

# WeDapt

HELPING YOU ADAPT TO THE CHANGING DYNAMICS

## The WeDapt Insurance Newsletter

*Premier source for expert financial analysis, strategic solutions, and industry-leading actuarial advice.*

### FEATURED INSIDE



#### EMBEDDED INSURANCE- THE FUTURE OF DISTRIBUTION



#### LATEST INDUSTRY UPDATES & KPIs

1. *Embedded insurance is an insurance coverage that's built directly into the purchase of a product or service - making it easy for customers to get protection exactly when and where they need it.*
2. *Embedded insurance is reshaping how people access financial protection, driven by e-commerce platforms, fintech apps, and on-demand services that seamlessly integrate insurance options into everyday purchases.*
3. *With the rapid growth of digital payments, e-commerce, and fintech platforms, India is witnessing a surge in embedded insurance offerings. From ride-hailing apps, like uber, providing in-trip coverage to online retailers offering protection plans at checkout, this model is helping bridge the country's insurance gap and bring financial security to millions of first-time users.*



# EMBEDDED INSURANCE

## The Future of Distribution

### Introduction

#### KEY TAKEAWAYS:

- Embedded insurance integrates coverage into non-insurance platforms using a B2B2C (business to business to consumer) model.
- Insurers gain early behavioral insights, wider reach, and the ability to offer personalized products.
- Customers benefit from seamless, affordable, and accessible protection.



Embedded insurance refers to the seamless integration of insurance products or services into the purchase journey of non-insurance offerings. For customers, it simplifies acquiring coverage by bundling it with the main product purchase, tailored to their specific needs through data analytics. For insurance companies, it reduces customer acquisition costs, as the insurance is automatically included with a product the customer already intends to buy, eliminating the need for extensive marketing efforts and high initial commissions.

By integrating insurance directly into existing purchase processes, globally customer acquisition costs drop by up to 30%, reducing the need for expensive marketing efforts. Moreover, customers also benefit at the same time, saving 10-20% on premiums when insurance is bundled with services like travel or electronics. Even claims processing has seen a 50% reduction in turnaround time globally. This is particularly beneficial for customers who might otherwise lack access to affordable or traditional insurance products.

As India goes digital, embedded insurance isn't just a smart idea—it's a game-changer, making financial security simple, accessible, and part of everyday life.

# BENEFITS OF EMBEDDED INSURANCE

## ❖ SEAMLESS CUSTOMER EXPERIENCE:

Embedded insurance is part of the purchase journey, giving customers automatic protection without extra steps. Its simplicity adds ease and boosts satisfaction.

## ❖ GREATER ACCESSIBILITY:

By integrating insurance into everyday products and services, even customers who are unfamiliar with or hesitant about insurance can gain coverage. This helps expand financial protection to new and underserved segments.

## ❖ FASTER CLAIM PROCESSING:

Automation and digital integration enable claims to be processed quickly, sometimes instantly - after a qualifying event. This reduces paperwork and provides faster relief to customers, thereby adding more value for their money.

## ❖ CONTINUOUS DATA AND RISK INSIGHTS:

Embedded insurance generates rich behavioral and transactional data. Businesses and insurers can analyze this to understand usage patterns, risk triggers, and customer preferences — improving pricing accuracy and product design.

## ❖ COST EFFECTIVE:

Digital distribution through partner platforms reduces the need for agents, paperwork, and manual processes. This lowers administrative and operational costs for insurers while improving profitability.

## ❖ HIGHER CONVERSION RATES:

Since insurance is offered at the right time, during a purchase - it feels natural and relevant. This increases the likelihood that customers will opt for coverage compared to standalone insurance products.

## ❖ IMPROVED CUSTOMER TRUST:

Offering insurance at the point of sale reduces the customer's perceived risk (refers to the subjective evaluation of the potential negative consequences or losses that consumers associate with purchasing a product or service) of making a purchase. Whether it's trip cancellation, product damage, or medical cover, customers feel more secure knowing they're protected.



# CHALLENGES OF EMBEDDED INSURANCE IN INDIA

## ❖ LIMITED DIGITAL INFRASTRUCTURE:

Effective embedded insurance requires real-time data sharing and API integrations across platforms; many partners or marketplaces lack this capability. Developing this infrastructure ought to increase capital expenditure.

## ❖ COMPLEX LICENSING REQUIREMENTS:

Digital platforms or non-insurance partners (e.g., e-commerce sites, fintechs) often need to operate under strict corporate agent or web aggregator licenses, limiting flexibility and slowing go-to-market timelines.

## ❖ DATA PRIVACY AND SECURITY:

Embedded insurance involves sharing customer data between insurers and partner platforms, raising concerns about consent, ownership, and misuse under India's Digital Personal Data Protection (DPDP) Act, 2023. Companies must ensure explicit consent, secure data storage, and transparent usage to maintain trust and comply with regulations.

## ❖ CUSTOMER EDUCATION AND AWARENESS:

Although embedded insurance is convenient, many customers may not fully understand their coverage which may cause confusion and unrealistic expectations, thereby posing a reputational risk. Clear communication and education are vital to ensure transparency, prevent confusion, and build customer trust.

## ❖ PRODUCT STANDARDIZATION:

Creating standardized products that fit multiple platforms while still offering personalized coverage is difficult. Too much customization increases complexity; too little reduces relevance to customers.

## ❖ PROFITABILITY AND PRICING PRESSURE:

Since embedded insurance products are often low-cost and bundled, maintaining profitability while offering competitive pricing can be difficult. Insurers must balance affordability with sustainable margins.



# IMPACT OF EMBEDDED INSURANCE ON ACTUARIES

## 1. Redefining Actuarial Models

Embedded insurance is transforming how actuaries work. It replaces static datasets with real-time data from customer interactions and partner platforms, enabling faster and more personalized risk assessment.

Actuaries now design dynamic models that adapt continuously using behavioral and transactional data. This shift blends actuarial science with data analytics and machine learning to support instant, context-based pricing.

With greater automation, actuaries also ensure fairness, transparency, and compliance. Overall, embedded insurance is making actuarial models more agile, data-driven, and aligned with modern digital ecosystems.

## 2. Designing the trigger for claims

This is a critical aspect for embedded insurance, as claim triggers are automated through real-time digital events. If triggers are too sensitive, false claims rise; if too rigid, genuine claims are missed. Actuaries must calibrate these carefully using behavioral and contextual data.

It shifts actuarial focus toward event-based modeling, and system integration with digital platforms. Actuaries also assess the reliability of external data sources driving automated claims.

It requires advanced models for trigger validation, probability calibration, and anomaly detection to ensure fairness, accuracy, and financial balance in automated claim processing.

## 3. Capital and reinsurance implications:

Automated, event-based claim triggers in embedded insurance speed up settlements but raise claim frequency and operational strain. Though individual claims are smaller, simultaneous triggers across partners increase aggregation risk. Such high-volume, low-value claims align better with portfolio-based or automated reinsurance models than traditional treaties.

Embedded insurance may lower reserve risk through faster claims settlement but increase operational and correlation risks, affecting the overall Solvency Capital Requirement (SCR).

It requires adaptive reinsurance structures and real-time capital monitoring to capture the dynamic and correlated nature of embedded portfolios.

## 4. Insurance Company Operations:

Embedded insurance is reshaping actuarial operations by expanding their role into digital integration and process design. Actuaries now help ensure data accuracy, product alignment, and financial control across partner platforms.

Automation and real-time data have improved efficiency in pricing, reserving, and monitoring, with actuaries working alongside tech teams to build faster, data-driven workflows.

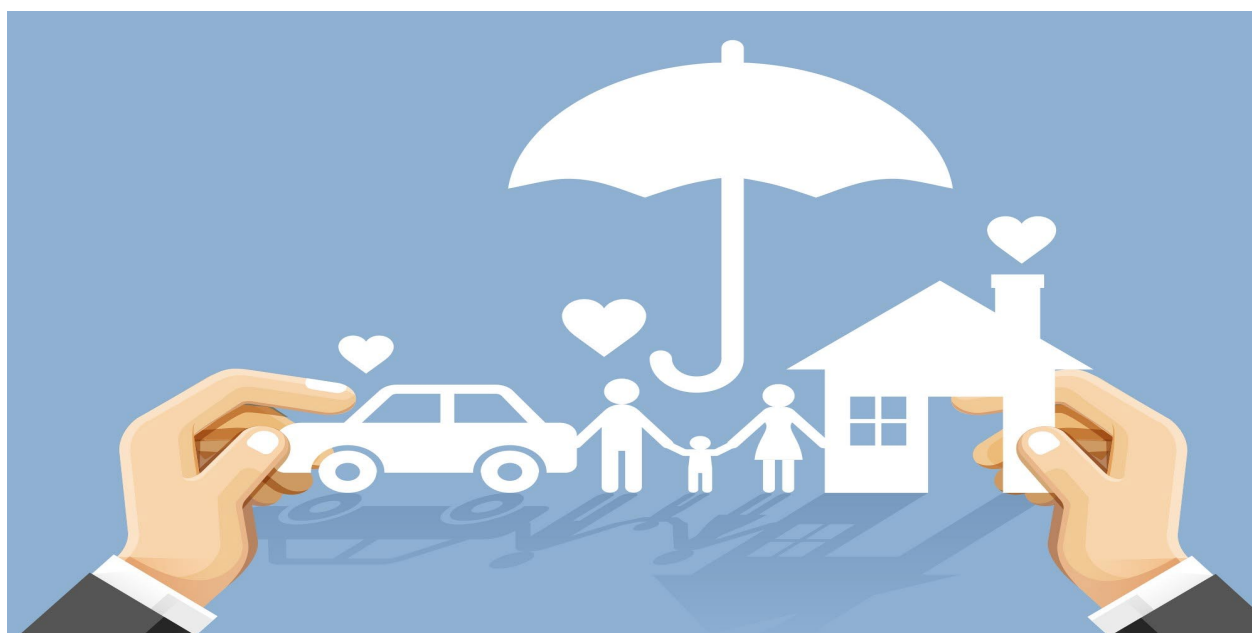
They also strengthen governance and compliance, ensuring transparency and risk control in automated systems. Actuaries are evolving into strategic partners supporting the digital transformation of insurance operations.

Embedded insurance in India is still in its nascent stage of evolution but is rapidly gaining traction as a key distribution innovation in the Insurtech and digital finance ecosystem. Purchase journey of non-insurance products such as e-commerce, travel, fintech, mobility, and consumer electronics are also expanding insurance penetration beyond traditional channels.

The embedded insurance sector in India is witnessing rapid expansion, supported by a proactive regulatory approach and strong digital adoption. The Insurance Regulatory and Development Authority of India (IRDAI) is currently developing a new distribution framework to legitimise and streamline embedded insurance partnerships between insurers, fintechs, and consumer platforms. According to recent estimates, India's embedded insurance market was valued at around INR 249 billion in 2024 and is projected to grow at a compound annual rate of more than 30% over the next five years, outpacing the broader insurance sector's 17% CAGR. Analysts also expect India's wider embedded finance industry — which includes insurance — to reach nearly INR 1.6 lakh crore by 2029, reflecting growth rates above 40%. On the ground, several Insurtech and digital platforms are driving this expansion.

OLA collaborated with InsureMO to seamlessly integrate a comprehensive ride insurance solution into its platform. This partnership enabled OLA to offer personalized, real-time insurance coverage for passengers, enhancing safety and peace of mind during rides. Symbo Insurance collaborates with brands like Lenskart, and Decathlon to embed protection plans into everyday purchases through API-based integration and instant policy issuance. Bharatsure partners with digital platforms and financial institutions to embed health, asset, and cyber-insurance products into their ecosystems, including protection for gig workers and small businesses. Similarly, Riskcovry provides an “insurance-in-a-box” solution enabling enterprises across multiple industries to integrate different kinds of insurance directly into their digital customer journeys.

Embedded insurance isn't new. It existed as travel add-ons and credit-linked covers, but today's digital APIs, data analytics, and IRDAI reforms are transforming it into a scalable, personalized model driving wider insurance inclusion in India.



Across the world, insurance is evolving as protection becomes a built-in feature of products and platforms rather than a separate purchase.

In North America, Aon collaborates with Redkik to modernize how cargo and shippers' interest insurance is embedded across global supply chains. Across Asia, fintech and e-commerce leaders like PhonePe and Grab distribute micro-insurance—such as accident or travel coverage—at checkout, driving affordability and inclusion.

India can learn from these global initiatives by enabling open-insurance APIs, fostering public-private digital partnerships, and expanding regulatory sandboxes to support innovation. These models highlight how data interoperability, AI-driven personalization, and instant claim automation can make insurance more accessible, efficient, and trusted for mass-market adoption.





# INDUSTRY UPDATES

## International Finance Corporation made investment in Axis Max Life Insurance

International Finance Corporation (IFC) has made an investment of Rs 285 crores through long-dated subordinated instruments to support Axis Max Life's solvency margin and power its expansion in the life insurance sector. This strategic partnership intends to make accessible to underserved communities, especially women.

**Why it matters:** The partnership between IFC and Axis Max Life Insurance combines IFC's global expertise in governance and sustainability with Axis Max Life's growth vision to strengthen India's life insurance industry. It aims to boost investor confidence, attract institutional and foreign investments, create jobs, and increase insurance penetration—building a stronger, more responsible, and inclusive financial ecosystem.

## Health and term policy sales rise after GST exemption

Following the recent GST exemption on health and term insurance, the industry has witnessed a notable rise in health insurance sales, customer engagement, and enquiries for term plans.

This move has enhanced affordability while reinforcing the importance and relevance of pure protection and health products.

Key highlights include:

• **Higher Insurance Penetration:** Lower costs can encourage more people to buy term and pure protection policies, increasing India's insurance penetration.

• **Job creation and economic activity:** Increased insurance sales can generate employment across agents, advisors, and service providers.

## India considers introducing climate linked insurance scheme

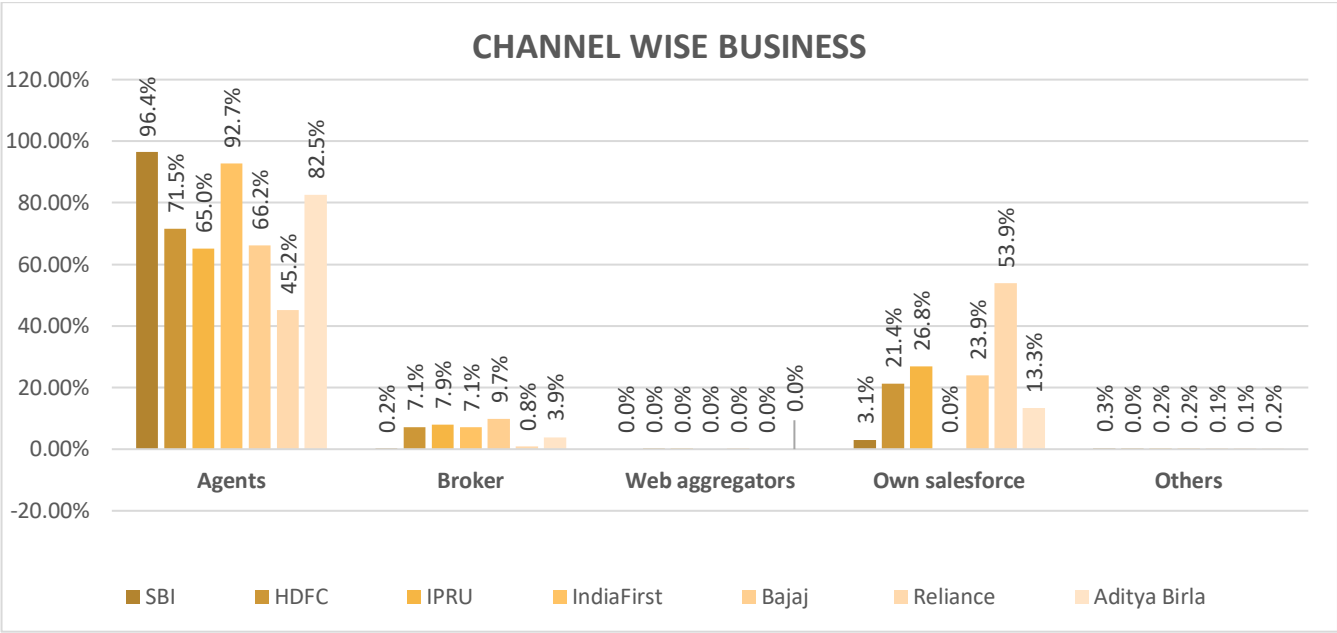
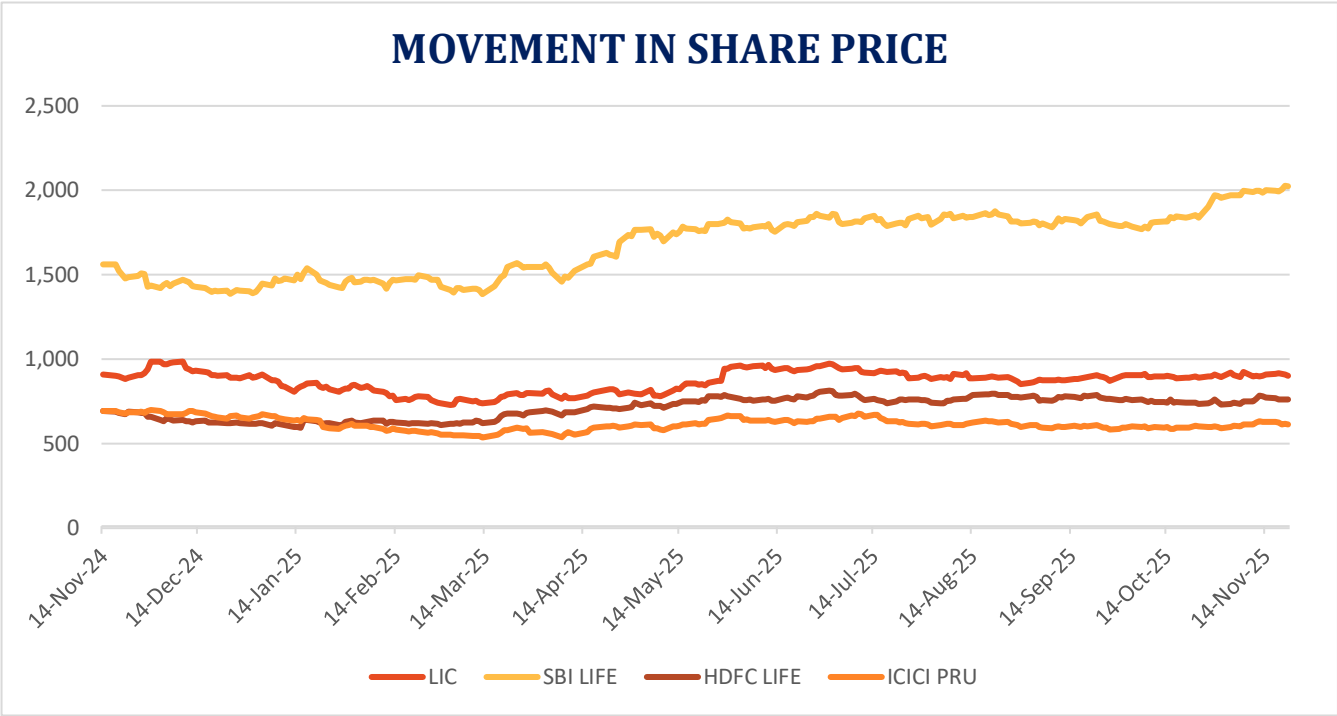
The Indian government has initiated early-stage talks with local insurers to design a nationwide climate-linked insurance program, aiming to simplify the financial relief process following extreme weather events such as floods and heatwaves. The scheme aims to support communities affected by extreme weather and enhance India's overall climate resilience.

### Key Takeaways:

- The scheme would use parametric insurance, enabling fast payouts when specific weather thresholds are met.
- Reduces government financial burden by shifting risk to insurers.
- Payouts triggered by weather thresholds, not loss assessments.

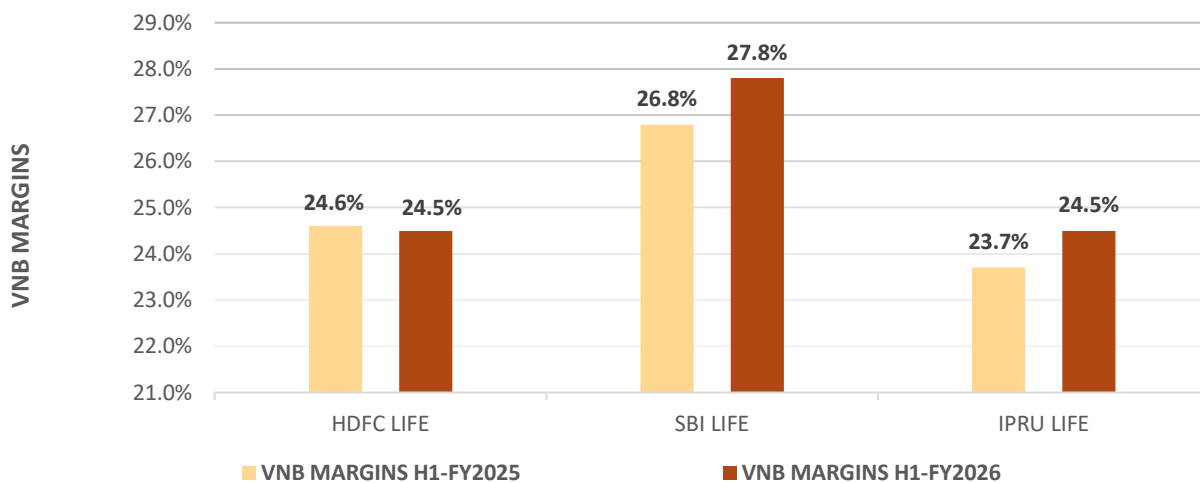


# KEY PERFORMANCE INDICATORS (LIFE)

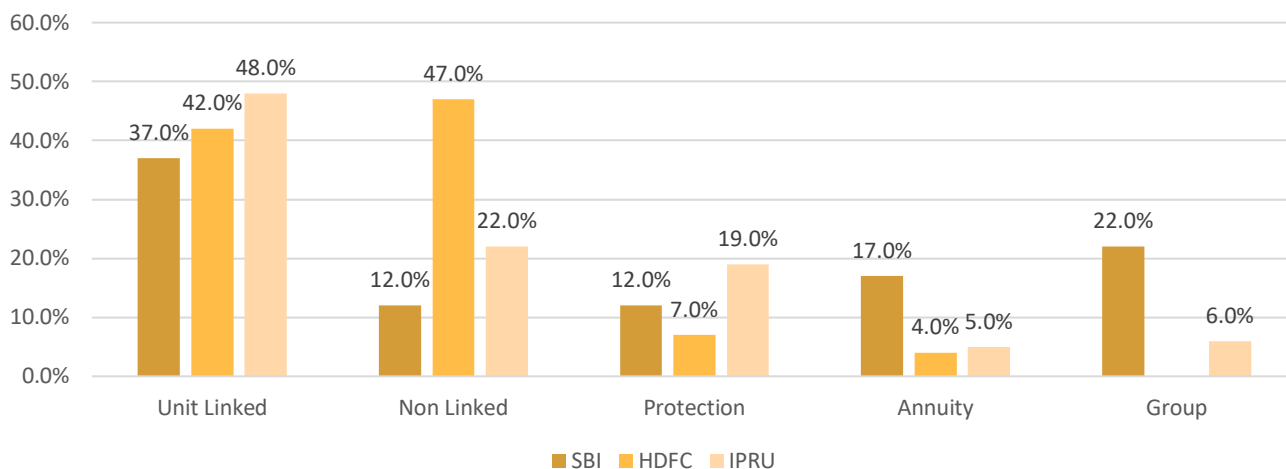


Others include IMF, Common Service Centers, Point of Sales.

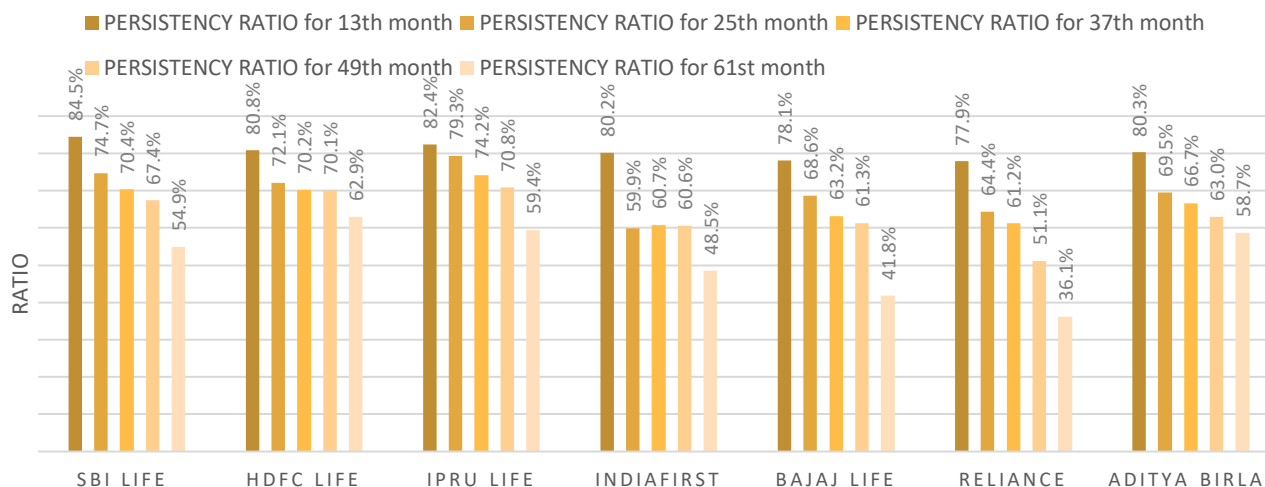
## VNB MARGINS



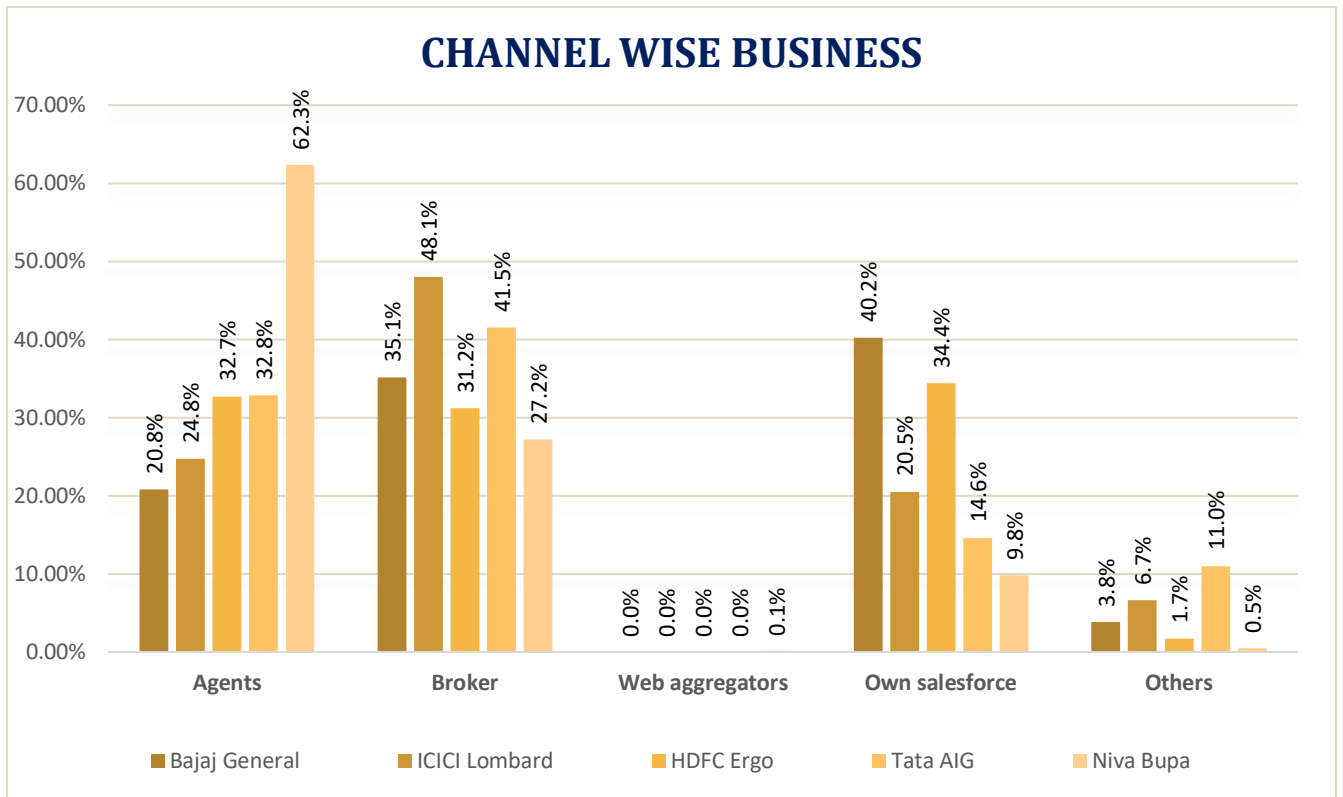
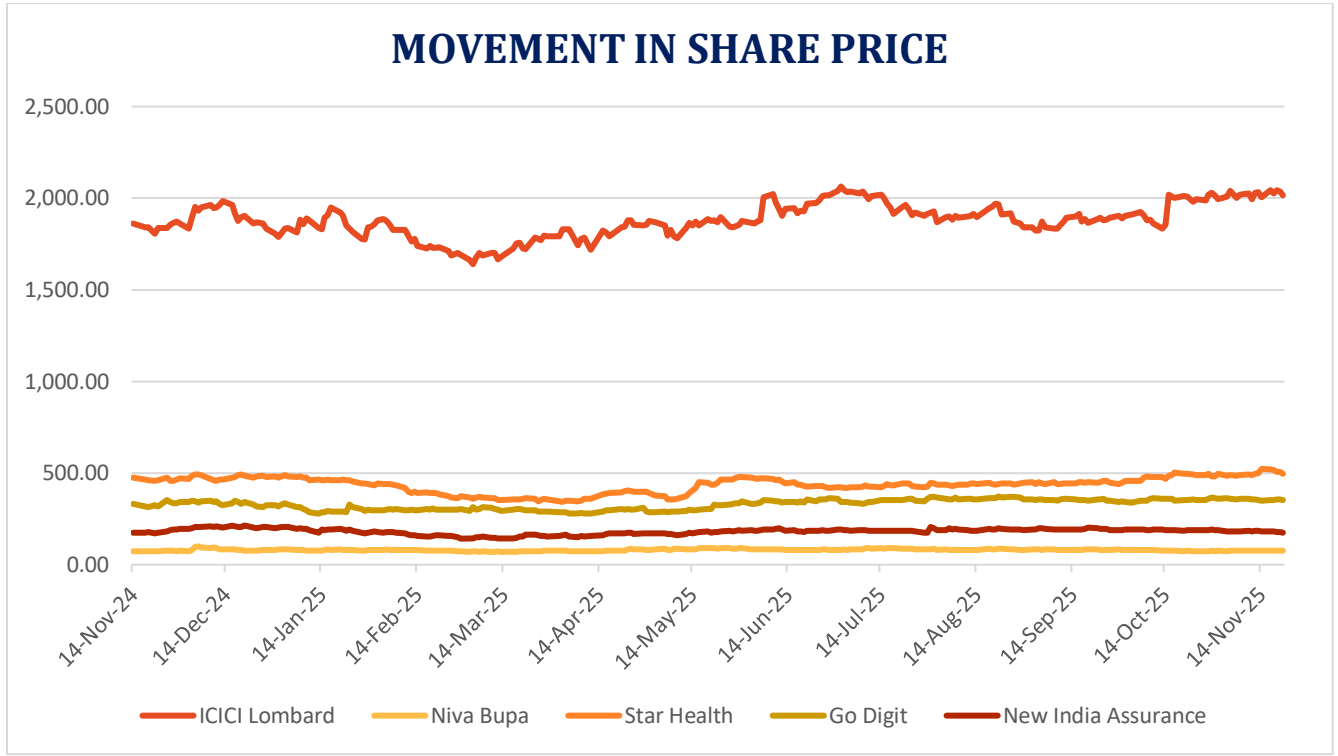
## PRODUCT MIX BY LOB



## PERSISTENCY RATIOS

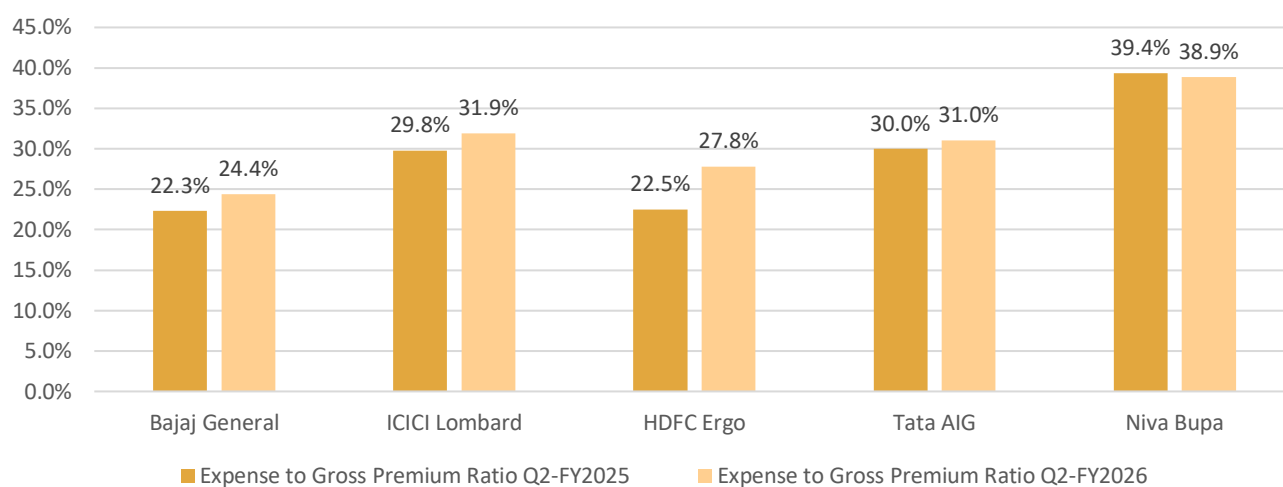


## KEY PERFORMANCE INDICATORS (GENERAL)

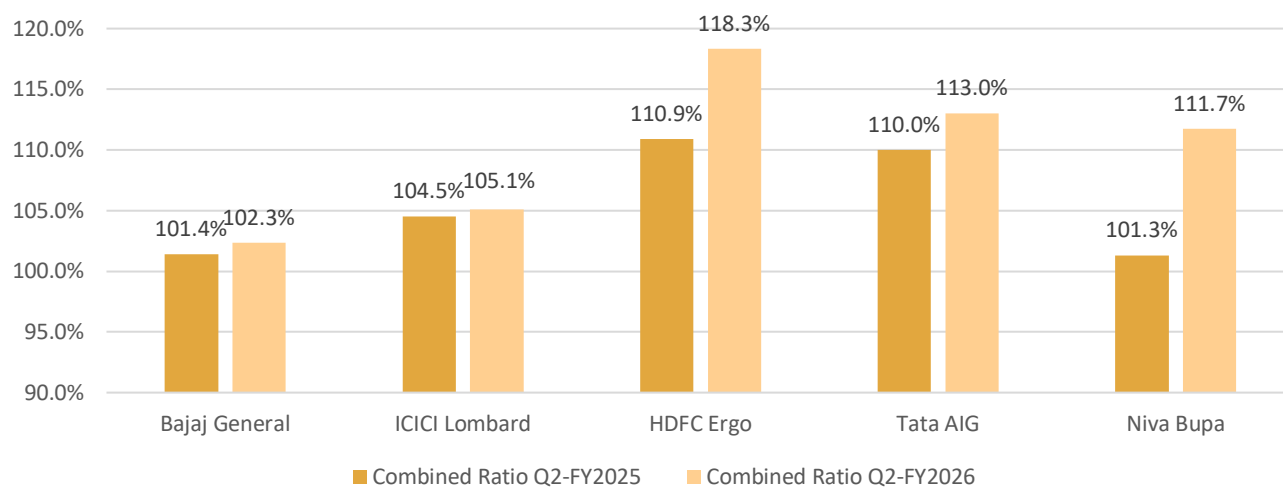


Data has been collected from publicly available sources, which include the companies' disclosures and business presentation, newspaper articles, IRDAI website, Central Board of Direct Taxes and other relevant public records.

## EXPENSE TO GROSS PREMIUM RATIO



## COMBINED RATIOS



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Data has been collected from publicly available sources, which include the companies' disclosures and business presentation, newspaper articles, IRDAI website, Central Board of Direct Taxes and other relevant public records.





WeDapt as a firm has always focused upon a client centric approach wherein, we look to assist the clients in adapting to the ever-changing dynamic business environment. We aim to use our rich practical experience and technical expertise to bring effective & efficient solutions for our client.

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