WHITE PAPER

CLOSING THE SUBROGATION SKILLS GAP WITH **INTELLIGENT GUIDANCE**

HOW CARRIERS CAN SUPPORT ADJUSTERS, IMPROVE CONSISTENCY, AND STRENGTHEN RESULTS

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EXECUTIVE **SUMMARY**

Billions of dollars in recoveries are at risk as carriers face a widening subrogation skills gap. Retirements, high turnover, and increasingly complex claims are leaving teams with fewer experienced professionals and more adjusters still climbing the learning curve.

Traditional training methods can't keep up – they're too slow, inconsistent, and dependent on a shrinking pool of experts. And in an industry where nearly 1.2 million arbitration disputes and 2.4 million subrogation demands were filed by Arbitration Forum members in 2024 alone—collectively valued at more than $26.3 billion—even the smallest errors can translate into significant financial consequences.

In this paper, we'll discuss why the solution isn't *more* training, but *smarter* training. We'll explain how guided technology like CCC® Subrogation can help close the skills gap by standardizing processes, supporting decision-making, and turning every claim into a learning opportunity.

THE WIDENING SUBROGATION **SKILLS GAP**

As seasoned adjusters retire and take decades of experience and institutional knowledge with them, carriers face an urgent challenge: building and developing the next generation of subrogation talent in an increasingly complex, high-stakes environment.

The issue is accelerating. According to **CCC's Crash Course Q1 2024 report**:

> 50% OF FIRST-PARTY ADJUSTERS AT SOME CARRIERS HAVE LESS THAN TWO YEARS OF EXPERIENCE.

≤ 16% DECREASE IN SUBROGATION REFERRALS AS ADJUSTERS WITH LARGE CASELOADS REQUIRE MORE TRAINING BEFORE IDENTIFYING OPPORTUNITIES.

1 IN 4 SUBROGATION DEMANDS CONTAIN A DATA ERROR.

These challenges come at a time when subrogation is more intricate than ever, with rising financial stakes, evolving claim types, and mounting pressure to pay what's owed and recover what's possible. Missteps no longer just slow down the process – they create real financial exposure.

In 2024 alone, **Arbitration Forum** members filed almost 1.2 million arbitration disputes, and 2.4 million subrogation demands, collectively valued at more than $26.3 billion. With billions of dollars at stake, inbound and outbound subrogation teams cannot afford inconsistent training or manual, error-prone processes.

The solution isn't simply more training – it's smarter training. Technology with embedded intelligence and real-time guidance offers carriers a scalable way to accelerate adjuster development without sacrificing consistency or outcomes. With CCC® Subrogation solutions, every claim becomes a guided learning opportunity, reinforcing best practices, standardizing decisions, and letting adjusters build lasting expertise while delivering better outcomes.

A PERFECT STORM: **COMPLEX CLAIMS AND NEW TALENT**

Subrogation has always required specialized knowledge, but today, the landscape is evolving faster than many teams can keep up with. Increasing repair complexity, rising costs, and shifting claim volumes are adding pressure to already strained teams.

Several key industry trends are accelerating this shift:

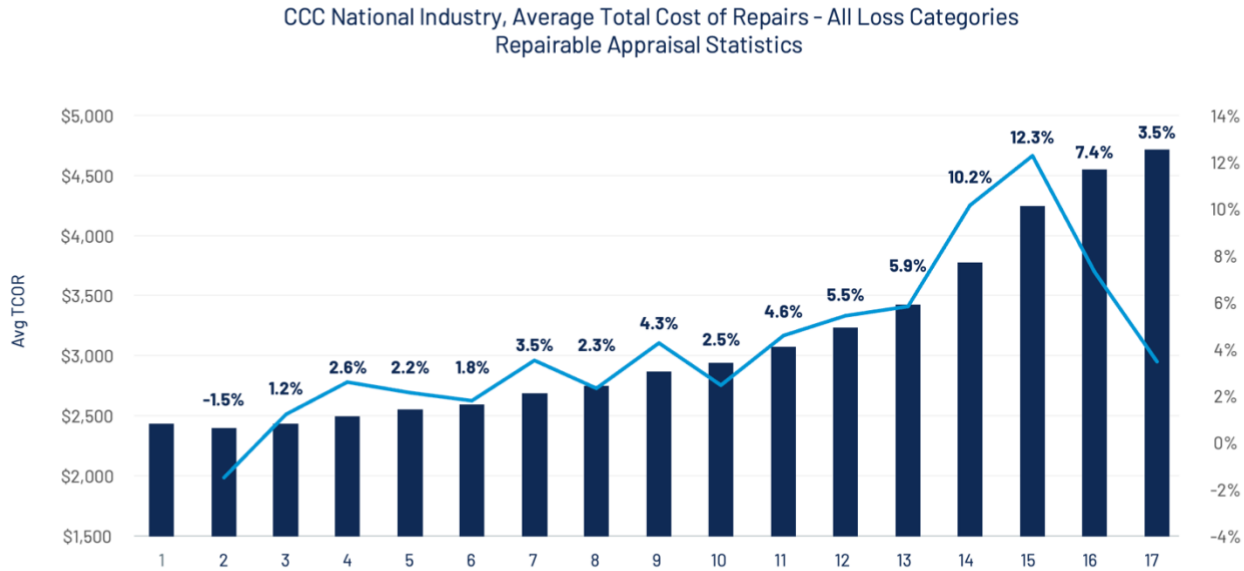
Growing Repair Costs

Repair costs continue to climb as vehicles become more complex. **(Figure 1)** Though the average total cost of repair (TCOR) has dipped below double-digit growth in recent years, advanced vehicle technology like sensors and cameras is not going away. Growing vehicle complexity has driven up costs due to more intricate repairs and more expensive parts, raising the financial stakes of every subrogation decision and making skilled subrogation professionals essential.

Inbound teams must be able to spot inflated costs like unnecessary rental days or premium parts when lower-cost alternatives were available, and outbound teams need to anticipate which charges may face pushback, determine when to counter, and gauge likely outcomes before a demand is submitted. Without that expertise, rising costs can quickly erode recoveries, allow inflated expenses to slip through, and cause valuable opportunities to be missed.

Figure 1: Average Repair Costs Continue to Rise

SOURCE: CCC INTELLIGENT SOLUTIONS, INC. CY 2024 AS OF 3/21/2025



More Frequent and More Expensive Supplements

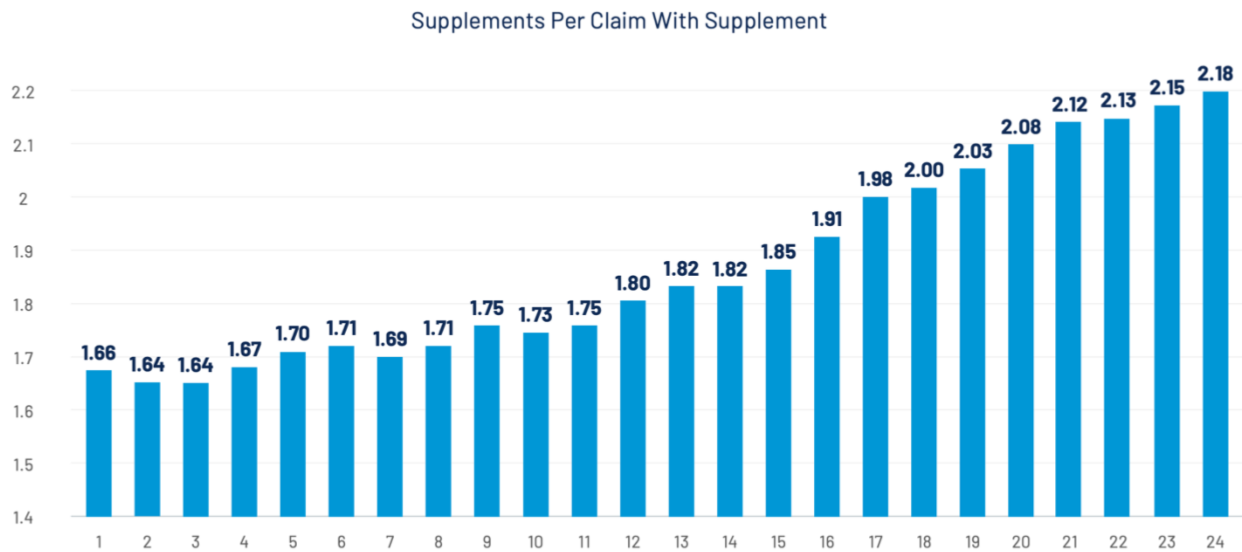
Complex repairs often trigger multiple supplements which drive up cycle times and increase costs that need to be accurately captured and validated in subrogation. When missed or misapplied, these charges can skew recovery amounts or spark disputes. The prevalence of supplements continues to escalate and remains an industry challenge moving forward. **(Figure 2)**

For subrogation teams, each supplement triggers extra work: outbound representatives must issue updated demand packages with new expenses, while inbound representatives must carefully review those packages to confirm the costs are fair and accurate.

That scrutiny is critical, as errors and questionable charges are not uncommon. Subrogation professionals have seen hand-written estimates miscalculated by as much as $1,000 – mistakes sometimes paid by the first-party carrier but caught later by the adverse carrier. This reinforces the importance of having skilled professionals review every demand to prevent payment of unnecessary or inflated costs.

Figure 2: Complexity Contributes to Increased Supplement Frequency and Amount

SOURCE: CCC INTELLIGENT SOLUTIONS, INC. CY 2024 AS OF 3/21/2025



ESSENTIAL SKILLS FOR **SUBROGATION SUCCESS**

Subrogation is a highly nuanced process that involves expertise across estimates, liability assessment, negotiation, arbitration, and more. Each stage of the subrogation lifecycle demands not only procedural knowledge but also sound judgment, often developed over years of experience.

The challenge is that newer professionals frequently lack a strong foundation in interpreting repair estimates, identifying inflated line items, or recognizing inaccuracies in liability assessment – skills that are typically cultivated over many years, or even decades, of exposure in the field.

Here are just a few examples of the core competencies required for subrogation success:

Outbound Subrogation

- **Subrogation Assessment:** Ability to critically evaluate incident facts, claim notes, liability decisions, and supporting evidence to determine whether a subrogation opportunity exists and whether it is viable to pursue. This includes judgment around comparative negligence, coverage limits, and third-party liability/identification.

In subrogation, it's not unusual for a first-party adjuster to accept their insured's version of events without further scrutiny. For example, consider a collision at an intersection where the Demander driver had a stop sign and the Responder driver had the right-of-way. Despite this, the Demander may still submit a demand claiming 100% liability against the Responder.

For responder carriers – particularly in pure negligence states like California and New York – correctly identifying comparative negligence on the Demander's part is critical. Even negotiating a modest 10–30% liability allocation to the Demander can produce meaningful savings, especially in California, where new minimum auto policy limits of $15,000 mean such adjustments can reduce exposure by thousands of dollars per claim.

- **Opportunity Prioritization:** Analytical and decision-making skills to assess opportunities by recovery potential, complexity, and likelihood of success. This allows teams to allocate resources to high-impact cases and avoid effort on low-value or uncollectible demands.

- **Demand Package Preparation:** Deep understanding of the documentation required to substantiate a subrogation claim, including repair estimates, photos, police reports, proof of payment, policy limits, and the particular state they are looking to recover in to determine what level of recovery to anticipate. Ability to compile these materials into a cohesive, persuasive package that anticipates common objections.

- **Performance Monitoring and Application of Learnings:** Ability to review recovery results across large volumes of subrogation claims to identify trends, recurring errors, or high-performing practices that lead to favorable results in arbitration and negotiations. These insights are used to continuously improve identification criteria, documentation practices, and negotiation strategies.

Inbound Subrogation

- **Demand Package Completeness Evaluation:** Understanding what constitutes a complete and valid subrogation demand, including the ability to identify missing documentation, mismatched line items, or unsupported charges. Professionals should be able to quickly assess whether the claimed amount aligns with the materials provided.

- **Line-Item Review and Applicability:** Proficiency in reviewing repair estimates, part utilization, and ability to assess line items against carrier specific rules. In addition, knowledge of state-specific subrogation laws, jurisdictional nuances, and liability standards is essential in evaluating the demand.

- **Negotiation and Defensibility:** Confidence and preparedness to counter a demand when appropriate, supported by a firm grasp of the facts and thorough documentation. In cases where resolution cannot be reached, the ability to present a strong defense in arbitration is critical to minimizing financial exposure.

- **Performance Tracking and Continuous Improvement:** Ongoing analysis of inbound subrogation outcomes to surface patterns, training gaps, and areas for operational efficiency. Professionals must understand how their decisions affect broader financial performance and improve process consistency and effectiveness over time.

These skills are critical – both individually and collectively across the team – to ensure consistency in how subrogation opportunities are identified and pursued, and how demand packages are reviewed and resolved. Teams lacking in these skillsets could face inconsistent outcomes and potential financial loss. The foundation for scalable success is 100% team alignment, such that any professional reviewing a demand or recovery opportunity would arrive at the exact same conclusion.

THE LIMITATIONS OF **TRADITIONAL TRAINING**

Historically, carriers have relied on a combination of one-on-one mentoring, shadowing senior adjusters, formalized training, and hands-on exposure over time to train new talent. The idea has long been that, with enough time in the role, adjusters and subrogation professionals will naturally improve their judgment and instincts by encountering a variety of cases and learning from outcomes.

But that approach comes with two critical limitations:

01 It can take years, sometimes decades, for that experience to compound into deep subject-matter expertise.

02 In the meantime, mistakes happen – and in subrogation, those mistakes can lead to missed recovery opportunities, overpayments, long cycle times, or failed arbitration cases.

For inbound subrogation, mistakes often stem from inaccurate demand reviews such as misjudged liability, missed state-specific requirements and insurer rules, or unrelated damage, all of which can result in financial loss. Inexperience only increases the likelihood of these errors.

For outbound, inexperience can have a cascading effect. When front-line adjusters lack a solid grasp on how to evaluate a claim, interpret an estimate, or make sound decisions, that gap passes directly to the subrogation professional. If the subrogation team *also* lacks the experience to spot issues or defend decisions made earlier in the claim lifecycle, it becomes difficult to recover effectively. For example, if an adjuster fails to collect a final scan invoice, and the subrogation professional doesn't know it was needed either, the opportunity is missed, and additional time and effort are wasted. Without the right training and support, these gaps can delay recovery, increase workload, and reduce accuracy.

Today, the traditional model of learning from legacy training methods has limitations. Here are a few examples:

- **Shadowing doesn't scale.** With fewer tenured adjusters and rising turnover, it's difficult to maintain a strong bench of mentors. When a seasoned employee leaves, they often take decades of knowledge with them.
- **Inconsistent knowledge transfer.** Training outcomes vary widely based on the availability, communication style, and skill of the mentor. This variability can lead to inconsistent decisions and uneven outcomes across teams.
- **Learning on the job carries risk.** Newer adjusters are often expected to build competency through trial and error, but without the right guardrails, that learning process can expose the business to inefficiencies and overpayments.

- **Distributed workforce.** Today's workforce is comprised of employees working from the office, hybrid schedules, or fully remote. This can contribute to the lack of availability for one-on-one hands-on training with high performers who may be less attainable.

One way that auto carriers address the subrogation talent gap is by outsourcing part, or all, of the process to a third party. For organizations without the capacity to expand or train in-house teams, this can be a practical option. Still, outsourcing places significant responsibility - and substantial dollars - in the hands of an external partner, often with limited visibility into how demands are handled. In some cases, the same talent challenges that exist internally can also affect third parties, making oversight and performance monitoring especially important.

As subrogation becomes more complex and the margin for error narrows, carriers need more than onboarding materials or training sessions. They need dynamic, embedded support that reinforces best practices and standardizes the insurer's processes for how work gets done, especially for newer team members who haven't had decades to build expertise.

BROKEN PROCESSES **FUELING THE SKILLS GAP**

The subrogation skills gap is magnified by another critical issue: **the lack of a consistent, scalable process**. In many organizations, subrogation remains highly manual, relying on individual judgment, fragmented tools, and informal knowledge-sharing. Leaders often track progress through spreadsheets and audits, which reveal outcomes but not the process that produced them.

On the outbound side, adjusters must dig through claim files, gather documents across systems, and build demand packages from scratch. Inbound work is equally fragmented, requiring line-by-line reviews of estimates, validation of documentation, and decisions on whether to pay, counter, or dispute – all without standardized workflows.

This variability leads even skilled adjusters to different conclusions when reviewing the same demand. The problem isn't capability, its process inconsistency contributing to missed recovery opportunities, prolonged disputes, and a widening skills gap. New team members, in particular, struggle to ramp up without structured workflows or in-system guidance, leaving them dependent on outdated, unscalable training methods.

Some carriers have tried building proprietary platforms to solve these challenges, but most fall short. Lacking subrogation-specific functionality, they drain IT resources, require constant updates, and add complexity rather than reduce it. What subrogation needs isn't another general system, but a dedicated platform that balances people, process, and technology.

People create value through critical thinking, negotiation, and decision-making.

Processes provide the structure for fairness, consistency, and efficiency.

Technology should automate routine work, enforce rules, reduce variability, and deliver real-time guidance to both new and experienced professionals.

Today, too much of the burden falls on people alone. Closing the subrogation skills gap requires shifting that balance, ensuring process and technology carry more of the load so adjusters can focus their expertise where it matters most.

ENABLING EXPERTISE WITH **GUIDED TECHNOLOGY**

Closing the gap between people, process, and technology requires more than automation – it demands a smarter approach that standardizes workflows, guides decision-making, and teaches in real time. This is where technology becomes a true enabler.

When subrogation processes are manual and unstructured, learning is slow, inconsistent, and dependent on individual experience. Administrative tasks consume valuable time, leaving less room for negotiation and strategy. With guided technology, however, every claim becomes a training ground, reinforcing best practices and delivering consistent outcomes without requiring decades of expertise.

CCC® Outbound Subrogation and **CCC® Inbound Subrogation** embed insurer configurations and expertise directly into the workflow. Instead of relying on memory or mentorship alone, adjusters are guided through each step and supported with explainable insights. This enables consistency across the team while accelerating learning and reducing variability.

CCC® Outbound Subrogation helps adjusters identify, prioritize, and pursue recovery opportunities by:

- Applying detection models to evaluate and prioritize recovery opportunities, showing users what strong subrogation opportunities looks like
- Automating demand package creation with pre-populated templates and built-in demand transaction calculations to ensure consistency
- Tracking demand performance and enabling adjustments to eligibility criteria over time to align with carriers' specific needs
- Providing real-time explainability through insights into the model-scored subrogation opportunity, teaching adjusters what to look for and why

CCC® Inbound Subrogation supports reviews by:

- Auditing demand packages and surfacing insights to identify missing items in demand packages
- Flagging issues line-by-line in real time to prevent costly oversights, reinforcing estimating knowledge
- Summarizing demands to aid negotiations and prepare for arbitration
- Reporting helps identify skill-gaps and track performance, helping leaders identify coaching opportunities

With each claim, subrogation professionals gain knowledge and confidence, reducing oversight needs and cognitive load for new hires. The result is a modern, embedded learning model that's continuous, scalable, and resilient.

Unlike traditional human-led training, *technology never retires*, enabling institutional knowledge to be preserved.

Guided technology also provides operational visibility. CCC® Subrogation solutions' embedded analytics help team leaders – regardless of subrogation expertise – monitor outcomes, identify bottlenecks, and fine-tune rules. The result: faster onboarding, smaller experience gaps, consistent decision-making, and more time for value-added work.

Ultimately, this isn't just about efficiency. It's about building a smarter, stronger subrogation organization that improves with every claim.

UPSKILLING IN ACTION WITH VIRGINIA FARM BUREAU

Virginia Farm Bureau Mutual Insurance, recently recognized by **Forbes** as the #1 Best Insurance Company for Auto Insurance in the U.S., offers a strong example of how technology can transform subrogation practices and upskill teams.

After years of outsourcing inbound subrogation, the carrier made a strategic decision to bring the process back in-house to gain more visibility and build internal expertise. However, inexperience-driven errors continued to drive up costs. "When staff are inexperienced, they may pay for things they shouldn't simply because they don't recognize them," explains Anne Baskette, Director of Claims Administration for Virginia Farm Bureau and Countryway. "Automation helped with volume, but we needed a way to build knowledge and decision-making skills."

Baskette saw an opportunity after seeing the CCC® Inbound Subrogation solution in action at a conference. "I realized my team could benefit by taking back control of inbound demands and learning from the review process. By going line-by-line through estimates, they'd understand markdowns, learn how to negotiate, and regain ownership of decision-making," she says.

In March 2025, Virginia Farm Bureau piloted CCC® Inbound Subrogation. With no IT involvement required, their implementation was seamless. Early results showed improvements in subrogation variance, cycle times, and arbitration outcomes. Just as importantly, adjusters began building estimating knowledge and first-party expertise that had previously been lacking.

> With the right tools, we're turning adjusters into subrogation and insurance experts—people who can read an estimate, understand it, and defend it with confidence.
>
> **Anne Baskette**
> Director of Claims Administration
> Virginia Farm Bureau and Countryway

Change did not come without its challenges. Many adjusters, with varied experience, were hesitant to adopt a new process and viewed technology as another hurdle. "Some were comfortable with the status quo, but I knew we were leaving money on the table, losing in arbitration, and missing opportunities to counter demands," Baskette explained. "Technology gave us a consistent way to review demands and teach strategy in real time."

Today, her team is more confident and capable, moving beyond administrative processing toward true strategic decision-making. The shift has not only improved outcomes but also fostered professional growth. As Baskette puts it: "With the right tools, we're turning adjusters into subrogation and insurance experts—people who can read an estimate, understand it, and defend it with confidence."

BUILDING A **FUTURE-READY SUBROGATION WORKFORCE**

To move forward, subrogation teams need more than talent – they need the right support systems. Technology and process, when aligned, ease the burden on individuals while reinforcing sound, consistent decision-making. CCC® Subrogation solutions embed guidance directly into workflows, surface issues before they escalate, and reduce the manual effort required to perform at a high level.

This shift enables carriers to move beyond relying on a handful of seasoned experts. Instead, every adjuster gains the tools and structure to succeed, accelerating skill development while producing more consistent results. The outcome is not just better subrogation performance, but stronger financial returns

The future of subrogation lies in pairing the right people with the right tools. People bring judgment, negotiation skills, and strategic thinking; process provides structure and consistency; and technology reinforces the right decisions in real time while building lasting expertise. Together, they create an environment where every claim is not only resolved more effectively but also becomes a learning opportunity that strengthens the entire team.

The path forward is clear: embracing guided subrogation technology can help train smarter, faster, and unlock new opportunities for carriers' employees and bottom lines. Subrogation becomes more than a back-office function – it becomes a driver of growth, resilience, and competitive advantage.