

Consumer Protection Issues in Travel Insurance

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While travel insurance is mostly a 'small-ticket' business, it can be critical for consumers, since the impact of insufficient cover or denied claims – in particular for medical expenses while travelling – can be extensive at the individual level.

Discover EIOPA's research on the topic and its key findings, among which:

- Systematic failings in the travel insurance market as a whole were not identified, and travel insurance products remain valuable for consumers. However some business models carry heightened conduct risks, including remuneration structures based on very high commissions.
- Although the average commissions in travel insurance are around 24% of the gross written premium (GWP), there are insurers that pay extremely high commissions to distributors, in some cases significantly more than 50% of the premium.
- The average claims ratio is 40% of the GWP and there is limited difference regardless of the distribution channel. However, there are very wide variations in these ratios; some insurers have claims ratios below 20% of the GWP. These are a strong indicator of potential low value for consumers.