It’s estimated each year U.S. businesses lose tens of millions of dollars paying liability or workers’ compensation claims that – at least in part – should be paid by a responsible third party. In this time of rising costs and eroding profit margins, Sedgwick’s goal is to ensure our clients have the best recovery results possible and, at the same time, to minimize 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 it 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, every state has its own regulations, operational processes and guidelines. Some states have not only their own jurisdictional variations, but also subtle differences in how municipalities and counties govern subrogation – from the formulas used to determine recovery to the overall amount of the subrogation.

Because of this 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 – one of the largest, highly credentialed and stable subrogation teams in the nation.

**Who we are and what we do**
Sedgwick’s central subrogation services were created to ensure our clients maximize their recovery opportunities. 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.

Providing this level of service to our customers is a team of industry experts with the jurisdictional training and specific knowledge needed to find subrogation dollars quickly and accurately. The majority of our team has National Association of Subrogation Professionals (NASP)
membership, Associate in Claims (AIC), Associate in Risk Management (ARM), state licenses, Certified Subrogation Recovery Professionals (CSRP) or other professional designations. And, we provide continuous training to our team to keep skills and knowledge up to date.

Our central subrogation team has jurisdictional expertise in all 50 states. As a result, they can help clients increase recovery totals while ensuring that your claim examiners have the time they need to fully dedicate to settling individual 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 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 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 department to investigate all aspects of the recovery. If the claim warrants, we will pursue the responsible third party on our client’s behalf. Our services can be applied to claims relating to:

- Auto (including fleet and rental)
- Aviation
- Bond
- Inland marine
- Liability
- Marine
- Property
- Workers’ compensation (including second injury fund recovery)

Our decades of experience and depth of expertise allow us to manage virtually any type of file you bring to Sedgwick.

**Technology**

Another important benefit we bring to our clients is our use of JURIS®, the industry-leading claims processing technology. JURIS 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.

**Lower pricing**

Our pricing is different than our competitors. While most companies charge based on a tiered pricing model, which can range from 20-40%, we charge a flat 15% recovery – one of the lowest rates in the industry.

**Data mining leads to superior results**

In addition to our experts and leading edge technology, we use 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**

As a result of our approach, Sedgwick has one of the best recovery rates in the nation.

**And we only charge you if we make a recovery.**

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**Sedgwick subrogation 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. A subrogation colleague reviews the new referrals and assigns these 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 JURIS, a claim number is assigned, a historical payment is entered representing the payment made directly by the client*, a diary is created, and recovery efforts begin.

For referrals from a handling 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 a claims examiner, all recovery activities are documented within the claim file in the JURIS system. During the recovery process, the diary and the file remain open rather than unnecessarily closing and reopening files.

**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 claimant in Florida was in an auto accident and was not represented. The at-fault carrier had limits of $100,000. Our lien was approximately $75,000. Our recovery specialist facilitated communication with the claimant and the at-fault carrier to get the at-fault to pay out their $100,000 limits. We also worked with the insurer to secure $50,000 for client and claimant each

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*This does not occur on a majority of clients.
as they agreed to a 50/50 split. This is exceptional in Florida as their formula for allocation of a recovery is typically just 10-20% of a workers' compensation lien.

- 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 of a $155,608 lien – helping our client more than double the amount of the original offer.

**Last year the Sedgwick Subrogation team made 3,367 recoveries on behalf of clients for a total of $14,205,501.03.**

**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 along with tracking the quality of claims being referred to the recovery unit by the claims examiner

**Why Sedgwick central subrogation?**

Sedgwick 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, 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.

**To learn more about how Sedgwick central subrogation can help your company minimize the cost of claims by recovering funds due from responsible third parties, contact us today.**

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