risk Management Information Systems – what they can do for brokers and how to shop for and find the right RMIS for your organization.

[CLICK HERE TO SEE THE LIST OF PARTICIPANTS >](#)

INTRODUCTIONS

Each attendee was asked to tell the group one fun personal fact about themselves and one goal, challenge, or success they had in their firm. Some of the goals and challenges included:

- Launching a captive feasibility study
- Adopting a RMIS
- Cultivating Millennials
- Establishing a claims administration system
- Improving loss prevention programs
- Using the AMS to demonstrate value
- Measuring wellness metrics and determining its impact on workers compensation
- Now that we collect data, what do we do with it?

CHALLENGES & DISCUSSION QUESTIONS

There was group consensus around the challenges data presents. Where to put it, how to use it to demonstrate ROI and value to clients and how to incorporate Millennials into the equation topped the list of pain points. Participants broke into smaller groups to review a set of pre-selected discussion questions about claims data. Questions posed included:

- How are claims data analytics being used by brokers?
- How are brokers gaining wider access to claims data for benchmarking and predictive modeling?
- What is critical to successful strategies that marry different silos of information together to assess exposures, predict losses, benchmark premiums and losses and prescribe solutions?
- How is your organization using claims data?
- How is your organization gaining wider access to claims data for benchmarking and predictive modeling?
- What is critical to successful strategies that marry different silos of information together to assess exposures, predict losses, benchmark premiums and losses, and prescribe solutions?
- How do you use data analytics in your firm? In your department? Do you use data for benchmarking? Prospecting? Internally, demonstrating department successes to the c-suite?
- How do you use analytics to quantify ROI to your clients?
- For which lines of business do you collect data and actively use data analytics? Property? Liability? D&O? E&O? Other? All? Any particular challenges with certain lines?
- Do you supplement your own data with outside aggregated data? How has this helped with your data analytics initiatives?
- Do you use your own analytics tools? Do you purchase analytics tools from outside sources? Both? What has worked well and why?
- What types of reports do you provide your clients? Do you find your clients appreciate these tools? Do they use them to make real changes within their organizations?
- Do you use your claims data to support risk management programs? Have data analytics helped foster cultural buy-in for risk management programs at your clients' organizations?

Themes, questions, suggestions and discussion stemming from the questions:

- Must re-educate buyers that's it's about clients' total cost of risk and how that impacts the balance sheet and bottom line; not "quote me the lowest premium"
- Challenges and barriers getting data in a usable format from carriers
- What data is most relevant?
  - It depends on who you ask (risk managers, for example, use data differently)
  - Some carrier data requests can be difficult (formats are different, tedious, manual process)
  - In the end, everyone uses it to show ROI
- Each firm has different AMS and getting those systems to communicate is a challenge – they were designed as accounting systems; not to be useful data and marketing platforms
- Need to win clients by demonstrating what you can do for them, and capturing data is impactful
- Need to change the way our industry thinks about insurance and brokerage
- Leverage Millennials' natural skillsets; a lot of older producers are being mentored by younger producers who leverage the digital world for results
- Predictive modeling and the red flags that come with it
- The role of The Council around this in terms of how firms obtain data
- Analytical tools
- ROI – using data analytics to identify an issue and some solutions on how to correct a problem
- We all understand the importance of the data but share frustration with how to get our hands on it
- There are other, public sources of data including NAIC, the Bureau of Labor Statistics, NCCI, OSHA, etc.
- There are also sources of data you can pay to get, but those can be expensive
- How do you get to a better place?
- A new set of talent is needed. Data scientists, business analysts. People with stats and economics backgrounds.

CLAIMS DATA ANALYTICS VISUALIZATION DEMONSTRATION

Chris Gagnon, CIO of The Council, presented an IT-centric snapshot around data analytics and the challenges around understanding it and driving meaning behind it.

KEY POINTS

- The world is changing in terms of the amount and density of data and we don't know what we don't know
- Traditional project management develops an objective and a plan before any execution happens. Analytics produces the questions
- Translation: getting started in analytics requires an investment before a complete understanding of the value is discovered
- There are new data visualizations available beyond the traditional graphs and charts we're used to
- We need a new layer of expertise in our firms (e.g. data scientists)
- It's hard to drive value when you don't know what the data means
- Tools can guide you through to create insight but to get true meaning, we need to create a new expertise within our firms
- Data is not static; and it's growing faster than our ability to process it
- Carriers are looking for more information into the process (the Why?)
- Best practices:
  - ‣ If you want your data to be clean, you have to make fundamental business decisions
  - ‣ Need data controls in place
  - ‣ Firms that do it right have time, flow and business process that keep it all moving forward
  - ‣ Work with your IT department – they sort and scrub the data and then you can process and analyze it; involve IT so they can see the bigger picture

GOVERNMENT AFFAIRS UPDATE

Joel Wood and Joel Kopperud of The Council's government affairs team provided an update on the state of affairs in Washington, insights on the 2016 election cycle and status of legislation important to the agent and broker industry.

KEY POINTS

- On commercial p/c issues, our issues are not partisan. They're business vs. business, not Republican vs. Democrat; the feeling is different when it comes to the Affordable Care Act
- PAC update
  - ‣ CouncilPAC, The Council's political action committee raised more than $1 million in 2015, making it the top insurance trade PAC this year
  - ‣ Together, all members of The Council have their finger on the pulse of Congress
- Down-the-stretch issues
  - ‣ Cadillac Tax: Our #1 priority is to repeal the tax
    - *- Lots of momentum around a repeal, but hurdles still remain*
  - ‣ Employer-provided group marketplace: Our goal is to preserve it
    - *- Unsure how it will shake out, much work ahead*
  - ‣ Flood insurance

RISK MANAGEMENT INFORMATION SYSTEMS (RMIS)

What is the benefit to be obtained from a broker investing in an outsourced RMIS? What are others doing? Jason Franks of Origami Risk led a discussion about what brokers are doing with risk management software and what the ROI of the technology could look like.

KEY POINTS

- RMIS systems pushing down into middle market brokerages because there is increasing demand for business intelligence for existing clients as data analytics benefits come more into the mainstream
- RMIS providers and loss control efforts can empower brokers to automate the process and be more effective for their clients
- RMIS can be used to attract new clients (drives down total cost of risk solutions, production of better analysis can be used as a differentiator, speaks to trends within the data and the types of services to address)
- Offers existing clients internal support and direct support (incident intake, values and exposure collection)
- Your goals and focus should depend on who your recipient is and what kind of data you have
- There are a lot of RMIS providers but only about 10 RMIS provider leaders in the market – you should evaluate them based on their offerings and how they align with your firm's needs

Save the Date The next Claims & Risk Management Working Group meeting will be held during The Council's Legislative & Working Groups Summit, February 8-9, 2016. In the meantime, Cheryl Matochik will send out a participant survey to get feedback on this meeting to help us plan for February.

Questions? Contact **Cheryl Matochik** at **cheryl.matochik@ciab.com** or **Amy Roberti** at **amy.roberti@ciab.com.**

SHARE IT!: We encourage you to use this document as a reference tool and to share with your executive management and others in your firm who could benefit from this information.

ABOUT THE WORKING GROUPS.

Part of The Council's membership offerings, the Claims & Risk Management Working Group is one of seven working groups (CFO, CIO, HR in Insurance, International, Legal Counsel, Marketing & Communications) open to employees of Council member firms. These working groups provide opportunities for peer-to-peer dialogue on relevant topics and to connect with others who face similar issues and challenges. For more information, or to join, contact The Council's **Libby Bish** at **libby.bish@ciab.com.**

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