

The RTP[®] Network

Property and Casualty Insurance
Disbursements Playbook

Version 2.00
October 2024

Note: The information provided in this document is a set of general guidelines and considerations for financial institutions. As with any new product or service, financial institutions should consult with their own legal and compliance representatives to review the risks and legal issues that their participation in the RTP® network may implicate.

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The RTP® Network Playbooks

The RTP® Network Playbooks highlight where instant payments offer significant value for financial institutions (FIs), their customers, and end users. The aim of these playbooks is to explore the latest trends shaping today's payments landscape, providing an overview of where the RTP® network fits in, the different use cases it facilitates, and what best practice implementation looks like. In this way, these playbooks – and the additional resources included – serve as a helpful guide to navigating the instant payments landscape.

The Property and Casualty Insurance (P&C) Disbursements Playbook

Across the following pages, this playbook covers instant payments for P&C insurance providers, outlining a tactical approach for planning and implementing the RTP® network within their workflows. It also offers guidance and recommended practices – in the form of checklists, templates, sample FAQs, and RTP® network documentation – to help FIs better support their customers with instant payments on the RTP® network.

Highlights from this Playbook include:

- A deep-dive on the RTP® network and its important characteristics
- An exploration of the value the RTP® network's credit transfers can bring to P&C insurance disbursement workflows
- Guidance for insurance providers on how to work internally and with their FIs to accelerate the implementation of instant payments
- Support with how insurance providers can build technological and operational readiness in their existing processes to enable instant payments

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Understanding Instant Payments on the RTP[®] Network

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The Payments Landscape is Experiencing an Evolution: Why Instant Payments Define the Future of U.S. Domestic Payments

Whether ordering supplies, booking travel, or purchasing entertainment, consumers expect convenience, speed, and a frictionless experience in their transactions. This is increasingly true for businesses as well, where there is a strong desire – and growing need – to improve cash flows and enhance efficiencies.

As FIs look to make these expectations a reality, real-time payments have moved to the top of the agenda, driven by the promise of new revenue streams, enhanced user experiences, customer retention, and customer acquisition opportunities. Those that are slow to get up the curve risk losing market share to competitors that are on the network.

What is the RTP® Network?

The RTP® network from The Clearing House provides FIs and their customers with the ability to conveniently send and receive immediate fund transfers directly from and to their bank accounts, anytime, 24/7/365. Real-time payments is the latest phase of evolution within the U.S. payments industry, providing a platform for product innovation. In view of this opportunity, FIs are delivering a variety of new features – including enhanced speed, security, continuous operation, full payment transparency, and messaging capabilities – to create unique offerings for their retail and corporate customers.

The RTP® network is an irrevocable credit push system (no direct debits allowed) which ensures certainty of funds and reduces the risk of unauthorized transactions associated with traditional debit payment methods. The RTP® network utilizes ISO 20022, a global messaging standard that provides the capability to share remittance information and real-time status reports.

The network is a financial industry infrastructure, in the same way that ACH, wire, and check image exchange are. While the RTP® network doesn't replace the other payment networks, it has capabilities that the others don't – since it's specifically designed to support digital commerce.

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The Fundamental Benefits of Instant Payments on the RTP® Network

24/7/365: The RTP® network operates on a 24/7/365 model, which means the system is available for businesses and consumers to send or receive payments at any time. Payments can be received outside of customary banking hours, including weekends and holidays.

Immediate Availability: Recipients will receive the payment within seconds of the Sender initiating the transaction; if the Receiving FI does not reject the payment, it is required to make funds available immediately, except where necessary to review the payment for legal or compliance purposes.

Payment Certainty: Sending FIs are not able to revoke or recall a payment once it has been submitted to the RTP® network. However, there is a process to facilitate FI-to-FI communication to request return of funds.

Ubiquity: The RTP® network is accessible by all insured FIs, regardless of size or charter type, and reaches the vast majority of U.S. demand deposit account (DDA) holders.

Extensibility: Rich, flexible messaging functionality is included to support value-added products. For example, the RTP® network provides messaging capability enabling a Request for Payment directly via the RTP® network.

User Experience: Users of the RTP® network can initiate payments using their DDA account number and routing number. Alias-based payments may also be available through other bank-to-bank networks that utilize the RTP® network for clearing/settlement.

Cash Flow Control: The ability to send and receive payments immediately gives businesses and consumers more control over cash flow, which is particularly important for cash-constrained small businesses.

Adaptability: The RTP® network has a flexible architecture to adapt to changing market needs.

Global Standards: The RTP® network uses the ISO 20022 international standard for financial messaging.

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Instant Payments on the RTP® Network Provides a Unique Value Proposition

Increase Cash Flow and Working Capital

- Pay 24x7x365
- Make a payment whenever it's needed, not just within traditional business hours
- Improve liquidity forecasting
- Support cash concentration 24/7
- Schedule and precisely time payments to eliminate float and maximize liquidity

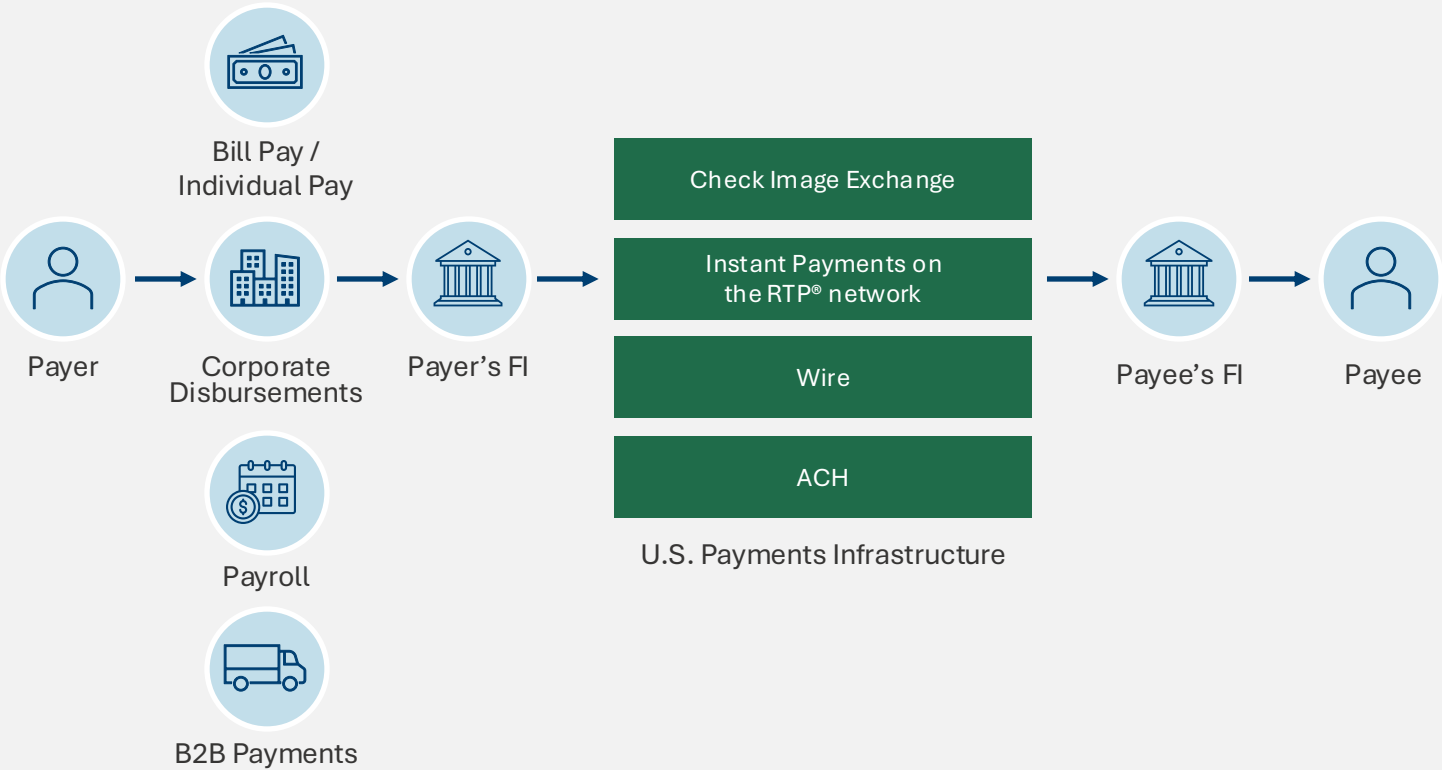
Streamline Operations and Customer Experience

- Immediate payment confirmation
- Irrevocable, meaning no reversals
- No day-2 exceptions; improved straight-through processing
- Send and receive payments outside traditional banking hours
- Access received funds immediately
- Reduce reconciliation

Strengthen Risk Management

- Control when funds leave your account and eliminate unauthorized debit risk
- Send funds through a secure network and reduce fraud from checks and cards
- Improve control of cash flow with irrevocable payments
- Enable request for payment (RfP) capabilities to replace direct debits

The RTP® Network: A New Payment Rail



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With Many Payments Options Available, Why Choose the RTP® Network?

Across the payments ecosystem, instant payments prove to be a valuable option. By utilizing RTP® instant payments, financial institutions and their customers see benefits such as:

Legacy Payments

RTP® Network Instant Payments

Delayed Availability Due to unpredictable clearing times, the sender does not know for 1-3 days whether the transfer was successful and that funds are available to the receiver for use.	1	Immediate Availability and Notification With the RTP® system, receivers will have immediate funds availability 24/7. Related status notifications are sent to senders (that a transfer was successful) and recipients (that funds are available).
Payment Reversal Payments may be reversed under certain circumstances and within a predefined time period.	2	Payment Certainty Payments cannot be revoked or recalled once sent to the RTP® system.
Credit Push and Debit Pull ACH supports credit push as well as debit pull transactions.	3	Credit Push Only The RTP® network will only support credit push transactions. The payee may send a Request for Payment message but will not be able to pull funds directly from the payer’s account.
Limited Messaging Options Remittance information must be included within the payment message itself.	4	Flexible Messaging Options The RTP® network provides flexible, robust messaging components with multiple options for enclosing remittance information. Options include using the payment message, sending a non-payment message, or referencing an external remittance source.
Delayed Fraud Detection The time between the sending and actual posting of a payment allows for a window during which fraud analysis may be conducted.	5	24/7 Fraud Detection Participating FIs will need to enhance and automate their fraud detection and controls to correspond with the ability to move funds nearly instantaneously.



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Real-time Payments for Property and Casualty Insurance Disbursements

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Why Choose the RTP® Network for Property and Casualty Insurance Payouts?

Today P&C insurance payouts are delivered to Policyholders and Claimants via check, ACH, card, or wire. Sometimes there are delays in payment receipt and/or these payment options charge higher transaction fees. Cash flow delays, resulting from insurance payouts not being paid immediately, can negatively impact when policyholders can pay expenses related to claims.

At the same time, the Insurance Provider’s back office is staffed to handle rejected payments and calls that arise from inaccurate account information being used. The Insurance Provider must also cover pricey check replacement and escheatment costs. By shifting insurance payouts to the RTP® network, Insurance Providers and their Policyholders receive better value; the Providers reduce back-office expenses, and the Policyholders receive their insurance payouts more quickly.

Opportunities in P&C Insurance Disbursements with Real-time Payments

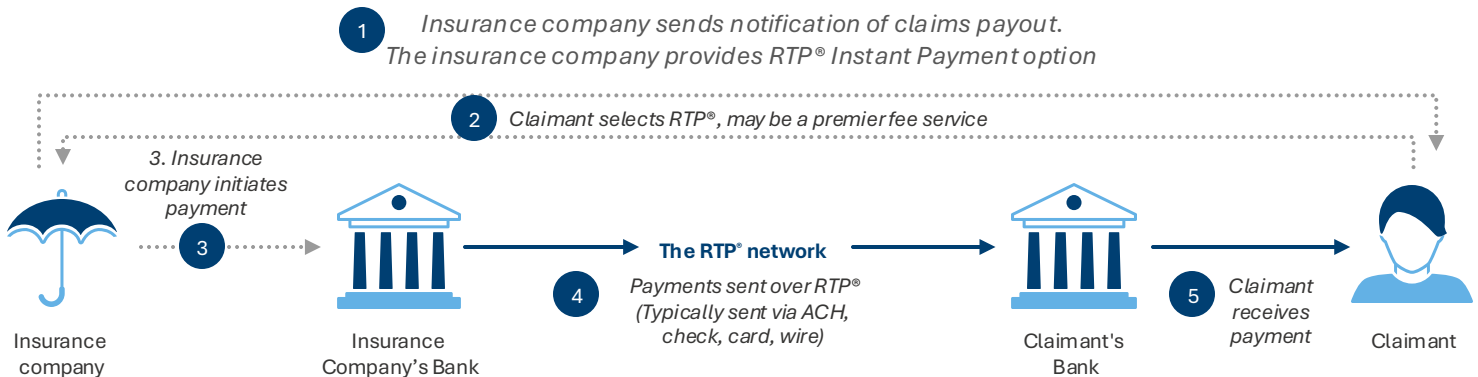
A new revenue stream in P&C Personal Insurance Claims: Individuals filing personal insurance claims – whether for homeowners, flood, earthquake, renters, auto, bike or disability – can experience financial stress while waiting for their claims to be paid. In some states, insurers have a legal obligation to not delay payment and are required to pay within a set timeline. By using the RTP® network, Insurance Providers can use instant payments to prevent missed payment deadlines. The payment option also introduces an expediated service for Policyholders, which can introduce a new revenue opportunity for the Insurance Providers.

Maximize Liquidity with P&C Commercial Insurance Claims: When an unexpected event impacts business operations, businesses can run into liquidity issues as they await high-value disbursements that come from malpractice, professional liability, business interruption, workers compensation, and building issue claims. The timely receipt of cash is critical to this customer segment. Adding real-time payments as an option can help business policyholders maximize cash flows, giving Insurance Providers (and their FIs) a competitive edge.

Improve Operational Costs with P&C Insurance Providers: Insurance providers will benefit from improved working capital and lowered operational costs by implementing RTP® capabilities into the claim's payment processing workflow. Shifting away from check, card, wire, and ACH payments will eliminate the Provider’s settlement payment risk, reconciliation cost, reject processing, customer inquiries, and escheatment costs while also enhancing the Policyholder's experience. More effective timing of payments can also result in liquidity improvements.

How the RTP® System Works for Insurance Payouts

Below is an example of how an insurance payout method can be adopted by Insurance Providers via the RTP® network. Insurance Providers issue funds immediately to policyholders via the RTP® network, eliminating back-office processing costs and delivering a premium customer experience to Policyholders.



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The Instant Payment Journey for P&C Insurance Disbursements

Real-time payments on the RTP® network can drastically improve P&C disbursements by extending the customer value proposition through instant payout of funds, lowering risks and costs related to return payments, and improving working capital through optimized scheduling of payments.

Today, businesses and consumers want seamless, transparent, and real-time payment experiences with enhanced control and timing of payments to better manage cash flow. Insurance Providers and their Policyholders both expect 24/7/365 availability, robust fraud defenses, enhanced data, transparency, payment confirmation, and messaging capabilities. Instant payments on the network deliver on this, which is why Insurance Providers should begin identifying where they can integrate the RTP® system into their business. The RTP® network payments help Insurance Providers:

- Accelerate the flow of commerce
- Transform payments from a commodity transaction to a competitive business advantage
- Elevate payments from transaction to potential new revenue generator
- Convert payments from operations-focused to a strategic business strategy
- Elevate payments from obligation to a product business opportunity

The RTP® Network’s Value Proposition for P&C Insurance Disbursements

Insurance Providers see increased value and added benefits when implementing instant payments.

Better Cash Flow Predictability	Eliminate Back Office Costs	Transaction Fee Savings	Better Customer Experience	New Revenue Stream
Immediate confirmation of funds availability and irrevocability of credit transfers enable Policyholders to better manage liquidity	Straight-through processing rates can contribute to higher profitability margins for a P&C business, and eliminate risk and operational costs from returns	Instant payment fee economics are net positive vs. traditional payment methods (e.g. wire, credit/debit processing, ACH, and check)	Insurance Providers can lower attrition by meeting customer expectations and providing payment services that give them greater convenience, control, and visibility into the payment process	Potential for new revenue stream for Instant Payment Premium Service for Policyholders

In turn, the RTP® network functionality improves cash flow and predictability for the policyholders:

- Payment certainty of received funds to DDA accounts within seconds after sending payment
- New product offering for Policyholders with a potential new revenue stream for business
- 24/7/365 availability to support P&C insurance Policyholders cash flow payment needs
- Eliminate risk and operational costs from returns with real-time final settlement to open and available accounts who are only on the RTP® network
- Improved cash flow allows better liquidity and a stronger balance sheet

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A P&C Insurance Disbursements Case Study: Understanding the Process Flow

In this business-to-consumer (B2C) transaction, a P&C Insurer Policyholder (Claimant) is awaiting a claim payout from the Insurance Provider. Today the Insurance Provider offers multiple payment options for the Claimant to select, including ACH, check, card, and wire. Generally, the Claimant waits one-to-ten days for those funds to be received. The Claimant's Insurance Provider now offers RTP® payment as a new option for instant disbursement of these funds. As a result, the Claimant selects the RTP® instant payment option and receives the funds immediately in their checking account. The P&C Insurance Provider offers a new Instant Payout Premier Service or can elect to disburse all insurance payouts with instant payments in place of check, ACH, card, or wire.

- The Claimant selects the Instant Payout Premier Service when the service is offered on the Insurer Payout platform.
- The Insurance Provider collects and stores the DDA information for the Claimant payout.
- The Insurance Provider will prepare the RTP® instant payment payout using their bank's API or file-based RTP® service.
- The Insurance Provider's bank submits the transaction to the RTP® network.
- The RTP® network sends the transaction to the Claimant's bank and settles the transaction.

New Claimant Experience: Funds received immediately

- Once the Claimant's FI has received the transaction, it checks that the DDA account number is valid and then sends a message back to the RTP® network that it has accepted (or rejected) the payment.
- If the payment is accepted, the Claimant's bank simultaneously credits the account with the payout amount sent by the P&C Insurance Provider, and the Claimant receives immediate access to the funds.
- The RTP® network sends a message to the Insurance Provider's bank to let them know that the transaction has been made successfully. The Insurance Provider's bank marks the transaction as complete.
- The Insurance Provider's bank confirms the status of the payment and provides transaction details to the Insurance Provider.
- Each sending bank will decide how their customers will be notified of transaction status. In all cases, once the payment has been made, a confirmation message will always be sent by the network to both banks.

How do P&C Insurance Providers experience these benefits?

Adopting instant payments as a new payment method requires implementation of a new workflow into the P&C Insurance Provider's back-office. The integration of an API or integrated payables file for the RTP® network product offering into the business' money movement function shifts legacy batch processing into messages cleared and settled in seconds.

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What is The Clearing House Hearing from Insurance Providers?

“Emergency claim payouts have been a costly and time-consuming exception process at our office. By using APIs for the RTP® network, we can respond to our customers in a timely manner and at a lower cost.”

“My insurance provider has added a new option for instant payments as a payment option on their platform. It was nice to see they understand the value I place on having my funds received immediately.”

“As a small business, my company faced many obstacles with past outages. In these scenarios, my insurance provider was able to expedite my claim payment, and I could even receive the payment on a Saturday.”

“By implementing RTP® capabilities, we have improved economics in our claims business compared to other payment methods (e.g., check, wire, ACH, push-to-card).”

“We were sending many claim payments by check and experienced a high number of stop payment and reissue requests. By shifting to real-time payments, we have confirmation that our policyholder has the funds, and they are immediately available to them. Our escheatment costs have also dramatically been reduced.”

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Getting Started: Implementing Instant Payments on the RTP® Network

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Considerations for Implementing Instant Payments on the RTP® Network

The RTP® network represents a true transformation of the U.S. payments ecosystem and impacts the entire payment value chain. For example, instant payments can support and enable digital and API business strategies in ways that are not possible with legacy payment infrastructure. Each business should perform its own comprehensive product analysis to understand its end-to-end payment workflows and customer needs to uncover where payments on the RTP® network would add value.

- **Identify P&L Drivers:** The fully automated nature of real-time payments reduces operating costs, which can increase margins on labor-intensive back-office operations.
- **Identify Impacted Investments and Associated Costs:** Determine areas ripe for investment and the associated costs to understand the overall impact to the organization.
- **Assess Customer Demands:** In addition to understanding customers' latent needs and gaps, businesses should consider how instant payments will change customer behavior and expectations. This will not be a one-time activity, but rather an iterative process of assessing customer needs and wants.
- **Assess Current Products, Service Offerings, and Gaps:** Analyze customer demands and expectations that can shape how instant payments adoption will impact current or existing product offerings for specific customer segments. Businesses should compare existing offerings to future customer needs in a real-time environment and assess any existing gaps and potential opportunities for a real-time product offering.
- **Conduct Product Ideation Workshops:** Stakeholders should conduct product ideation workshops with business and product leads. Product opportunities should not be limited to the payment transaction; non-payment messages that enable value-added services associated with the payment transaction should also be included in these discussions. As businesses refine their products and services related to the RTP® network, they should continue to discuss how to improve and enhance their collection of offerings.

Make the Case for the RTP® Network

When considering whether instant payments on the RTP® network would benefit a business, all stakeholders, including operations and technology partners, should give thoughts to the current operating models supporting the products within the business line. The business case to move payments off the ACH, wire, check, and credit card payment rails and to the RTP® network should be a collaborative discussion and effort. The use of real-time payments can make a business more competitive, improve customer retention, and lay the groundwork for new revenue sources.

Revenue Growth

- New Customer Acquisition
- Customer Retention
- New Fee-Generating Product/Service
- Digital Transformation Platforms

Cost Savings

- Increase efficiency and lower operating costs
- Potentially save on various fees charged on transactions made through traditional payment methods (e.g., credit/debit processing)
- Reduce customer calls and inquiries
- Eliminate payment settlement risk/losses

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Start Implementing Instant Payments on the RTP® Network

With the RTP® network capabilities, businesses can create new competitive opportunities by offering products and services that fill gaps in the market. Services such as credit transfers, requests for payment, and other value-add services that include information about transactions can uncover new competitive revenue offerings driven by customer demand.

To seize the opportunities provided by the RTP® network, a business should:

- Define the products and services that address unmet customer needs
- Develop pricing and non-pricing strategies commensurate with the value provided to customers resulting from instant payments as a new option
- Forecast volumes for new products and services considering:
 - › Product potential of the RTP® network
 - › Volume saved from offsetting losses to competition
 - › Impacts to existing product volumes
 - › Any anticipated reduction in attrition

Each business should consider how its payment strategies could create competitive opportunities.

There are several factors that could be considered:

- Projected cost of implementation required to add the payment option to the system
- New value-added service offerings
- Customers’ willingness to pay for instant and expected volumes
- Pricing sensitivity; run analysis to maximize adoption rates and revenue
- Product bundling to encourage repeat usage
- Product unbundling for more frequent payments
- Customer retention (customer that may leverage other payment options)

Each business will need to evaluate its pricing strategy based on a holistic view of product catalog, value proposition, and an assessment of revenue and cost savings.

It Takes a Team: Engage Your Stakeholders

Engaging all areas that will be impacted in the implementation of the RTP® network will lead to its success.

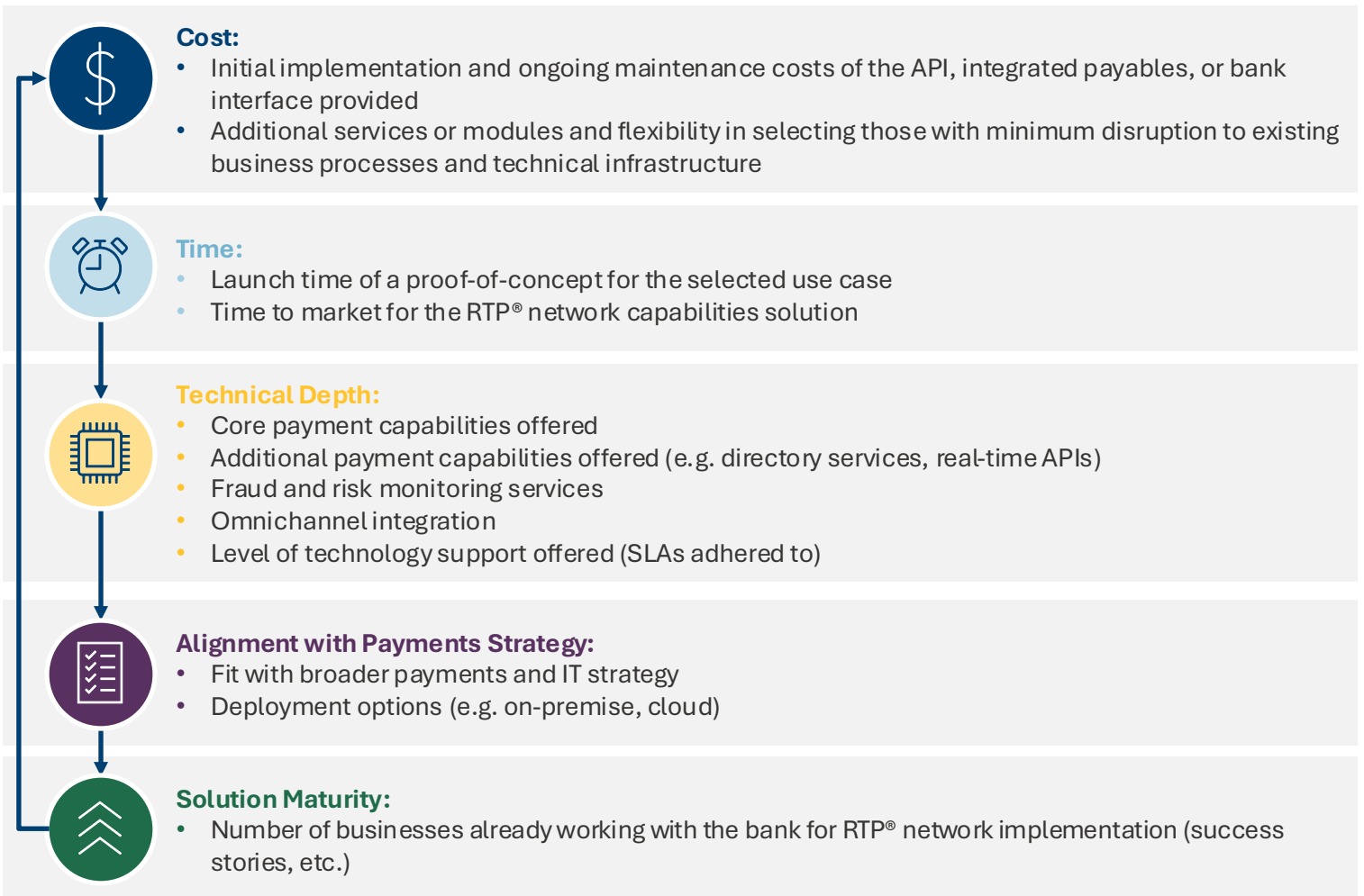
 <p>Consumer</p>	 <p>Small Business</p>	 <p>Wholesale</p>	 <p>Operations</p>	 <p>Technology</p>
 <p>HR</p>	 <p>Legal, Regulatory & Compliance</p>	 <p>Treasury / Finance</p>	 <p>Marketing</p>	 <p>Risk & Security</p>

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Financial Institutions are Key to Real-time Payment Enablement

It's essential that businesses work with their FIs to integrate instant payments capabilities. Businesses may wish to consider the following framework to understand the services provided by FIs that will support and accelerate the execution of an instant payments roadmap. It is also beneficial for businesses to evaluate whether their FI aligns with their organization's objectives, payment strategy, and customer needs.

Work with FIs to Understand the Drivers at Work



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Implement Instant Payments on the RTP® Network: Check!

A successful implementation of instant payments on the RTP® network requires stakeholder collaboration, technology updates, operational changes, and funding among other items. Businesses can get ready for implementation with the below checklist:

- Have you gained an understanding of financial implications of real-time payments on your business and systems?
- Have you studied the impact of the RTP® capabilities on business processes and current IT infrastructure?
- Have you conducted ideation sessions with your business stakeholders and product leads to build a strong business case for real-time payments?
- Have you identified the right bank partner and started working with them to chart out a roadmap to transition to a new payment process that may involve internal and cross-departmental participation support?
- Have you gained an understanding of the impact of real-time payments on current payment processes, both internal processes and external functions?
- Have you studied any additional cost required in remapping internal workflows and hiring additional staff?
- Have you trained your employees to ensure 24x7x365 customer support?
- Have you identified necessary updates to current processes to ensure consistent customer experience across channels?
- Has your business evaluated and mitigated the risk of instant payments across its relevant risk categories?
- Have you worked with your bank to enhance real-time monitoring and alerting capabilities for your business?
- Have you identified the target customer segment for the initial rollout of real-time payments?
- Have you aligned the core competencies of the RTP® network with your customer segment needs?
- Have you engaged with marketing to develop your Go-to-Market plan?



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Frequently Asked Questions about the RTP® Network

The following questions have been asked countless times to representatives of The Clearing House at conferences, webinars, and meetings across the years, so we've compiled the answers below.

What exactly is the RTP® network in three sentences or less?

- It's a payments network that improves the flow of commerce in the digital age by enabling consumers, businesses, and governments to send and receive good funds in real-time, anytime to and from their secure bank account. It has unique capabilities that improve efficiency and cash flow, such as real-time posting, immediate confirmation and secure two-way messages with relevant data, that serve as a foundation for bank services.

Are payments on the RTP® network the same as Same-Day ACH?

- No. Payments on the RTP® network clear and settle individually in real-time with immediate finality. Same-day ACH payments on the ACH network are cleared in batches and settle after the payments clear.

What's the difference between the RTP® network and Zelle®¹?

- Zelle is a customer-facing payment service while the RTP® network is a behind-the-scenes clearing and settlement utility. Zelle allows senders to initiate a payment using the receiver's alias such as a phone number or email. Today most Zelle payments settle later through the ACH network. Some Zelle FIs have integrated Zelle with the RTP® network for real-time settlement, with more expected to do so in the future.

Should a corporate client move all its payments to the new instant payment type?

- No. RTP® network payments are not intended to be a wholesale replacement for any other payment type – ACH, wire, card or even check. Instead, banks and their corporate clients are looking to types of services or activities that use one of these other networks that could benefit from the real-time and messaging characteristics of RTP® payments to enhance or replace existing services – like real-time disbursements and reimagined bill payment.

Why should a client add the RTP® network to their payments mix?

- Most U.S. payment infrastructure was built 40 years ago or more, long before the internet and cell phones were ubiquitous, and customers had an expectation for immediate everything. The network has the immediacy, precision, and conversational abilities that are essential to remain responsive and competitive in the digital economy.

How easy/difficult is it for a customer to add RTP® capabilities to their payment mix?

- The receipt of instant payments on the network does not require implementation by corporations as their bank will deposit funds into their accounts automatically. A company may want to integrate instant payments received into its accounts receivable process, but it is not required. To send RTP® payments, each company will be structured differently depending on their infrastructure and bank products. Bank product offerings are the determining factor in the implementation timelines – bank portal, API, File Upload, File Transfer and ERP connectivity services.

Are there transaction limits?

- Yes, the credit transfer limit on the RTP® network is currently \$1,000,000.


Should you require more information or like to meet with a member of our team, please contact us here:

TCHInfo@theclearinghouse.org

¹Zelle is a trademark of Early Warning Services, LLC.


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Stay Informed on How the RTP® Network Supports Payments Needs



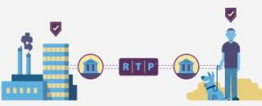
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Use Cases
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[See the network in action by reviewing the use cases that drive the most adoption](#)



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Payments Nerds

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Glossary

Acronym	Phrase/Term	Description
FI	Financial Institution	Financial Institution
TCH	The Clearing House	Private operator of the U.S. payment system infrastructure that enables payment settlements in real time
Payment (or RTP® Payment)	Payment (or RTP® Payment)	A transfer of value from a Sender to a Receiver through the RTP® System pursuant to a Payment Message
The RTP® network	Real-Time Payments	Network for real-time payments hosted by TCH
P2P Payments	Peer-to-Peer Payments	Electronic money payments typically made peer-to-peer through an intermediary
B2C	Business-to-Consumer	Payment transfers made by a business to its consumer
B2B	Business-to-Business	Payment transfers between two businesses
C2B	Consumer-to-Business	Payment transfers made by a consumer to a business
Receiving FI	Receiving FI	The FI that receives a payment
Sending FI	Sending FI	The FI that sends a payment
ACH	Automated Clearing House	Reference to various types of electronic transactions, such as payroll direct deposit, automatic insurance premium deductions, loan payments, etc.
ISO 20022	ISO 20022	International standard that defines the ISO platform for electronic data interchange in the development of financial message standards. It describes a metadata repository containing descriptions of messages, business processes, and a maintenance process for the repository content
RfP	Request for Payment	A payment-related message (ISO20022 pain.013) that is sent by the biller to the customer through their respective financial institutions, to request an RTP® payment in response
ERP	Enterprise Resource Planning	Business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back-office functions related to technology, services, and human resources
API	Application Programming Interface	Software intermediary that allows two applications to communicate with each other
DDA	Demand Deposit Account	A transactional deposit account held at a Financial Institution. A DDA is designed to provide for frequent access to a customer's funds that are available for immediate withdrawal by way of different channels (for example, checks, ATM withdrawals, debit cards, etc.) DDAs include, but are not limited to, checking accounts, savings accounts, money market accounts, and any account in which funds are available for immediate withdrawal

