

## Reduced Payment Frequently Asked Questions

### 1. What is a Reduced Payment action?

The Reduced Payment is a response-side negotiation action to facilitate the regular practice of paying the undisputed amount of a claim/making a payment for less than what was demanded.

### 2. Why is this new functionality being introduced?

This enhancement will afford more clarity and transparency to the negotiation process and provide for more accurate claim reporting data. In its absence, the Counter Offer function was frequently used when making a reduced payment and the responding party's intent was less clear.

### 3. What is the difference between a Counter Offer and Reduced Payment action?

The responder should select the Reduced Payment when they want to issue a reduced payment and advise the demanding party that they do not intend to negotiate any further.

The Counter Offer option is selected by the responder when they want to convey a negotiation position and will likely not be issuing a payment for a reduced amount at that point in time. They may choose to send a payment when making a Counter Offer as this can be an indication they are willing to negotiate further on the matter.

### 4. As a responder, can I just close the E-Subro Hub demand once a Reduced Payment has been completed?

No. Only the demanding party has the ability to close an E-Subro Hub claim. However, a Reduced Payment action will remove the demand from the response-side Worklist.

### 5. As a responder, can I deny any future negotiation related to a previous Reduced Payment?

Yes. The responder can deny the matter if a prior payment has been completed and no further negotiation will be considered.

### 6. As a responder, can I send an additional payment amount if warranted?

Yes. If the demanding party has submitted a supplement or new evidence, the responder can initiate a new Reduced Payment event to add to a prior payment. The system will ask if the prior Reduced Payment was issued.

### 7. As a responder, can I select the Reduced Payment action at one time, and then opt for the Counter Offer action later?

Yes. The responder can use the Reduced Payment feature and then user the Counter Offer action if the initial selection was an error, the decision was changed, or to confirm a prior negotiation.

This can be done at the same time (error) or later in the claim handling process (decision change/reconfirm). However, if the initial Reduced Payment has been issued that would likely be final.

**8. As a responder, can I select the Counter Offer action at one time, and then opt for the Reduced Payment action later?**

Yes. The responder can use the Counter Offer feature and then use the Reduced Payment action if the initial selection was an error or the decision was changed. This can be done at the same time (error) or later in the claim handling process (decision change).

**9. As a responder, what happens if I forget to send the Reduced Payment amount?**

The responder can issue a payment at any time based on their current workflows and business practices. It is likely the demanding party will inquire as to why a payment has not been received based on the Reduced Payment action. The E-Subro Hub Guidelines encourage members to issue payments within seven days of sending an Acceptance or Reduced Payment.

**10. As a responder, can I use the Counter Offer action and still issue a payment for the current offer amount?**

Yes. This was a common practice prior to the Reduced Payment functionality being introduced. However, this will reduce the accuracy of reports related to the demand, as there would be no way to know if a Counter Offer included a payment.

**11. As a responder, does the demand override work with Reduced Payment?**

Yes, the responder will have to select a reason for the demand override, either apportionment or policy limit.

**12. As a demander, how will I receive a Reduced Payment action from the responder?**

The E-Subro Hub demand will show up on the demander-side owner's Worklist due to a high priority negotiation event. Additionally, an email notification will be triggered if that configuration is active for the company. The Reduced Payment event will be documented on the Damages & Liability page and in the Activity Log.

**13. As a demander, why did the responder use a Counter Offer action and send a reduced payment draft?**

The responder may have selected the Counter Offer when making a reduced payment to indicate they are still willing to negotiate. Alternatively, members who are fully integrated with AF and working demands from their claim system may not have made the update to include the Reduced

Payment function. Until the update is made they will continue to use the Counter Offer action to make reduce payments.

**14. As a demander, can I still Counter Offer a Reduced Payment?**

Yes. If the demanding party receives a Reduced Payment event, they still have the option to continue negotiating, but the demander's next decision should take into consideration the intent of the responding party.

Adding a previously unknown supplement or new piece of evidence could be appropriate reasons to make a demand-side counter offer to the responder for further consideration.

**15. As a demander, can I accept a Reduced Payment offer?**

Yes. If the Reduced Payment amount is acceptable, the demander can close the demand based on current claim handling practices.

**16. As a demander, can I close the demand if I feel a Reduced Payment resolves the claim?**

Yes. The demander can consider the Reduced Payment sufficient to resolve the matter and close the demand.

**17. As a demander, can I file arbitration if I do not agree with the Reduced Payment amount?**

Yes. The demander can consider arbitration if a pending balance is in dispute.

**18. As a responder, if the demander files arbitration, will my Reduced Payment amount appear in the Total Recovery Solution® (TRS®) case?**

Yes, the Reduced Payment amount will appear in the Feature Response under the Prior Payments Made section.

**19. As a demander, can I add a supplement after receiving a Reduced Payment event?**

Yes. The demander can add a supplement to a demand that has a previous Reduced Payment event. As noted in the E-Subro Hub Industry Guidelines, supplements are an accepted part of the subrogation process, but issuing demands where there are known supplements should be avoided, unless applicable case law or statute may impede recovery by waiting.

**20. As a demander, can I acknowledge the Reduced Payment?**

Yes, the demander can acknowledge the Reduced Payment from Add Payment page.

**21. Why does the Damages & Liability page look different now that Reduced Payment is available?**

The Damages & Liability page was enhanced to provide a more streamlined view. The revamped tab now includes an Original Damage section so both parties can see the initial demand amount at any point in the life of the claim. There is a Demander Offer box to show the current demander position. Lastly, a Responder Offer section to show the current responder position.

**22. Why are some of the labels different?**

The Damages and Liability entry labels have been revised to reflect the new format and functionality.

**23. Does Settlement Exchange System<sup>®</sup> (SES<sup>®</sup>) work with the Reduced Payment action?**

Yes. If the parties are configured for SES, the Reduced Payment action will trigger an SES workflow.

**24. Will the E-Subro Hub reports capture the Reduced Payment negotiation?**

Yes, a column will be added to the Issued, Open, and Closed Demand Detail reports.

**25. Can a Reduced Payment position be an admission of liability for a related coverage or future arbitration?**

No. Currently, no E-Subro Hub negotiation position is binding to any related coverage or arbitration matter.