



**Life insurers are gaining interest in accepting cards for premium payments.**

By Ron Clark, Editor, *Resource*

Payment cards are accepted under many different circumstances, the *Resource* survey found. Here are a few of the scenarios mentioned (names of companies kept confidential):

- Credit cards accepted for initial payments on life new business, as well as credit cards for one-time payments on direct-to-consumer policies such as term, whole, and juvenile life
- Accepted for all insurance products
- Credit cards accepted for all individually billed products
- Credit/debit cards accepted in a small-scale pilot through the call center, for life and health new business only
- Accepted in advisor offices (in-person payment) for all products
- Credit cards accepted for term life products only and only in online applications
- One company said it was just beginning initiatives to accept credit cards for financial planning services and certain term life products

Companies that accept payment cards were asked to indicate all the channels through which they are accepted. For credit cards, online is the leading channel, accepted by 74%; the in-person channel has an acceptance rate of 48%; mail is 39%; interactive voice response 22%; and mobile apps 9.7%. Debit cards are accepted online by 89%, in-person by 33%, interactive voice response 22%, mail 16%, and mobile apps 11%.

When asked if the company would let agents take payments via mobile device, 65% said yes.

As to which area of a company makes the decision to take payment cards, there is no one typical area. Treasury is the leader, with 32%. Product is 22%, Marketing 5%, and other 30%. Here are just a few examples of how the decision is made:

- “Since the process has elements of technology, we’d need to have it prioritized within our IT division and then create a plan to implement in the business area.”
- “Decision process would be at the Executive level, including all VPs and the President, led by the Treasurer.”
- “Policy service areas request customer feedback regarding requested payment options and do research into the same. Information collected is submitted to the C-Suite for consideration in light of the legal and regulatory mandates. A decision is made at this level as to whether new payment methods should be implemented.”
- “The decision requires analysis around compliance/regulation, adoption/usage, infrastructure, expense.”
- “Operations and Marketing officers are involved.”

Most of the companies responding to the survey (81%) operate nationally in the U.S. About 12% operate regionally.

Size of the responding companies varies. 26% of the responding companies have more than \$1 billion in premium volume, 20% have premium volume between \$500 million and \$1 billion, and the rest are under \$500 million.

For more information on Visa acceptance, contact Diana Figueroa at [dfigueroa@visa.com](mailto:dfigueroa@visa.com) or visit [www.visa.com/merchantbillpay](http://www.visa.com/merchantbillpay) ♦

## Payment Card Survey for Life Insurance Industry

As more and more consumers turn to the web and mobile devices to conduct their business, there is growing interest among life insurers in accepting credit and debit cards for premium payments, according to a survey conducted by LOMA’s *Resource* magazine and sponsored by Visa on the use of payment cards.

The survey was conducted in late 2014/early 2015 among LOMA member insurance companies in the U.S. The survey found that 20% of surveyed insurers currently accept both credit and debit cards for premium payments, 16% accept credit cards only, 2.5% accept debit cards only, and 61% don’t accept either.

Of the companies that currently don’t accept credit and/or debit cards, quite a few are interested in doing so: 42% are considering accepting both credit and debit cards within the next two years, 15% are considering credit cards only, and 7% are considering debit cards only (see chart).

The survey found that currently ACH and checks are the leading methods by which customers pay their premium bills for life insurance and related products. Credit/debit cards make up about 12% of the payments, on average.

Commenting on the survey, Bill Dobbins, head of Business Development for Visa, says, “Increasingly, we find that life insurance companies value the benefits they get from Visa acceptance.”

Other industry research shows that younger consumers, such as the Millennials, prefer to do most of their business through smartphones and similar mobile devices. This includes making payments. And many consumers of all ages are foregoing checks and paying bills online. For these customer segments, credit and debit cards offer a convenient way to pay premiums. In the future, some analysts say, it will be more important to offer this option, as Millennials grow in influence and increase their purchase of insurance products.

**If you don’t currently accept credit and/or debit cards, are you considering accepting cards within the next two years?**

- Yes, both credit and debit cards
- Yes, just credit cards
- Yes, just debit cards
- No

