Travel Insurance and Assistance in Europe

Description: Travel Insurance and Assistance in Europe investigates the market for stand-alone travel insurance and assistance in 20 European countries, namely, Austria, Belgium the Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland, Turkey and the UK.

This market is estimated to have been worth EUR 3.86 billion in gross written premiums in 2014 and its value has proved to be resilient in spite of a challenging economic environment. Moreover, the competitive and distribution dynamics of the market continue to evolve with new channels emerging and partnerships with major distributors subject to regular change.

The study comprises the following unique features:

- data spanning 2010 to 2014 for the underlying travel market in each country with segmentations by destination (between EU countries, non-EU European countries, North America and the rest of the world) and by type of journey (between holiday and business trips);

- data for the size of the market for stand-alone travel insurance and assistance in each country between 2010 and 2014 in terms of premiums and policies, with a segmentation between single-trip and annual cover;

- analyses of the share of distribution relationships of travel insurance providers split between travel trade, transportation and financial organisations, based on a primary survey of 3,630 actual and potential distributors of stand-alone travel policies including airlines, banks, ferry / railway operators, insurance brands and specialised lenders, plus both traditional and online travel trade entities;

- a review of other direct and affinity distribution channels used in each country including automotive clubs, direct sales, online aggregators, other online brands and retailers, plus cover packaged with payment cards and bank accounts;

- estimates for the market share of travel insurance and assistance gross premiums for the top ten underwriters of this type of cover in 2014 in each country and across all 20 countries combined with these data points expressed as a percentage range (e.g. 5.0% to 7.5%);

- forecasts to 2018 for both the underlying travel market and for the size of the market for stand-alone travel insurance and assistance in each country in terms of premiums and policies, with the same segmentations as those specified above for the period from 2010 to 2014.

The report, which represents an update and expansion to previous studies on the subject, is accompanied by an Excel PartnerBASE™ dataset that details the travel insurance partnerships identified, plus a convenient market data annexe, also in Excel format. This annexe can be used as a convenient source of data already in Excel format which means that there is no need for users to re-enter data from the PDF report into their own Excel worksheets.

Contents:

Executive Summary
- Trends in outbound foreign travel have been positive in recent years in most European countries although five markets remain in decline
- Overseas trips made for business purposes are especially significant in certain countries
- The UK accounts for almost 30% of the total European market value with some other markets notably large in spite of the small size of their population and others seemingly under-developed for one reason or another
- Annual policies have made least progress in Russia and Turkey
- Two groups account for up to 30% of Europe's travel insurance market value with no other group likely to command a market share of more than 8%
- A number of the leading groups attain prominence through operations in just one country
Foreign trips are expected to rise up to 2018 in all but one of the countries researched and Turkey's travel insurance market seems destined to expand the most rapidly

1. Introduction
   - What is this report about?
   - Rationale
   - This report builds upon Finaccord's previous ground-breaking studies of this topic
   - Methodology
   - Primary research
   - The survey covers 3,630 travel trade, transportation and financial organisations...
   - Market data
   - External sources
   - Travel insurance and assistance: how it all fits together
   - The term 'travel insurance' can refer to protection from a heterogeneous range of risks and assistance companies play a fundamental role in the European travel insurance industry
   - Definitions
   - Terms and abbreviations
   - Types of packaged travel insurance and assistance
   - Operating models
   - Weighted shares
   - Currencies, exchange rates and inflation
   - PartnerBASE

2. European Overview
   - Introduction
   - Underlying foreign travel markets
   - Number of trips
   - The number of foreign trips per annum has increased in most European countries with Poland, Romania and Switzerland experiencing the strongest growth
   - On a per capita basis, foreign travel is most common in the Nordic countries and Switzerland
   - There is a marked correlation between citizens' wealth and their outbound travel habits
   - Purpose of trips
   - In Poland, Portugal and Turkey, business travel is particularly important within the total
   - Annual trends in business travel tend to be more volatile than those for holiday travel
   - Destination of trips
   - Over 70% of foreign travel in Europe is to destinations within the EU with travel outside of Europe most common among residents of Russia and Turkey
   - Markets for travel insurance and assistance
   - Policy numbers and value of premiums
   - In real terms, the value of Europe's travel insurance market has been rising gently
   - The UK is the largest market by a wide margin, more than twice the size of second-ranked Germany
   - The Dutch and Norwegian markets for travel insurance are larger than might be expected while those of France and Sweden are comparatively small
   - Policy volumes have been increasing most significantly in Poland, Romania and Turkey
   - The travel insurance markets of both the Czech Republic and Italy have fallen back in recent years
   - Across Europe as a whole, annual policies account for just over a third of total policies
   - Market metrics
   - Across the 20 countries, premiums per capita vary from around EUR 0.45 to EUR 71.50 with the most expensive travel policies sold in Norway and Finland
   - Distribution through travel trade, transportation and financial organisations
   - Provision rates
   - Travel agents / tour operators: though still high, provision rates have declined a little since 2012
   - Online travel specialists: the provision rate remains lower than through traditional travel organisations
   - Airlines: close to four in five airlines researched have an arrangement for distributing travel cover
   - Ferry operators: in terms of selling travel policies, ferry companies are much less active than airlines
   - Railway operators: most countries researched feature only one national railway operator
   - Insurance brands: in most countries, more than a half of major insurers sell stand-alone travel cover
   - Banking organisations: Turkish banks display the highest provision rate for stand-alone policies
   - Specialised card providers and lenders: these are less likely than regular banks to offer stand-alone cover
   - Operating models
   - The majority of travel insurance schemes involve a single external underwriter although the use of alternative models is widespread in certain markets
   - Competitive landscape
On an unweighted basis, partnerships with distributors are most concentrated in Sweden and Austria and least so in Russia and the UK.

Weighting partnerships reveals a more fragmented European market overall.

Subsidiaries of Allianz and Munich Re hold the highest number of distribution partnerships although the top eight groups account for less than a half of all relationships identified.

The potential exists to set up multi-country deals with some international travel groups.

Leading competitors

Allianz and Munich Re also lead the way by market share of gross written premiums in a diverse market including many other international and national competitors with groups outside of the top 15 accounting for between 28% and 38% of the total market value.

Forecasts

Europe's outbound travel sector is expected to grow at a modest rate between 2014 and 2018 although some individual markets will grow significantly.

Market for travel insurance and assistance

The stand-alone travel insurance market has grown faster than the underlying travel market largely due to a probable rise in the share of annual policies.

Distribution through travel trade, transportation and financial organisations

The stand-alone travel insurance market has grown faster than the underlying travel market largely due to a probable rise in the share of annual policies.

3. Austria

Introduction

Underlying foreign travel market

Business trips have tended to increase more quickly than holiday trips.

Accession of Croatia to the EU in 2013 has caused a surge in the share of trips to EU countries.

Market for travel insurance and assistance

The stand-alone travel insurance market has grown faster than the underlying travel market largely due to a probable rise in the share of annual policies.

Distribution through travel trade, transportation and financial organisations

Summary of organisations researched

 provision rates

Almost two thirds of organisations researched are distributors of stand-alone travel cover.

Operating models

A majority of travel insurance schemes are organised through a single, external underwriter.

Competitor share of partnerships

Europäische Reiseversicherung claims over a third of travel trade distribution partnerships in a sector that appears relatively concentrated making it the channel leader in both unweighted and weighted terms.

Allianz Global Assistance is the leader by number of partnerships in the transportation category although two competitors may hold a couple of the most important relationships.

Europäische Reiseversicherung and UNIQA are particularly active in partnering with banks with other insurers selling policies both directly and through partnerships with financial institutions.

UNIQA and Wiener Städtische attain greater prominence in the weighted analysis for this category.

Travel insurance and assistance linked to payment cards and bank accounts.

Comprehensive travel insurance policies are very commonly packaged with Austrian payment cards.

Other distribution channels

Automotive clubs

Both of Austria's main automotive clubs offer travel insurance to members.

Direct distribution by specialist travel insurers

A number of specialist underwriters promote insurance directly to consumers.

Online aggregators and brokers

Aggregator involvement in travel insurance is likely to have grown in recent years.

Travel health cover from a variety of underwriters can be bought from Care Concept.

Other online brands

Other online brands include both international specialists and ones restricted to Austria and Germany.

Retailers

Major retailers distribute travel insurance through captive travel agencies rather than directly.

Other types of distributor

Leading competitors

The eight leading travel insurers are likely to control between 95% and 99% of the market and the top two for over 60%, even using the most conservative assumptions.

AIG may be ranked as high as fifth in spite of the fact that it benefits from just one partnership.

Germany-based competitors include ERV, HanseMerkur and VHV (via VAV).

Forecasts

Foreign travel market.
- Austria's foreign travel market is likely to continue to expand between 2014 and 2018
- Market for travel insurance and assistance causing the associated travel insurance sector to also move up in value

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