CELENT

BILLING-AS-A-SERVICE FOR PROPERTY CASUALTY INSURERS

A PRIMER

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EXECUTIVE SUMMARY

Insurers send out a lot of bills. It's an expensive process — not just in terms of the physical costs of printing, paper and postage: credit card fees can add up, and human beings are needed to answer questions, manage accounting, and oversee reconciliation. Some think of it as the most "back-office" of the back-office processes — one which adds little to no strategic value. After all, every insurer can collect money. The basic ability to do so is not a differentiator. But for many customers, the bill is the most frequent contact they have with their insurer. And for many insurers, legacy billing systems simply don't meet the challenge of high service expectations from today's consumers, business customers, and distribution partners.

Consumers today expect much more flexibility in how their bill is handled and expect transparency in their payment history. They expect to be able to change bill types easily (e.g., go from agency pay to direct pay at midterm). They may need to change from payroll deduction to direct pay because of a disability situation. And they may have split billing, where one auto on the policy is billed to a student while at university and the others are billed to the parents.

Insurers certainly have the option of selecting a modern billing system that has robust capabilities to handle these kinds of situations. But an increasing number of insurers are questioning the overall costs of handling billing. Rather than replacing their billing system in order to provide new capabilities, they're deciding to outsource the whole process.

We've seen increased interest in outsourcing this process due to the pandemic. As insurers began to enact work from home, they found some employees still had to come to the office in order to collect and manage the billing process.

Billing-as-a-service (BaaS) is an alternative that insurers can use to manage this essential function without putting their own employees at risk — often resulting in reduced costs and improved services.

This primer explains what BaaS is and how it typically works. It describes the features to look for when selecting a provider and provides a profile of one of the providers that is active in the property casualty insurance marketplace.

INTRODUCTION TO BaaS

BaaS is essentially the outsourcing of all aspects of managing the billing process. It provides receivables management services (as opposed to outbound claims payments).

How Does Billing Work Today?

The typical billing process inside an insurer starts with the calculation of a premium transaction in the policy admin system. For property casualty insurers, that calculation is sent to a billing system, which manages the definition of the payment plans and determines how much the actual bill will be. It keeps rules such as whether a fee is applied, whether to bill the transaction as due now, or whether to spread the amount due over future payments. Once the payment due is calculated, the data about the bill is typically sent to a print stream to create a paper bill or an electronic bill. For life insurers, those steps are typically handled in the policy administration system.

Bills may be sent directly to the policyholder, to an agent, or to an employer. While agent bill isn't as common today as in the past, there are still a number of insurers, primarily property casualty, who do use agent bill either account current or statement bill. The billing system also calculates the commission due to the agent on the transaction and is occasionally used to create the commission statement and track payments to the agent.

The insurer also has set of processes to manage the collection of the money. They may collect via credit card, ACH, or a lockbox. The billing system will track grace periods, late payments, and insufficient fund transactions. It uses business rules to determine whether a policy needs to be cancelled for non-payment or if it needs to go into collections. From a customer service standpoint, the insurer will answer questions from the insured about the payment and may from time to time change features such as billing due dates, payment plans, or payment methods.

Figure 1: Traditional Property Casualty Billing Process

TRADITIONAL PROPERTY CASUALTY BILLING PROCESS
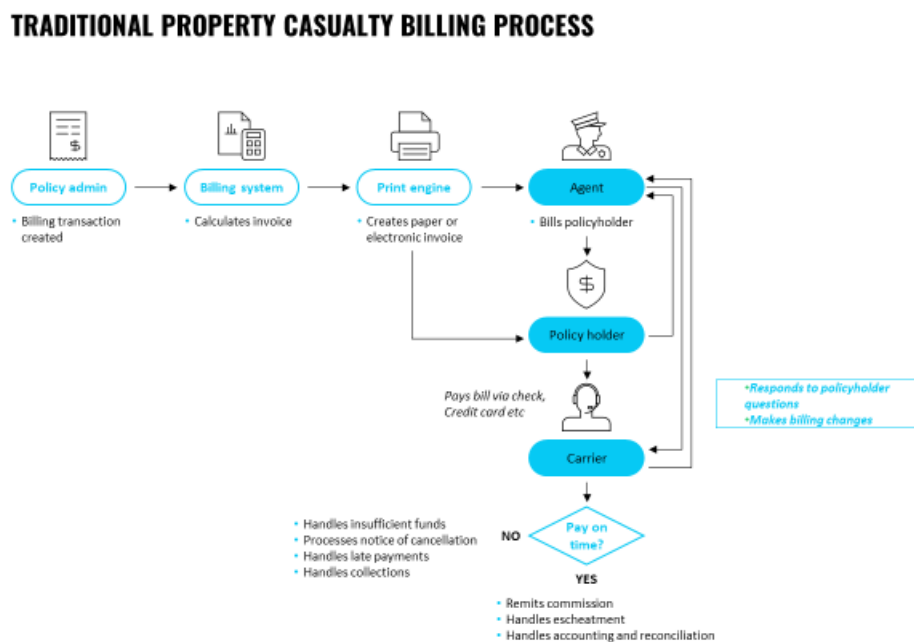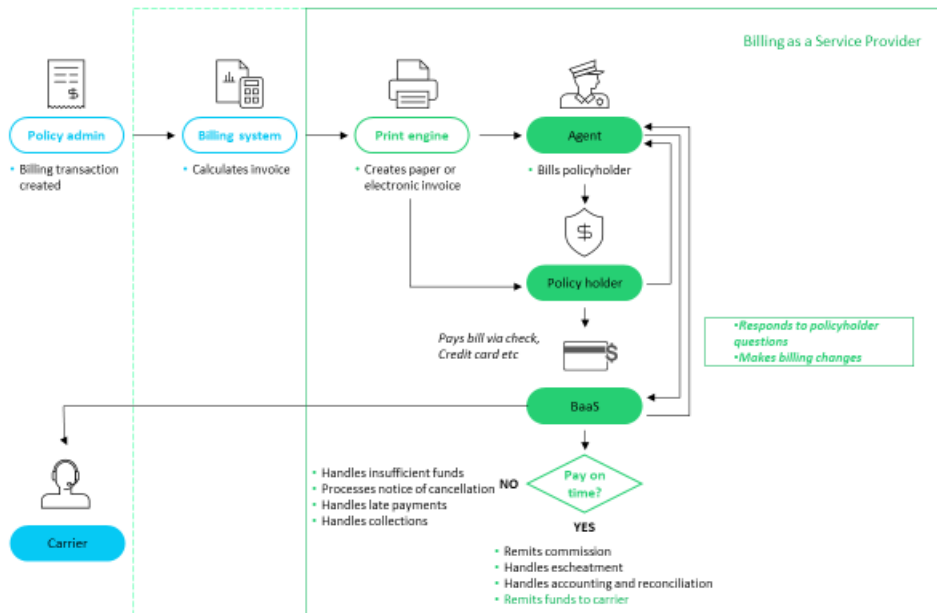
Source: Celent

How Does BaaS Work?

The most typical process is similar to that described in the process above. But with BaaS, the payment due is sent to the BaaS provider instead of to an output file (print or email). The BaaS provider takes over all functions from there. They send the bill to the customer using the mechanism the customer chooses. They collect the funds and remit them back to the insurer. They provide the customer service support for those questions that are most common and transfer them to the insurer when they are more complex.

Life insurers and some property casualty insurers send the data directly from the policy admin system, bypassing a billing system altogether. In this instance, the BaaS provider will manage the definition of the payment plans, calculate the amount of payment that is due, apply fees, and provide other functionality inherent in a traditional billing system.

Figure 2: Property Casualty Billing Process Using BaaS Provider

PROPERTY CASUALTY BILLING AS A SERVICE

Source: Celent

There are several variations of this model. Some, as described above, start by taking the feed from your billing system and handling all the tasks that follow. Some can take the feed from your policy admin system, essentially replacing the billing system. Some can simply pop a payment application onto your existing billing process, allowing the payor to use a mobile application — but having the insurer manage the rest of the billing process. Some offer premium finance capabilities as well.

TYPICAL BENEFITS

There are a number of benefits to using BaaS. Not every insurer will enjoy each benefit. As you're thinking through whether this makes sense for you, this may provide you with a starting point for thinking through your own calculations.

Table 1: Typical Benefits of BaaS

BENEFIT TYPE	BENEFITS
COST REDUCTION	Reduced print, mail, and postage costs, as those are absorbed by the vendor.
	Reduced calls to the call center for billing questions. Some reduction is due to self-service capabilities. Some is because the BaaS provider takes on the calls.
	Reduction of credit card fees for those insurers that choose this pricing option.
	Reduced time needed for insurer employees to handle administrative tasks such as payment reconciliation.
ENHANCED CUSTOMER EXPERIENCE	Can implement account billing for customers with multiple policies in force.
	Expands customer digital self-service capabilities through omnichannel access.
	Expands payment options to include credit card, social pay, and other newer payment mechanisms.
	Provides more flexibility to customers by allowing them to easily change bill plans and payment methods as well as access their own history.
ENHANCED AGENT EXPERIENCE	Allows agent self-service by integrating billing and commission information with the current agent portal.
	Provides online commission statements, reporting tools, and reconciliation tools in lieu of PDFs.
	Allows agents to easily help policyholders keep their policies in force by providing precancellation/lapse reports or cancellation/lapse hold tools.
IMPROVED COST OF TECHNOLOGY	Can generally provide technology to serve policyholders and agents faster and at a lower cost than a company looking to make these changes itself through their own systems or through a core system provider.
	The BaaS vendor manages all upgrades if needed. Some are true software-as-a-service (SaaS) solutions, which don't need upgrading at all.
	Integration with the existing web portal and core policy and/or billing systems is generally provided with no charge.
IMPROVED MARKETING	Allows cross-sell messages to be easily placed on bills.
	Allows cross-sell messages to be easily placed on the portal or mobile app.
	Supports targeted reminders and marketing messages to reduce nonpayments or late payments.
SIMPLIFIED SECURITY	Reduces the PCI compliance burden, often providing a more secure solution for the policyholders than what the insurers can deliver.
	Removes all sensitive payment data from your network.
	Vendors generally provide multifactor authentication.
	Vendors focus on complying with PCI-DSS, Nacha, SOC-2, and other relevant regulations.

Source: Celent

BaaS isn't the right solution for every insurer, but there are some who find this option to be of high value.

- **Insurers with older systems:** Insurers with older systems may find value in the ability to provide their policyholders with more flexibility. These insurers may want to add account bill, credit card billing, more flexible payment plans, or new ways of delivering the invoice without having to replace their existing systems.

- **Greenfields:** Startup operations usually want to move very quickly and may not want to take the time to implement a new system. As startups, they are often cash constrained and may not want to add on the expense of software or the administrative staff necessary to manage the billing process. Additionally, newer or forward-looking products incubated within these greenfield operations may need unique billing capabilities that the existing billing system doesn't support.

- **Insurers wanting to implement 100% work from home:** During the pandemic, many insurers found they were unable to fully implement work from home, as some employees had to come to the office in order to manage the billing process.

- **Insurers needing specialized processes:** Large customers or brokers often have specialized requirements for reporting or operational processes. These may include a very unique billing flexibility (e.g., irregular installment schedules, pay-as-you-go, or monthly reporting), a tweak to the agency portal (or in some cases a tweak to the customer portal *just for clients of those agents*), or modified commission reporting.

- **Insurers looking to reduce costs:** BaaS solutions usually result in reduced costs for an insurer. They eliminate costs associated with print/mail, credit card fees, and calls to the call center.

- **MGAs, Program Administrators and Risk Retention Groups:** Outsourcing billing to a third party simplifies the process for these complex billing relationships and keeps costs low.

- **Insurers looking to enhance the customer experience:** Today's customers have high expectations of speed and flexibility when it comes to payments. Insurers looking to quickly meet these expectations are often interested in BaaS due to their ability to provide online tools and new payment mechanisms.

HOW TO EVALUATE A BaaS PROVIDER

When evaluating a BaaS provider, there are a number of different features to consider.

TRANSACTIONAL SERVICING FEATURES

A variety of features are available to handle the day-to-day transactional activities of billing.

Billing types: Insurers use a wide variety of invoice mechanisms. Many use direct bill, which involves billing the policyholder directly. Some will bill a third party, such as a mortgagee or a trust. Some will split payments across multiple payors. Some support monthly reporting, where a policyholder provides a periodic statement of their rating base (typically revenue or payroll) and the bill is calculated based on the actual exposure for the period.

Some bill the agents using an account current, which is a list of all transactions for the billing period across multiple policies showing policy numbers, the premium transaction amount, the commission earned, and the amount due to the insurer net of commission. Some use a form of agency bill called statement bill, which is a list of all transactions for the billing period and is similar to an account current. But in statement billing, the agent is responsible for paying the full amount due, and the insurer will pay the commission as a separate transaction. Wholesale or item billing is where an insurer bills the agent one transaction at a time rather than waiting for the end of the billing cycle.

Group bill is where a single party is billed for multiple party transactions. This is often found in employee benefits but is also found in workers' compensation for insurers working with PEOs (professional employer organizations). Employer billing is also commonly used for life insurers or group benefits, where the employer is billed for the transaction and the employer then collects payments from employees typically through payroll deductions.

BaaS providers can typically handle most or all of these billing types.

Pay-as-you-go: Pay-as-you-go is a unique billing type primarily used in workers' compensation today. Compared to an estimated annual payroll amount, pay-as-you-go relies on real time payroll to calculate workers' comp premiums. This results in more accurate premium payments but requires a way of getting the payroll feed. Providers who offer this service have done the hard work of integrating with multiple payroll companies so that the insurer only has to integrate with the provider rather than with each payroll company. Pay-as-you-go is also used in auto insurance as well, adjusting rates based on miles driven.

Payment plans: Most insurers have a variety of payment plans, ranging from full pay up front to monthly payment. Many have other options such as ten-pay or quarterly pay. Some insurers have limited flexibility in their existing systems and would like to be able to easily and quickly apply more flexible payment plans.

The BaaS provider can execute on these payment plans and can help insurers create new plans. Look for the level of flexibility in creating new plans. Payment plans should be capable of being specific by product line and state at the very least but also by premium size, retail agent (large agents like special deals), and, for the ultimate in flexibility, by account.

Some policy transactions, such as special event coverage, require full payment, even on a policy that is on a payment plan. BaaS providers can handle these mixed transactions.

Some insurers, especially mutual or workers' compensation insurers, offer dividends. While most insurers offering dividends will apply the dividend as a discount to a future policy, some issue separate payments. BaaS providers can handle one-time payments such as dividends.

Account bill: Many insurers have challenges providing account billing — sending a single bill to a policyholder with multiple policies and multiple transactions reflected on the bill. An example might be a customer who has both an auto and a homeowners policy, or a customer who has both a term-life and long-term care policy. BaaS providers can generally handle multipolicy single billing.

Billing notification: The process of delivering a bill to a policyholder comes in many forms. Some policyholders prefer a paper bill so that they have a physical copy of the bill. Others prefer electronic notice through email. Some like to get a text letting them know that the bill is due — and often allowing them to pay directly within the text dialogue with a simple reply. Notification of a bill through a mobile app is common. Automated outbound phone calls are used by some, typically for a late payment reminder. Some BaaS providers can even send a bill through social media such as Facebook Messenger.

Payment methods: Policyholders looking for convenience are increasingly interested in new, fast, and easy ways to pay their bills. Offering a wide variety of payment types helps to meet the wide range of policyholder expectations. BaaS providers can generally accept paper checks through a lockbox, recurring or one-time credit/debit card payments, e-checks, and EFT/ACH.

Other options often provided by BaaS vendors include remitting cash at third party locations, interactive voice response (IVR), or agent-assisted payments via phone. Fresh new options are now often available, such as online mobile text; digital wallets such as Apple Pay, Venmo, Zelle, or PayPal; and Amazon Pay (using Alexa). We expect voice-assisted technology to grow in popularity over the next three years for personal lines policies. Chatbots also often have the ability to take a payment. Similar methods are used for refunds due to an overpayment of premium or policy changes.

Workflow: Look for how the BaaS provider handles workflow. Workflow requirements, especially those based on nonpayment cancellations, differ based on state. Many providers have automated the process, while others rely on human intervention.

Payment timing: Policyholders need the flexibility of making one-time payments or partial payments, or putting the bill on autopay with a defined payment plan. Rules are needed to determine how to handle overpayment (e.g., refund, apply to next payment, or spread-over-future payments). And rules are needed to determine how to handle underpayments.

NSF/Cancellation processes: Insurers are required to follow the regulations in each state when it comes to nonpayment cancellations. BaaS providers stay on top of the laws for each state and handle the notifications on behalf of the insurer. Typically, there is a process for payments with insufficient funds (NSF) that may involve an initial notification of the NSF and application of a fee to handle the cost of the transaction. Grace periods are applied and often there are underpayment rules. For example, an underpayment of $10 or less will be accepted, while an overpayment of $10 will trigger a notification.

Notifications need to be provided to the policyholder both via paper and via the policyholder's preferred communication method. Should a lapse/cancellation notice need to be delivered, the BaaS provider handles that by complying with all state requirements, including certified mail where necessary.

The insurer may set up rules for automatic reinstatement should a payment be received within a specified timeframe. Otherwise, notifications are provided back to the insurer so that the policy cancellation transaction can occur in the policy administration system.

BaaS providers can often handle equity date calculations for the insurer. Many insurers calculate the payment plans by building equity date calculations into the plan itself. Should a policyholder be canceled, still owing funds, the BaaS provider has processes in place for the first level of collections and can send the bill to a formal collection process where needed.

The BaaS provider will also handle refunds for policyholder cancellations/lapses.

Fees: Typically, the BaaS provider and the insurer identify all the potential fees that could be applied for each transaction type. The BaaS provider applies the fees and retains the fees to cover their costs for the transactions. Fees may include individual transaction fees, NSF fees, reinstatement fees, late payment fees, or others. Some insurers have specific products that have fees associated with the product (e.g., a fee for a telematics device). In these situations, the BaaS can bill for the fee as a specific line item and can follow insurer rules about whether to apply funds to the fee first and then the policy, or vice versa. The BaaS provider can also handle the tracking and the refund of the fee if needed.

Commissions: BaaS providers can generally handle commission payments to the agents, including return commissions on transactions with return premiums. They'll calculate the commission payments, create commissions statements, provide online access to commission statements for the agents, and, in some cases, provide online reconciliation tools.

CUSTOMER SERVICE CAPABILITIES

BaaS providers typically provide the frontline customer service to the policyholder, answering questions about the timing or amount of the bill, processing individual transactions, or providing support changing bill plans, mechanisms, or due dates. A variety of features are available to handle the ongoing customer service activities related to the billing process.

Enrollment: Enrollment refers to the ability for the payor to set up a payment account easily with their payment info. This may be done through a portal provided by the BaaS provider, through a pop-up window that is seamlessly integrated into the insurer's portal, or through mobile SDKs. Look for the ability to brand the enrollment process with the carrier's look and feel and logo.

Notice delivery: In addition to sending the invoice, these vendors can often also send other kinds of notices, including welcome letters, endorsement/rider letters, notices of intent to cancel, cancellation/lapse notices, reinstatement letters, and other types of communications as needed.

Policyholder portal: A policyholder portal allows the payor to easily conduct their transactions online. Single sign-on with the insurer's existing customer portal provides a seamless transition when branded to match the insurer's website. Look for the breadth of transaction capabilities provided via the portal.

Customer service transaction types: Supported transaction types may include the following:
- Making one-time payments.
- Setting up recurring payments.
- Setting reminders

- Making billing inquiries.
- Viewing billing and payment history.
- Making changes to the payment method (e.g., EFT to credit card).
- Securely updating credit card or banking information.
- Changing the payment plan (e.g., go from quarterly to monthly).
- Linking multiple accounts to provide a single bill.
- Selecting or changing the due date of bills.
- Signing up for paperless billing.
- Sending messages or emails with queries to the insurers or BaaS provider.
- Using chatbots, which may be available for routine questions.
- Receiving a confirmation or email receipt after each policyholder-initiated change.
- Accessing automated escalation workflow for missing payroll files or insufficient funds.

Call center: Most BaaS providers have a call center available to provide agent-assisted services. These should be evaluated as you would evaluate any call center (e.g., professionalism, time to answer, average queue time, abandon rates, customer feedback, and all the other metrics). Look for features such as IVR, AI voice assistance, and actual human beings. Also verify whether the call center will brand the transactions as an insurer transaction (e.g., answering the phone in the insurer's name).

Other Omnichannel features: In addition to a portal and a call center, some BaaS providers provide mobile apps, secure kiosks, pay-by-text, or social pay.

Internationalization: Look for the languages supported on self-service tools such as a portal or mobile app but also within the call center for agent-assisted support. English and Spanish are typically provided in the US. Look for any other languages you may need based on your own customer base.

ADMINISTRATIVE SUPPORT AND SERVICES

In addition to policyholder services, there are a number of additional services that are relevant to the insurer that are generally provided by a BaaS provider.

Accounting services:

- **Lockbox administration:** Some providers manage their own. Others partner with a bank. Some can use the lockbox you've already set up.
- **Agency sweep:** Those insurers offering agency bill typically sweep the agents' accounts on a daily basis. BaaS providers often offer sweep services that include agency sweep accounts in your daily deposits.
- **Trust account:** Look for a jointly held premium trust account, where the premium collected is deposited until remitted to the insurer. Verify a conservative investment strategy is in place for the trust account.
- **Delinquent premium collections:** Some BaaS providers partner with third party collections agencies to handle uncollected earned premium or final audits. Others can work with the customer to create payment plans for delinquent payments as an intermediary step prior to sending to collections.

Escheatment: On a rare occasion, a return premium payment may go uncashed. After a period of time, these unused funds escheat to the state as unclaimed property. Payees are required to be notified prior to funds being escheated. BaaS providers can handle the

escheatment processes for each state as needed. They take on the payee notification and they turn over the funds to the state according to each state's processes.

Marketing services: Most BaaS providers include some capabilities for marketing within the bill. Some support agency branding. Some provide the ability to include marketing messages on bills. Some include assistance in developing marketing programs for you to drive demand for paper-free billing. Look for tools that make it easy for the marketing team to easily change and customize the marketing aspects of the bill. You'll likely find tools to add marketing and/or cross-selling messages on the portal as well.

Reporting tools: You may find a combination of standard reports, ad hoc reporting capabilities, and graphic visualization tools with drill-down capabilities. Check to see that the reports are downloadable on demand.

Reporting data: Look to see if you get real time data or regular data files that aggregate data across all the remittance channels for easy reconciliation. Compare the level of detail provided across bill and payment history, payment reversals, fees generated, activity logs, NSF transactions, etc. Look for a clear audit trail of transactions.

Administrative portal: The portal provides the insurer with access to data and administrative tools. Typical features include the following:

- Tools to easily add marketing messages to the bills.
- Access to scheduled reports or ad hoc reporting tools.
- Reconciliation tools.
- Administrative access to add insurer users and manage their permissions.
- Ability to search by policy number, named insured, date of payment, and other dimensions.
- Tools to take specific actions on specific accounts, such as blocking specific bill plans or payment methods for high-risk accounts.

TECHNICAL FUNCTIONALITY

While assessing features and functionality is a critical step in selecting a BaaS provider, there are a number of technical considerations to be considered as well.

- *Security:* Look for PCI compliance at the least; but you'll also want to look at compliance with the Gramm–Leach–Bliley Act (GLBA) and National Automated Clearing House Association (NACHA). Look for SOC I- and SOC II-level security. Tokenization and two-factor authentications are typically used.

- *Integration:* These services work best with integration. Check to see if they have integrated with your billing system in the past. If not, look at how they handle integration, whether with real time APIs, batch-file transfers, Web services, or other mechanisms.
- *Cloud-based:* Some solutions are cloud-based. Look to see if the solution is hosted in a private cloud or public cloud, as you'll want to make sure the BaaS provider's SLAs are sufficient for your customers.
- *Web responsive:* Responsive design for customer-facing applications makes it easy for customers to access from any device.

OTHER VENDOR CONSIDERATIONS

When evaluating a partnership with any vendor, an insurer should also consider a variety of other factors.

- *Functional specialization:* Some vendors do nothing but BaaS. Others include this as one outsourcing capability among many.

- *Industry knowledge:* Some vendors provide services across industries. Others specialize in the insurance industry, and their processes have been tuned to the insurer's needs.

- *Regulatory knowledge:* Make sure the vendors have knowledge of the regulatory issues associated with your line of business. Those vendors that specialize in insurance are more likely to understand some of the nuances that impact this industry.

- *Stability:* Assess factors such as the vendor's stability, years in business, and knowledge of the insurance industry, as well as the unique nuances of industry processes and the level of ongoing investment in the solution.

- *Implementation:* Look at the vendor's experience with implementation and technical support. Generally, implementations are relatively fast.

- *Customer service:* Check the service-level agreements regarding the level of service the vendor will provide to your clients. This is an area that done poorly can impact your brand.

PRICING MODELS

BaaS vendors typically have several pricing models to choose from:

- *Funded by policyholders:* In this model, the insurer typically pays no implementation fees, no licensing fees, and no maintenance fees. Each of the various transactions are identified, and a service fee is established that the policyholder pays. There may be an installment fee, a credit card service fee, an insufficient funds fee, etc. The amount of the fee is calculated to cover the BaaS provider's costs. Typically, the BaaS will pay the credit card service as well. This is the most cost-beneficial model for an insurer.

- *Funded by the insurer:* In this model, the insurer pays an implementation or setup fee and pays a fee for each of the different transactions. This model is usually used by an insurer that does not want its policyholders to pay any fees.

- *Hybrid model:* In this model, the insurer and the BaaS provider agree on the level of fees that the insured will pay. The additional costs of providing the service are paid by the insurer. The insurer may — or may not — pay an implementation or setup fee. This model is used by an insurer that is okay with the policyholders paying a small fee but believes the amount needed to pay the BaaS provider will be too high for its clients to accept.

Traditional business process outsourcers (BPO) typically have two models to choose from. These models are typically used by BPO vendors that handle billing on an outsourced basis and offer other kinds of outsourced services.

- *Transaction-based pricing:* In this model, a predetermined fee is charged based on the specific transactions performed. Transactions may include the number of bills generated, inquiries handled, cancellations processed, or other kinds of transactions the BPO firm is performing.

- *FTE-based pricing:* In this model, the insurer and the BPO firm agree on the number of FTEs that will be deployed to provide services. A fee is charged for the number of FTEs deployed.

Look for programs that are flexible enough to change as usage increases. While a per-transaction model may work well when the insurer is just starting out and usage is small, it's easy to project a rising cost as usage grows. Clearly, the BaaS company doesn't want to lose the business it grows, and, frankly, it may not be the best option for the insurer. Bigger billing operations are more complex and costly to manage than smaller ones. Vendors may have pricing models that can share the economies of scale afforded to the BaaS provider with the insurer. The result is that cost is rarely a major factor in any decision to outsource. Look for pricing that is tiered so that the company gets meaningful pricing benefits when the volume grows, thereby allowing the BaaS option to be a valuable solution in the long term.

THE VENDORS

Celent has asked firms that provide BaaS to insurers to enter into a Celent's free digital catalog, VendorMatch Discovery (https://www.celent.com/vendormatch), information about their company and service offering. This report presents certain extracts of that information. The full set of details about each type of new data product is available in VendorMatch, subject to VendorMatch's terms of use.

Below is a summary description of the Input1 and their offerings entered into VendorMatch as of the writing of this report. The summary description was provided by Input1 and may include language that is drafted by a marketing department. This language may include phrases such as "the only," "the best," "unmatched," or other superlatives. We would caution insurers to consider this as marketing language and not to rely upon those phrases as indications of fact. In some cases, Celent has shortened the descriptions or made minor edits. Celent has not validated this information. There may be other vendors that provide these services.

INPUT 1: BILLING AND PAYMENTS

Company Overview

Input 1 is a limited liability company located in Woodland Hills, CA, with 120 employees. They offer a multiplatform solution provider for the property and casualty segment of the insurance industry. Input 1 provides billing and digital payments software and services for insurance carriers, general agents, and retail agents. Input 1 also provides a software platform for the management of premium finance receivables. They serve several of the largest banks, insurance carriers, and premium finance companies in the United States and Canada.

Table 12: Company Snapshot

YEAR FOUNDED	1984
FINANCIAL STRUCTURE	Limited company
NUMBER OF EMPLOYEES	120
CORPORATE REVENUES (USD)	Confidential
HEADQUARTERS LOCATION	Woodland Hills, CA
WEBSITE	www.input1.com

Source: Input 1

Solution Overview

The Input 1: Billing and Payments digital platform offers a customer-centric experience that combines the latest technology with essential business services to effectively manage an insurer's billing and payments operations.

Input 1: Billing and Payments delivers billing flexibility, scalability, and rapid implementation, and lowers costs for an insurer.

Their systems allow for a simple, clear, and well-documented integration process, which allows an insurer to seamlessly integrate with current and legacy core systems quickly and at a low cost.

Table 13: Solution Snapshot

SERVICE NAME	Input 1: Billing and Payments
VENDORMATCH LINK	https://www.celent.com/solutions/909129100
TARGET MARKET	Insurance carriers, general agents, retail agents, banks and premium finance companies
INSTALLED BASE	186 PC clients
NOTABLE CLIENTS	Tokio Marine, Westfield Insurance Co., All Risks Ltd, Burns & Wilcox

Source: Input 1

Key Features

- Unlimited billing flexibility: any installments schedule (e.g., any down payment, any number of installments, any due date, including irregular or seasonal schedules).
- Supports claims payments.
- Tailors communications down to a single customer or agent. Tailors customer notice delivery preferences. Tailors cross-selling messages for each agent.
- Extensive library of standard reports plus a free-form custom report builder: create any report you need and schedule it to run automatically whenever you want.
- Maximize cash flow and minimize write-offs with embedded collection service.

Key Benefits

- Entire billing and payments value chain is in the box. No additional vendors required.
- Entirely digital solution and digital customer experience (e.g., digital invoices, digital payments, digital agent commissions, digital customer service, etc.).
- Rapid time to market: < 90 days in most cases.
- Single-source provider for billing and payments results in faster implementation and lower costs.
- No licensing fees, maintenance fees, or support fees.
- Simple, straightforward integration process with support from knowledgeable IT team.
- Input 1 handles PCI compliance, so you don't have to.

PATH FORWARD

BaaS isn't the right solution for every insurer, but there are some who find this option to be of high value. It all comes down to a basic truth. Billing, while it can be technologically complex to implement properly, isn't brain surgery. Rarely is it the component that makes an insurance company great. After all, every company can, one way or another, issue a bill and collect premium payments. But billing services do influence a customer's perception of the insurer.

Flexibility of payment options, multiple payment mechanisms, and ease of self-service interaction with the insurer are becoming key expectations from customers influenced by their ability to interact with other noninsurance firms. Some insurers can deliver on these expectations easily. Others may find it easier to outsource billing in order to offer the experience customers are demanding.

Resources (both technological and administrative) allocated to billing take away from resources that should be dedicated to creating new products and servicing them. BaaS takes this nonstrategic activity off the plate of the company so that the company can be creative and grow.

There is no single best BaaS provider for all insurers. There are a number of good choices for an insurer with almost any set of requirements. An insurer seeking a new BaaS provider should begin the process by looking inward. Every insurer has its own unique mix of lines of business, geography, staff capabilities, business objectives, and financial resources. This unique combination will influence the list of vendors for consideration.

We recommend that insurers looking for a BaaS provider narrow their choices by focusing on the following areas:

- Breadth and depth of transactional services provided.
- Level of customer service functions and relevant metrics to measure quality.
- Administrative support tools.
- The integration framework.
- Success of solution in similar business lines.
- The vendor's stability, knowledge, and investment in the solution.
- Customer reference interviews.

Insurers realize the strong role that billing, and especially the quality of service provided during the billing process, play in financial operations and in building relationships with customers and distributors. There is no question that BaaS presents a very viable and important option to insurance companies and MGAs.

Was this report useful to you? Please send any comments, questions, or suggestions for upcoming research topics to info@celent.com.

LEVERAGING CELENT'S EXPERTISE

If you found this report valuable, you might consider engaging with Celent for custom analysis and research. Our collective experience and the knowledge we gained while working on this report can help you streamline the creation, refinement, or execution of your strategies.

SUPPORT FOR FINANCIAL INSTITUTIONS

Typical projects we support related to billing and payments include:

Vendor short listing and selection. We perform discovery specific to you and your business to better understand your unique needs. We then create and administer a custom RFI to selected vendors to assist you in making rapid and accurate vendor choices.

Business practice evaluations. We spend time evaluating your business processes.]. Based on our knowledge of the market, we identify potential process or technology constraints and provide clear insights that will help you implement industry best practices.

IT and business strategy creation. We collect perspectives from your executive team, your front-line business and IT staff, and your customers. We then analyze your current position, institutional capabilities, and technology against your goals. If necessary, we help you reformulate your technology and business plans to address short-term and long-term needs.

VendorMatch digital service. Our digital service offers a vendor discovery and shortlisting tool that enables you to scope the market for financial technology that meets your requirements, quickly determine a solution's core functionality and features, compare solutions, and manage your evaluation.

SUPPORT FOR VENDORS

We provide services that help you refine your product and service offerings. Examples include:

Product and service strategy evaluation. We help you assess your market position in terms of functionality, technology, and services. Our strategy workshops will help you target the right customers and map your offerings to their needs.

Market messaging and collateral review. Based on our extensive experience with your potential clients, we assess your marketing and sales materials — including your website and any collateral.

RELATED CELENT RESEARCH

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March 2016 Report

2015 Stand-Alone P&C Billing Solutions
April 2015 Report

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