

# Loyalty in Insurance

## STRATEGIC OVERVIEW

### This overview at a glance

**Who:** Insurance loyalty professionals

**What:** Insurance loyalty – now and next

**Read:** 5 minutes

## Market dynamics and major trends



Mature, highly regulated sector



Shift towards value-added services over traditional cashback or premium discounts



Insurers increasingly layering in behavioural incentives – e.g. rewarding safe driving, healthy living or proactive risk management



Other trends: omni-channel & real-time policy servicing, trust- and emotion-based loyalty, integrated financial wellness platforms, blockchain-based identity/claims tracking, AI-driven risk prediction & personalised retention strategies

## The customer landscape

Insurance customers today expect personalisation at scale, real-time engagement, omni-channel servicing, educational and gamified experiences, AI-powered service & support and lifecycle-relevant rewards that go beyond traditional discounts.

Common insurance personas include:

- Value-driven switchers – focus on premiums and deals
- Protection planners – long-term thinkers looking for comprehensive coverage
- Digital natives – expect seamless, mobile-first service
- Loyal legacy holders – emotionally connected to their provider

Understanding these personas – and the emotional and practical drivers behind them – is critical for building loyalty programmes that resonate.



## What good looks like

- Success = combining rewards with engagement strategies that encourage positive behaviours (e.g. safe driving, wellness tracking, proactive risk reduction). See Discovery's Vitality programme or Aviva Plus.
- AI and data are key to success - enabling mass personalisation, early lapse prediction and proactive retention actions.
- Emotional connection and trust are crucial. Programmes that build confidence through transparency, support during claims and "rewarding for peace of mind" help build long-term devotion.



## Ten Key business drivers and goals addressed by insurance loyalty programmes

Business goal	How loyalty contributes
1 <b>Increase Customer Lifetime Value (CLV)</b>	Encourages renewals, upsell (e.g. life + health) and engagement through benefits beyond price
2 <b>Improve Retention and Reduce Lapse Rates</b>	Keeps customers engaged with reward ecosystems, status tiers and emotional investment
3 <b>Grow Share of Wallet</b>	Converts single-policyholders into multi-product customers via modular or bundled loyalty offerings
4 <b>Acquire First-Party Customer Data</b>	Drives app engagement, IoT opt-ins and consented data via wellness or telematics programs
5 <b>Enable Personalisation at Scale</b>	AI enables risk profiling, renewal nudges, content relevance and tailored incentives
6 <b>Enhance Brand Differentiation and Loyalty</b>	Rewards aligned to safety, wellness or peace of mind help insurers stand out beyond price
7 <b>Drive Operational Efficiency</b>	Smart targeting reduces lapse calls, streamlines rewards fulfilment and flags disengaged customers
8 <b>Foster Advocacy and Referrals</b>	Loyalty perks can include family referrals, reviews and community recognition
9 <b>Support Sustainable Revenue Models</b>	Moves insurers away from price-cut dependency by delivering non-price loyalty value
10 <b>Drive Business-Wide Insight</b>	Loyalty data fuels underwriting, product innovation, service design and retention strategy

## Profitability and measuring success

Clear KPIs are essential for proving value and aligning loyalty with long-term profitability.

A Commercial Metrics Dashboard should include:

- Incremental revenue from policy extensions or upgrades
- Customer Lifetime Value (CLV) uplift
- Retention/lapse rates
- Cross-policy conversion
- Campaign ROI
- Cost-to-serve reduction from proactive engagement

Customer Metrics Dashboard might track:

- Engagement rate with loyalty app or platform
- Tier progression or behaviour-based status
- Redemption rate of benefits or perks
- Net Promoter Score (NPS)
- Emotional Loyalty or Trust Score
- Customer Effort Score (CES)

The average ROI for loyalty programmes in financial services has reached 4-5x, with many insurers seeing measurable impact on retention and cross-sell within 12-18 months (Antavo, 2024).



## The digital workforce – transforming loyalty delivery

- AI will power personalised offers, retention triggers and renewal communications at scale – e.g. nudging based on driving behaviour, health data or claims risk
- Campaign automation will ensure seamless, always-on lifecycle marketing – aligned to customer milestones (e.g. renewal anniversaries, new dependents, home move)
- AI-assisted service will transform FAQs, claims support and rewards queries
- Agentic AI projected to handle 80% of support queries by 2029 - reducing operational costs by 30% (Gartner)

The loyalty future lies in human-led trust strategies powered by machine-driven delivery and predictive engagement.

## Probing questions for insurers

- Is your loyalty programme future-fit, combining emotional trust with digital convenience?
- Are you ready to use AI, lifecycle nudging and modular tech to reduce churn and increase value?
- Do you measure success through both commercial metrics and emotional loyalty indicators?

## Partners driving profitability

Start your journey with Collinson advisory to design optimal programmes, with Salesforce Loyalty - the leading LMS software solution. Augment your platform with other pre-integrated products or connect to third party applications with Salesforce.

### Salesforce Solution Enables loyalty for

**Salesforce Data Cloud**

Data Unification of Customer, Member data across the Enterprise

**Marketing Cloud**

Personalised Member Engagement across the lifecycle

**Agentforce**

Autonomous member engagement for Sales, Service & Marketing

**Commerce Cloud**

Seamless purchase online with embedded Loyalty Offers and Rewards

**Service Cloud**

Easily service your loyalty members with queries and issue resolution

**Mulesoft**

Easily integrate your Loyalty Solution with Upstream and Downstream solutions