

FEATURE

The insurance industry of India consists of 53 insurance companies, of which 24 are in the life insurance business and 29 are non-life insurers, according to a September 2017 report from the India Brand Equity Foundation. Out of the 29 non-life insurance companies, five private sector insurers are registered to underwrite policies exclusively in health, personal accident and travel insurance. They are: Star Health and Allied Insurance Company Ltd; Apollo Munich Health Insurance Company Ltd; Max Bupa Health Insurance Company Ltd; Religare Health Insurance Company Ltd and Cigna TTK Health Insurance Company Ltd. Local providers of travel insurance policies also include TrawellTagCoverMore, Tata AIG, ICICI Lombard, BajajAlliance, and Reliance General.

Outbound travel

The Pacific Asia Travel Association (PATA) has reported steady rises in the number of outbound travellers from India; in 2014, there were 18 million travellers departing the country, with an estimated year-on-year growth of 11 per cent. It is predicted that by 2020, there will be 35 million outbound travellers from India. The potential for growth is exponential as well – the 18 million that departed in 2014 constituted just 1.5 per cent of the population. Business travel represents the most significant proportion of international travellers, according to PATA, which points out that India has a large young population that will ensure its workforce continues to grow in years to come. Its ever-increasing middle class will also ensure that travel remains high on the agenda for those who can afford it. Added to which is the fact that millions of Indians move overseas for work, and the market in visiting friends and relatives (VFR) is only going to grow. In terms of booking channels, the India Ministry of Tourism has noted that the online travel agent sector is growing fast in the country, although it is still more commonly used by those planning domestic or shorter international trips. For longer trips, and especially those where the person or people travelling are planning on visiting more than one destination, the traditional travel agent remains a vital tool. A Skyscanner Travel Trend report from 2016 found that the most popular destinations among Indian travellers



were Singapore, Australia, Malaysia, the Maldives and South Africa. Skyscanner attributed the increase in the number of people searching for travel to Singapore to relaxed visa restrictions, a diverse culture and many tourist attractions, as well as easy flight connections and an increase in the number of airlines flying directly to Singapore from India. When it comes to which cities around the world Skyscanner saw the most interest in from its Indian customer base, the company saw Bali, Budapest, Madrid, Kuala Lumpur and Amsterdam top the list, with all of those cities seeing significant growth in customer searches. Reshmi Roy, Skyscanner's Growth Manager, had this to say: "In 2016, we saw the list heavily dominated with South Asian destinations; in 2017 there has been a seismic shift to incorporate the near and far – from Australia to Europe. This is an indication of a changing travel mindset as travel becomes simpler and easier."

According to Carl Carter, Managing Director of Voyager Insurance Services in the UK, the outbound Indian travel insurance market has seen considerable growth over the last 20 years and this has

been fuelled by both a growing middle class of Indian traveller, a significant growth in high-net-worth individuals and low-cost travel. He added: "According to government statistics, there are over 62 million passport holders in India who are potential travellers and, as a result, India has emerged as the second fastest growing outbound market after China in terms of visitor numbers. India is the

fastest in terms of percentage growth, with predictions of growth from 18.33 million Indians that travelled overseas in 2014 to the possibility of 50 million by 2020."

Insurance market

This growth in travel has been coupled with the increased availability of travel insurance products to the travelling population. Previously the Indian traveller had a limited choice of four government-run Indian insurance companies and their various permutations of the 'Overseas Medclaim Policy' – a very basic form of travel insurance; but since the opening up of the Indian insurance market – under the Insurance Regulatory and Development Authority Act (IRDA Act) that came into effect on 19 April 2000 – to external insurance companies and partnerships, product innovation and choice have increased exponentially in the country. According to the Insurance Regulatory and Development Authority of India (IRDAI), during the 2016-17 financial year, the local insurance sector issued 230,000 overseas travel insurance policies, covering 460,000 people. Gross premium income from overseas travel insurance policies was ₹580 crore (US\$90 million), an increase from ₹336 crore registered in 2015-2016. The incurred claims ratio for

travel insurance was 50.2 per cent. IRDAI's report states: "In this line of business, private general insurers are the major players, with a market share of 84 per cent in gross premium. Public sector general insurers and standalone health insurers had a share of six per cent and 10 per cent respectively." Two-thirds of premiums came from just three companies – Tata AIG has a 28-per-cent market share, Bajaj Allianz is second with 19 per cent and ICICI Lombard has 17 per cent. Sasi Kumar Adidamu, Chief Technical Officer – Non Motor, Bajaj Allianz General Insurance, estimates that travel insurance market penetration in India stands at around 17 per cent, with its value increasing by between 13 and 15 per cent annually, although he hopes that as awareness about the need for travel insurance grows, these figures will grow more significantly in the future.

ITU spoke to Dev Karvat, CEO of Emerging Markets for Cover-More Group, which partnered with local travel insurance and assistance provider TrawellTag in 2013. He agrees that part of the problem regarding why only around 20 per cent of the travelling population in India takes out travel insurance for foreign trips is due to a lack of awareness. With this in mind, the company has set its sights on educating the travel agent market in an attempt to reach those customers booking through this channel. He explained: "We have initiated the exclusive 'Travel Engagement Training Programme' to educate travel agents on ancillary services and empower them with confidence to sell the product and share their knowledge with the customer. The new generation of travellers don't just want insurance cover, but much more. Customisation is the name of the game and, hence, we have expanded our product line to suit the needs of the travellers."

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collects a feed of traveller data from the partner booking platform and crunches this in real-time through 'optimisation algorithms' to push back to the customer a tailored premium designed to deliver the best possible chance they will opt in. With this technology, we are able to integrate travel assistance and insurance into the booking flow of ecommerce sites and airline sites. It not only provides customers with useful travel assistance, but it also generates additional income for airlines and online travel aggregators."

Bajaj Allianz is also attempting to educate travellers using a multi-channel approach, according to Adidamu: "In order to increase awareness around travel insurance in India, insurers are creating awareness at dedicated traveller points such as airports, OTAs and through awareness campaigns on various social media channels such as YouTube and Facebook. We, as a company, have a dedicated section about travel insurance [on our website] that aims to decipher all the benefits and coverage to customers in a simplified manner. Additionally, we

travel insurance for their employees. Because of this, said Dev Karvat, the demand for business and corporate travel insurance is growing.

The awareness of travel insurance among leisure travellers, though, remains the biggest challenge that providers must overcome. Adidamu concluded: "Getting more [travellers into] the insurance fold is the only way to remain sustainable. In India, insurance is still considered to be a push product; therefore, there is a lot of scope for creating awareness and educating customers about the fact that insurance is an efficient tool for risk coverage and mitigation."

Carter of Voyager Insurance Services commented: "Having been responsible for managing the provision of claims and assistance services to millions of outbound Indian travellers over the years, and having travelled to India over a dozen times on travel insurance-related business with many of the major travel insurers and brokers in India, I can say that the Indian travel insurance market is a major opportunity for a travel insurer that has

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also run a blog 'Dymistry Insurance', where we publish regular blog posts that establish a relation between insurance and its need scenarios, consequently enabling customers to feel the relevance. The dedicated section on our website, together with the blog, guides readers/customers in order to deal with any dilemma and helps them put travel insurance amongst their quintessential travel checklist."

Claims is an area in which there is ongoing rapid development in many markets around the world, with automated claims services being launched by several firms in the last 12 months. Bajaj Allianz is getting in on the act through its Travel Ezee initiative. Adidamu explained that Travel Ezee is 'a blockchain-based initiative, which automatically initiates the claim process in case of overseas flight delays, making claim experience hassle-free'. He added: "We lay much emphasis on informing prospective customers about the benefits of travel insurance while offering them premium services and a smooth customer experience."

Taking the opportunity

As mentioned above, Indian corporations with employees who frequently travel abroad are growing in number, and these companies are becoming more aware of the need for providing comprehensive

the appetite to promote and provide travel insurance to the Indian traveller, but it is not an opportunity to be taken lightly, especially amongst some of the major travel insurance providers that are already operating in this sector and the added complications of doing business with the Indian traveller."

No market is without its risks, of course, and the Indian market is no exception, as Carter pointed out: "Aside from the currency exchange controls that have historically added complications to undertaking insurance business in India, the additional complication for many western travel insurance companies looking to co-partner and distribute travel insurance products to the Indian travelling population has been the complications in obtaining previous medical history information on travellers. It can be inherently difficult at point of claim to obtain reliable historic prior medical history for an Indian traveller, and this is especially important as so many Indian travellers are heading to the US to visit friends and relatives."

Without risks, there are no benefits. So, for the insurers willing to accept the vagaries of the marketplace, there is no doubt that there is much opportunity for investment and growth of the travel insurance sector in India. ■

Travel insurance for domestic trips in India is also on the up, with IRDAI reporting that gross premium income from domestic travel insurance business was ₹24.6 crore (US\$362,382) during 2016-17, registering a growth of 12.8 per cent over the previous year's gross premium of ₹21.8 crore.

During 2016-17, the industry issued 330,000 such insurance policies covering 360,000 individuals. The incurred claims rate for this line of business was 1.46 per cent for the financial year 2016-17.



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