

Central subrogation

It is estimated that each Canadian business loses millions of dollars paying claims that – at least in part – should be paid by a responsible third party. They may also be faced with rising costs, eroding profit margins and other challenges driven by trends in the economy. When it comes to subrogation, our goal is to ensure our clients achieve the best possible results while minimizing recovery-related expenses.

Challenges of today

Over the past few years, subrogation has become increasingly complex. One of the challenges with subrogation today is that it brings with the process considerable jurisdictional variation, making it difficult for the average third party administrator (TPA) or examiner to unravel and identify potential subrogation opportunities. Today, each province has its own legislation, operational processes and guidelines. Due to the complexity, and the time required to fully investigate subrogation, many TPAs choose not to aggressively pursue it – or only conduct a basic review.

A better approach to subrogation

Sedgwick's approach is different. We know that every dollar matters to our clients. Our focus is on exploring every possible subrogation opportunity available through our team of recognized industry experts.

Who we are and what we do

Our central subrogation services were created to ensure our clients maximize their recoveries. We are dedicated to reducing loss payout and expenses for our clients' automobile, property and workers' compensation claims – everything from fender benders to multi-million-dollar property claims.

Our highly-credentialed team has the jurisdictional training and specific knowledge needed to find subrogation dollars quickly and accurately. Many of them are members of the National Association of Subrogation Professionals (NASP) and have earned professional certifications, such as Certified Risk Manager (CRM) and the Certified Subrogation Recovery Professional (CSRP) designation.

Our central subrogation colleagues have expertise in all provinces (excluding Quebec) and, as a result, they can help clients increase recovery totals while ensuring that claims examiners and adjusters have the time they need to fully dedicate to settling first-party claims.

How it works

The process for identifying claims suitable for subrogation requires experience and skill. Too little focus – or too much effort on the wrong claim – can mean dollars are lost.

Sedgwick's experts know what to look for to uncover optimal subrogation opportunities. For example, a worker bitten by a dog indicates the likelihood that a homeowner's policy – not the employer – should cover the majority of the claim. Similarly, a claim arising from an automobile accident may prompt subrogation, depending on legislation, if the other party is at fault. We will seek recovery if another party is responsible for the accident or if the injury is due to any other party's negligence.

Once our subrogation team has identified the potential for recovery, we work closely with the claims team to investigate all aspects of the recovery. If the claim warrants, we will pursue the responsible third party on our client's behalf.

Our decades of experience and broad expertise allow us to manage virtually any type of claim you bring to us.

Our services can be applied to claims relating to:

- Auto (fleet, uninsured and rental)
- Aviation
- Bond
- Inland marine
- Liability
- Marine
- Property

Technology

Another important benefit we bring to our clients is our industry-leading claims management technology. Our system provides access to all data and files, as well as a simple workflow and one central access point to find and report all claim information. Plus, because all data is integrated into one system, there are no issues related to providing data requested in a timely manner, overall access or security. The system gives clients one central point to find needed claims information, making it simple and more efficient to manage the subrogation process.

Data mining leads to superior results

In addition to our experienced colleagues and advanced technology, we have developed proprietary processes and approaches that produce exceptional results. One key area where our team excels is the use of data mining. This ensures no stone is left unturned when it comes to identifying subrogation opportunities. Unlike other TPAs, we have a full-time dedicated team of data mining experts.

We will take a holistic view of an entire program and run a sophisticated filter on every claim with subrogation potential to produce a supplemental in-depth claim subrogation report. Our system looks for certain indicators and flags them, identifying areas for our team to investigate further in pursuit of subrogation. This includes:

- Comparing primary claim costs and subsequent bills to ensure all costs are related
- Identifying major costs and loss codes so that future claims can be more fully examined and programs developed to address those costs
- Eliminating claims where the client has indemnification with third parties or where there are existing business relationships, which diminish the need for subrogation

Exceptional recovery rates

Our approach is so thorough that we find subrogation opportunities in almost 15% of all cases we review that were previously not identified.

Over a brief four-month period, we identified 250 cases eligible for subrogation, resulting in \$2.3 million savings for our clients.

Lower pricing

The Sedgwick pricing model is unique. While most companies charge based on a tiered pricing model, which can range from 25–40%, we charge a flat contingency fee of 20% for a recovery – one of the lowest rates in the industry.

We are also aware that some clients prefer a reasonable flat fee rate as a simple alternative to contingency. The flat fee is the simplest alternative billing structure that can be implemented and there are compelling advantages for making the switch. By providing more transparency, trust and confidence, subrogation services and recovery success can be dramatically improved – a major factor that can impact your overall satisfaction. Our flat fee structure is offered based on the type and quantity of files.

Our subrogation services in action

Once a potential subrogation/recovery opportunity is identified by the examiner, several subrogation indicators are activated and an electronic referral is sent to the central subrogation team. They will review the new referrals and assign them to the appropriate recovery specialist for handling.

On those claims where Sedgwick does not make a payment, but where the client settles the claim directly (i.e. first-party collision payment or first-party property), the claim is reported by the handling office via an electronic referral to the subrogation unit. In this case, a file is created in our claims management system, a claim number is assigned, a historical payment is entered representing the payment made directly by the client (this does not occur in the majority of claims), a diary is created and recovery efforts begin.

For referrals from a Sedgwick office, the subrogation team member begins working with the appropriate claims examiner to make certain that all opportunities for recoveries are protected. If an existing claim is referred to subrogation by an examiner, all recovery activities are documented within the claim file in the system. During the recovery process, the diary and the file remain open rather than unnecessarily closing and reopening files.

Benefits of our subrogation solution

- Highly personalized service
- Increased net dollars
- Recoveries obtained more quickly
- Enhanced efficiencies and savings
- Data security
- Better access to claim reports and data
- Streamlined management and oversight with one claim vendor – not multiple
- You pay only if we recover

Results that matter

What kinds of results does this level of expertise provide? The best way to show that is to look at some recent examples:

- A third party in Ontario was charged with fraud. His illegal activity caused a client to file a claim for indemnification. Our client, the insurer, asked us to pursue the third party directly. After a thorough investigation, the third party was put on notice. We were able to settle the claim at 75% directly from the third party without coverage; they were in an auto accident and not represented.
- In another example, a claimant's attorney wanted Sedgwick to accept a \$50,000 settlement. Our team presented the offer, but encouraged the client to press further to ensure optimal entitlement. By working with our client and providing additional information on subrogation opportunities, we were able to recover more than \$101,000 out of a \$155,608 lien – helping our client more than double the amount of the original offer.

Reports and information

We also recognize that clients want to know what is happening with subrogation efforts. We provide in-depth reports so you can track the progress and overall program. Information provided through our comprehensive reports includes:

- Lag time (time from receipt by Sedgwick to initial contact/notice sent)
- Amount paid versus amount projected for recovery and ultimately recovered
- Average cost per claim
- Average time from receipt to recovery
- Success rate via arbitration
- Subrogation claims closed without recovery; this tracks performance and the quality of claims being referred to the recovery unit by the examiners

The Sedgwick difference

Our central subrogation is an ideal enhancement to a client's existing claims program. Through our program offerings, specifically data mining, we provide an additional layer of expertise that can help to uncover millions of dollars in potential subrogation.

All the research and reports provided are free. You pay only if we recover, creating exceptional value.

Working in tandem with the claims team, we can provide outstanding subrogation results that aren't available through traditional claims management processes.

Aligning our goals with your interests

How does Sedgwick continue to deliver such impressive results? We attribute them to our professional expertise in recoveries, reasonable fee structures that work with your operations model and our proven processes and our outcomes-driven approach.

Above all, we believe that Sedgwick achieves such impressive recovery results because our goals are perfectly aligned with our clients' interests: reducing loss costs and returning every dollar possible to clients.

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To learn more about our central subrogation solutions, contact:

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To learn more about our integrated and customized solutions, visit [SEDGWICK.COM](https://www.sedgwick.com)