

PreferPay® innovation is good for vendors.



In a world of instant gratification, waiting for a check to arrive in the mail feels unbearable. Consumers have been making the shift towards faster payment methods for decades: paychecks have been replaced by direct deposits, personal checks been replaced by credit and debit cards, and we instantly pay our friends and family through instant money transfer services through banks or third-party apps.

The [insurance industry](#) is starting to catch on. With the introduction of new products like [CommercePayments™ PreferPay®](#), insurance companies can now send funds to their claimants and vendors in as little as 30 minutes, which giving access to claims funds in record time.

The insurance industry desperately needs this service. Checks, especially third-party checks, are notoriously slow forms of payment. Not only do they take time to approve, cut and mail, the recipient has several steps to complete before they can actually use the money. Collecting the correct endorsements by third-party vendors is a hurdle, and even then, banks will often hold the check due to its large amount and irregularity. This potentially adds up to 2 weeks of extra time before claim funds are available to use by insured individuals and any vendors.

CommercePayments™ PreferPay® is an innovative solution that allows a payee to choose the method that funds are sent to them. It can be used in a variety of situations, most commonly, when an insurance company is ready to pay on an insurance claim, they direct the insured to a secure portal. Once there, the insured can choose to receive funds directly to their debit card, through a direct deposit or be sent a check.

However, PreferPay® is not limited to business-to-consumer transactions. Insurance companies can use this same tool to facilitate payments to third-party vendors like autobody shops and home repair companies. Any vendor that needs to receive payout as part of an insurance claim can elect to expedite their funds by choosing an electronic payment method, rather than waiting for a check to arrive in the mail. This can dramatically speed up the timeline of completing work, making repairs and closing claims.

As you can imagine, giving the power of choice to the vendor has a profound effect on satisfaction. Vendors, many of whom are small, local businesses, commonly have challenges collecting payment. With cash flow being an issue, vendors are excited to have the option to receive payment quickly. As a result, your insureds' projects may be prioritized over others.

Insurance companies using this solution have heard positive reviews from customers, vendors and adjusters alike. They see streamlined claims payments, reduced Loss Adjustment Expenses (LAE) and easier payment reconciliation. Every time a claimant or vendor chooses an electronic payment method, insurance companies save money on check costs like paper and postage. Not to mention a decrease in potential [check fraud](#).



Insurers also gain electronic payment and remittance information, which is easily tracked and stored (with no room for human error). This keeps adjusters and other employees happy and engaged in an easy claims payment process before and after payment. Best of all, insurance companies do not have to change their banking relationships to take advantage of payment solutions like PreferPay®.

[CommercePayments™ PreferPay®](#) is powered by Commerce Bank, a long-standing financial institution that's made a name for itself in the payments industry. Commerce Bank puts resources behind all of its payment solutions. That means that when an insured or vendor has questions about their payment, they call Commerce Bank. Commerce Bank handles any and all [questions about payments](#), saving employees countless hours of customer service and vendor service calls.

This type of innovation in claims payments is crucial to the future of the insurance industry. In order to stay competitive, insurance companies need to seriously consider new technology solutions, or else risk falling behind. To learn more about how Commerce Bank can help you rise to the challenge, visit our [insurance industry solution webpage](#).

