



Clearwater Payments Takes the Premium Wheel for Auto Insurance Client

Case Study –
Partnership Delivers Advanced Payment System and Facilitates Its
Integration with New PMS

May 2020

Executive Summary –

A mid-sized, multi-state auto insurance company was experiencing reconciliation issues with its payment services provider and needed to make a change. Further complicating the situation was the imminent transition to a new Policy Management System within the year. Clearwater Payments was contacted along with other well-known providers, to compete for the business. Clearwater was selected as the insurance organization's new payment partner because stakeholders were impressed with its insurance-centric payment solutions and knew that Clearwater had the best technology and flexible platform to integrate deeply with its future customer portal strategy. The client's confidence in Clearwater proved warranted with the successful resolution of the reconciliation problems, the addition of enhanced payment options, and the seamless transition of payment functionality into a new Policy Management System.

Client Overview –

The client company specializes in property and casualty insurance, with an emphasis on minimum-limits personal auto coverage. They market their products to over 8,000 Independent Insurance Agents across ten states.

Client Challenges and Objectives –

Managing premium payments can be a challenging prospect all on their own. However, when this auto insurer began experiencing reconciliation issues with its service provider, their A/R department had its hands full, and account management was struggling to keep its agents and clients happy. However, unapplied or unsettled payments were just the most obvious of their payment issues. Their system was not unlike many others in the insurance industry, consisting of multiple, aging "bolt-on" payment method options that were inefficient and typically created more problems than they solved. The company knew that in order to keep up with its projected growth, it required more than just a new vendor. They needed a biller services partner that could not only accurately manage their premium payments now but also help them plan and build a payment platform that could grow and evolve with their future vision of payment options and channels.

Clearwater Payments Solutions –

Upon being chosen as the new payment services provider, Clearwater Payments gathered information on the client's challenges and aspirational goals, then worked together with them to create and execute the plan.

Immediate Needs –

- Settlement reconciliation issues consisting of unapplied payments or unsettled payments were the urgent pain point that required immediate attention.
 - Clearwater Payments solved these issues with their unique ISO payment structure that provides access to the payment networks and visibility into each transaction's journey from beginning to end. This insight is invaluable in maintaining accuracy when posting payments.

- Clearwater's best-in-class treasury services then settle a single, daily deposit that is reconciled to the penny for all payments, and in-flight chargebacks and exceptions are managed for the client.
- Access to real-time payment data and treasury services eliminated the problem and subsequently reduced their A/R workload while improving customer and agent satisfaction.

Additional Benefits –

- In addition to solving the reconciliation issues, the Clearwater multi-channel/multi-method, rules-based payment portal delivered a fully customized electronic payment solution that:
 - Increased self-service and electronic payment adoption
 - Provided substantial savings on credit card processing fees
 - Improved operational efficiencies and collections performance

Integration with New Policy Management System –

- The client began replacing their legacy PMS and asked Clearwater to lead the integration of their payment flows in an effort to convert everything to real-time validation and posting, including new Independent Agent portals.
- Project accomplishments included:
 - Transitioning from a batch ACH file of internal recurring and agent portal payments to Clearwater user interfaces and validation tools.
 - Replacement of their internal IVR with API connectivity to a Clearwater IVR, which resulted in functionality gain, improved user satisfaction, and PCI exposure reduction.
 - Replacement of their Independent Agent portal API for card payments, which reduced the client's PCI exposure.
 - Replacement of their antiquated Agency Sweep capabilities to Clearwater's streamlined Agency Sweep configuration.
 - Processing their in-house lockbox payments via clearing, settling, and posting their Image Cash Letter.

Future Plans: Consolidated Payment Channels –

- The client, having experienced the proven benefits from consolidating some of its payment channels with Clearwater, has requested that all A/R collection endpoints flow through, and are managed by, Clearwater Payments.
- This project will:
 - Enable real-time verification and posting for faster binding and renewals
 - Implement behavioral profile rules that customize each user's payment options and reduce transaction costs
 - Minimize PCI compliance and the associated costs

- Allow shared e-wallet pay account tokens for use by all channels – card expiration dates and account numbers will automatically be kept current by the Clearwater Account Updater service – improving the customer experience and reducing collection efforts
- Provide consolidated and efficient reporting and reconciliation
- The transition will roll out state-by-state, with Clearwater “alias account structure” logic supporting the client as policies are renewed – posting and validating to the correct legacy system while consolidating merchant accounts, reports, and settlements.

Conclusion –

What began with this insurance company’s efforts to improve its premium payments reconciliation has exceeded all their expectations. The strong, long-term business relationship they now have with Clearwater Payments continues to produce multiple A/R project successes with benefits that extend throughout their organization.

About Clearwater Payments –

Clearwater Payments is an advanced electronic billing and payment solution provider that easily integrates with any policy management system to deliver the latest premium bill payment options with unsurpassed quality and service. As a single payment gateway and processor solution, Clearwater also provides agency sweep and disbursement options as well as real-time transaction information and reporting. A/R staff workload is reduced with Clearwater’s extensive treasury management services that reconcile a consolidated daily deposit for all payments and manage in-flight chargebacks and exceptions. The Clearwater team of electronic bill payment veterans is 100% focused on improving the policyholder premium payment experience and reducing their associated costs. To learn more, please visit www.clearwaterpayments.com and schedule a discovery call.