

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



“Travel insurance providers operate in a tough environment, with strong price competition, rising claims costs and uncertainty over Brexit dampening demand for overseas travel. Maintaining profit margins is a priority for many suppliers, but remains challenging.”

– **Sarah Hitchcock, Senior Finance Analyst**

This report looks at the following areas:

- **Cost isn't the biggest factor for those who shun travel insurance**
- **Packaged account customers need a more overt nudge to declare medical conditions**

The market for travel insurance is mature and intensely competitive, with upwards of 20 underwriters, many more distributors and hundreds of different products. Profit margins are constantly being squeezed by pricing competition and rising claims costs. The direct retail sector is especially price-sensitive due to the influence of online aggregators, while contract movements in the affinity/packaged sector exert downward pressure on group rates.

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know
Products covered in this Report

Executive Summary

The market

A stable market, with limited opportunity for real income growth
Figure 1: Forecast of gross written travel insurance premiums – Fan chart, 2013-23

Brexit uncertainty dampening demand for travel

Increase in average premiums reflects higher claims costs

Regulator challenges industry to improve access for people with pre-existing conditions

Companies and brands

The largest suppliers are AXA and TIF Group

Other key providers

Withdrawal of Cigna creates new business opportunities for old rivals

Product development and innovation ramps up

The consumer

Three fifths of UK adults have taken a trip abroad within the past two years
Figure 2: Proportion of adults who bought insurance for their last trip abroad, November 2018

One in 10 travelled without insurance
Figure 3: Reasons for not having insurance, November 2018

5% left buying cover more than six months after booking their trip
Figure 4: When bought travel insurance, November 2018

Price comparison sites are hugely influential

Two in five buying travel insurance have a medical condition
Figure 5: Ease of getting cover for pre-existing medical condition, November 2018

69% have held their packaged account for six years or more
Figure 6: Length of time held packaged current account, November 2018

96% of people who have made recent use of their packaged travel cover “value” having this insurance
Figure 7: Agreement with statements about the travel cover included in the packaged account, November 2018

80% of people who’ve been abroad think it’s important to have airline failure cover
Figure 8: Importance of, and willingness to pay extra for, common policy add-ons, November 2018

What we think

Issues and Insights

Cost isn’t the biggest factor for those who shun travel insurance

The facts

The implications

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Packaged account customers need a more overt nudge to declare medical conditions

The facts

The implications

The Market – What You Need to Know

A stable market, with limited opportunity for real income growth

Demand for overseas travel softens as a result of Brexit uncertainty

Average multi-trip premium continues to rise

Regulator challenges industry to improve access for people with pre-existing conditions

Market Size and Forecast

Travel insurance market estimated to be worth £780 million

Figure 9: Total value of travel insurance policies sold, by gross written premiums, 2013-18

Five-year forecast: market will struggle to achieve real growth

Figure 10: Forecast of gross written travel insurance premiums – Fan chart, 2013-23

Figure 11: Forecast of gross written travel insurance premiums, 2018-23

Forecast methodology

Market Segmentation

Single-trip sales start to see growth, while multi-trip sales remain stable

Figure 12: Segmentation of travel insurance market, by policy type – ABI members only, 2013-17

Multi-trip sales still account for the majority of sales by ABI members

Average multi-trip premium up 8% in 2017

Figure 13: Average travel insurance premium, by policy type, 2013-17

Market Drivers

Average travel claim has grown by 22% in five years...

Figure 14: Total volume and value of travel insurance claims incurred, 2013-17

...driven by rising medical inflation

Figure 15: Volume and value of medical expenses claims incurred on travel insurance policies, 2013-17

Medical expenses account for the largest proportion of claims costs

Figure 16: Proportional distribution of travel insurance claims costs, by type of claim, 2017

A weaker Pound pushes up claims costs and the price of a holiday abroad

Fewer people are expected to take a holiday in 2019 compared to 2018

Figure 17: Holidays taken in the past 12 months (and destination) and holidays planned to be taken in the next 12 months, November 2018

Question mark over future of EHIC scheme post-Brexit

Regulator acts to improve access to travel insurance for people with pre-existing conditions

Overseas Travel Trends

Number of overseas holidays rises again in 2018, but business trips fall

Figure 18: Number of overseas visits by UK residents, by purpose of visit, 2013-18

Four in five trips abroad are to European destinations

Figure 19: Number of overseas visits by UK residents, by region of visit, 2013-18

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Three in five holidays are arranged independently

Only 3% of holidays are for longer durations of 29+ nights

Figure 20: Number of holiday visits abroad by UK residents, by length of stay, 2013-17

Those taking a short break are more likely to risk travelling without insurance

Companies and Brands – What You Need to Know

Largest suppliers

Significant others

One key player exits market

Recent product innovation

Key Players

AXA and TIF Group are the largest travel underwriters in the UK...

Figure 21: Leading travel insurance underwriters and their partners, January 2019

...followed by Direct Line Group and Aviva

Significant others

Smaller players and recent withdrawals

Competitive Strategies and Innovation

Market manoeuvrings

Rebranding activity

Acquisitions, disposals and market exits

New distribution partnerships

Product launches

New products unveiled by Co-op, Admiral and Bought by Many

Emerald Life launches “ground-breaking” travel insurance

Generali UK launches bespoke business travel insurance solutions

Technology-driven innovation

New insurance start-ups use FCA Sandbox to test innovative solutions

Revolut launches ‘£1 Pay-per-Day’ geolocation travel insurance

Thomas Cook launches mobile first travel insurance brand

AXA installs self-service kiosks at UK airports, providing on-demand cover

Chubb launches flight delay insurance

Advertising and Marketing Activity

Only a handful of providers invest in above-the-line advertising to any significant degree...

Figure 22: Top 10 travel insurance advertisers (above-the-line, online display and direct mail advertising only), 2016-18

...with the greatest investment coming from Staysure

Providers typically take a multichannel approach

Figure 23: Proportional distribution of travel insurance adspend (above-the-line, online display and direct mail only), by media type, 2016-18

Nielsen Ad Intel coverage

Brand Research

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Brand map

Figure 24: Attitudes towards and usage of selected brands, January 2019

Key brand metrics: Post Office leads the way in recommendation

Figure 25: Key metrics for selected brands, January 2019

Brand attitudes: Traditional insurers benefit from a good reputation

Figure 26: Attitudes, by brand, January 2019

Brand personality: Bupa stands out as exclusive

Figure 27: Brand personality – macro image, January 2019

Micro image: Post Office and AA are regarded as reliable and reassuring

Figure 28: Brand personality – micro image, January 2019

The Consumer – What You Need to Know

Three fifths of UK adults have taken a trip abroad within the past two years

One in 10 travelled without insurance

5% left buying cover more than six months after booking their trip

Two fifths who bought travel insurance had a medical condition

69% have held their packaged account for six years or more

80% think it's important to have airline failure cover

Insurance Cover for Recent Trip Abroad

Large target market for travel insurance

Figure 29: When last took a holiday or trip abroad, November 2018

Two thirds bought a new policy for their last trip abroad

Figure 30: Proportion of adults who bought insurance for their last trip abroad, November 2018

One in 10 travel without insurance...

...typically due to reasons other than cost

Figure 31: Reasons for not having insurance, November 2018

Experience of Buying Cover

Only two in five bought insurance at the same time as booking their trip

Figure 32: When bought travel insurance, November 2018

Around two thirds used a price comparison site

Figure 33: Proportion of adults who used a price comparison site to find/buy a travel policy, November 2018

40% had a pre-existing medical condition...

Figure 34: Presence of pre-existing medical condition at time of purchase, November 2018

...of which, the majority found it easy to get cover

Figure 35: Ease of getting cover for pre-existing medical condition, November 2018

Further improvements to access in the pipeline

Annual Policyholders – Attitudes and Experiences

55% of people with annual policy have it included with their current account

Figure 36: Source of annual travel insurance policy, November 2018

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Travel Insurance - UK - February 2019

Report Price: £1995.00 | \$2693.85 | €2245.17

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

A significant minority say they don't pay a fee for their packaged account

Figure 37: Proportion of packaged policyholders who pay a fee for their account, November 2018

Packaged accounts help to instil loyalty

Figure 38: Length of time held packaged current account, November 2018

23% of packaged account holders have developed a medical condition since opening the account

Figure 39: Proportion of packaged account holders who have developed a medical condition since opening the account, November 2018

Nearly all packaged account customers who've been abroad in the last two years value their travel cover...

...but only 60% say they review their policy at least once a year

Figure 40: Agreement with statements about the travel cover included in packaged accounts, November 2018

Importance Given to Policy Add-ons

80% believe airline/supplier cover is important but only 33% are willing to pay extra for it

Figure 41: Importance of, and willingness to pay extra for, common policy add-ons, November 2018

The under-35s are most willing to pay extra for added cover

Appendix – Data Sources and Abbreviations

Abbreviations

Key sources

Consumer research methodology

Appendix – Market Size and Forecast

Total market sales forecast – best- and worst-case scenarios

Figure 42: Forecast travel insurance gross written premiums – best- and worst-case scenarios, 2018-23

Forecast methodology

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com