

Bringing money back to the organization

By Jennifer Valencia

The WCIA coverage agreement includes a subrogation clause. The subrogation provision allows us to stand in your shoes to hold the at-fault party financially responsible for the loss. This mechanism allows WCIA to recover money paid out on a claim on the member's behalf. When we are able to recover funds, the first dollars recovered go to paying the member their deductible back to ensure they have no loss. WCIA uses the remaining funds to offset its costs.

Members' understanding and participation in subrogation concepts helps make all of our jobs a bit easier and helps increase the potential for recovery. There are several ways in which WCIA pursues subrogation:

At-fault party's insurance carrier

- Usually documented in a police report or provided in response to WCIA's demand letter to the responsible party.
- WCIA opens a claim and provides proof of the responsibility and damages incurred and then negotiates a resolution with the other carrier.
- Sometimes state minimum limits become a problem on the more expensive vehicles – many individuals only carry \$25,000 in coverage.
- Subrogation to carriers makes up the bulk of WCIA's recovery efforts.

Restitution

- Restitution is a legal remedy through criminal courts when the party was charged with a crime and is intended to help victims recover their losses.
- Courts will often ask members for proof of their losses; it is very important these requests are sent to WCIA timely. Members have contracted this right to WCIA, so separate restitution requests should not be made by the member (i.e., requesting your deductible only).
- WCIA will file a restitution request with the court on the member's behalf.
- Courts sometimes push back and will not award restitution to "insurance companies." WCIA is not an insurance company and is not regulated by the WA State Office of the Insurance Commissioner. We are joint self-insurance and our claim payments are funded by the taxpayer through your contributions to the risk pool. WCIA is regulated by the WA State Risk Manager. It is important that members work with WCIA on these requests to ensure the highest recovery from responsible parties for the taxpayer.

Collections

- WCIA collections are managed through a combination of in-house efforts and, when necessary, an outside collection agency.
- In-house collections: When no other mechanism for recovery is available, WCIA sends a demand letter to the at-fault party informing them we believe they are responsible for the costs. If they respond, WCIA works on getting a promissory note with a payment arrangement to recover funds over time. This is valuable because it allows the person flexibility and for us, it extends the statute of limitations should they stop paying and we need to pursue them further.
- External collections: When all else fails, WCIA contracts with an outside collections firm. Our vendor is able to add collections costs on top of what is owed because WCIA is a public entity helping recover taxpayer funds.

Civil litigation

- While private insurance companies use arbitration forums to resolve disputes on liability in relation to subrogation rights, WCIA does not. If we are in a dispute regarding liability and believe we can recover, we will file a suit against the at-fault party directly to recover.

Members play a key role in helping us recover funds effectively. One of the biggest ways members can make a difference is by providing information promptly, keeping a keen eye to detail for avenues of recovery, and ensuring that claim handlers are in touch with the folks doing the repairs and prosecution as quickly as possible. If a member receives contact from the prosecutor, responsible party, or another insurer for damage WCIA has paid for, you should always point them back to the assigned claim handler (added bonus: less work for you!).

When reporting a property or APD claim please include police reports, photographs, estimates, contact information for who is handling repairs and who was involved in the accident. If a prosecutor sends related documentation or correspondence to your entity, be sure to forward it directly to your assigned claim representative for handling. Prompt and complete information allows WCIA to act quickly, preserve evidence, and maximize recovery on your behalf.

Last year, the risk pool recovered \$821,001.99 on indemnity claims. This reflects WCIA's ongoing effort to recover losses on behalf of its members through subrogation and coordinated collection efforts, and helps lower future costs the pool must charge to maintain an equity position.