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As you rush into buying products you planned to acquire during the festive season, don't ignore the embedded insurance offered with many products. It's literally embedded in some of the transactions you make. For example, a travel portal may offer a cancellation cover, a retailer may suggest a cover for device protection, or a lender may bundle life insurance with a loan.

But should you opt for it or not? The answer is linked to a few other, more critical ones: What does the policy cover? How much will it pay? Do your other insurance policies already cover the risk?

If you are not conscious of these questions, you may end up paying for a cover you don't need or one that won't make a material difference in terms of protection. On the flip side, if you dismiss it without understanding, you may lose out the benefit. Here's how to decide whether you should skip it or not.

Are Low Premiums Worth It?

When someone is spending ₹80,000 on a phone, another ₹199 for an embedded policy can appear too small to examine closely. The question is not whether the premium is affordable, but whether it covers a meaningful risk and offers a realistic payout.

Says Amit Suri, CFP, and founder and CEO of AUM Wealth, a wealth management firm: "The smaller the premium appears at checkout, the more important it is to ask what is actually being purchased. A ₹199 premium may seem immaterial beside an expensive phone or holiday, but affordability alone does not establish value. The coverage, claim trigger and existing protection must be examined."

Embedded insurance is not inherently bad because getting relevant protection at the point of purchase can be convenient. "The difficulty begins when it is accepted only because the premium looks insignificant beside the main transaction. Buyers must judge the size of the risk transferred and whether they genuinely need that protection," says Suri.

Adds Amarnath Saxena, chief technical officer - commercial, Bajaj General Insurance: "It is useful when it directly protects the purchase against meaningful risks. A smartphone plan covering accidental damage, liquid damage or theft can be relevant."

Also, find out why the premium is low. A premium described as a small daily cost can seem attractive, but it must be compared with the benefit and the likelihood of a valid claim.

When buying embedded insurance, the question is not affordability, but whether it covers a meaningful risk and offers a realistic payout

If the insured value is too low, or the policy protects against an unlikely event, it may be skipped, says Abhishek Kumar, a Securities and Exchange Board of India-registered investment advisor (Sebi RIA) and founder and chief investment advisor of SahajMoney, a financial planning firm.

The next step should be finding out the policy details and safely storing it. Says Abhishek Bansal, CEO, insurance business, InsuranceDekho, an insurance distribution platform. "Buyers should check the quantum of loss the policy will absorb, who is the insurer, the sum insured, policy duration, important exclusions and the claims route."

Read The Fine Print

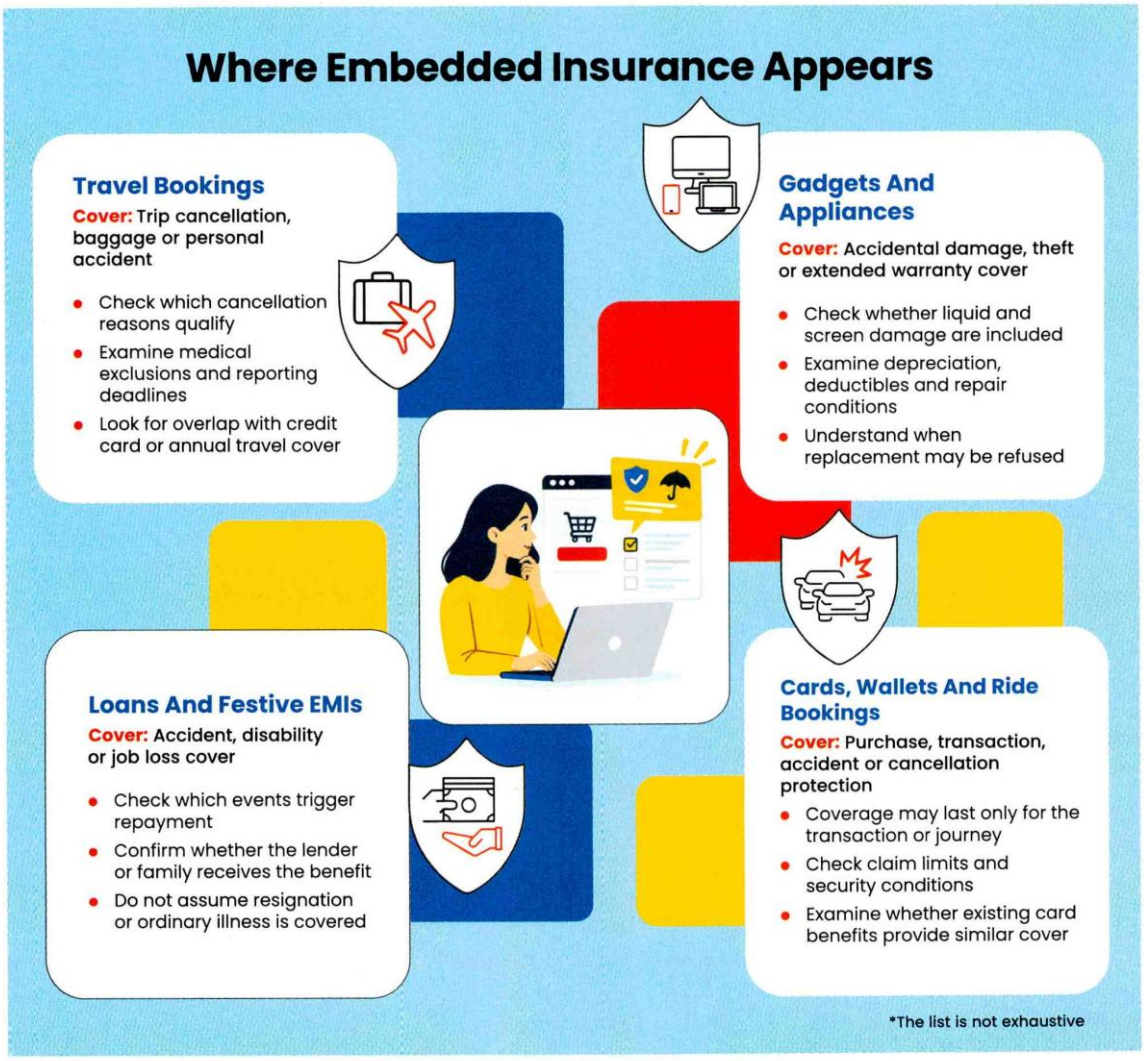
You must read the terms and conditions carefully to understand the benefits. This will help you assess if those benefits are already available in an existing insurance policy, credit card benefit or manufacturer's warranty. "Check for overlap with existing health, travel or other policies," says Arun Ramamurthy, co-founder, Staywell.health, a health insurance specialist.

Travel cancellation insurance may pay only for listed events, not a change of plans. Gadget insurance may exclude cosmetic damage, unauthorised repairs, unexplained disappearance or theft without a police report. "Normal wear and tear, pre-existing damage and theft under specified circumstances may be excluded. The policy is worthwhile only if it can realistically pay when needed," says Suri.

Adds Saxena: "The value of bite-sized cover is decided by its fine print. Buyers should identify the insured event, policy duration, maximum payout, deductible, sub-limits and depreciation. They must also check reporting deadlines, proof-of-loss requirements and whether the insurer will repair, replace or reimburse the item."

Similarly, loan protection may pay only in the event of death or a specified disability, not for resignation, business losses, illness or every form of unemployment. The lender may also be the beneficiary.

Says Krishna: "If its terms cannot be understood before payment, the buyer should decline and review alternatives later." Even familiar insurance terms can create an impression of wider protection. For example, a health policy bundled with another financial product may promise cashless treatment, but



cashless does not mean every expense will be paid.

Explains Sarita Joshi, head of life and health insurance, Probus, an insurance broking company: "A cashless approval only means the insurer will directly pay the hospital for the approved amount. The initial cashless approval is generally based on the hospital's estimate, while the final assessment occurs at discharge. The insurer then examines the completed bill against the policy terms. Any difference arising from non-payable expenses, treatment limits or other conditions has to be borne by the policyholder."

Before admission, you should also compare cashless authorisation with the hospital's written estimate, review room rent limits, co-payment clauses, treatment-specific sub-limits and the list of non-payable items, advises Joshi.

Avoid Embedded Nudges

When you are buying through a limited time offer or sale, it's easy to skip the details, but that's not advisable. "Checkout urgency should never replace reading the policy conditions," says Kumar. In most cases, the protection option is auto-selected, and you need to deselect it manually if the benefits do not suit you.

Beware of platforms that label insurance as "recommended", which subtly hints that refusing it may be risky. Says Madhupam Krishna, Sebi-RIA and chief planner, WealthWisher Financial Planner and Advisors, a financial planning and wealth management firm: "Embedded insurance becomes problematic when customers are rushed into narrowly worded protection through pre-selected options, emotional

messaging, or exclusions placed several clicks away. It can close a genuine protection gap, but it can also result in duplicate insurance or create an impression that the protection is much wider than it is."

Says Bansal: "A pre-selected option should not be equated with informed consent. The customer's decision must be genuine, with the ability to accept or decline through a clear affirmative action. This is particularly important with loans and cards, where the insurance charge can become difficult to notice among several other costs."

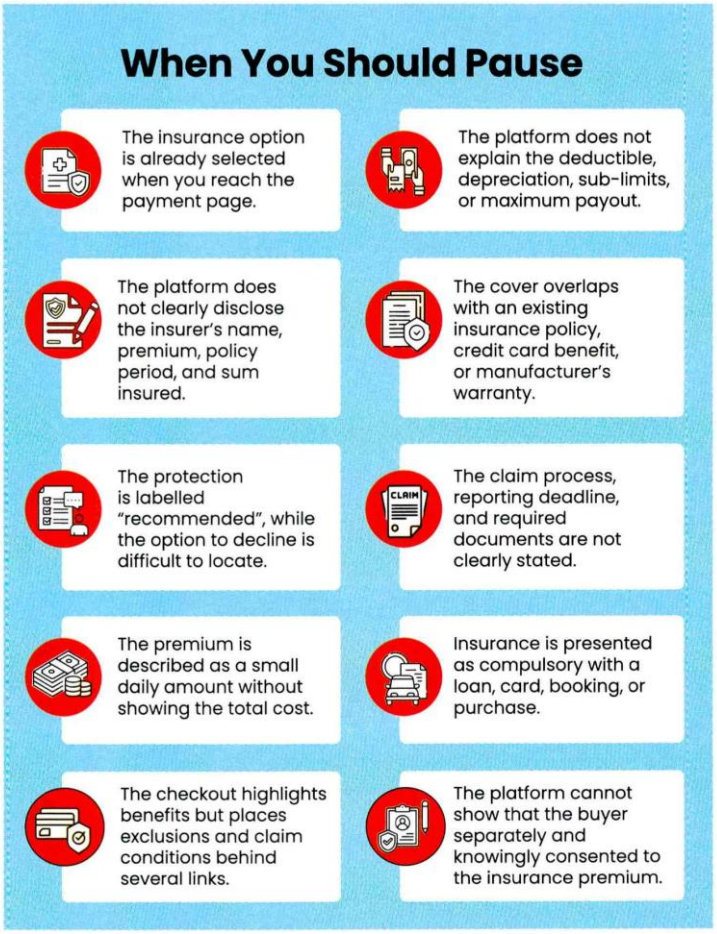
Know Your Rights

Paying for the principal purchase does not automatically amount to accepting insurance. During a dispute, what the platform disclosed and how it recorded consent will become important. "A pre-ticked box, unclear bundling or silence is weak evidence of informed consent," says Bansal.

The checkout should separately display the insurer's name, premium, policy period, benefits and material exclusions, with a clear choice to accept or decline. Says Saxena: "Customer consent must be clear, informed and verifiable. The buyer should actively opt in through a deliberate step, such as selecting an unchecked box, entering a one-time password (OTP) or approving a digital link. Automatically bundled premiums without explicit acknowledgement undermine consumer rights and the regulatory standards governing such sales."

A buyer who discovers unwanted insurance should preserve screenshots, invoices, payment records, emails and the policy document.

Says Kumar: "If insurance was added without explicit consent, the buyer should immediately raise a grievance with the seller and insurer and document the unauthorised charge. The request should seek cancellation and refund. If it remains unresolved, the consumer may escalate the matter through the appropriate grievance or consumer-dispute mechanism."



However, cancellation rights largely depend on the product and its duration. Says Saxena: "If embedded products offer cancellation or a free-look facility in accordance with the applicable provisions, customers can approach the platform or issuing insurer, but the refund will depend on the product and period already covered. Absence of explicit, verifiable consent gives the buyer stronger grounds to challenge the sale."

The consumer should request for the policy certificate, consent record, cancellation terms and confirmation that no renewal will be charged. "Unresolved complaints may be escalated through Bima Bharosa or the Insurance Ombudsman, where applicable," says Bansal.

However, failing to notice a disclosed choice is different from never consenting. "When consent is disputed, evidence of what the platform disclosed and how the choice was obtained becomes crucial," says Suri.

It pays to be careful when choosing an embedded insurance. ▸OM

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