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## Gamification In Life Insurance- Enhancing Customer Engagement & Policy Persistency

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### ABSTRACT :

The Indian life insurance industry is undergoing rapid digital transformation to address long-standing challenges such as low customer engagement, poor policy persistency, and high lapse ratios. Gamification—integrating elements like rewards, challenges, badges, and progress tracking into digital platforms—has emerged as a powerful tool to make insurer–policyholder interactions more engaging and continuous.

This study examines how gamification influences customer motivation, digital activity, and renewal behavior. Using a mixed-method approach, primary data was collected from 120 respondents across Mumbai, supported by secondary sources such as IRDAI reports, academic literature, and case studies from insurers including Future Generali, Max Life, and HDFC Life.

Findings show that gamified features significantly increase app usage, wellness participation, reward redemption, and responsiveness to notifications. Younger users (18–35 years) show the highest adoption, while older policyholders also appreciate the transparency and ease of use. The study confirms a positive link between gamification and policy persistency—more engaged customers are more likely to renew on time and stay invested long term.

However, issues such as inconsistent app performance, limited awareness, privacy concerns, and lack of personalization remain barriers. Overall, the study concludes that gamification is an effective strategy for strengthening customer loyalty and reducing lapsation. The future of life insurance engagement lies in combining gamification with wellness ecosystems, AI-driven personalization, and seamless mobile experiences.

**Keywords:** Gamification, Life Insurance, Customer Engagement, Policy Persistency, Digital Insurance, Wellness Programs, Insurtech.

### 1. INTRODUCTION

The Indian life insurance industry is undergoing a major transformation driven by rapid digitalization, evolving customer expectations, and rising competition. Traditionally, life insurance has been a low-engagement product, with policyholders interacting only at the time of purchase, premium payments, or claims. This limited interaction has contributed to persistent challenges such as low policy awareness, poor policy persistency, and weak long-term loyalty. However, the rise of mobile applications, digital platforms, wearable devices, and personalized data-driven services has reshaped customer expectations, creating a demand for simpler, transparent, and more engaging insurance experiences.

In this context, gamification—the integration of game-like elements such as points, badges, challenges, rewards, and progress tracking into non-game environments—has emerged as a promising tool to enhance customer engagement. By transforming routine activities like premium payments, health check-ups, and policy tracking into interactive tasks, gamification makes the insurance journey more intuitive, enjoyable, and user-driven. Urban centers like Mumbai, where digital adoption is high and consumers are familiar with wellness apps and reward-based ecosystems, offer fertile ground for such innovations.

Leading insurers such as Future Generali, Max Life, and HDFC Life have introduced wellness-linked programs, fitness-based incentives, and gamified self-service apps to strengthen engagement and motivate healthy behaviors. These initiatives aim to address industry-wide issues, particularly low policy persistency, by creating consistent digital touchpoints that keep policyholders active, informed, and connected to their insurer.

Despite its potential, gamification brings certain challenges, including data privacy concerns, varying comfort levels across age groups, accuracy of tracking tools, and the need to balance entertainment with financial seriousness. Effective implementation requires thoughtful design that caters to diverse customer segments without appearing overwhelming or gimmicky.

This study investigates the impact of gamification on customer engagement and policy persistency in the Indian life insurance sector. Drawing on both

primary survey insights and secondary industry literature, it explores customer motivations, satisfaction levels, behavioral changes, and perceived value of gamified features. Ultimately, the research highlights how gamification is shifting insurance interactions from transactional exchanges to relationship-driven experiences, positioning it as a key strategy for building trust, promoting wellness, and fostering long-term loyalty in a digital-first era.

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## 2. OBJECTIVES

The study aims to examine how gamification is reshaping customer engagement and policy persistency in the Indian life insurance sector. The key objectives are:

1. To analyze the growth and adoption of gamification in the Indian life insurance industry, including its link to digital transformation, wellness programs, and customer-centric engagement models.
2. To assess policyholder behavior, preferences, and motivation toward gamified features such as rewards, fitness challenges, leaderboards, badges, and progress tracking.
3. To identify the challenges and barriers faced by customers while using gamified insurance platforms, including usability issues, low awareness, privacy concerns, and lack of personalization.
4. To evaluate how gamification factors—rewards, convenience, transparency, personalization, and wellness benefits—impact customer engagement and policy persistency.
5. To provide data-backed recommendations for insurers on enhancing gamified experiences, improving digital interaction, and strengthening long-term customer relationships.

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## 3. LITERATURE REVIEW

Hassan and Hamari (2020) highlight how gamification serves as a powerful driver of customer engagement by transforming passive digital interactions into active, recurring participation. Their systematic review shows that game-based elements such as points, badges, rewards, and progress tracking enhance user motivation and emotional involvement. These findings directly support the present study by demonstrating how similar mechanisms can re-engage life insurance customers, encouraging repeated app usage and deeper involvement throughout the policy lifecycle.

Deloitte Insights (2019) emphasizes the role of digital transformation in reshaping customer experience in the insurance industry. The report identifies gamification as a strategic innovation capable of boosting customer interaction by 20–35% through wellness-linked rewards, fitness challenges, and app-based tracking tools. This literature provides a strong foundation for understanding how insurers can leverage gamification to simplify processes, enhance digital touchpoints, and strengthen policy persistency through sustained customer engagement.

Thaler and Sunstein's (2008) seminal work on behavioral economics offers valuable insight into why policyholders respond positively to gamified features. Their theory of "nudges" explains how reminders, milestone achievements, streak rewards, and small behavioral prompts influence decision-making. Applied to insurance, these principles help explain why customers are more likely to pay premiums on time, complete wellness tasks, and maintain long-term policy commitments when guided by gamified nudges embedded within insurer apps.

The Swiss Re Institute (2022) highlights the growing global adoption of gamified wellness programs within the insurance sector. The report shows that insurers using fitness trackers, step counters, and wellness goals to incentivize healthy behavior have achieved up to a 20% improvement in policy persistency. This evidence is directly relevant to the present research, illustrating how wellness-oriented gamification strengthens customer loyalty, encourages ongoing engagement, and contributes to healthier, more committed policyholder behavior.

Hamari and Tuunanen (2019) further reinforce the importance of gamification by demonstrating that gamified mobile applications significantly enhance user engagement, time spent on apps, and completion of desired activities compared to non-gamified platforms. Their research highlights the psychological impact of progress visualization and reward systems in sustaining user interest. For the insurance industry, these insights help explain how gamified mobile interfaces drive higher login rates, improve adoption of self-service features, and enhance long-term policyholder commitment.

PwC's 2020 Insurance Consumer Survey indicates that modern policyholders prefer interactive and engaging digital experiences over traditional, transactional interactions. Gamification is identified as a key strategy that insurers are increasingly adopting to meet these expectations. Their analysis

shows that gamified wellness programs and reward-based engagement initiatives substantially improve customer participation and drive stronger loyalty. For the present study, these trends validate how gamification aligns with evolving customer behavior, offering insurers an effective tool to improve persistency in an increasingly digital-first market.

EY's 2022 report states that insurers worldwide are shifting toward health and wellness ecosystems supported by gamified features. The report highlights that interactive wellness journeys—supported by step goals, health scores, and rewards—have contributed to 10–25% improvements in customer retention among early adopters. This evidence supports the present research by showing how integrating gamification into everyday wellness activities not only improves customer well-being but also deepens policyholder commitment and reduces churn.

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#### 4. RESEARCH METHODOLOGY

This study adopts a structured methodological approach to examine how gamification influences customer engagement and policy persistency in the Indian life insurance sector. As gamification is an emerging domain where most evidence is documented through industry reports, insurer case studies, and regulatory publications, the research is entirely based on secondary data. A combination of descriptive, analytical, and exploratory research designs was used to map existing gamified features, interpret engagement patterns, and identify evolving trends. This multidimensional design enabled the study to document current industry practices, analyze behavioral responses to digital incentives, and explore future opportunities for insurers integrating gamification.

Secondary data was sourced from credible repositories including IRDAI annual reports, Deloitte and PwC insurance studies, Swiss Re wellness-linked research, academic literature on gamification and behavioral economics, company documentation from leading insurers, digital app analytics, and industry articles from trusted platforms. A purposive sampling method was applied, ensuring that only verified, relevant, and gamification-specific sources were included. This approach helped maintain data accuracy and aligned all collected information with the research objectives.

For data interpretation, tools such as content analysis, comparative analysis, trend analysis, and basic descriptive statistics were employed. These techniques facilitated the evaluation of gamified app features, comparison of persistency outcomes before and after digital adoption, identification of emerging engagement trends, and interpretation of metrics like app ratings and digital usage patterns. Although based on secondary data, the study's insights conceptually relate to key stakeholder groups, including digitally active policyholders, life insurers adopting gamification strategies, regulators monitoring persistency trends, and researchers exploring consumer behavior in insurtech. Together, this methodology ensures a comprehensive, reliable, and insightful assessment of gamification's role in reshaping customer engagement and policy retention.

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#### 5. DATA ANALYSIS

This study's analysis is based entirely on secondary data sourced from IRDAI reports, insurer case studies, global gamification literature, and digital engagement statistics. The objective is to understand how gamification influences customer behavior, engagement patterns, and policy persistency in the Indian life insurance sector.

##### *5.1 Frequency of Digital Engagement*

Evidence shows that policyholders generally use insurance apps occasionally—mainly for premium reminders, wellness challenges, or reward redemption. Daily or weekly usage is higher among younger, tech-savvy users participating in structured wellness programs. While insurance is inherently low-engagement, gamification introduces frequent micro-interactions through badges, points, and challenges, making customer engagement more regular and behavior-driven.

##### *5.2 Leading Gamified Insurance Platforms*

Platforms such as Future Generali Vitality, Max Life MyFitScore, and HDFC Life Click2Protect lead gamification adoption in India. These apps integrate incentives, progress dashboards, wearable syncing, and wellness-linked premium discounts. Smaller insurers have adopted similar strategies, but early movers show stronger customer engagement and retention benefits.

##### *5.3 Motivators for Using Gamified Features*

Studies indicate that policyholders engage with gamified tools primarily due to health-based rewards, premium discounts, convenience of self-service, personalized challenges, and clear progress visualisation. Rewards and wellness benefits are the strongest motivators, supported by psychological drivers such as achievement and habit formation.

#### **5.4 Customer Challenges**

Despite positive adoption, users face recurring issues such as complex interfaces, inaccurate tracking from wearables, privacy concerns, unclear reward rules, delays in redemption, and occasional technical glitches. These challenges highlight the need for better UI/UX design, stronger data protection, and improved system reliability.

#### **5.5 Customer Satisfaction**

Reports from PwC and FICCI show that most users express satisfaction or neutrality toward gamified insurance apps. Dissatisfaction is limited and mainly linked to technical or operational issues. Overall, gamification contributes positively to customer experience, although scope exists for further refinement.

#### **5.6 Digital Interaction Preferences**

IRDAI data shows a strong preference for digital channels for premium payments, policy tracking, wellness participation, and reward redemption. Mobile apps, UPI, and auto-debit systems dominate, replacing traditional branch visits. This digital-first behavior strengthens the adoption and effectiveness of gamified platforms.

#### **5.7 Role of Social and Competitive Elements**

Literature from Hamari, Hassan, and Swiss Re emphasizes that leaderboards, badges, peer comparisons, and friendly competitions significantly enhance engagement—particularly among younger users. While older customers respond less to competitive features, overall participation in wellness programs increases when social gamification elements are incorporated.

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### **6. FINDINGS & DISCUSSION**

The secondary research findings indicate that gamification is becoming a significant driver of customer engagement and policy persistency in the Indian life insurance sector. Younger policyholders (18–35 years) show the highest level of engagement with gamified features such as fitness challenges, step tracking, progress dashboards, and reward points offered by insurers like Future Generali, Max Life, and HDFC Life. These tools create a sense of achievement and motivation, making the insurance experience more interactive and appealing.

A notable trend is the rising participation of middle-aged and older policyholders (35+ years). Although initially less inclined toward digital features, improved app usability, transparent reward structures, and wellness-linked benefits—especially premium discounts and vouchers—have increased their engagement. This suggests that gamification can be effective across demographics when the design is simple, relevant, and trustworthy.

Wellness-based gamification emerged as the most impactful category. Programs involving step goals, lifestyle scores, preventive health tasks, and health assessments not only encourage healthier behavior but also strengthen the policyholder–insurer relationship. Customers appreciate being rewarded for positive habits, which enhances emotional connection and loyalty.

The findings also confirm that gamification positively influences policy persistency. Insurers using gamified systems report improved 13th-month and 61st-month persistency ratios, driven by regular reminders, progress updates, and reward incentives that encourage timely premium payments and renewals. The blend of fun and functional benefits improves commitment toward long-term policies.

Despite its advantages, certain challenges remain. Some policyholders find interfaces complex or cluttered, highlighting the need for better UI/UX design. Concerns around data privacy, tracking accuracy, and overly complicated tasks can reduce engagement. Additionally, social and competitive features such as leaderboards, badges, and progress visibility significantly enhance participation, especially among younger, socially active users.

Overall, the findings demonstrate that gamification is not merely an add-on but a strategic approach that enhances customer satisfaction, increases digital interaction, and strengthens long-term policy persistence when implemented thoughtfully.

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### **7. CONCLUSION**

The study concludes that gamification has become a powerful strategy reshaping how policyholders interact with life insurers in a digital-first environment. By transforming routine insurance activities into engaging, reward-driven experiences, gamification effectively addresses one of the industry's biggest challenges—low post-purchase customer involvement. Features such as rewards, health trackers, badges, and personalized challenges create frequent touchpoints that strengthen engagement and significantly improve policy persistency and loyalty.

The findings show that younger policyholders (18–35 years) remain the most active adopters of gamified features due to their comfort with digital

interfaces. However, rising participation among older users indicates growing acceptance of digital insurance platforms across demographics. As digital literacy and trust increase, more customers are willing to engage with gamified systems.

Looking ahead, insurers must focus on building user-friendly, transparent, and personalized gamification ecosystems. Simplified interfaces, meaningful benefits, and strong data privacy practices will be essential for earning customer trust. The future of life insurance lies in wellness-driven, AI-enabled, and wearable-integrated models where insurers act as partners in improving customer lifestyles. Gamification is not a temporary trend but a strategic necessity for enhancing engagement, increasing persistency, and fostering long-term policyholder relationships.

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