ACCELERATING THE BILLING & PAYMENT PARTNER SEARCH

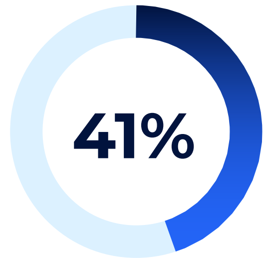
FIVE ESSENTIALS INSURERS MUST IDENTIFY TO ACHIEVE LONG-TERM SUCCESS

PRESENTED BY

Paymentus

OVERVIEW

The battle to win and retain policyholders has never been more fierce as consumers have more options and higher expectations than ever before. 41% of policyholders who had difficulties with their insurers say they are more likely to switch providers due to a lack of digital capabilities*, according to PwC survey data.



OF POLICYHOLDERS ARE MORE LIKELY TO SWITCH PROVIDERS DUE TO LACK OF DIGITAL CAPABILITIES

While claims, coverage options and cost most certainly factor into any loyalty discussion, there's no getting around the fact that nearly half of policyholders will select a provider based on their digital capabilities (or lack thereof). Which begs the question: **is your billing and payment solution provider delivering a digital customer experience that drives satisfaction and loyalty?**

As your most frequent policyholder touchpoint, billing and payments offer a unique opportunity to elevate your organization in the eyes of current customers and prospects. This places an outsized emphasis on working with a provider that can deliver innovation, flexibility and cost savings – today and in the future.

THIS EBOOK SERVES AS A GUIDE IN HELPING INSURERS IDENTIFY THE FIVE MOST CRUCIAL ASPECTS OF THE BILLING, PAYMENT AND CLAIMS EXPERIENCE THAT SEPARATE BEST-IN-CLASS PARTNERS FROM THE REST.

From enabling cash bill pay to real-time reporting and reconciliation, you'll get an inside look at how your organization can evaluate potential partners based on today's most important criteria.

*PWC, COVID-19 Consumer Insurance and Retirement Pulse Survey, June 2020

THE FIVE ESSENTIAL

ASPECTS TO CONSIDER WHEN CHOOSING THE IDEAL BILL PAY PARTNER

01 INTEGRATION FLEXIBILITY

02 INCLUSIVE PAYMENT METHODS

03 COMPREHENSIVE PAYMENT CHANNELS

04 REAL-TIME PAYMENT REPORTING & VISIBILITY

05 HOLISTIC PLATFORM

ESSENTIAL #1:
INTEGRATION FLEXBILITY

WHAT IT MEANS

Integration flexibility is the foundational aspect that can single-handedly determine the long-term success of your billing and payment partner relationship. In this context, integration flexibility refers to two particular areas:

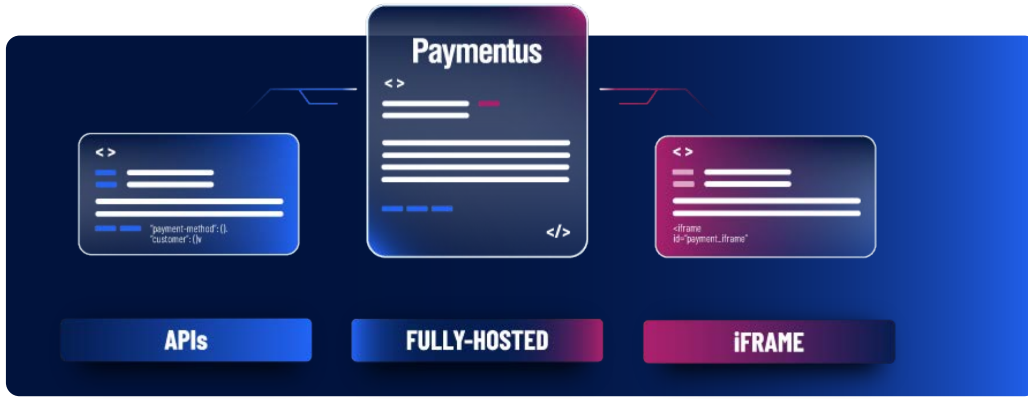
1. **Solution deployment models**
2. **Compatibility with Core Operating Systems and Customer Information Systems (CIS)**

Insurers looking to modernize their platform must place a heavy emphasis on working with bill pay providers that can meet their specific needs without necessitating customizations.

ESSENTIAL #1: INTEGRATION FLEXBILITY

WHY IT MATTERS

The integration is the official meeting point between the insurer, its CIS and its billing and payment partner. To deliver seamless connectivity throughout this setup and ensure peak performance of all functions (e.g., accurate billing, payment collections and processing, reporting and reconciliation, etc.), insurers must rely on billing and payment providers that can deliver integrations that fully meet their business needs and goals.



This is first accomplished by offering various solution deployment models. For instance, Paymentus offers iFrame, APIs or Fully Hosted Integration models. This optionality gives insurers the ability to proceed with a deployment strategy that best meets their goals and technical requirements. A good partner will help educate you on which option may be best based on your current structure and business goals. For example, suppose you have a strong existing web experience. A partner may advise iFrame integration because it allows for the whole experience to stay on your current site and save customers' payment methods through tokenization.

ESSENTIAL #1:
INTEGRATION FLEXBILITY

A second element of the integration is the ability for your bill pay partner to integrate with the core systems and CIS. This interoperability is essential so that current business-critical functions, like accounting software or policy management platforms, are maintained and do not become siloed. Here, the billing and payment solution must be fully integrated, with the ability to maintain connectivity and reporting and securely scale as your customer data grows and evolves.

Finally, is your partner reliant on customizations in order to integrate with your platform? These might include development teams adding custom code to enable a feature. But these “fixes” inevitably add layers and create gaps and roadblocks to future innovations because building on customizations relies on further customizations. For these reasons, it’s recommended insurers select solutions built on single-source code that are configurable to your needs. This removes the need for added work and development.

ESSENTIAL #1:
INTEGRATION FLEXBILITY

TOP CONSIDERATIONS

WHEN SELECTING A BILL PAY PARTNER

DEPLOYMENT MODEL FLEXIBILITY – What integration models can prospects offer? Do you have the ability to choose a model that works best for your requirements?

CORE SYSTEMS AND CIS INTEGRATION – Are they integrated with leading providers? Can they accommodate a switch? Are they truly integrated so systems and reporting will not become siloed or delayed?

CUSTOMIZATIONS VS. CONFIGURATIONS – Is the solution reliant on customizations to achieve integration or when adding features later? What does this process look like?

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ESSENTIAL #2:
INCLUSIVE PAYMENT METHODS

WHAT IT MEANS

Receiving payments is the lifeblood of any business. While driving customer adoption of various payment methods or channels can produce cost savings and efficiencies for insurers, the fact is that policyholders will pay based on either their preference or their circumstances. Inclusive payment methods mean offering a full spectrum of payment options that range from traditional checking accounts and credit cards to digital wallets and cash bill pay.

The main role of any billing and payment solution is to enable policyholders to pay their premiums and receive claims payouts however they choose. With competition at an all-time high, offering payment and payout options that cater to a wide variety of customer preferences is one of the best ways to ensure policyholder satisfaction and loyalty.

ESSENTIAL #2: INCLUSIVE PAYMENT METHODS

WHY IT MATTERS

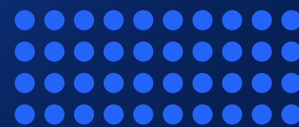
Did you know that more than 18.7 million U.S. households are considered underbanked, and another 5.8 million are unbanked* and rely on cash to make their payments?

We highlight this statistic to show that it's not simply enough to offer increasingly popular digital payment options. Insurers must align themselves with partners that can deliver every payment method – from traditional payment methods such as ACH, credit cards and debit cards to digital wallets like PayPal, Venmo, Apple Pay and Google Pay, as well as cash. Customers will also want the ability to receive disbursements following a claims experience in their same preferred payment method.

But the biggest factor here is not only finding a partner that can enable all of these payment methods, it's finding a single partner that can do so without added gateways or contracts with additional vendors. For example, if adding PayPal and Google Pay to the platform means contracting with multiple vendors, you're now facing the prospect of added costs, added complexities, gaps in security and reporting, and the reliance on multiple vendors.

18.7m

U.S. HOUSEHOLDS ARE CONSIDERED UNDERBANKED



● = 500,000 U.S. HOUSEHOLDS

*FDIC National Survey of Unbanked and Underbanked Households, 2021

59%

OF CONSUMERS WHO TRIED A NEW PAYMENT METHOD IN THE PAST YEAR USED A DIGITAL WALLET

**PYMNTS, New Payment Options, Nov 2022

TOP CONSIDERATIONS

WHEN SELECTING A BILL PAY PARTNER

FULLY INCLUSIVE – Can their offering support every way to pay including cash? Are all payment methods available through all channels? Can claims payouts be disbursed instantly through digital payment methods like PayPal digital wallet?

ADDED GATEWAYS – Do payment methods come standard within the solution or will they need to be outsourced? What is the provider's expansion plan should your organization wish to incorporate new payment types?

REAL-TIME REPORTING – Can all payments be tracked in real time, regardless of method? Is this automated or does it require manual intervention? Can reporting easily indicate which payment methods are being used? Can reporting track claims disbursements and which payment methods customers select to receive funds?

"THERE'S NOTHING MORE POWERFUL OR IMPORTANT THAN POLICYHOLDER LOYALTY AND TRUST. WITH RELATIONSHIPS THAT SPAN GENERATIONS, WE SERVE A CLIENT BASE THAT STILL PLACES VALUE ON PERSONAL INTERACTIONS.

STILL, THEY WELCOME NEW CAPABILITIES AND CONVENIENCES LIKE AUTOPAY THAT ENABLE THEM TO TAKE CARE OF CERTAIN TASKS WITH EASE, SO WE CAN SPEND MORE TIME WITH THEM BUILDING RELATIONSHIPS THAT LAST."

DUSTIN WILSON

Manager of Digital Experience and Retention, [Alfa Insurance — a Paymentus Client]

ESSENTIAL #3:
COMPREHENSIVE PAYMENT CHANNELS

WHAT IT MEANS

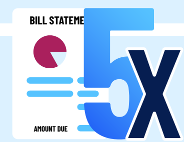
Payment channels differ from payment methods in that a channel is the avenue through which a policyholder uses a payment method (e.g., credit card = method, web portal = channel). Much like payment methods, offering a full range of payment channels gives policyholders easy ways to self-serve that can ultimately increase satisfaction and reduce costs. These channels include web, IVR, chatbot, Pay-by-Email, Pay-by-Text, cash bill pay at retail stores, in-lobby kiosks and more.

WHY IT MATTERS

Payment choice and flexibility are key differentiators for customers when evaluating insurers or deciding whether to stay with their current insurer. While some prefer being mailed paper statements and having their premiums automatically deducted each month, others prefer receiving statements by text or using a chatbot to make their payments. **The statistics from the recent *How Americans Pay Their Bills* industry report spells this out:**

BILLERS' WEBSITES ARE THE MOST POPULAR CHANNEL FOR MAKING ONE-TIME HOMEOWNERS INSURANCE PAYMENTS (39.9%), FOLLOWED BY MAIL (29.2%)

THE BILLERS' WEBSITE IS THE MOST POPULAR CHANNEL FOR ONE-TIME RENTERS INSURANCE PAYMENTS, AT 51.7%, FOLLOWED BY MAIL AT 17.8%



FIVE TIMES AS MANY AUTO/CAR INSURANCE BILLS ARE PAID AT BILLER SITES THAN THROUGH THEIR BANK WEBSITE

TWELVE PERCENT OF ONE-TIME AUTO/CAR INSURANCE BILLS ARE PAID VIA PHONE, AND 17.4% ARE SENT IN THE MAIL

ESSENTIAL #3:
COMPREHENSIVE PAYMENT CHANNELS

WHY IT MATTERS

And while the bill pay stats show that policyholders want and utilize a wide range of payment channels, modern insurers recognize that digital channels can often be more favorable.

The same is true for critical claims payouts. Data shows* that customers prefer to have a choice but increasingly opt for instant digital payouts:

WHEN COMPANIES GAVE CONSUMERS A CHOICE IN THE METHOD OF DISBURSEMENT RECEIPT, CONSUMERS PICKED INSTANT DISBURSEMENTS IN 23% OF THE CASES – UP FROM 19% IN 2021.

INSTANT PAYMENT RAILS ARE NOW THE MOST COMMON WAY THAT CONSUMERS RECEIVE AUTOMOBILE CLAIM DISBURSEMENTS.

*PYMNTs, Insurance Disbursements Brief, 2022

It's critical for any partner to be able to accommodate bi-directional payments by accepting payments and disbursing claims funds digitally.

ESSENTIAL #3:
COMPREHENSIVE PAYMENT CHANNELS

TOP CONSIDERATIONS

WHEN SELECTING A BILL PAY PARTNER

SEAMLESS UI/UX

Is the billing and payment experience simple and intuitive through all channels? Can customers easily self-serve no matter how they pay? Is the interface modern and befitting of your brand? Are the experiences designed to offer the most direct and fastest path to pay?

SECURE

Are all channels offered through a single, compliant solution? Is your in-store retail cash bill payment channel secure? Does security impede the customer experience?

REAL-TIME REPORTING

Can all premium payments and claims be tracked in real time, regardless of the channel? Is this automated or does it require manual intervention? Do you have the ability to instantly and digitally track payments made in cash?

ESSENTIAL #4:
REAL-TIME PAYMENT REPORTING

WHAT IT MEANS

Every payment and payout, regardless of method or channel, produces transaction data that can be used to track payments, improve customer service and streamline reconciliation. Real-time payment reporting and visibility allows insurers to access this data as it occurs, without the need to wait for batching or file uploads.

WHY IT MATTERS

Reporting and reconciliation provide the full accounting of your organization's billing and payment performance and helps to accelerate decision-making. There are two important reasons this should be accomplished in real time:

1. **Policyholders expect their accounts to be up-to-date and in good standing regardless of how they choose to pay their policy**
2. **Business operations rely on clear and accurate-to-the-second information that is actionable and encompasses all payment methods and channels**

The ideal state for insurers is to achieve a 360-degree view of all policy payments and claims payouts through all channels, with secure access and visibility controls for specific user groups such as finance departments, customer service representatives (CSRs) and even agents managing new policies. This both ensures business objectives are met and arms CSRs with the information they need to best serve policyholders.

ESSENTIAL #4:
REAL-TIME PAYMENT REPORTING

TOP CONSIDERATIONS

WHEN SELECTING A BILL PAY PARTNER

FULL AUTOMATION

Does the reporting and reconciliation require manual intervention? How much effort is required of each department?

COMPREHENSIVE REPORTING

Are all bill payment channels seamlessly integrated into the reporting dashboard? Does each provide real-time data? Are all accessible by CSRs, or do you have control over visibility and access allowed within specific departments?

EXTENDED CAPABILITIES

Does the reporting and reconciliation dashboard offer extended capabilities such as outbound notifications? Can CSRs initiate customer payments or set up AutoPay and saved payment methods for customers?

ESSENTIAL #5:
HOLISTIC PLATFORM

WHAT IT MEANS

A holistic platform is one that offers centralization of all billing and payment-related activities, payment optionality, ease of use and simplicity through a single, unified solution. This end-to-end offering encapsulates bill presentment, payment processing, claims, disbursements, reporting and fraud management in a manner that offers seamless connectivity and a consistent experience for customers and staff.

WHY IT MATTERS

With customers and billers alike having more bills to address than ever before, it's unsurprising that the data shows both sides would prefer to streamline the bill pay process as much as possible.

Consider:

38% OF ALL CONSUMERS ARE INTERESTED IN A CENTRALIZED BILL PAY PLATFORM BECAUSE IT PROVIDES MORE OPTIONS AND CONSISTENCY IN USER EXPERIENCE

55% OF GEN Z CONSUMERS ARE INTERESTED IN A CENTRALIZED BILL PAY PLATFORM

82% OF BILLERS EXPECT HOLISTIC BILL PAY TO IMPROVE THEIR PROCESSES*

*PYMNTS, Why Holistic Bill Pay Experiences Will Win the Platform War, May 2023

Billing, payments, payouts and reporting are all parts of the puzzle that drives customer satisfaction, delivers more on-time payments and ensures operational efficiency. A vendor that brings them all together through a single code source can provide seamless connectivity that supports innovation, streamlines reporting and saves on cost.

ESSENTIAL #5:
HOLISTIC PLATFORM

TOP CONSIDERATIONS
WHEN SELECTING A BILL PAY PARTNER

SINGLE, UNIFIED PLATFORM – Can customers access their preferred payment options through a consistent user experience? Will your organization be able to benefit from a range of options all through one vendor, without multiple gateways and fees?

STREAMLINED – Do they offer secure, single sign-on for staff to access reporting and tools to assist with customer payments and claims payouts? Is reporting of all payment options consolidated into a single, real-time view?

EFFICIENT – Does the vendor have examples of how their systems have improved operations for clients and their customers? Do they offer self-serve options that allow customers to pay on their own or get common questions answered via a chatbot for example?

CONCLUSION

BEFORE WRAPPING UP, LET'S RECAP THE FIVE ESSENTIAL CAPABILITIES AND THE TOP QUESTIONS YOU SHOULD ASK:

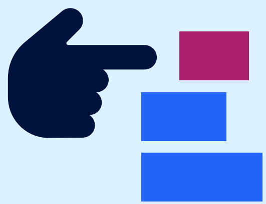
1 **Can you fully integrate with my platform and offer the flexibility to deploy your solution in a model that best meets my organization's needs?**

2 **Does your solution offer an inclusive menu of payment options that can accommodate the preferences of my entire policyholder base?**

3 **How many payment channels does your solution offer and what is the process for adding channels as my needs expand?**

4 **Does your solution support real-time reporting and visibility over every transaction, regardless of channel?**

5 **Are your billing, payment and pay out capabilities offered through a single solution or will you need to outsource and work with additional vendors to bring them to life?**



A final consideration relies on your organization's timeline. It is recommended that any potential search begin at least 18 months prior to the expiration of your organization's current bill pay vendor contract. This will give your team ample time to consider its options, select a partner and create an implementation strategy that ensures a smooth, seamless deployment for both internal and external audiences.

While the search for a partner and solution that meet the five essential billing and payment needs can seem overwhelming, the good news is that there are a wealth of resources that can help guide your organization through this process.

Paymentus

Paymentus is the best-in-class electronic bill presentment & payment provider with two decades of experience helping thousands of billers achieve their billing and payment goals. Our holistic solution offers billers more payment methods and channels than any other solution on the market today.

For more information on our solution and how it addresses the five essentials, visit paymentus.com/insurance/ or contact us at sales@paymentus.com.