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Scare-free sojourns

Why buying domestic travel insurance is important

By Abhinav Singh | June 08, 2019 17:47 IST

Nirmal Kumar, a Bengaluru-based IT professional, was en route from Delhi to Haridwar with his family when his baggage, which had some costly items, was stolen. Luckily, he had bought travel insurance even for this short domestic holiday, and recovered his losses. Like Kumar, 32, more and more people have started opting for travel insurance for domestic travel.

"Flight delay or cancellation, loss of passport or baggage, and medical emergencies are still the biggest challenges for travellers, for which there is an utmost need to buy travel insurance," Dr Shreeraj Deshpande, principal officer and CEO (officiating), Future Generali India Insurance Company Limited, told THE WEEK. "Also, in any unexpected incident, where a traveller might be held financially and legally responsible for damages caused to another person or their property, travel insurance can be helpful."

Deshpande said there is a growing demand for international travel insurance as most countries insist on visitors having sufficient coverage. "For international travel, the expenses are often very high if a person is trapped in any unforeseen event or suffers any medical emergency," he said. "Domestic travel insurance is also booming with growing travel within India, especially in metros and tier 2 cities."

Younger travellers, especially students who travel overseas, were the driving factor behind upgrading travel insurance, he said. "We have the travel 'Student Suraksha' plan, which will totally take care of all the needs of students travelling abroad," said Deshpande. "It also covers any unforeseen event that require prompt assistance, immediate evacuation or medical intervention from the insurer, as per benefits and other conditions of policy. A new traveller class is forcing many of these service upgrades."

Broadly, experts agree that it is absolutely imperative for travellers to buy travel insurance depending on the nature and duration of the trip. "There are various risks that a person is exposed to while travelling, right from trip cancellation because of inclement weather to loss of checked-in baggage," Gurdeep Singh Batra, national head, retail underwriting, Bajaj Allianz General Insurance, told THE WEEK. "Such risks are completely unpredictable and in case a person does not have adequate travel insurance, one may be caught unawares in an unknown city or in a country with no guidance. Travel insurance acts as a safety net that covers medical expenses in case of emergency hospitalisation, accidents arising out of participation in adventure sports, medical evacuation, repatriation of mortal remains, flight delay or cancellation, loss of baggage, loss of passport, trip cancellation, emergency cash advance, home burglary cover, etc. Thus, [insurance] ensures that people have a fun-filled [vacation], by negating the possible risks."

One of the major reasons people opt for travel insurance is to cover medical expenses for emergency hospitalisation, considering the prohibitive medical costs abroad; some countries even have a double-digit medical inflation. Some of the other challenges are inclement weather, leading to travel cancellation, delays and missed connections. There is also increasing political turmoil and threat of terrorism, for which insurance coverage is a must.

"Many people opt for travel insurance as it is mandatory in many countries," said Batra. "And, with the medical costs abroad, people feel compelled to get insurance to secure their international travel. However, with increasing awareness about the benefits of travel insurance and uncertainty during travel, people are increasingly securing their domestic travel, especially for covers like adventure sports."

As per a latest survey, 8 per cent of Indian travellers buy travel insurance to cover medical emergencies, 15 per cent for loss of baggage, 8 per cent for accidental death and 11 per cent for cancelled flights. "The trip cancellation feature under a travel insurance policy falls under the pre-departure coverage, wherein the policyholder is reimbursed (up to the covered amount) for pre-paid, non-refundable trip costs," said Tarun Mathur, chief business officer, Policybazaar.com. "The trip cancellation feature reimburses you for the cost of your entire package, up to the total sum insured. The covered expenses include travel tickets, hotel reservations, and any other activities for which you have paid in advance."

He added that Indians mostly prefer buying travel insurance for an international trip rather than for a domestic trip because many of them already have health and life insurance cover. "However, it is suggested that you buy travel insurance for domestic trips as unusual things can occur any moment," said Mathur. "And buying domestic travel insurance, which comes at a minimum cost of 0200, will not harm travellers."