

Insurance Payments are Making the Leap Into the Modern Era

One of the few remaining industries dominated by check payments is now adopting online payments and financing, shaped by modern retail checkout convenience and trends.

The fast checkout experience enjoyed by online consumers today has its roots in a 1999 patent by, unsurprisingly, Amazon. The “one-click buying” patent, once owned and defended by the tech giant, expired in 2017. Platforms like Shopify and Paypal have iterated on easier and more flexible checkout experiences to help sellers avoid the thing they fear most - *abandoned carts*.

Online shoppers are fickle. Given that many purchases are discretionary, it comes as no surprise that [studies](#) suggest 70% of carts are abandoned. Extra steps like account creation, or a complicated user experience are top reasons for abandonment. As online shopping has become nearly universal, expectations have shifted. A 2022 Capterra [study](#) indicated that two-thirds of buyers expect checkout to take less than 4 minutes.

In short - if customers find it hard to pay, they look elsewhere.

Unlike a pair of Nikes, insurance coverage is *not* discretionary. The necessity of insurance begets its resilience. Insurance companies have continued to grow over the last decade, in spite of the fact that insurance and healthcare are laggards when it comes to payment convenience.

Over 50% of insurance payments are still [made by check](#), more than double the average of other industries. Customer convenience aside, faster payment acceptance is often critical to bind new coverage. Additionally, over [half](#) of policyholders indicated they'd switch insurers to get access to instant claims payments.

Fair or unfair, many policyholders see insurance coverage as a commodity, and will do business with the companies that offer the ease they've been conditioned to expect. The shift in consumer demands has led insurance carriers, agencies, MGAs, brokers and premium finance companies to embrace online payments for their policyholders.

“The ease of use and the ability to immediately take payments has made my agency much more productive,” [said](#) Livio Gasparini, president at Safeguard Insurance Pros. “It saves us so much time and money not having to chase down customers promising to mail us the payment.”

Insurance organizations that have adopted online payments have found that it not only leads to faster payment and policy binding, but also simplified back-office operations and time savings for their accounting teams.

“The time we save equals more than 150 hours per year,” [said](#) Diane Ferber, an agency owner. “Before we started using ePayPolicy, we either swiped the card through the machine or manually entered it in. Now, we text or email a link to the insured for payment.”

Legacy insurance software and manual processes have been one of the largest obstacles in the insurance industry's slow adoption of modern payments. The shift in consumer expectations, as well as tools that integrate with core insurance platforms, has led the way for change. Leading agencies are now moving beyond expected online credit card and payment options with additional conveniences, like premium financing at checkout, for additional customer flexibility.

"We're finding that more of our clients appreciate the ability to handle payments and paperwork in more of a self-service function," said Sarah Goldbach, Director of Operations at [RK Tongue](#). "By implementing [Finance Connect](#), clients can choose their payment option or choose to finance at their own discretion."

Features like ePayPolicy's Finance Connect help tie together long standing industry partners - premium finance companies and the agencies and brokers they serve - in a modern payment experience that mirrors the growing "Buy Now, Pay Later" (BNPL) retail checkout that's exploded in popularity over the last 5 years. From 2019-2021, the top 5 retail BNPL lenders grew [970%](#).

Premium-related insurance funds move across a tight-knit network of insurance companies. Many of these relationships are decades-long and highly strategic, where the need is not for additional partners and workflows, but simplification. Online payments with features like Finance Connect offer exactly that - help collect insured payment faster, *with existing PFC partners*, in order to move those funds across the insurance ecosystem with greater ease and digital transparency.

Goldbach and the team at RK Tongue integrated their online payments with both their core agency management system (Vertafore's AMS360) and their premium finance partner, and moved a phone and paper-based process completely online. In doing so, they not only added additional payment convenience for the insured, but saved time for their AR/AP teams.

"Adding Finance Connect made us more efficient just in time for our heavy season, where we tend to fall behind our billing goals," said [Goldbach](#). "We were down a staff member for the last month of our busy season, and still finished 3 weeks ahead of our Q3 goal. This was a game changer for our billing team."