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IIL Lecture
Underwriting the modern traveller –
challenges facing the travel insurance sector.

DTW1991

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Profiles



Dipesh Patel
Deputy Class Underwriter
Accident and Health

Dipesh has worked in the UK PA and Travel insurance sector for over 20 years specialising in travel insurance for the leisure, business and sports sectors

Dipesh has worked at CNA, Arch and Tokio Marine Kiln. He joined DTW1991 as Deputy Class Underwriter for A&H in July 2015.



Graeme Trudgill FCII
Executive Director
BIBA

Graeme is a former insurance broker and joined BIBA in 2001. Graeme leads BIBA's Public Affairs lobby with Government having given written and oral evidence to the House of Commons and the House of Lords. He is the author of the BIBA Manifesto.

Graeme is regularly a source of expertise for journalists and often appears on radio and TV programmes representing the industry.

In this lecture

Underwriter challenges:

- The perceived value of travel insurance
- Access to and distribution of travel insurance
- Medical screening and customer disclosure
- Claim servicing and cost containment
- Consumer protection
- Evolving customer needs and product coverages

Learning objectives:

- The underwriting challenges faced by travel underwriters
- Inclusivity and access to travel insurance
- The drivers of product innovation

On average there are 70 million trips made each year, with 20,000,000 policies purchased, producing £700m in GWP.

In 2016 UK insurers assisted nearly 500,000 travellers, paying out the equivalent of £1m every day. Yet it is estimated that more than one in five (22%) **still travel abroad without insurance.***

Core challenges

The travel market

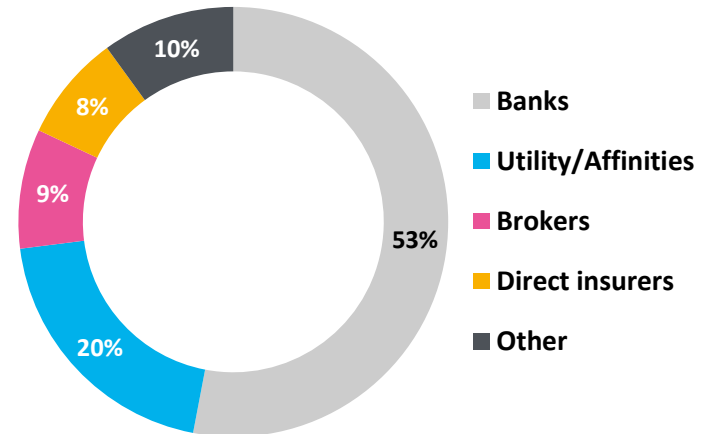
Distribution and access

The travel insurance market is very diverse.

Consumers are faced with a wide range of product offerings and methods of obtaining travel insurance.

- Brokers
- Banks
- Travel agents
- Direct Insurers
- Aggregator websites

Split of travel policy sales



Complexity of product

- 25 different sections of cover
- Each area has its own exclusions, terms and conditions
- Majority of policies do not cover pre-existing medical conditions automatically
- Are mobile phones covered?
- What are the 'new valuables'?
- Minimal rating factors



Underwriting considerations

How many people?
Family or work?

Catastrophe events

Are they doing a
sporting activity?

High risk activities

Pre-existing medical
conditions

Terrorism

Pre-existing medical conditions

What is a pre-existing condition?

Pre-existing conditions are medical conditions that existed before an insurance policy was taken out. A pre-existing condition is an illness or disease that you have had advice for, symptoms of, or treatment for.

What is the process for medical screening?

Clients can either complete a form online or call a medical referral line with trained personnel to disclose their pre-existing medical conditions.

What conditions are not covered on most policies?

Terminal conditions with a life expectancy prognosis of less than 12 months. Conditions that are under investigation.

Inclusivity

- A vulnerable consumer is someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care.

- Definition from the FCA



“We believe insurers should proactively support people to whom they are unable to provide cover, in ways such as through better use of **signposting** to insurance brokers or specialist providers.”

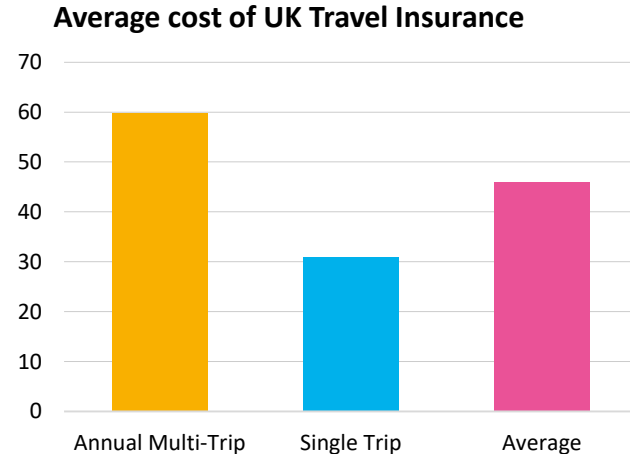
Minesh Patel - SCOPE, Policy and Campaigns Manager – Financial Security

Perception of risk and value

An emergency in another country can be very expensive. Examples include:

- **£100,000**: a stomach bug or infection treated in a hospital in the USA with return flights
- **£25,000**: a moped accident in Greece, with surgery and repatriation to the UK
- **£15,000**: a fall in Spain, resulting in a broken hip, hospital treatment and flights

An average travel insurance policy costs **£31** for a single-trip policy, or **£60** for an annual multi-trip policy.



Travel education and campaigns

Ask Ciindy: www.askciindy.com

INSURANCE MADE SIMPLE

Ask me a question on insurance...

TRAVEL INSURANCE MADE SIMPLE

Travel insurance covers different potential mishaps from expensive bills for emergency medical treatment abroad and lost belongings, to flight delays and having to cancel or cut short your getaway. It is essential to buy it as soon as you book your holiday.

Quick guide to travel insurance

How much do you know about travel insurance?

You want to book a holiday for the whole family. Can you get travel insurance which will cover everyone under one policy?

Yes

No

FCO #uninsured #travelaware

FCO travel advice @FCOtravel · Aug 21

Holidays don't always go as planned. Make sure you're covered for all activities on your trip. Don't travel #uninsured. Be #TravelAware

#UNINSURED

travel aware
@travelaware

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Diverse travel

- Trekking Inca Trail in Peru, an ascent of Mount Kilimanjaro in Tanzania and the ever popular Trek to Everest Base Camp in Nepal
- Motorcycling tour on a Royal Enfield Bullet round Leh to Manali - riding the world's highest roads
- Charity volunteer work in animal sanctuaries - helping Asiatic elephants in Thailand



Claims and cost containment

Claims

- Emergency Medical abroad
- Disembarked from cruise liner due to medical emergency
- Emergency helicopter rescue from base camp Everest
- Variety of services the customer has access to
 - multi lingual staff
 - 24hr emergency telephone service



“The medical and other emergencies that travel insurers deal with across the globe show how **important travel insurance** can be for people when they travel abroad”.

FCA TR14/8 Insurers’ management of claims – household and retail travel

Complaints

- **FOS received 3,196 complaints last year**
- **Out of 20 million policies sold only 0.016% had complaints**



Travel events of 2017



Airline failure



Natural disasters



Terrorism

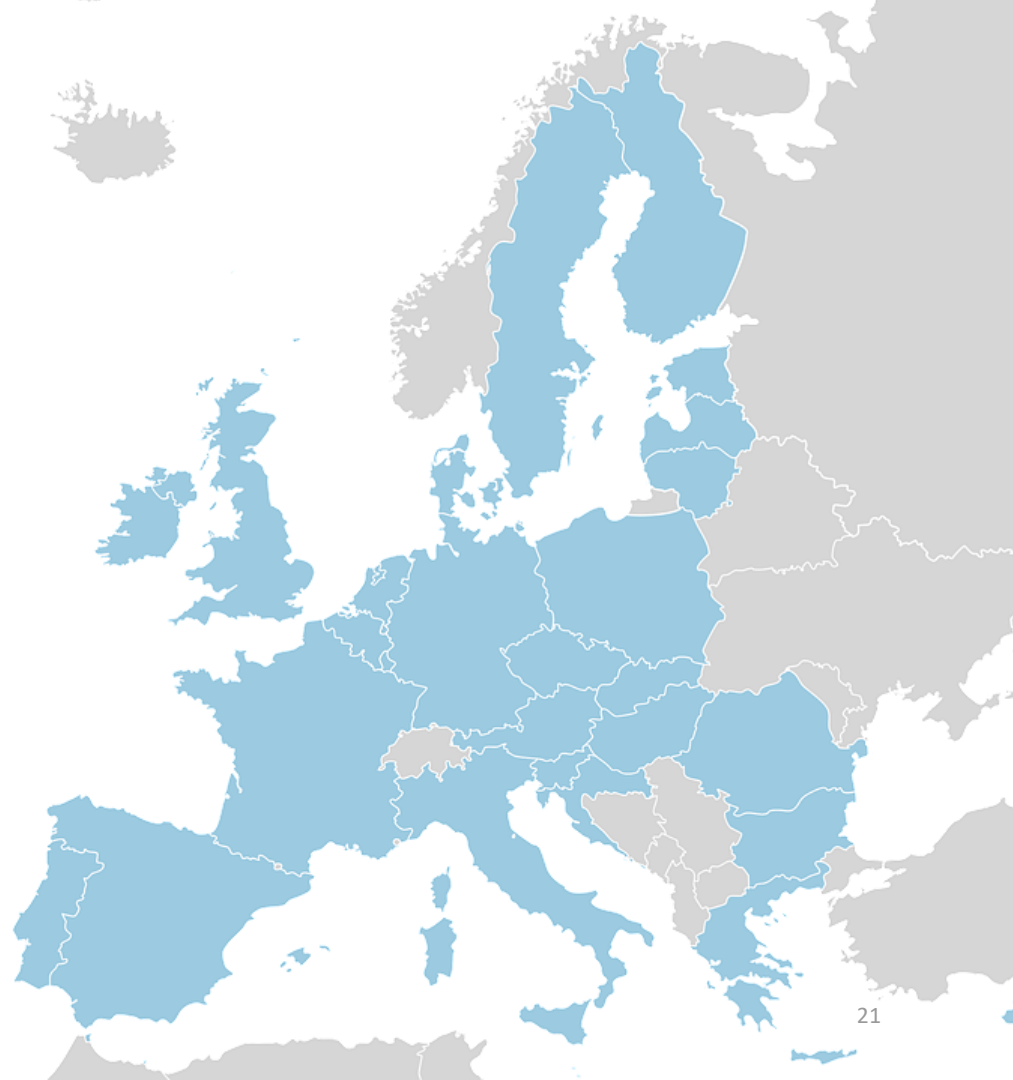
EHIC limitations

European Health Insurance Card (EHIC) provides medical treatment in state hospitals in the European Economic Area (EEA) country.

The EHIC is not an alternative to travel insurance. Be aware of the following which are not covered under EHIC:

- Cost of special assistance to get home
- Cancellation / Curtailment
- As well as all other benefits under a travel policy e.g. Baggage

Post Brexit – what is next?



Growth, education and evolution

- Enhancing the availability and variety of travel policies
- Increasing consumer understanding of travel products and coverages
- Evolving coverage relevant to the modern traveller
- Working with smart technology





Thank you

Any questions?

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