
Guidelines for Performance Expectations

Instructions for Use

The QIP Guidelines for Performance Expectations were developed for your use as the Commercial Insurance Buyer and/or Risk Manager within your organization. Using these Guidelines will help you improve communications with industry partners that provide services as part of your organization’s overall risk management program. Although an industry partner may introduce this process to you, it is you as the Client, who will determine the set of Performance Expectations that are important to your organization. You will decide which to include in your agreements with industry partners and, ultimately, you will use your guidelines to measure the performance of your industry partners. To create Performance Expectations for your industry partners and your organization, you will need to follow these steps:

1. Identify relationships. Identify the specific relationships that your firm has with risk management and commercial insurance industry partners, e.g., Insurance Underwriters, Insurance Brokers/Risk Management Consultants, Claims Services Providers (whether through the insurer or with a TPA), and Safety and Loss Control Services Providers (whether through the insurer or an independent service).

2. Review Guidelines. Review the QIP Guidelines for Performance Expectations to gain a general sense of what might be expected of the various types of industry partners and how your expectations of them as product and/or service providers might be measured.

3. Create and prioritize list of performance expectations. For each insurance industry partner you have identified, create your list of those performance expectations that are important to your organization, then, prioritize that list. (Note: The Guidelines are not in any order of priority; you will need to make that determination for your organization.)

4. Determine performance elements. Once you have composed a list for each of your industry partners, you will need to determine the performance elements your industry partners should expect from you as the Commercial Insurance Buyer and/or Risk Manager. You can do this by looking at the “Client” column, noting the performance expectations that are indicated, and selecting those that are applicable to your organization.

5. Determine performance metrics. Define specific performance metrics which support your organizational goals and how they will be measured for all performance expectations identified in Items 3 and 4 (above). The performance metrics listed in the QIP Guidelines for Performance Expectations represent merely a few examples to stimulate your thought process.

6. Meet with industry partners. Once you have set your expectations, meet with each industry partner to discuss your organization’s objectives and the guidelines and metrics that support them. Several meetings may be necessary, including meetings with attendance by multiple industry partners at the same time. For example: client, broker and insurer; or client, loss control rep, and TPA; etc.

7. Develop agreement. Your meetings should ultimately result in agreement on the guidelines, metrics and measurement methods that will be used to evaluate each industry partner, including you as the Commercial Insurance Buyer and/or Risk Manager.

8. Document agreement. Document the understanding you have reached with each of your industry partners. This can be done by either integrating the selected performance expectations into a service contract, or creating a separate service agreement with signatures from each of the parties to the agreement.

Once you have completed this process, you can use your Performance Expectations Agreement to monitor and rate the performance of your service providers.

**LEGEND:**

**TOSPEC Categories:**

- **T** = Trust and reliability
- **O** = providing Operational efficiency and competitiveness
- **S** = identifying customer needs and creating Solutions
- **P** = building internal and external Partnerships
- **E** = develops and provides Expertise
- **C** = engaging in two way interactive Communication

**Industry Sectors:**

- **B/C** = Insurance Brokers/Risk Management Consultants
- **Client** = Risk Managers/Commercial Insurance Buyers
- **Claims** = Claims Services Providers
- **U/W** = Insurance Underwriters
- **S&LC** = Safety and Loss Control Providers

As used in “Examples of Metrics…”:

Xhours or Xdays or Yhours or Ydays = Whatever time frames are agreed upon between the involved parties

X% or Y% = Whatever percentiles are agreed upon between the involved parties
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<tr>
<th>REF #</th>
<th>TO SPEC Category</th>
<th>THE GUIDELINE</th>
<th>DEFINITION</th>
<th>EXAMPLES OF METRICS FOR THE SPECIFIED GUIDELINE (May not include an example for every applicable sector)</th>
<th>INDUSTRY SECTOR</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>CP</td>
<td>Is in touch with business and communicates to industry partners</td>
<td>Client understands the business issues their organization faces and communicates these issues to industry partners.</td>
<td>• Regularly updates industry partners on key business activity.</td>
<td>✓</td>
</tr>
<tr>
<td>2</td>
<td>E</td>
<td>Is knowledgeable/understanding of Client's company/industry</td>
<td>Understands the operational, financial and regulatory issues that pertain to the Client's industry and has a working knowledge of Client's company, including management philosophy on risk and key challenges.</td>
<td>• Provides guidance on regulatory issues specific to industry.</td>
<td>✓</td>
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<td>3</td>
<td>P</td>
<td>Accesses global resources</td>
<td>Has a demonstrated relationship with global resources as defined by the specific situation.</td>
<td>• Places locally-required coverage or provides loss control and/or claims handling services outside Client's home country. • Provides access to Client's global resources where needed.</td>
<td>✓</td>
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<tr>
<td>4</td>
<td>T</td>
<td>Preserves team consistency</td>
<td>Key members of the service team introduced at time that account is awarded are the same team members involved with the account.</td>
<td>• The majority of the key team members remain consistent for an agreed period.</td>
<td>✓</td>
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<tr>
<td>5</td>
<td>C</td>
<td>Uses written service agreements</td>
<td>A written document is developed with Client, outlining agreed upon activities, performance responsibilities, measurements, desired outcomes and remuneration.</td>
<td>• Provides draft service agreement for Client's consideration.</td>
<td>✓</td>
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<td>6</td>
<td>C</td>
<td>Uses Client specific service instructions</td>
<td>Negotiates account handling instructions and communicates to service team.</td>
<td>• Makes service instructions available to service team electronically.</td>
<td>✓</td>
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<td>7</td>
<td>TC</td>
<td>Discloses/justifies compensation</td>
<td>All remuneration (fees and/or commissions) for services should be supported and disclosed to the Client while complying with local insurance laws.</td>
<td>• Details brokerage fee for insurance placement. • Outlines loss control consulting fees for developing OSHA required safety program. • Provides listing of charges by claim type.</td>
<td>✓</td>
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| 8     | O                | Commits to performance incentives/penalties | Defined levels of performance that are tied to industry partner compensation while complying with local insurance laws. | • Provides an accurate policy form within Xdays of placement. Bonus if policy received in less than Xdays. Penalty if policy received more than Xdays after placement.  
• Issues accurate certificates of insurance within Xdays, Y% of the time.  
• Completes X% of scheduled visits within agreed time frame.  
• Initial claims investigation completed within Xdays of notice of claim to claims administrator. | ◆   |                 | ◆      | ◆      | ◆   | ◆    |
| 9     | S                | Offers multi-year contracts      | Offers Client a multi-year contract based on certain requirements.                                                                                                                                         | • Offers multi-year contract with predetermined variable pricing. | ◆   | ◆      | ◆      | ◆      | ◆   | ◆    |
| 10    | PS               | Brings right resources to bear   | Creates a team of appropriate resources. Identifies and proactively accesses other resources as needs develop.                                                                                             | • Provides access to specialists for specific types of exposures or claims.  
• Creates market capacity for specific needs.  
• Responds thoroughly to underwriting data requests. | ◆   | ◆      | ◆      | ◆      | ◆   | ◆    |
| 11    | TE               | Maintains team expertise         | Team expertise is maintained despite changes on the team.                                                                                                                                                 | • Formal succession plan is reviewed with Client on a periodic basis.  
• Contract provision states that any substitutions of team members shall possess equal or better credentials as the original and must be approved by the Client.  
• Client team changes are communicated to industry partners. | ◆   | ◆      | ◆      | ◆      | ◆   | ◆    |
<p>| 12    | OS               | Works with other service providers | Acts as a team player with other industry partners to maximize benefits to Client.                                                                                                                        | • Participates in open meetings with Client and industry partners. | ◆   | ◆      | ◆      | ◆      | ◆   | ◆    |</p>
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| 13    | CES             | Employs a proactive approach | Offers suggestions, options, or alternatives without other party initiating the request. | • Advises Client of status on issues/projects more often than Client contacts them for status.  
• Anticipates Client’s needs by suggesting different policy limits based on benchmarking data.  
• Client team is prepared for meetings and provides an agenda.  
• Identifies opportunities for enhancements to existing programs. |
| 14    | PO              | Assists Client with industry partner service standards | Assists Client in the development and implementation of appropriate industry partner service standards. | • Participates in the development of TPA performance guarantees.  
• Reviews and advises on recommendations from loss control industry partner. |
| 15    | E               | Uses knowledge of marketplace | Uses knowledge of the marketplace to secure services, products, and solutions on the Client’s behalf. | • Recommends new coverage enhancements.  
• Develops key relationships to advantage Client placements. |
| 16    | PS              | Coordinates all providers to maximize benefits | Integrates the appropriate parties to efficiently and effectively meet the Client’s needs. | • Coordinates all parties’ claims resources in event of a major claim.  
• Coordinates workers compensation claims audits with TPA and Underwriter. |
| 17    | OC              | Prepares and manages program timeline | Prepares a timeline with the Client, outlining major meetings, activities, due dates and other responsibilities. The calendar is periodically reviewed and updated. | • Calendar is developed to include key marketing, policy delivery, retrospective premium adjustment and premium audit dates.  
• Participates in meetings to review and update progress against calendar. |
| 18    | COT             | Demonstrates timeliness and accuracy | Services, data and communication are provided in a timely and accurate manner. | • Phone calls are returned within Xhours/Xdays.  
• X% of time pays claims/claims expenses within Xdays of receipt.  
• Provides coverage interpretation within agreed time frame. |
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<th>CLIENT CLAIMS</th>
<th>U/W</th>
<th>S&amp;LC</th>
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| 19    | T               | Assures accuracy of details               | Assures that information contained in reports, submissions, proposals, etc. within the control of the appropriate industry partner/Client are correct.                                                       | • All documents should be X% accurate.  
• All material information in documents must be accurate.                                                                                                                                  |     |                |               |     |     |
| 20    | T               | Maintains confidentiality                | Sensitive information is treated in a private, secure manner by all those who have access to it.                                                                                                      | • A written agreement, outlining how confidential information will be treated, is signed by both parties (e.g., access to files, selling, disclosing or publishing confidential information). |     |                |               |     |     |
| 21    | O               | Tracks open issues                       | Maintains a system to review all open issues with industry partners/Client on a routine basis and monitors the progress towards resolution.                                                          | • Accurate open items list updated every Xdays.  
• Holds regular (monthly, bimonthly, quarterly) meetings with the Client to discuss/manage/resolve open items.                                                                         |     |                |               |     |     |
| 22    | O               | Uses information technology              | Uses information technology to effectively, efficiently and securely support the delivery of services and products.                                                                                  | • Provides information to Client in an electronically compatible format.  
• Delivers submission(s) to insurers via the Internet.  
• Provides access to policies online.  
• Provides electronic gateway to industry resources.                                                                                 |     |                |               |     |     |
| 23    | E               | Keeps abreast of risk management and commercial insurance industry activities and trends | Continuously analyzes industry trends and applies this information to programs and services.                                                                                                           | • Provides periodic reports on industry activities and trends.  
• Monitors financial condition of industry service providers.                                                                                                                               |     |                |               |     |     |
| 24    | ES              | Provides education to Client             | Imparts knowledge on an ongoing basis through appropriate delivery mechanisms.                                                                                                                          | • Provides seminar on loss forecasting techniques.  
• Provides one-on-one training on retrospective premium adjustments.                                                                                                                      |     |                |               |     |     |
<p>| 25    | S               | Offers insurance and non-insurance solutions | Incorporates multiple risk financing techniques into recommended solutions.                                                                                                                             | • Incorporates appropriate deductible/self-insurance levels to optimize cost of risk.                                                                                     |     |                |               |     |     |</p>
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<td>26</td>
<td>SO</td>
<td>Secures broad coverage at competitive and reasonable cost with appropriate markets</td>
<td>Works together to determine coverage needs and negotiate with market to obtain the best terms and conditions at the most favorable pricing level for the Client, regardless of any other compensation.</td>
<td>• Market responses are fully documented and explained to the Client. • Provides benchmark data regarding current market status. • Reviews Broker/RM Consultant information within Xdays of receipt.</td>
<td>◆</td>
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<tr>
<td>27</td>
<td>O</td>
<td>Validates/verifies financing security requirements</td>
<td>Validates and verifies accuracy of risk financing security requirements.</td>
<td>• Validates insurer Letter of Credit (L/C) requirements.</td>
<td>◆</td>
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<td>28</td>
<td>O</td>
<td>Issues policies timely and accurately</td>
<td>Issues all policy documentation accurately and in an agreed upon time frame.</td>
<td>• Provides complete and accurate policy documentation to intermediary, if applicable, within Xdays of policy inception.</td>
<td>◆</td>
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<tr>
<td>29</td>
<td>O</td>
<td>Reviews accuracy and timely forwards all Client materials</td>
<td>All documents and other materials transmitted by industry partners are reviewed for accuracy and forwarded to Client in a timely manner.</td>
<td>• X% of time forwards policies and endorsements to Client in Xdays of receipt from Underwriter.</td>
<td>◆</td>
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<tr>
<td>30</td>
<td>O</td>
<td>Provides timely and accurate invoices</td>
<td>Invoices for services and premiums are issued in a timely and accurate manner.</td>
<td>• Assures X% accuracy on all invoices. • When possible, invoices are issued within Xdays allowed for payment.</td>
<td>◆</td>
<td>◆</td>
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<tr>
<td>31</td>
<td>O</td>
<td>Pays invoices in a timely manner</td>
<td>Invoices are paid within the terms of trade agreements.</td>
<td>• Wire transfer of payments from Client are forwarded to Underwriter within Xdays of receipt. • Payments include all information required for processing by Broker/RM Consultant.</td>
<td>◆</td>
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<tr>
<td>32</td>
<td>O</td>
<td>Issues certificates of insurance (COIs)</td>
<td>Provides COIs requested by Client. When provided by Broker, copies are sent to both Client and Underwriter.</td>
<td>• Toll free number is provided to process COI requests. • Turnaround time for COIs is within Xdays of request.</td>
<td>◆</td>
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<tr>
<td>33</td>
<td>O</td>
<td>Calculates loss funding timely and accurately</td>
<td>Establishes process for reviewing account balance and notifying Client of funding needs.</td>
<td>• Notifies Client when fund level drops below X% of required amount.</td>
<td>◆</td>
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| 34    | C               | Clearly communicates claims philosophy | Shares internal philosophy regarding claims acceptance and payment. | • Clearly communicates thoughts regarding claims denial.  
• Establishes criteria for requiring Client involvement in settlement negotiations. | X | CLIENT CLAIMS U/W S&LC |
| 35    | O               | Reports claims timely and accurately | Claims are reported to the appropriate industry partner(s) within the time agreed to in the written service agreement, service standards or as required by law. | • X% of claims are reported to industry partner(s) within Y hours of Client's knowledge.  
• X% of claims are reported to exceed carrier before exhausting Y% of underlying limits. | X | |
| 36    | O               | Provides claims handling and advocacy | Collaborates and cooperates with the Client and all providers to optimize efficient and effective claims handling. | • Assists in evaluating and responding to a reservation of rights letter.  
• Assists in negotiation of claim settlement. | X | |
| 37    | OC              | Demonstrates industry sector best practices | Maintains, clearly communicates and follows internal best practices. | • Shares best practices with Client. | X | |
| 38    | C               | Employs stewardship reporting | Presents periodic stewardship report to the Client that includes: coverages placed, loss analysis, goals and objectives for the coming year, alternatives for program improvement, and accomplishments. | • Comprehensive annual stewardship report is presented. | X | |
| 39    | SC              | Measures customer satisfaction and communicates results | Regularly measures customer satisfaction using tools as agreed. | • Uses RIMS Quality Improvement Process with periodic work-in-progress meetings, quarterly reviews of pre-agreed performance and/or service agreements, and provides continuous industry partner/Client communication.  
• Establishes follow-up procedure to address any less than satisfactory results. | X | |

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03/1/04