“Mintel’s research shows that, when it comes to choosing a travel policy, a much greater proportion of people are swayed by price than important product features such as cover limits and excess levels.”
– Sarah Hitchcock, Senior Financial Services Analyst

This report looks at the following areas:

Moreover, many consumers assume that their policy will cover all eventualities, including an airline going bust and accidents caused by excessive alcohol consumption. It follows, therefore, that changing consumer perceptions and improving understanding of the product need to remain key objectives for providers.

- FCA’s new signposting rule will boost the profile of specialist providers
- Opportunity to grow interest in, and take-up of, supplier failure cover

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 2020

Table of Contents

Overview

What you need to know

Products covered in this Report

Executive Summary

The market

A market keeping pace with, but not outgrowing, inflation

Figure 1: Forecast of gross written travel insurance premiums – Fan chart, 2014-24

Uncertain short-term outlook

Annual travel premiums have risen significantly over the past five years ...

... fuelled by the rising cost of claims

Over 70 million overseas trips made by UK residents annually

Regulator proposes new signposting rule for people with medical conditions

Companies and brands

Largest underwriters include tifgroup, DLG and MAPFRE

Significant others

Tesco Bank and John Lewis Finance withdraw from the market

Behind the scenes, providers continue to innovate

The consumer

Almost two fifths of UK adults are affected by a medical condition, either directly or indirectly

Just over half of all UK adults went abroad in 2019

Figure 2: How long ago last went abroad, by health status, November 2019

64% bought a policy especially for their last trip, while 18% already had cover in place

Those affected by a medical condition are more likely to seek advice from a specialist adviser

Figure 3: Sources used to help find travel insurance policy, by health status, November 2019

Price is the main factor determining product selection

Figure 4: Factors influencing policy selection, November 2019

Many people are ignorant of common policy exclusions

Figure 5: Awareness of common travel policy stipulations or exclusions, November 2019

Many travellers take a paper copy of their travel policy with them

Figure 6: Preparations for a holiday or trip abroad, November 2019

Most don’t check healthcare provision at their destination before they leave

What we think

Issues and Insights

FCA’s new signposting rule will boost the profile of specialist providers

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
Opportunity to grow interest in, and take-up of, supplier failure cover

The facts

The implications

Market – What You Need to Know

Market is valued at £803 million in 2019

Average annual premium rises ...

... reflecting higher claims costs

UK residents make over 70 million trips abroad each year

Regulator intervenes to improve access to travel insurance

Market Size and Forecast

Travel insurance market recovers in 2019

Performance varies on an individual provider basis

Five-year forecast: steady growth ahead

Forecast methodology

Market Segmentation

Multi-trip policies continue to grow share of sales ...

... but there was reduced demand for both policy types in 2018

Average annual multi-trip premium has risen year-on-year since 2015

Premiums increase with age, correlating with a rising claims bill

Claims Costs Incurred

Average travel claim has soared in value over the past five years

Rising medical inflation fuels growth

Medical expenses account for the largest proportion of claims costs

Market Drivers

Number of overseas holidays continues to rise, but business and other trips fall

UK holidaymakers continue to favour European destinations
Nearly two thirds of holidays are arranged independently
3% of holidays are for longer durations of 28+ nights

Sustained demand for holidays...

... although many are cautious of booking a holiday due to worries about supplier failure

Regulatory and Legislative Changes

Future of EHIC scheme post-2020 still to be decided
Regulator proposes a new rule to help people with pre-existing conditions

Companies and Brands – What You Need to Know

Largest suppliers
Significant others
Two retail brands exit the market
New digital entrants drive innovation
Only a handful of providers invest significant amounts in above-the-line advertising

Underwriter Market Share

tifgroup is the largest underwriter...
... followed by Direct Line Group

MAPFRE grew travel premiums by almost a third in 2019

Strategic Developments and Innovation

Market manoeuvrings
Recent contract movements in the affinity sector

John Lewis and Tesco Bank withdraw from the market
Allianz becomes second-largest general insurer after completing two acquisitions
Markerstudy’s acquisition of CIS General Insurance still to complete
Launch activity and innovation
Leading providers continue to work on improving the customer journey
Pluto and Cuvva: digital start-ups targeting Millennials
AXA launches online tool for consumers with pre-existing medical conditions
Bennetts launches worldwide travel policy for bikers

Advertising and Marketing Activity

Specialist providers are the biggest investors in above-the-line advertising

Major insurance brands tend to concentrate advertising on other areas
TV accounted for nearly a third of total adspend in 2019

Figure 25: Proportional distribution of travel insurance adspend (above-the-line, online display and direct mail only), by media type, 2017-19

Nielsen Ad Intel coverage

The Consumer – What You Need to Know

Nearly two fifths of UK adults are affected by a medical condition, either directly or indirectly

An estimated 24 million UK adults went abroad in 2019

Most bought a policy especially for their last trip

Roughly one in five people affected by a medical condition obtained cover via a specialist adviser

Gaps in consumer knowledge around common policy exclusions

Pre-travel preparations show reliance on traditional paper documents

Prevalence of Pre-existing Medical Conditions

One in five have experienced difficulty getting travel insurance due to a medical condition

Figure 26: Proportion of UK adults with a medical condition or health issue that makes it expensive/difficult to get travel insurance or makes it difficult to travel abroad, November 2019

Pre-existing medical issues are not just an issue for over 55s

Insurance Cover for Last Trip Abroad

71% have travelled abroad within the past three years

Figure 27: How long ago last went abroad, November 2019

Strong correlation between overseas travel and household income

Medical issues do not make people any less likely to go abroad on holiday

Figure 28: How long ago last went abroad, by health status, November 2019

No improvement in the proportion of uninsured travellers

Figure 29: Proportion who bought travel insurance for their last trip abroad, by health status, November 2019

Product penetration is higher among those affected by a medical condition

Almost one in five already had cover in place

Channels Used to Select Policy and Influencing Factors

Around half used a price comparison site

Figure 30: Sources used to help find travel insurance policy, by type of policy, November 2019

A fifth sought advice or recommendations prior to purchase

Those with a pre-existing medical condition are more likely to seek advice

Figure 31: Sources used to help find travel insurance policy, by health status, November 2019

Price is the primary consideration

Figure 32: Factors influencing policy selection, by type of policy bought, November 2019

Price comparison website users are more likely to be swayed by Defaqto star ratings

Figure 33: Factors influencing policy selection, by sources used, November 2019

Getting cover is more of a focus for those with medical issues

Figure 34: Factors influencing policy selection, by health status, November 2019

Awareness of Common Policy Stipulations and Exclusions

Gaps in consumer knowledge are evident
A third are unaware about exemptions for alcohol-related incidents

Adults who bought an annual policy in the past year are the most informed

56% of adults take a paper copy of their travel policy when they go abroad

Age determines behaviour

Those with a medical condition are more likely to research healthcare provision

Only 30% review their travel policy documents in preparation for a trip abroad

Appendix: Data Sources and Supporting Information

Abbreviations

Key sources

Consumer research methodology

Appendix: Market Size and Forecast

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

Forecast methodology