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# How embedded insurance solutions bridge the protection gap for luxury goods

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*Robert McCarthy is nonexecutive chair of Embri*By **Robert McCarthy**

In response to the rising threats and persistent gaps in insurance coverage for luxury items, a revolutionary approach is gaining traction among luxury retailers: embedded insurance.

This innovative solution integrates insurance directly into the purchasing process, offering immediate coverage and addressing the protection gap that leaves many high-value items uninsured. Embedded insurance leverages API-driven technology to seamlessly integrate insurance offerings at the point of sale, whether online or in-store.

This “bespoke for the item” insurance can be embedded as an opt-in within the original cost of the item and included as part of other protection elements such as a warranty -- for consumers, this means immediate and highly relevant protection from the moment of purchase, eliminating the delay and complexity associated with traditional insurance models.

## **Brand loyalty for retailers**

The convenience of this digital-first approach aligns with modern consumer preferences and expectations, enhancing the overall customer experience through a streamlined process that can often be completed in just a few clicks on their smartphones.

Moreover, the clarity of the coverage options provided by embedded insurance reduces the confusion and fine print often found in traditional policies, subsequently increasing transparency and giving consumers and retailers alike peace of mind.

Retailers also stand to gain significant strategic advantages from offering embedded insurance. By providing immediate insurance coverage, retailers demonstrate a strong commitment to customer satisfaction and security, fostering loyalty and encouraging repeat business and positive word-of-mouth referrals.

Additionally, this approach to protecting customers can generate new revenue streams for retailers through partnerships with embedded insurance providers that further enhance the overall value proposition of the retailer’s offerings. In a market where consumers are increasingly concerned about the security of their luxury purchases, retailers who offer embedded insurance gain a significant competitive edge, positioning themselves as forward-thinking and customer-centric.

## **Reputation, reputation, reputation**

Implementing embedded insurance requires addressing several challenges, including technological integration, regulatory compliance and consumer education.

In the highly regulated insurance environment, it is crucial for retailers to partner with trustworthy and experienced embedded insurance providers. These partners must not only be able to deliver seamless technological integration but also, most importantly, ensure the fair and prompt payment of claims.

Transparency and fair policy wording are critical for both regulators and consumers alike, as reputations are on the line. A reliable insurance partner can safeguard a retailer's brand image and foster consumer trust, while a subpar provider can quickly tarnish it.

By choosing a reputable partner, retailers can confidently offer embedded insurance, knowing that their customers are truly protected and that their brand's integrity remains intact.

### **Endless opportunity**

As the luxury market continues to grow, so does the importance of protecting high-value purchases in an environment of increasingly organized, targeted theft. Embedded insurance represents a transformative opportunity for retailers to meet this need effectively.

The seamless inclusion of insurance at the point of sale is expected to become a standard expectation among consumers across various retail sectors. Retailers who embrace this trend will be well-positioned to capture market share and build lasting customer relationships.

The rise in theft and the persistent protection gap in the luxury market demand immediate action. Embedded insurance offers a viable solution that provides immediate coverage, enhances the customer experience and offers strategic advantages for retailers.

By adopting this innovative approach, retailers can protect their customers' investments, foster loyalty, and stay ahead in a dynamic market environment while driving a significant additional and diversified revenue stream.