



Increase Claims Recovery with **Subrogation Outsourcing:** Drive **Profitable Growth**

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Property and casualty insurers have faced several challenges in the recent past – increased pressure on pricing, dwindling investment yield, weak demand and severe underwriting losses. According to the 2011 Deloitte Report, *Driving Operational Excellence in Claims Management*, up to 80 percent of each earned premium dollar is used for payouts and related expenses. Claims are the single largest spend for a property and casualty insurance company.

The manner in which an insurance company manages its recovery and subrogation function makes a huge impression on its value to both shareholders and policyholders. Experts believe that an insurer's claims service function can offer a clear opportunity for a company to distinguish itself in the marketplace. For instance, if two insurance firms incur losses of USD 1 Billion, the firm that recovers 10 percent of its losses will be placed at an advantage versus a firm that recovers only two percent of its losses. A reduction of losses of a mere one percent will help in substantial savings. Insurers must invest in achieving operational improvements with respect to claims management. Decrease in losses could mean that the insurer charges lower premiums, thus increasing policyholder satisfaction and possibly a gain in market share.

Claims management, however, is a highly challenging operation that involves multiple processes. Subrogation recovery is a particularly challenging component in claims management as this is where the insurer can pursue the party responsible for the loss incurred and get all or a part of its money back. If the subrogation recovery process is managed efficiently, policyholders who have had to pay the deductible can realize an added value from the insurer. Many insurance firms are plagued with outdated technology and cannot conduct this function effectively. In addition, the process of claims recoveries requires staffing and resource allocation that has come under intense pressure in recent times due to downsizing. With limited staff, the workload has increased and

they are unable to focus on this aspect of claims management. Insurance firms can significantly improve the subrogation recovery aspect of their claims services by employing the services of an experienced Business Process Outsourcing (BPO) company like WNS.

Insurance Subrogation BPO Can Positively Impact Your Bottom Line

Many insurance companies do not recognize the potential for recovery and hence do not pursue this area effectively. With increased focus on how many files a claim handler has closed, and the time taken for the same, only a small portion of a claim handler's time is spent on recovery efforts. In an ideal scenario, a subrogation file must be opened if the circumstances of a loss indicate that the damages paid by the insurer were partially or wholly the fault of another party. This means that the approach has to be rather aggressive and many insurance companies have partnered with BPO companies to bring in increased effectiveness and efficiency.

A quality insurance subrogation BPO company provides the following advantages:

- **Trained resources:** The subrogation recovery process is complex and needs a team of insurance claim examiners and legal professionals. Outsourcing recovery services gives insurers access to a team of trained professionals.
- **Better negotiation and recovery:** Partnering with a professional BPO service provider means that the negotiation process is streamlined and the recovery in each case is maximized.
- **Increased efficiency in data collection and analysis:** The entire process of reviewing each case is time-consuming and a service provider is capable of doing this more effectively, identifying all the recovery potential.



Partner With WNS: Ensure Maximum Recovery

WNS partners with insurance clients to streamline the key processes of their claims management in order to increase recovery on Accidental Damage (AD) spend. The recovery team at WNS oversees collections from Third-party Insurers (TPI) and looks after the entire recovery cycle – from establishing the liable party, providing the invoices of the insured's damages till the collection of the policyholder's AD from TPIs. WNS also has a separate disputes team that takes care of collections from TPIs where the liability is under dispute by TPIs.

WNS has achieved efficiency in the claims recovery process by re-organizing the delivery team to fit into a supply chain workflow. The team is organized according to skill sets. The WNS recovery process involves identifying potential failure areas and re-mapping the value stream (both upstream and downstream) in order to understand what is holding up the recoveries process. This has been done through Six Sigma initiatives, designing robust tracking and control mechanisms, redefining Critical-to-Quality (CTQ) and Critical-to-Performance (CTP) at every step of the supply chain.

WNS provides comprehensive subrogation services that provide clients with the following benefits:

- **Consultative approach through experienced staff:** WNS leverages its industry and staff expertise in subrogation and collections, and provides insurance companies with a more effective and efficient subrogation process.
- **Reduction in claims life cycle:** WNS uses a rigorous, process-driven approach to drive maximum returns from subrogation opportunities. We have a thorough understanding of what TPIs can do to derail the recoveries process and take steps to counter these issues. WNS has reduced the life cycle of recovery by 39 percent for one of our leading insurance clients.

- **Complex and retro recovery teams:** WNS has the expertise to handle the high complexities of claims recovery. In addition, we have the resources to analyze previous recoveries that have been made and if they are found to be less than the amount that should have been recovered, the files are opened and re-assessed. WNS has recovered over a million pounds every year for the past three years for an insurance client with the retro recovery team.
- **Increased recovery per Full Time Equivalent (FTE):** The recovery per FTE has increased by a whopping 48 percent for one of WNS's insurance partners since 2006.
- **Decrease in customer complaints:** Most clients do not have a customer interface in order to give the customer information on the recoveries process. With volumes being high, the life cycle of claims also remains high. WNS sets up a customer interface wherein the customers are proactively informed about the status of the recoveries process. This, along with a reduction in the claims life cycle, has resulted in a 75 percent reduction in customer complaints for one of our key insurance clients.

In order to realize the value in the claims process management, especially with respect to subrogation and recovery, there needs to be a top-down commitment within insurance firms towards operational excellence. Partnering with an outsourced subrogation recovery service provider like WNS can ensure that all cases of overpayment are addressed and settled. Insurance companies that look towards subrogation BPO can realize benefits of streamlined processes, high-quality customer service and significant cost reduction.

To learn more, please write to us at marketing@wns.com