

# 2010 RIMS Pulse Survey

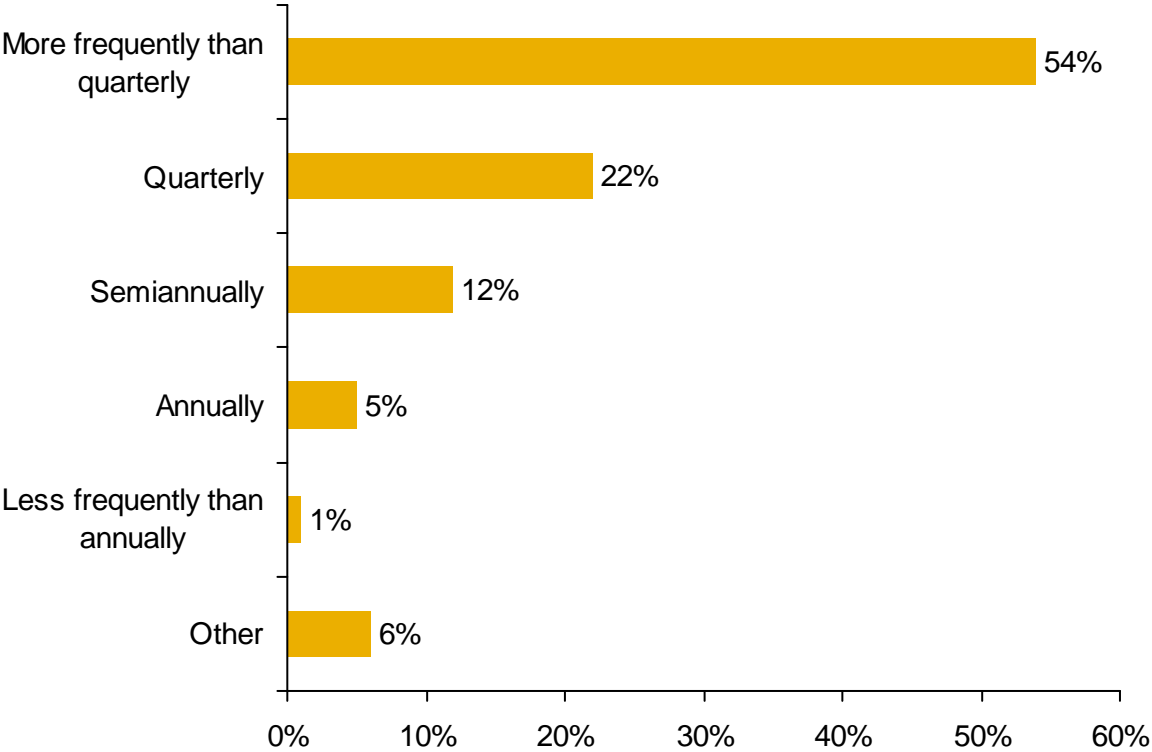
## Research Findings

**Research Services**

April 2010

**Quarterly or more frequent meetings with their insurance broker seems to be the norm for most companies. Almost all companies meet with their broker at least twice yearly.**

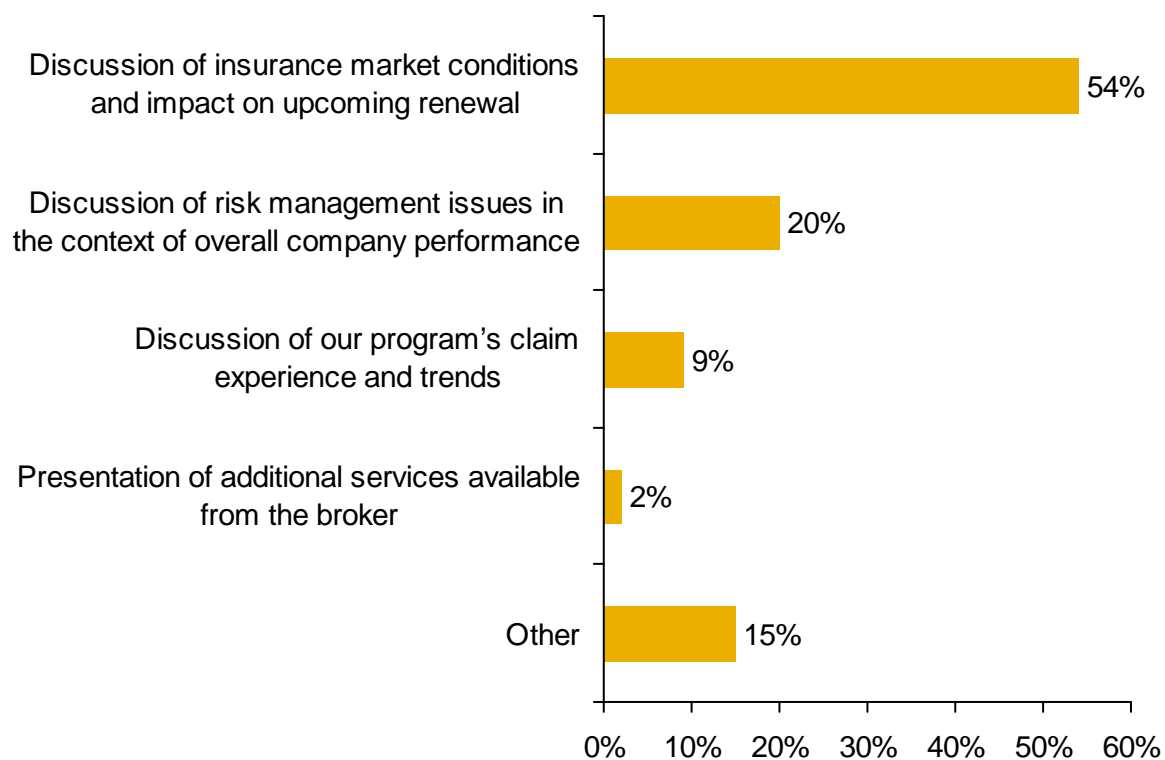
**Q.1 How often does your company meet with your insurance broker?**



Base: Those giving a valid answer (percentages exclude don't know) **n=239**

The focus of conversation in broker meetings tends to be better aligned with perceived broker strengths (market placement) than with stated company priorities (managing retained loss costs).

Q.2 Which statement best describes typical meetings your company has with your insurance broker?

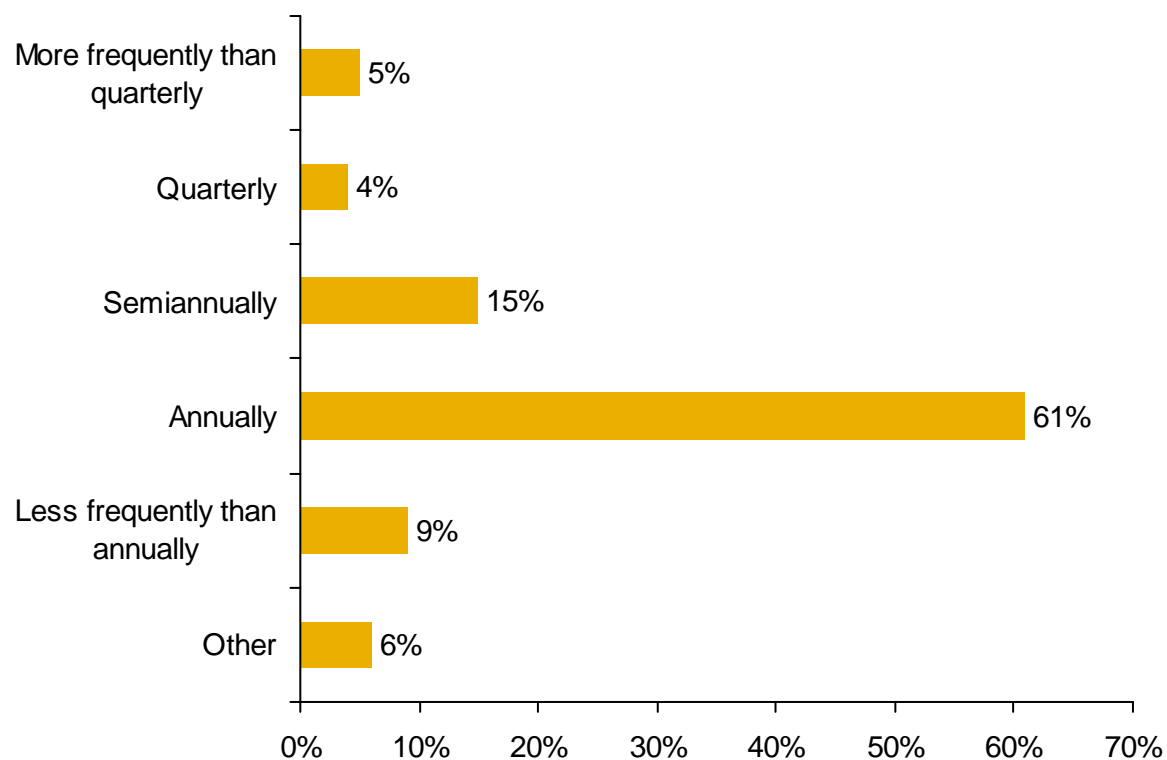


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

**By inference, brokers are doing a very good job at regularly updating loss forecasts and other insurance program-related cost projections, with over 80% reviewing at least annually.**

**Q.3 How often does your broker critically review your risk retention and financing costs?**



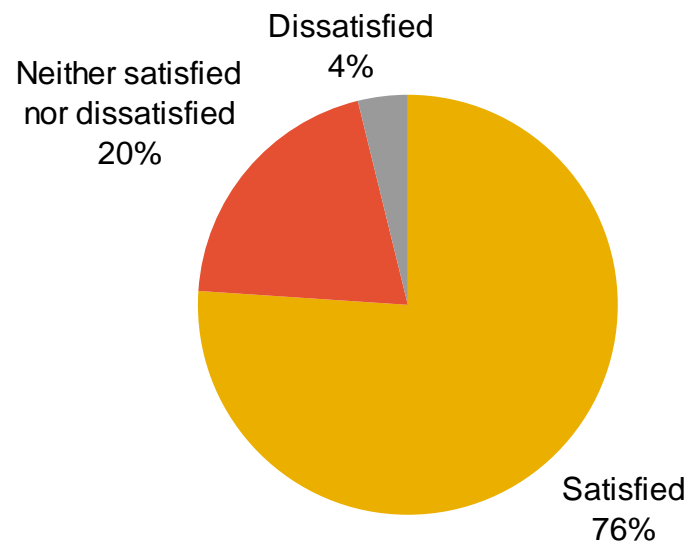
Base: Those giving a valid answer (percentages exclude don't know) **n=234**

[towerswatson.com](http://towerswatson.com)

© 2010 Towers Watson. All rights reserved. Proprietary and Confidential. For Towers Watson and Towers Watson client use only.  
Presentation2

## While companies express a high degree of satisfaction with the analytics provided by their insurance broker...

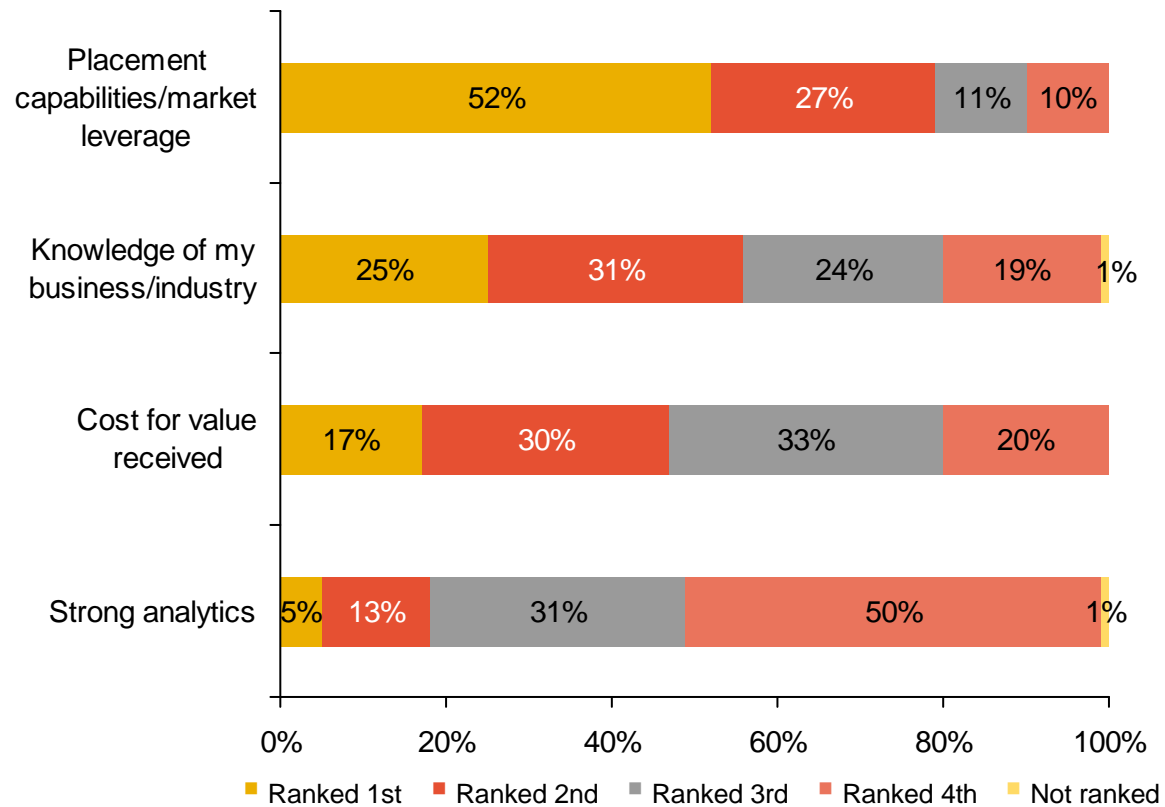
Q.4 How satisfied are you with the analytics your broker provides?



Base: Those giving a valid answer (percentages exclude don't know and not applicable) **n=223**

**...strong analytics is not viewed as a critical aspect of broker services. Customer expectations remain low in this area, ranking below cost of services. Placement capabilities and industry knowledge are key to most customers.**

**Q.5 Which aspects of your broker's service are most important to you?**

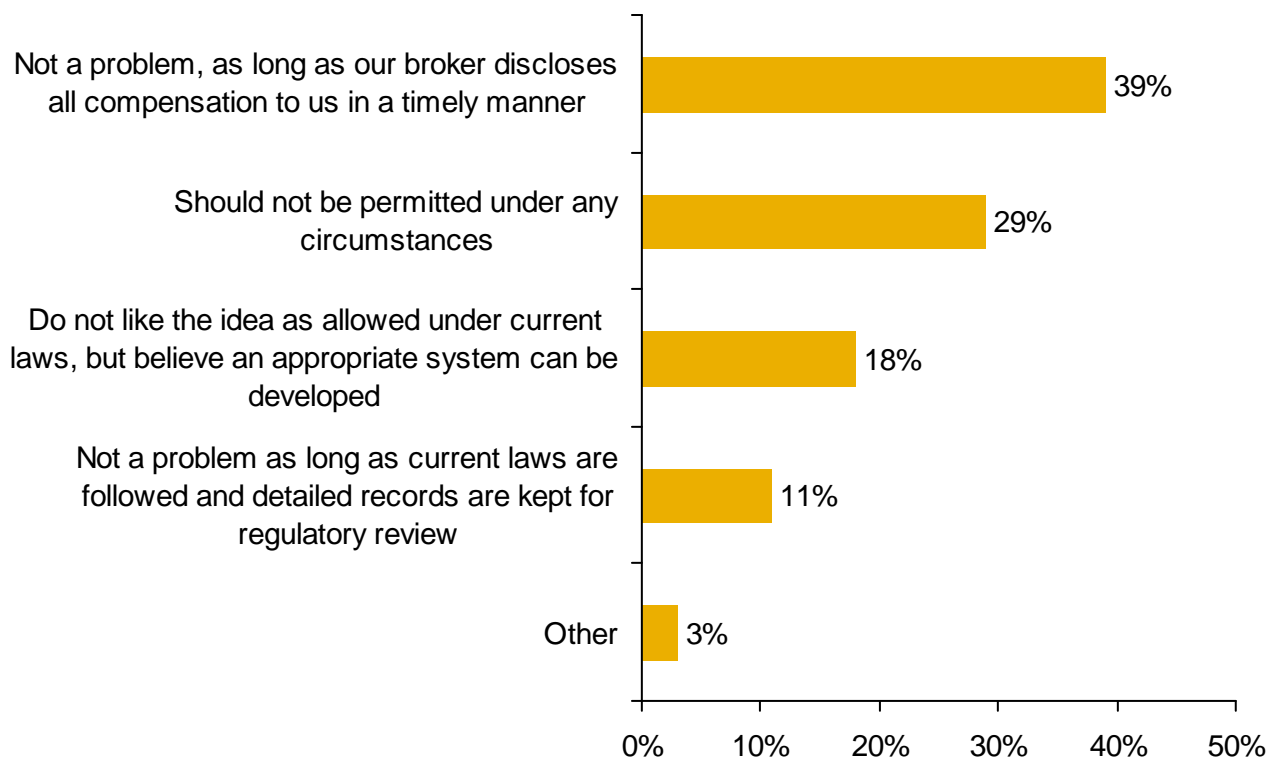


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

# Most companies are accepting of contingent fee arrangements between brokers and insurers, subject to appropriate controls and disclosure. A large minority oppose contingent fees of any kind.

Q.6 What is your perspective on brokers accepting contingent commissions from insurers?

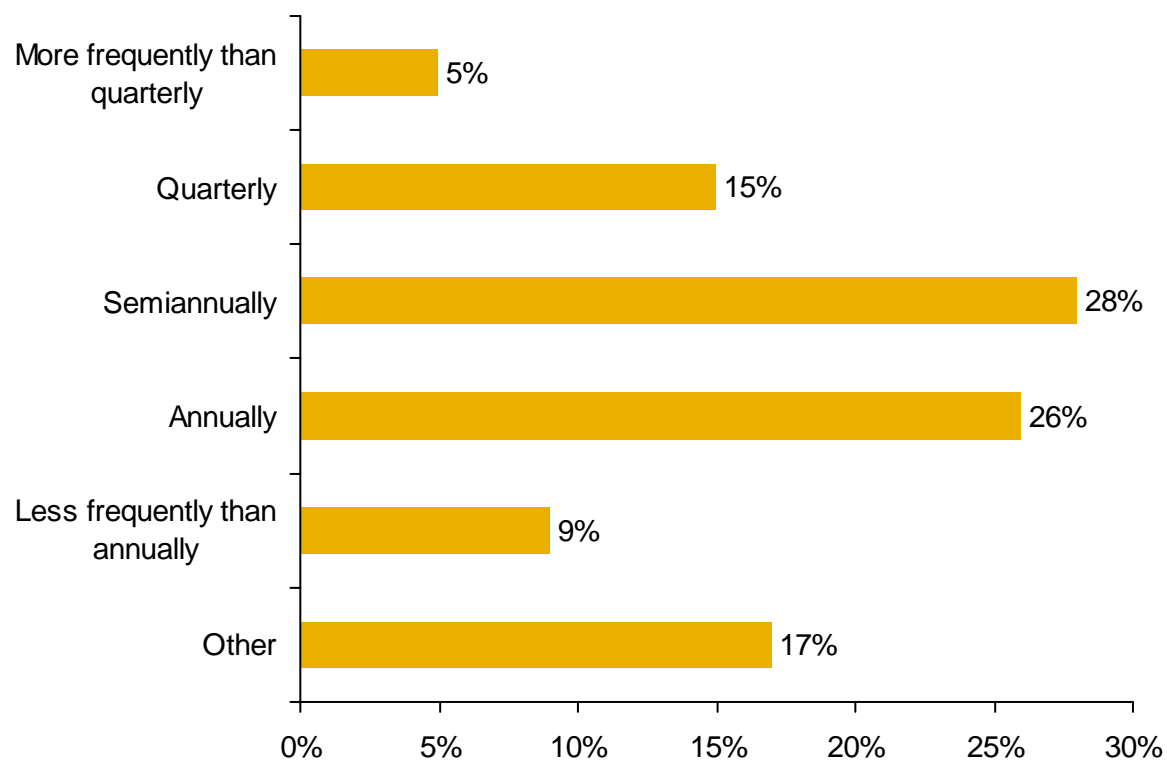


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

As companies retain a larger share of their total risk portfolio, the vast majority (more than 70%) meet with their actuary at least yearly, and most (48%) at least twice a year.

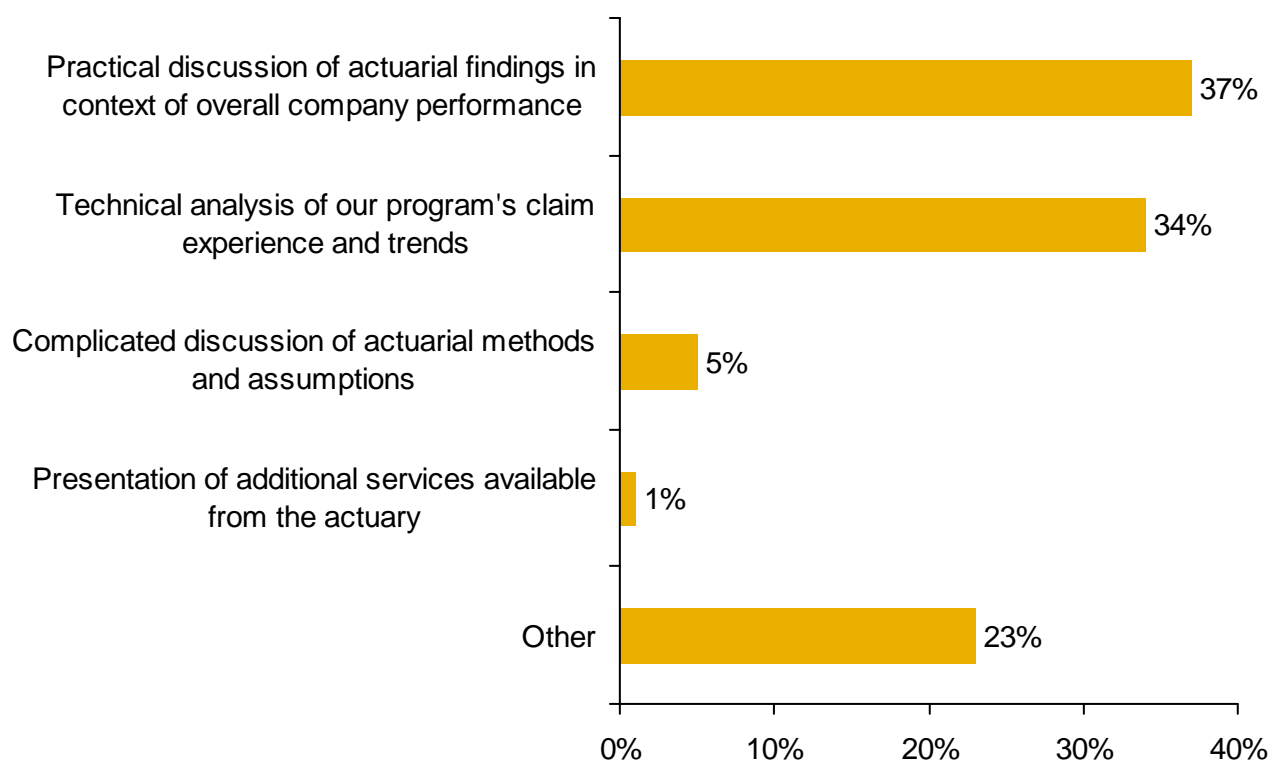
Q.7 How often do you meet with your actuary?



Base: Those giving a valid answer (percentages exclude don't know) **n=231**

**Not surprisingly, the focus of actuarial discussions is on actuarial findings and program claim experience. Less time is spent on detailed descriptions of methodology, assumptions and minutiae.**

**Q.8 Which statement best describes typical meetings your company has with your actuary?**

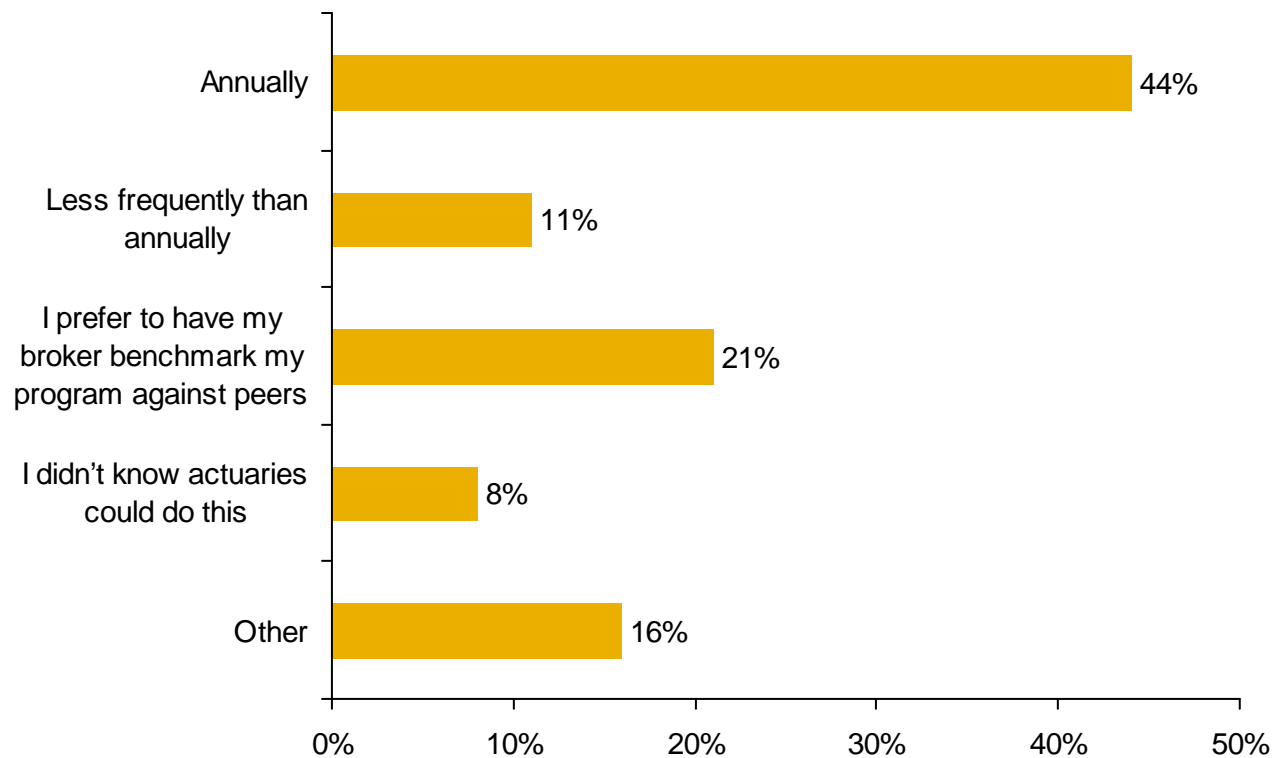


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

**Companies rely less often on actuaries (44% annually) for retention and limit reviews than they do their brokers (55% at least annually). Responses suggest a preference for peer benchmarking versus actuarial modeling by many companies.**

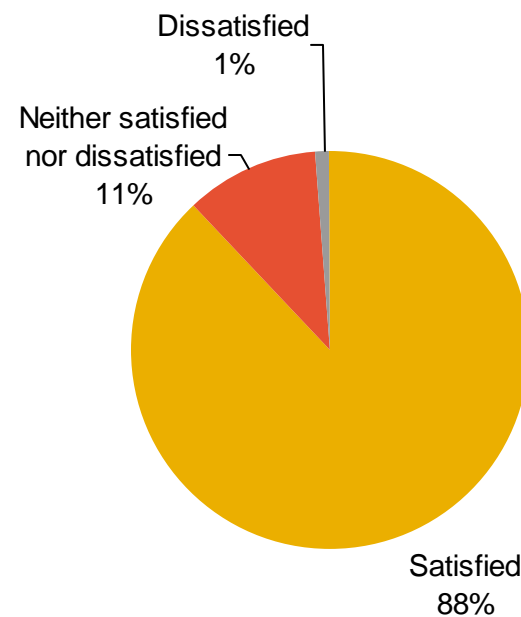
**Q.9 How often does your actuary review your retentions, limits and financing costs?**



Base: Those giving a valid answer (percentages exclude don't know) **n=217**

Satisfaction with the actuary's work product is very high. Individual comments suggest many companies are not using all the analytics actuaries provide in their reports, however. Actuaries may need to explain the value of these additional metrics to their customers.

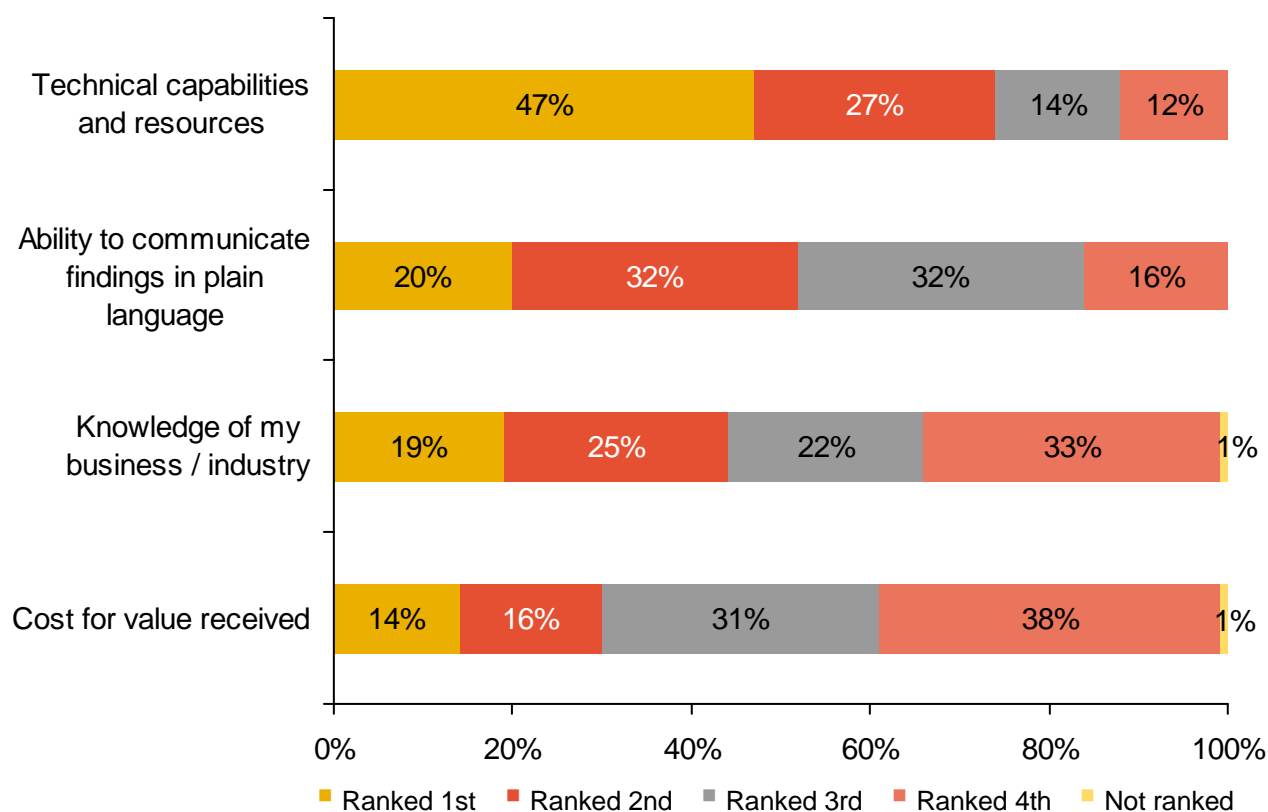
Q.10 How satisfied are you with the analytics your actuary provides?



Base: Those giving a valid answer (percentages exclude don't know and not applicable) **n=191**

## Technical capabilities and communication skills are seen as the most important qualities in an actuarial provider. Cost of services is only slightly less important for actuaries than for brokers.

Q.11 Which aspects of your actuary's service are most important to you?

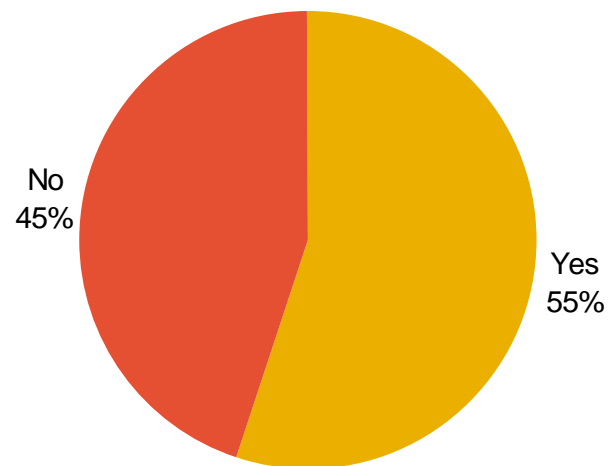


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

**More than half (55%) of companies have implemented an ERM process. Prior published surveys indicate this percentage was as low as 11% in 2000 and 37% in 2005. Though the surveys reflect different respondent samples, the overall trend is encouraging.**

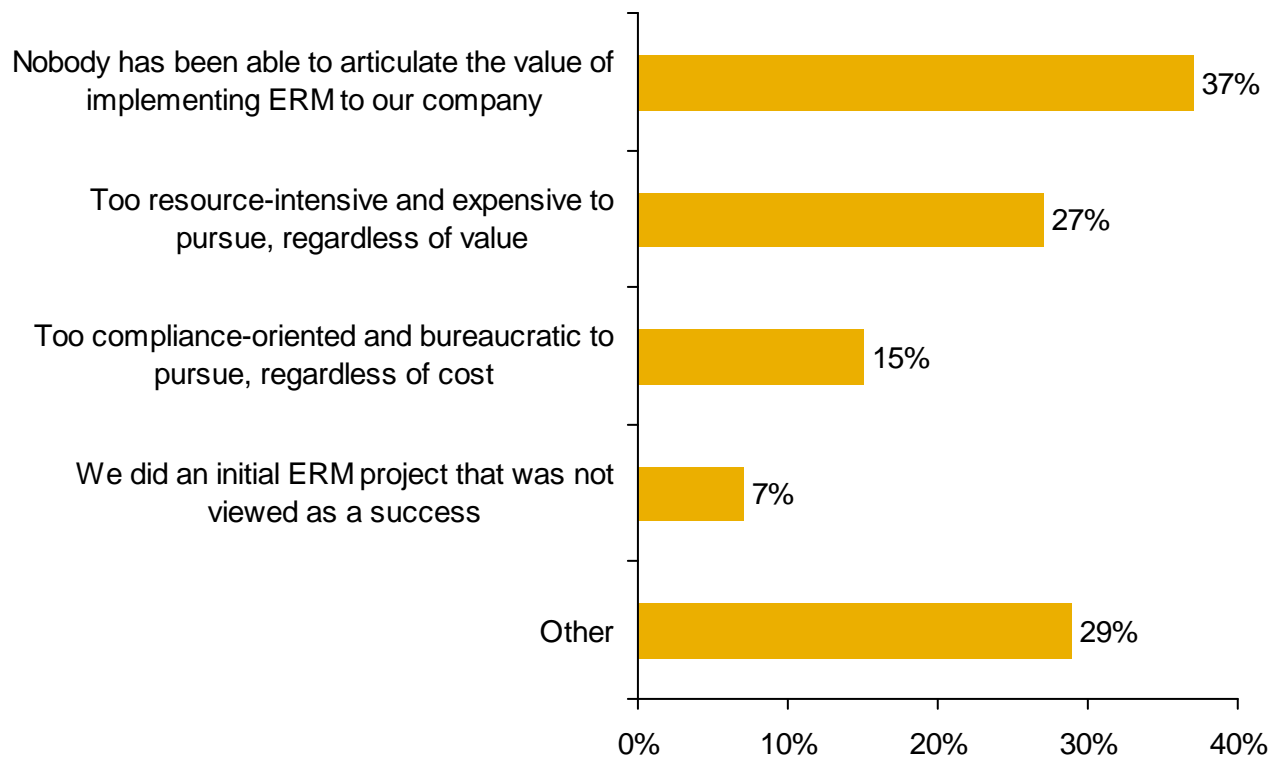
**Q.12 Does your company have an enterprise risk management (ERM) process in place?**



Base: Those giving a valid answer (percentages exclude don't know) **n=228**

# Perceived resource requirements and uncertain value expectations are the primary hurdles faced by companies who have not yet implemented an ERM process. For these companies, ERM may still be viewed as a solution in search of a problem.

## Q.13 Why doesn't your company have an ERM process in place?

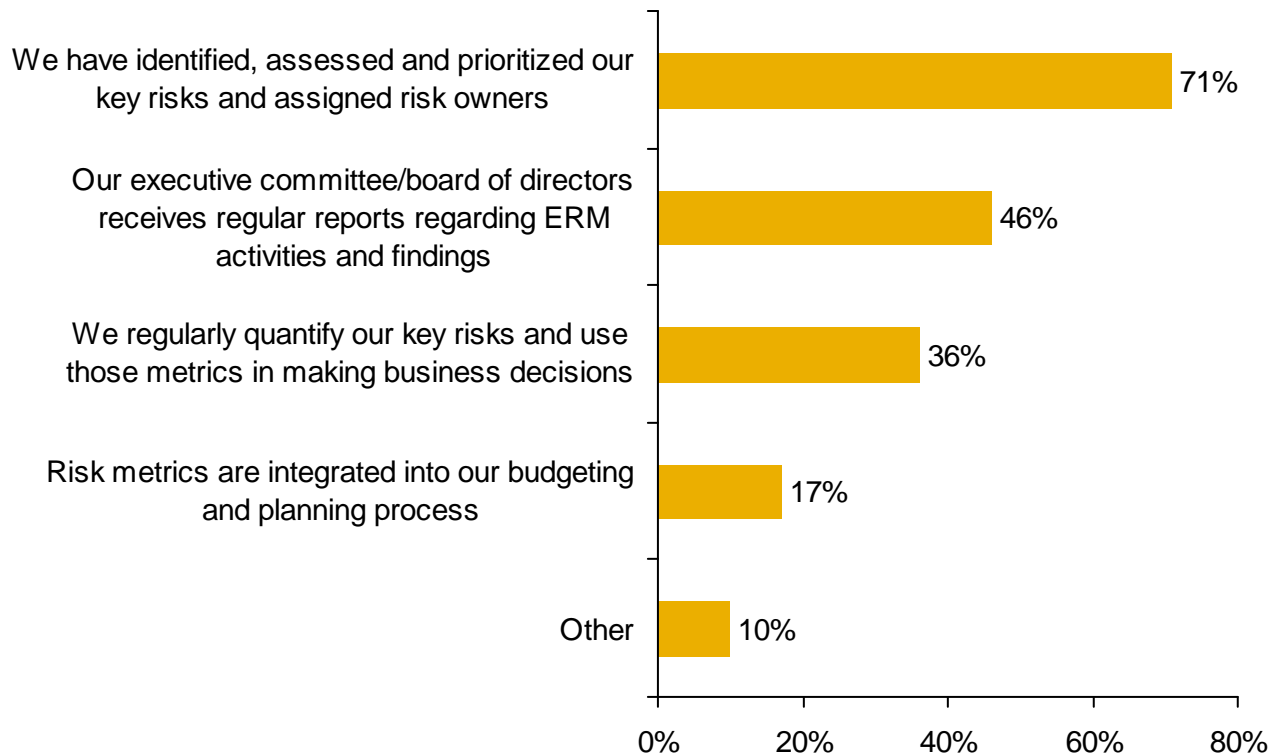


Base: Those that do not have an ERM process in place n=102

[towerswatson.com](http://towerswatson.com)

**Of companies that have implemented ERM, most have established basic infrastructure and nearly half have adopted regular internal reporting protocols. Fewer are using risk metrics to guide business decisions or integrating risk metrics into budgeting and planning.**

**Q.14 How would you characterize your company's ERM process?**

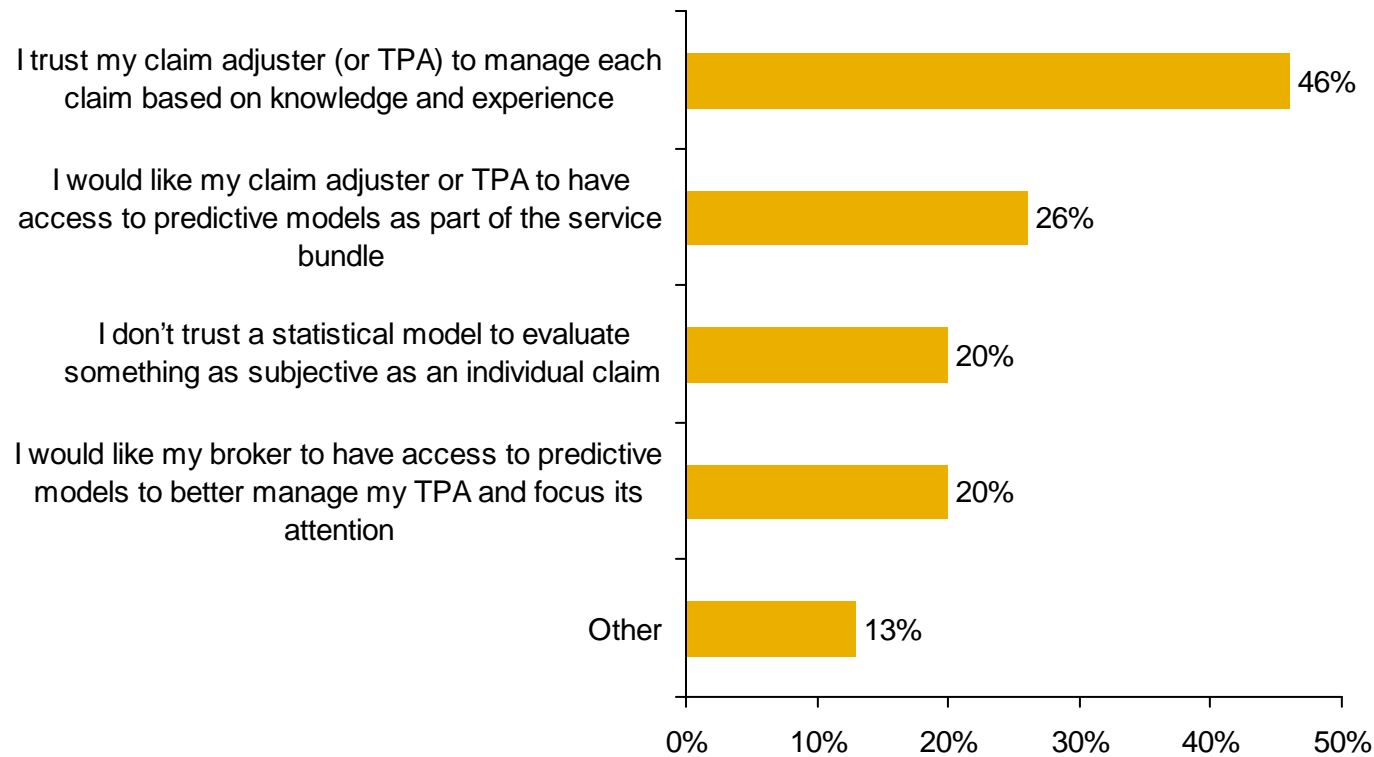


Base: Those that do have an ERM process in place **n=126**

[towerswatson.com](http://towerswatson.com)

## Managing individual claims is seen as primarily a subjective and experience-based discipline, but companies seem to indicate an interest in augmenting current capabilities with emerging tools based on predictive models.

Q.15 Which statement(s) describe your view of predictive models designed to help identify individual "problem" claims for specific attention?

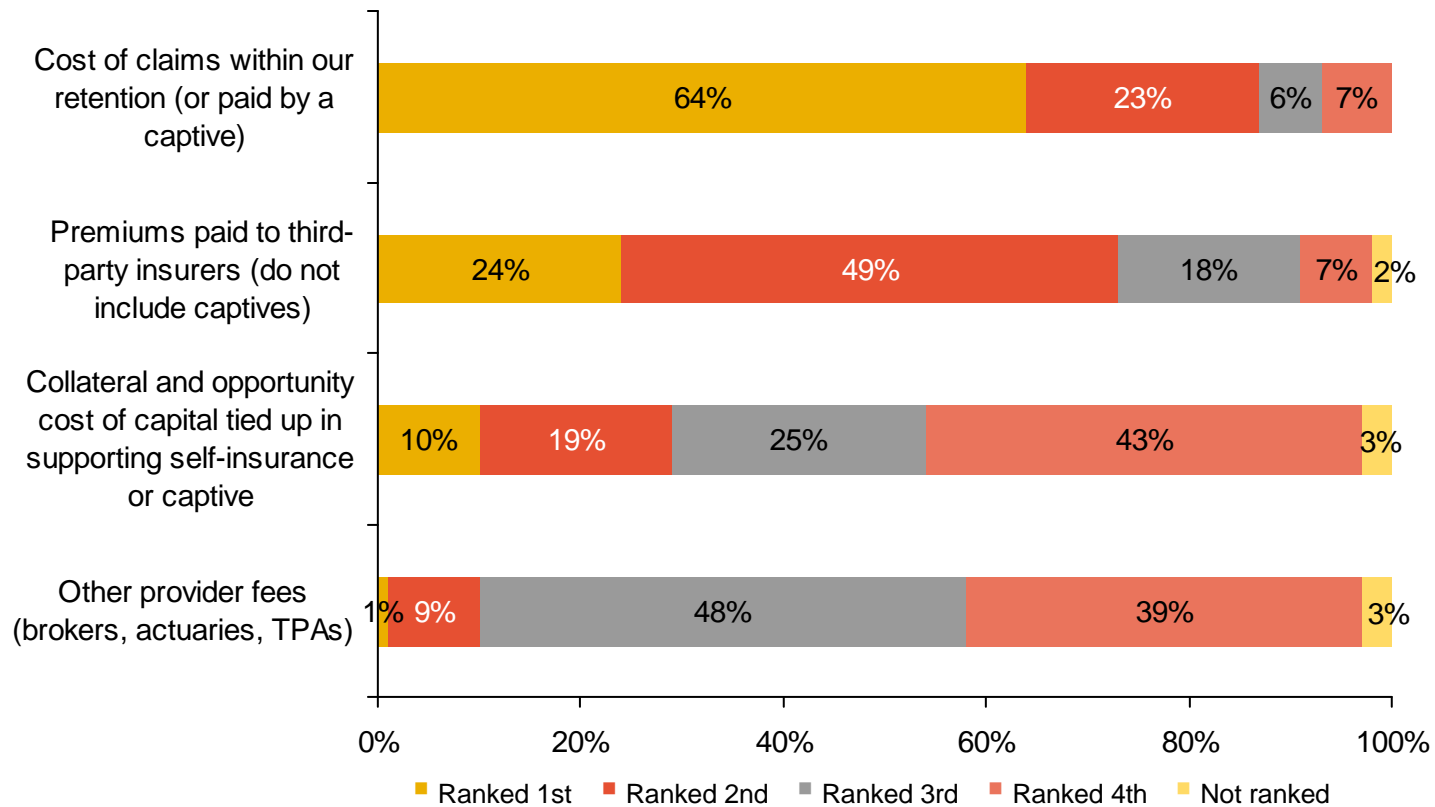


Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)

# Companies recognize retained claims as their most significant TCOR component. The question becomes: “Where do companies turn for help in managing this critical aspect of their overall risk financing program – are brokers and actuaries equipped to fill this need?”

Q.16 Which aspects of the "total cost of risk" are most important to you?

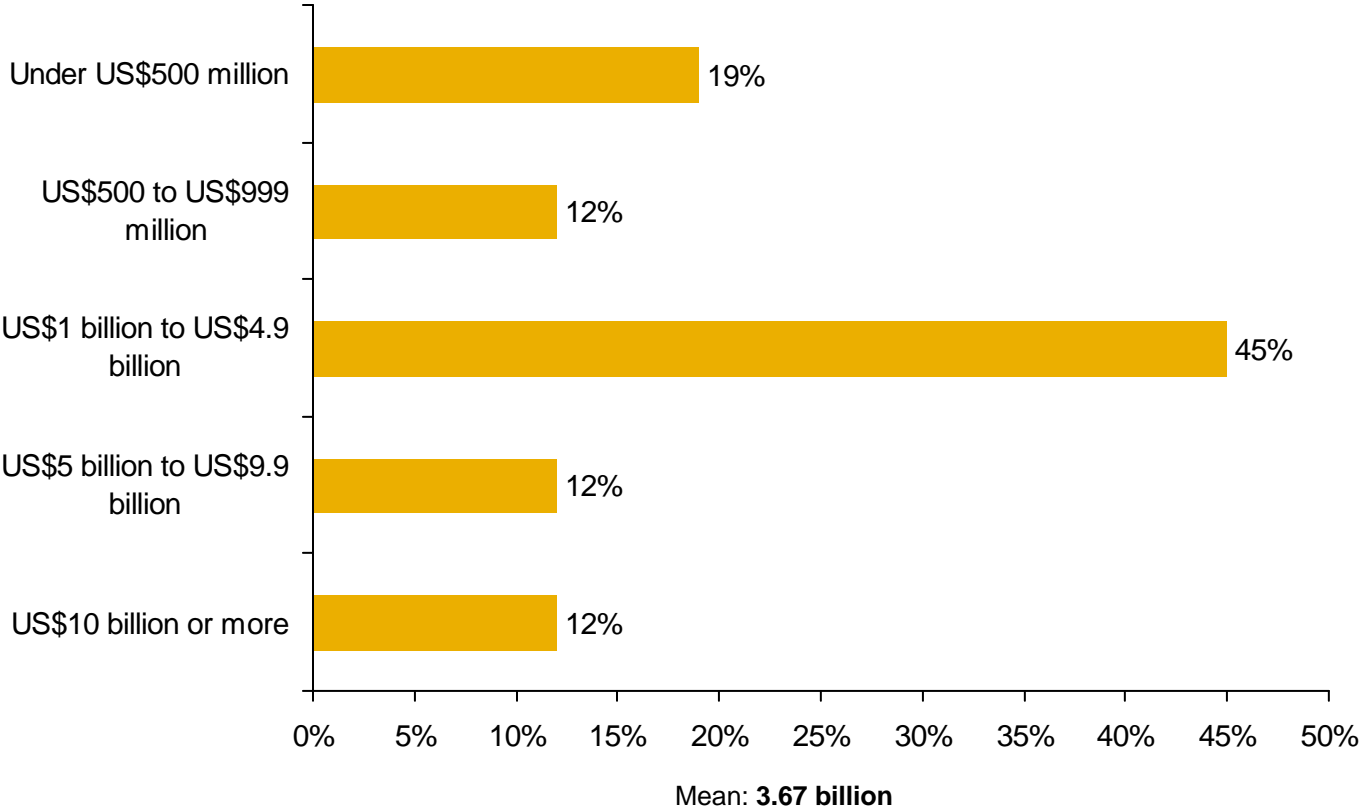


Base: Total Respondents n=244

towerswatson.com

# 69% of respondents represent companies with more than US \$1 billion in 2009 revenues.

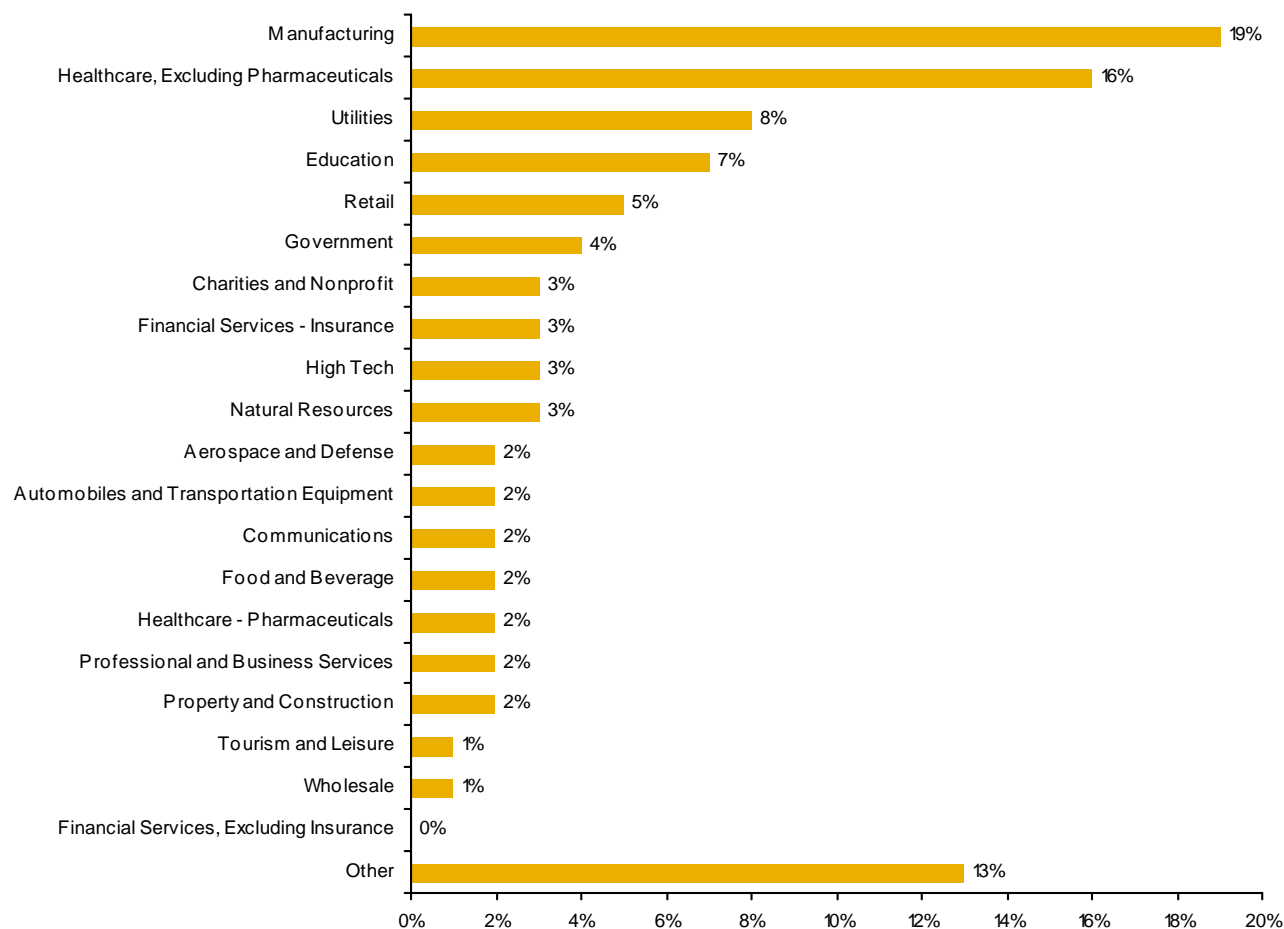
Q.17 Which of the following categories best describes your company's total revenues in 2009?



Base: Those giving a valid answer (percentages exclude prefer not to say) n=237

## The largest industry representation comes from manufacturing (19%), non-pharmaceutical healthcare (16%) and utilities (8%).

Q.18 Which of the following industry categories best describes your company's primary business?



Base: Total Respondents n=244

[towerswatson.com](http://towerswatson.com)