



5 Reasons Why Insurers Should Modernize Their Claim Payment Process



Modern US insurance providers are focused on accommodating the changing expectations of their customers: improving customer service, streamlining claim payment processes, reducing manual disbursement methods and increasing the speed of claim payment delivery.

A digital payout solution can help transform all five of these areas to meet – and exceed – the new demands.

The US insurance industry is experiencing a number of local challenges. The COVID-19 pandemic accelerated the need for digitization in insurance, and with that came a wave of compliance requirements. But as the insurance norm becomes digital, the playing field is leveled and insurers must find new ways of standing out. They will have to compete more on customer experience, trust, loyalty, and personalized products – less so on price. And this is set on a backdrop defined by intensifying regulation. Legislators are signing strict regulations that set a higher bar for privacy laws – creating additional cost and customer retention pressures that insurers must consider in their evolving strategies.



Here are five reasons why digitizing and modernizing claim payments should be a central focus for any insurance firm in North America that wishes to stay ahead of the curve.

1

Keep up with changing demographics.

Insurers will need to develop new online and mobile channels – not to mention digitize their entire claim process, from claim registration to final payment – to attract the new generation of customers. Most millennials are not familiar with paper checks; if insurers want their services to resonate with this demographic, they'll need to implement new ways to issue claim payments through more digital payment methods, such as PayPal, in addition to direct to debit card and bank deposit.



2

Drive customer satisfaction.

With more insurers to choose from and more ways to buy insurance, companies need to find unique ways to differentiate themselves from competitors. Consumers today are accustomed to an exceptionally sophisticated level of customer service. Whether it's taking and uploading a photo of damages via a smartphone app, or video chatting with an agent, digital experiences can have a huge impact on customer satisfaction, and therefore, revenue generation.

When customer trust is strong, financial services firms reap financial, competitive, and reputational benefits, enabling them to expand and extend customer relationships. When it is weak, they lose those benefits and have to fight harder to win business.

The insurance claim process is crucial, and customer experience hinges on the fast, efficient distribution of funds. Optimizing this process is therefore a crucial way to improve an insurer's approval rating (Net Promoter Score). Not only is a digital claim payout process inherently faster than the manual distribution of checks, but it can also help reduce claimant anxieties and boost satisfaction by increasing visibility into the payment transfer. [Payout tracking tools](#) and transfer notifications can go a long way to reassure claimants and improve their overall satisfaction.

3

Streamline claim payout processes and operations.

Insurance payout processes are often manual and include a great deal of paperwork, follow up correspondence, manual notifications, underwriting, and documentation. All of these administrative tasks take time and, time is not something that today's consumers are willing to endure. To kick operations into high gear, insurance companies need to focus their efforts on creating dynamic interactions with their policyholders, across all stages of the claim process.

Technology will be required to accomplish this interactivity, not only to automate the claim documentation and assessment process, but the final claim payout itself. Payment disbursement platforms are designed to automate and streamline the payment process while reducing the operating cost associated with payment disbursements. These savings can help to offset the rising cost of compliance with data and privacy regulations facing North American firms.

4

Reduce claim expenses and eliminate checks.

Insurers are looking at ways to eliminate any unnecessary steps from their claim process, including automating routine transactions and eliminating paper documents. Settling a claim by issuing checks is a slow and increasingly expensive payment method, not to mention checks can easily be lost in the mail. This leads to further costs in reconciliation, as well as a poor experience for the customer, potentially resulting in reduced brand loyalty.



To mitigate the overall cost of a claim payment, insurers are turning to payout solutions that offer centralized treasury management tools capable of streamlining and optimizing their claim payment workflow. These payment platforms give policyholders the option to self-select their preferred claim payment method through web and mobile-first interfaces. While it may be difficult to remove checks entirely from your claim payment process, providing payout options can help your organization organically transition away from this payment method – and the associated costs.



5

Deliver fast claim payment.

With hyperconnectivity defining many insurance customer interactions in the US, it's no surprise that policyholders have become increasingly impatient. Traditional forms of claim payouts can take weeks, but today's claimants want fast, if not, real-time resolutions. Digitized claim disbursement platforms speed up the payment process and provide today's digital generations increased visibility and transparency into the payment disbursement.

So, if you're an insurer in the US, now is the time to consider digitizing and automating your claim payment process.

By automating the claims process, companies are able to improve accuracy and reduce the usual time required to process claims by 50%.¹



1. WorkFusion, Article-Top Use Cases for Automation in the Insurance Industry, October 2021.



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2. Morning Consult, The 15 Most Trusted Brands Globally, March 2021. Morning Consult surveyed over 330,000 consumers across 10 international markets to provide a global view on the current state of consumer trust across brands.

3. Checkout conversion measured from the point at which the customers starts to pay. Nielsen, commissioned by PayPal, July 2020 to September 2020 of 15,144 US consumers to understand and measure the impact that PayPal has for US-based LE merchants across different verticals.

