

Unlocking the Power of **Pay-as-you-go** for Workers' Comp

How workers' comp carriers are unlocking the power of Pay-As-You-Go billing to increase customer acquisition and retention while reducing operational costs.

InsurePay[®] +



Duck Creek
Technologies

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The effects of the pandemic in 2020 and 2021 changed how we work, live, and even purchase insurance.

In three short years, Pay-As-You-Go Workers' Compensation has gone from "nice to have" to a preferred billing option, with 7 of the top 10 carriers offering Pay-As-You-Go Workers' Comp via InsurePay.

One of the benefits of working with 560+ insurance customers and processing over \$10B in premium payments each year is that it allows us to gain a holistic view of the latest trends in the workers' compensation marketplace.



In this white paper, we'll be answering vital questions about Pay-As-You-Go Workers' Comp billing such as:

- What are the benefits of Pay-As-You-Go?
- What is the difference between traditional Workers' Comp billing vs. Pay-As-You-Go billing?
- How Does the Duck Creek Anywhere Enabled Integration (AEI) work?

But first, it's important to provide some context on why Pay-As-You-Go Workers' Comp billing has gained so much traction over the last few years.

Based on conversations with our customers, below are four reasons for the emergence of Pay-As-You-Go billing.

1.) Acceleration of Digitization Initiatives

In a study conducted by KPMG, 96% of insurance CEOs reported the pandemic accelerated digitization initiatives¹. COVID-19 forced businesses of all shapes and sizes (along with consumers) to embrace digitization.

Inevitably over time, consumers grew accustomed to the ease and convenience of their digital experiences on Amazon, Instacart, Starbucks®, etc., and they carried over these experiences when shopping for insurance.

While the pandemic forced insurers to embrace digitization, this shift was inevitable.

Our next generation of small business owners has been called the most entrepreneurial generation ever, with 62% of Gen Z reporting they have started or intend to start their own business².

Many people from this generation will soon buy insurance for the first time, and if you can't provide a seamless digital experience, they will find someone else who will.

2.) SMEs Are Laser Focused on Managing Cash Flow

According to Pymnts.com, 43% of small and medium businesses reported inflation as their most pressing challenge³.

“Today’s business owners can’t afford to tie up their money with large lump sum payments, and they welcome the ability to better align their workers' comp payments to actual exposures using real-time payroll data.”
- [Pymnts.com](https://pymnts.com)

3.) Rising Agent and Carrier Demand

It's much easier and cost effective to keep existing customers than to acquire new ones. For example, it can cost insurance agencies 7x - 9x more to attract a new customer than to retain an existing one⁴. Furthermore, it has also been estimated that the top five players across various markets have an average customer retention rate of 94%⁵.

As carriers and agents look for ways to improve the customer experience and boost policyholder retention, flexible billing methods such as Pay-As-You-Go can increase policyholder retention by up to 10%.

4.) Policyholders Demand Flexible Billing and Payment Options

The combination of inflation and limited access to capital means small and medium businesses demand flexible billing and payment methods.

Insurers who meet customers where they are by offering flexible payment methods can boost customer satisfaction and retention.

In a survey conducted by InvoiceCloud, 79% of people prefer to make payments through digital channels⁶, and 80% of satisfied consumers reported they were more likely to renew their policies via Autopay⁷.

Customers rank their preferred payment methods as the NUMBER ONE most important digital capability. - [2023 Global Digital Shopping Index](#)

Traditional Workers' Comp Vs. Pay-As-You-Go

One of the challenges of securing traditional workers' comp coverage is that it requires a large, up front lump sum payment based on estimated payroll and an annual audit to ensure premiums haven't been over/underpaid.

For insurers to quote, bind, and service these policies requires people + paperwork. This not only delivers a less-than-stellar customer experience but also increases operational costs for insurers due to manual and redundant processes.

Advances in **technology, integrations, and the ability to share data** now enable carriers to provide customers with an alternative to the traditional Workers' Comp billing experience.

InsurePay, for example, aligns insurance usage and premiums by calculating, collecting, and re-mitting insurance premiums each pay cycle (weekly, bi-weekly, monthly) using real-time payroll data **from 2,000+ payroll providers**, such as:



Pay-as-you-go eliminates the need for large lump sum payments and can reduce audit costs by up to 50%.

InsurePay Customer Success Metrics

- Up to 10% increase in policyholder retention
- Up to 50% reduced audit costs
- Up to 75% bad debt reduction (uncollectible premiums after year-end audits)

Add Pay-As-You-Go Workers' Comp in 10 Days with Duck Creek's Accelerator

Delivering an exceptional customer experience with flexible billing and payment options doesn't mean carriers have to tie up valuable IT resources. [Duck Creek's Anywhere Enabled Integration \(AEI\) with InsurePay](#) does all of the heavy lifting.

80% Decrease in Workload	7-10 Day Setup Time	2,000+ Payroll Providers
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InsurePay's AEI with Duck Creek provides carriers with the following options:

Self-Reporting

Policyholders who prefer to self-report can manually enter payroll information via a custom-branded carrier portal. From here, InsurePay will automatically calculate the amount owed and pay the carrier. This is a manual process for the policyholder but a touchless one for the carrier.

Automatic Reporting

This option is touchless for both the policyholder and carrier. Depending on the policyholder's pay cycle (weekly, bi-weekly, monthly) InsurePay will automatically calculate the premium owed through our integrations with 2,000+ payroll providers. After drafting the premium owed, InsurePay will automatically pay the carrier.

Benefits

- Boost customer acquisition and retention by offering flexible billing & payment options
- Improve underwriting and claims decision-making with better data
- Reduce operational expenses by automating manual and redundant processes

Insurers are Not Only Selling Products; They're Selling Experiences

Over the last few years, customer expectations have shifted right before our eyes. In 2023 insurers are not only selling products; they're selling experiences.

To attract and retain customers in today's highly competitive Workers' Comp marketplace, insurers must deliver tailored insurance coverage along with simple, easy, and routine billing and payment experiences.

In the past, legacy closed core systems prevented carriers from quickly adding new products to meet customer demands. Duck Creek's open platform sits at the center of insurers' P&C solutions, allowing carriers to add new products using minimal IT resources.

And since InsurePay is fully integrated with Duck Creek's Policy and Billing systems, carriers can meet customers on their terms by offering Pay-As-You-Go Workers' Comp billing through a custom branded portal in 7-10 days.

InsurePay has been helping carriers of all shapes and sizes to implement Pay-As-You-Go Workers' Comp billing for almost 20 years. For more information or to schedule a no-obligation consultation, visit www.insurepay.com For additional information about Duck Creek's AEI with InsurePay, watch our [video](#) or visit <https://insurepay.com/duckcreek/>.

About InsurePay®

InsurePay® is a leading Insuretech SaaS platform that enables the accuracy of premiums, integrated payments, and reconciliations in real time for Agencies, Carriers, MGAs, and insurance technology providers. InsurePay® is empowering Carriers and their partners to allow policyholders to pay only for what they need with real-time system and data-driven accuracy and flexibility, through a feature-rich platform that offers policyholder payments, Carrier PayGo and payables, vendor payables, and claims payments and Agency receivables all integrated to back-office core systems. To learn more, visit www.insurepay.com or follow the company on [LinkedIn](#).

About Duck Creek Technologies

Duck Creek Technologies is the intelligent solutions provider defining the future of the property and casualty (P&C) and general insurance industry. We are the platform upon which modern insurance systems are built, enabling the industry to capitalize on the power of the cloud to run agile, intelligent, and evergreen operations. Authenticity, purpose, and transparency are core to Duck Creek, and we believe insurance should be there for individuals and businesses when, where, and how they need it most. Our market-leading solutions are available on a standalone basis or as a **full suite**, and all are available via **Duck Creek OnDemand**. Visit www.duckcreek.com to learn more. Follow Duck Creek on our social channels for the latest information – [LinkedIn](#) and [Twitter](#).

Sources

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Source 2: <https://www.cnn.com/2022/06/18/microsoft-finds-gen-z-is-redefining-the-idea-of-work-hustle.html>

Source 3: <https://www.pymnts.com/smb/2023/only-26-of-main-street-businesses-have-access-to-60-days-of-cash/>

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Source 5: <https://surveysparrow.com/blog/heres-something-didnt-know-average-customer-retention-rate-industry/#section1>

Source 6: <https://invoicecloud.net/blog/3-new-biller-best-practices/>

Source 7: <https://invoicecloud.net/blog/infographic-digital-transformation/>

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