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Paris Terror Strike may Lead to Spike in Travel Cover Demand

Other lines of insurance like life, health & personal accident too may attract interest

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Mumbai: Insurers and industry-watchers expect a spike in demand for travel insurance in the light of terror attacks in Paris last Friday, as international travellers wake up to the possibility of such threats across the globe, including high-sought-after destinations in developed nations. "The unfortunate incident could prompt travellers to recognise the importance of travel insurance, even when they are travelling to countries where it is not mandatory," said Nikhil Apte, chief product officer — product factory (health insurance), Royal Sundaram Alliance Insurance. Travel insurance is compulsory for obtaining a Schengen visa, which covers 26 European nations, including France.

"After the recent terror attacks, travel insurance has become all the more important as it provides you financial cover and peace of mind if you get caught in such volatile situations," said Naval Goel, CEO and founder, PolicyX.com — an insurance aggregation portal. Insurance companies make a distinction between war, riots and terrorism. The latter is defined as an act of violence that causes loss of life and property where perpetrators belong to groups that seek to weaken control of established governments.

Similarly, other lines of insurance business — life, health, personal accident and home — too are likely to

Terror Attack: Are You Covered?

Insurance	What is normally covered	In case of terror attack
Travel 	Medical expenses, evacuation, trip cancellation, repatriation of remains etc	Some policies don't pay for expenses from terror attacks
Health 	Medical expenses and emergency evacuation	Only high-end policies cover incidents outside India
Home 	Damage caused to home and contents	Most policies need extra premium
Personal Accident 	Policyholder's death and compensation for disability in case of accident	Some policies exclude biological, chemical or nuclear terror attacks
Life 	Policyholder's death	Pays full amount

Source: Insurers' websites

attract interest. "Insurance seekers are evaluating policies on the basis of their comprehensiveness. High-end health covers pay for evacuation from primary care centres to hospitals of insured's choice in case of emergencies," said Apte. Incidents like the one in Paris could prompt a rise in insurance purchases and deeper analysis by insurance-seekers. You need to read the fine print carefully to understand the scope of coverage and the items that the company will not pay for.

Travel Insurance

Many travel insurance policies do cover listed expenses arising out of terror attacks. "All risks such as trip cancellation, loss of passport, medical expenses, repatriation of remains, etc, are covered as part of the regular travel policy even if they result from terrorism," said Sanjay Datta, head of underwriting and claims, ICICI Lombard. Your accommodation expenses

will also be reimbursed if you have to extend your stay due to an emergency. Depending on the variant chosen, the company will also pay for your journey back home and sponsor a visit from a relative on compassionate grounds.

However, you need to go through the policy documents in detail before signing up for one as some companies may not pay for risks emanating from terrorism. Tata-AIG mentions terrorism as exclusion in its travel policy, though it covers flight hijacking. Besides, even in policies that provide insurance against terror, insurers will not admit claims if policyholders visit destinations that are known to be facing such risks or knowingly violate safety regulations. If a policyholder were to suffer injuries after venturing out despite instructions from Paris authorities to stay indoors, her claim could come under a cloud.

"You also need to figure out whether the coverage applies only to a city that is specifically on your

itinerary, or also extends to the other cities or to the country as a whole," added Kumar.

Health Insurance

Terrorism-related medical emergencies fall in the ambit of health insurance coverage. "Hospitalisation expenses for victims of terrorist attacks are covered as they fall under accidental injuries. The insured would also be covered for pre and post-hospitalisation and ambulance expenses as well as other expenses as per the policy coverage," Sasikumar Adidamu, chief technical officer — non-motor, Bajaj Allianz General Insurance.

This apart, several higher-end health covers in the space today cover medical emergencies across the world, and not just India as was the case earlier. "Moreover, insurers have tie-ups with agencies that can facilitate evacuation from the crisis location to a safer place. They can also organise air ambulance to transport the victim from primary care centres to hospitals of their choice," said Apte.

Personal Accident Insurance

Such covers compensate the policyholders for disabilities suffered due to accident or the nominees in case of the former's death. "Domestic personal accident policies will cover death due to accidents, including terror attacks, whether in India or abroad," says Apte.

Home Insurance

While some home insurance policies such as the New India's product come with an in-built terror cover, several others offer it as an add-on cover requiring extra premium. This terror insurance component covers damage directly caused by attackers and loss incurred during counter-terror action by security.