

Growing Travel Insurance Market in India- Challenges and Opportunities

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Abstract

As individuals are becoming more mobile, travel has become a part of academic, business and personal life, exposing people to travel related contingencies. To mitigate the risks associated, it's always a better option to buy a travel insurance plan.

Purchasing a travel insurance policy provides cover against medical and non-medical travel-related contingencies such as emergency medical condition, loss of tickets & passport, trip cancellation, curtailment & interruption, loss/delay of baggage, etc. A travel insurance policy ensures a complete peace of mind, and you can have fun and excitement throughout the trip. It covers the financial loss that may incur while traveling domestically or internationally.

Considering the benefits offered under a travel insurance policy, people are looking forward to getting their trip insured, before leaving for vacation.

Keywords: Travel Insurance, types of travel insurance,

I. Introduction

A few years back, Travel Insurance was not popular among travelers traveling to India or going abroad. However, awareness of being Insured or getting the benefits of a travel insurance Policy is the in thing now. Statistics show premiums on insurance, especially travel policy are likely to increase many folds by 2015 to more than Rs. 5000 billion.

The market for travel insurance in India is upbeat as more people are looking for holidays in India as well as abroad. They not only want surety in life but also want a hassle-free travel where the journey hassles, cancellations of tickets or loss of luggage is duly compensated through a tour insurance plan. Growing at a rate about 15 percent each year, travel insurance market in India is now a budding market with plans catering not only to medical cover but also compensating the hassles endured by travelers during their journey.

II. Research methodology

The present study is based on secondary study. The data was collected through Journals, books, magazines and internet, Newspaper etc. Hence this Research paper is descriptive in nature.

III. Literature Review:

Researcher has made literature review on various books and research papers of eminent authors to understand the concept of Travel Insurance. As there is tremendous changes are taking place in the global economy and developed countries with regard to the insurance sector, we need to put more emphasis on this emerging sector.

IV. Objectives of the study

- a) To explain the concept of Travel Insurance in India.
- b) To elaborate the challenges and scope in Travel Insurance in India.
- c) To examine the benefits of Travel Insurance for general public and for economic growth and development of the country.

V. What is Travel Insurance?

How often do you travel? Do you travel across the globe? Are you a globetrotter? Do you keep one bag forever full of your basic requirements as a result of you would possibly ought to travel at any time? Your business visits solely come back at the instant while not a lot of warning?

Well, during this case have you ever ever had a haul like:

- Your baggage was misplaced?
- Your passport was stolen?
- You incomprehensible your flight as a result of the previous one was delayed?
- You had to be admitted into a hospital whereas holidaying in Dubai?
- somebody from your workplace met with a casualty throughout your business trip to London?
- Your trip had to be off because of inclementness and you suffered a loss at the flight and edifice reservation?

Travel Insurance has the answer to the all higher than issues. Travel Insurance means insuring the risks of having a financial loss or a medical emergency while traveling. In case of a medical emergency, your travel insurance pays for the medical expenses incurred whereas undergoing treatment abroad. You do not ought to worry concerning the steep medical bills which can be taken care of by the insurance underwriter. There are alternative advantages of money allowance for delayed flights and loss of bags, theft of your belongings etc. It just about covers all the quality risks concerned whereas traveling abroad.

VI. Different types of Travel Insurance

A. Single trip

This is for ONE single trip to and from from India. The moment you return from your trip to India, the policy is validity is over. An example of single trip could be a leaving India for a trip to Singapore, traveling to Thailand from Singapore and then returning from Singapore or Thailand to India.

B. Annual multi-trip

This is more for a frequent traveler who makes multiple trips throughout the year. It is ideal for businessmen who make more than one trip in a year to specific locations. You can make as multiple trips to an fro from India within the period of ONE year.

C. Student travel

This is for students who are going abroad for education. A lot of universities insist on student travel insurance as the cost of medical expenses while studying in a foreign university can be quite a large sum for a student. In fact, student travel insurance is strongly recommended even if the university you are going to does not insist on it. While on an extended stay, the chances of falling ill or of a medical emergency can be quite high. This also offer some other benefits like visit of emergency family visit, bail bonds on tuition fees etc.

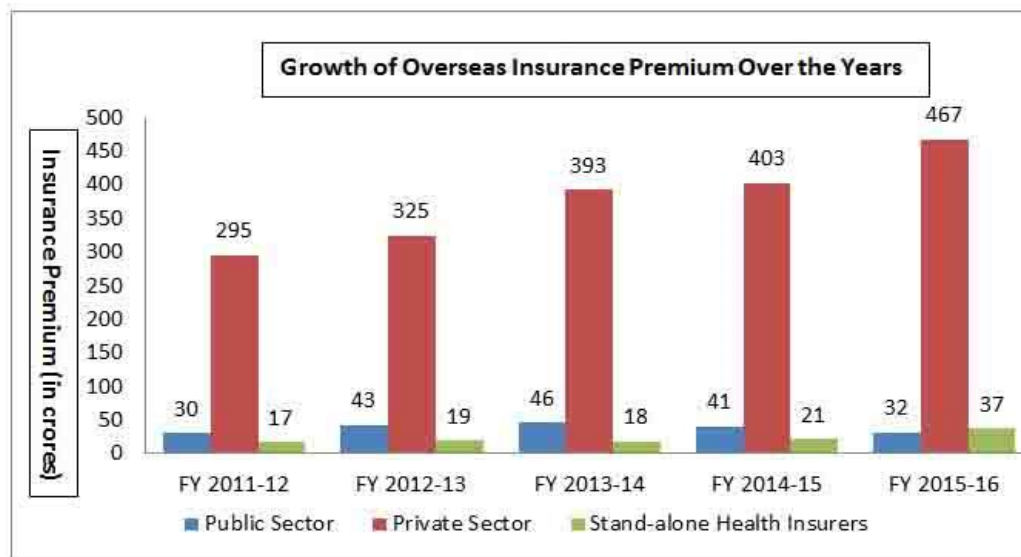
VII. Comparative Analysis of Travel Insurance Market

A. Overseas Travel Insurance

During the year 2015-16, overall 22.39 100000 policies are issued towards covering thirty-nine.29 100000 persons, how ever,in year 2014-15, 22.62 100000 overseas travel insurance policies are issued from non-life insurance sector in India.

For FY 2014-15, the Gross Premium financial gain from Overseas Travel Insurance business was Rs 465 crores, however, during the year 2015-16, it stood at Rs 536 crores registered a rate of growth of 15.26% compared to the previous year.

During the year 2011-12, Gross Premium financial gain was stood at Rs 342 crores, thus within the time span of four years throughout FY 2015-16, the premium financial gain registered a growth rate of 56.72%.



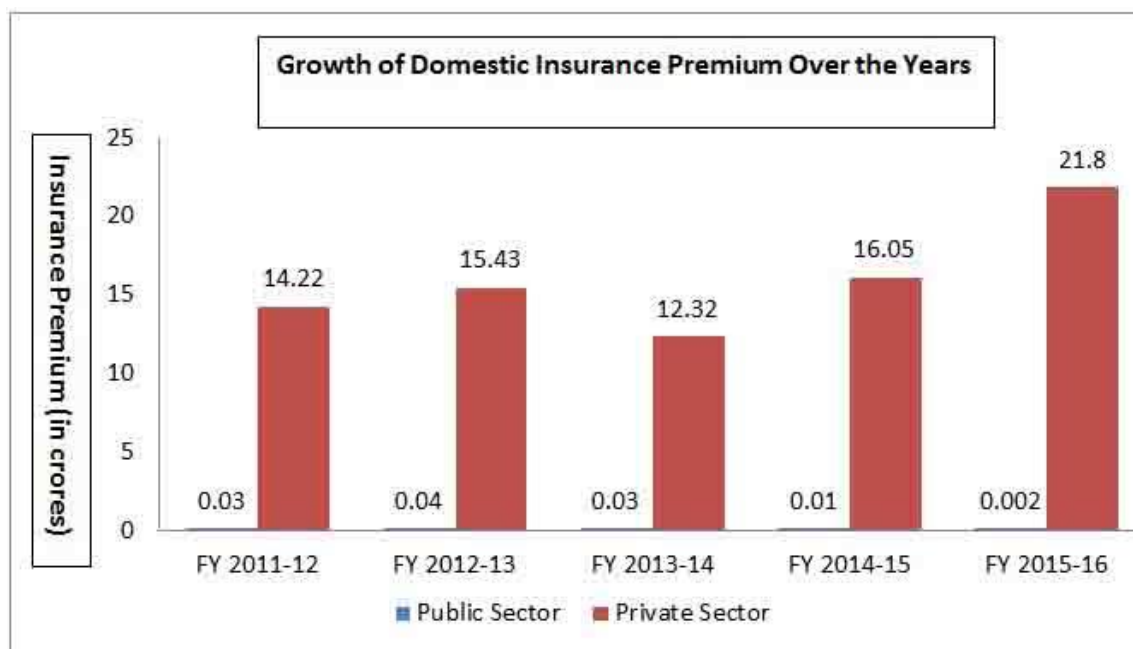
(Source : IRDAI annual report for FY 2014-15 & 2015-16)

In FY 2015-16, non-public general insurers hold eighty seven of market share in gross premium. Public sector general insurers and stand-alone health insurers hold 6% and 7% of market share respectively in total gross premium. The Incurred Claims magnitude relation for Overseas Travel Insurance was 54.1% for the FY 2015-16.

B. Domestic Travel Insurance

Under Domestic Travel Insurance Business, the total gross premium received was Rs 21.80 crores for FY 2015-16, registered a growth of 35.77% when compared to FY 2014-15.

Domestic Travel Insurance policies are issued by personal general insurance underwriters and public sector insurer. ICICI Lombard holds the majority market share of 64% and Tata AIG holds 32% of market share.



(Source : IRDAI annual report for FY 2014-15 & 2015-16)

During the year 2015-16, the non-life insurance trade has issued twenty one.08 lakh policies providing cover for 22.57 lakh individuals. The Incurred Claims magnitude relation for Domestic Travel Insurance was two.14% for the FY 2015-16.

VIII. Prospects of Travel Insurance in India

As far as current state of affairs is bothered, the penetration of travel insurance within the country is 3.9% that is sort of little, however considering the growing phase of travelers, there is tremendous chance knock the doors of insurance corporations and travel agencies to faucet the expansion.

With the increasing level of awareness relating to the importance of travel insurance amongst folks, Republic of India has glorious prospects to become one in every of the foremost travel insurance markets worldwide through the next decade.

As per estimates from UNWTO, at present, twenty million Indians travel abroad per annum, and at intervals 3 years by 2020, this figure can multiply over double to fifty million travelers. This upward surge of outward tourists ensures to create the travel insurance business buoyant.

With the growing touristy business within the country, there's a troublesome task ahead for the travel insurance business to confirm the protection of its travelers in any approach attainable.

The success of this business, primarily depends on awareness levels of shoppers for travel insurance, thus a combined effort from all corporations will accomplish the task towards increasing the travel insurance penetration among travelers.

Now, with on-line shopping for of insurance policies, obtaining protection against travel-related contingencies ar simply a click away.

Online platforms have created the items possible regarding the approach folks perceive the travel insurance and its significance.

IX. Major Benefits in a Travel Insurance Policy

These square measure a number of the common advantages provided in a distant travel contract. This list isn't thorough and therefore the options could vary from commit to set up.

A. Medical Treatment:

Costs incurred in treatment of a medical condition, in-patient or out-patient and the costs of transportation to a medical facility are covered.

B. Hospital Daily Allowance:

A cash allowance is paid for each day of hospitalisation. This is typically for the miscellaneous expenses that square measure incurred.

C. Delay of Checked-in baggage:

In case your baggage is delayed, the prices concerned in buying essential things and any medication concerned would be lined by the policy.

D. Repatriation of mortal remains:

In case of death of the client, the prices concerned in transporting the mortal remains to Asian nation would be lined.

E. Trip Delay:

If the airline is delayed for quite twenty four hours, AN quantity is paid dead set the client.

F. Dental Treatment:

The dental treatment prices concerned in providing pain relief square measure lined within the set up.

G. Balance Treatment back in India:

In case the individual comes back to Asian nation and wishes to treatment for constant medical condition, the prices square measure borne by the policy for a mere amount of Say 30 days.

H. Loss of Passport:

In case your passport in lost, the prices concerned in procuring a contemporary passport would be lined.

I. Personal Liability:

Any personal liability incurred such a harm of property, body injury caused or third party death would be lined.

J. Trip Cancellation & Curtailment:

In case the trip is off or curtailed for inevitable reasons that square measure listed within the policy, the travel and accommodation expenses square measure lined.

K. Medical Evacuation:

In case of the individual must be moved from one location to a different to produce some specific quite treatment, the prices concerned would be lined.

L. Total Loss of Checked-in Baggage:

In case your baggage is for good lost by the airline, the costs involved in purchasing the new items would be covered by the policy.

M. Financial Emergency Cash:

In case you lose your purse or the money you're carrying thanks to larceny, a specified amount of cash would be made available to you.

N. Personal Accident:

In case of an accident to the airline, a lumpsum amount would be paid out.

O. Hijack Allowance:

A daily allowance is paid to the client just in case of AN hijack for quite a mere amount.

X. Challenges of Travel Insurance

During decades of providing restrictive compliance services, we've got seen the continuing changes that impact travel insurance policies. Here are a number of the challenges that are distinctive to the present evolving line of business.

➤ THE REGULATORY ENVIRONMENT IS CHANGING

As travel insurance has become a lot of in style, jurisdictions are taking a closer look at these policies. This increased scrutiny has resulted in several companies voluntarily entering into regulatory settlement agreements with various Departments of Insurance. Other companies are leaving the market entirely.

In addition to the marketing research unit (MAWG), NAIC also has a travel insurance working group in the process of drafting a new model law.

NCOIL has also developed their own model.

These new frameworks would require you to require a better examine the complete scope of your travel insurance line of business:

- If group coverage, is the master policyholder a valid group?
- Are your distribution channels appropriately licensed for each jurisdiction?
- How do your distribution channels operate?
- Are the rates consistent across the channels, with all other variables (trip cost, residence, etc.) the same?
- Do you have processes in place to monitor or audit those distribution channels?

To avoid stiff penalties, make sure you have established the appropriate regulatory compliance processes.

➤ **INSTALL ADEQUATE SUPPORT WHEN OFFERING INCONVENIENCE BENEFITS**

Many insurers area unit providing inconvenience edges to form their customers' lives easier once filing a claim.

Things like ultra-quick disbursements or payments via PayPal.

If your company is considering providing this level of client service on travel insurance merchandise, be sure that you have the right operational structure in place before you go

to market.

➤ **CURRENT REGULATORY SETTLEMENT AGREEMENTS CAN IMPACT YOUR OFFERINGS**

Even if you haven't been flagged for violation, make sure you stay current with the results of regulatory settlement agreements, so you are aware of what regulators are looking for. Your in-house teams or regulatory compliance services provider should issue regular reports to keep your product development team aware of the settlement agreements that can impact your offerings.

The Missouri State DoI has compiled a listing of the results of recent market conduct investigations, including settlement agreements.

This comprehensive list is a good place to start.

➤ **AVOID BENEFIT OVERLAP**

There is potential for benefit overlap with both A&H and P&C coverages when issuing travel insurance. Some jurisdictions require additional disclosures to remind consumers that coverage is limited or supplemental.

Other jurisdictions area unit requiring insurers to obviously state that a visit cannot exceed half-dozen months.

Otherwise, policies that ar too made in accident and health coverage may raise a red flag with the Interior, creating it seem that you just try to avoid the reasonable Care Act.

In addition to accident and health concerns, insurers should establish a clear demarcation between traveler benefits and homeowners' or renters' insurance plans.

Insureds should be reminded to review their existing coverage so that they are aware of overlapping coverage.

➤ **BE AWARE OF REGULATORY REQUIREMENTS REGARDING EXCESS**

Some jurisdictions won't enable excess plans and can need you to be the primary money dealer.

These changes will have an effect on rates and filing necessities between jurisdictions.

Pay attention to details like this before you undertake the filing process.

➤ **PRODUCT ARCHITECTURE CAN VARY BY JURISDICTION**

Instead of one wide travel policy changed for every state, you may need multiple versions.

This could be because a state requires a split filing (A&H and P&C), or a state doesn't allow variability. A&H benefits in excess of \$50,000?

New Hampshire needs insurers to file the P&C coverages severally from the A&H.

Check with every state's Department of Insurance for product design necessities as you start development.

Hasty or sloppy travel insurance development jeopardizes approval, which impacts your speed to market.

Don't jump into the travel insurance line of business without taking a careful look at what will be required for every policy in every jurisdiction.

At Perr&Knight, our team of actuaries and merchandise development specialists area unit at home with the in depth list of necessities for each accident and health and property and casualty insurance.

This deep understanding of both sides of the coin can help you navigate the challenges that arise when drafting travel insurance policies.

IX. Scope of Indian Travel Insurance Sector

Travel insurance is a necessary cover one must take while travelling. A good travel Policy covers the Insured in case of eventualities such as baggage loss, injuries, delays and cancellations during the travel. If you are covered on the likely risks you are bound to face while on your trip, you can make Travel Insurance claims against your travel policy. Outbound travel insurance has become very essential in India. As the disposable income increases, more and more people are taking to the joys of travelling, especially outside the country. The demand and requirement for outbound travel insurance and travel insurance claims has thus shot up tremendously.

A. Travel Policy and Privatization of the Insurance Sector

Since the privatization of the insurance sector in 1999, many private companies have entered the market. To sustain in a highly competitive environment, these companies need to innovate with new and improved insurance plans. This coupled with increase in travel across the country has lead to the proliferation of a variety of travel policies. These travel policies come with many innovations and unique benefits. Today, one can find a travel policy which customizes the Risk cover based on your travel plans and history. So you can make outbound travel insurance claims for anything from personal liability to specific sports injuries. Outbound travel insurance claims will cover you for different types of trips, from ski vacations to business trips.

B. Changing Demands for Outbound Travel Insurance

With higher disposable income, foreign destinations have become very popular. These are not just a territory for the rich now as working class are very much part of the game. But time and budget constraints means that the travelers need travel policies which enable them to make likely travel insurance claims. Outbound travel insurance has become a very popular choice as working people need to stay on schedule and not incur additional costs for eventualities out of their control.

As majority of Indian population is not insured and demands are rising, there is a very large scope for travel insurance companies today. There is an entire gamut of untapped markets lying in wait. Travel policies are no longer limited to vacations. Majority of students opt for a travel policy when they leave the country. They can make a variety of travel insurance claims. Convenient travel insurance claims can be a boon in a new and strange country.

C. Scope for Outbound Travel Insurance Companies

Companies offering outbound travel insurance need to concentrate on increasing market base. One needs to study and recognize the need for travel insurance claims in different segments of the economy. Different classes of people have different requirements from a travel policy. Thus, the job of an outbound travel insurance company is two-fold. Seek out potential market segments and understand the travel insurance claims they seek. It is crucial to offer a relevant and viable travel policy which covers the insured with benefits which are especially essential for them. These travel policies should further be offered at rates which are suitable for the specific target.

Outbound travel insurance is like a safety net. Travel insurance claims are the foundation of this net. Thus a good travel policy will be one which covers the adequate travel insurance claims. So find the best travel policy for your needs today. So you can make any travel insurance Claim according to your need and keep yourself and your family protected.

X. Conclusion

The travel business in India has become one among the key drivers of economic process. The travel insurance market in India is gaining momentum annually as insurance corporations are currently providing custom-built travel insurance plans, considering the convenience of the travelers. A travel insurance set up provides cover against unforeseen travel contingencies like any adverse medical condition, loss/delay of bags, loss of tickets & passport, etc. When trying to shop for a domestic or overseas travel insurance, it's best to seem for an insurer whose agency will give you with a travel policy that accommodates all your travel insurance needs.

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