



# Building Customer Loyalty with Instant Claims Payments

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A simple solution for paying claims immediately  
to any account the policyholder chooses

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## The way in which people want to be paid is rapidly changing, and nowhere is this truer than for policyholders impatient to have a claim paid out.

Their expectations for immediate payment go hand in hand with the widespread digitalization of so many other routine activities. Need a place to eat? Make a reservation online. Want to pay for something? Just swipe your phone. Awaiting a payment yourself? It's only reasonable to expect the same speed and convenience.

Except that for the claimant, a claims payment is neither routine nor about just getting paid. For the insured, submitting a claim can be an emotionally fraught experience, the outcome of which can mean the difference between financial calamity and being able to proceed with one's life. Receiving a claims payment quickly and without a runaround is the difference between a promise kept and a promise broken.

For the insurer, the corollary to this is that issuing a rapid versus a delayed payment is often the difference between a customer retained and a customer lost.

***“Receiving a claims payment quickly and without a runaround is the difference between a promise kept and a promise broken.”***



Customers will switch to a new insurance provider following a negative claims experience, according to studies by PwC and Accenture.



Percent of indifferent claimants will shop for a new carrier within 12 months due to a claim experience.<sup>1</sup>

Sources:

1. J.D. Power 2018 U.S. Property Claims Satisfaction Study<sup>SM</sup>

# Instant claim payments are becoming a key differentiator

Insurers everywhere are focused on digital transformation. But with regards to underwriting and claims, what does that really mean? Today, there are three leading trends when it comes to deploying new digital technologies to enhance a carrier's claims and underwriting functions.

The first is tapping unstructured data from sources like social media sites and blogs to help expedite underwriting and claims decisions. Carriers are finding success at using this data to develop more accurate risk scores and customer profiles, deliver bindable quotes within minutes and arrive at claims decisions within hours—not days or weeks.

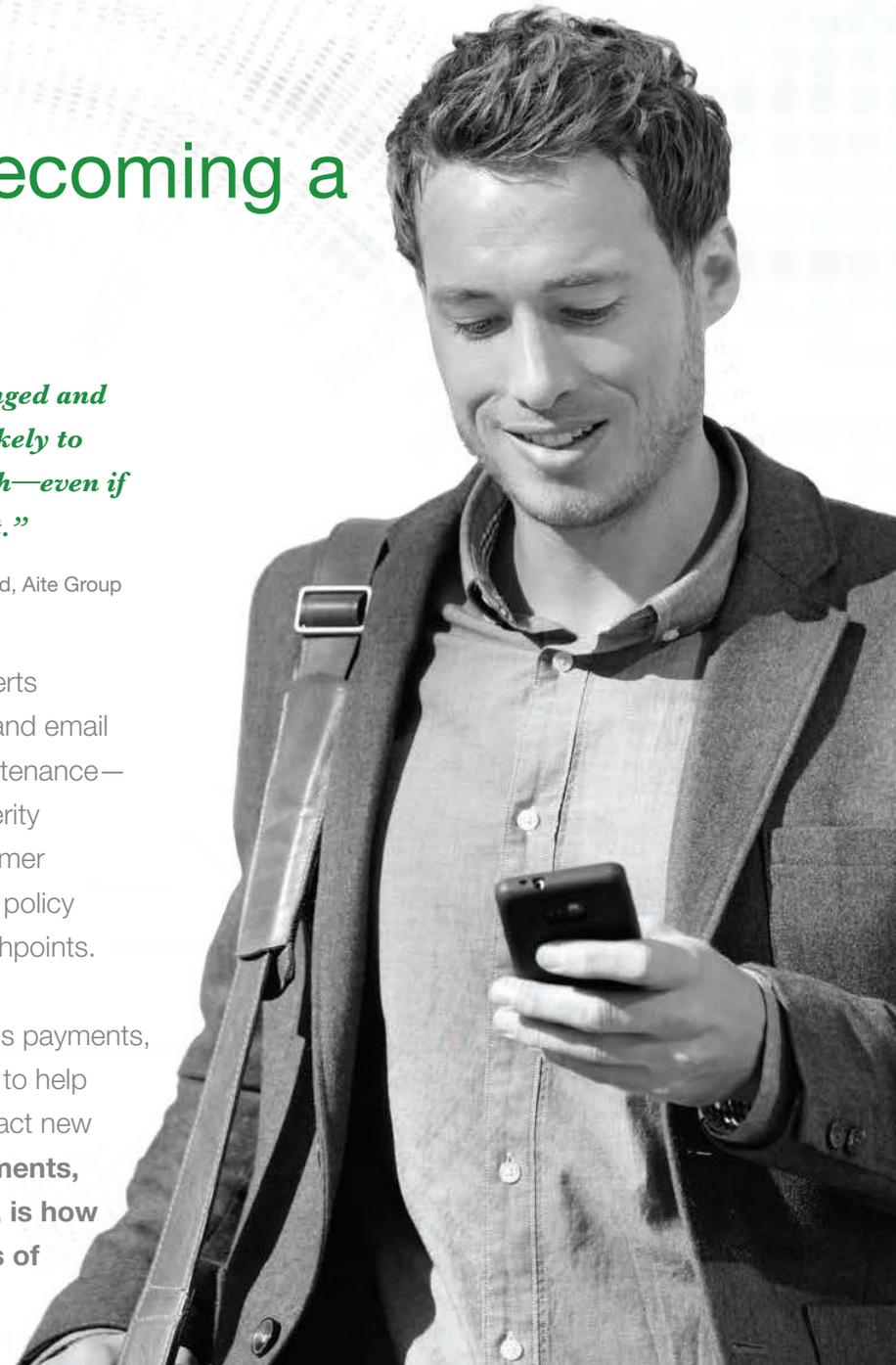
The second is devising technology-based loss-control strategies as a way to reduce claims and engage more deeply with policyholders. The use of digital

*“If the claims process is prolonged and difficult, the customer is very likely to switch carriers in the aftermath—even if the claim is ultimately paid out.”*

Jay Sarzen, P&C consulting and research lead, Aite Group

communications—such as text alerts about potential property hazards and email reminders to perform routine maintenance—are reducing the number and severity of claims and extending the customer relationship beyond the traditional policy renewal and claims reporting touchpoints.

The third key trend is instant claims payments, which are increasingly being used to help insurers retain customers and attract new ones. **The virtue of instant payments, also known as push payments, is how they contribute to higher levels of customer satisfaction.**



## DEFINITION: What are Push Payments?

Push payments are essentially debit transactions in reverse. They make use of the same ‘payment rails’ or networks, and the same payment cards and accounts, that consumers already know and trust. They also require the same level of compliance and communication.

With a push payment, instead of a consumer issuing a payment to a merchant, a business issues a payment to the consumer.

“If the claims process is prolonged and difficult, the customer is very likely to switch carriers in the aftermath—even if the claim is ultimately paid out.,” observes Jay Sarzen, the lead consultant and researcher for the property and casualty segment at the Aite Group.

For claimants, Sarzen notes, one of the most frustrating elements of the process comes after the claim has been settled, but while they are still waiting to receive a check and for it to clear. This is especially true in the event of

a catastrophe, when these customers may have difficulty accessing their banks, cashing checks and transferring funds.

**Sarzen also points out that of all these leading-edge technologies, rolling out instant claims payments requires the least investment and organizational effort, but offers one of the highest returns.**

## FACT CHECKS:

**When it comes to insurance payments....**

- **82% of consumers say claims payments must be fast and that speed is important to them.<sup>2</sup>**
- **77% of consumers say they want the funds from their claims payments to be immediately available to spend.<sup>3</sup>**
- **53% of consumers complain of the inconvenience of having to go to the bank to deposit a check.<sup>4</sup>**
- **58% of claimants cite the settlement taking too long as a reason for missed expectations on a claims experience.<sup>5</sup>**

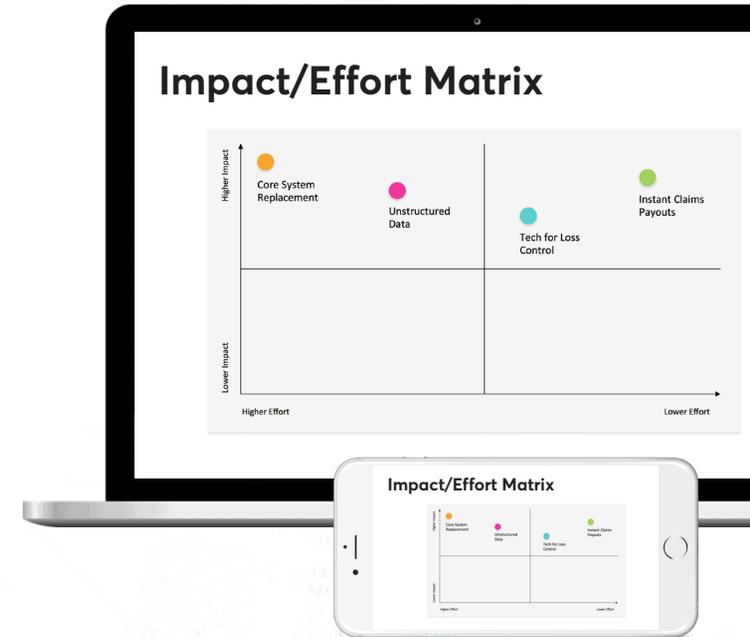
Sources:

2. PYMNTS Disbursement Satisfaction Index, July 2018

3. Ibid

4. Ibid

5. Safelite proprietary data, July 2018



# What to look for in an instant payment solution

Recognizing the competitive advantages of a streamlined claims process, a growing number of insurers are moving to make their claimants whole as rapidly as possible. To resolve claims quickly and with minimal intrusion on the customer, they are turning to verification and assessment technologies like drones, visual analytics and the Internet of Things. And to complete the process, they are deploying instant payment systems.

This has led to some very powerful solutions. Mobile apps, like Safelite's ClaimGo, allow policyholders to submit, verify and collect payment on a claim using their smartphone—and without ever having to meet or speak with an adjuster or a claims manager.

**The chief objective behind an instant payment system is to increase the odds that the customer won't shop around in the aftermath of a claims experience.**

## **FACT CHECKS:**

- **72% of businesses say that improving the customer experience is their top priority.<sup>6</sup>**
- **Insurers that have achieved the highest levels of customer satisfaction have also been the most effective at managing customer expectations for the time it will take to settle claims.<sup>7</sup>**

The goal is to delight policyholders so that they will share their positive experience with others. Early adopters are finding that check-free claims payments are a useful customer acquisition tool, particularly among millennials who have a strong preference for digital transactions.

To achieve these ends, the insurer's payment system should meet five basic requirements:

- 1.** It should offer the option of delivering the funds to the account of the customer's choosing—including debit and credit cards, pre-paid cards and digital wallets such as PayPal.
- 2.** It needs to offer dial-tone reliability – since push payments are relatively new, not all networks are created equal. If your customer doesn't receive funds due to a transactional failure, it's almost worse than promising to pay her instantly in the first place.
- 3.** There must be fraud mitigation in place. Checks are fraught with risk – they can be stolen out of a mailbox or incorrectly delivered. Even ACH can be tampered with if there's no identity and account verification. Because instant push payments are irreversible, it is critical to ensure that you are paying the right person.

Sources:

6. Forrester Research April 12, 2016

7. J.D. Power 2018 U.S. Property Claims Satisfaction Study SM

4. There must be a streamlined process for reconciliation. Once you've added additional payment methods, the work on the back end to match up those transactions in your accounting system becomes considerably more complex. It's important to have a way to unify these transactions into a single report.

5. It must offer an easy, frictionless experience to the customer, holding their hand through the process and offering customer support.

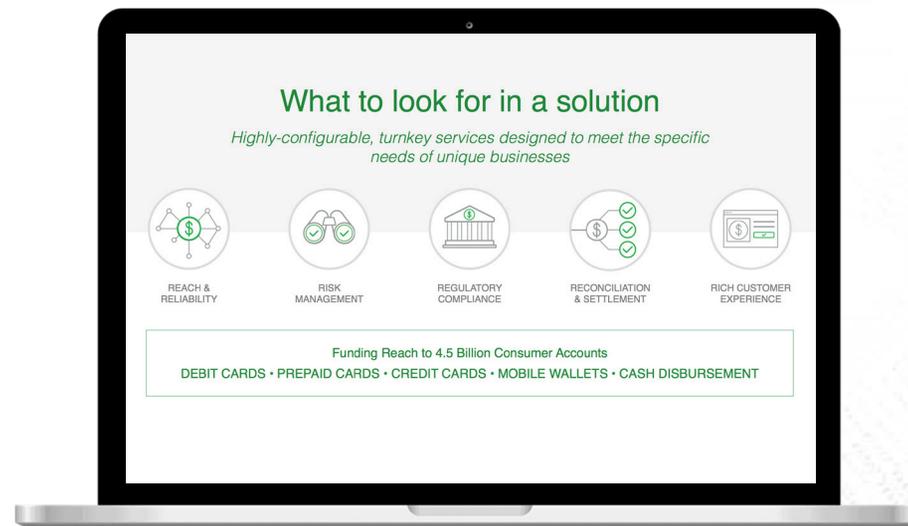
For the insurer, instant payments have the added advantage of lowering the cost of the

claims cycle by eliminating paper checks and manual procedures in favor of a completely automated digital process. This makes them especially well-suited for claims involving a series of regular payments, such as workers comp payments, or high volumes of payments, such as low-severity auto claims and product warranties.

Push payments can also reduce the instances of claims fraud, since with a digital instant payment the person who will receive the funds is always identified.

#### FACT CHECKS:

- **Fewer than 5 out of 100 consumers are satisfied with checks (see J. Rohde's webinar presentation)**
- **65% of consumers say speed is a priority when it comes to receiving payments, and 80% prefer providers who meet this need.<sup>8</sup>**
- **73% of millennials want instant payments and don't believe traditional banking services are relevant to them.<sup>9</sup>**



Sources:

8. Visa proprietary study Digital Disbursements: Consumer Preferences Survey, November 2017

9. IPSOS 2016 Loyalty Study: The Millennial Influence

# The Case for Instant Auto Claims Payments

In the U.S., there are 20 million auto claims a year, but 70% of these are for minor accidents in which the vehicle incurs some damage but can still be driven. For auto insurers, these low-severity incidents present an enormous opportunity to dramatically streamline their claims cycle and reduce their operating costs, even as they elevate their customer service levels.

For claims filing and adjudication, auto carriers are turning to smart phone-based self-reporting. Policyholders are given the option of submitting their claim, along with photos of the vehicle damage that they've taken with their phone, using an app that they download. They don't need to take their car to an adjuster—or even to speak with a service rep unless they want to—and they often receive a repair estimate within the hour.

As soon as the claimant accepts the estimate, some carriers have begun using an instant payment platform to immediately release the funds to the agreed upon auto shop, so the repair work can begin that same day. This also allows the carrier to ensure that the money is being used for its intended purpose, greatly reducing the possibility of fraud.

From the insurer's point of view, digitizing the complete claims experience squeezes numerous steps out of the process for a significant savings in both time and money. And from the insured's standpoint, the new process reduces the unpleasantness associated with a fender bender to an absolute minimum—they don't even have the hassle of cashing a check.

***“We’re always looking for innovative ways to provide convenience to our customers. By partnering with Ingo Money, customers can receive a payment seconds after the estimate is completed.”***

Mike Naom  
AVP Client Experience  
Safelite Solutions

# Ingo Money—the instant money company

Another compelling advantage of push payments for insurers is that deploying this disruptive new technology doesn't have to disrupt their business. Using Ingo Money's Instant Money as a Service platform, deployment can be quite painless.

**“Instant payments are a compelling business case,” states Aite's Sarzen. “You have the ability to layer on a solution that is no risk to you, makes policyholders happy and might save you money. It's a quick win.”**

Ingo Money was the first company to provide a push payment solution, and began working with Visa in 2012. To date, the Ingo platform has made \$16 billion in payments and is still the only instant payment solution provided as a service.

For insurers, Ingo Money provides three convenient integration options:

- 1.** A simple, lightweight API that supports push-payment transaction origination with a two-step sequence of calls invoked upon the receipt of payment instructions;
- 2.** A PCI-compliant, software-as-a-service branded user notification and payment claims interface that captures recipient account data and payment destination preferences, and
- 3.** An iframe component service that provides secure, PCI-compliant platform integration with tokenization.

Regardless of which option is deployed, Ingo Money makes real-time money movement easy for insurers. Using any of these integrations, Instant Money as a Service is typically deployed within 90 days.

As customer attitudes continue to evolve and the instant mindset becomes the

norm, insurers must deploy a payments disbursement system to match. Ingo Money's push payment technology and expertise makes this a fast, simple and relatively inexpensive undertaking. And once Ingo Money's Instant Money as a Service is in place, insurers can immediately begin issuing no-wait, ready-to-spend claims payments to the account of the claimant's choosing.

**To learn more** about how instant claims payments can delight your policyholders, visit [biz.ingomoney.com](http://biz.ingomoney.com) or email [sales@ingomoney.com](mailto:sales@ingomoney.com) to talk with a payments expert.

***“Fast isn't good enough. ‘Fast funds’ was last year's terminology. Now it's ‘instant money.’ We're in the middle of a transformation. We'll look back in five years and say, ‘Remember when payments were slow?’”***

Cecilia Frew, Head of US Push Payments & SVP, Visa