

A new era in subrogation recoveries

AI-driven detection and
strategic operations drive
increased recoveries

Subrogation management is a key component of an effective claim management process. Experience shows that focusing advanced technologies and efficient processes on subrogation management creates quantifiable business impact—specifically in combined ratios. Yet many insurance companies continue to use legacy approaches—and leave millions of dollars unrecovered.

Given the pressure on combined ratios, insurers can take a more strategic approach to maximize recoveries by using advanced AI detection techniques and strategic operations execution. A combination of Shift Technology's Subrogation Detection and Cognizant's Business Process Services can drive increased subrogation recoveries.

8%

Best-in-class subrogation recovery rates of 8% are double the industry average for peer comparisons, measured by net recoveries per claim and premium dollar.

Source: Cognizant Research, 2024 NAIC Schedule P Analysis

AI recovery detection

Identifying subrogation opportunities is a tedious, manual process that requires tenured claims professionals. Among its disadvantages:

- Reliance on rules-based engines is insufficient to identify complex subrogation opportunities, especially PIP and MedPay exposures
- Disparate data sources slow the identification process, with opportunities often missed due to lack of access to relevant data
- Complicated state operator rules and negligence laws are difficult to monitor and maintain
- Detection is constrained by limited bandwidth of front-line handlers.

Shift Technology's Subrogation Detection uses AI to quickly and accurately identify recovery opportunities. It enables insurers to quickly synthesize details of an incident—including what happened and who was involved to assess parties at fault—and:

- Evaluate critical information in free-form text and structured data using GenAI and Natural Language Processing (NLP) trained with specific insurance models
- Interrogate negligence rules, state operator laws and external data sources to enrich decision matrix
- Compute individual exposures (PIP, Collision, MedPay)
- Provide scored alerts tuned for accuracy with concise summaries of detection reasoning and relevant rules.

Strategic operations transformation

Pursuing subrogation recoveries is often a fraught process that includes:

- Fragmented operational frameworks that silo subrogation activities
- Overdependence on manual processes and human judgment, creating bottlenecks and scalability issues
- Limited cost efficiencies due to localized, high-cost operational setups.

With Cognizant's Business Process Services, you gain:

- Integrated, end-to-end subrogation workflow systems that streamline operations
- Automation of routine tasks, freeing up resources for complex cases and improving focus on nuanced handling
- A global delivery model that leverages high automation and regional cost advantages, maximizing cost savings per dollar recovered.

Business impact

AI recovery detection

Shift Technology's Subrogation Detection solution is proven to quickly and accurately identify recovery opportunities. Case in point: A Top 25 US auto and property insurer was looking to improve the recovery process and increase process efficiencies. The Shift solution identified previously missed opportunities, including exposure level (PIP, MedPay). Shift's advanced AI estimated liability and used state recovery laws to identify opportunities at the exposure level. Today, the solution is generating net new alerts to identify recovery opportunities, often ahead of the claim teams' referring alerts. As a result, Shift's subrogation detection has exceeded \$1 million per month in recurring average recoveries for the insurer.

Strategic operations transformation

Adopting our global delivery model achieves a 40-50% cost arbitrage in recovery support versus traditional in-house models. This strategic shift optimizes throughput by 30% and slashes cycle times by 25%, leveraging high automation and scalability to enhance operational agility and cost efficiency.

Integrated workflows

By integrating AI recovery detection workflows with strategic operations workflows, insurers can accelerate and maximize recoveries efficiently.

Estimate liability

- Predictive models
- External data ingestion
- Gen AI text analysis

State law application

- Maintain operator guidelines
- Interpret state laws
- Interpret negligence laws

AI-powered detection

- Apply PIP analysis
- Assess MedPay conditions
- Consolidate and score alerts

Case prioritization

- Viability screening
- Initial filtering
- Strategic triage and prioritization

Investigation

- Forensic analysis
- Evidence analysis

Negotiations and recovery

- Settlement negotiation
- Final recovery

Reporting and analytics

- Performance metrics
- Impact analysis
- Interpret negligence laws

Comprehensive subrogation solution

Shift's Subrogation Detection combined with Cognizant's Strategic Operations Transformation accelerates and maximizes recovery outcomes. A packaged solution propels recovery outcomes to surpass the industry median rate of 3.44%, targeting a progressive ascent toward the best-in-class rate of 8%, with cost of recovery approaching 40% of traditional models.

Learn more

Shift Technology Subrogation Detection

<https://www.shift-technology.com/products/subrogation-decisions>

Cognizant Business Process Services / Insurance

<https://www.cognizant.com/us/en/industries/insurance-digital-transformation/idt-business-process-services>

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