5 Reasons why insurers should modernise their claim payment process
Claim Payment Process

Modern UK insurance providers are focused on accommodating the changing expectations of their customers¹: 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 UK insurance industry is feeling the strain of these new pressures. Insurers must leverage available digital capabilities across their entire claim payment process, especially in the last mile; the claim payout. Here are five reasons why digitising and modernising claim payments should be a central focus for any UK insurance organisation that wishes to stay ahead of the curve.
1. Keep Up with Changing Demographics

According to The Deloitte Global Millennial Survey 2019, millennials now comprise 49% of the global workforce; the Digital Native demographic is old enough to own cars, homes, and other insurable assets. Therefore, insurers will need to develop new online and mobile channels – not to mention digitise their entire claim process, from claim registration to final payment – in order to help penetrate this segment. Many millennials are not familiar with paper cheques; if insurers want their services to resonate with this demographic, they’ll need to implement new ways to issue claim payments using more digital payment methods, such as PayPal in addition to direct to debit card and bank deposit in the UK.

2. Improve 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 initiatives can have a huge impact on customer satisfaction, and thus, revenue generation.

Not to mention that Forrester found that over the last five years, UK insurer customer experience has been mediocre and narrow – with the vast majority scoring between 60 and 70 on a scale of 100. This sets a scene for an emerging leader who can capitalise on available digital tools.

The insurance claim process is crucial to overall insurance, and customer experience hinges on the fast, efficient distribution of funds. Improving this process is therefore one of the fastest ways to help improve an insurer’s approval rating (Net Promoter Score). Not only is a digital claim payout process inherently faster than the manual distribution of cheques, but it is also likely to reduce claimant anxieties by increasing visibility into the payment transfer. Payout tracking tools and transfer notifications can go a long way to help reassure claimants and improve their overall satisfaction with your services.
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 this administration takes time, and time is not something that today’s consumers are willing to endure. In order to kick operations into high gear, insurance companies need to focus their efforts on creating dynamic and interactive 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 process and assessment, but the final claim payout itself. Payment disbursement platforms are designed to help automate and streamline the payment process while reducing the operating cost associated with payment disbursements.

Payment disbursement platforms are designed to automate and streamline the payment process
4. Reduce Claim Expenses and Eliminate Cheques

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 cheques is a slow and increasingly expensive payment method, not to mention cheques could easily be lost in the post, a problem that leads to further costs in reconciliation, as well as a poor experience for the customer.

To mitigate the overall cost of a claim payment, insurers are turning to payout solutions that offer centralised treasury management tools capable of streamlining and optimising 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 cheques entirely from your claim payment process, providing payout options can help your organisation organically transition away from this payment method – and the associated costs.

5. Deliver Fast Claim Payment

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

If you’re an insurer in the UK, now is the time to consider digitising and automating your claim payment process.
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PayPal increases checkout conversion by 66%

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1 Deloitte: Insurers’ digital business models: How to meet supervisory expectations
2 https://gemseek.com/blog/best-customer-service-experience-loyalty-insurance/
3 Statista Global Consumer Survey - Online Payment: PayPal brand report in United Kingdom, April 2020
4 Nielsen, Commissioned by PayPal, a study to understand and measure the impact that PayPal has for UK-based LE merchants across different verticals (e.g., health & beauty, travel, fashion) by Nielsen Media Behavioural Panel of desktop transactions from 13,013 UK consumers who are PayPal users, from October 2019 to September 2020.