

# Inside Allstate's mobile payments strategy

- Allstate has moved to mobile payments to improve customer experience and enhance efficiency
- Mobile payments from insurers to consumers are seen as a natural progression given the popularity of smartphones and peer-to-peer payments services

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For those in the paths of hurricanes, earthquakes and other natural disasters, getting insurance payouts quickly can make a big difference.

For years, insurance payments were only made through checks in the mail. Delays receiving mail and questions about where a displaced person could receive mail are reasons why checks have been problematic for customers. Checks also [cost providers more](#) and can open up possibilities

for fraud.

That's why Allstate has moved away from checks to mobile-accessible instant electronic payments, ensuring people can get paid quickly and efficiently. It's the first provider to offer this kind of service, according to the company.

“Another day or two is major for a person out of their home; we want to get it settled as paid as quick as possible,” said Allstate spokesperson Justin Herndon. “We wouldn't be here with instant payments if there wasn't demand; cellphones are ubiquitous.”

Allstate customers can now receive rapid payments through two methods, either through bank transfer on bank-backed peer-to-peer payments network Zelle, called Fast Mobile e-Payment (a feature launched in 2015 when Zelle was called clearXchange); and QuickCard Pay, a method launched late last year that allows for instant transfers with a customer's email address or mobile phone number. Both solutions were delivered through partnerships with financial institutions: Fast Mobile e-Payment was with Bank of America Merrill Lynch and QuickCard Pay was with Mastercard.

While QuickCard Pay's instant payment method is faster, Fast Mobile e-Payments can take up to 24-48 hours — huge improvements over clunky checks. But customers can still choose to receive payments the old-fashioned way.

Payments from insurers to claimants are a notable business-to-consumer use case for Zelle.

“The Zelle network is based on consumers using tokens like email addresses and cellphone numbers,” said Eric Foust, director of market solutions at bank-backed consortium Early Warning, which oversees the Zelle network. “Corporate clients are able to partner with banks and push

payments through the Zelle network without having to know bank account and other sensitive information, and the funds can be sent in near real time.” Foust added that a growing number of insurance providers have expressed interest, but wouldn’t say which ones.

The move to mobile-enabled rapid payments is a natural progression from the popularity of prepaid debit cards and rapid electronic payments transfers. And since customers, particularly millennials, have gotten used to mobile peer-to-peer payments services like Venmo and Zelle, it’s a natural fit for insurers.

“It’s a big area of investment for insurers because rapid claims is a differentiator,” said Matthew Josefowicz, president and CEO of research and consulting firm Novarica.

Another possible reason for the march toward instant payments is the influence of insurtech startups. Startups are pushing the envelope on rapid payments, moves that are prompting incumbents to innovate more quickly. For example, this week, CelsiusPro, a Switzerland-based insurance technology startup that works with insurers around the world, launched an emergency cash insurance product for customers dealing with weather-related disasters. CelsiusPro analyzes weather and wind speed data to determine insurance payout. The product is entirely separate from property and casualty insurance.

“In terms of a hurricane, we have wind, rainfall and the hurricane category — what we can do for people living in a certain area, we can get the measurements, wind speed information and category, and we can directly map them out,” said Sebastian Glink, head of business and product development at CelsiusPro. “The concept is that people can get an immediate next-day emergency cash payout.”

Despite the innovations from startups, Josefowicz said their influence is not likely to displace the incumbents, but nudge them to become more

competitive with their product offerings.

“New entrants are showing the way and demonstrating what an optimal experience might look like,” he said. “That won’t lead them to grabbing huge market share themselves; what it does is highlight the competitive capabilities that will be adopted by the most innovative and nimble existing players.”

*Photo of Hurricane Harvey rescue efforts courtesy of FEMA*