SEPARATING MYTH FROM TRUTH:
5 THINGS YOU NEED TO KNOW ABOUT RMIS
JUST ONE UNEXPECTED INCIDENT OR NEAR MISS CAN BE ALL IT TAKES FOR A RISK MANAGER TO START CONSIDERING OTHER SOLUTIONS.

The top contender is often a Risk Management Information System. RMIS are known for efficiency and accuracy – but there are some unsettling rumors out there about cost and limitations. Is a complete system overhaul really worth the resources – and the effort?

To help you sort fact from fiction, here are five of the most common misconceptions about RMIS software and the truth about what this platform can do for you.

MYTH #1: A RMIS IS ONLY FOR MANAGING CLAIMS.

Truth: Claims management is only the beginning of what a RMIS can do.

A RMIS does make managing claims easy, fast and accurate. Users have one centralized source to track claim status, validate data and view payment history. You can even compare outcomes of similar claims and analyze the cause of a loss.

But managing claims is only the beginning. A RMIS seamlessly integrates all risk, claims and safety information into a single, comprehensive, up-to-the-minute workflow continuum. It gives you the visibility to effectively manage risks across the organization. It also can reveal gaps or duplications in coverage and appropriately allocate premiums.

The real power of a RMIS, though, is when the system is leveraged to identify and respond to emerging risks and trends that might otherwise go unnoticed. The centralized view, accessible platform and enhanced reporting of a RMIS also facilitate communication and collaboration across the organization.
Companies that implement a RMIS usually see huge gains in data accuracy and staff productivity.
MYTH #2: A RMIS IS TOO EXPENSIVE.

Truth: RMIS is a significant company investment that ultimately pays for itself.

Here’s how:

1. **Increases productivity.** How much time are you currently spending to collect, format and consolidate data – then turn this information into meaningful, actionable reports? RMIS software does all this automatically, which frees up your time to actually analyze the data and respond appropriately.

2. **Replaces other technology.** No matter what system you’re using, you’re already spending money on some kind of technology to manage risk, safety and claims data. The total cost of maintaining these separate systems and spreadsheets might surprise you. This is all money that can be redirected toward a RMIS.

3. **Improves accuracy.** The centralized view from a RMIS helps you better understand the relationships between critical risks and the cumulative impact on the organization. This information can help you make smarter, faster decisions to mitigate losses – and ultimately lower premiums.

The fact is no risk management system is free. If the upfront cost of a RMIS seems steep, imagine trying to justify a loss caused by an undetected spreadsheet error. The true cost of any solution has to be measured in terms of the total operational cost to the organization over the long term.
**MYTH #3: A RMIS IS DIFFICULT TO MASTER.**

**Truth:** The current generation of RMIS software is easy to use with consumer-like features that are intuitive, integrated and reliable.

Dashboards combine visually appealing graphics with powerful analytics to deliver the information you need when you need it. Reports are available at the touch of a button – no reformatting or cutting and pasting required. And the cloud-based system is accessible by anyone, at anytime, from anywhere.

As with any new technology, however, upfront training is necessary to get the most value from your RMIS investment. Yes, there is a learning curve. But the value gained by expanding your risk understanding far outweighs the cost of sticking with your current routine.
MYTH #4: A RMIS DOES THE SAME JOB AS A SPREADSHEET.

Truth: Comparing a RMIS to a spreadsheet is like comparing your smart phone to a flip phone from the ‘90s. The similarities between the two end when you want to do anything more than the basics.

Spreadsheets can be an effective tool for managing risk at companies with limited numbers of locations, employees, assets and carriers. But this tool has a hard time keeping up with the amount of data needed to effectively manage a growing portfolio of risk. You might end up making critical business decisions based on outdated or error-riddled data.

Spreadsheets are particularly vulnerable to:

- **Data errors.** Spreadsheets rely mostly on manual labor to collect, verify, format, consolidate and input information. Not only is this process extraordinarily time consuming, every keystroke or cut-and-paste action increases the risk of human error.

- **Security threats.** Restrictions on who has access are notoriously difficult to impose on spreadsheets. As a result, information can easily fall into the wrong hands. If the spreadsheet includes sensitive information, the company could be in serious trouble.

- **Disaster-recovery problems.** What happens if a laptop is lost or stolen? Your data will likely disappear along with the laptop since most spreadsheets aren’t automatically backed up. If true catastrophe strikes, you could lose everything.

A RMIS minimizes data entry mistakes by guiding users through a streamlined collection process. Changes and updates can be made instantly, in one place, at one time. Everything is documented so you always know who made what change and why.

Access to a RMIS is available on any device from anywhere – as long as the user is authorized. And a RMIS stores and protects your data in a secure, cloud-based system that has a robust disaster-recovery infrastructure in place.
RMIS training sessions can be as short as 15 minutes via teleconference.
MYTH #5: ONE RMIS IS THE SAME AS THE NEXT.

Truth: All RMIS platforms are not created equal. Organizations can choose between two main RMIS options: bundled and unbundled.

A **bundled RMIS** is offered by insurers, brokers and third-party administrators. The cost of a bundled RMIS is often included in the total charged by the provider. However, the system only works with data from that provider.

If you have multiple carriers or TPAs, you could end up with numerous systems – none of which can communicate with each other. To get a comprehensive view of your risks, you would need to transform the data into a common format, consolidate it into a central location and repeat the process each time the provider issues an update. Bringing in data from another source, such as finance or legal, will likely require a custom interface or manual input.

An **unbundled RMIS** is offered by an independent vendor. This type of system consolidates risk, safety and claims data from all internal and external sources to give you a complete, integrated view of your entire risk portfolio.

While the fees are higher than a bundled system, an unbundled RMIS offers more sophisticated features and capabilities for analysis and reporting. It also can be customized to work with your existing systems. Integrating with HR, for instance, can add critical information about employees directly into your analysis and reports. The result is you have complete insight to make critical risk and safety decisions.

The right risk management system for you really comes down to the number and complexity of your risks – and what you need to effectively manage those risks. Spreadsheets, for instance, can work well for a small number of fairly straightforward risks. A bundled RMIS can work well for companies that deal primarily with one carrier or TPA.

But if you’re trying to identify critical risks across numerous functions, business lines and locations – and understand the evolving relationship between all these risks – you need the power of an unbundled RMIS.

This is the RMIS that can help you turn vast amounts of risk management data into clear opportunities to mitigate losses and lower overall costs, which will have a positive impact on the bottom line for years to come.