Gamification for Insurers: A Practitioner’s Perspective

Gamification has already helped insurers improve customer engagement and employee collaboration. Today, using a well-designed prioritization model and best practices, carriers can apply gamification to boost the performance of sales, marketing, and the brand.
Executive Summary

Like most emerging technology trends, gamification was introduced with a lot of hype, and was until recently a favorite topic of research reports and a go-to buzzword for CIOs and CXOs. It was touted as a solution for solving real business problems beyond engaging and maintaining the loyalty of customers and stakeholders.

For some insurers, gamification initiatives generated significant business benefits. Perhaps the best known is Farmers’ partnership with the developers of Farmville, which aimed to increase customers’ awareness of the company’s products. On the other end of the spectrum, there was the belief that gamification only applies to employee training/education, since questions about the actual business returns had yet to be answered.

Over time, many insurance companies began to experiment with gamification using internal and external “players”. While some benefited, others shelved their initiatives due to poor or no returns, high maintenance costs, and the need to focus on other opportunities.

Gamification is a bit like change management. Companies understand its value, but fail to give it the time and focus necessary until later in the project lifecycle. To meet short- and long-term business objectives, gamification initiatives require thoughtful and thorough upfront planning and design.

This white paper describes the key attributes of successful gamification design, and examines practical and relevant ways to engage resources within and outside the enterprise. We also present an ROI framework to help carriers build a sound business case for implementing and benefitting from gamification.
The Elements of Gamification

Gamification for the enterprise typically involves traditional game elements. The first move is to define players’ roles and goals – using digital tools to align the game with stated business objectives. Game mechanics and dynamics play a critical part in identifying key game features and how the game will recognize/respond to players’ achievements. These include actions, processes and tasks related to each stage of the game. There are multiple game components to choose from, including badges, leaderboards, points, and quests, depending on the nature of the game. (For more insight, read “Gamification 3.0: the Power of Personalization.”)

Engaging users is a primary aspect of game design, whether for business or recreational purposes. Again, in enterprise settings, the intent is to support business strategies. For example, if the purpose of a game is to enhance collaboration, its mechanics, dynamics, and user experiences will be designed around that objective. Collaboration badges/points can be awarded for providing leads, insights, or for assistance in cross-selling. If the game is meant to encourage competition and recognize those who come up with the best solution to a challenge, the combination of game elements will be different. In these cases, a periodic leaderboard-based sales contest that rewards agents for problem-solving may be the best option. (See Figure 1).

Digital devices such as wearables can enhance the gamification experience. For example, health insurers can invite customers to use their digital fitness wristbands to participate in real-time challenges with their peer groups. This can improve customer engagement, encourage competition, and promote physical activity within a specific time frame.

The Components of Game Design

![Figure 1: Diagram of the Components of Game Design](image-url)
Design Challenges

While insurers such as AIA (with Vitality) and Manulife (with its Move and Walk games) helped gamification gain traction, others encountered major issues with games that did not balance mechanics and dynamics. This resulted in poor returns on investment, primarily due to a failure to fully engage employees and customers.

Below are some of the challenges that can result from faulty game design.

- **Badge fatigue:** Many companies that implemented gamification solutions made changes to the game’s user interface and failed to align the game with business objectives. Levels, badges and points are extraneous motivators; games must be designed with essential motivators in mind. Without proper game dynamics and a balance between intrinsic and extrinsic motivators, users quickly lost interest; no matter the prize, badges did not motivate them to play in the long run.²

- **Loyalty backlash:** In cases where the gamification solution is not aligned with the strategic objectives of the enterprise and game mechanics do not consider customers’ needs, disengagement can (and usually does) occur. Loyalty points or badges are ineffective — frustrating players and causing them to reject a product/solution, which can potentially affect the brand. Negative sentiments can quickly spread through social media or word of mouth — inflicting more damage to the brand.³

- **Collaboration competition dilemma:** If the objective of a game is to encourage collaboration, contests and leaderboards can potentially cause the opposite, particularly if players see others as competitors rather than partners. Balancing collaboration and competition is key, and depends on the type of process being gamified. The following section details some of the more successful gamification initiatives undertaken across the life insurance industry.

Real-World Benefits

In our experience, the life insurance industry lags behind in using technology to spur business innovation. Yet forward-thinking insurers have taken the lead in employing gamification to support specific business objectives. (See Figure 2).

<table>
<thead>
<tr>
<th>Build Brand Awareness</th>
<th>Improve Quality</th>
<th>Differentiate the Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farmers</td>
<td>Lawley</td>
<td>UHC</td>
</tr>
<tr>
<td>Offers virtual crop insurance for 60 million monthly players in the virtual world of Farmville.⁴</td>
<td>Ran two-week contest to clean up its sales pipeline.⁵</td>
<td>Reward Me, an affinity program, provides special offers and discounts to participating members who track health activities.⁶</td>
</tr>
<tr>
<td>Customer Engagement</td>
<td>Process improvements</td>
<td>Brand Recall</td>
</tr>
<tr>
<td>Aetna</td>
<td>Allstate</td>
<td>GE Healthcare</td>
</tr>
<tr>
<td>AETNA’s Mindbloom Life Game™ platform helps customers and employees adopt healthy life habits.⁷</td>
<td>Insurance giant Allstate solicits innovative ideas from employees with the help of a gamified social innovation tool.⁸</td>
<td>Used gamification to run a global awareness campaign to prevent cancer.⁹</td>
</tr>
</tbody>
</table>

Figure 2
Applications Across the Spectrum

Gamification can be applied to an insurer’s business internally (to improve organizational efficiency) and externally (to increase customer engagement) across various areas of the industry value chain. (See Figure 3 below).

The following use cases describe how gamification can be applied to align with specific business goals.
Enhance Sales
A carrier’s market standing depends on the effectiveness of its sales people. But maximizing sales performance can be a daunting task. Although many insurers have invested in enterprise CRM, it is considered an obstacle that gets in the way of active selling time. Thus, adoption of CRM among sales professionals has been sluggish.

Gamification is a rational way to conduct sales competitions. Adding gamification elements (e.g., challenges with rewards) encourages sales agents to be proactive, and take positive actions such as team-building and self-directed professional development. (See Figure 4 below). Rewards are also less costly than raising commissions or investing in new talent, and can improve the performance of both individuals and teams.

Foster Healthy Competition

Each employee is given an ambition score based on their designation and job title.
Sales contests are designed using gamification elements (awards, challenges to improve sales effectiveness).
Competition is based on time or completion and made visible using a web-based system or TV in the office.
Employees can form teams and compete in the spirit of physically challenging games.
Employees climb a point-based ladder in predefined increments.
Points are awarded based on achievements such as the percent of reps attaining quota; deals won; revenue per sales person, etc.
Badges are given to employees who excel in CRM sales activities (closing 10 deals in one day; closing a sale before 9:00 AM, etc.).

Target New Products

Peer-to-peer insurance is gaining momentum, especially among people seeking price advantages. Individual leads are not sufficient when designing a suitable P2P insurance product. The insurer needs to come up with a low-cost solution for group lead generation, understand the target group for risk pooling, and suggest products that match risk.

A social-media gamification solution can focus on collaboration. The support of a peer network can enhance lead generation, facilitate product knowledge, and serve as a low-cost distribution solution for insurers. (See Figure 5).

Leverage Social Media

Each player is asked questions about another’s lifestyle in a fun, quiz-like setting.
Quiz results are posted on players’ network devices or in the office.
As the data from the game grows and spreads across user networks, the insurer can gather valuable insights and suggestions concerning product design and pricing.
The insurer can now identify a target group with similar risk profiles, and suggest peer-to-peer insurance products to fit their requirements.
Hybrid products can be suggested to individuals based on their specific needs and stage of life, with links to generate quotes.
**Enrich Collaboration**

Among the industry's major challenges is a scarcity of high-quality underwriters. Senior underwriters hardly have time to train and mentor new ones. Carriers need to standardize the underwriting process so labor requirements and the speed and efficiency of underwriting can be benchmarked against industry standards and best practices.

A gamified collaboration platform in the form of an internal help forum can facilitate knowledge-sharing among underwriters. Game dynamics could focus on collaboration, rewards, and self-expression (see Figure 6). This can reduce turnaround time, bridge skills gaps, and provide support for complex tasks, such as assessing risk.

**Facilitate Knowledge-Sharing**

1. Experienced underwriters post topics on their area of expertise or respond to queries.
2. New underwriters (players) can read or respond to the posts in a collaborative forum.
3. Players can post questions about issues they face, such as assessing complex/new risks.
4. Responders earn credits depending on the activities they undertake (number of articles posted, questions answered, etc.).
5. Credits accumulate based on the turnaround time of their responses. Credit points can be monetized in cash after a specified accumulated value is reached.
6. Posts that are considered the most valuable can be added to a repository for reference by new underwriters, or made part of their mandatory training.

**Heighten Security**

Inadequate data security can significantly impact shareholder value, corporate stability, brand reputation, and financial performance. Corporate security awareness programs wherein insurers prepare training materials and mandate training are de rigueur. Yet the model for most of these courses lacks direction, resulting in a boring experience for employees, and leaving the program open to vulnerabilities.

Gamification can increase employee engagement related to learning and adhering to security policies by focusing game dynamics on areas such as status, achievement, and self-direction. The use of a storyline helps employees see things from the perspective of a victim of a security breach—increasing their involvement in safeguarding enterprise information. (See Figure 7).

**Increase Awareness**

1. Each player assumes the role of a character in a scenario (for example, a person who was denied a mortgage due to identity theft).
2. In one scenario, a player joins an agency to fight a rogue group of hackers trying to steal data. The player chooses an avatar (Captain Confidential, X-Ray Box, Firewall, or Raisa Sharp).
3. Each avatar’s experience represents various types of risks to the organization. After selecting an avatar, each player must answer questions about a security issue.
4. As correct answers increase, threats to the enterprise decrease.
5. Points are used to track each player’s progress, and award those who correctly answered the most questions.
6. Players must cover a minimum portion of the course in order to achieve the specified completion level.
Encourage Customer Wellness

According to a recent survey, over 50% of all deaths worldwide are due to lifestyle-related diseases. Given the more-than-expected number of premature deaths, insurers end up paying out more claims than premiums received, which reduces profits. Consequently, carriers are resorting to risk-mitigation strategies to overcome high claim ratios.

Applying gamification in healthcare and life insurance encourages patients to adopt healthy lifestyles and take up activities relevant to their risk profiles. (See Figure 8). This serves as an effective risk-prevention strategy for the carrier.

Offering highly competitive premiums, discounts, and rewards for adopting a healthy lifestyle can result in a more positive experience for the customer, reduce fraud, and avoid unnecessary payouts — by far the largest single cost to insurers.

Reward Healthy Lifestyles

![Figure 8](image)

Increase New-Product Sales

As product lifecycles compress, the rate of new product rollouts is at an all-time high for many carriers. This places a huge burden on sales agents to promote new offerings and take their message to the marketplace. Yet often, agents hesitate to sell new products and leave the “safety” of familiar offerings that they can sell confidently. This can slow adoption and negatively impact new-product sales.

Gamification can bring about positive, long-term behavioral changes in sales agents. (See Figure 9). It motivates them to promote new products and offers rewards for their efforts to increase their knowledge and the quality of their pitch.

In addition to facilitating peer learning and improving agent skills, this can build awareness of new product offerings, which in turn can increase sales.

Build Knowledge & Confidence

![Figure 9](image)
**Enhance Marketing**

Insurers with subpar brand recognition are often challenged to enlarge their customer base. Due to weak or poorly targeted campaigns, they fail to raise awareness about the need for and value of their insurance products among new audiences. Adding gamification elements to a marketing campaign in the form of a social-media game can increase brand awareness, affinity, and intent to purchase. (See Figure 10). It can also improve conversion rates among Gen X and Gen Y customers.

**Make Marketing Social**

A social-media game allows players to assume the role of a character in a popular family sitcom.

One character walks through the streets of New York City collecting gold to avoid expenses.

Each player/character is given the opportunity to purchase insurance coverage for their family.

Characters guide their virtual families to a better future by saving game currency, managing expenses, and making important decisions about life insurance.

Following the completion of their missions, players’ accomplishments are shared via Twitter and Facebook.

Much of the sales content is available in digital format – making it easy for prospects to sign up.

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**Support Customer Self-Service**

Insurers using self-service solutions must differentiate their offerings. The main challenge is to keep the customer engaged and aware of these services. Carriers need to convey the value of a product within this context in order to strengthen customer connections and retain and augment the customer base.

Gamification can embed certain game mechanics into self-service systems and motivate customers to use these options. (See Figure 11).

This can reduce operational costs by optimizing staff, and utilizing the data originating from self-service systems to improve the customer experience and increase engagement through incentives and rewards.

**Offer Customers Incentives & Rewards**

Customers/players are rewarded each time they choose self-service options.

The data from these activities is used to classify customers by Silver, Gold, or Platinum levels.

The rate at which points are accumulated varies for each tier; for complex transactions, players receive badges.

Loyalty points are awarded at different rates to customers within the three levels.

Points can be redeemed later as cash value, or for discounts on premium payments.

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Figure 10

Figure 11
The Key Value Proposition

Modern insurers face many challenges when it comes to sustaining growth and engaging customers in the age of digital. Gamification can function as a catalyst for surmounting these issues and meeting the requirements of a real-time digital enterprise. (See Figure 12).

<table>
<thead>
<tr>
<th><strong>GROWTH</strong></th>
<th><strong>COST</strong></th>
<th><strong>BRAND</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase awareness</td>
<td>Reduce TAT</td>
<td>Improve brand recall</td>
</tr>
<tr>
<td>Educate and guide customers to the right product in a user-friendly, convenient way.</td>
<td>Simplify complex processes and improve workflow.</td>
<td>Increase the level, reach and effectiveness of customer interactions.</td>
</tr>
<tr>
<td>Improve engagement</td>
<td>Improve quality</td>
<td>Differentiate the brand</td>
</tr>
<tr>
<td>Establish emotional connections with leads, prospects, and customers.</td>
<td>Motivates internal stakeholders to deliver quality work. Reduce costly incidents and tracking tasks.</td>
<td>Set the company apart by distinguishing loyalty programs.</td>
</tr>
<tr>
<td>Increase loyalty</td>
<td>Reduce fraud/risk</td>
<td>Change perception</td>
</tr>
<tr>
<td>Motivate users to interact more often and increase customer stickiness.</td>
<td>Model customer behaviors, detect fraudulent activities, and train employees in risk mitigation.</td>
<td>Accelerate the transition to a real-time digital enterprise.</td>
</tr>
</tbody>
</table>

Figure 12
A Gamification Prioritization Framework

Every gamification initiative is a journey — from ideation, strategy/research, to confirming requirements and implementation. Stakeholders typically agree to informal, small-scale initiatives, while larger, more complex projects require a structured approach. A value vs. complexity matrix can be used to evaluate business opportunities, based on their business value and the relative complexity to realize them. Business value can be anything from revenue generation, to cost savings, to recall, for example. Similarly, complexity can be quantified in terms of cost, effort, risk, and technical challenges. Figure 13 contains a complexity vs. value view constructed for the gamification use cases referenced earlier.

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Measuring Gamification ROI

Measuring the return on investment from gamification initiatives isn’t just about justifying the purchase decision with upper management; it can also help stakeholders identify business areas with high revenue potential, as well as candidates for cost reduction.

In addition to its known benefits, such as higher conversion rates, higher revenue per person, and more success in cross- and up-selling, gamification provides several intangible returns, including better brand perception and a better customer experience. Measuring gamification ROI should consider these factors when structuring a comprehensive benefit proposition for investors and other key stakeholders. (See Figure 14).

Benefits Realization

Benefits realization is the process of identifying, defining, tracking, realizing and optimizing opportunities, and ensuring that the potential upsides from a program change are actually experienced. Gamification can be a positive disruption. To quantify the success of gamification at the enterprise level, benefits are classified generically, and aligned with the main elements of the organization. Classifying benefits by business or organizational impact aids in validating alignment with strategic business goals. Areas of significant benefit fall under major strategic considerations, as illustrated in Figure 15 (next page).

Using one of the use cases mentioned earlier, “Agent Training for New Product Sales,” our analysis shows that the primary benefit of gamification lies in increasing new product sales through agents’ personal selling methods, which can improve through competition and collaboration.
The key tangibles here are increased premium income per agent and fewer investments for agent retraining programs. Consider a life insurer with more than 5,000 agents on staff with an industry average premium of $120,000 per agent (average annual premium per agent). If the carrier institutes a gamification-based sales and product-knowledge contest that is adopted by 20% of agents, and assuming a 5% improvement in premium per agent due to improved motivation and product awareness, the expected increase in total sales will be $6 million (For 1,000 agents with an average premium of $120,000, a 5% increase in premium would account for $6,000 per agent of $6 million overall). A gamification solution costing even $1 million will still be considered an extremely good investment by this key performance indicator (KPI) – increased premium income per agent. The intangibles will be stronger agent loyalty, less agent attrition and better brand perception among agents.

Classifying benefits by business or organizational impact aids in validating alignment with strategic business goals.
Looking Forward

Gamification was once an industry buzzword, and some insurers successfully utilized the technique to improve customer/stakeholder engagement. But rarely did gamification become part of an enterprise application portfolio. More often than not, it was experimental in nature and used in specific organizational pockets or business scenarios. Challenges such as user engagement, interest and participation remain. If used wisely, gamification can resolve some of these problems. While not applicable in every case, some of the applications discussed in this paper should be explored.

The key is to ensure that game mechanics (badges, levels, leaderboards), game dynamics (achievement, reward, status) and the objective of the gamification effort are aligned, and that the organization captures, analyzes, and applies data gained from usage patterns and user feedback.

To gauge the relevance, effectiveness, and returns from gamified solutions, we recommend using methods such as the Technology Acceptance Model (TAM), which takes into account the ease of use and utility of the technology or solution.

Having a concrete business objective and a solid game design to support that goal is by far the most critical factor in leading a successful gamification initiative. Coupled with a robust ROI framework, this can build a sound business case for exploring and implementing gamification across the insurance value chain.

One Way to Approach ROI Measurement

To understand the potential returns from gamification, we suggest the following measures:

- Ascertain the cost of the gamification initiative.
- Identify benefit areas associated with the initiative.
- Identify KPIs to quantify tangible benefits under the areas identified.
- Measure current values of the KPIs identified.
- Predict change in KPIs with the gamification initiative.
- Quantify tangible benefits with the estimated change in KPIs.
- Calculate ROI based on cost and tangible benefits.
- Assess intangibles such as customer loyalty, brand perception.
- Make the final go/no-go decision.

Quick Take
Footnotes
4 www.xuber.com/us/game-on-insurance-industry
5 Gamifying activity logging and opportunity management: www.slideshare.net/leveleven/lawley-pipeline-and-activity-log-contest-presentation
6 UHC Reward Me: www.uhcommunityrewards.com/
9 “How to integrate gamification into your social media campaign,” https://www.ge-healthahead.com/get-fit?language=en&country=US
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AXA online game educates customers on insurance fund
www.digitaltrainingacademy.com/casestudies/2015/03/gamification_case_study_axa_online_game_educates_customers_on_insurance_fund.php

Sales gamification
www.sales-initiative.com/toolbox/leadership/the-power-of-sales-gamification/
http://www.citoresearch.com/app-dev/top-3-mistakes-sales-gamification

Enterprise gamification

Allstate gamification
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