

Problems and perspective of developing insurance in the international tourism business

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Abstract. An increasing number of tourists face risks and unforeseen situations while travelling: the limited availability of insurance products, deficiencies in risk coverage, and the failure to meet individual needs make relevant the issue of insurance in the international tourism business. The purpose of the article was to analyse current problems in the field of insurance at the international level and to highlight possible ways to solve them, as well as to determine the prospects for the development of this segment aimed at ensuring maximum safety and convenience for tourists. The article examines the state and prospects for the development of the international market of travel insurance services. With the application of the analysis method, a thorough review of the shortcomings in the activities of insurance companies was carried out, which made it possible to clearly determine the level of importance and provide practical recommendations for their solution. The abstract-logical method was applied to make conclusions based on the study of policyholders' behaviour, their tendency to risk, and the choice of insurance products. The increase in the volume of tourist trips in the world is accompanied by the increase in appropriate insurance. It causes insurance companies and tour operators a number of problems, such as insufficient adaptation of insurance products to the needs and risks of tourists, limited geographical coverage, and complex registration and compensation procedures. However, there are also prospects for the development: new technologies, such as artificial intelligence and blockchain, which can contribute to the automation and facilitation of insurance processes. Expanding geographic coverage and adapting insurance products to the specific needs of tourists can also ensure the growth of the insurance market in international tourism. The practical value of the conducted research is determined by the development of recommendations for international insurance companies aimed at overcoming problems and reducing risks in the field of travel insurance, both for representatives of the insurance business and for travellers

Keywords: insurance case; tourist activity; market of insurance services; insurance activity; international insurance companies

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● INTRODUCTION

The increase in tourism flows around the world results in a number of challenges and problems, among which the issue of safety and insurance for travellers is of particular importance, necessitating the issue of solving problems

and developing travel insurance. The changes in the world are accompanied by the changes in travel requirements and travel conditions. Political and military conflicts, natural disasters, pandemics affect the safety of tourists

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during travel and insurance is becoming an important tool for minimising risks. The growth of the international tourism market leads to an increase in the need for insurance to protect both the tourist himself and tour operators and other participants in the tourism business. The emergence of new forms of tourism, such as medical tourism, “dark”, military, extreme tourism, etc., challenges the insurance system. These forms of tourism may require a specific type of insurance. The development of technologies allows insurance companies to offer new, more efficient and affordable insurance products for tourists. Technologies can also help manage risks while travelling.

Tourism is becoming more and more popular and affordable to a wide range of people, and as O. Kirdan (2023) points out that this leads to an increase in the volume of tourist trips both within the home country and abroad. Such growth in tourism activity provides for protecting and ensuring the safety of tourists during their travels. With this growth in tourism activity, the need to protect and ensure the safety of tourists during their travels arises. Researcher I.V. Kravets *et al.* (2020) believe that the successful functioning of the tourism industry is largely determined by the efficient use of insurance protection mechanisms for consumers of tourist services and subjects of tourism activities, as the risk of undesirable events and their negative consequences in the tourism business is particularly high. In this context, insurance in the international tourism business gains special importance. The introduction of insurance policies for tourists provides for financial protection in case of unforeseen circumstances, such as medical and transport accidents, luggage loss, as well as cancellation or change of travel route. The pandemic has significantly affected the tourism industry and emphasised the importance of insurance protection in case of unforeseen circumstances, as noted by S.T. Lim *et al.* (2023).

Scientists O. Gatalyak & V. Stetskyi (2020) interpret the essence of insurance as a relationship of protecting the property interests of individuals and legal entities in case of unforeseen circumstances at the expense of the funds from the insurance premiums they pay. As O. Dadak *et al.* (2019) point out, the field of insurance contributes both to the improvement of the quality of tourist services and a favourable atmosphere during the trip. In their paper, L.A. Chvertko *et al.* (2020) defined the essence, types, and importance of insurance to provide insurance protection to the participants of the tourism market. Scientists H. Naseeb & A. Metwally (2022) defined the types of tourist insurance and the main risks covered by them. Insurance issues in the modern international tourism business are relevant and provide for the detailed research. However, it is worth mentioning that currently existing travel insurance products often have limitations and shortcomings that do not always meet the real needs of travellers. This brings about new challenges and prospects for the development of insurance in the international tourism business, as H. Mykhailichenko & A. Klimova (2020) put it in their paper. In particular, in the future it is possible to improve insurance products for tourists, taking into account their individual needs and wishes. It is also possible to expand the geographical coverage of insurance services, as well as the introduction of new technologies, such as instant applications for insurance policies through mobile applications and Internet

platforms. The development of new technologies allows insurance companies to respond more quickly to the needs of tourists and develop more flexible and effective insurance products. T.-W. Yu & T.-J. Chen (2018) focused on the development opportunities of the insurance industry in international tourism and the potential prospects for insurance companies. The article examines the prospects for the development of insurance in the international tourism business and highlights the possible areas of improvement and expansion of insurance services for tourists in order to ensure their safety and comfort during travel.

For the stable development of the tourism industry and travellers' safety, it is necessary to consider the problem and prospects of insurance development in the international tourism business at the current stage. Growing volumes of tourism flows and risks associated with international travel provide for a comprehensive approach to ensuring the safety and protection of tourists' interests. It is also necessary to consider recommendations for representatives of the insurance business on improving tourism insurance services in the face of global challenges. The purpose of the study was to conduct a thorough analysis of existing problems in the field of international travel insurance and the identification of ways to solve them. This will make it possible to understand the difficulties faced by participants in insurance relations, as well as to find optimal strategies for improving this industry.

● MATERIALS AND METHODS

Methods of analysis and synthesis were applied in the research to identify the main problems faced by insurance companies in the field of tourism, as well as to highlight key aspects of the development of this market as a whole. The comparison method was used to compare indicators for several previous years in order to obtain statistical data for the current moment, as well as to track the dynamics of processes in such a key indicator of the development of the international market of insurance services as the number of business entities depending on the type of economic activity. Methods of statistical analysis and synthesis were used. On the basis of the collected information, forecasts were developed regarding the future development of the insurance market in international tourism, and key directions of its transformation were identified. The literature review on the research topic was carried out by analysing scientific articles from economic, tourism, and insurance journals available in databases such as PubMed, JSTOR, EBSCO, and Google Scholar. A qualitative analysis of insurance problems in international tourism and possible ways to solve them was conducted.

The peculiarities of insurance companies' activities operating on the international market have been analysed within the theoretical research. The method of data analysis made it possible to carry out detailed research of the problems of insurance companies providing services to travellers, in order to realise their importance and practical application of the received recommendations. The abstract-logical method was applied to form conclusions and recommendations for improving the activities of international insurance companies offering services in the field of tourism, such as optimising insurance products, expanding the range of insurance services, and introducing

new technologies to improve customer service. The graphic method was used to analyse the dynamics of the travel insurance market volume. The use of the generalisation method made it possible to systematise and summarise possible ways of solving the problems of insurance development in international tourism.

On the basis of the data obtained during the study of the international insurance business (using the example of the USA, India, and Germany), the main problems of companies operating in this area were determined. Some insurance companies do not use effective marketing and sales strategies to promote their travel insurance products and do not inform potential customers about their services. A number of tourists face poor customer service when buying travel insurance, which can lead to negative experience and customer loss. A significant number of tourists consider insurance to be a significant expense, which affects their decision to purchase an insurance policy; therefore, the present article provides recommendations for reducing insurance costs using the abstract-logical method. Limited access to insurance services for certain groups of consumers is a barrier to travel; thus, companies should provide explanations of the range of their services and insurance coverage based on the descriptive method. The present research provides a description of possible solutions to the problem of maintaining a balance between risks and rewards, which can help insurance companies ensure an appropriate level of protection and stability of their business in the field of international tourism.

● RESULTS

Travel insurance is a type of insurance that covers various risks during travel. This market covers the costs of medical services, flight cancellations, loss of luggage, and other damages that a travelling person (tourist) may incur during the trip. An insurance policy is issued to cover these risks and provides an additional level of protection against financial losses during travel. The insurance procedure is carried out in order to cover the risks of losses and provides for an additional level of protection against financial losses during the trip (Bakalo *et al.*, 2023). Insurance provides financial

protection against expenses or losses incurred due to unforeseen circumstances during domestic or international travel. As a rule, travel insurance covers the cost of lost or stolen property, emergency medical care, accidental death, trip cancellation, and interruption. The insurance is valid from the day of travel until the insured returns home. Such insurance companies as Heymondo, SafetyWing, IMG Global, Travelex, Trawick International, and American International Group (AIG) Travel Guard provide travel insurance with 24/7 emergency services, in particular, replacement of lost passports, assistance with cash transfers, and rebooking of cancelled flights. Each of them aims to cover a large part of the market, offer a wide range of insurance services, implement technological innovations, apply an individual and flexible approach to each client, provide stable and guaranteed support during travel, and offer competitive prices and favourable conditions for clients, especially for regular customers. These companies also offer customisation options depending on the geographical location and according to the requirements of the insured persons (Kravets *et al.*, 2020; Travel insurance market report..., 2024). Accordingly, the travel insurance market includes income received by entities (organisations and private entrepreneurs), providing insurance services for luggage and personal belongings against loss, life and health insurance, etc.

The travel insurance market is fragmented, many international companies are present there. Some tourism-focused countries have made travel insurance mandatory for travellers, which will lead to organic and long-term growth in the travel insurance industry. Major players include Travelex, Allianz, InsureMy Trip, Nationwide, HTH, and AIG. According to Next Move Strategy Consulting (n.d.), the revenue of the global travel insurance market in 2030 will be almost eight times larger than in 2023. In 2023, the market will be approximately 15.3 billion USD, and by 2030, the market is expected to reach approximately 108.8 billion USD (Global travel insurance market size, 2023) (Fig. 1). This is due to the prediction that vaccination, increased business travel, and the availability of online booking sites will lead to the global tourism industry recovering from the coronavirus pandemic (Onyshchenko *et al.*, 2023).

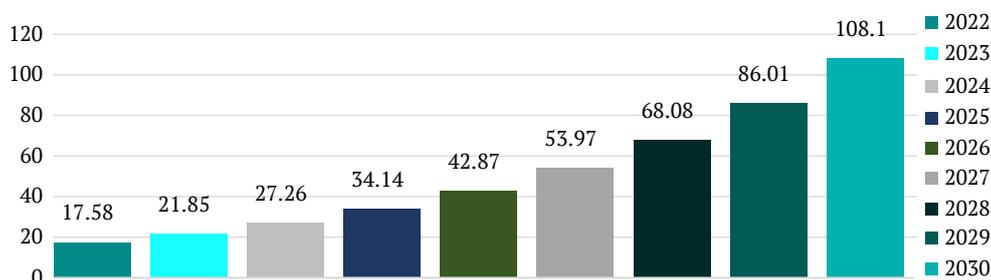


Figure 1. Dynamics of the volume of the travel insurance market from 2021-2030, billion USD

Source: compiled by the authors based on Global travel insurance market size (2023)

Europe's share became the largest in the global travel insurance market and accounted for about 34.7% and 4.6 billion in gross revenue in 2023. The volume of the European region is expected to be the largest in the future. This is largely due to the growing demand for travel and tourism in the European region. Moreover, it is expected

that rapid economic growth in the region, coupled with increasing benefits provided by travel insurance companies to frequent travellers, will contribute to market growth in the region. Mandatory European government rules and regulations compel consumers to obtain travel insurance as a mandatory service before obtaining a visa. In addition, the

growth of the tourism and travel industry has led to several consumer incidents, such as trip cancellations and medical emergencies (Global travel insurance market size, 2023).

The Asia Pacific market is expected to grow at the fastest rate between 2021 and 2030, owing to increasing demand from a growing number of organisations, promoting business travel for their employees through travel insurance programmes (Global travel insurance market size, 2023). Moreover, several countries in the Asia Pacific region, such as India, Pakistan, Bangladesh, China, etc., are witnessing rapid growth in the tourism sector, which is contributing to the growth of the regional market. In addition, growing consumer awareness about the benefits of travel insurance in the region is expected to drive market growth over the forecast period (Diakonidze, 2021).

The positive dynamics of the travel insurance market growth are stipulated by the development of the tourism and travel sector, an increase in natural disasters, an increase in the number of trips for the purpose of business tourism, caused by urbanisation, and an increase in consumer incomes. The COVID-19 pandemic, as well as restrictions and exclusions in travel insurance coverage, are among the negative factors affecting the growth of the insurance market (Lim *et al.*, 2023). In the future, the growing demand for embedded insurance services, awareness of the possible risks associated with travel, and the increase in the cost of medical care will significantly affect the market for insurance services. The consequences of the Russian-Ukrainian war and economic fluctuations are among factors that may restrain the development of the travel insurance market in the future.

The expected increase in demand for embedded insurance services in case of unforeseen circumstances during travel (illness, loss of luggage, cancellation of flights, etc.) can serve as the key driving force for the development of the travel insurance market. Embedded insurance, caused by unexpected events, refers to insurance coverage that is fully integrated into other products or services, such as travel bookings, to provide convenient and automatic protection during certain events or activities. The demand for these types of travel insurance reflects the needs and preferences of travellers, who are constantly evolving and looking for personalised and convenient options to cover certain events. For example, according to a report published by a European technology business, specialising in embedded insurance, in December 2022 embedded travel-related insurance products indicated strong consumer demand for flexible coverage caused by certain events, in particular: trip cancellation insurance for any reason (90%); baggage loss insurance (85%); flight delay insurance (84%) (Companijon, n.d.). The 25-44 age group requires embedded insurance with automated claims processing, instant payouts, and reliable service. Moreover, over 40% of consumers appreciate the chance to cancel purchases and receive an instant refund. Thus, the increase in demand for embedded insurance caused by certain events stimulates the demand for travel insurance in the future (Naseeb & Metwally, 2022). At the same time, it is worth mentioning that the Russian-Ukrainian war may be the main constraint to the development of the travel insurance market. The military actions have significantly undermined the insurance market and affected international insurance brokers, which

in turn affected the tourism and travel industry. Increased risk and uncertainty, travel recommendations and restrictions, limited coverage of war-related events, and reduced demand have contributed to negative consequences for travel insurance (Kirdan, 2023).

However, the changes caused by the above-mentioned factors in the travel insurance market contributed to its adaptation to the challenges of the external environment, in particular, the development of digitalisation and mobile integration. Major companies operating in the travel insurance market are focused on introducing and offering digital platforms and mobile applications, allowing travellers to easily purchase, manage, and access their insurance policies and enabling key players to gain a competitive advantage in the market. Digital platforms provide a smooth and user-friendly experience, allowing travellers to study coverage details, submit claims, and receive real-time assistance on their mobile devices. For example, in March 2022, the British financial company Virgin Money presented a new digital insurance offer that includes COVID-19 coverage (Naseeb & Metwally, 2022; Travel insurance market..., 2023). Travel insurance policies have an additional option, including extended cover for COVID-19 and standard cover for cases of illness before the departure and overseas. Applying digital solutions, policyholders can conveniently purchase, update, and track their claims online.

In June 2021, British insurance software company Firemelon Ltd presented Magenta Insurance System, an online platform designed to enable Spanish travel insurance company Fit 2 Trip to provide travel insurance in Spain and Italy (Travel insurance global market report, 2024). The developed platform allows Fit 2 Trip insurance company to provide insurance policies that cover current illnesses, expanding the customer base and providing access to coverage for individuals with different medical issues and circumstances. By creating these new websites, Fit 2 Trip aims to expand its travel insurance services to audiences in Spain and Italy, regardless of their medical history.

Companies in the travel insurance market are focusing on using blockchain technology to offer additional services more transparently and securely, thereby strengthening their market positions. Blockchain technology refers to a centralised, distributed, and public digital system that records information on computers in a way that cannot be changed. Blockchain ensures transparency and security of insurance operations. For example, in January 2023, German decentralised insurance platform company Etherisc GmbH launched FlightDely, which is a flight insurance product on the Gnosis Chain Mainnet blockchain platform. This innovative proposal uses blockchain technology and Chainlink data feeds to autonomously issue insurance policies and process payments of those travellers who have experienced flight delays or cancellations (Halona *et al.*, 2023).

The study examined the peculiarities of the development of the travel insurance market in such countries as Germany, the USA, and India, as these countries are both tourist-providing countries and popular destinations among travellers. The German government has approved rules and regulations requiring consumers to obtain travel insurance as a prerequisite for obtaining a visa, which is expected to boost the growth of the German travel insurance market. Due to the increase in the number of trips to

Germany, incidents such as trip cancellations, loss of luggage and important documents, medical emergencies, and others may become more frequent. To reduce these risks, consumers buy travel insurance, which is the main driving force of the European travel insurance market (Glušac, 2021; Buryak *et al.*, 2023). In contrast, insurers in the region are expected to improve existing travel insurance distribution platforms to enhance productivity using such technologies as geolocation, application programming interface (API), artificial intelligence (AI), data analytics, global positioning system (GPS), and others (Kuchai, 2021).

Americans travelling to other countries for business or pleasure. Advances in aviation technology have made air travel safer and cheaper, encouraging more US residents to spend vacation abroad and purchase travel insurance to protect their travel investment (Sarman *et al.*, 2020). Moreover, the increasing globalisation of markets and corporate supply chains has increased the demand for business travel. International travel by US residents is expected to increase during the forecast period, creating an opportunity for the industry. The travel insurance industry has a low market share. Less than one-fifth of total industry revenue is expected to come from the top four industry operators. The fragmentation of the industry is caused by numerous sales channels and niche, localised operators. AIG is a leading provider of travel insurance through its Travel Guard brand. In the United States, travel insurance is regulated at the state level, and insurers are encouraged to obtain accreditation from the National Association of Insurance Commissioners. Travel insurance companies must comply with the regulations of the jurisdiction within which they sell travel insurance (Dadak *et al.*, 2019; Kravets *et al.*, 2023).

The Indian market accounts for less than 1% of the global travel insurance market. As people are becoming more mobile, travel has become an important part of their academic, business, and personal lives (Sharma, 2022). The main goal of travel insurance is to provide travellers with a stress-free experience, minimising risks. As a result, purchasing a travel insurance policy to mitigate the risks associated with travel is always a good option. Travel insurance covers travel-related emergencies such as loss of tickets and passports, cancellation, curtailment, interruption of a trip, loss/delay of luggage, etc. (Travel insurance market..., 2023). The coverage also covers any financial loss incurred during domestic or international travel, which is expected to help the travel insurance industry flourish in India. Additionally, the increasing number of natural disasters and medical crises are among the most common problems encountered during travel, which stipulates the need for travel insurance. However, during 2022-2023, the lack of understanding of insurance plans could become a significant barrier to the growth of the Indian travel insurance market (Chvertko *et al.*, 2020).

A significant niche of the travel insurance market is made up of corporate travellers, travelling regularly. Various organisations purchase travel insurance to provide coverage for their employees travelling on business abroad. Business travel is gradually resuming around the world as people get vaccinated and government travel restrictions are eased. Corporate travellers are finding it easier to return to their regular work lives, which contributes to the market growth. According to the Global Business Travel Association,

the growth in annual travel spending slowed down in 2023 and will continue to slow down in 2024, however, it will remain higher than the historical average, with annual business travel spending exceeding 1.5 trillion USD by 2024 (Verhun *et al.*, 2022; Travel insurance market..., 2023).

Thus, it is worth mentioning that the domestic market will provide the biggest opportunities in the market for various types of travel insurance, reaching USD 11,618 million in global annual sales by 2027. Coverage opportunities will be available on the single-use travel insurance market, which will account for 12,563.1 million USD in global annual sales by 2027. The biggest opportunity of sales channels will be available on the insurance intermediary market, which will account for 9,870.7 million USD in global annual sales by 2027 (Dadak *et al.*, 2019; Bakalo *et al.*, 2023). The travel insurance coverage market will be available on the medical loss market, which will account for USD 10,006.2 million in global annual sales by 2027. The biggest opportunities on the end-user travel insurance market will be available on the family traveller market, accounting for 9,885.8 million USD in global annual sales by 2027. And the travel insurance market will see the biggest increase in the United States of America by 4,620 million USD. In order to take advantage of such promising opportunities, insurance companies, providing services in the field of tourism should focus on digitalisation and mobile integration, the application of blockchain technologies and technological platforms, and expand their activities in developing markets (Travel insurance market..., 2023). Also, it is worth paying attention to strategic partnerships and collaborations, making proposals at competitive prices, participating in exhibitions and events, using consumer-oriented advertising, growing with every year, targeting millennials and Generation Z, as well as online consumers (Ariny, 2018; Vojinović & Glavaš, 2019).

International tourism has become an integral part of the modern world. millions of people cross borders to visit new countries, learn more about other cultures, and have unforgettable experiences. Tourism both has a significant impact on the global economy and carries risks and challenges that can affect travellers. In this context, insurance plays an important role in international tourism. Figure 2 presents the main problems of insurance development in the international tourism business.

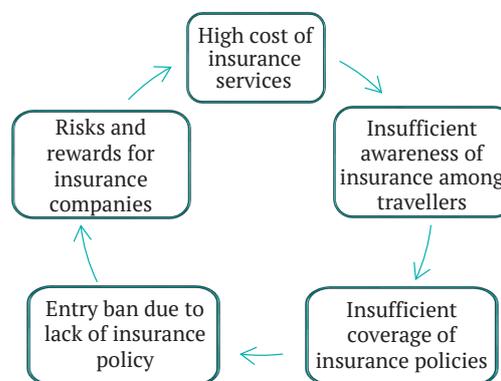


Figure 2. The main problems of insurance development in the international tourism business

Source: systemised by the authors

It is necessary to consider the main problems of the development of insurance in the international tourist business in more detail. First of all, there is an insufficient level of awareness about insurance among travellers. This problem is caused by the tourists' failure to understand the importance of travel insurance, resulting in ignoring it when planning and carrying out their trips. Unknown risks: many tourists are unaware of various risks associated with travel. They can include medical emergencies, luggage theft, natural disasters, or service complaints. Lack of understanding of possible threats can lead to tourists' failure to be prepared for them. Unforeseen circumstances: travel always comes with contingencies. Weather changes, transportation and medical problems, and flight cancellations or postponements are just a few examples of unforeseen circumstances that can cause losses or unexpected expenses. Lack of insurance awareness: a number of tourists may not be aware of how insurance can help protect them against these risks. They may not know that there are insurance policies that cover medical expenses, lost luggage, or other travel issues. Lack of awareness of insurance availability: even if tourists are aware of the importance of insurance, they may find it too difficult or expensive for them. This can lead to a refusal to take out insurance, considering it unnecessary or unattainable. Financial stress and losses: when tourists do not have adequate insurance coverage, they can find themselves in financial difficulties in case of unforeseen circumstances. Expenses for medical services abroad or recovery of lost luggage can significantly affect their finances (Bakalo *et al.*, 2023).

Solving the above-mentioned problem provides for certain actions. Effective information campaign: launching a broad information campaign on the importance of insurance and possible risks during travel for tourists. Information should be available and understandable for different groups of travellers. Including the insurance coverage in service packages: travel agencies and operators should

actively offer insurance policies as a part of packages and tours. This will help make insurance more affordable and convenient for clients. Development of instructions and advice: before going on a trip, tourists should have access to detailed instructions and advice on insurance. This will help them better understand what risks may arise and how to protect themselves. Availability and transparency of insurance costs: reduction of insurance policy costs and development of transparent pricing for insurance. More transparency can make insurance more attractive to travellers. By solving this problem, it is possible to promote the awareness and responsibility of tourists regarding insurance and provide them with better security and financial stability during their travel (Aleskerova, 2022; Salam *et al.*, 2023).

The second significant drawback is the high cost of insurance services. This problem results from tourists considering insurance as a significant expense, and it can influence their decision as far as the purchase of an insurance policy is concerned. Financial barrier: for many tourists, insurance can seem like an additional expense, increasing the overall cost of the trip. It may deter certain audiences from purchasing insurance coverage. The need to assess cost: choosing an insurance policy can be an important task as tourists must consider various aspects of the policy's coverage and cost. This can increase the time and effort required to make a decision. Expensive types of insurance: some types of insurance, such as trip cancellation insurance or life insurance, can be particularly expensive. This can affect the overall choice of insurance coverage. The choice of options and additional services: tourists may find it difficult to choose between different options and additional services, which may include the cost of an insurance policy. This can create inconvenience and lead to increased costs (Aleskerova *et al.*, 2021). Solving this problem can make insurance more affordable and attractive to tourists and provide them with the financial protection they need (Fig. 3).

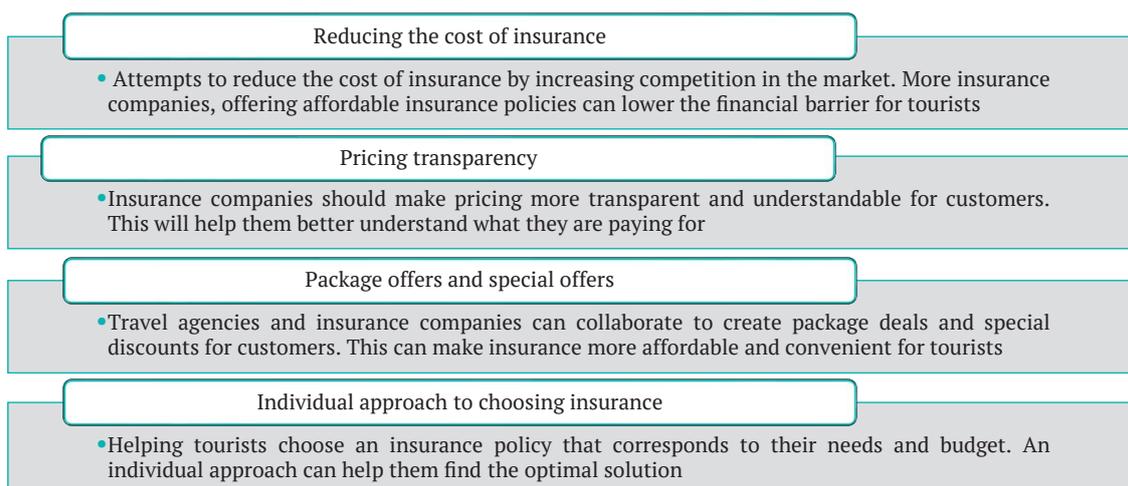


Figure 3. Recommendations on reducing the cost of insurance services in tourism

Source: systemised by the authors

The third problem that needs to be considered is the insufficient coverage of insurance policies in the field of international tourism. This problem is related to the fact

that many tourists can choose insurance policies based on their price or other factors without customising them to fit their own needs. This can lead to cases when the insurance

policy does not cover all possible risks or does not provide adequate protection (Gatalyak & Stetskyi, 2020; Onyshchenko *et al.*, 2023). Insufficient coverage of insurance policies provides for a number of circumstances. Choosing an insurance policy based on price: many tourists can choose the cheapest insurance policy without looking into the details of the coverage. This can lead to cases when certain risks are not included in the policy or the coverage is too limited. Inadequate coverage for specific needs: travellers may not be able to assess their specific needs and risks while travelling. For example, insurance, which only covers medical expenses, may not be sufficient for travellers who are planning active adventures or special events. Lack of understanding of policy terms: tourists may not read the

terms of the insurance policy carefully and may not understand what is specifically included and excluded from the coverage. This can cause negative surprises during the trip. Confusion about exclusions and limitations in travel insurance terms and conditions: some insurance policies have exclusions and limitations that may not be obvious to travellers. For example, some policies may not cover risks related to extreme sports or geographic areas. To solve the above-mentioned problem, international insurance companies providing services in the field of tourism must follow a number of recommendations (Fig. 4). It is worth mentioning that the suggested actions can make insurance more effective and provide tourists with the appropriate level of protection and peace of mind while travelling.

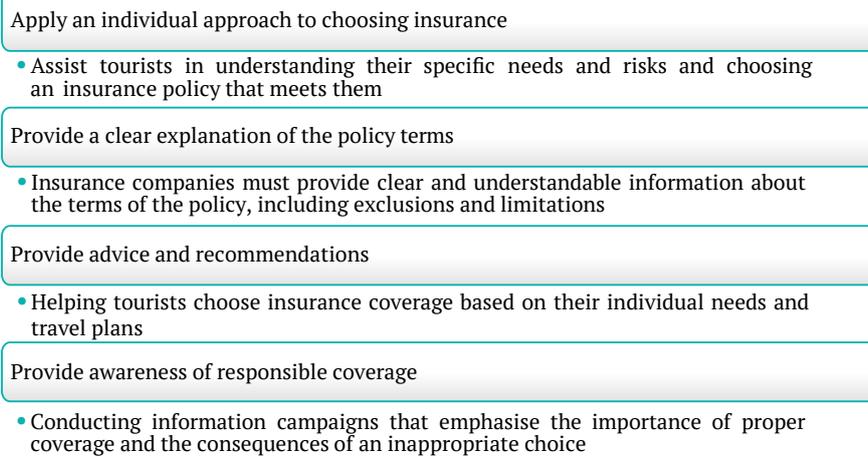


Figure 4. Recommendations to insurance companies

Source: systemised by the authors

The fourth problem, which is worth being considered, is the problem of limited access to insurance services for certain categories of tourists. Certain categories of travellers may have limited access to insurance services for various reasons, which may undermine their ability to obtain adequate travel protection (Gatalyak & Stetskyi, 2020; Halona *et al.*, 2023). Former medical problems or illnesses: a number of insurance companies may refuse to insure travellers with a record of former medical problems or chronic illnesses. This puts tourists with certain medical histories and needs at risk. Age: some insurance policies may have age restrictions, limiting older travellers' access to coverage. This can be especially problematic for retirees who want to travel. This can be especially problematic for those who are retired and want to travel. Certain types of travel: certain types of travel, such as travel to military bases or high-risk areas, may not be covered by standard insurance policies. This may deter tourists from planning such trips. Travel exceeding a certain period of time: some insurance policies may limit the length of travel. This may be unfavourable for tourists who plan to travel for a longer period. Extreme sports and dangerous activities: some insurance companies may not cover the risks associated with extreme sports or dangerous activities. This may influence those tourists who want to spend their vacation actively.

In order to expand access to insurance services for certain categories of tourists, the following measures are

necessary. Extension of coverage: insurance companies may consider extending coverage for certain categories of tourists that are normally restricted. Specialised policies: development of specialised insurance policies for certain types of travel or groups of tourists, such as pensioners or people with former medical problems. Lowering age restrictions: lowering age restrictions in insurance policies for pensioners and senior tourists, drawing attention to this problem through public awareness and support for legislation, protecting the rights of different categories of tourists. Solving this problem will allow more tourists to get the protection they need while travelling and will contribute to the expansion of access to insurance services for everybody.

The fifth problem is concerned with the difference between risks and rewards for insurance companies in international tourism. International tourism can be a big field of activity for insurance companies, carrying at the same time certain risks and challenges for these companies. Contingency risks: international tourism is connected with such risks as natural disasters, political conflicts, medical emergencies, etc. These contingencies can lead to massive losses for insurance companies. Competition in the insurance market: international tourism puts a lot of pressure on insurance companies as many players compete for consumers. It can lead to lower costs of insurance policies and lower margins for insurance companies. Low premium in the insurance market: international tourism may have a high

volume of transactions, while the premium in the insurance market may be low. It may lead to limiting the interest of insurance companies in providing services for tourists. Seasonality and variability of demand: international tourism can be seasonal, and demand for insurance services can fluctuate with peak seasons. This can complicate the planning and management of the insurance business. The

need for innovation and adaptation: international tourism is constantly changing, and insurance companies must be ready to innovate and adapt to new challenges arising in the tourism industry. In order to reduce the difference between risks and rewards for insurance companies in international tourism, insurance companies should follow the following recommendations (Fig. 5).

Thorough risk analysis	<ul style="list-style-type: none"> Insurance companies must conduct a thorough analysis of the risks associated with international tourism and develop effective strategies to manage these risks
Innovations and new products	<ul style="list-style-type: none"> Development of new insurance products and services that can meet the changing needs of tourists
Improving education and awareness	<ul style="list-style-type: none"> Informing tourists about the importance of insurance and the benefits of choosing the right coverage
Cooperation and partnerships	<ul style="list-style-type: none"> Collaboration between insurance companies and industry players such as travel agencies to create integrated solutions for tourists

Figure 5. Recommendations to reduce the difference between risks and rewards for insurance companies in international tourism

Source: systemised by the authors

Solving this problem can help insurance companies to ensure the appropriate level of protection and ensure the stability of their business in the field of international tourism. Providing insurance services connected with the planning of foreign trips by travel agencies is a significant part of the tourism sector. Travellers are increasingly required to have insurance, as it provides them with safety and comfort when travelling abroad. Travel agencies offer insurance plans that can be customised to suit each client's needs. The given recommendations can help insurance companies and tourists reduce the risks connected with travel.

● DISCUSSION

Insurance is a guarantee to cover losses caused to the property interests of the state, business entities, and population. According to African scientists F. Dayour *et al.* (2020), it largely relieves the budget from the burden of spendings on compensation for damages caused by devastating natural disasters, man-made disasters, accidents, pandemics, etc., protects entrepreneurs from property and commercial expenses, and ensures the maintenance of the standard of living of citizens. In turn, M. Stević (2023) points out that insurance is the pooling of risks of accidental losses by transferring such risks to the insurer (insurance company) that agrees to compensate the insured for such losses, provide other monetary payments in the event of losses, or provide services related to such risks. As already mentioned, insurance can be considered from several perspectives, namely economic, legal, and technical. The economic aspect is expressed by the goal that must be achieved (protection of the insured and his property), and this is observed through economic relations, established between certain individuals within the insurance activity. Namely, insurance companies, as specialised organisations, assume the risk of their clients in exchange for compensation in the form of an insurance premium. If the method of insurance is taken as a criterion, a distinction is

made between voluntary and mandatory insurance. Voluntary insurance is concluded at the free will of the contractual parties, i.e., the insured person, who is interested in the protection of his property, health, or life. On the other hand, there are mandatory types of insurance provided by law. In addition to this, the authors of the current work distinguish between travel health insurance, accident insurance, and liability insurance.

Insurance plays an important role in the development of tourist activity due to the mandatory legal norms, obliging tourism enterprises to conclude insurance contracts in certain cases. Increasing awareness of the use of insurance in tourism, as well as in other aspects of social and economic life, has contributed to the formation and conclusion of a number of various contracts on voluntary insurance by releasing tourists or service recipients from responsibility for possible losses. Since tourism is a specific activity and the probability of losses is high, whereas the chances of individuals paying are low, voluntary contracts make these segments of economic life safer. If there were no such contracts, the losses would be compensated by tourism organisations or a physical entity. The importance of this contract is taken into account in the case when tourist relations are established abroad, as tourists manage to insure themselves against the highest level of risk that may arise when receiving tourist services. By concluding specific insurance contracts, both tourists and travel service providers have the opportunity to be comprehensively insured against any risk in order to avoid or reduce harmful consequences if an insured event takes place. It is worth mentioning that the insurance contract becomes legally binding within the next 24 hours after signing the insurance policy, which is stipulated in the terms of the insurance policy, unless otherwise stipulated in the contract. As O. Kuchai (2021) indicated, if the duration of the insurance is specified in the insurance contract, the insurance relationship is terminated according to the date specified in the contract.

Insurance is an important form of protection in tourism, as it provides financial security and assistance in the event of unforeseen events during travel. Taking into account the coverage of medical expenses, compensation for the cost of cancelled flights, loss of luggage, and other risks, insurance policies enable tourists to feel more confident and protected from possible financial losses. This is especially important in a changing international environment, where the lack of insurance can lead to significant financial losses and stress, as noted by D.G.D. Arini *et al.* (2018). C. Sava & D.-M. Jordan (2019) pointed out that travel insurance is a guarantee that the insurer provides for all contingencies related to insured events. Only an insurance company with an appropriate license can act as an insurer. A travel agency insures a tourist and, in turn, concludes a contract (agency contract) with the insurer. According to the agreement, the insurer undertakes to pay insurance compensation to insured tourists against insured events; provide a tour operator with necessary insurance forms; and provide him with the necessary information about the conditions and rules of insurance, changes in tariffs, advisory services, etc.

As Y. Choe *et al.* (2022) mentioned, tourists' risk perception plays a vital role in travel decision-making and subsequent behaviour. Several studies on tourism and travel health have discovered that tourists' risk perceptions negatively affect tourism demand and the intention to visit tourist destinations. At the same time, scientists have made a considerable effort to identify and describe different types of travel-related risks, such as natural disaster risk, physical risk, psychological risk, social risk, health risk, political instability, and terrorism. Among the different perceptions of risks, safety-related risks are the strongest factors influencing destination choice as they are directly related to people's physical well-being. Similarly, the relationship between the perceived risk and industrial tourism is mediated by attitudes toward COVID-19. This means that the perceived risk will change a person's attitude towards risk, which in turn will affect their intention to engage in industrial tourism.

Like any other entrepreneurial activity, activity in the field of restaurant and hotel business is accompanied by a significant number of risks that are the object of commercial insurance. As G. Myskiv & S. Nycz-Wojtan (2022) point out, the entire set of risks of restaurant and hotel businesses can be divided into general and specific. Computer reservation systems, resulting from the computerisation and digitalisation of the service sector, create the foundation for the development of tourism. Computer reservation systems simplify tourists' access to tourist services, provide ease and simplicity in their selection and booking. The study made it possible to analyse the modern world of the travel reservation system market and determine its hierarchical structure. Insurance contracts for hotel complexes are usually of a non-standard nature and are agreed individually with each client to take into account his interests as fully as possible.

As N. Bezrukova *et al.* (2022) mentioned, digital insurance provides clients with access to a variety of insurance products and services through an electronic or online platform. These platforms use a combination of online customer service and digital algorithms to write and

price policies. The majority of insurance companies have a separate digital wing of their business for digital insurance platforms, while still following traditional practices. Digitalisation also provokes the emergence of new risks, among which insurance risks occupy a special place. As the practice suggests, those countries that actively develop and implement information and communication technologies, as well as invest in this process and all available potential of resources, are characterised by accelerated rates of economic growth.

Thus, solving insurance problems in international tourism can open up new opportunities for both insurance companies and tourists, who can travel with more confidence and peace of mind. Increasing awareness about insurance, stimulating competition in the market, and improving the quality of insurance services can improve the position of all participants in this process. In the field of international tourism, insurance services play a key role in protecting the interests of tourists and the industry as a whole. Understanding the problems and finding innovative solutions will help improve the quality of services and ensure greater safety for travel companies and tourists. Creating a more conscious approach to insurance in international tourism can change travel for the better for all participants in this process.

● CONCLUSIONS

Summarising the above, it is worth mentioning that when organising international travel, the process of providing insurance services by travel companies is an important part of the tourism industry. Insurance is a key and mandatory service for tourists, providing protection and peace of mind when travelling internationally. This applies not only to medical cases but also to other situations such as lost luggage, trip cancellations, accident insurance, etc. Travel companies offer insurance policies that can be individually tailored to the needs of each client. It is necessary to highlight the importance of insurance to the international tourism business, as well as to identify the key challenges faced by this sector. It is recommended to solve the problem of insufficient awareness of insurance among travellers by conducting an effective information campaign about the importance of insurance and the range of services. Also, insurance companies need to review the pricing policy for the services they provide by offering a wide range of insurance policies, which will maintain a quality balance between insurance premiums and coverage. To solve the problem of insufficient coverage of insurance policies, it is recommended to use an individual approach to choosing insurance for each client, taking into account his needs and clearly explaining the terms of the insurance contract.

The entry ban to some countries due to the lack of an insurance policy emphasises the importance of adequate insurance protection, in particular: expanding coverage for certain categories of tourists, offering specialised policies for certain types of trips or groups of tourists, such as retirees or people with former medical problems, and reducing age restrictions. On the other hand, insurance companies face challenges, balancing between risks and rewards, which affects the formation of insurance policies and conditions, so it is worth carefully assessing

possible risks, offering new services in accordance with the requirements of the insurance market, and establishing cooperation with partners and other insurance companies to reduce the possible costs. The study of new types of insurance, complying with modern challenges in the tourism business, is quite relevant and provides for further investigation and elaboration, which will be the goal of further scientific research.

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● CONFLICT OF INTEREST

None.

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Проблеми та перспективи розвитку страхування в міжнародному туристичному бізнесі

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Анотація. Дедалі більша кількість туристів стикається з ризиками та непередбачуваними ситуаціями під час подорожей: обмежена доступність страхових продуктів, недоліки в покритті ризиків та несформованість відповідно до індивідуальних потреб роблять питання страхування в міжнародному туристичному бізнесі актуальним. Мета статті полягала в аналізі поточних проблем у сфері страхування на міжнародному рівні та висвітленні можливих шляхів їх вирішення, а також у визначенні перспектив розвитку цього сегменту, спрямованих на забезпечення максимальної безпеки та зручності для туристів. У статті розглянуто стан та перспективи розвитку міжнародного ринку послуг туристичного страхування. Застосовуючи метод аналізу здійснено ґрунтовний розгляд недоліків у діяльності страхових компаній, що дозволило чітко визначити рівень важливості та надати практичні рекомендації щодо їх вирішення. Завдяки абстрактно-логічному методу сформовано висновки на основі дослідження поведінки страхувальників, їх схильності до ризику та вибору страхових продуктів. Зі зростанням обсягів туристичних подорожей у світі зростає і потреба у відповідному страхуванні. Це ставить перед страховими компаніями та туристичними операторами ряд проблем, таких як недостатня адаптація страхових продуктів до потреб та ризиків туристів, обмежене географічне охоплення, складні процедури оформлення та відшкодування збитків. Однак, існують і перспективи розвитку: нові технології, як штучний інтелект та блокчейн, можуть сприяти автоматизації та полегшенню процесів страхування. Розширення географічного охоплення та адаптація страхових продуктів до конкретних потреб туристів також можуть забезпечити зростання ринку страхування в міжнародному туризмі. Практична цінність проведеного дослідження полягає в розробці рекомендацій для міжнародних страхових компаній орієнтованих на подолання проблем та зниження ризиків у сфері туристичного страхування, як для представників страхового бізнесу, так і для подорожуючих.

Ключові слова: страховий випадок; туристична діяльність; ринок страхових послуг; страхова діяльність; міжнародні страхові компанії