



ORIGINAL RESEARCH PAPER

Management

TRAVEL INSURANCE BUYING BEHAVIOUR OF INBOUND AND OUT BOUND TOURISTS

KEY WORDS:

Dr M K Ramakrishnan

Associate professor (Retired), Zamorian Guruvayoorappan College, Calicut

Vimya K P*

Assistant Professor, Pazhassiraja College Pulpally,Wayanad *Corresponding Author

INTRODUCTION

Travel insurance is designed to cover the costs and losses and reduce the risk associated with unexpected events incurred while traveling. It is a useful protection for those traveling domestically or abroad. Travel Insurance which covers losses that may be incurred while travelling, such as medical expenses, flight cancellations, lost luggage, etc. Some credit card issuers offer automatic travel insurance if travel arrangements are paid for using their credit cards, but these policies are generic and particular care must be taken to take into account personal requirements. There are many travel insurance policies available in the market place, but care must be taken of what events are covered by each policy, and what exclusions, exceptions and limits apply, besides other issues.

Insurance industry has undergone changes on multiple fronts, changes in regulation, increased competition and advances in technology. The most fundamental change is the challenge from rising customer and a more risk adverse environment. Rising customer expectations will require insurers to provide responsive immediate service and the ability for customers to engage using a variety of channels.

Travel insurance is bought in the country of residence through an insurer. It should be noted that one can buy domestic travel insurance when travelling within his/ her country of residence. Some people, however, prefer to risk rather than buying the domestic travel insurance. In this case, they are most likely to lose costs associated with cancellation of flights and other emergencies.

Life is full of uncertainties. We face various risks in our day to day life including risks to our life, health, property and so on. We don't know whether something unfortunate will happen to us or when, but it is certainly possible for us to take measures to reduce the financial impact of these risks and protect ourselves financially. Such financial security could come with savings and investment but these merely give back our own money and some returns. Insurance is a financial tool specially created to reduce the financial impact of unforeseen events and create financial security. Insurance works on the law of large numbers where contributions by many in the form of premium pay for the losses of a few. By paying a premium for protecting against a certain type of loss, you will be protected for a certain sum of money that you will receive if you face that loss. For example, if you pay a premium for hospitalization expenses up to Rs 1 lakh, then the insurance policy will pay you up to Rs 1 lakh when you incur hospitalization expenses.

OBJECTIVES OF THE STUDY

- To compare the financial strategies and practices of inbound and outbound tourists in India.
- To examine the current status of travel insurance sector in India.
- To find out the issues and challenges faced by the travel insurance industry.
- To assess the perception about travel insurance of tourists and the travel insurance industry
- To analyze the financial strategies followed by travel insurance industry.
- To suggest measures to strengthen further the travel insurance industry.

STATEMENT OF THE PROBLEM

The risk of travelling and associated activities is to be considered by the industry in a serious manner. The concept of travel insurance has been there with the tourism sector for several years. As emergencies of various kinds can emerge at any point of time, tourism industries have been taking measures to have insurance coverage for the tourists while on tour to avoid further financial hassles during the travel duration. Kerala is a popular tourist destination attracting lakhs of tourists every year. On the other hand many lakh tourists are travelling out of Kerala to other countries as well. The insurance coverage seems inevitable for both the categories of the travelers. The insurance industries, through the tourism intermediaries attempt to ensure the purchase of travel insurance while tourists decide to travel from Kerala. Similarly, tourists visiting Kerala also have purchased travel insurance as part of their travel. The purchase of travel insurance passes through a series of steps. The strategies and practices adopted by travel insurance companies and other factors like social, cultural, economic, etc. influence a tourist while deciding to purchase travel insurance. Hence, it is important to look into the area of buying behavior by tourists while purchasing travel insurance and the role of industry in persuading the tourists to purchase the same. The difference in buying behavior of inbound and outbound tourists and the industry influences need to be studied for enhancing the travel insurance sector in the state, in the country at large. Hence, an attempt is being envisaged to study about the buying behavior in travel insurance by the inbound and outbound tourists in the state and the role of the industry in the buying decision of them.

- To examine the current status of travel insurance sector in India.
- To find out the issues and challenges faced by the travel insurance industry.
- To analyze the buying behavior of inbound and outbound tourists while purchasing travel insurance
- To assess the difference in the buying behavior of inbound and outbound tourists
- To suggest measures to strengthen further the travel insurance industry in the state

The most common risks that are covered by travel insurance plans are:

- Medical treatment, including transportation to the medical facility.
- Cancellation, curtailment and trip interruption

This section covers any unused travel and or accommodation costs, pre-paid charges (including any additional travel expenses incurred, provided they are deemed reasonable and necessary) if a trip is canceled or cut short under a variety of circumstances, which may include any of the following, depending on the policy:

- death, bodily injury, illness, disease, or pregnancy complications
- compulsory quarantine
- jury service
- being called as a witness
- termination of employment (provided you did not know about

it before you booked the holiday)

- being called up if you are a member of the armed forces or other public defense or safety organization
- prohibition of travel by the government to the intended destination
- officially recommended evacuation from the intended destination
- official advisory against going to or remaining at the intended destination
- Death or serious illness of a family member (subject to age restrictions).

Many companies selling tickets or travel packages give consumers the option to purchase travel insurance, also known as travelers' insurance. Some travel policies cover damage to personal property, rented equipment, such as rental cars, or even the cost of paying a ransom. Frequently sold as a package, travel insurance may include several different types of coverage. The main categories of travel insurance include trip cancellation or interruption coverage, baggage and personal effects coverage, medical expense coverage, and accidental death or flight accident coverage. Insurance is a complex product representing a promise to compensate the insured or third party according to specified terms and conditions in the event of the occurrence of a covered contingency. In most insurance transactions there is usually an intermediary - an insurance agent (individual or corporate) or an insurance broker. Insurance intermediaries serve as a bridge between consumers (seeking to buy insurance policies) and insurance companies (seeking to sell those policies). Insurance brokers are licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002. Individual insurance agents and corporate agents are also licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (licensing of Individual Insurance Agents) Regulations, 2000 and the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002, respectively. These Regulations lay down the Code of Conduct for the respective intermediaries. An intermediary has a distinct role to play in the entire life cycle of a product, from the point of sale through policy servicing, up to claim servicing. An intermediary shall provide all material information with respect to a proposed cover to enable the prospect to decide on the best one. The intermediary is expected to advise the prospect with complete disclosures and transparency. After the sale is affected, the intermediary must coordinate effectively between the customer and the insurer for policy servicing as well as claim servicing. IRDAI has prescribed regulations for protecting the interests of policyholders casting obligations not only on Insurers but also Intermediaries. These prescribe obligations at the point of sale as well as policy servicing and claims servicing.

Following are the key tips that will help tourists choose a right travel insurance plan.

- (i) Plan in Advance:** It is advisable to buy your travel policy just after you have booked tickets for the trip.
- (ii) Look Around for Alternatives:** It is recommended to search the travel policies available with different insurers. It gives you the chance to choose a customized travel insurance plan that fits your needs.
- (iii) Study Reviews:** Search customer reviews online and check what they are saying about a particular travel policy.
- (iv) Take Appropriate Cover:** Prior choosing a policy, it is quite essential to assess the level of cover you need for your overseas trip.
- (v) Disclose Pre-existing Conditions:** Before you buy a policy, it is recommended to disclose your pre-existing medical conditions to the insurer.
- (vi) Buy Online:** It is advisable to first compare the different travel

insurance policies online, assess its benefits and check whether it fits to your needs.

(vii) Read the Policy Wordings: Before you finalize to buy a particular travel insurance plan, it would be a right move to read its policy terms and conditions.

ICICI Lombard's, HDFC Ergo's and TATA AIA are among the top contenders for offering the best Travel insurance plans.

REVIEW OF LITERATURE

Travel insurance is an insurance cover that is available only for a short-term period. It particularly covers expenses and emergencies that are related to travelling. Most international travelers obtain travel insurance for the simple reason that it covers expenses that are medical in nature. This notwithstanding, however, some international travelers prefer their own medical plans. This paper will describe the general travelling policies, including the insurance terms and conditions. In some cases, travel agents sell policies that are overpriced because travelers are regarded to be captive audience. Travel insurance policies are interchangeable, and as a result, travelers are advised to compare the costs of the policies. In some cases, travelers can be insured through an existing deal, while in some other circumstances travelers can be insured via credit card companies for any trip that is undertaken as long as a specific credit card is bought. Most business travelers prefer taking a company-wide insurance policy. When it comes to the coverage of medical expenses, travelers are only required to pay claims for medical cover in the country of residence. Even when the medical cover is paid by your government, the same may not be extended to other countries. This notwithstanding, however, some countries such as UK, Australia and Canada have reciprocal agreement with those countries with similar health care system. Unless one is covered by this kind of arrangement, he/she may be forced to pay for medical expenses that are incurred while on transit. On the other hand, one may find it hard to obtain travel insurance in case of a pre-existing condition like high blood pressure or heart attack. Whenever one is taking an insurance cover, he/she may be forced to give out information in any existing conditions or medical history before being issued with the cover. It should be noted that some existing pre-conditions may force insurers not to give medical cover even for unrelated events. This will, however, vary from one insure to another.

PrachiGupta (2018) Make tourists travel itinerary risk proof by taking a travel insurance policy. If you are travelling within India, you can buy domestic travel insurance plan and if you are going abroad, you can buy international or overseas travel insurance plan. You can compare various travel insurance plans on policy bazaar site. They provide a clear and fair comparison of the top most travel insurance providers for you to decide the best one, as per your travel concerns.

Jessica Kappor (2017) have worked as an insurance consultant including travel insurance, travel insurance policy is to help cover unexpected medical emergencies and events such as stolen or missing luggage, trip cancellation, and any other similar loss that you might incur when traveling. They also take care of medical expenses in case you get sick during your travels. So, basically getting the best travel insurance policy will depend on your requirements, as every policy comes with different features. Before you decide on a policy, make sure you are clear on the type of plan you need and the insurance company you want to get the plan from. Also, be clear about the deductibles, sub-limits, and co-payments, if any, in the policy. And the most important point to keep in mind when buying a policy is the credibility of the insurer, as you will be dependent on them in case of an emergency in an unknown place with little or no knowledge of local laws.

Srinivasan Mahadevan, (2017) Travel insurance is the best way to mitigate the risk arising due to any emergency or sickness whilst abroad. Healthcare costs abroad, especially in the U.S, Australia, China and U.K are very high and a simple hospitalisation will lead into a huge financial outgo.

PriyeshPandey, (2017) a travel insurance policy comes in handy when you face unforeseen contingencies when you are travelling abroad or within the country. Since a travel insurance plan has become such a quintessential part of a journey, many general insurance companies offer travel insurance policies. The best travel insurance policy should ideally have the best in-class coverage features, low sub-limits, limited exclusions, a higher entry age limit and the premium rates should be affordable and competitive.

How to Pick the Best Travel Insurance Company?

Based on your requirements, Customers can finalize the most suitable travel insurance plan for you -

1.Compare Travel Insurance Online - Buying a travel insurance plan is an easy and affordable process. It is highly recommended that you search online, check and compare various travel insurance plan which are available. Tourists can compare the benefits and cover to buy a travel insurance plan as per your needs. Tourists can also compare the quotes easily and decide accordingly.

2.Medical Cover - Getting customers medical expenses covered on domestic and international trips is of the utmost importance! In Asian countries, medical expenses would be less, but in European and American countries the cost is quite high. These expenses can make a hole in anybody's pocket. Therefore, Tourists need to take a plan which meets Tourists requirements based on the country.

3.Analyze Different Features -More or less, all the travel insurance companies offer similar features in their travel insurance plans. Make sure, your policy gives you cover from passport loss, baggage loss and cancellation of flights. There are some policies which give you cover from terrorist activities or even hijacks. Before you zero down on your plan, make sure to compare different features from various policies.

4.Financial Capacity - Whichever insurance company you choose to go with, make sure that the company is renowned and has the capacity to pay off or reimburse your bills.

5.Rejection of Claim - The claim rejection ratio varies from insurer to insurer; therefore it's advisable to go for the travel insurance company with a lower claim rejection ratio.

There Are Different Types of Travel Insurance Cover Based On Each of Tourists Travel Requirements -

1.Domestic Travel Insurance - Domestic Travel Insurance in India is not given as much importance, as compared to international plans, but safeguarding their self from risks that arise from domestic travel is good idea. Especially, if they wish to secure yourself from personal as well as medical liabilities, during the travel time!

2.International Travel Insurance - Besides other coverage's, it gives them a comprehensive cover from risk of hijack, deportation, and also from medical and personal emergencies during they travel.

3.Corporate Travel Insurance - There are corporate rules that have their employees insured for both domestic and international trips. This is to secure them from any travel related risks or uncertainties in future.

4.Student Travel Insurance - This is for students who take admissions into renowned colleges and universities overseas for higher studies. If there is a loss of passport, any medical emergency, disruptions in their studies or any other mishap, then this policy will keep them covered and insured.

5.Medical Travel Insurance - This is a short-term travel insurance plan. It, specifically, covers the health and medical expenses in case of a medical emergency and/or evacuation etc., when an individual travels overseas. The insurance provider will determine the exact inclusions and exclusions depending on the travel insurance plan you purchase.

6.Family Travel Insurance - This insurance policy is best suitable for family international trips. Get their whole family insured from personal and travel related risks which may arise. Stay safe and at peace during you trip with this one.

7.Senior Citizen Travel Insurance - Everyone deserves to have a pleasant trip without any disruptions and senior citizens are no exception. This plan is for the elderly within the age group of 61-70 years. As compared to normal plans, it also covers expenses for dental cure and a provision of cashless hospitalization during that period.

8.Individual/Group Travel Insurance - There are plans which provide cover to an individual from travel related emergencies and also a group of people travelling together. Group insurance saves a lot of money on premium though.

9.Single/Multi Trip Insurance - Single trip insurance is basically for people taking only one trip, and they want to safeguard themselves from any unforeseen circumstances during that single trip. Whereas, multi-trip is for frequent travelers to save them from personal and medical emergencies during the travel.

METHODOLOGY OF RESEARCH

Data used in the study are primary and secondary in nature. Primary data collected through structured questionnaire and secondary data collected from published reports of government and selected travel insurance industries. Pilot study would be conducted to eliminate problems in questionnaire for this sample size fixed as 100.

In the original research process a sample size of investor fixed as 750.Respondents includes both inbound and out bound tourists selected from different parts of India.

CONCLUSION

Travel insurance is bought in the country of residence through an insurer. It should be noted that one can buy domestic travel insurance when travelling within his/ her country of residence. Some people, however, prefer to risk rather than buying the domestic travel insurance. In this case, they are most likely to lose costs associated with cancellation of flights and other emergencies.

If I can decide on a brand and its products based on its style, reviews, after services and durability, then buying a travel insurance plan/or deciding which travel insurance company to choose, based on its market stability, policy features, inclusion and exclusions is not much different. The logic is same; customers need the best products or a service, which meets their needs and requirements in the best possible way.

consider the sum assured or the premium which will go out of your pockets, but also, risks and uncertainties are given a cover under the chosen travel insurance plan. If customers look into the above mentioned points, they would be able to decide which travel insurance plan or company seems fit with their travel needs. It is advisable to compare travel insurance plans online from different sites, and based on my research and considerations, customers can make the final decision.

REFERENCES

1. Tzvetelina Andreeva, 2016. "Travel Insurance Cover," Economic Alternatives, University of National and World Economy, Sofia, Bulgaria, issue 1, pages 93-109, March.
2. Stoyan Kirov, 2015. "Insurance Decisions For Safe Tourism,"Izvestiya, Varna University of Economics, issue 4, pages 30-43