



RISK MANAGEMENT MEETS TECHNOLOGY

By Jim Untiedt

Today's society is driven by technology. It can be used to manage various aspects of a business, including billing systems, agency management systems, and client relationships. Contractors are using new technology, such as building information modeling (BIM), for their operations. Users search the Web to find and clarify information, to look up vendors, and to get information on potential customers. Technology is also used to manage operations and increase profits.

It only makes sense for contractors to utilize the same caliber of technology to manage risk programs. However, insurance companies have historically been slow to implement technology into their own systems. The insurance industry certainly has some catching up to do when it comes to effectively utilizing technology to enhance a risk-management relationship.

Managing risk should be an interactive, ongoing process that allows contractors and their employees a real-time view of where they currently stand and an understanding of the tools they need to achieve their vision. The complexities typically found in the relationship between contractors, subcontractors, and carriers in the insurance industry make communication challenging. Insurance brokers typically have used spreadsheet-based methodologies to maintain and document clients' information.

The detriments of using electronic spreadsheets and paper to manage interaction with clients including the following:

- Inability to track open items and annual stewardship reports
- Constant duplication
- Lack of real-time data

Compiling multiple spreadsheets and re-entering data to consolidate the information make tracking items extremely difficult. Management constantly needs to locate everyone associated with the process to ensure that their tasks have been completed on time, and then management has to enter the same base information numerous times in its spreadsheets.

Insurance brokers can significantly improve these existing processes, enhancing productivity and profitability, by employing technology to improve the visibility of the policy processes and dramatically restructure the way they interact with carriers and clients. Contractors looking to better manage their risk and protect their business assets should take a closer look at the technology their brokers offer. A contractor's risk should be effectively managed through a system that is designed to provide businesses in the construction industry with the tools they need to more easily access, manage, and share information about their insurance and surety programs.

SINGLE-PLATFORM APPLICATIONS

Using a single platform will connect contractors with insurance partners to share information, as well as initiate or change coverages and bonding limits. An integrated system will provide transparency throughout the entire risk-management operation, allowing for real-time data, true metrics, and a high-level view that allows for proper planning. It should also be a system that fits a contractor's business and risk-management needs, built on a platform designed for an individual contractor's success.

Such a program, called mySocrates, was recently developed by Allied North America. Tom Schmidt, vice president of Emerging Technologies for Allied, maintains, "Allied's clients now have a wealth of information at their fingertips."

The following types of data and tools should be included in a true risk-management program:

- **Insurance coverages and surety bonds.** From information like coverage terms, dates, carriers, premiums, and policy numbers to downloadable versions of the documents themselves.
- **Insurance carrier ratings.** The insurance underwriter ratings provider, as well as owners, developers, and contractors, should receive updates on ratings and alerts if their carrier's ratings change.
- **Claims processing and management.** This includes the status and other information on the client's claims.
- **Loss-control analysis.** Such claims information also provides the input for "dashboard" analytics that enable users to easily view claims in a variety of ways. This valuable information can help improve loss control.
- **Stewardship.** Offering true transparency, the broker should provide an "open items" function that enables clients to see activity status, communicate about open issues, and track the target dates for the resolution of those issues.

TECHNOLOGY AND THE BOTTOM LINE

In today's economy, it is important to understand what the true costs of risk are, and from where they stem. This gives contractors the ability to make informed decisions when choosing a sub, provides the right information when bidding a project, and helps them increase the bottom line.

For the broker, the willingness to have a transparent and seamless environment is critical. This type of platform will encourage communication and easy access to the information and tools they need to overcome the complexities typically found in the relationships between contractors and owners, as well as subcontractors and carriers. ♦

ABOUT the AUTHOR



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