



# The Future of Protection for Online Purchases

Integrating Insurance for a Superior E-Commerce Experience

Rather amazingly for a sector that's barely past its 30th birthday, e-commerce has already managed to revolutionize the world economy by fundamentally changing the way we buy, sell and live. And it shows no signs of slowing down. At their current rate of growth, online sales in the U.S. alone are projected to reach [\\$1.6 trillion by 2028](#) and account for 28 percent of total retail sales domestically.

With that much collective purchasing power to wield, customers get to call the shots. And increasingly they're demanding more out of their online shopping experiences. As e-commerce continues to expand and make up a greater part of our everyday lives, these consumers don't simply want convenience: They want to see the same care and attention to customer service that they've come to expect from their personalized, physical interactions with brick-and-mortar merchants.

In short, as [a 2024 Chubb report](#) on the changing relationship between online buyers and sellers makes clear, customers are demanding that e-commerce companies earn their trust before they can earn their business. One way that digital sellers can meet this threshold is by collaborating with insurance companies to provide consumers with the option to buy one-time, transaction-specific insurance protection for their online purchases at the point of sale. Businesses and brands that do so can make customers feel safer about these transactions - and this sense of increased safety can often translate directly into increased customer satisfaction: the key to any company's success.

## | Insurance At the Click of a Button

E-commerce requires customers to make a trade-off: In order to enjoy the convenience of shopping from their phone or computer, they must be willing to wait and see if what they've bought will actually materialize intact, on time and as billed. Embedded insurance can alter the terms of this trade-off, giving customers an added degree of confidence that their online purchases will be protected against relevant identified risks. At the core of its value proposition - for customers and merchants alike - are three unique aspects of embedded insurance offerings:

- **Simplicity.** Because the option to buy it is integrated into the merchant's digital platform, embedded insurance can be obtained quite literally at the click of a button by the purchaser without requiring them to exit and re-enter a site. Terms of coverage are presented clearly and straightforwardly. The entire process is streamlined, accessible, efficient and fast.
- **Personalization.** Terms can be tailored on the spot to meet individual customers' needs and preferences. This adaptability and rejection of the "one-size-fits-all" model makes embedded insurance more attractive to customers who may desire differing types or amounts of coverage at the point of sale.
- **Relevance.** The option to purchase insurance is typically presented at checkout - the most relevant touchpoint in the customer's shopping journey. For customers who may be considering buying a product or service but haven't completely made up their minds yet, this promise of added protection can potentially serve as a tipping point toward completing the transaction. For customers already inclined to make a purchase, added protection is a bonus that enhances the overall customer experience.

# | Benefits for Buyers and Sellers

Buying something online always entails a degree of risk: Product damage, theft, fraud and non-delivery are just some of the more obvious hazards that can befall and disrupt an order. Additional risks present after delivery of the product as well. When insurance is part of the transaction, however, the purchased coverage mitigates any risks specified under the agreed-to terms – reducing purchase friction by giving online shoppers confidence that they will be made whole should their order meet with a covered mishap.

Between the added confidence it provides, the ease with which it can be accessed and the adaptability of its coverage, embedded insurance is more than a tool for loss prevention. It can also be a way for online merchants to build consumer trust in their platforms that manifest as brand loyalty – and, ultimately, as repeat business. Customers who instantly receive peace of mind when placing an online order may be that much more likely to place future orders at the same site, making this unique insurance product a potential means of increasing both customer retention and average order value.

Another benefit for online sellers: data. Information about who is buying embedded insurance, and what items or products they're buying it for, can be gleaned from records and analyzed to help merchants better understand customer preferences and behavior. Working in consultation with the insurance provider, companies can use this data to modify business strategies and generate new revenue streams. Sellers whose businesses models combine digital and brick-and-mortar aspects – sometimes referred to as “[phygital](#)” models – can benefit as well: Customers who place an order online but delay payment until picking up an item, physically, at a store can be given the option to purchase insurance upon completion of the sale or when registering their product on the store app.

# | Integrating Insurance Solutions

By partnering with Chubb, businesses and organizations have access to [Chubb Studio](#), an award-winning integration platform dedicated to helping digital companies provide maximum value to their customers. Distribution partners and prospects can [easily learn](#) if embedded insurance is right for their business – and, if it is, how to set it up quickly and seamlessly. Aided by our experience and expertise integrating insurance products into the digital platforms of e-commerce companies, partners are able to provide peace of mind at the point of sale by protecting purchases from damage, theft and other risks. Chubb can provide customer support for claims and payment, and also offer sellers data-supported insights and advice along the way.

As e-commerce continues its rapid evolution, consumer protection is poised to become an integral part of the online shopping experience. Embedded insurance makes online shoppers feel more confident about their transactions and strengthens their trust relationship with online sellers. By embracing it now, companies can get a head start on unlocking new levels of customer trust, loyalty and business growth in the digital marketplace.

