Need For Speed

By Jeffrey M. Baill, YOST & BAILL, LLP

I have always felt that one of the most important factors in building a successful subrogation operation is the ability to resolve claims quickly. This holds true for an insurance company subrogation unit, law firm, or TPA. The difference between success and failure can be found in cycle times. The time it takes to bring recoveries into the office can make the difference between success and failure.

To illustrate, consider that a subrogation unit is given a certain amount of collectible claims a year. These claims represent revenue potential. If every member of the unit works only fast enough to collect 70% of the money that is reasonably expected to be collected in a calendar year, revenue will be 30% below what it could be. The fact that the shortfall may be recovered in the next calendar year is meaningless if there will be a continuous 30% time-related delay in production. Production for that unit will always be 30% less than it could be. The fact that "we can make it up next year" will never, or at least, shouldn't, satisfy management.

The challenge for a subrogation manager is to motivate staff to speed up the process. That is what good management is all about. Assuming that your unit has the necessary infrastructure in place to accomplish its established goals, the question becomes "How can we do our job faster?"

We have to teach our staff how to find ways to resolve cases more quickly. In the subrogation world, we all run into countless roadblocks before we get a Tortfeasor to pay what they owe.

There are many tipping points where settlement suddenly becomes feasible. The key is moving the file to those points as soon as possible. These tipping points are different for all of us. For a subrogation claims handler, the tipping point may be the initial contact from the driver of an uninsured vehicle. For an attorney on a large loss, the tipping point may be a mediation session. Getting staff to recognize these tipping points and to take advantage of them when they occur is the greatest challenge for management.

The tipping point on files will differ greatly depending on facts, parties, lines of business, and other factors. It is difficult to set out a list of what to do on any given file. The important point is that staff needs to have the mind-set to make settlement happen sooner than later. It is hard to think of a way to force any party to settle quickly. It is much easier to think of getting to certain target points where parties are most likely to entertain settlement.

We all know it takes two parties to reach a deal. While we only control one side of the equation, through experience, we can learn to recognize the key times defendants become interested in resolving cases. Managers need to work with their staff to identify those key

times and then push them to get there. This is how we can effectively speed up the process and improve cycle times. It is also how we can make our operations successful.