Insurance Institute of India

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INSUNEWS

- Weekly e-Newsletter

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• Quote for the Week •

"A professional is a person who can do his best at a time when he doesn't particularly feel like it."

Alistair Cooke

INSIDE THE ISSUE

Insurance Industry

Insurance cos see rise in breast cancer claims - Financial Chronicle – 27th October 2016

Almost 54 per cent of the claims came from the age group of 40 to 60 years, 15 per cent claims came from those below 30 years

Insurance companies are seeing steady rise in breast cancer claims in the age group of 35 to 60 years and also in the younger age groups. While the incidence of breast cancer is rising, increase in the purchase of policies to cover the expenses too has been leading to rise in claims.

Between 2013 and 2015, claims grew 102 per cent for Max Bupa. Among the different age groups, those between 35 and 46 years saw a growth of 109 per cent and those age 40 to 60 years witnessed 116 per cent growth. Though the largest chunk of claims were made by the second age group, young women and girls less than 35 years accounted for 15 per cent of the claims.

SBI General's data finds that breast cancer claims have gone up by 202 per cent between 2014-15 and 2015-16. Almost 54 per cent of the claims came from the age group of 40 to 60 years, 15 per cent claims came from those below 30 years.

"The growing incidence of critical illnesses like breast cancer and the correspondingly increasing costs of treatment is prompting women to purchase health insurance policies at a younger age. Interestingly, we have observed a significant increase in claims from females in age group of 0-35 years," said Ashish Mehrotra, CEO & MD, Max Bupa.

Star Health too finds that claims among the youth 11-20 years age group is showing a sharp rise. Although claims data reveal that the number of women affected by the ailment is much higher; there is a steep rise among men suffering from breast cancer with a growth of 67.5 per cent. For Max Bupa three per cent of the claims came from men. The increase in claims is a result of different factors.

According to a report by Indian Council of Medical Research, 1.5 lakh fresh breast cancer cases were reported in 2016 till now. Increasing health cover- both group and individual - too has helped more people make claims. Early detection in general and especially in the 25-25 age group, has increased.

"As group policies are exposed to a wider coverage along with higher level of awareness and corporate HR policies which enable employees to undergo periodic health checkups have resulted in early detection of the symptoms related to breast ailments/cancers. There is also increased awareness amongst the population through electronic and social media which helps individuals to understand the financial hardship that one has to go through once the disease has spread or occurs. Individuals have started realizing the importance of phrase 'early detection is key to recovery' which definitely can be achieved once there is a regular checkups and awareness for better health, Mick Miller, SVP Claims, SBI General Insurance SBI General also has found that Maharashtra accounted for 49 per cent of the claims, Tamil Nadu for 37 per cent and Gujarat for 14 per cent. Almost 77 per cent claims were made from non-metro cities like Ahmedabad, Pune and Rajkot.

"Critical illness policies or high coverage policies are the need of the hour to ensure that the policy holder's financial needs are taken care of. We also arrange health camps and breast cancer awareness weeks etc which help early detection of such ailments," said Miller.

Source

Data theft incidents make cyber insurance a must - Financial Chronicle – 23rd October 2016

The debit card data theft putting 3.2 million cards at risk has once again brought the need for cyber insurance to the fore. In the digital world we are living in, ensuring foolproof security of information may not be possible, but the risk can be mitigated with insurance.

"Insurance policies which provide comprehensive coverage are taken by card issuers and payment processors to secure themselves against financial loss arising from such frauds. As regards card holders, if the fraud has taken place at the card issuers or payment processors end and the card holder is not responsible for the same, the card holder will be reimbursed by the card issuer," said Sushant Sarin, senior vice president, commercial lines at Tata AIG General Insurance.

The off-take of insurance among companies is growing as they have started recognising the risk. As per an AGCS report, Indian companies lose $4 billion due to digital attacks and it is growing exponentially every year.

"Whether it is B2C or B2B, digitalisation is the way forward. It could be a company having just a website or one that does all its transactions digitally. As the digital presence grows, vulnerability to cyber attack too grows. With increasing awareness about vulnerability of attack, cyber insurance is on an upswing and we are seeing yearly growth of 100 per cent, both in terms of clients and premium," said Mukesh Kumar, executive director, HDFC ERGO General Insurance.

Insurance companies are largely covering liabilities arising out of inadvertent breach of information and first party losses due to business destruction. For the company, the consequences of the attack are three-fold. In the first instance, it will lose valuable information, which can either halt the operations or even bring down the company. The clients can go ahead and seek compensation for the damage and the regulator too can impose penalty on the loss.

"Studies indicate that for every single data that gets breached, a company will have to spend $200 on litigation and compensation. With a single hacking, thousands of records are breached," said Kumar.

"The areas which are largely covered by such policies are third party liabilities arising out of loss of data, penalty imposed by regulator, expenses on media management post the mishap and expenses on engaging IT consultants to get things back to shape. In case it is just a malware attack, the operations could be stopped for a few days and the loss of business during those days can be claimed through the policy," said Sasikumar Adidamu, chief technical officer- non-motor insurance, Bajaj Allianz General Insurance.

Apart from seeking insurance protection, individuals have to be alert when transacting digitally. "Consumer should keep their pin numbers secure and not share these with others or record them here and there. One should avoid using public wifi while making financial transactions. ATMs at banks are generally more secure than those at stations or other public places; therefore using ATMs at banks should be preferred," said Sarin. Tata AIG has personal identity protection and personal credit card protection for digital protection of individuals.

Contactless cards are very convenient as the pin numbers need not be entered for transactions, but they also carry a huge risk. The spending limits of these cards have to be very small so that the loss will be less in the event of a wrong payment. Accidental payments can be triggered in the vicinity of payment terminals. Cardholders must check their account statements regularly to ensure there are no unintended payments.

Source

Back

India: Scramble for insurance after biggest data security breach in banking history – Asia Insurance Review

Demand for insurance cover for computer fraud is increasing following a widespread financial data security breach through automated teller machines (ATMs) in the country.

Not just banks, financial institutions and mobile wallet companies but also practically every industry including online businesses, retail chains, medical establishments and hotels, are scrambling for the cover, reported Daily News & Analysis (DNA), citing Mr Tanuj Gulani, Vice President - specialty lines & reinsurance at Prudent Insurance Brokers.

Mr Gulani said: “Companies that were contemplating this cover earlier are accelerating their purchases after such incidents, and those who did not think of it at all earlier are now enquiring about it.” Insurance companies say that banks are likely to go for higher cyber covers to mitigate losses as such financial crime is seen to be on the rise.

News of the breach emerged last week when the country’s largest lender State Bank of India blocked the debit cards of 600,000 customers and re-issued new cards to them.

The National Payments Corporation of India (NPCI), an umbrella organisation for all retail payments systems in the country, subsequently announced that customers across 19 banks had reported unauthorised withdrawals. Some complained that their debit cards were used for transactions in the US and China, even though they were in India. The NPCI said that most of the complaints were lodged in September and October.
It is suspected that data was compromised via malware on the ATM network of a small private bank, leading to a cumulative loss of INR12.3 million (US$184,000) among 641 customers across the 19 banks.

However, overall, the scam is reported to have affected as many 3.2 million debit cards. India has about 200,000 ATMs across the country that are interoperable, regardless of the bank that owns the machines. Since the ATMs where the data breach is believed to have occurred continue to be fully operational, banks are advising their customers to use only their own ATMs and not the teller machines of other banks.

Since January this year, the Reserve Bank of India had asked banks to shift to EMV chip technology, which is becoming the global standard for credit cards and debit cards. EMV technology features embedded microprocessor chips that store and protect cardholder data.

Mr Sanjay Kedia, country head and CEO, Marsh India Insurance Brokers, said: "Card replacement, notifying affected customers, and forensics to analyse the cause and size or scope of the problem, are covered under Cyber Insurance that only a few large banks have. But others are actively exploring it.”

Source

Back

Insurance Regulation

IRDAI extends deadline for hospitals to register under ROHINI network – The Times of India – 27th October 2016

The insurance regulator on Friday extended the deadline for hospitals to register under ROHINI (Registry of Hospitals in Network of Insurance) from October 30 to December 31, 2016. With ROHINI, the Insurance Regulatory and Development Authority of India (IRDAI) aims at bringing all requisite information regarding health insurance policies under a single registry.

IRDAI hopes to bring more than one lakh hospitals in India under the ambit of ROHINI, which is being maintained by the Insurance Information Bureau (IIB). The common data network will have policyholder details, available treatment facilities, hospitalization costs, claim amount, etc.

According to health regulations, the portal will allow hospitals to register, make changes and add information to increase transparency and faster settlement of claims.

"We are hoping this will bring greater transparency in the healthcare system if the cost of treatment will be known upfront. We are also hoping that with the data emerging we'd be able to study and analyse trends in lifestyle conditions, terminal illnesses, communicable diseases by age, gender and geography. The system will also act as an exchange for electronic medical records (EMRs) between hospitals and insurance companies," said an IIB official.

"Pooling in this data will also help curb fraud. Hospitals are overcharging, overbilling, recommending unnecessary medical procedures and prescribing unrelated drugs. Sometimes the same hospital chain will charge different rates for the same procedure - depending on where the hospital building is located. With our system in place, such anomalies will be better captured," added the official.

Under phase1 of the initiative, hospitals will get a global unique ID/global location number (GLN). If there is any change or addition to an existing hospital, alerts can be sent to the insurance companies and TPAs. "Hospitals can then give additional details like the number of beds, specialities offered, enrolled doctors. Details of diagnostic centres and clinics attached to the hospitals can also be sent," said the official.

Source

Life Insurance

Life insurers tighten e-policy underwriting - Business Standard – 22nd October 2016

Online insurance, which has slowly become one of the fastest growing channels for life insurers, has also led to companies tightening underwriting policies around these products. With a rise in fraudulent claims, life insurance companies now ensure that the process weeds out any potentially fraudulent persons at the entry-stage itself.

Karthik Raman, chief marketing officer and head of products & strategy at IDBI Federal Life Insurance, said that being a late entrant, the company has had the advantage of learning from industry and reinsurer experience.

"We do not accept business from debarred geographical locations, which are fraud-prone. We continue to follow stringent underwriting processes. Ours is a 100 per cent medically underwritten product. Plus, we have additional checks in terms of location, occupation and educational qualification," said Raman.

In the past, certain pockets in north India and south India were identified as locations where fraud was most common. Since online policy purchase was simpler than the process offline, there have been several instances of people buying high-value covers without any intention to pay future premiums.

Their sole objective is to get the claim passed within lapse of two to three years of buying the policy. Following this, life insurers have been exercising more caution. For instance, Max Life Insurance has 100 per cent medical underwriting for all online policies.

Sharing of data of regular fraudsters is also done so that there is a common information flow to prevent any future policy sales to such persons and also to check whether they have changed the geography of their operations.

"Since most of these people operate as a gang with the help of doctors and insurance agents who have left the system, they know how to manipulate the purchase process. While we cannot put a blanket ban on some pockets of Andhra Pradesh and Uttar Pradesh, where there has been a high intensity of fraud claims, we either refuse to underwrite or suggest them to buy offline policies so that we can verify their details over a long period," said the head of underwriting at a mid-size private life insurer.

Section 45 of the Insurance Act saying no claims can be rejected after three years, even if it includes material suppression of facts. This means, even if a fraud has been detected after three years, the claim will have to be paid.

Source

Back

Health Insurance

Government to pay for health insurance of 'divyang', mentally ill - The Times of India – 25th October 2016

Chhattisgarh government has adopted Centre's 'Niramaya' health insurance scheme for its population of 1.64 lakh people suffering from autism, cerebral palsy, mental retardation and 'divyang' (multiple disability). The insurance covers up to Rs 1 lakh wherein state would pay the premium for insurance.

The scheme would provide same coverage irrespective of type of disability under National Trust Act. According to the scheme, services would range from regular medical check-up to hospitalisation and therapy to corrective surgery besides the transportation cost, at any hospital.

Speaking to TOI, social welfare department's secretary Sonmoni Bora said, "Chhattisgarh has over 1.6 lakh people falling under the four categories of mental retardation and 'divyangjan' (with disability). Government would bear premiums of all these people belonging to below poverty line under 'Niramaya' health insurance scheme. This would not only ease financial burden of poor families but also help them to take care and rehabilitate."

The needy are require to have a valid disability certificate as eligibility criteria for availing the service. The government would pay premiums of Rs 250 per month for BPL families and Rs 500 to those living above the poverty line. Incidentally, the scheme is valid all over the country, except Jammu and Kashmir.

Officials at social welfare department said that an eligible person can apply for enrolment under the scheme in a prescribed format uploaded from the National Trust website and submit it to the department.

On approval, a health card would be issued along with an e-card on the website. There will be a nominal processing fee as determined from time to time, which shall be payable to the National Trust.

Source

The applicant would require disability certificate issued from a district hospital or appropriate government authority, address proof, one passport size photograph of special need person, BPL card, income certificate (latest IT return or income certificate from tehsildar), proof of payment of applicable fee (bank receipt) and bank details for the settlement of claims.

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General Insurance

Crop insurance: Micro agents can now sell govt-sponsored schemes - The Hindu Business Line – 24th October 2016

In a move that can expand the reach of crop insurance schemes, micro insurance agents have now been permitted to sell government-sponsored crop insurance products to farmers. The Insurance Regulatory and Development Authority of India (IRDAI) has issued a circular to this effect.

The decision of the regulator came in the wake of requests made by some stakeholders to categorise government-sponsored schemes as micro insurance products irrespective of the sum insured under the individual policy.

With this decision, crop insurance products under schemes such as Pradhan Mantri Fasal Bima Yojana (PMFBY), Weather-Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS) can be bought by farmers from micro insurance agents without any limit on the sum assured.

However, key modalities, such as the sum insured, premium, premium rate per crop, and unit area will remain as notified under the respective government-sponsored insurance schemes without any change, PJ Joseph, Member, Non-Life, IRDAI, said.

Till now, micro agents could only sell crop insurance products with a maximum cover of Rs 1 lakh, according to the norms issued by the regulator last year. Also, currently, government-sponsored insurance schemes are mostly sold along with crop loans taken by farmers.

Under the PMFBY, the flagship low-cost insurance scheme for farmers launched by the government last year, about 3.20 crore farmers were insured for the kharif season, government data show. The WBCIS operates on an actuarial basis with premium subsidy ranging from 25-50 per cent, equally shared by the Centre and the States.

According to the IRDAI's annual report 2014-15, the number of farmers insured under this scheme during kharif 2014 was about 2.5 lakh.

Source

The CPIS, a component of the National Crop Insurance Programme, is available to all coconut-growing States, but is yet to gain popularity. Only 2,845 coconut farmers were insured under this scheme in 2014-15.

Back

Crop insurance to be compulsory on farm loans – The Times of India – 20th October 2016

As the state bears the pain of a second consecutive drought year, crop insurance is again in sharp focus. With the financial burden only set to increase, the Karnataka government is trying to minimise the burden on the state exchequer by disbursal of drought relief and the simplest way is to encourage crop insurance.

The foremost, and the much-touted insurance scheme, has been the Pradhan Mantri Fasal Bima Yojana (PMFBY), a flagship project of the Narendra Modi government. The Prime Minister himself launched the programme in Karnataka in January this year.

The scheme was launched on a nationwide 50:50 sharing basis between the Centre and state. In Karnataka, the Centre will provide Rs 675 crore and the same amount will be added to the corpus by the state government, taking the total to Rs 1,350 crore. However, the scheme has drawn only a minuscule number of farmers.

According to the agriculture department data, only 12% of the total farming population in the state has enrolled for it. While the state has 78 lakh farmers, about 9.44 lakh farmers have signed up for crop insurance.

Of these, 7.44 lakh farmers were given insurance as part of the loan disbursed. Meanwhile, another 1.99 lakh farmers have secured the PMFBY without seeking loans, and as a separate insurance product for their crops. The low numbers, in the face of severe drought, has shaken the state government into action and forced it to make PMFBY mandatory for those who procure loans from state run co-operative banks. The scheme was also originally compulsory for loans from nationalised banks.

Co-operation minister HS Mahadev Prasad said the primary reason for making it part of the "package deal" is to ensure that farmers progressively decrease their dependency on input subsidies and government relief. "When we put national policies in perspective, the Centre is likely to slowly start reducing input subsidies and drought relief provided to state governments. Crop insurance will become the norm in future," Prasad said.

Accordingly, all farmers who procure loans from co-operative banks will now be given the loans after deducting the mandatory 2% for kharif crops, 1.5% for rabi crops, 2% for foodgrains and 5% for horticulture and cotton, which is kept with banks as premium towards insurance.

Source

The PMFBY is applicable to all crops, barring sugarcane, coffee and tobacco which are considered cash crops, at varied rates of premium. With the co-operation department planning to increase its loan disbursal amount to Rs 11,600 crore to farmers, the scheme will also help keep their debt receivables in check.

Back

Survey & Report

Insurance firms should invest in insurtechs, Gartner says – The Times of India – 24th October 2016

Insurance sector CIOs need to expand their market insight concerning the innovation and disruption potential of insurance technology startups (insurtechs) to complement their digital insurance strategies, according to Gartner.

Gartner says 64% of the world's 25 largest insurance companies have already invested directly or indirectly via their venture capital arms in insurtech startups. Gartner predicts that 80% of life and property & casualty (P&C) insurers worldwide will partner with or acquire insurtechs to secure their competitive positions by the end of 2018.

Speaking at Gartner Symposium/ITxpo in Australia on Monday, Juergen Weiss, a managing vice-president at Gartner, said insurtechs can stimulate or accelerate innovation among incumbent industry players and complement existing digital insurance strategies.

"Gartner has seen a growing interest among insurance business and IT leaders in collaborating with insurtechs or making them part of their overall innovation policies, but research has found that most insurance CIOs are not familiar with these companies or their value propositions," said Weiss.

"We advise CIOs to identify areas where insurtechs could complement their digital insurance strategies, and evaluate potential collaboration or investments," he said.

Gartner defines insurtechs as technology companies (1) that are at their early stages of operation; (2) that drive specific innovation across the insurance value chain by leveraging new technologies, user interfaces, business processes or business models; and (3) that leverage different forms of funding, including, but not limited to, venture capital.

The number of technology startups in the insurance industry has more than doubled globally during the last three years, according to Gartner analysis of the sector conducted in the second quarter of 2016. Digital customer engagement, mobile insurance management and analytics are the most common technology focus areas of insurtechs.

Around 60% of insurtechs have been founded within the last three years, and two-thirds of them have their headquarters in the US EMEA is the second-most important region for insurtechs, with 27% having their headquarters there, mainly in Germany and the UK.

In Asia, countries such as Singapore and China (mainly Hong Kong and Shanghai) have begun to promote the development of a local insurtech ecosystem. Digitalization is one of the top priorities for insurance CIOs, according to Gartner surveys. However, the vast majority of insurance CIOs are still struggling to progress their digital strategies.

Gartner's research indicates that only 12% of insurance business and IT leaders consider their organisations to be digitally progressive, while the majority believe that their organisations are digital beginners or intermediate, at best. Reasons for this include a lack of agility caused by legacy IT systems, flat IT budgets and a lack of the right skills or the delivery models to support innovative business models.

"Collaborating with insurtechs, or at least evaluating them, could therefore provide a number of potential benefits for insurers," said Weiss.

According to Gartner, insurers have six main options to capitalise on the opportunities that insurtechs provide:

1. Partner (for example, Axa partnering with BlaBlaCar for carsharing).
2. Acquire, that is, purchase the intellectual assets and hire all resources of an insurtech.
3. Purchase (like one would buy technology from an incumbent vendor such as SAP).
4. Invest (obtain a minority or majority share, either directly or indirectly, via a VC arm, such as Allianz's investment in Simplesurance).
5. Incubate (for example, let insurtechs compete to get into a startup accelerator; mentor them; and give them a space to work and exchange ideas).
6. Insure the operations or assets of insurtechs.

Insurance CIOs who are planning to partner with insurtechs also need to be aware of the risks.

Source

"Not all of them will survive," said Weiss. "Insurance CIOs will need to develop a fail-fast approach and an exit plan that secures intellectual property and critical resources," he added.

Back

IRDAI Circular

Source

IRDAI issued circular regarding products for sale through Micro Insurance Agents to all CEOs of General Insurers.

Source

IRDAI issued circular regarding submission of returns for Non-Life (Reinsurance) through Business Analytics Project (BAP) to all CEOs/CMDs of General Insurance Companies/ Standalone Health Insurance companies / GIC Re

Back

Global News

China: Insurance intermediary segment to see high growth – Asia Insurance Review

Insurance intermediaries will remain an important distribution channel for insurers, with their business forecast to enjoy high growth rates for at least the next five years, according to Mr Jiang Ming, Chairman and CEO of Datong Insurance Services, China's largest and first nationwide professional insurance sales and service provider.

Speaking at an insurance forum earlier this week, he said that professional insurance intermediaries serve as information channels, conveying customer needs to insurance companies and acting as a window through which insurers can observe the whole market and obtain information from multiple sources.

He said that several changes in the insurance market are benefitting insurance intermediaries, such as the introduction of high-end pension products and critical illness insurance as well as the reform of commercial auto insurance pricing, reported the local media.

He also said that with the insurance regulator CIRC cracking down on malpractices in the intermediary segment, the market has been transformed from what was "small, fragmented, messy, lacking" to a professionalised sector.

Since 2012, CIRC has implemented several measures to tighten licensing of insurance intermediaries. The measures included increasing capital requirements to raise the entry barrier to the segment. One of CIRC's recent measures is to ask would-be investors in an insurance intermediary to deposit with a bank the capital that they wish to invest, before CIRC grants approval for a licence.

This is expected to force consolidation in the market, in which hundreds of intermediaries operate. Smaller firms are expected to merge; but larger firms are not expected to accept the smaller firms which would lead the latter to pull down shutters. At present, the 20-30 biggest insurance intermediaries command a market share of 70-80%, according to industry sources.

Source

Another development which has affected the intermediary market is that several insurance companies have set up direct channels or their own sales companies.

Back

China: Critical illness insurance faces profitability challenge – Asia Insurance Review

China's critical illness insurance system has run smoothly since its launch last year, and the central government plans to further promote it, despite the challenges, Mr Huang Hong, CIRC Vice Chairman, has said.

Speaking at a news conference last week in Beijing, Mr Huang said that most medical insurance companies make meagre profits, but some of them are operating at a deficit, reported China Daily. "Some insurance companies are too confident about their own ability and underestimate the complexity of the critical illness insurance system," he added.

Mr Huang said there are improvements to be made to the critical illness insurance system. For example, local governments should reform payment methods as well as control medical costs which are rising because of excessive treatment. For the first nine months of this year, critical illness insurance payouts averaged CNY7,138 (US$1,060) per patient, with the highest payout totaling about CNY1.12 million yuan.

Insurance players say that there are hurdles to the development of critical illness cover. One hurdle is that such insurance plans are now managed at different levels including the county level. One third to nearly 50% of critical illness plans are coordinated at the county level, thus lacking critical mass.

The number of Chinese who currently have critical illness insurance is around 1 billion. 16 insurance companies operate 605 insurance plans across China.

Mr Huang said that in 2015, premiums received for critical illness insurance stood at CNY25.9 billion. Claims payout torallled CNY24.7 billion, representing 95% of premiums.

Source

"Many people can now receive medical treatment that they could not afford before," Mr Huang said of the critical illness insurance scheme. The country's government-run basic medical insurance scheme, which has been operating since the late 1990s, is inadequate to cover critical illnesses.

Back

Australia: Govt highlights importance of travel insurance – Asia Insurance Review

Eight percent of Australian adults travelled without travel insurance on their last overseas trip in the past year, according to a survey commissioned by the Australian government and the Insurance Council of Australia (ICA) - that is 850,000 visits by Australians overseas without insurance.

Only 42% were properly covered by travel insurance, and did not have undeclared medical issues and did not engage in uninsured risky behaviour.

The data led Australian Minister for Foreign Affairs Julie Bishop to advise the Australian public that they should not be travelling if they do not have travel insurance.

The top findings of the Australian Travel Insurance Behaviour survey, commissioned by the Department of Foreign Affairs and Trade (DFAT) and ICA, include:

- 50% of insured travellers engaged in risky behaviour on their last overseas trip. Males are more likely to engage in risky behaviour than females (55% versus 46%). The most common insurable risky activities are water sports, playing sport, riding a motorcycle or moped, and adventure sports.

- Lack of knowledge of what travellers are covered for is widespread. 27% were not covered or were not sure they were covered for medical expenses. At least 40% were not covered or were not sure they were covered for flight cancellations, loss of passports or theft of valuables. Two-thirds (65%) were not covered or were not sure they were covered for natural disasters.
- A quarter (24%) of all travellers experienced a loss on their most recent overseas trip that would be covered by most travel insurance policies. 54% of those policyholders made a claim, of which 82% were fully or partly paid. Three quarters (72%) of uninsured travellers acknowledge that they are exposed to significant or devastating debt.

The online survey also found many travellers wrongly believed the Australian government would pay their medical bills or medical evacuation costs if required.

DFAT says Australians should be fully prepared for overseas travel and take responsibility for individual travel decisions. This includes obtaining comprehensive insurance, being aware of insurance policy conditions and getting advice on destinations, including the laws of those countries.

The survey of over 1,000 Australians who had travelled overseas in the last 12 months, was conducted in April 2016. The aim of the study is to better understand consumer attitudes around travel insurance and non-insurance, with specific focus on how promoting better understanding of insurance can reduce the risk of exposure to financial loss.

Source