



Class: FY BSc

Subject : Non-Life Insurance – Products, Principles and Practice

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Chapter:

Chapter Name: Travel Insurance

Today's Agenda

1. What is Travel Insurance ?
 1. Why should you buy Travel Insurance?
 2. Dos and Don'ts for Travel Insurance
 3. What Travel Insurance to Buy?
2. What is covered? & What's not covered?
3. Types of Travel Insurance
 1. Risk Classification
 1. Claim Settlement
 1. Actuarial Perspective

1 What is Travel Insurance?

? Have you ever come across Travel Insurance ? Do you have Travel Insurance ? Have you come across someone who has travel insurance ? Discuss

💡 Did you know that you can buy travel insurance on your Ola rides?



1 What is Travel Insurance?



- Travel insurance is a type of insurance that covers the costs and losses associated with traveling.
- Many companies selling tickets or travel packages, give consumers the option to purchase travel insurance, also known as travelers insurance.
- Travel health insurance is designed to provide coverage for emergency medical needs such as hospitalization, emergency room fees, ambulance costs and prescription drugs while in the hospital.



1.1 Why should you buy Travel Insurance?

You should consider buying travel insurance if:

- You're worried about something happening at your destination
- You're afraid something might happen that would make you cancel or interrupt your trip
- You're not sure what you'd do if you had a medical emergency while you were traveling
- You want to protect your belongings from loss, damage, or theft
- You want travel help ready and waiting in a travel emergency

1.2 Dos and Don'ts for Travel Insurance

Dos

- Plan for your Travel Insurance ahead of time just as you plan for your visa and so on.
- Take care to fill in the proposal form completely and truthfully after getting the necessary medical tests done and obtaining the medical report as required
- Plan for the travel period ahead of time and ensure that your insurance covers the entire period
- If you have to extend the period of cover, plan for it before the cover expires and provide the required documents to the insurer.
- Make sure you have gone through the policy document completely and make a note of the contact details of the agency servicing the claims so that it is handy in the event of an emergency.
- If you are cutting short your travel period, check your policy to see if you are entitled for a refund.

1.2 Dos and Don'ts for Travel Insurance

Don'ts

- Don't postpone taking your travel insurance till the last minute.
- Don't get pushed into taking a cover only as recommended by your travel agent. Get as much information as possible and exercise your choice.
- Don't get tempted to opt for the cheapest cover as it might not meet your needs.

1.3 What Travel Insurance to Buy?

When you decide to buy an insurance policy:

- Check if the company selling the policy is registered with IRDAI
- Make sure you buy the policy through a genuine licensed agent or broker. Ask for an identity card or license
- You can also buy policies from the company directly
- Read the policy brochure/ prospectus carefully and get to know what the policy covers and does not cover



2 What is covered?



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2 What is covered?

- **Trip Cancellation:** Reimbursement of costs previously paid, and not otherwise refunded, for a trip canceled prior to departure.
- **Trip Interruption:** Reimbursement of additional costs, or of unused prepaid costs (e.g., excursions, hotel, etc.), incurred due to returning from a trip earlier than expected.
- **Travel Delay:** Reimbursement of costs incurred because travel did not occur at the time expected.
- **Baggage Damage or Loss:** Payments to replace personal items damaged or lost while on a trip.
- **Baggage Delay:** Reimbursement of additional costs incurred to replace personal items that did not arrive at the intended destination when expected.
- **Emergency Medical or Dental:** Reimbursement of unexpected medical costs incurred due to injury or illness while traveling.

2 What is covered?

- **Repatriation of Remains:** Providing transport for an insured who dies during travel from the travel destination to a family-designated funeral home.
- **Rental Car Collision Damage:** Reimbursement of amounts paid to a rental car agency due to damage to, or loss of, a rental car.
- **Emergency Evacuation:** Providing specialized transportation (e.g., air ambulance), typically in response to a medical emergency or severe medical need.

For most products, each of the coverage's associated with travel insurance has specific triggers (“covered reasons”) that limit the range of events that will result in reimbursement. These triggers can vary widely among carriers and between policies for each carrier. For example, one policy might provide coverage when only the traveler becomes ill, while another policy might also provide coverage when the traveler’s relative, traveling companion, or caregiver becomes ill.

2 What's not covered?

- Warfare
- Pre-existing ailments
- Sporting injury during travel
- Pregnancy
- When the tour operator cancels trip
- Suicide and Insanity
- Hazardous Sports

3 Types of Travel Insurance

1. DOMESTIC TRAVEL INSURANCE PLAN

This policy is designed for customers intending to travel within the contours of the country. A domestic travel insurance policy insulates the policyholder from expenses that may result from treatment of a medical emergency, theft/loss of baggage and other valuables, delays/cancellation of flights, permanent disability, and personal liability (refers to third-party damages inflicted by you while you're on the trip).

2. INTERNATIONAL TRAVEL INSURANCE

This policy is designed in keeping with what customers – travelling internationally – would want. Besides the usual coverage offered by its domestic counterpart, an international travel insurance policy safeguards you (policyholder) against risks of a flight hijack, repatriation to India, etc.

3. MEDICAL TRAVEL INSURANCE

The name is the marker here – with the policy specifically designed to cover expenses emanating from medical emergencies and other healthcare-related concerns. However, the exact set of inclusions and exclusions will vary across insurance providers.

3 Types of Travel Insurance

4. SENIOR CITIZEN TRAVEL INSURANCE

Besides the usual advantages of purchasing travel insurance, a policy that is directed at senior citizens (generally belonging to the age group of 61–70 years) offers additional coverage against dental treatments/procedures as well as cashless hospitalization.

5. SINGLE AND MULTI-TRIP TRAVEL INSURANCE

As the name suggests, a single-trip travel insurance policy retains its validity through the time you are on a trip. It covers both medical as well as non-medical expenses (such as baggage loss, delays in flights, etc.).

Multi-trip travel insurance policy, on the other hand, provides extended coverage (lasting usually a year in most cases) so that frequent flyers don't have to go through the entire process of availing insurance every time they prep for travel

6. TRAVEL ACCIDENT INSURANCE

The purpose of this insurance is to provide term life and accidental death and dismemberment protection for you and your family. This covers unexpected and sudden losses that occur because of travel or flight accidents. The benefits apply while you are on a trip that is insured or during the coverage period. This type of trip insurance is ideal for frequent world travelers, particularly those who visit risky regions.

3 Types of Travel Insurance

7.MEDICAL EVACUATION INSURANCE

This type of plan focuses on covering the cost of evacuations and repatriation. If you are hospitalized while traveling with your family, it may cover the cost of an emergency medical reunion and the return of any minor children home. Some plans may also provide term life and AD&D benefits to protect your family as well as coverage for lost luggage, adventure sports and trip interruptions.

8.PACKAGE TRAVEL INSURANCE

Package plans are customized according to the different needs of various travelers. A typical plan includes coverage for evacuations, luggage problems, medical and dental costs, returning minors home, and trip cancellations, delays and interruptions. Some plans also cover adventure activities, credit card and passport services, identity theft assistance, pet care, pre-existing medical conditions, rental car collisions, roadside assistance and sports equipment.

4 Risk Classification

The purpose of risk classification is to segment insured's into groups with similar exposure to loss for purposes of rating. Rates differ by segment in proportion to expected loss. In travel insurance, insured's can be segmented based on many different criteria.

The following are common risk classification criteria used in travel insurance:

- 1. Age** - Exposure to loss for trip cancellation, trip interruption, emergency medical expense and emergency evacuation varies by age. Older insured's typically have higher expected losses than younger insured's, reflecting that older insured's are more likely to sustain injuries or contract illnesses that affect travel before or during their trip than younger insured's.
- 2. Trip Cost** - Manual rates for trip cancellation and trip interruption are often quoted as a rate per \$100 of trip cost or coverage limit. However, the rate per \$100 may not be uniform across all trip costs or limits.
- 3. Trip Length** - The exposure to loss for trip interruption, emergency medical/dental coverage, and emergency evacuation increases with trip length, because the longer insured's are on a trip, the more exposure the insured's have to potential illness or injury that would cause them to interrupt their trip or require medical attention/evacuation.

4 Risk Classification

4. Destination - Exposure to loss varies by destination for nearly all travel coverages. However, the impact of destination on expected losses is not uniform across coverages. Destinations that require multiple flight connections may increase the exposure to travel delays or baggage delays. Similarly, conditions at some destinations may affect the exposure to loss due to trip cancellation or trip interruption, such as locations prone to natural disasters or severe weather; or emergency medical, such as locations prone to disease. Therefore, insured's may be grouped by destination for purposes of rating and the rating factors by destination group may differ by coverage.

5. Departure Window (or Booking Window)- The amount of time between the date travel is booked and the date insured's depart on their trip is often referred to as the departure window. The length of the departure window impacts expected losses for trip cancellation coverage: The longer the departure window, the longer the exposure period for trip cancellation.

4 Risk Classification

6. Departure Month/Travel Season- Exposure to trip cancellation losses varies by departure month and/or travel season mainly due to weather, which is typically a covered cause of trip cancellation. As a result, insurers may group insured's by departure month and charge more for trip cancellation coverage when insured's depart in winter or during hurricane season

7. Number of Destinations - Multiple-destination trips are more likely to require multiple travel segments on common carriers, which increases the exposure to travel delays, baggage delays, or loss/theft of baggage. Insurers may, therefore, group insured's by the number of destinations for purposes of rating these coverages, charging more for insured's whose trips involve multiple destinations.

5 Claim Settlement

- A travel policy claim is intimated by the customer through an international toll-free number which lands at the call center in India. In case, a call cannot be made, the claim can be intimated through email.
- On receiving the claim intimation, an itrack is generated, which in turn automatically triggers a mail to the claimant informing them of the claim process, the necessary documents required, and provides them with the claim form and other forms required. The same mail is also sent to the hospital in case of medical exigencies.
- A mail is also sent to the email id of the claims team so that contact details of the claimant can be verified.

5 Claim Settlement

In case of loss of baggage, you need to collect :

- The claim form
- Copies of boarding pass / baggage tags, tickets
- PIR report(obtained from airline authorities)
- Copy of correspondence with airline authorities
- Details of compensation received from airlines
- After you inform the airline about the loss and file a complaint about the same , obtain a claim form, attach necessary documents and send that to the insurance provider.

6 Actuarial Perspective

Exposure :

- Exposure is generally the quantity used to determine relative level of risk. In commercial general liability, exposure is sometimes measured in terms of the insured's annual revenue, sales, receipts, square footage, and so forth.
- Travel insurance also differs from many traditional lines because exposure is not uniformly defined among insurance companies and also because the exposure base can vary among different coverages on a single policy. Some potential exposure measures in travel are number of trips, number of travelers, trip days, or trip costs. For example, for rental collision damage insurance the number of rental days is typically the preferred exposure because coverage doesn't begin until the car is rented and ends when it is returned
- Although exposure will vary among coverages on a travel insurance policy, often times the policy is quoted at a composite price (e.g., percentage of trip cost) for convenience. This treatment can create challenges for the actuary analyzing travel insurance data for coverages with exposures that don't typically vary with trip cost, such as emergency medical coverage

6 Actuarial Perspective

Premium:

- Premium data can be organized and analyzed on an insurance purchase date, departure date, or other basis depending on the goals of the analysis.
- As with exposure, an actuary may vary the organization of premium data based on the coverages being analyzed. For example, premium data for emergency medical coverage may be organized by departure date to coincide with the beginning of the exposure period. Similarly, an actuary might organize premium data for trip cancellation by insurance purchase date because this is the beginning of the exposure period.

6 Actuarial Perspective

Loss:

- An important consideration in analyzing loss data, particularly for calculating loss ratios, is an accurate matching of earned premium and incurred losses. As with other types of insurance, matching can be done at the policy level or by matching exposure period to accident period.
- As noted above, travel insurance presents unique challenges in defining exposures, and, therefore, presents similar challenges in matching loss experience to those exposures.
- Another consideration in deciding which approach to use is the level of granularity and completeness of various data elements.
- As noted elsewhere, travel insurance is distributed in many different ways, with each manner of distribution allowing for more or less data capture at the insured or policy level. Sometimes the ideal manner of matching premium and loss data is not possible because the data elements that would facilitate the matching are not available.