

Family Finance

Travel insurance, a powerful tool of risk coverage

Rakesh Jain

As the world becomes more connected, travel has become an indispensable part of academic, business, and personal life. With over 5 crore travellers, India's outbound travel market is expected to cross over Rs 28,000 crore by the year 2020.

The increase in travel also increases people's exposure to travel related contingencies, such as lost passport, delayed or missed flights, missing luggage, cancelled trip, and medical emergencies while away from home. Each of these, when not properly insured, can burn a hole in the traveller's pocket, anywhere from a few thousand to a few lakh rupees.

Travel insurance helps individuals keep a peaceful mind and seek proper assistance in case of an emergency. Lately, insurance companies have expanded beyond medical and non-medical personal contingencies, to also cover emergency evacuations, natural calamities, and terrorist activities, among other unforeseeable emergencies.

They have also started offering 24x7 assistance worldwide, and medical concierge services. Creating a financial cushion for all that could go wrong on a trip, travel insurance is essential to a traveller's checklist.

Studies show that 90% millennials know about travel insurance. But, only 40% buy it. The belief that the odds of actually having to use travel insurance are too small to justify the added expenditure is a possible reason for this disparity. Statistics, however, reflect a different reality.

Covering lost luggage

Worldwide over 2.16 crore bags were lost or temporarily misplaced by airlines in the year 2016 alone. Within India, 7 out of 1,000 passengers had their luggage misplaced during air travel, in the year 2014. Loss of baggage during travel can mean unwanted additional expenses in the purchase of essentials, clothing, medication, and more.

Flight delays and cancellations are another common occurrence that can cause trouble for travellers. Globally, airlines reported an on-time arrival rate of only 82.6% in February and 76% in January last year, meaning 17.4% flights in February and 24% flights in January were either



delayed or cancelled. Flight delays and cancellations can lead to missing connecting flights or tour departures. They can also mean last minute expenses in accommodation and meals.

Popular travel insurance plans can cover almost all these losses by offering as much as Rs 77,000 for lost baggage, and Rs 1.12 lakh for delayed or cancelled flights.

Comprehensive coverage for medical contingencies

People with health insurance tend to often believe that they do not need travel insurance, and that their health insurance will cover any medical expenses while on travel. However, health insurance usually covers medical expenses only domestically, unless explicitly stated otherwise.

Paying for medical care overseas can be expensive, costing an average of Rs 20,000 to Rs 40,000 a night in countries such as Singapore, Hong Kong, USA, Canada, and parts of Europe. Emergency surgeries and diagnostic processes can also amount to lakhs in medical bills, entirely uncovered by health insurance.

Travel insurance, however, can help cover all medical expenses during trips. Popular travel insurance policies offer medical benefits ranging from Rs 69 lakh to Rs 1.38 crore. They also offer accidental and dental coverage ranging from Rs 7 lakh to Rs 17 lakh. It is because of the medical cover offered by travel insurance that a recent traveller to Egypt who suffered a spinal fracture could undergo treatments nearly amounting to Rs 35 lakh, without a financial hassle.

Travel insurance can not only offer comprehensive medical coverage but

also offer access to an extensive network of worldwide health care providers, and around-the-clock multi-lingual travel assistance. Going beyond covering the costs of medical treatment, the covers extend to arranging emergency medical evacuations, and safe transportation to medical facilities or back to the home country.

Effective tool of risk mitigation for new age travellers

To cater to the emerging needs of new age travellers, insurance providers are starting to also cover contingencies such as political risk and catastrophe evacuation, emergency hotel extension, compassionate visit of family members in case of medical emergency, and the return of children in case the adult is unable to travel due to medical reasons.

Other value-added services can include medical concierge, automotive assistance, and lifestyle services for dependents at home. Offering customisable plans that can be adjusted as per the travellers needs and convenience, providers are making travel insurance a cost-effective product. Studies have shown that 38% millennials believe there is no need for travel insurance. A significant number of travellers buy it only because it is a mandatory visa requirement for various countries, including the USA, UAE, the 26 Schengen countries in Europe. However, with extensive benefits and customisation options readily available, travellers must move beyond considering travel insurance as an unnecessary expense and recognise it as an effective tool of risk coverage and mitigation.

(The writer is ED and CEO, Reliance General Insurance)

Scheme	Category	Value Research Fund Rating	5-Year #		10-Year #		Min SIP Inv (Rs)
			Return (%)	Value (Rs lakh)	Return (%)	Value (Rs lakh)	

Top Rated Funds for First Time Investors

Aditya Birla Sun Life Equity Advantage Fund - Regular Plan	Large & MidCap	★★★★	7.18	7.18	12.55	23.04	1000
Aditya Birla Sun Life Focused Equity Fund	Large Cap	★★★★	7.68	7.28	12.71	23.23	1000
Aditya Birla Sun Life Frontline Equity Fund	Large Cap	★★★★	7.65	7.27	12.66	23.17	500
Axis Bluechip Fund	Large Cap	★★★★★	9.30	7.57	-	-	1000
Canara Robeco Emerging Equities Fund - RP	L & MidCap	★★★★★	14.16	8.54	20.83	35.93	1000
DSP Equity Opportunities Fund	L & MidCap	★★★★	8.99	7.52	13.04	23.64	500
HDFC Children's Gift Fund	Aggr Hybrid	★★★★	9.63	7.64	14.83	26.02	500
HDFC Hybrid Equity Fund	Aggr Hybrid	★★★★	4.93	6.79	9.28	19.37	500
ICICI Prudential Bluechip Fund	Large Cap	★★★★	9.40	7.59	13.46	24.18	500
ICICI Prudential Equity & Debt Fund	Aggr Hybrid	★★★★	10.15	7.73	14.22	25.19	1000
ICICI Prudential Nifty Next 50 Index Fund	Large Cap	★★★★★	9.17	7.55	-	-	1000
IDBI Nifty Junior Index Fund	Large Cap	★★★★	8.12	7.35	-	-	500
Invesco India Growth Opportunities Fund	L & MidCap	★★★★	10.17	7.74	13.35	24.04	500
Invesco India Largecap Fund	Large Cap	★★★★	7.48	7.24	-	-	500
L&T Hybrid Equity Fund	Aggr Hybrid	★★★★	8.45	7.42	-	-	500
LIC MF Large & Mid Cap Fund - Regular Plan	L & MidCap	★★★★	-	-	-	-	1000
Mirae Asset Emerging Bluechip Fund - RP	L & MidCap	★★★★★	16.82	9.11	-	-	1000
Mirae Asset Hybrid Equity Fund - RP	Aggr Hybrid	★★★★★	-	-	-	-	1000
Motilal Oswal Focused 25 Fund-Regular Plan	Large Cap	★★★★	7.00	7.15	-	-	500
Principal Emerging Bluechip Fund	L & MidCap	★★★★	13.13	8.33	-	-	500
Principal Hybrid Equity Fund	Aggr Hybrid	★★★★★	11.57	8.01	12.91	23.48	500
Reliance Equity Hybrid Fund	Aggr Hybrid	★★★★	8.26	7.38	12.57	23.06	100
Reliance Large Cap Fund	Large Cap	★★★★	9.96	7.70	13.25	23.91	100
SBI Bluechip Fund	Large Cap	★★★★★	7.49	7.24	12.58	23.08	500
SBI Equity Hybrid Fund	Aggr Hybrid	★★★★	8.95	7.51	12.74	23.27	500
Sundaram Large and Mid Cap Fund	L & MidCap	★★★★	10.64	7.83	12.19	22.60	250
Sundaram Select Focus Fund - Regular Plan	Large Cap	★★★★	7.99	7.33	9.38	19.47	250
Tata Retirement Savings Fund - Moderate Plan - Regular Plan	Aggressive Hybrid	★★★★★	11.20	7.94	-	-	150

Top Rated Funds for Tax Planning

Aditya Birla Sun Life Tax Plan	ELSS	★★★★	10.36	7.78	14.29	25.27	500
Aditya Birla Sun Life Tax Relief 96	ELSS	★★★★★	11.09	7.92	14.63	25.74	500
Axis Long Term Equity Fund	ELSS	★★★★★	10.89	7.88	-	-	500
DSP Tax Saver Fund	ELSS	★★★★	8.55	7.43	13.71	24.51	500
HDFC Long Term Advantage Fund	ELSS	★★★★	9.32	7.58	13.43	24.14	500
IDFC Tax Advantage (ELSS) Fund - RP	ELSS	★★★★	9.87	7.68	-	-	1000
Invesco India Tax Plan	ELSS	★★★★	10.35	7.77	14.95	26.18	500
L&T Tax Advantage Fund	ELSS	★★★★	10.35	7.77	13.72	24.52	500
Motilal Oswal Long Term Equity Fund - RP	ELSS	★★★★★	-	-	-	-	500
Principal Tax Savings Fund	ELSS	★★★★	10.07	7.72	13.79	24.61	500
Tata India Tax Savings Fund	ELSS	★★★★	9.52	7.62	13.84	24.68	150

Worth of Rs 10k monthly SIP

SIP Value as on October 26, 2018, Ratings as on September 30, 2018
Source: ValueResearchOnline.com