

Travel Insurance - UK - February 2017

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“Travel insurers face a number of key challenges. One of the most important is cost control, against a backdrop of intense price competition and slow market growth. Containing costs has become even more important recently. At the same time, providers need to constantly remind consumers to consider quality of cover when buying online through a price comparison site.”
 – Sarah Hitchcock, Senior Finance Analyst

This report looks at the following areas:

- Scope to expand cover for holiday disruption
- Non-disclosure of pre-existing medical conditions is a significant problem

The UK travel insurance market is mature, crowded with distributors and fiercely competitive. It may be more profitable than some other general insurance lines (eg motor), but underwriters still face many cost pressures in a slow-growing market. This is partly because a large proportion of annual multi-trip policy sales come from the packaged scheme sector, where providers are able to exert pressure on underwriters to keep premiums down. Away from this sector, price comparison sites exercise considerable influence. Their dominance in the sales process has raised concerns that consumers too often base purchase choices on price rather than on quality of cover.

These factors mean that the average travel insurance premium has hardly moved over the past five years – although this may now be set to change. Mintel expects premiums to harden, as a result of a weaker Pound driving up claims costs relating to medical expenses. At the same time, away from the package scheme sector, providers could well see a dip in demand as the cost of taking a holiday abroad rises and more UK consumers choose to holiday at home.

Against this difficult backdrop, Mintel’s Report assesses the market’s growth prospects and reveals which underwriters are performing strongly and which are falling away. Market and company analysis is complemented by the results of Mintel’s online survey. This offers insight into annual policy ownership, the attitudes of packaged-account policyholders towards the travel insurance element, channels used to buy cover and the specific types of cover people would be most interested in having for their next overseas trip. It also examines behaviours and attitudes relating to pre-existing medical conditions.

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DID YOU KNOW?

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

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