

Covid-19: How hard hit is the travel-insurance industry?

While few industries were spared the impact of the pandemic, the travel industry was one of the most severely affected sectors across the globe, so it is not surprising that the travel-insurance industry did not escape unscathed.



Source: 123RF

As with most products and services across almost all industry sectors, travel-insurance offerings have had to change and adapt to the new reality.

This is according to a recent [report](#) by Turnberry Management Risk Solutions.

The travel-insurance landscape itself has also seen increased complexity and become far more dynamic, the report says, to the point where travel insurers are finding it tricky to keep abreast with the global requirements and protocols in place. Not only do these differ from country to country, but they tend to change periodically.

Positive outlook for insurers

However, the travel industry is resilient and seems to have adapted to the “new normal” rather quickly.

This is according to Tony Singleton, chief executive officer at Turnberry Management Risk Solutions.

For travellers, it is important to note the pandemic has not significantly affected travel-insurance costs during the past two years. This relates to coverage of emergency medical and related expenses when travelling abroad, Singleton said.

"In cases where ongoing medical treatment is required, travel-insurance schemes continue to ensure that patients are repatriated to their country of residence and, as was the protocol pre-pandemic, their medical aid and gap cover will kick in, gap cover being a short-term insurance product tailored to extend the benefits of medical aid, by covering medical-expense shortfalls on hospital and doctors' bills, as well as sub-limits and co-payments imposed by medical schemes."

"When it comes to the cost of cover, despite the industry continuing to revise premiums annually, there was no increase in 2020 and only a nominal increase in 2021, despite the added expenses due to Covid-19."



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Covid-19 benefits explained

Singleton added that despite the growing importance of travel insurance, there are some misconceptions among travellers when it comes to this type of cover. Common questions that crop up include: What does travel insurance cover? What is a Covid-19 benefit?

"First, the heartbeat of travel insurance is the medical component. This is where the Covid-19 benefit also fits in. These products provide cover in the event of a traveller contracting Covid-19 while on a journey, fully covering all medical and related expenses. In addition, these products also provide quarantine cover in the event that a traveller tests positive and has to quarantine.

"It is important to note that Covid-19 benefits do not extend to cancellations of travel bookings and additional expenses incurred due to Covid-19. For example, the following will not be covered: disruptions and expenses stemming from passengers contracting Covid-19 before departure, the closure of borders, South Africa being placed on the red list or test results not being available on time."

Research is imperative

Before applying for travel insurance be sure to do your research.

"It's advisable that people familiarise themselves with the benefits they get with their gap cover, with travel insurance being a very useful added benefit, especially during the pandemic. Travel insurance obtained as an added benefit through gap cover can provide R5m for emergency medical expenses and can be increased to R50m with the purchase of a top-up," Singleton added.

Travellers are also advised to obtain authorisation before any medical procedures are carried out abroad.

"Having travel-insurance coverage is not a blank cheque to have any type of medical procedure done in another country. Authorisation is required to allow the insurer to be in control of the claim from the beginning, and to manage the expenses and treatment of the patient," Singleton said.

"It is advisable for travellers to discuss their insurance requirements and any concerns they may have with their broker, who will be able to advise what cover is currently in place with their various policies and to advise if there are any additional

insurance needs.

"Lastly, people who intend to travel internationally must remember to apply for travel insurance before leaving the country, as the policy needs to be issued and activated before departure."

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