



Claims Director/ Manager's story

Claims directors have a vital role to play in ensuring legitimate claims are settled efficiently and on time. Payments to suppliers are a key part of this. The claims director is always looking to find ways to make the process more efficient and less risky for the insurer whilst maintaining good relations with suppliers and ensuring a hassle-free experience for the claimant.

Keeping costs low

The claims director may find themselves presented with numerous challenges when it comes to making B2B payments related to claims.

Sometimes the claimant wants to use their preferred garage for a repair but it's not part of the insurer's approved network. This can incur extra time and costs validating new payment details which will most likely only be used once. Cheques are little better as they are a legacy paper-based mechanism with their own costs and risks attached.

Claims directors also need to avoid revenue leakage that can occur because it may be too expensive to validate payee details or recover erroneous payments for low value claims. Insurers are also faced with more expensive bills to repair or replace items that are becoming increasingly more complex. Without a focus on cost the alternative is to lobby for increased premiums.

Administration headaches

Another major part of the job revolves around potential supplier issues. Claims directors may be forced to try and recover money from vendors if, for example, they've done a bad job which needs to be fixed elsewhere. Or perhaps, if a customer pays their policy excess directly to the garage and then the insurer pays the invoice, only to find the garage has accidentally included the excess.

Third party suppliers such as garage repair shops may also refuse to release vehicles, following completion of the job, until payment is received, something that can take days with traditional payments processes. Not only can this cause unnecessary stress for the claimant, but it could also add extra cost if, for example, the insurer is forced to pay for a hire vehicle in the meantime.

Speed is also of the essence when it comes to roadside assistance, a process which can be complicated when third-party recovery providers are involved and need paying immediately.

Finally one other issue worth mentioning is paying service providers overseas – covering repatriation expenses or in country treatments for example. Traditional mechanisms (like SEPA) for making overseas payments cost a lot in transaction fees, take days to move the money and are often at sub-optimal exchange rates – which just adds to the administrative burden.

The VAN solution

Optal Virtual Account Numbers (VANs) offer a solution to all of these challenges. These are automatically generated, single-use, Mastercard numbers designed to facilitate fast, simple and secure payments to suppliers.

First, they operate on a pull payment method, so you don't need to spend time and money validating bank details — the supplier need only present the VAN and they can access the cash. VANs can also be viewed as a token that has the same "promise-to-pay" certainty of a cheque but none of the extra costs or risk.

As well as saving cost otherwise spent on validating payee details, VANs also generate a reward on all claims paid, helping insurers improve their margins to keep claims costs low.

Because VANs are backed by Mastercard, recovering payments from suppliers can be done via Chargebacks: much cheaper and easier than via traditional banking channels.

Payment is fast, accurate and simple, with the 16-digit code authorised by the Mastercard network as soon as it's presented by the supplier. That means a better experience for the customer, who can get their vehicle back quicker, and no unnecessary extra costs for the insurer.

VANs also support a simple, secure way to buy replacement items from preferred vendors to support new-for-old cover. There are cost savings to be had as claims directors can negotiate better terms with vendors, improve visibility of spend, and increase margins thanks to those rewards on every payment.

Optal's VANs are already changing the way businesses think about payments in a range of sectors. See how it could help yours.