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Online Risk Management Services Move Beyond Information Systems

For everything from enhanced claims functions to quick access to research, risk managers are increasingly finding that Web-based tools can make their jobs a little easier. And the number of Web-based risk management services available in the marketplace is burgeoning, experts say. "There are certainly a lot of these tools out there now, and as with all things related to the Internet, it's growing," said John W. Schaefer, President of Global Rick Advisors, a Redwood City, Calif.-based risk management consulting firm. While Web-based risk management information systems for claims continue to comprise a significant portion of the market, a broader range of resources—including risk management benchmarking tools, online surveys, questionnaires, sample workbooks or sample insurance policies—"are becoming much more plentiful, and are really useful for risk managers that want to go beyond the traditional insurance-buying role," Mr. Schaefer said.

Karl Zimmel, director of risk management at Alberto-Culver Co. in Melrose Park, Ill., draws on the Web largely to access two claims databases through service provider, ESIS Inc., the risk management services subsidiary of ACE USA in Philadelphia. The Web-based system, which Alberto-Culver has had in place since December 2003, "not only enables us to access the claims databases to create reports, but also to look at adjusters' notes on individual files" and evaluate examiners' treatment of claims, Mr. Zimmel said.

In addition, ensuring Web access of this type of information "is becoming a big backbone of our business continuity planning," Mr. Zimmel said. "If something happened where I couldn't get to work, whether that was a serious catastrophe, or if I was just sick…it makes it easier to work from home," he said.

Houston based Parker Drilling Co.'s director of risk management, Reed Wykes, has been using a Web-based RMIS for about three years. Mr. Wykes agreed that the biggest advantage to Web-based system is "international access" and the ability to access his claims repository even while he's away from the office. "My assumption is most people will be going to Web-based RMIS systems, if not already," Mr. Wykes said. "There is a learning curve, as with any new program," he said, "but it's doable."

When Connecticut Interlocal Risk Management Agency in New Haven, Conn., in January 2005 decided to implement a Web-based system for claims processing and put out a request for proposals, if candidates "didn't have a Web-based system, we didn't even look at them," said Bruce H. Clinger, VP of claims at CIRMA. CIRMA operates two risk-sharing pools for workers compensation and liability for automobile and property risks and provides risk management services to self-insured municipalities and public agencies.

"Internet systems are easier to use and more intuitive and you can design best-practices rules, so when something happens on a claim, it will trigger flags or notices," said Mr. Clinger, who ultimately wound up selecting San Ramon, Calif.-based Valley Oak Systems Inc.'s browser-based claims and risk management product, "iVos," which was introduced in 2002.

Electronic claims submissions are an area of rapid growth, noted Steve Schmutz, Kaysville, Utah-based VP of sales and marketing for MoutainView Software, a division of Gallagher Bassett Services Inc. MountainView's Web-based claims software called "ClaimZone Reporter" has seen a tremendous increase in popularity with the number of Web-based claims jumping from 7,225 in 2001 to 109,838 in 2005, Mr. Schmutz said. Risk managers are finding that Web-based risk management services can be useful beyond claims functions too.

Kathleen Pickard, insurance risk manager at Milpitas, Calif.-based Solectron Corp., has been using a risk management system from CS STARS, Marsh Inc.'s RMIS unit, for more than

one year. What Ms. Pickard likes best about using the system, she said, is that "we have complete transparency in how our company is being presented to underwriters, and transparency on what underwriters are expressing" regarding the company's specific exposures.

Furthermore, utilizing the Web system has upped her efficiency. "I'm a person that operates a worldwide (risk) program by myself with no support…I don't have someone to do filing," Ms. Pickard said. "I'm trying to go paperless."

"We really are using (Web tools) a lot compared to five years ago," said Lea Gerber, director of risk management and benefits at Gardena, Calif.-based manufacturer Elixir Industries. "I'm still blown away by what's available on the Web."

"Where we find it a tremendous help has to do with research, education and helping us with our training of employees, especially in the safety area," Ms. Gerber said. "We refer them to the (Occupational Safety and Health Administration) Web site, or my department researches the OSHA Web site and then communicates" that to employees at different worksites, she said.

"In the past, we used to hire consultants to educate and train employees on these issues, but now you can just research and do it on your own…and actually save a lot of money," Ms. Gerber said.

Global Risk Advisors' Mr. Schaefer pointed out hat risk managers can take advantage of a variety of web services that are now being made available free or at low cost to risk managers.

"Cost is still a huge barrier" to the usage of web tools by risk managers, Mr. Shaefer noted. "Risk management departments do not have huge discretionary funds. They are under a lot of pressure to manage costs."

"You would think the companies that use (Web-based risk management tools) the most would be the biggest ones," said Chuck Galas, president and manger of Managerial Technologies Corp. in Downers Grove Ill., which operates the RMIS.com Resource Library, providing reference material and other tools over the Web to risk managers. But smaller and midsized companies are shoeing increased interest in tapping into online risk tools as well, Mr. Galas said.

Overall, however, Mr. Schaefer has seen that "most risk managers are less interested in extremely sophisticated tools, and just want tools that help them to get their job done effectively."

Eric H. Larson, chief risk officer at Bonneville Power Administration in Portland, Ore., recently considered implementing a Web-based risk assessment program, but after looking at some options, he realized that the type of web interface he needed "was just a glorified database, and I can do that myself."

While Mr. Larson has not ruled out the possibility of drawing upon Web-based risk management services in the future, "it has to be a compelling value proposition," he noted.