

Travel Insurance - UK - February 2013

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"Despite being an essential product for consumers, purchasing travel insurance is a minefield for consumers; with complicated small print and hundreds of different policies to choose from. The industry should use innovations to make cost savings, simplify products and engage better with consumers."

– Alexander Hiscox, Financial Services Analyst

In this report we answer the key questions:

- Has the complexity of the travel insurance market led to a lack of consumer trust?
- Are young people being ignored within the travel insurance market?
- Will the launch of 'signposting' make it easier for older customers to get affordable travel insurance?
- Is there scope to increase the use of technology in the travel insurance market?

The travel insurance market has become an increasingly competitive market to operate in. Price comparison and discount websites are allowing consumers to access the cheapest deals. This has led to a fall in gross written premiums from £706 million in 2011 to an estimated £702 million in 2012, despite an increase in sales from 26.2 million to 26.4 million policies written. Medical inflation abroad has also placed pressure on insurers, with the cost per medical claim rising from £393 in 2006 to £594 in 2011. Insurers will need to lower these costs if they are to continue to offer cheap policies and stay profitable.

Mintel's consumer research shows that 83% of people see insurance as 'essential' when travelling abroad. Therefore, the potential market for the sale of travel insurance products is likely to expand as the number of overseas holidays starts to increase. However, insurers must proceed with caution. FSA regulation of travel insurance sold through packaged accounts may highlight policies that have been mis-sold, which may create negative publicity. Also, some 39% of consumers don't trust that their insurer will pay out on a claim and 69% agree that policies have too many exclusions and too much small print. Insurers need to improve the customer experience to improve these negative perceptions.

This report provides insight into consumer attitudes and behaviours towards travel insurance. The report examines whether consumers see price or quality of cover as more important, as well as how and why they purchase travel insurance. In addition to Mintel's exclusive consumer research, the report also analyses the key travel insurance providers, offering company profiles, brand research as well as analysis of the market size and distribution trends.

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