



Solution overcomes traditional hurdles to automating insurance claims payments

For many insurers, claims disbursement processes are paper-driven, manual and time consuming. As a result, they use extensive resources but often still fall short of meeting their policyholders' need for timely, accurate claims payments.

Now, however, there's a unique solution — Paysurance® powered by U.S. Bank and Enservio — that allows insurers to automate the disbursement process for most property, casualty and auto claims payments, including in situations where payments need to be sent to multiple parties. This patented technology accelerates the processing, distribution and reconciling of these payments, while keeping customers' financial information secure. Insurers reduce costs and save time, while customers — and, in certain scenarios, their vendors — receive funds more quickly.

Checks remain popular for claims disbursement

Even as electronic payments have become standard in numerous types of transactions, many insurers have continued using checks to disburse most claims payments. Several reasons account for this. One is history; most insurers have been working with checks for decades and have instituted the necessary processes and systems to efficiently disburse payments with checks.

In addition, checks are portable. Insurance agents working in the field can carry and write out checks, before simply handing them to claimants. Through tools like positive pay reconciliation, checks can be authenticated by the bank, reducing the risk that a payment ends up going to the wrong party.

Also, until recently, checks were the only practical option for accommodating disbursements that must be split among multiple parties. When disbursements for a claim needed to go to different parties, the insurer simply wrote and delivered multiple checks.

While checks have remained the most common way to handle claims disbursements, processing checks is time-consuming and costly. When more than one person needs to sign off on a check, even more time is added to the process as this non-digital instrument is passed between endorsees.

Checks also can be stolen if not properly stored and safeguarded, and secure storage becomes difficult when field agents must carry stacks of checks with them to the scene of a disaster, for instance. Also, if a check is fraudulently endorsed, insurers can spend a great deal of time and money trying to resolve the situation and ensure their actual policyholder receives proper payment.

Many insurers have been looking for an electronic claims disbursement option. However, several challenges have held them back. For one thing, not all claimants will accept electronic payments, and even those who will must be able to provide information, such as their bank routing and account numbers, that isn't always handy. Furthermore, few insurers want to develop the infrastructure needed to securely collect and store their customers' banking information. And, finally, technology hasn't offered a good solution for cases involving multiparty payments in which each beneficiary has to provide a signature.

Introducing a solution

Through a partnership with Enservio, a leading provider of software and payment solutions for property insurers, U.S. Bank has begun offering a service that addresses these challenges. Particularly well-suited for disbursement of property, casualty and auto claims, Paysurance powered by U.S. Bank and Enservio accommodates multiparty claims payments. It also allows for selection of preferred payment type and, when there are multiple payments for the same claim, offers the ability to choose a different payment instrument for each one. So, if a claim payment will be split between a homeowner and a home repair firm, and the homeowner prefers a prepaid card payment while the repair firm chooses to receive an Automated Clearing House (ACH) payment, the solution can accommodate both.

The solution also can be efficiently integrated with insurers' systems. Because the system collects claimants' financial information, insurers don't need to safeguard that data. What's more, insurers can connect to and share information with their claims management system, and can seamlessly integrate the technology with their own, so users don't need to visit different websites or learn additional user names and passwords.

How the process works

The insurer follows its normal process for receiving, reviewing and approving a claim. Once a claim is ready to be disbursed, Paysurance powered by U.S. Bank and Enservio initiates the payment process.

For ACH payments, claimants will need to provide their bank routing and transit information, relieving the insurer of the responsibility of maintaining its customers' sensitive bank data.

Prepaid cards — another option available through the solution — enable insurers to efficiently distribute payments to policyholders who lack bank accounts.

Policyholders who elect to receive the solution's electronic payments will receive their payment much faster than if they were paid by check. All information is encrypted and securely provided to the bank to initiate the payments.

Once the bank receives a file saying a payment is approved, it electronically issues the payment.

Policyholders benefit in multiple ways. For instance, if there is any sort of claims disbursement issue or question that must be resolved, claimants can use the simple, efficient online portal, reducing the need for multiple phone calls and emails. Among other capabilities, claimants can check the status of their claims disbursements through the portal.

In addition, Paysurance powered by U.S. Bank and Enservio cuts insurers' costs to process claims by as much as 80 percent and reduces the risks inherent in handling and mailing physical checks. Potential claimants must use unique identifiers and be authenticated before they can access the claims disbursement portal. This reduces the chances of an unauthorized person entering the portal and fraudulently directing a payment to someone other than the rightful claimant. By requiring electronic signatures from all parties, the application further reduces the risk of fraud and its associated costs.

Insurers that choose to issue virtual card payments using the service have an opportunity to earn a revenue share. Virtual cards are a secure B2B payment method that issues a unique single-use account number for each claim. The electronic solution also preserves transaction information so it's readily available should it be needed to research a claim.

Paysurance powered by U.S. Bank and Enservio will be able to scale and handle other types of claims, in addition to property, casualty and auto.

Securely automating claims disbursement saves time and money, which benefits both insurers and claimants. Insurers can reduce their expenses while also meeting claimants' desire for an efficient, user-friendly way to receive claims payments. Claimants and their vendors can receive payments more quickly and choose the method by which they will be paid.