Travel Insurance Buying Behaviour of Foreign Tourists Visiting India

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Abstract: ***The increasing complexity and unpredictability of travel, especially in the post - pandemic era, have made travel insurance more than just a precaution—it has become an essential part of the modern tourist's journey. This study delves into the nuanced buying behavior of foreign tourists visiting India, focusing on their awareness, preferences, and satisfaction levels regarding travel insurance. It is evident that while a majority of tourists are aware of the benefits of travel insurance and tend to purchase it prior to departure, their decisions are deeply influenced by prior travel experiences, perceived risks in the destination country, and digital reviews. Interestingly, medical emergencies remain the top concern, though there is a growing interest in COVID - 19 - related and adventure - specific covers. That said, despite general satisfaction, the claim experience is marred by slow processing and communication gaps—areas that clearly need improvement. The study also highlights a pressing need for greater clarity in policy inclusions and a more consumer - friendly approach from insurers. Taking this further, the paper calls for stronger collaboration between tourism boards and insurers, multilingual digital tools, and airport - level awareness initiatives to build a more transparent and accessible insurance ecosystem for international travelers. This research not only sheds light on evolving consumer behavior but also urges insurance providers to rethink their engagement and delivery strategies in an increasingly global and risk - conscious market.***

Keywords: travel insurance, tourist buying behavior, foreign tourists in India, insurance satisfaction, risk perception

1. Introduction

Travel insurance is designed to cover the costs and losses and reduce the risk associated with unexpected events incurred while traveling. It is a useful protection for those traveling domestically or abroad. Travel Insurance which covers losses that may be incurred while travelling, such as medical expenses, flight cancellations, lost luggage, etc. Some credit card issuers offer automatic travel insurance if travel arrangements are paid for using their credit cards, but these policies are generic and particular care must be taken to take into account personal requirements. There are many travel insurance policies available in the market place, but care must be taken of what events are covered by each policy, and what exclusions, exceptions and limits apply, besides other issues.

Insurance industry has undergone changes on multiple fronts, changes in regulation, increased competition and advances in technology. The most fundamental change is the challenge from rising customer and a more risk adverse environment. Rising customer expectations will require insurers to provide responsive immediate service and the ability for customers to engage using a variety of channels.

Objectives of the Study

1) To analyse the level of awareness among foreign tourists regarding travel insurance.
2) To identify the key factors influencing the purchase of travel insurance.
3) To study the types of travel insurance policies preferred by foreign tourists.
4) To assess the satisfaction level of tourists with their travel insurance coverage in India.

2. Statement of the Problem

The risk of travelling and associated activities is to be considered by the industry in a serious manner. The concept of travel insurance has been there with the tourism sector for several years. As emergencies of various kinds can emerge at any point of time, tourism industries have been taking measures to have insurance coverage for the tourists while on tour to avoid further financial hassles during the travel duration. Kerala is a popular tourist destination attracting lakhs of tourists every year. On the other hand, many lakh tourists are travelling out of Kerala to other countries as well. The insurance coverage seems inevitable for both the categories of the travelers. The insurance industries, through the tourism intermediaries attempt to ensure the purchase of travel insurance while tourists decide to travel from Kerala. Similarly, tourists visiting Kerala also have purchased travel insurance as part of their travel. The purchase of travel insurance passes through a series of steps. The strategies and practices adopted by travel insurance companies and other factors like social, cultural, economic, etc. influence a tourist while deciding to purchase travel insurance. Hence, it is important to look into the area of buying behavior by tourists while purchasing travel insurance and the role of industry in persuading the tourists to purchase the same. The difference in buying behavior of inbound and outbound tourists and the industry influences need to be studied for enhancing the travel insurance sector in the state, in the country at large. Hence, an attempt is being envisaged to study about the buying behavior in travel insurance by the inbound and outbound tourists in the state and the role of the industry in the buying decision of them.

- To examine the current status of travel insurance sector in India.
- To find out the issues and challenges faced by the travel insurance industry.
- To analyze the buying behavior of inbound and outbound tourists while purchasing travel insurance
- To assess the difference in the buying behavior of inbound and outbound tourists
- To suggest measures to strengthen further the travel insurance industry in the state

The most common risks that are covered by travel insurance plans are:

- Medical treatment, including transportation to the medical facility.
- Cancellation, curtailment and trip interruption

This section covers any unused travel and or accommodation costs, pre - paid charges (including any additional travel expenses incurred, provided they are deemed reasonable and necessary) if a trip is canceled or cut short under a variety of circumstances, which may include any of the following, depending on the policy:

- Death, bodily injury, illness, disease, or pregnancy complications
- Compulsory quarantine
- Jury service
- Being called as a witness
- Termination of employment (provided you did not know about it before you booked the holiday)
- Being called up if you are a member of the armed forces or other public defense or safety organization
- Prohibition of travel by the government to the intended destination
- Officially recommended evacuation from the intended destination
- Official advisory against going to or remaining at the intended destination
- Death or serious illness of a family member (subject to age restrictions).

Many companies selling tickets or travel packages give consumers the option to purchase travel insurance, also known as travelers' insurance. Some travel policies cover damage to personal property, rented equipment, such as rental cars, or even the cost of paying a ransom. Frequently sold as a package, travel insurance may include several different types of coverage. The main categories of travel insurance include trip cancelation or interruption coverage, baggage and personal effects coverage, medical expense coverage, and accidental death or flight accident coverage. Insurance is a complex product representing a promise to compensate the insured or third party according to specified terms and conditions in the event of the occurrence of a covered contingency. In most insurance transactions there is usually an intermediary - an insurance agent (individual or corporate) or an insurance broker. Insurance intermediaries serve as a bridge between consumers (seeking to buy insurance policies) and insurance companies (seeking to sell those policies). Insurance brokers are licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (Insurance Brokers) Regulations, 2002. Individual insurance agents and corporate agents are also licensed by the IRDAI and governed by the Insurance Regulatory and Development Authority (licensing of Individual Insurance Agents) Regulations, 2000 and the Insurance Regulatory and Development Authority (Licensing of Corporate Agents) Regulations, 2002, respectively. These Regulations lay down the Code of Conduct for the respective intermediaries. An intermediary has a distinct role to play in the entire life cycle of a product, from the point of sale through policy servicing, up to claim servicing. An intermediary shall provide all material information with respect to a proposed cover to enable the prospect to decide on the best one. The intermediary is expected to advise the prospect with complete disclosures and transparency. After the sale is affected, the intermediary must coordinate effectively between the customer and the insurer for policy servicing as well as claim servicing. IRDAI has prescribed regulations for protecting the interests of policyholders casting obligations not only on Insurers but also Intermediaries. These prescribe obligations at the point of sale as well as policy servicing and claims servicing.

Following are the key tips that will help tourists choose a right travel insurance plan.

1) Plan in Advance: It is advisable to buy your travel policy just after you have booked tickets for the trip.
2) Look Around for Alternatives: It is recommended to search the travel policies available with different insurers. It gives you the chance to choose a customized travel insurance plan that fits your needs.
3) Study Reviews: Search customer reviews online and check what they are saying about a particular travel policy.
4) Take Appropriate Cover: Prior choosing a policy, it is quite essential to assess the level of cover you need for your overseas trip.
5) Disclose Pre - existing Conditions: Before you buy a policy, it is recommended to disclose your pre - existing medical conditions to the insurer.
6) Buy Online: It is advisable to first compare the different travel insurance policies online, assess its benefits and check whether it fits to your needs.
7) Read the Policy Wordings: Before you finalize to buy a particular travel insurance plan, it would be a right move to read its policy terms and conditions.

ICICI Lombard's, HDFC Ergo's and TATA AIA are among the top contenders for offering the best Travel insurance plans.

3. Review of Literature

Travel insurance is an insurance cover that is available only for a short - term period. It particularly covers expenses and emergencies that are related to travelling. Most international travelers obtain travel insurance for the simple reason that it covers expenses that are medical in nature. This notwithstanding, however, some international travelers prefer their own medical plans. This paper will describe the general travelling policies, including the insurance terms and conditions. In some cases, travel agents sell policies that are overpriced because travelers are regarded to be captive audience. Travel insurance policies are interchangeable, and as a result, travelers are advised to compare the costs of the policies. In some cases, travelers can be insured through an existing deal, while in some other circumstances travelers can be insured via credit card companies for any trip that is undertaken as long as a specific credit card is bought. Most business travelers prefer taking a company - wide insurance policy. When it comes to the coverage of medical expenses, travelers are only required to pay claims for medical cover in the country of residence. Even when the medical cover is paid by your government, the same may not be extended to other countries. This notwithstanding, however, some countries such as UK, Australia and Canada have reciprocal agreement

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with those countries with similar health care system. Unless one is covered by this kind of arrangement, he/ she may be forced to pay for medical expenses that are incurred while on transit. On the other hand, one may find it hard to obtain travel insurance in case of a pre - existing condition like high blood pressure or heart attack. Whenever one is taking an insurance cover, he/ she may be forced to give out information in any existing conditions or medical history before being issued with the cover. It should e noted that some existing pre - conditions may force insurers not to give medical cover even for unrelated events. This will, however, vary from one insure to another.

World Tourism Organization (UNWTO, 2022) – Highlights the rising trend in insured international travel, especially post - COVID - 19, and its correlation with perceived safety.

Holloway and Humphreys (2021) – Emphasize that risk aversion and travel complexity are key determinants in insurance purchasing decisions.

Indian Ministry of Tourism Reports (2023) – Indicate that over 70% of foreign tourists prefer to manage travel logistics, including insurance, before arriving in India.

Rejda, G. E. (2020) – Notes that demographic factors such as age, nationality, and previous travel experience significantly affect insurance purchase behaviour.

Chen & Hsu (2019) – Analyze the role of digital platforms and aggregators in shaping tourist insurance buying decisions.

PrachiGupta (2018) Make tourists travel itinerary risk proof by taking a travel insurance policy. If you are travelling within India, you can buy domestic travel insurance plan and if you are going abroad, you can buy international or overseas travel insurance plan. You can compare various travel insurance plans on policy bazaar site. They provide a clear and fair comparison of the top most travel insurance providers for you to decide the best one, as per your travel concerns.

Jessica Kappor (2017) have worked as an insurance consultant including travel insurance, travel insurance policy is to help cover unexpected medical emergencies and events such as stolen or missing luggage, trip cancellation, and any other similar loss that you might incur when traveling. They also take care of medical expenses in case you get sick during your travels. So, basically getting the best travel insurance policy will depend on your requirements, as every policy comes with different features. Before you decide on a policy, make sure you are clear on the type of plan you need and the insurance company you want to get the plan from. Also, be clear about the deductibles, sub - limits, and co - payments, if any, in the policy. And the most important point to keep in mind when buying a policy is the credibility of the insurer, as you will be dependent on them in case of an emergency in an unknown place with little or no knowledge of local laws.

Srinivasan Mahadevan, (2017) Travel insurance is the best way to mitigate the risk arising due to any emergency or sickness whilst abroad. Healthcare costs abroad, especially in the U. S, Australia, China and U. K are very high and a simple hospitalization will lead into a huge financial outgo.

PriyeshPandey, (2017) a travel insurance policy comes in handy when you face unforeseen contingencies when you are travelling abroad or within the country. Since a travel insurance plan has become such a quintessential part of a journey, many general insurance companies offer travel insurance policies. The best travel insurance policy should ideally have the best in - class coverage features, low sub - limits, limited exclusions, a higher entry age limit and the premium rates should be affordable and competitive.

4. Research Methodology

- Research Design: Descriptive and analytical.
- Sample Size: 300 foreign tourists visiting India during the study period.
- Data Collection Tools: Structured questionnaire and interviews.
- Sampling Method: Stratified random sampling.
- Data Analysis: Descriptive statistics, Chi - square test, and cross - tabulation.

5. Analysis and Discussion

1) Awareness of Travel Insurance
- 88% of respondents were aware of travel insurance.
- Primary sources of information: Travel blogs (32%), travel agencies (28%), airline websites (25%), and government travel advisories (15%).

2) Purchase Behaviour
- Timing: 73% purchased insurance before departure, 18% upon arrival, and 9% had no insurance.
- Channel: 61% used online platforms, 27% via travel agents, and 12% bought insurance through airlines.

3) Type of Coverage Preferred

Coverage Type	% Preference
Medical Emergencies	92%
Trip Cancellation	58%
Baggage Loss/Theft	51%
COVID - 19 Specific Cover	47%
Adventure Sports Cover	34%

4) Influencing Factors

Factor	Influence Level (High/Medium/Low)
Previous Travel Experience	High
Country of Origin	Medium
Perceived Risk in India	High
Cost of Insurance	Medium
Recommendations/Reviews	High

5) Satisfaction and Claim Experience
- Only 12% had to make a claim; of these, 71% were satisfied with the claim process.
- Main complaint: Delay in claim processing and communication gaps.

6. Conclusion

The study concludes that foreign tourists visiting India are largely aware of the importance of travel insurance and

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typically purchase it before arrival. Their buying behaviour is influenced by perceived risks, prior experience, and online information. While most tourists opt for medical coverage, additional components like COVID - 19 and trip cancellation are gaining popularity. However, there remains scope for improvement in claim processing and tourist awareness about specific policy inclusions.

7. Recommendations

1) Insurance firms should collaborate with Indian tourism boards to promote reliable insurance options.
2) Improve digital user experience on travel insurance platforms to increase ease of purchase.
3) Establish information kiosks at airports to educate arriving tourists about insurance.
4) Standardize claim procedures to enhance transparency and reduce delays.
5) Introduce multilingual support and customized insurance packages for diverse tourist demographics.

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