

HOW SAFE IS SAFE? COMPARATIVE ANALYSIS OF TRAVEL INSURANCE AND PERCEPTION TO TRAVEL RISKS

Roberta Grixti

A Dissertation submitted in partial fulfilment of the requirements of
the Degree of Bachelor of Commerce (Honours) in Insurance and
Finance Studies at the University of Malta.

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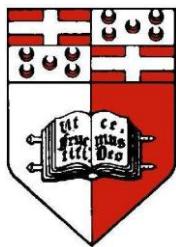


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UNIVERSITY OF MALTA

FACULTY OF ECONOMICS, FINANCE AND ACCOUNTANCY

DECLARATION

Student I.D. / Code: **8992m**

Student's Name & Surname: **Roberta Grixti**

Course: **Bachelor of Commerce (Honours) in Insurance**

Title of Dissertation: **How Safe is Safe? Comparative Analysis of Travel**

Insurance and Perception to Travel Risks

I hereby declare that I am the legitimate author of this dissertation and that it is my original work. No portion of this work has been submitted in support of an application for another degree or qualification of this or any other university or institution of learning.

Signature of Student

Name of Student (in Caps)

Date

ABSTRACT

This research study relates to the comparative analysis of travelling risks and the risk perception of travellers. Therefore a qualitative approach was chosen as beliefs, perception and attitudes cannot be quantified. The aim of this study is to explore consumers' attitudes towards travelling risks and the purchasing of travel insurance in context of the local travel insurance market's business approach. Thus this study aims to provide a better understanding as to why individuals choose to purchase travel insurance when going abroad and the perception of travel risks involved whilst persons are travelling.

This study made use of both primary research and secondary research. The primary research was gathered through the use of a qualitative questionnaire that was distributed to one hundred individuals. In addition two semi-structured interviews were conducted with senior managers of two local insurance companies. They provided primary data with regards to the travel insurance market. Both gave relevant data to the subject at hand. The data was then analyzed and presented in the form of descriptive statistics and quantitative descript.

Secondary data was gathered through the use of online libraries; however such secondary data for the local travel insurance market was sporadic in nature. Thus, secondary data and findings of internationally published papers were used to form this study's literature review and subsequently to critically discuss the primary data collected and analysed for the present research study.

Through the analyses of the findings it was concluded that travellers are aware of the need of travel insurance as they are aware of the presence of risks and unforeseen circumstances when travelling. However travellers perception of risk is only limited to a number of risks they perceive as most prominent when travelling. Therefore it was concluded that travellers need more awareness as to potential risks that can manifest while travelling.

DEDICATION

To my parents, Rose and Tony Grixti,

And my twin sister Maria.

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CHAPTER 1: INTRODUCTION

1.1: Background to the Insurance Market

The Maltese insurance market is a competitive sector that has grown significantly over the years. As of September 2011 the Maltese market is made up of:

"45 insurance companies out of which 37 are managed by our members and the rest are non-managed domestic/overseas principal companies."

(MIMA, 2012)

With regards to the types of insurance coverage, it can be said that both life and non-life insurance covers are available here. Life insurance policies that are offered include: investment, savings, and protection and retirement policies. Non-life insurance covers include: motor insurance, travel insurance, boat insurance, and property insurance (MSVLife, n.d.). The focus of this dissertation is specifically on Travel Insurance.

Travel insurance is taken up by travellers leaving the country for holiday or business purposes. Under travel insurance, clients are generally offered a cover against unforeseen circumstances and associated needs that may arise, while travelling abroad. These perils include that of (GasaMamo, 2011):

- Loss of baggage
- Cancellation and missed departure
- Medical expenses
- Personal accident
- Personal liability
- Loss of passport
- Loss of personal money
- Emergency medical and associated expenses

Notwithstanding the above mentioned, which is standard insurance cover for most travel insurance policies, there are a number of extensions that could be added to the policy such as cover for winter sports, pets and the like (Appendix 1).

1.2: Description of the Study

This is a study that makes use of both primary and secondary research data in its design. Primary data was collected by means of a quantitative questionnaire for the exploration of people's perception of travel risks and travel insurance as a business in general. One hundred individuals participated in the study and the gathered data is presented in the form of descriptive statistics and qualitative descript. Additionally there were also two semi-structured interviews with two insurance managers, with two different insurance companies operating in the local market that provided primary data with regards to travel insurance.

Furthermore, secondary data was gathered in order to provide the study with the necessary background information regarding the current situation of buying and selling travel insurance. The literature gathered attempts to provide a balanced picture comprising of both buyers' position and sellers' position on travel insurance. Finally a tentative link between the individuals' perspective on travelling risk and purchasing travel insurance with that of the industry itself is also presented in Chapter 5: Discussion, Conclusions and Recommendations.

1.3: Aims and Objectives

The aim of this study is to explore consumers' attitudes towards travelling risks and the purchasing of travelling insurance in context of the local travel insurance market's business approach. This aim was addressed by means of the following objectives:

1. To explore people's attitudes and perception on risks associated with travel.
2. To outline some of the possible factors that may determine client's choice in purchasing a travel insurance policy.
3. To present a picture of the current state of travel insurance business from the sellers' position through the collection of secondary data on the local market.
4. To tentatively establish a link between people's perspectives of travel insurance and sellers' business approach.

1.4: Motivation of this Study

This research project is intended for the researcher to achieve a better understanding of the travel insurance business and the purchase of travel insurance within the local market. Moreover, it is the contention that the identification of obstacles to the progress of this sector can benefit both consumers and providers of these services. The dissemination of this study's findings may also have some potential in serving as an eye opener for clients purchasing travellers' insurance, as well as informing the insurance industry to obtain a clearer picture of this market in planning the way forward.

CHAPTER 2: LITERATURE REVIEW

2.1: Introduction

The refinement of this research inquiry into local travel insurance emerged from a review of local and international academic literature on this subject. This chapter presents a selection of academic papers and anecdotal literature that were best suited for the purpose of this study. This literature was gathered from the University of Malta's library and online academic research databases. Search terms used included; Risk, attitude, perceptions, travel and insurance. Through combining these search terms, a body of literature was generated from these databases, which was subsequently reviewed at abstract level and a number of key papers were identified and presented in this chapter.

In this chapter, literature is organized into sections. In the first section (2.2), a background of the local travel insurance market is presented through the perspective of a number of local commentators for this field. The second section (2.3) deals with studies involving sellers of insurance. The third section (2.4) presents a number of studies on travellers' views on travelling risks and insurance. The conclusion (2.5) of this chapter then attempts to make a connection between the literature and the current study, by providing a critical rationale behind the scope of this study and the research gaps it seeks to address.

2.2: Local Travel Insurance

The strategic geographical position of an English speaking member of the European Union, situated at the heart of the Mediterranean, may be viewed as one of the major factors that

had contributed to the growth of financial services here in Malta (PWC, 2012). The setting up of the Malta Financial Services Authority (MFSA), as the regulatory body of financial services in Malta, seeks to provide stability to the financial market that has flourished in the growth of Insurance, Reinsurance, Protected Cell, and Incorporated Cell companies (Worldwide Risk Solution, 2009).

Insurance companies in Malta sell both life and nonlife insurance. Under both categories there exists different types of insurance classes but for the purpose of this study nonlife insurance is taken into account (Worldwide Risk Solution, 2009). Nonlife insurance is split into other classes of insurance among which are that of motor insurance, home insurance, boat insurance and travel insurance. This study focuses on the travel insurance market. An additional factor that has continued to strengthen the travel insurance market is that travelling outside of Malta has to occur either by air or sea to visit another country (PWC, 2012).

2.3: The Seller/ Buyer Relationship

Literature on insurance sales agents and brokers does not deal specifically with the sales of travel insurance but it takes a broader perspective of insurance sales in general. The agent/client relationship is beneficial of this literature as it evolves around the perception of travel risk and understanding of the perceived risk. From seminal American public opinion surveys on insurance, Bateman (1970) draws 5 theoretical gaps being; a consumer's gap, an economical gap, a competition gap, a communications gap and a public relations gap within the insurance market. These gaps mentioned by Bateman (1970) have a common human relationship denominator and as the author points out, people in the insurance business

have to become more customer oriented in order to have a fuller integration of this business in society. In other words people in the insurance business need to work at building a reputation of trustworthiness and a genuine interest in the needs of an evolving society as this is likely to greatly influence sales and the future of the business (Bateman 1970).

Insurance is generally considered to be a complex product, requiring a certain level of understanding in order to make an informed decision, and in good faith. Customers who do not possess this knowledge generally rely on sellers' expertise in order to choose the best options for them (Hoffman, Howe and Hardigree, 1991). Yet agents seem to have a conflict of interest on whether they should act on client's behalf and best interests or their employing agency, which in turn makes their ethical conduct as client advisors and educators questionable in the eyes of society (Hoffman, Howee and Hardigee, 1991). When Hoffman, Howe and Hardigree (1991) administered a questionnaire-based postal survey in a particular Western American state, on ethical knowledge and professional conduct in the insurance business, they were faced with a poor response rate to the questionnaire. These authors argued that it is likely that those engaging in unethical behaviour were among non-respondents, and in addition, respondents may have also given socially desirable answers. This seems to provide an inconclusive picture from a quantitative research standpoint. Perhaps a qualitative approach could provide a better way of probing into the reality of insurance company culture.

In addition, commentators such Mintzer (2012) question the true expertise of those who call themselves insurance experts or specialists. He argued that some consider themselves as experts simply because they have more knowledge about the product than their clients. He iterates that one of the greatest problems in this industry is that insurance salespersons do

not really hold the necessary expertise to call themselves specialists and do not really take the time to explain, guide and teach their clients about the policies in the best interest of their clients. Goby and Lewis (2000) in their quantitative study in Singapore show that sellers of insurance did rank listening to clients' insurance needs as the most important skill for this business. However, the study still failed to connect the sellers' given importance to listening in relation to what actually happens during an agent-client interaction. Additionally it did not provide any evidence as to whether sellers' listening skills were put to the benefit of clients in order to educate them on issues such as risk and adequate coverage.

Furthermore, Eastman, Eastman and Eastman (2002) and Morrissette (2012) explain how with the popularity of e-commerce and web-based social media, clients tend to rely much more on information and financial advice over the internet than face to face consultation of insurance agents. They argued that agents need to keep abreast with the developments in e-commerce in order to keep up with the competition. However, in both articles the reason behind the popularity of internet-based insurance services among clients as opposed to face to face contact with agents or brokers was not fully explored. This could be an issue of convenience in as much as it could be an issue of mistrust of insurance agents and brokers in providing adequate information. One could also argue that the internet gives clients the opportunity to browse a number of options before committing themselves to a particular insurance scheme. Either way this subject merits further investigation.

2.4: Risk Awareness among Travellers

In his concept analysis, Williams (1966) argued that there is a distinction between a pure risk and a speculative risk; a pure risk is one whose outcome has no chance of gain, while a speculative risk could possibly result in a gain. In this theoretical context, an individual would rather hold on to a speculative risk rather than hold on to a pure risk, and hence would purchase insurance to try to transfer the probability of the negative impact of the speculative risk onto the insurance company. An example of a pure risk that an individual could be exposed to is that of loss of baggage while on holiday. Consequently travellers would want to purchase insurance for loss of luggage in order to transfer it to the insurance company. On the other hand a speculative risk would be that of either the holiday goes as planned or not. Such outcome is not certain and would only be known along the course of the holiday.

In his autobiographical case study, Butcher J (2003) stresses the importance of having a comprehensive cover of travel insurance. From his white water rafting experience in Chile, Bucher (2003) explained that his first thought about the accident was on whether his travel insurance would cover his injuries. Butcher stated that the use of a comprehensive travel insurance coverage is beneficial when going abroad, although one would wonder whether insurers would actually cover high risk sports such as white water rafting. In addition this study presents this attitude of people becoming truly conscious of travel risk and insurance only when they experience travelling consequences first hand, as opposed to a priori efforts to educate themselves about risk and insurance.

Another element that is taken into account when travelling abroad are health risks. The literature reviewed focused mainly on the issue of travel related health risks. In fact Rea A.

Somer Kniestedt and Robert Steffen (2003) carried out a study on travel health insurance which related to health risks whilst travelling abroad. They found that illnesses generally have a late onset during the holiday, while injuries tend to occur earlier on in the holiday. They argued that such injuries are generally a consequence of travellers' inexperience and unfamiliarity with the surroundings.

Moreover the study did not find any accidents that related to gender issues with the accidents and illnesses experienced. Atkinson M.E. and Dickson D.C.M (2011) stated that males are more inclined to take on risks whereas females are more prone to avoid risks. Additionally another factor that this study seemed not to take into consideration is that certain medical emergencies may be caused by an exacerbation of a client's pre-existing medical condition, which insurance companies generally do not cover. For instance, Leggat. P and Leggat F (2002) carried out a quantitative study on the market's perception of health and first aid among hostellers. They stated that travel insurance companies underwrite travel; medical and dental expenses incurred by travellers abroad. In addition the authors argued by stressing the importance of travellers reading travel policy documents carefully in order to know what is covered and what is not. Leggat P and Leggat F (2002) also mention the subjectivity of perception among travellers, and in a sense echoes the personal experience of Butcher (2003) that people become more aware of risk and insurance when they personally experience adverse travelling first hand.

One may thus suggest a qualitative inquiry into the subjective perceptions and experiences of local travellers in order to explore how clients perceive the risks involved in travelling and insurance. Furthermore, international literature seems to place an emphasis on particular travelling insurance issues, such as health risks and the rise of online purchase of travel

insurance. However one should wonder if these issues can be iterated in the same way for the local context or if there are other issues particular to the local market that has not yet been explored in the literature so far.

2.5: Conclusion

From this literature review, two determining issues in the purchase of travel insurance seem to emerge; firstly, the role and efficacy of insurance agents in providing adequate and trustworthy information to their clients, and secondly travellers' understanding of risk and the importance of travel insurance. Like any business transaction, the purchase of travel insurance seems to be based on a relationship component between a seller and a buyer in regard to the perception of risks. In the case of travel insurance however, the agent is required to convince the buyer of a need that he or she may not be adequately aware of, in which case the educational component of the agent's interaction with the clients seems to play an important role in convincing them to purchase travel insurance.

From a client's standpoint it is yet unclear whether clients buy travel insurance because they understand the repercussions of not doing so, or simply because they know it is customary to do so and therefore not in full awareness of its importance. This also may determine the type of cover clients opt for and whether they trust insurance companies and agents to guide them in their best interest. Thus this current study aims to explore beliefs and perceptions of travel insurance among buyers, and the perspective of sales agents on the insurance business for the local market. The following chapter (Chapter 3) explains the methodology adopted in order to reach the aims and objectives set for this research inquiry.

CHAPTER 3: RESEARCH METHODOLOGY

3.1: Introduction

This research study relates to the comparative analysis of travelling risks and the risk perception of travellers. Therefore a qualitative approach was chosen for this study as beliefs, attitudes, perceptions, behaviour and knowledge are said to be best explored qualitatively rather than quantified (Madrigal & McClain, 2012). In addition the use of primary data and secondary data was very significant, since with this information the dissertation could be carried out to completion.

For that reason the initial step of this dissertation was to gather secondary data. That is to find data that was readily available and analyzed by other researchers on this area of study, particularly for the local scenario. However, such secondary data for the local travel insurance market was sporadic in nature, having been able to identify only one single undergraduate unpublished study on this subject for the local market. In addition, only a modest number of foreign research studies on travel insurance published in international journals were identified. Thus, secondary data and findings of internationally published papers were used to form this study's literature review and subsequently to critically discuss the primary data collected and analysed by this researcher for the present research inquiry.

Hence this chapter focuses on describing the methodological design adopted for the collection, analysis and presentation of primary data collected locally by the researcher in order to address this study's aim and objectives.

'Primary Data can be defined as data which was previously unknown and which have been obtained directly by the researcher for a particular research project.'

(Donald, 2005)

3.2: Research Setting, Data Sources and Sampling Method

This research study is aimed at specifically exploring travel insurance within the non-life division of insurance business. The insurance market consists of buyers and sellers therefore the researcher believes that individuals from these two groups are likely to best inform this study. Therefore, buyers and sellers of insurance were chosen as the main participants of this inquiry.

An additional data source for this study was the body of local travel insurance policies available on the market. This was an important data source in the form of documents that ultimately determine the business relationship between buyers and sellers on this type of insurance. Four different travel insurance policies were kindly provided from different local insurance companies. In addition two travel insurance managers from two different insurance companies agreed to participate in this study.

A random sample of a hundred individuals from the general public aged eighteen and over acted as participants for this study. Their responses were obtained through a distributed questionnaire that was used in this study. The gathered data was of 'descriptive nature describing qualities, characteristics of individuals' in relation to the travel insurance market and the perception to travel risks (Madrigal & McClain, 2012). Due to the time restrictions in

conducting this study at undergraduate level, random sampling was the only sampling method that was logically possible at this level (Trochim, 2006). Hence this author acknowledges that any statistics and thematic arguments presented in this thesis are only tentatively descriptive and non-generalisable.

3.3: Methods of Data Collection

Once the research aims and objectives were formulated based on the initial review of the literature available on the subject, a questionnaire for one hundred buyers of travel insurance (Appendix 4) and a semi-structured interview (Appendix 7) with two senior insurance managers were structured.

The main focus while constructing the questionnaire was

- to achieve an adequate sample size,
- to get as much as possible from the participations in relation to the study and
- 'to obtain accurate and relevant information within the context of the dissertation (Anon, 2009).

Furthermore the questionnaire was constructed in such a way as to be able to extract as much information as possible, in a time efficient manner to ensure that all the data is

accurate and the questions well understood (Anon, 2009). Necessary steps were taken in order to ensure that the questions being asked worked properly within the context and purpose of this dissertation. Table 3.1 shows a breakdown of question types used in the questionnaire and the intended data collected.

Table 3.1: Breakdown of Question Types in the Questionnaire and the Intended Data Collection

Question Numbers	Question type	Data collected
1 to 2	General questions	Demographic nature
3 to 5	Tick the appropriate answer	Types of destinations visited, where and frequency of travel
6 to 14	Qualitative questions	The reasons behind purchasing travel insurance and reading the purchased policy were gathered
15 to 16	Qualitative questions	The perception of travel policy prices and risk
17	Qualitative question	Attitudes relating to individuals who have never purchased travel insurance
18 to 19	Qualitative questions	Claim's experience of a traveller
20	Qualitative question	The perception of individuals relating to insurance companies

As already stated the interviews were constructed and conducted in a semi-structured form. A semi-structured interview was chosen as it “allowed the respondent to talk freely, expand upon answers and even change the theme of the interview” (Donald, 2005).

Therefore the interview was conducted in a manner in which the interviewee would not be restricted in answering the question. This allowed the interviewee to take the time necessary to elaborate on the subject, express their own opinion and describe the travel insurance market (Donald, 2005). Table 3.2 presents a breakdown of questions for the semi-structured interview schedule adopted to collect data from senior managers of insurance.

Table 3.2: Breakdown of Semi-Structured Interview Question Types and Intended Data to Be Collected

Question Numbers	Question type	Data collected
1 to 2	General questions	General information about the travel insurance market
3 to 6	Quantitative and qualitative questions	Purchaser's behaviour when purchasing insurance and claiming
7 to 10	Qualitative questions	The approach of individuals when purchasing travel insurance and level of cover
12 to 13	Qualitative and quantitative questions	Different prices of insurance policies and prices changes in premium payable
14 to 15	Qualitative questions	The travel insurance market's limitations and growth

Initially a pilot questionnaire (Appendix 3) and interview (Appendix 6) were carried out in order to ensure that participants of the questionnaire and insurance managers understood the questions. This step was beneficial in identifying and correcting problems prior to data collection proper. Subsequent changes were carried out primarily on issues of wording, logical order of questions and the addition of more open-ended questions. This step was of great assistance as it continued to ensure the significance of the questionnaire and interview in accordance with the topic at hand.

3.4: Data analysis

Data was analysed inductively and presented into themes, similar to the process of grounded theory, Creswell (2007). In addition demographic data about participants and some of the questionnaire responses are presented by means of descriptive statistics for the purpose of clarity.

Data from buyers' questionnaires, sellers' interviews, and policy documents were tabulated in separate matrices using Microsoft Excel software. A simple matrix had data tabulated as; participants in relation to open coded labels. Table 3.3 shows an example of a data matrix.

Table 3.3: Data Matrix for Interview/Questionnaire/ Policy data

Participant 1	Participant 2	
Excerpts from interview data	Excerpts from interview data	Code label 1
Excerpts from interview data	Excerpts from interview data	Code label 2
Excerpts from interview data	Excerpts from interview data	Code label 3
Excerpts from interview data	Excerpts from interview data	Code label 4

Coded data was regrouped into categories and new matrices of participant data with categories were formed. Categories across questionnaire, interview and document data were then grouped into themes and presented in the findings and analysis chapter. The data was then further discussed and referenced to in accordance with the found literature.

3.5: Rigour and Trustworthiness

Creswell (2007) argued that rigour in qualitative research should begin with assessing and taking measures to ensure the accuracy of findings as otherwise the trustworthiness is jeopardised. The following are the measures that have been adopted in order to provide rigour in this study:

- Triangulation of data collection methods and sources. Sellers were interviewed; buyers responded questionnaires and insurance policy documents were retrieved from insurance agencies. Collecting data from multiple sources enabled the researcher to obtain a fuller picture of local travel insurance,
- A research supervisor was consulted in order to review the progress of this research. Regular meetings were held with the academic supervisor primarily to discuss the progress of this research and to guide the researcher with his expertise.
- Reflective and critical notes were taken throughout the research process. Reflecting on the methodology throughout the process help in identifying problems with the design and in making the necessary modifications in the course of this work.
- Audio recordings of interviews and transcription. Audio recorded interviews helped in obtaining richer responses for further analysis as opposed to merely taking notes during the interview. This way there was more engagement between the interviewer and interviewee which in turn produced thicker discourse data.
- The questionnaire was pilot tested prior to the actual data collection. Feedback and questionnaire evaluation from the pilot testing served the purpose of making sure that questions were understandable by participants.

3.6: Ethical Considerations

A research proposal for this study was submitted to the University of Malta's Research Ethics Committee including the questionnaire and interview schedule adopted for this study. The purpose of this ethics committee is to examine research proposals for their adequacy in protecting participants from being harmed when participating in such research. The following is a list of ethical safeguards adopted for this research:

- Obtaining informed consent from participants. An information letter was provided
- Participants' anonymity in the final dissertation transcripts using pseudonyms
- A guarantee of confidentiality regarding sensitive data
- The destruction of audio recorded data after the completion of this study
- The safe keeping of raw data throughout the course of this study

In addition, participants were verbally assured that this study was only intended for academic purposes and that no consequences will incur on those who choose or refuse to participate in this study. The researcher's personal contact information was also provided to participants, should they wish to ask further questions about this study.

3.7: Strengths and Limitations

This small-scale exploratory study has both strengths and limitations. This study has provided a modest picture of travel insurance in Malta, were the body of academic literature on this subject, especially for the local setting, is very limited. The qualitative themes and perspectives presented here provide some insight that may help insurance professionals in further developing this insurance sector and in conducting further research in this area of study. One must note that the biggest difficulty in conducting research in this area is that companies do not readily disclose what they consider to be private, commercial market information as this could be detrimental to the competitiveness of their insurance company. Thus for instance, obtaining information by means of interviews was a challenge, as sales participants' disclosure was restricted by this apprehension.

As one would expect from undergraduate research, this study has a number of other limitations. Finding secondary data for the local insurance market was an avenue that did not yield sufficient information to authenticate this study. Especially since the focus of this study was that of risk perception among the general public. Research data seemed to be non-existent in this regard. Further still, there are also limitations in the collection of primary data. For instance, the recruitment of participants could only be limited to a small opportunity sample of participants, and therefore this study does not provide a level of random sampling and statistical representation of the whole market population. Hence quantitative analysis was not possible and no inferential statistics could be produced for generalizability.

3.8: Conclusion

This chapter has provided an overview of the research design for this qualitative study. The research site, data sources, sampling method, data collection tools and method of analysis have thus been presented. In addition, issues of research rigour and trustworthiness and ethical safeguards adopted have also been discussed here in this chapter. In the following chapter (Chapter 4: Analysis and Results) a presentation of results from the analysis of data yielded through this methodology ensues.

CHAPTER 4: DATA ANALYSIS AND RESULTS

4.1: Introduction

This chapter represents the findings that were obtained through the use of a questionnaire administered to the general public, and two semi-structured interviews conducted with two managers working within the local travel insurance market. This makes the general public and insurance managers the main groups that formed part of the study. Therefore throughout this chapter the general public that responded the questionnaire will be referred to as participants and insurance managers as interviewees.

These methods of distribution were used in order to obtain information relating to the purpose of this quantitative research, such that it addressed the two scenarios obtained through the literature review. The scenarios that were studied included one were the first scenario is insurance companies providing adequate and trustworthy information to clients. The second scenario is that of the travellers' understanding of risk and relevance of purchasing travel insurance.

4.2: Individuals Taking Part in the Study

For this gathering of primary data one hundred individuals were given the questionnaire to fill in. The following figure depicts the number of male and female participants that replied to the questionnaire.

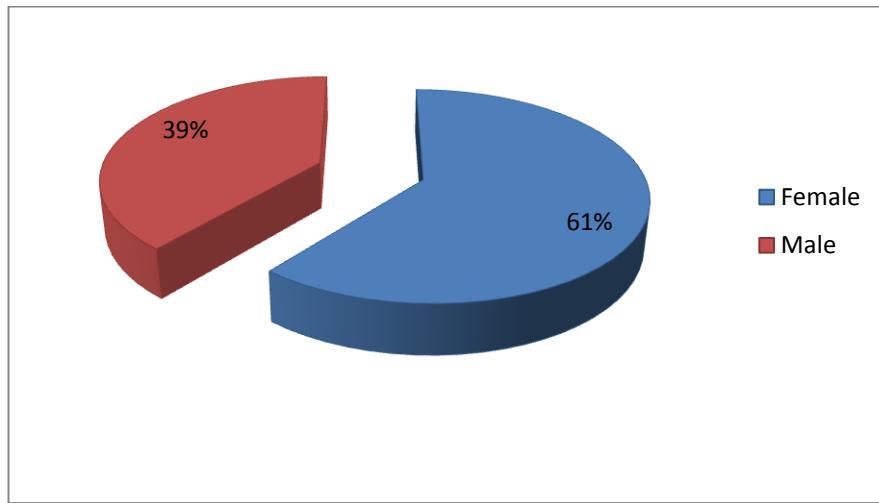


Figure 4-1: Male and Female Participants

Throughout the process of accessing and representing the data out of the hundred participants, three of the completed questionnaires could not be used for this study as it was evident that the participants did not understand the questions that were being asked. Moreover nine other participants have never travelled abroad hence their questionnaires were not applicable to this study. Consequently a total of eighty eight questionnaires were used for both the representation and analysis of this chapter. This is shown in the following figure.

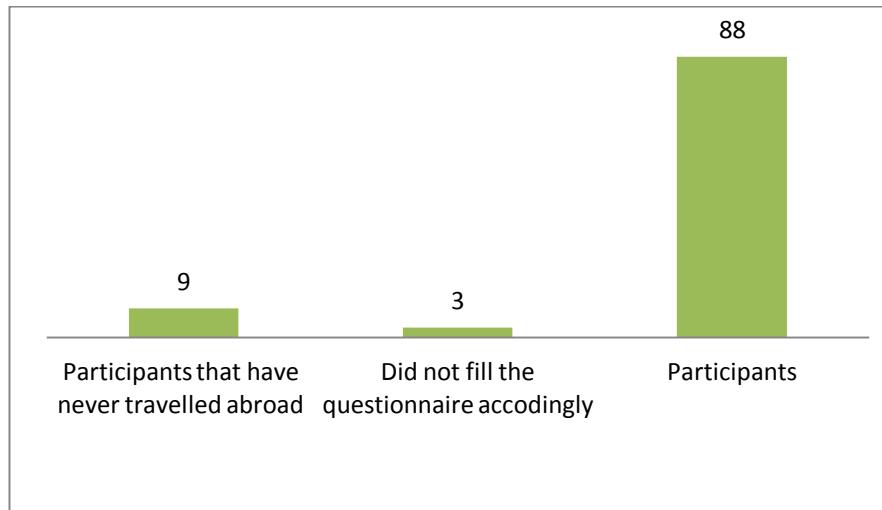


Figure 4-2: Participants

4.3: Awareness of Travel Insurance among Participants

An important question that was asked during both interviews was whether travellers thought that it is important to purchase insurance before travelling. Both the interviewees taking part in the study gave their own response but one common answer was that individuals still find it significant to purchase travel insurance. One interviewee continued to state that:

“People do buy insurance even if they go for the cheapest, at least they have something.”

In addition to such statement one interviewee continued to state that:

“There is awareness especially among those that have suffered a loss. Travel agents also help as they sell insurance as part of the service that they offer.”

Hence through these statements it is apparent that travellers do take decisions regarding travel insurance. Additionally this question was asked through the questionnaire and the participants' feedback was given. This is shown in the following figure with “A” representing the individuals that purchase insurance and “B” represents individuals that do not purchase travel insurance.

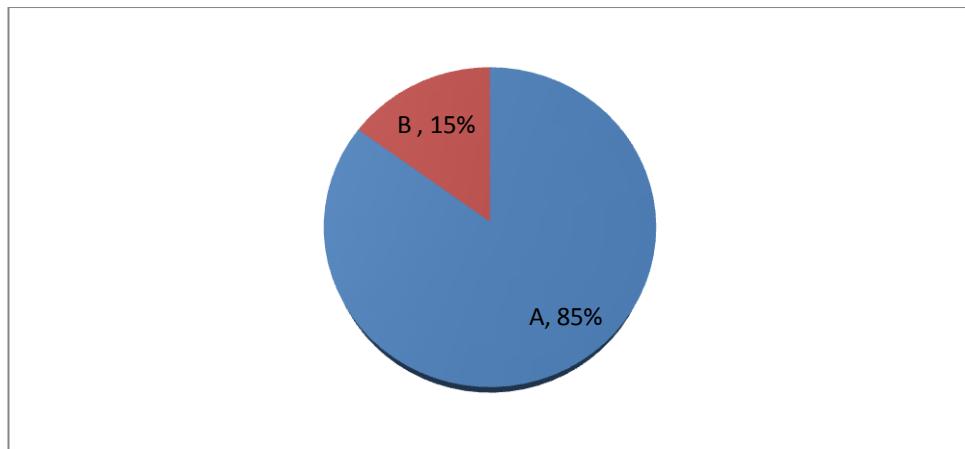


Figure 4-3: Percentage of Respondents Who Buy/ Do Not Buy Travel Insurance

Through this figure one notes that the percentage of individuals that do not purchase insurance is relatively low. One of the reasons given for not purchasing insurance was that it was not worth doing so as the forfeiting of the premium is not outweighed by the risks being covered. Additionally there were also travellers that only travel for one day therefore making it not worthwhile to purchase insurance. Other participants have travel insurance in place as

it is provided by other policies that they currently have in use such as annual group travel policies, automatic cover through credit cards and employment travel insurance.

On the other hand some participants stated that they have never bothered taking out insurance and others find that it is not worth the hassle. These participants may choose to state such statements as they have never experienced a claim while on holiday. Therefore such individuals may realize the importance of having insurance is when they actually experience a claim. There were also two individuals that have actually stated that travel insurance is expensive. One specific participant actually stated that

“Booking is done with highly recommended airlines therefore there is no need for travel insurance.”

This statement shows the lack of knowledge that this individual has with regards to the associated risks of travelling abroad as this individual only considers missed departure and the possible of baggage in transit as the predominant risk associated with travel.

A number of individuals stated that they purchase insurance when travelling for the following reasons given in the figure below. The most common reason for travellers to purchase insurance was to cover against specific travel risks. Most of the risks that were mentioned included that of lost and or stolen personal luggage, medical expenses/ hospitalization, loss of personal money and flight cancellation and delays. Even though all these risks were

mentioned, the most prominent was that of loss of personal luggage and medical expenses/hospitalization.

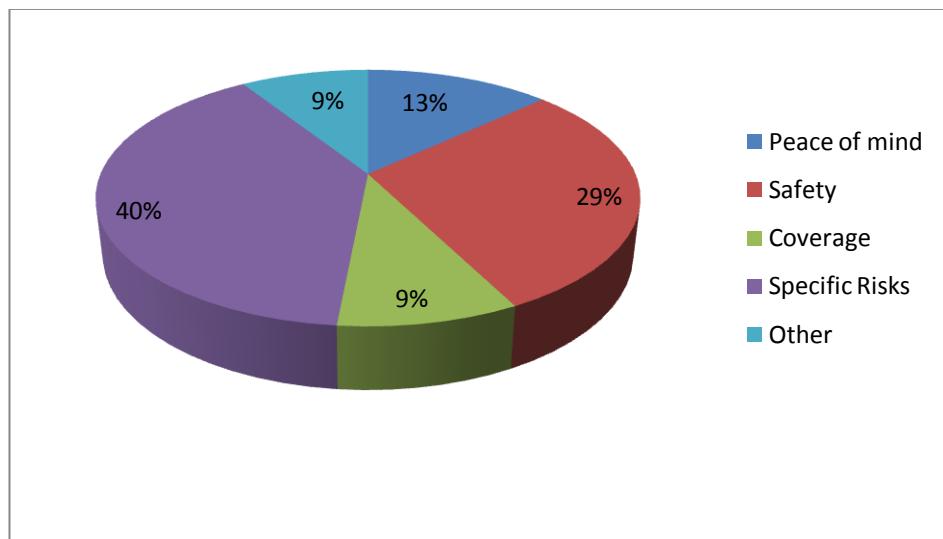


Figure 4-4: Reasons for Purchasing Travel Insurance

Another concept that both the questionnaire and interview took into account was the different levels of coverage being provided by insurance companies for travellers. Both the interviewed insurance managers stated that three levels of coverage are provided within their insurance company, these being the “basic”, “standard” and “executive” cover. The basic would typically offer the lowest level of insurance cover with low limits of indemnity whereas the executive would be the best cover that the traveller would purchase as it would offer higher limits and additional coverage. The following table shows the difference in coverage and limits of indemnity provided by the different insurance policies.

4.4: Levels of Cover for Travel Insurance

Table 4.1: Different Level of Cover that can be Purchased

Section			Basic	Standard	Executive
1)Baggage			€700	€2,000	€2,600
2) Personal Money			€950	€1,200	€2,000
3)Death			€5,500	€16,000	€37,000
4) Partial Loss of limbs/ eyesight			€5,500	€15,500	€42,500
5) Permanent Loss of limbs/ eyesight			€5,500	€15,500	€42,500
6) Cancellation Charges			€1,000	€3,700	€5,200
7) Emergency Medical Expenses			€30,000	€170,000	€315,000
8) Hospital Cash Benefit				€725	€800
9)Personal Liability				€1,250,000	€1,250,000
10) Missed Departure			€250	€600	€1,100

11) Loss of Passport			€75	€200	€300
12) Rental Vehicle				€350	€450
13) Pet Care Cover				€150	€250
14) Winter Sports Equipment			€350	€1,000	€2,000

The results that were obtained from the questionnaire and the interviews showed that travellers opt to purchase the standard cover for most of the time. Furthermore one interviewee acknowledged that travellers come with the intention to purchase the cheapest cover in order to at least have a degree of insurance cover. The other interviewee also continued on by stating:

“Buyers often do not see the value of purchasing higher levels of insurance beyond the basic package unless they have had previous experience of a travel claim. In this case the probability of opting for an improved level of insurance cover would increase.

The following figure shown the results obtained through the distributed questionnaire in a graph.

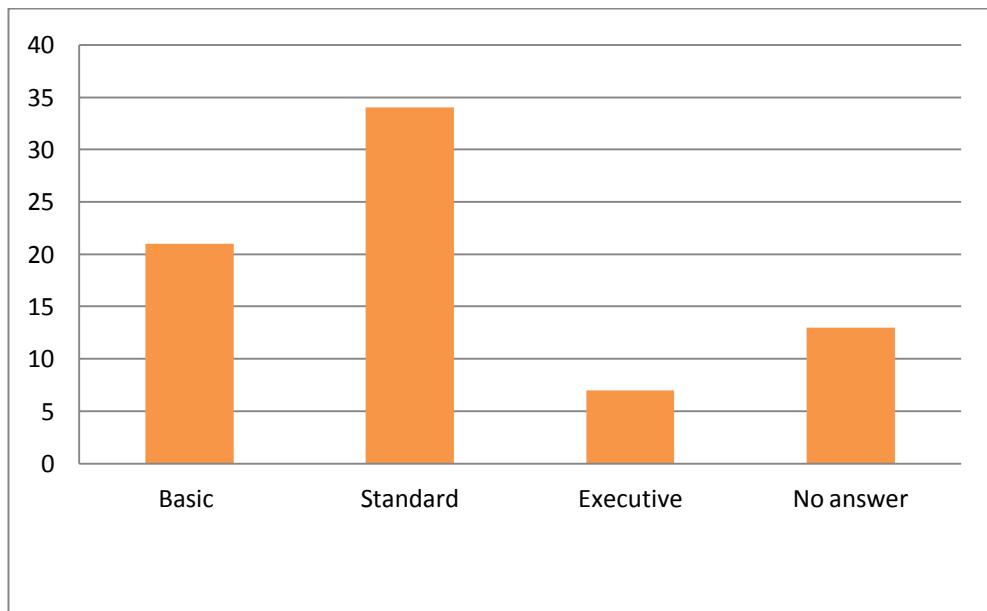


Figure 4-5: Types of Policies

4.5: Choosing a Travel Insurance Policy

An additional question that formed part of the study was whether individuals take the insurance company's advice when purchasing insurance. One interviewee responded that, as a seller of insurance guidance is given to the prospective buyer of insurance and most people take heed of the advice being given. In contrast the interviewee stated that there are still individuals that just want the basic cover as they come with the intention to buy the cheapest cover in order to at least have some sort of coverage. Furthermore, sellers of insurance ought to give reasons as to why one type of cover is being recommended in preference to another.

4.6: Pricing of a Travel Insurance Policy

Further to such question, participants of the questionnaire were asked "how much the participant would be willing to pay for the chosen policy?" The values given for each policy differed drastically; consequently these results showed that the participants, although they purchase insurance, are not that aware of the premium payable for each type of policy. The following graphs show the amount that travellers are willing to pay for the policy that they would purchase. Under each figure there is a table stating the actual premium ratings when purchasing a policy (Atlas & GasanMamo, 2011). The first two graphs and figures represent the Basic Cover and the Standard Cover respectively.



Figure 4-6: The Premium that Travellers Would Pay for Basic Cover

Table 4.2: Premium Rating for the Basic Cover

Days	Up to 5 days	6 - 11 days	12- 18 days	19 - 24 days	25 - 31 days
Premium Rating for Europe	€13.50	€15.75	€19.50	€21.75	€23.50
Premium Rating for World Wide	€ 24.50	€31.75	€40.00	€46.00	€50.25
Each Additional Week €3.75 for Europe Cover and €7.25 for the World Wide Cover					

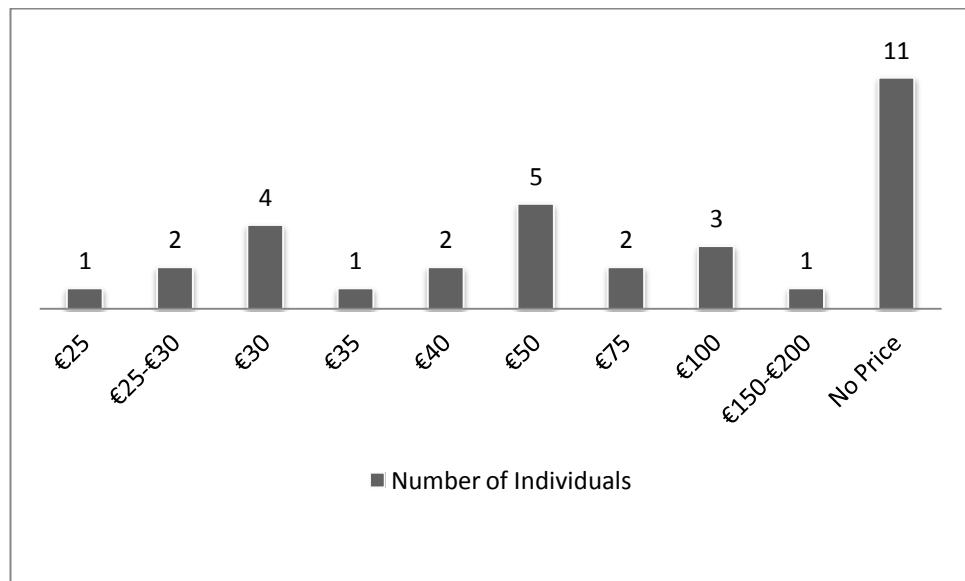


Figure 4-7: The Premium that Traveller Would Pay for the Standard Cover

Table 4.3: Premium Rating for the Standard Cover

Days	Up to 5 days	6 - 11 days	12- 18 days	19 - 24 days	25 - 31 days
Premium Rating for Europe	€17.25	€21.00	€28.50	€25.25	€30.75
Premium Rating for World Wide	€32.00	€38.25	€49.75	€56.75	€63.00
Each Additional Week €6.75 for Europe Cover and €12.75 for World Wide Cover					

The figure below represents the premium that individuals would choose to pay for the executive cover. Each participant who chose this question chose a different premium payable.



Figure 4-8: The Premium that Travellers Would Pay for the Executive Cover

Table 4.4: Premium Rating for the Executive Cover

Days	Up to 5 days	6 - 11 days	12- 18 days	19 - 24 days	25 - 31 days
Premium Rating for Europe	€23.50	€28.25	€32.25	€38.50	€41.75
Premium Rating for World Wide	€43.00	€51.50	€66.00	€76.00	€86.75
Each Additional Week €8.50 for Europe Cover and €17.00 for World Wide Cover					

These results show the lack of knowledge of cost when participants came to purchase a policy, especially as they failed to give reasons for stating such premium sum. Furthermore one of the interviewee stated that when individuals realize that there is little difference in pricing between one policy and another they tend to go for the higher levels of insurance coverage. Another surprising factor of this question was that the individuals answering this question were those that had purchased insurance when travelling. This gave the assumption that individuals do not really spend too much time thinking about insurance especially the pricing of a policy.

One factor that may have contributed as a failure to give better pricing was that the question failed to state the type of destination and for how long was the journey. Therefore by stating a scenario, it might have given a better case scenario for the participants to price and

choose a policy. Additionally it would have been better for the researcher to compare. Still one thing to note was that individuals had to state the reasons as why they chose one specific price, who most failed to do so.

4.7: Awareness of Travel Risks and the Need for Insurance

One of the factors that had made participants realize the benefits of having travel insurance in place was when a claim was experienced. The below figure is a representation of such results were out of the eighty eight participants that had purchased insurance twenty one had claims while on holiday.

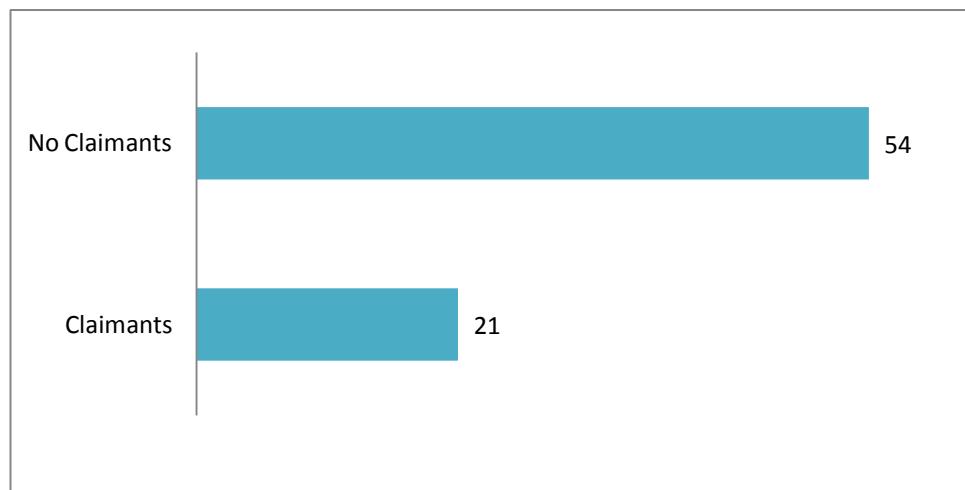


Figure 4-9: Number of Claimants and Non-Claimants

The claims experience of these individuals was mostly satisfactory. Some stated that the claim settlement was a positive one as it was efficient. Others also stated that the claim was taken seriously and once the necessary documents and reports were made the claim was

properly settled. Furthermore one specific respondent stated that although an excess still had to be paid for the claim, it was worth having insurance in place as the individual would have ended up paying more if no cover was in force. On a critical note some of the claimants stated that claim settlement took time, which most of the time reflects badly on insurance companies.

Out of the findings there was one participant that had a claim but did not receive full reimbursement but the claims procedure was an efficient one. However such participant still does not know the reason for not obtaining full reimbursement. This was not normal as insurance companies are obliged to state reasons for declining claims.

On the other hand a problem that insurance companies are constantly faced with is that buyers of insurance do not really know what they are covered for and what the exclusions are. One interviewee specifically stated that at purchase stage buyers would not want to spend a lot of money and they purchase the lower cover. In some cases this eventually leads to a claim and when they realize that cover is not provided then individuals would try to state that they did not know what the policy covered them for. Failure to realize the importance of understanding the policy, several customers would then go ahead and state that the insurance company did not want to pay for the claim. Therefore one of the most important factors would be to know what the individual is paying for and ensure that the desired cover has been bought. Furthermore the interviewee states of the importance of people being aware of the policy they purchase when going abroad.

This scenario was also tackled in the questionnaires such the participants were asked if they read the policy terms when they purchase insurance and are provided with the policy. The policy is an important document as it outlines the contract of insurance between the two parties. The reasons stated as to reading a policy or not are shown in the figure below.

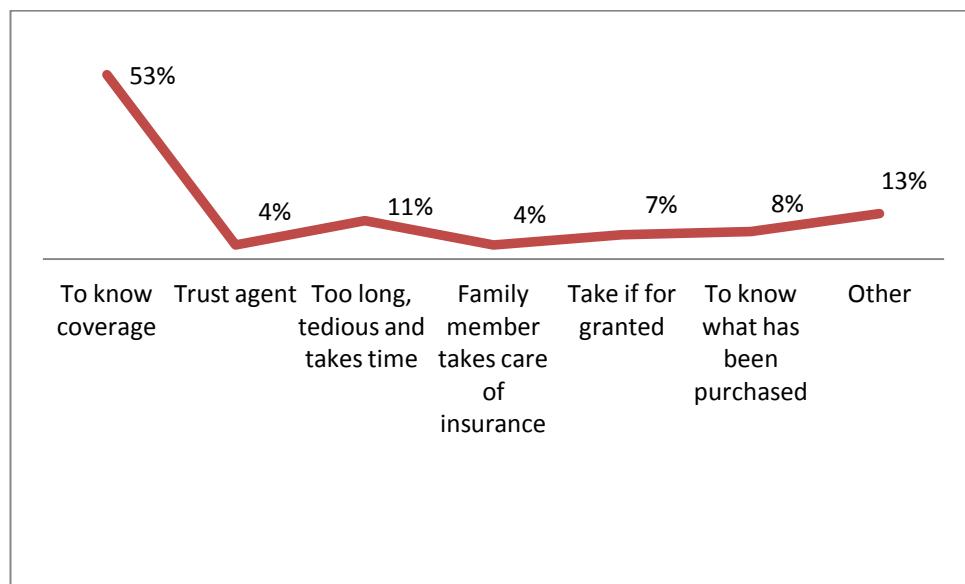


Figure 4-10: Reasons Behind Reading a Policy or Not

The majority read the policy to know what they are covered for stating that they want to know the process of claiming, any entitlements and terms and conditions of the travel policy. Hence given the percentage of those who read the policy showed that these buyers of travel insurance do take an active role in purchasing insurance. Other participants stated that the policy is read in order to know what has been purchased and if it is worth the money that has been spent. Another participant actually stated that the policy is read just to say that it was read. Hence this continues to verify what the interviewee stated on individuals need to be more aware of what they have purchased.

The final question in the questionnaire that was asked was whether the participants felt that insurance companies seek the best interest for their clients. For the data analysis of this approach the eighty eight participants' approach was taken into account.

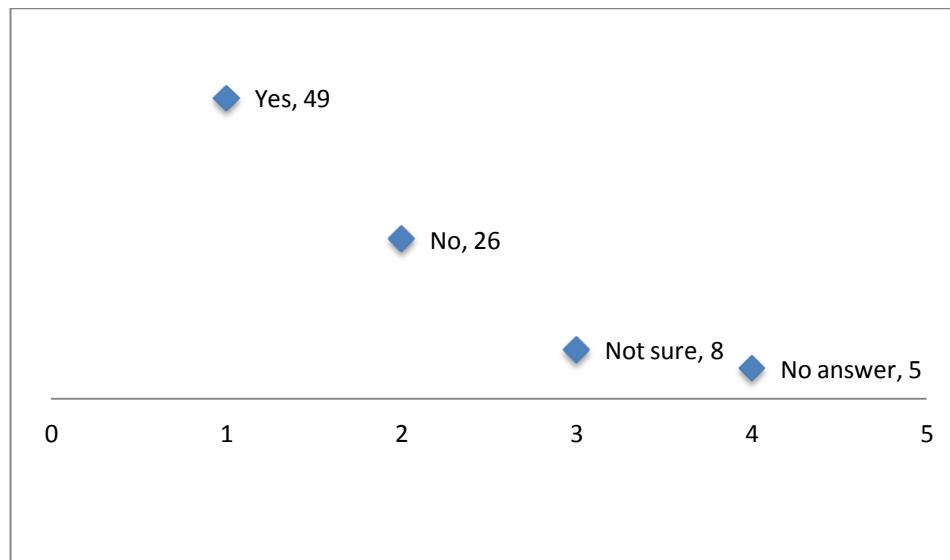


Figure 4-11: Do Insurance Companies Seek the Best Interest of their Clients?

The majority of the individuals felt that insurance companies do seek the best interest of their clients. The following pie chart is a representation of the participants' feedback on insurance companies.

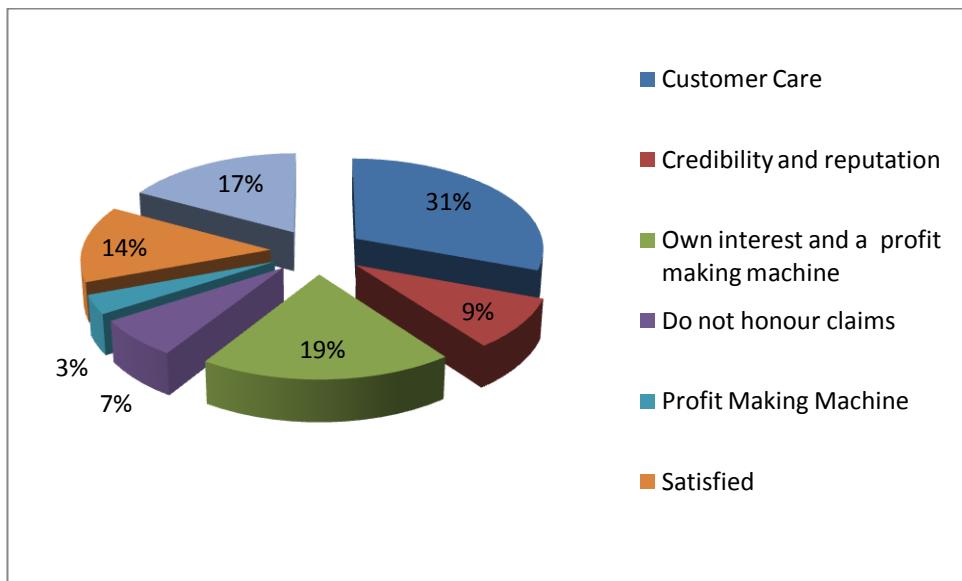


Figure 4-12: Participants' Reaction to Insurance Companies

The reviews were mixed but the majority stated that insurance companies do actually seek the best interest of their clients especially as insurance companies generally provide good customer care. Furthermore an insurance company cannot operate without its clients; hence it is vital necessary that an insurance company seeks the best interest of the client. Others have stated that although they do actually seek the best interest of the client at the end of the day insurance are companies and are there to earn profit hence they could easily try to get out of a claim. A participant stated that:

“Small claims they pay but big claims, they try to get out of them.”

An important note to observe is that although such two approaches are different they are still very similar at the same time

4.8: Conclusion

In concluding the data analysis and results the following aspects emerged:

- The importance of buyers of insurance to be aware of the products that they have purchased
- The perception of risk among travellers
- The different levels that are available to be purchased and the difference in the coverage provided and pricing aspects.

These outcomes will be developed further in the next chapter. Chapter 5 will discuss these results in further detail and will be referenced with the literature found in Chapter 2: "Literature Review", concluding remarks will be made including recommendations. Moreover through the use of the triangulation approach a fuller picture of the insurance market and attitudes of travellers was created.

CHAPTER 5: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1: Introduction

This quantitative research study was developed through the process of collecting the secondary data that was made available through online libraries and travel insurance companies, as was outlined in chapter three of the study that of the Research Methodology. Once the collected data was sorted out and developed into a literature review, which formed part of chapter two, a hypothesis was reached.

Throughout the Literature Review two outcomes were brought up for this study. The scenarios that were studied included one were the first scenario is insurance companies providing adequate and trustworthy information to clients. The second scenario is that of the travellers' understanding of risk and relevance of purchasing travel insurance. In order for these two scenarios to be further analyzed in the research project, the use of primary data came into force and hence a triangulation approach was used. The primary data was collected through the use of distributed questionnaires and interviews were such outcomes were analyzed in chapter four of the study.

This chapter will further discuss the findings gathered in relation to the literature that was used for in chapter 2. When the term "participants" is used it will be relating to those individuals that have answered the questionnaire. The "interviewee" is the insurance manager that represents the insurance company in the market. Furthermore recommendations and concluding remarks will be made for this study.

5.2: Summary of the analysis of the results

- Travellers have found it important and relevant to purchase insurance when going abroad, even if it is the lowest possible level of insurance cover is purchased.
- The policies that insurance sellers put forward to be purchased are usually taken up by the travellers. Nevertheless travellers are still able to decide on their own terms. Most travellers choose to go for the cheapest cover in mind. Additionally participants do not really have an idea of the pricing of a policy.
- When it comes to claiming, insurance companies more often than not have to deal with the problem of travellers thinking that they are covered for the entire claim as they do not read the policy. On the other hand there were those individuals that still or try to read the policy terms.
- The participants' approach towards insurance companies was different whereby some felt that insurance companies do seek the interest of their clients. Alternatively there were other individuals that only viewed insurance companies as profit making machines and not safeguarding their clients' best interest.

5.3: Awareness of Travel Insurance and Perception of Risk

When going abroad travellers can encounter a number of events that could go wrong while on holiday and some opt to purchase travel insurance. The analysis showed that several participants purchased insurance because of the risks that could arise while on holiday. Some stated that having peace of mind and to have coverage against risks that may arise are reasons enough to purchase insurance. This reasoning continued to confirm what Williams (1966) theorized in his study such that insurance is bought to cover against speculative risk and pure risk. Furthermore individuals purchase insurance in order to transfer the possible negative outcomes that a traveller may experience while on holiday unto the insurance company. Consequently this continued to confirm that individuals are aware of the importance of having an insurance policy in place.

Additionally through the analysis it was concluded that individuals perceive personal belongings and any associated health risks as the most prominent risks that one could encounter while on holiday. The statement relating to health while on holiday brought into perspective the study that was presented by Somer Kniestadt and Robert Steffen (2003). The topic covered by their study was of the presence of health risks while abroad such that a traveller may be involved in an accident due to inexperience or a because of a change in the environment. Hence this is the reasoning that travellers use behind purchasing insurance. One factor that their study did not take into account was that of different perceptions of risks with regards to genders. Especially as Atkinson M.E and Dickson D.C.M (2011) tackled such issue and did find different risk perceptions among the male and female counterparties. Such that the males are more risk seekers while the females are not.

Moreover this also posed as a challenge for this research study that was not overcome. This research failed to address the different attitudes in risk perception among the male and female travellers. Mostly this was because of the sample size of the distributed questionnaire as it only covered a minor part of the population locally and out of which only eighty eight participants had travelled. Hence the researcher could not look at what the results had shown in the case of gender. If this gender issue was developed for this study, there would have been an equal number of male and female participants. Alternatively the number of female participants in this study was greater than the number of male participants.

A surprising factor within the analysis of the data gathered was that one specific risk was not mentioned. Participants failed to mention personal liability as a risk that an insurance company provides coverage for. Personal liability is present when an individual is held legally liable for accidentally injuring a third party or damaging third party's property, (TDI, 2012). This showed that travellers do not give that much of importance to such risk as the majority only considered personal baggage and health risks as prominent risks when abroad. When an individual is held liable for causing an accident such claims can end up in court and could result in a long and tedious court case. In addition personal liability risk is usually covered only under the standard and executive policies that individuals are to choose from when purchasing insurance. The failure of not mentioning such risk can be due to the fact that travellers are not really aware of this risk. As a result insurance companies should ensure that this risk is made aware to travellers when going abroad especially whilst visiting countries such as the USA and Canada, where court awards in these cases are usually very high. In addition the premium payable of a policy changes according to the destination taken that is either for a European cover or a World Wide cover as higher limits of indemnity are applicable in the latter.

This brings up the next concept that both interviewees made reference to that is individuals when coming to purchase insurance their approach is go for the least expensive type of insurance policy available. With this perspective in mind, individuals do not really show that they care about the coverage that the policy provides. On the other hand they do care about the pricing of the policy. In this case buyers of insurance have to keep in mind that the least expensive policy may not offer the best coverage for the destination that is going to be taken. This was the case that Butcher J (2003) experienced when going abroad and suffering an accident because of white water rafting in Chile.

Unfortunately this continues to show that in general people realize the true meaning of having insurance in place when they eventually experience a claim. This may be too late especially if the proper insurance coverage was not purchased and the insured cannot be recovered for the claim. This also shows there are individuals that instead of being active with regards to insurance they have a reactive approach. One participant stated that having insurance in place and claiming made him realize the benefits of having insurance. Other two participants had to cancel their holiday and as no travel insurance was in place such individuals lost all their money.

Butcher J (2003) continues to stress the importance of having a comprehensive cover of travel insurance to cover the whole journey. Insurance companies provide different levels of covers that can be purchased. The idea for these different levels of coverage is to provide travellers with the best possible cover for their holiday. In fact both of the insurance managers that were interviewed stated that advice is always given to individuals and reasons behind suggesting a specific policy over another are given. This is so as there are

elements that the buyer can overlook when purchasing insurance whereas the sellers of insurance know of certain criteria to look for. For instance one of the major elements that affect the type of policy that one purchases is that of holiday destination. Travelling to America is different than going to Europe such that in America medical costs are much higher than the ones in Europe. Therefore this would affect the limits of indemnity that a policy would offer and as a result the seller would suggest at least the standard cover to be taken. Other factors that will affect the policy to be purchased include that of the age of the individual and the duration of the holiday.

An additional element that is brought up here is that of the client to seller relationship. There are several distribution channels that one can make use of when purchasing travel insurance. These include that of travel agents, brokers, bank cards providing travel insurance and insurance companies. Through the data analysis one of the most common approaches to purchasing insurance was through the use of travel agents. In fact several participants stated that they trust the agent enough to provide the best cover for them and do not feel the necessity to read the policy terms. Hence, this shows that a very trustworthy relationship can be built up between the buyer and the seller of insurance.

In such scenario Mintzer (2012) also questions the expertise of insurance sellers. Such that insurance sellers may consider themselves as experts or specialists possessing knowledge with regards to the subject and the insurance market. But Mintzer (2012) continues on to state that the sellers may not explain, guide or teach their clients about the policies in the best interest for their clients. Therefore Mintzer (2012) brings the approach that it is not about having the expertise but the understanding of the clients is what counts.

On the other hand one can state that still the client has no excuse of not knowing what one has purchased as the individual could always read or refer to the policy document. The policy document can be made available before the contract of sale between the buyer and seller of insurance is concluded if the client asks for it. The client would then receive a copy of the policy stating the term and conditions of the travel insurance cover. In addition the policy document is also provided online through local insurance companies' site. Therefore all the more reason individuals have no excuse as to read the policy and know its provided cover. Although buyers of insurance should read the policy document there are still individuals that do not understand the meaning of the policy. This is so as some of the participants actually stated that the policy wording is too technical in language and the policy document is a lengthy one. Other participants actually try to read the policy just to say that they have read it. Alternatively other participants do read the policy terms so that they know what the cover provides and any obligations and conditions that they have to follow.

This brings forth the concepts of Bateman (1970) where he addresses the element of five gaps within the market which include that of:

- consumer's gap
- economical gap
- competition gap
- communication gap
- public relations gap

All of these gaps play an important role in the element of buying insurance but perhaps the most important one in this scenario would be that of the communication's gap. There are still individuals who do not know what they have purchased but there are still elements that help one understand what has been purchased. Therefore there still is a misunderstanding somewhere along the way that has not yet been identified by the buyers and sellers of insurance.

In order for these gaps to be eliminated Bateman (1970) stated that there needs to be an element of a human relationship. As an insurance company is as such not a person, individuals operating in the company have to be the ones that build this relationship. Bateman (1970) stated that for this to work people in the insurance business need to work on building a reputation of trustworthiness and a genuine interest in the needs of the society as it will evolve the sales of insurance and the future of the business. Hence this brings forth one of the most controversial aspects in the insurance industry which is whether insurance companies do actually seek the best interest of their clients.

5.4: Insurance Companies Seeking Best Interest of Their Clients

Some individuals do believe that insurance companies have a reputation to keep therefore such companies act for the best interest for their clients. For these participants to make such statements shows that they view insurance companies as a business organization, such that an insurance company can operate as a business. Hence making a profit while at the same time working for the clients' interest and needs. On the other hand those that do not think in

such way just believe that insurance companies are money making machines with no regard for their customers.

The argument here is challenged by what one insurance manager stated within the interview. The interviewee stated that the designated insurance company were the interviewee operates in, have revamped the old travel insurance policy by adding new coverage and extensions. In doing so the insurance company did not raise the amount of premium payable to the individuals purchasing travel insurance. Therefore such scenario shows that insurance companies do seek the interest of their clients after all they have a reputation to up keep and without customer care an insurance company is not able to operate. In addition both the interviewed insurance managers stated that there have been scenarios where an ex gratia payment is made even if travellers bought a policy does not cover the claim. Therefore this continues to challenge the statement.

5.5: Recommendations

For improvement there are always recommendations that could be considered. The following are certain aspects that can be taken into account by insurance companies and buyers of insurance.

Insurance companies have policy documents regarding travel insurance that state the coverage of the policy. But individuals still seem to be confused about the policy's wording. Hence through this study an element that is suggested for insurance companies is to create a type of a focus group. That is insurance companies should take on the activity of gathering

a group of individuals with a certain age range and provide them with a policy document to read. Once the individuals read the policy document the sellers of insurance should look at what the participants think of the policy, what can be changed and if their perception towards travel insurance and risks has changed. Different age groups could also be taken so that than the insurance company can make a distinction between one generation and another. This activity can help insurance companies to better understand the attitude of buyer of insurance and what they are looking for in travel insurance.

An additional element that insurance companies should consider is making buyers of travel insurance more aware of the risks that one could encounter while on holiday. This would be a benefit as travellers only seem to think that personal luggage, health and missed departure are the only risks that one could encounter while on holiday. But in reality there are other risks that travel insurance provides coverage for especially as participants failed to mention personal liability. In addition this is what one interviewee stated when it comes to insurance that of awareness.

Taking into account the reasons stated by travellers behind individuals thinking that insurance companies do not seek the best interest of their clients, insurance companies should consider also their attitude towards claims. That is insurance companies should not try to make the process a difficult and complicated one especially as this can cause tension and it can give the implication that the insurer does not want to offer coverage for the claim. Sometimes this attitude is what causes individuals into thinking that insurance companies are profit making machines.

5.6: Conclusion

The aim of this study was to look at the perception of travel risks among travellers. For such study to be achieved there were several other elements that had to be considered and this also included the role of insurance companies. Consequently the participants of the study were travellers and insurance companies. The aim of this study was achieved as the perception of risks among travellers was gathered and the data collected was backed up by the literature found on such topic and the interview with insurance companies help. In addition the study did take other considerations and not the of risk perception only therefore the dissertation was branched out.

Travellers are aware of the need of having travel insurance when travelling, but they are not fully aware of the different risks that can be encountered with while travelling. Moreover insurance companies do provide the buyer with the necessary documents to ensure that client is aware of the cover but still consumers do not always know what they are covered for. With these collected scenarios, which are also backed up by data, the researcher concluded that there is a gap in the market. Whereby with the presence of such gap there will still be misunderstanding among the insurance company and the buyer of travel insurance. Hence there are recommendations that the study suggests for such gap to be reduced.

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Appendices

Appendix 1: Comparative Analysis of Local Travel Policies

The following insurance companies, **GasanMamo Insurance Ltd, Atlas Insurance Protected Cell Company Ltd, Middlesea Insurance Ltd and Elmo Insurance Ltd** are four leading insurance companies within the local market scenario. Additionally these four companies offer their own set of travel policy packs for individuals when going abroad. The following are the covers that each of these insurance companies provide in a single policy. All of this data was gathered through the policies that were made available for the purpose of this research study.

Both Atlas and GasanMamo have three levels of policies that could be purchased. In the case of GasanMamo these are known as **Basic Cover, Standard cover** and the **Executive Cover**. While at Atlas such covers are given the terms of **Budget Cover, Standard Cover** and **Premier Cover**. Basically these terms are used to describe the type of policy that an individual could purchase. The basic cover would be a travel policy that has the least options of cover and limits. While the executive policy would be a travel policy that offers the most possible coverage and highest limits. Elmo insurance only have two cover options that include **standard cover** and **extra cover**. On the other hand Middlesea does not mention the types of covers that are applicable in the policy.

All of these policies in a way are similar with small distinctions being noted. The following table shows the covers that are provided by these insurance companies as at 2011. These

covers are all provided in a policy along with the levels of covers applicable. The difference among the levels of insurance is that different limits of indemnity would be applicable.

Table 1.1: Comparative Analysis of Insurance Policies from Different Insurance Companies

Cover	GasanMamo	Atlas	Middlesea	Elmo
Baggage	√	√	√	√
Personal Accident	√	√	√	√
Personal Money	√	√	√	√
Personal Liability	√	√	√	√
Cancellation Charges	√	√	√	√
Delay Departure	√	√	√	
Missed Departure	√	√	√	√
Loss of Passport	√	√	√	√
Emergency Medical	√	√	√	√
Hospital Benefit	√	√	√	

The following table represents additional covers that could be purchased by individuals when going abroad taken from the policies available online as at 2011. These covers are known as extensions such that the policy would not cover them but have to be purchased as extra covers hence the name given. Therefore an individual would have to pay an additional premium for the extension and the insurance company has to be notified of such extension.

Table 1.2: Comparative Analysis of Extensions of Insurance Policies from Different Insurance Companies

Extension	GasanMamo	Atlas	Middlesea	Elmo
Golf equipment	✓	✓		
Rental vehicle	✓	✓	✓	
Pet Care	✓			
Winter Sports Equipment	✓			✓
Ski	✓	✓		
Hijack			✓	
Volcanic ash	✓	✓	✓	

Insurance companies offer different extensions. For instance GasanMamo is the only insurance company in the local market that offers cover for pets while hijack cover is only offered by Elmo insurance company. The following table is a detailed structure of what would a policy be like when purchasing a travel policy from GasanMamo Insurance Ltd (2011).

Table 1.3: Description of a Travel Insurance Policy

Insured Peril	Description
Baggage and Delay	Risk of losing, damaging or delay in one's own personal possessions including the insured's luggage.
Personal Money (cash, travellers' cheque, travel tickets, hotel vouchers, passport, driving license, mobile top-up vouchers)	Risk that the money is either lost or stolen
Golf	This peril will be insured if the traveller purchases the executive cover. This extension will cover the traveller's golfing equipment in case it is lost, stolen or damaged
Personal Accident	This insurable risk will cover the insured in the case of an accident occurring where the insured suffers from : <ul style="list-style-type: none"> • partial disability, • permanent total disability or • death
Cancellation and Curtailment Charges	Cover is available in the event that the traveller has to cancel or curtail the trip
Emergency Medical and Associated Expenses	<ul style="list-style-type: none"> • This covers any bodily injury and death that might occur during the trip where medical treatment is needed during the journey, • cost of returning the traveller's body to

	<p>the home country,</p> <ul style="list-style-type: none"> • additional travel expenses in order to stay beyond the expected due date back to home country and • travel expenses in case of having to leave the journey early because of health troubles of a close relative
Hospital Cash Benefit	<p>This cover is only provided to those policy holders that have purchased a Standard Cover or an Executive Cover.</p> <p>This will cover the insured's stay in hospital where different limits apply for the different policy that is purchased.</p>
Personal Liability	<p>This cover is provided in case the insured party is held legally liable to pay for any claims that have resulted in:</p> <ul style="list-style-type: none"> • Death or bodily injury of a third party and/or • Loss or damage to third party property.
Delayed Departure	<p>The insurance will cover the traveller in case the flight or ship is delayed.</p>
Missed Departure	<p>It is the risk that the traveller misses departure because of being late to board the ship, airplane or train. It will only cover in the instances that the delay occurred because of:</p>

	<ul style="list-style-type: none"> • Public services are do not keep up with their time schedule • There is a delay in connection in between flight which causes the traveller to miss the flight • Damage is sustained to the car the traveller is using to get to the flight. This cover excludes the risk of ending up with no fuel. • Bad weather conditions which make it impossible to arrive a point of departure on time • The traveller is denied boarding.
Loss of Passport	<p>For this section to be provided when purchasing travel insurance, the policy purchased has to be either Standard Cover or Basic Cover.</p> <p>The insurance company would pay any additional expenses including accommodation costs so that the insured would have a replacement of the lost or stolen passport.</p>
Rental Vehicle Insurance	<p>This cover is only provided to those policy holders that purchase a travel insurance policy as either Standard or Executive Cover.</p>

	<p>The insurance company would cover the insured in case the rental vehicle is stolen or is involved in an accidental loss.</p>
Cancellation of Service	<p>This insurance cover is provided as an extension where additional premium has to be paid by the policyholder for it to be in operation or else a Standard or Executive Cover has to be purchased.</p> <p>Insurance will cover the traveller in case cancellations of services occur on behalf of airlines or ships because of bad weather conditions or natural disasters.</p>
Pet Care Cover	<p>This will only operate is a Standard or Executive cover is purchased.</p> <p>This will cover the traveller's pet (cat or dog) while the traveller is on holiday. The insurance will provide care for the pet in case the pet falls ill.</p>
Winter Sports Equipment	<p>This cover would be provided if additional premium is paid to the purchased travel policy.</p> <p>This will cover the insured in case:</p> <ul style="list-style-type: none"> • Personal sports equipment is lost, stolen or damaged

	<ul style="list-style-type: none"> • Hired sports equipment is lost, stolen or damaged
--	---

When travelling abroad a traveller should always consider all the available options that different insurance companies are able to offer. Nowadays a traveller can make use of a broker who acts on behalf of the client and the best option cover would be suggested. Furthermore it is important to note that the cheapest cover will not always be the best option for a traveller as it may not provide the best cover against uneventful and unforeseen events. One has to consider that the destination, age of the traveller and duration of the holiday when travelling, among other factors.

Appendix 2: Consent Form Used for the Questionnaire

Dear Participant,

I am a fourth year student at the University of Malta studying Insurance and Finance. As part of my course work I am required to carry out a dissertation. Throughout my dissertation, I will be focusing on the Travel Insurance industry hence I will look at the people's approach towards the travel insurance market such as the reasons behind buying travelling insurance and the risks associated with the travel market.

Consequently I have formed a questionnaire for the general public. For this reason I would like you to take the time and fill in the questionnaire. In doing so, you would be helping me in the completion of my dissertation.

The questionnaires will be treated with strict confidentiality and will only be used for my dissertation. Your participation is on a voluntary basis but it is greatly appreciated if you could form part of my project.

If you would like to have a copy of the results obtained from the questionnaires or you would like to ask questions do not hesitate to email me on roberta.grixti@gmail.com or contact me on 99207914. This study is closely followed by my supervisor.

Thank you in advance.

Sincerely,

Roberta Grixti.

Appendix 3: Pre-Pilot Tested Questionnaire

Travel Insurance: Is it Worth Purchasing it?

Male: _____

Female: _____

Age: _____

Where do you live? _____

Have you ever travelled abroad? Yes: _____ No: _____
(Tick the appropriate answer)

1) What type of travelling do you do?

(You may tick more than one answer)

_____ Leisure holiday by visiting another country

_____ Leisure holiday on a cruise liner

_____ An adventurous holiday such as skiing, diving, rock climbing or sport

_____ Visiting family members

_____ Business trip

_____ Voluntary work

_____ Health treatment holiday

Other: _____

2) Have you ever travelled to any of the following continents?

(You may tick more than one)

_____ Europe

_____ Africa

_____ America

_____ Asia

_____ Antarctica

_____ Australia

3) What type of airlines do you make use of when travelling outside of Malta?

4) Whenever you travel abroad, do you purchase Travel Insurance?

(Tick where appropriate)

Yes: _____ No: _____

If Yes, continue below.

If No, go to question 11.

5) Why do you purchase Travel Insurance? Because:

(You may tick more than one)

- It is the norm
- People tell you too
- You are forced to buy travel insurance
- You actually want to be covered against risks

Other: _____

6) From where do you purchase Travel Insurance?

(You may tick more than one)

- | | |
|--|---|
| <input type="checkbox"/> Insurance Company | <input type="checkbox"/> Tied Insurance Intermediary |
| <input type="checkbox"/> Insurance Broker | <input type="checkbox"/> Travel Agent |
| <input type="checkbox"/> Insurance Agent | <input type="checkbox"/> Insurance is provided through my visa/ credit card |

Other: _____

7) What do you look for when purchasing insurance?

(You may tick more than one)

- That you are covered for the bare minimum
- That you want to be covered for every possible risk
- That you have more than the basic cover

Other: _____

8) Do you ever read the policy that you are going to purchase or already purchased?
(Tick the appropriate answer)

Yes: _____ No: _____

9) If Yes, why? Because:
(You may tick more than one)

- _____ I want to be involved in the buying process
- _____ I want to know what I am covered for
- _____ I like to read policies
- _____ I do not trust the insurance company
- _____ I want to find a loophole in the policy

Other: _____

10) If No, why? Because:
(You may tick more than one)

- _____ I do not have time to read the policy
- _____ Policies are difficult to understand
- _____ It is not worth my time
- _____ Do not bother to read the policy

Other: _____

Please skip the next question.

11) Why don't you purchase travel insurance?
(You may tick more than one)

- _____ It is not value for money
- _____ I have enough money to pay for any inconveniences that may arise
- _____ It is provided by my employer

Other: _____

12) Have you ever experienced an event where you had a claim?
(Tick the appropriate answer)

Yes: _____ No: _____

13) If Yes, how was your experience with the insurance company?

14) Do you think that insurance companies seek the best interest of their clients when it comes to travel insurance?

(Tick the appropriate answer)

Yes: _____ No: _____

Why? _____

Appendix 4: Post-Pilot Tested Questionnaire

Travel Insurance: Is it Worth Purchasing it?

Male: _____ Female: _____

Age: _____ 18-27
_____ 28-37
_____ 38-47
_____ 48-57
_____ 58+

Level of Education achieved: _____

1) Where do you live? _____

2) Have you ever travelled abroad? Yes: _____ No: _____
(Tick the appropriate answer)

If Yes, continue with the questionnaire.

If No, thank you for participating in the questionnaire.

3) How often do you travel abroad?

4) What type of travelling do you do?

(You may tick more than one answer)

- Leisure holiday by visiting another country
 Leisure holiday on a cruise liner
 An adventurous holiday such as skiing, diving, rock climbing or sport
 Visiting family members
 Business trip
 Voluntary work
 Health treatment holiday
Other: _____

5) Which continents have you travelled in?

(You may tick more than one answer)

- Europe Africa America
 Asia Antarctica Australia

6) Whenever you travel abroad do you purchase Travel insurance?

(Tick the appropriate answer)

Yes: _____ No: _____

If Yes, continue below with the questionnaire and skip question 17.

If No, skip to question 17.

7) Why do you purchase Travel insurance?

8) What type of risks do you think that travelling policies cater for?

9) From where do you purchase Travel insurance?

10) What do you look for when purchasing Travelling insurance?
(You may tick more than one answer)

- Price
 Coverage
 Insurance Company's Credibility

Other: _____

11) What are the deciding factors of buying one travel insurance policy over another policy?
(You may tick more than one answer)

- Price
 Coverage
 Insurance Company's Credibility

Other: _____

12) Do you ever read the policy terms and conditions that you are going to purchase or already purchased?
(Tick the appropriate answer)

Yes: _____ No: _____

If Yes, continue below and skip question 14

If No, skip the question below.

13) If Yes, Why? Because:

14) If No, Why? Because:

Below is a case scenario of a policy and the limits that apply within the policy:

Section	Basic	Standard	Executive
1) Baggage	€700	€2,000	€2,600
2) Personal Money	€950	€1,200	€2,000
3) Death	€5,500	€16,000	€37,000
4) Partial Loss of limbs/ eyesight	€5,500	€15,500	€42,500
5) Permanent Loss of limbs/ eyesight	€5,500	€15,500	€42,500
6) Cancellation Charges	€1,000	€3,700	€5,200
7) Emergency Medical Expenses	€30,000	€170,000	€315,000
8) Hospital Cash Benefit		€725	€800
9) Personal Liability		€1,250,000	€1,250,000
10) Missed Departure	€250	€600	€1,100
11) Loss of Passport	€75	€200	€300
12) Rental Vehicle		€350	€450
13) Pet Care Cover		€150	€250
14) Winter Sports Equipment	€350	€1,000	€2,000

15) Which policy would you opt to buy? _____

16) How much would you be willing to pay for your chosen cover? Why?

Skip the question below.

17) Why don't you purchase Travel Insurance? Because:

18) Have you ever experienced an event where you had a claim?
(Tick the appropriate answer)

Yes: _____ No: _____

19) If yes, what was your experience with the insurance company?

20) Do you think that insurance companies seek the best interest of their client when it comes to Travelling insurance?

(Tick the appropriate answer)

Yes: _____ No: _____

Why?

This is the end of the questionnaire. Thank you for taking the time to fill in the questionnaire. Your help is greatly appreciated.

Appendix 5: Consent Form to the Insurance Managers for the Interview

To the Insurance Company,

I am a fourth year student at the University of Malta studying Insurance and Finance. As part of my course work I am required to carry out a dissertation. Throughout my dissertation, I will be focusing on the Travel Insurance industry. I would greatly appreciate, if you could allow me the time to carry out an interview within your company.

An interview would be able to help me gain more knowledge and knowhow about the Travel insurance market. I would like to ask questions regarding any claims made, percentage of people buying insurance and the changes of the travel insurance market throughout the years. By granting me an interview, I could further my dissertation to completion.

The interviews will be treated with strict confidentiality and will only be used for my dissertation. Your participation is on a voluntary basis but it is greatly appreciated if you could form part of my project.

If you would like to have a copy of the results obtained from the interviews or you would like to ask questions do not hesitate to email me on roberta.grixti@gmail.com or contact me on 99207914. This study is closely followed by my supervisor and has been through the Research Ethics Committee of the University of Malta.

Thank you in advance.

Sincerely,

Roberta Grixti.

Appendix 6: Pre-Pilot Tested Interview Questions

Interview Questions to the Insurance Managers

- 1) Throughout the year, which is it the busiest time of the year in respect of the Travel Insurance market?
- 2) Which are the most popular destinations?
- 3) What do you think is the approach that people take when buying travel insurance?
- 4) What is the basic cover that is offered? And is it purchased very often?
- 5) What types of extended covers are provided?
- 6) Do people purchase any extended warranties?
- 7) What is the major element that affects the premium payable in a policy?
- 8) In what ways did the travel insurance market expand as new destinations were discovered?
- 9) Do you think that the travel insurance market has the possibility to grow more?
- 10) What are the most common events that as insurers you are asked to insure but there is no cover for?
- 11) Do you think that there are areas where the travel insurance market is limited but can be changed in the near future? Ex: including terrorism insurance, excluding covers of pre-existing conditions.

Appendix 7: Post-Pilot Tested Interview Questions

Interview Questions to the Insurance Managers

- 1) Throughout the year, which is it the busiest time of the year in respect of the Travel Insurance market?
- 2) Which are the most popular destinations?
- 3) Do you think that consumers find it significant to buy Travel Insurance, when travelling overseas?
- 4) What is the percentage of travellers that purchase Travel Insurance when going abroad?
- 5) Do clients actively purchase Travel Insurance or is it part of a whole travel package?
- 6) What percentages of the policies taken out actually result in a claim?
- 7) How do you determine what type of cover to provide in a policy?
- 8) What is the approach of individuals when purchasing the policy suggested by the insurer?
- 9) What is the most common level of cover purchased?
- 10) Is it common for individuals to make use of Travel Insurance through visas and cards provided by banks?
- 11) What are the major elements that affect the premium payable in a policy?
- 12) As an estimate how much would a Travel Insurance policy cost if it is purchased at basic, standard or executive cover?
- 13) In what ways did the travel insurance market expand throughout the years?
- 14) Is there room for the Travel Insurance market to expand further?
- 15) Do you think that there are areas where the travel insurance cover is limited and can be changed in the near future to include new covers ex: extension to cover pets, terrorism and other events such as volcanic eruption?

Appendix 8: Transcript of One Interview with an Insurance Manager

- 1) Throughout the year, which is it the busiest time of the year in respect of the Travel Insurance market?

The busiest time is always summer it usually starts from May to September. But then there are the seasonal holidays ex; skiing holidays and business trips along the holiday. But the busiest is summer as people take their holiday in summer. But what is important that most people have to understand is that you have to take out insurance when you buy the tickets because if cancellation occurs you will not be covered unless you have travel insurance.

- 2) Which are the most popular destinations?

Europe still remains the most popular although people have now become more adventurous and we are seeing other destinations becoming popular.

- 3) Do you think that consumers find it significant to buy Travel Insurance, when travelling overseas?

There is a lot of awareness especially among those people that have suffered a loss. Travel agents also help as they buy insurance. They also have to show what the product is offering, prices and coverage.

- 4) What is the percentage of travellers that purchase Travel Insurance when going abroad?

Offhand 75% as it is so inexpensive.

- 5) Do clients actively purchase Travel Insurance or is it part of a whole travel package?

Travel insurance has 3 avenues; you can buy a policy online or go to the company (direct insurance). Then you have these where you go to travel agent, there is also an open cover scheme for the whole year. If you are going with a group you have group insurance which is available. Also what has become very popular is that of bank cards the gold and platinum card which offer travel insurance.

- 6) What percentages of the policies taken out actually result in a claim?

A good chunk of them do not have claims. But the most common claims include that of baggage and money with health being the least claimed for.

- 7) How do you determine what type of cover to provide in a policy?

This is imp, when we sell we show the three tiers being offered. We always suggest according to the trip being taken. Ex: for trips to Canada and America we suggest the third tier with the highest limit because of the high expenses that can be incurred under medical costs.

- 8) What is the approach of individuals when purchasing the policy suggested by the insurer?

The approach is to normally go for the lower. But when they see that there is not a lot of difference in the premium price they go for the higher and choose the superior cover.

- 9) What is the most common level of cover purchased?

The most common is the standard.

- 10) Is it common for individuals to make use of Travel Insurance through visas and cards provided by banks?

It is common because it is free. But then you have to check the cover and the excess. Excess in cards are higher than in our policies. Taking our policies as an example we have the excess of waiver which will benefit the customers.

- 11) What are the major elements that affect the premium payable in a policy?

The premium is based on number of days, the geographical area and the rating of the premium is determined upon such factors.

- 12) As an estimate how much would a Travel Insurance policy cost if it is purchased at basic, standard or executive cover?

Taking the example of Europe for 5 days a basic policy would be €13 euro, standard €16.50 and the executive €32.50. Then you have to add VAT which is 10% of the premium payable.

13) In what ways did the travel insurance market expand throughout the years?

There were times where it was expanding. But unfortunately through the use of cards and other schemes the market has shrunken.

14) Is there room for the Travel Insurance market to expand further?

It is more of a shrinking market. We are in a situation where you go online and you have a one stop shop where eventually the work of the travel agent will diminish. Although still the same service will be given. You still have to be accessible to your clients.

15) Do you think that there are areas where the travel insurance cover is limited and can be changed in the near future to include new covers ex: extension to cover pets, terrorism and other events such as volcanic eruption?

We are always careful to update the travel insurance policies and adjourn them according to situation. We were the first to start offering the cancellation services following the volcanic ash and several companies followed suit. The policy has been revamped last year and more covers were added ex; winter sports and equipment and pet cover. When pet care cover was introduced we were the first company to do so and still are. Terrorism still remains excluded which is a common exclusion on the board. We are always on the board to offer an innovative service and we always try to keep up as to where the market is going. We always try to let the client to pay the least amount of excess. We have also introduced additional covers to the policy and the premium payable has remained unchanged.

Appendix 9: UREC Email for Stating No Ethical Clearance Required

UREC Proposal Form - Roberta Grixti

4 messages

Brenda Bonnici <brenda.bonnici@um.edu.mt>

Wed, Mar 6, 2013 at 1:51 PM

To: nigelrausi@onvol.net

Cc: SIMON GRIMA <simon.grima@um.edu.mt>, Nathaniel P Massa <nathaniel.massa@um.edu.mt>, Carl Camilleri <carl.camilleri@um.edu.mt>, Francis Debono <francis.debono@um.edu.mt>, roberta.grixti@gmail.com

Dear Mr. Rausi

During a meeting held on Tuesday 5th March 2013, the FEMA Research Ethics Committee has come to the conclusion that no ethical clearance is required in relation to the proposal submitted by Ms. Roberta Grixti with regards to her proposed research.

Nevertheless it is important that you ensure that Ms. Roberta Grixti obtains all necessary consent forms in this regard.

Your are kindly requested to inform Ms. Roberta Grixti accordingly.

Needless to say, please feel free to contact me should you require further information and/or any clarifications.

Kind Regards

Brenda Bonnici
Administrative Assistant
Marketing Department, Room 431
Faculty of Economics, Management and Accountancy
University of Malta
Msida MSD2080
MALTA

Direct line: 2340 3478
Email: marketing.fema@um.edu.mt
Department Web: www.um.edu.mt/fema/marketing