Abstract

In the business world today, customer engagement mandates creating emotions associated with real-life situations. Rapid changes and innovations are making forays into the insurance industry to make this a reality. Gamification stands at the nexus of such trends. Emerging technologies like self-service portals powered by Artificial Intelligence, Machine Learning, and Deep Learning have been trying to peek into the customers’ minds but, when it comes to influencing customer behavior, there is still a long way to go. Gamification goes a step further by applying game design thinking to non-game applications, making them more fun and engaging. It focuses on enriching digital experiences and creating several other customer-centric business models to capture customer attention. Unlike other customer engagement portals, gamified self-service portals bring fun and energy to an otherwise tedious business process. However, they collect valuable customer data in the process, using a range of appealing gaming techniques for realizing lasting business value.
Gamification in insurance is not a new phenomenon. It has been around since 2014. However, with the digital boom in 2017-18, it has begun to pick some pace. It has shown insurers a way of transforming an ordinary business task into an extraordinary process. A few insurance carriers have already tasted the tangible benefits of better customer engagement and its related business benefits. However, acceptance in the overall industry has still been sporadic.

Gamification in Insurance: On the Path to Maturity

Gamification in insurance offers great potential value in the realm of customer engagement. It has emerged as an effective practice to transform ordinary tasks into rich and fun experiences that build customer loyalty and drive repeat purchases. It exposes the customers to the severity and impact of the risk and hence the need for insurance to protect against any unforeseen circumstances. In addition to the customers, the insurance carriers also benefit from gamification. The detailed data provided by the customers will help them in customizing their offerings, which results in improved underwriting, pricing, and ultimately better risk mitigation. The broad categories around the impact of gamification in the insurance industry can be illustrated as below:

- Educating consumers about insurance
- Informing about insurer’s product offerings
- Informing about subject matter being insured
- Informing about risk and exposure
- Identifying probable maximum loss (PML)
- Preventing consumers from under/over insurance
- Guiding on insurance planning
- Helping insurers in proposition process
- Improving insurer’s underwriting
- Gathering consumer data
- Assisting in employee training

How it Works: An Instance in Point

If we consider a typical insurance policy purchase process, we are aware that the subject matter can be insured against various risks using different insurance products that are available in the market. However, customers usually struggle with determining which product suits their needs best. They also like to refer to those products that similar customers had purchased earlier. The role of agents and brokers actually helps the customers in choosing the right product and the right level of coverage at a good premium.

Gamification, however, turns the whole purchase process into a dynamic one. With the help of gamification, customers can easily compare the risk and the level of coverage among the carriers without any agent/broker intervention. This kind of data-driven insight will help the customers in quickly determining the most appropriate product and completing the purchase. Insurance runs on the concept of ‘Law of Large Numbers’ and hence, having a clear idea of what others have done in similar circumstances plays a big role. In addition, gamification can provide a detailed insight into the specific coverages that need to be selected to cover a particular risk exposure.
In insurance, the potential for over-insurance or under-insurance impacts both the premium payment as well as the indemnification phases of a policy journey. Over-insurance leads to a higher premium payment than needed whereas under-insurance leads to inadequate insurance coverage. Hence, selecting the right sum insured is mandatory for appropriate risk coverage. Gamification can provide the needed insight on that aspect as well, which will help the customers to avoid eleventh-hour surprises when the time comes to file a claim.

**Benefits of Gamification**

There are several benefits that can be realized by implementing a gamification model in the insurance industry. The gamut of benefits runs from increased engagement, uptick in customer loyalty, higher brand awareness, to enhanced customer satisfaction. The key benefits are illustrated below:

- Provide a gaming interface to consumers as a fun way to educate themselves about the insurance world and be well-informed
- Educate consumers on the products and offerings from the insurance carriers to suit their specific insurance needs
- Educate and provide insight to consumers on the subject matter that needs to be insured
- Advise consumers on the risk and exposure that need to be adequately covered
- Identify probable maximum loss that can occur due to unforeseen circumstances and advise on the right coverage and the sum insured
- Determine the right insurance coverage that needs to be purchased to prevent the impact of under-/over-insurance
- Provide guidance on insurance planning, risk prevention measures so that the consumers stay connected and motivated in these areas
- Consumer data captured via gamification to help insurance carriers in providing more compelling and positive propositions
- Customer engagement via gamification results in improved underwriting for insurance carriers
- Data captured via gamification helps insurance carriers in creating predictive models, cost ratios, and customer engagement
- Gamification can be a dynamic and an effective tool for employee training
The NIIT Technologies Thought Board:

What are the Top Growth Challenges faced by Insurance Carriers?

- Long, tedious purchase process
- Consumers are reluctant to part with their data
- Complex product offerings and regulations
- Over dependence on brokers/agents
- Challenging to leverage historical data
- Potential for over-/under-insurance

Why is Gamification a Potential Strategy to Fuel Sustainable Growth?

- Injects fun and energy into an otherwise routine process
- Educates consumers about products in a dynamic setup
- Consumers can make informed choices without feeling any pressure or intervention
- Data readily provided by consumers without any force or coaxing
- Easier comparison with similar customer choices

What Tangible Business Benefits Follow from Gamification?

- Increase in customer engagement
- Better consumer loyalty
- Better brand awareness and product understanding
- Product choices provide the right level of coverage to consumers
- Improved insurance underwriting and propositions
- Easier to impart effective employee training
- Higher customer satisfaction
Gamification is Here to Stay

Gamification offers the kind of experiences that agents and customers demand and also provides them an opportunity to stay engaged. This is especially true for millennials as frequent interactions and richer experiences are quite important to them. Gamification provides insurers a way to show that they quite understand the need and preferences of the millennials. It also helps them present a more positive and compelling value proposition.

The experiences of early adopters should encourage the ones interested in leveraging gamification. It has clearly been exhibited that tangible returns can come from relatively limited investments and focused pilot programs. The fact that early adopters have moved on to fully operationalize gamification makes it evident that gamification is here to stay for the insurance industry. Gamification is closely associated with customer centricity and engagement, which are insurance sector’s most pressing imperatives. This makes gamification an essential play for the carriers to be in.

About the Author

Vikram Singh works as Practice Lead for insurance. He is a Business SME, bringing over 20 years of rich exposure in successfully executing and designing insurance solutions for various clients across the globe. His vast insurance domain expertise along with in-depth experience of variety of insurance products has been instrumental in bringing quality, innovation, and earning client confidence in the project deliveries.