

# Travel Insurance Cover

Tzvetelina Andreeva\*

## Summary:

This paper makes a detailed analysis of the nature and specific features of insurance in travel and tourism, and the risks involved. Insurance is becoming increasingly relevant nowadays, given its more effective and smooth implementation by travellers, tourists, and other agents, including the insured. The paper also registers and summarizes the experience, current situations and opportunities in the practice of the international insurance market and of our insurance market in particular. Emphasis has been laid on the choice, made by clients, of the most comprehensive and appropriate, in their case, insurance cover and the careful evaluation of the relevant exclusions and important recommendations as they could act as a valuable guide in this regard. Thus a real, fuller and more effective insurance cover will be effected, the latter being an important segment of modern tourism.

**Key words:** travel, accident, extreme sports, franchise, indemnity.

**JEL Classification:** G22.

## 1. Introduction

Travel is the movement of people between different locations on foot, on horseback, by bicycle, car, boat, plane, etc. or a combination of them, for various reasons, both nationally and internationally. Travel is known by the classic name of "tourism"<sup>1</sup>, i.e. travel mainly for the purpose of recreation and entertainment.

There are many types of tourism: mountain, marine, extreme (the latter growing very fast globally), medical, cultural, business tourism (including fairs, seminars, conferences, etc.), hunting and fishing tourism, ecotourism, sport tourism, rural tourism (to get acquainted with life, traditions and culture), religious, etc. This travel can last several days, a week, months, (called "short-term") and "long-term". It can also be domestic and international, etc.

\* Ph.D. in Economics, She has years of practical experience in insurance, She teaches part-time "Economics of Insurance", both in Bulgarian and in English, at the University of National and World Economy at the Faculty of Finance and Accounting, the Department of Finance, and the Faculty of Business, the Department of Industrial Business, e-mail: tzvetelina.andreeva@gmail.com

<sup>1</sup> The term "tourism" originated from the French word „tour“. The Bulgarian writer and public figure Aleko Konstantinov is considered the founder of Bulgarian tourism. In Western Europe tourism originated and developed faster in some countries, such as the United Kingdom, Switzerland, France and many others in the 19th century. The emblem of the Bulgarian Tourist Union (BTU) is the protected alpine plant edelweiss.

Tourism is not only of social, but also of great economic importance both for Bulgaria and for many other countries worldwide. It is a well-known fact that it is a priority sector in the Bulgarian economy. Its strategic goal for development has been defined as "a complex intense development of tourism, based on the recent advances in scientific and technological progress, promoting development and international tourism." (Lozanov, 1995, p.239).

We believe that tourism<sup>2</sup> is one of the four core and priority industries or sectors of Bulgaria, which we will develop not only within the European Union. The other three sectors are agriculture, light industry and transport. Generally speaking, this is our major national and global economic status - economic profile. Certainly we will be working in a number of complementary economic sectors and activities.

Tourism as an industry is evolving fairly rapidly worldwide as "tourism and recreation are complex elements of social life, a necessary prerequisite

for the existence of man and the realization of all kinds of human activity." (Terziyska, 2004, p.1110). The trips of Bulgarians are steadily increasing. For example, "in 2014 Bulgarian citizens made a total of 4,157,946 trips abroad for all sorts of purposes or reasons. The increase compared to the previous year is of 5,8%. In 2014 the EU countries were visited by 2,211,496 Bulgarians, a growth of 6,3%"<sup>3</sup>. These data show a large number of trips, with a tendency of growth, associated with insurable interest, i.e. a need for insurance for the purpose of indemnification of financial losses. Insurance is what, in exchange for regular small payments, indemnifies for large incidental losses on the principle of mutual assistance.

The premium income from travel insurance on the local market has been increasing in amount in recent years. However, the product share in the non-life insurance portfolio of local companies is round 1%.

The latest data<sup>5</sup> show that most of the Bulgarians travelling abroad

Premium income in BGN and share of travel insurance in Bulgaria<sup>2</sup>

Year	Premium income in BGN	Share in Non-life portfolio in %
<b>By November 2015</b>	15 629 166	1.0%
2014	16 370 041	1.0%
2013	13 208 246	0.9%
2012	12 732 207	1.00%
2011	11 127 766	0.08%

<sup>2</sup> The sector accounts for 13,6% of GDP and provided 114, 856 jobs about the end of 2013 according to data of <http://bg.wikipedia.org> – Tourism in Bulgaria, 27.05.2014.

<sup>3</sup> According to data of the Ministry of Economy, Energy and Tourism for 2014.

<sup>4</sup> Data from Financial Supervision Commission in Bulgaria.

<sup>5</sup> Data from Financial Supervision Commission in Bulgaria.

## Articles

are aged between 25 and 45. The Bulgarians over 65, travelling abroad, are very few and over 90% of them travel within the country. The age of people over 65 is a stumbling block in insurance - they are a risky group and certainly their insurance is expensive. With Bulgarians most of the trips abroad are for the purpose of "holiday," and within the country - "visiting relatives".

Bulgarians travel mostly to visit, study, visit cultural and sporting events, on business trips (including work abroad), for tourism - holiday and excursion, to explore the labour market. The number of trips has been increasing lately, particularly to France, Spain, the UK, Italy, Germany, the Czech Republic, Macedonia and some other countries. At the same time the number of trips to Austria, Romania, Greece, Serbia, Turkey and some other countries has been decreasing. Bulgarians travel to over 50 countries worldwide.

Bulgarian tourists are probably not fully aware of their rights when travelling or do not belong to the so called "professional tourists" yet, i.e. they do not know and do not fully and properly use their rights to avoid problems. The purpose is not to know one's rights in order to implement use tricks - such as abusing insurance, etc. for economic gain.

Bulgaria has always been, recently even more so, an attractive tourist destination for foreigners of different

nationalities. Visits by foreigners to Bulgaria have been steadily growing, for example from 5 million people in 2001 to over 9,4 million in 2014. A significant number of foreigners visit Bulgaria, with a trend for their number to increase, nearly 5 million people visit the country for holidays and vacations. According to figures rounded by the author<sup>6</sup>, the flow of tourists visiting Bulgaria in 2014, by country, was as follows:

Country	Visitors
Romania	1 439 000
Greece	1 110 000
Turkey	1 094 000
Germany	898 000
Russia	666 000
Serbia	453 000
Macedonia	441 000

Other countries with less presence of tourists in the country are: Ukraine, Poland, the UK, Austria, France, the Czech Republic, Holland, Italy, etc.

The tourists from Western Europe are "professional tourists", they know their rights, are insured and some of them even resort to tricks with regard to the insurer, for cheaper holidays.<sup>7</sup>

Tourism and the travel of people nowadays, on the national and international level, are mass, active, and show a rate of growth. In many cases, however, they are subject to

<sup>6</sup> See <http://Wikipedia.org>, 27. 5. 2014.

<sup>7</sup> According to data of Pariteni.bg, 28.05.2014 of the Director of the College of Tourism and member of the Managing Board of the Varna Chamber of Tourism.

many inherent risks, mostly of disease and accident. A number of other incidental events, on which we will dwell later, can spoil the travel of the tourist. Especially in international travel the consequences of incidental events, occasions (or risks) can sometimes be serious, because of which there is a need for specialized insurance cover almost always. Special attention should be paid to travel through or in regions and countries with political instability and the extreme sports. Insurance provides protection against a number of occasional emergencies, related to travel or tourism that entail unexpected expenses - financial problems.

The thesis of the author in this publication is to research and summarize global insurance experience, including particular and specific cases, in order to improve the efficiency of the practical application of travel insurance with a common interest – both for the tourist and the insurer providing the service and also all other participants in the chain in the country.

The aim of this study is to provide and offer clients a choice of a fuller and more adequate insurance cover. The study can serve as an important guide for travellers worldwide. The emphasis is on the widest public presentation of the most extensive possible cover and relevant exclusions, which will ensure that the various and specific insurance needs of the traveller be met. The object of the study is the travel insurance abroad. To realize this goal the following tasks have been set:

- to research travel insurance from an essential point of view and its diversity worldwide;
- to give reasons for the actual need for travel insurance cover;
- to evaluate the diverse needs for this type of insurance to answer the question what product cover to buy, depending on the particular case;
- to specify a comprehensive principal insurance cover, suggesting options for a given choice of a particular or specific cover, i.e. putting together both the necessary and the wide variety of travel insurance cover while promoting it;
- to give specific tips to the insured (travellers, tourists), i.e. answers to the questions the insured most frequently ask and worry about.

## 2. Travel insurance

A trip is made both by local citizens and foreigners (visitors) for common or specific reasons. In most cases the trips are short. Regardless of the duration of the travel – short-term or long-term, and the destination of travel – within one's home country or to a foreign country, people are almost equally exposed to the same incidental trouble – of urgent assistance and cover of expenses that arise unexpectedly when travelling. Naturally local costs are lower than those abroad, which is why insurance cover for the domestic market is cheaper than that for international travel. However one should be well acquainted with the situation and the possible unpleasant surprises for travellers abroad, in the specific country and season.

## Articles

Insurance against incidental surprises is compulsory or voluntary ("private"). It is compulsory for its social significance to certain categories of residents and visitors. "For visitors to some countries this insurance is compulsory. The aim is for the foreigner to be guaranteed through the insurance, in which case he or she would not pose problems of this kind to the local authorities concerned." (Andreev, 2006, p. 266). Insurance is voluntary for others, such as tourists, researchers, academics (usually universities provide them with health insurance) and others.

Through insurance we can be protected or it must provide and offer **cover (indemnify the insured) for:**

- medical treatment (including hospitalization);
- physiotherapy;<sup>8</sup>
- urgent acute<sup>9</sup> primary dental care;
- expenses for medicines;
- urgent prescription for glasses or change of glasses;
- possibly for limited expenses for pregnancy and newborn babies;
- expenses related to accident, ambulance expenses;
- travel expenses to return home in case of death or serious accident, etc.

Too many unexpected events can happen to a person when travelling, especially abroad, due to unfamiliar surroundings, regulations and rules, traditions and customs, language barriers, unforeseen cash shortages, absence of relatives, etc.

Travel insurance is defined as the *dominant health travel insurance, first and foremost when visiting a foreign country*, where in principle one should like staying, regardless of the occasion. This can happen only if the person is healthy and has no other problems with his travel and stay. Poor health and other travel-related incidental problems cannot be completely ignored, which is why we need the relevant insurance and/or insurance cover. Insurance in this case is a wise decision, the question is what kind of insurance including assistance and which reputable company to choose. To protect our health when travelling, in the first place abroad, we should take into consideration the fact whether we have been provided any real cover by our national healthcare system and/or insurance, as well as consider some of our health problems in advance, also take with us certain important health documents, including a valid health card. Of essential need is the availability of full medical cover for travelling and staying abroad. The documents, providing that security, should be carried with us, along with other urgent documents, such as ID cards, driving license, etc. It is a question of insuring against health problems and other emergency situations, for some of which, large in number, insurance can also help. Essential situations in this case are disease and/or accident, in which you need to get emergency assistance and when they occur one should

<sup>8</sup> Physiotherapy – treatment through transformed physical factors such as heat, ultrasound, electricity, etc.

<sup>9</sup> Acute disease is one, occurring suddenly and quickly, with severe symptoms.

not forget to immediately contact the insurers or their representative - usually an assistance<sup>10</sup> company or insurance broker to help find the best and quickest procedure. This approach is extremely useful for the injured insured.

Many people travel and they travel for various reasons:

a) These are tourists, guests, visitors, employees, students, businessmen, students on training, researchers, academics working in missions, sportsmen, hunters, family members travelling with the policy holder and others;

b) The main reasons are recreation and holiday, work, studying, training, exchange of work experience, sports, research, medical treatment, accompanying a person, etc.

### 3. The need of insurance when travelling

A trip is made with the good intentions of spending time in a pleasant way, achieving good business results, getting prestigious training, achieving good sports results, enjoying entertainment, etc. However, it is also related to possible events (risk situations), such as:

- accident;
- disease;
- loss of or damage to luggage;

- cancelled flight and/or trip;
- interruption or cancellation of a trip;
- missed flight;
- theft or robbery of personal luggage;
- terrorism;<sup>11</sup>
- emergency repatriation;<sup>12</sup>
- instability of the tour operator, transportation or other company, connected with the travel or stay of the tourist;
- medical evacuation;
- loss or theft of important documents;
- delayed trip, etc.

All those incidental and adverse events or cases, apart from some stress<sup>13</sup> also have the effect of a number of economic consequences and entail the relevant considerable incidental expenses. Insurance in this case is the transfer of risk from the person, travelling to or staying in a particular country and it being taken by the insurer. Insurance unconditionally guarantees financial security and, what is equally important, peace of mind. Insurance is a pre-payment of a specific small sum in order to avoid the payment of a probably much larger sum. Therefore, when travelling, especially abroad, one has the absolute need for a specific, more comprehensive and financially justified insurance cover.

Insurance or an insurance policy is mainly necessary for, or the object of such insurance may be, Bulgarian

<sup>10</sup> Pln insurance, assistance is the provision of help for the faster solving of an insurance case – accident, disease, etc., by a person or organization, specialized for the purpose, which provides quick local support, organization and possible payment of emergency assistance instead of the insurer. Assistance is insuring, not an insurance. Assistance is a possible service, attached to a particular insurance. It is also practised as separate business outside the area of insurance.

<sup>11</sup> Terrorism – ill-intentioned activities of third parties for a political reason. In insurance the first party is the insured, the second party is the insurer and all others are third parties.

<sup>12</sup> Repatriation is a necessary incidental return of a person to their place of origin, etc. or the return of an insured injured person or an object to their place of origin or some other place, included in the insurance policy.

<sup>13</sup> Strain in a person under the influence of strong effects that endanger body functions or the body.

## Articles

citizens travelling abroad and foreign citizens, legally residing in the Republic of Bulgaria. Usually these are under the age of 70-75. Their policy may be individual, family, group, single, multitrip<sup>14</sup>, etc.

### 4. Insurance cover and exclusions

#### 4.1. Insurance cover

The choice of insurance products or covers that provide travel insurance protection, is rich and varied. Many are the events for which insurance cover may be sought. Relevant combinations of covers can be made, depending on the specific needs of the traveller. Such covers, no matter where in the world you find yourself, are:

- emergency medical (health)care in case of a disease or accident. The insurance covers expenses up to the agreed limit of liability of the insurer - for example from 10,000 to 100,000 EUR for each insurance event<sup>15</sup>. Usually what is applied is deductible of the insured (franchise) in covering the damages or losses that have occurred (expenses) - for example to the amount of 100, 150, 200 or 300 EUR for each insurance event.

Members of the EU and EEA do not need additional insurance for certain risks or expenses for another EU country. What they need is to have a European Health Insurance Card – EHIC, for maximum cover by the social security system. The cards of the different countries provide

different covers. The payable medical care for EU member cardholders is at preferential rates and some care is free. An electronic form of this card has been approved, i.e. an e-card that is an electronic record by means of which everyone has access to their health record. Usually the card is issued by a national public healthcare center or some other institution. In some countries this cover for some visitors is compulsory. Usually it is compulsory for students, employees, staying for a long period of time and the like, i.e. they must have health insurance on the scheme (model) of the country in which they are staying. The EHIC is not travel insurance and it does not mean that you do not need insurance and this for a specified period of validity;

- incidental death by accident or disease (not by natural causes or common diseases - heart attack, stroke, etc.). The cover may even be only for the transportation. In this case the heirs of the insured or a particular beneficiary, whose name has been entered in the policy, are paid the sum, agreed on in the policy;
- funeral expenses, which are usually limited by the insurer. This cover can be underestimated, but these unexpected expenses are already significant and are worth being provided for through the insurance;
- loss of work capacity as a result of accident. Generally permanent loss

<sup>14</sup> Multi-trip – multiple trips, a valid multi-trip insurance respectively.<sup>15</sup> Terrorism – ill-intentioned activities of third parties for a political reason. In insurance the first party is the insured, the second party is the insurer and all others are third parties.

<sup>15</sup> Insurance event – a materialized insurance event with a loss or damage, injury, claim by third parties for faultily caused to them losses, covered by the insurance policy.

- of work capacity is covered (work capacity lost forever). The amount of the indemnity is the percentage of permanent loss of work capacity compared to the sum insured (the limit of liability under the policy)
- repatriation, necessary because of a hidden disease or accident, including that of mortal remains;
  - unexpected cancellation of a trip - for example due to a death in the family, medical travel ban, hospitalization of the insured or bankruptcy of the transport, tour operator company, even due to a natural disaster that has occurred at the home of the insured, pregnancy, physical abuse (assault), children's extended school year, serious problems at the destination of travel, such as a natural disaster, bad weather, political events (strikes, riots, civil unrest, etc.) and other cataclysms. In case of cancellation, the cover may include direct expenses – on reservations, prepaid fares for facilities, such as ski lifts, etc. However what is covered is the actual amount of lost costs and expenses. It is possible to cover cancellation for any reason or, for example, only for a political reason. Insurance cover for the cancellation of a trip is a key issue, with complex terms and limits;
  - loss, damage or theft of luggage, personal belongings (up to a certain amount and by a franchise) and/or travel documents. Here the condition is that the theft should have been reported to the police. Not all insurers assume this cover because of its

- obvious element of risk and potential for abuse;
- emergency evacuation for medical reasons of a person who should return under and/or for special care. Usually the limit of liability is high, because this service is very expensive. Aircraft is used - a helicopter and/or a plane. Cover is also possible for political evacuation (due to the occurrence of political risks - war, civil war, etc.);
  - returning of a person under age;
  - delayed trip due to bad weather. Transport services may be the greatest expense and the most common problem for Bulgarian travellers, a problem complicated by these travellers' ignorance of their rights;
  - hijacking by plane;
  - missed connection due to a wrong flight schedule;
  - legal expenses, counselling and legal aid of significant value;
  - personal liability of the insured for faultily caused bodily injuries and/or property damage or other losses to third parties, which is insurance protection for the insured but at the same time guaranteed legal protection for the innocent injured third person;
  - indemnification for part (for example 75%) of the "lost wages"<sup>16</sup> of the insured, due to illness or bodily injury in travelling abroad;
  - 24/7 assistance (providing assistance or cooperation for the insured by an "assistance company", hired by the insurer) related to an insurance event.
- According to their scope and duration the abovementioned

<sup>16</sup> Income Protection Insurance protects the most valuable human asset – „working for the relevant pay“.



## Articles

numerous possible insurance covers may provisionally be classied as follows:

a) According to their scope or comprehensiveness insurance covers may be:

- *Basic cover* - for single and short-term trips, is a cover for the most urgent incidental events, such as medical expenses due to accident and acute disease<sup>17</sup>.
- *Extended cover*- includes the basic cover plus (with a supplement for) permanent loss of work capacity, repatriation due to accident and acute disease, including that of mortal remains. It is designed for short- and long-term stays abroad, for example from 2 to 12, 18 months or more. Here it is realistic also to add cover for sports - piste skiing and/or snowboarding or off-piste skiing.
- *Multi-trip (Deluxe) one-year cover* - which includes extended cover with optional addition of the other abovementioned possible covers. With this cover you pay once and travel with insurance cover as many times as you wish (sometimes at a fixed mode) in the insurance year, but usually there is an age limit for the insured for example up to the age of 70. It is a cheaper and more affordable cover, but it is worth paying for if the client makes at least 4-5 trips in the insurance year.

Travel insurance cover is quite varied, i.e. it may provide a choice of specific covers in a number of quite

different cases, which is a great choice for the insured with reference to his or her specific needs.

b) According to the duration of the trip or stay abroad insurance covers can be classified as:

- *one-off single individual and group or family cover*. It is intended for people who do not travel often. These are usually family trips, with a partner and business trips, in which case one policy is issued, which is cheaper;
- *long-term stay or long-stay cover*. Usually it is for a period of from 2 months up to 2 years, for example, with a possibility for extension. It is designed for work, study, long-term medical treatment, academic activities, etc. There are long-term policies, valid with a right of return to the home country 2 or 3 times in the insurance year (backpacker policy);
- *one-year multitrip<sup>18</sup> (for multiple journeys) cover*. It is designed for frequent travellers. These are business travellers, students and others. It is very convenient and economical as it provides cover for any trip, including a trip made suddenly and at any time during the period of the policy.

The need for emergency assistance can arise even during a day trip, wherever it is.

It is recommended that insurance cover be drawn up in the so-called packages with a view to streamline and assist the organization of trips.

The prices (insurance premiums) of the packages are highly affected by

<sup>17</sup> Acute disease – a sudden onset of a disease, requiring urgent and emergency medical aid.

<sup>18</sup> Multi-trip – a multiple trip within the term of the policy, which is usually for 12 months – for an insurance year. It is also possible for a slightly shorter period.

the scope of cover, the limits of liability, the territorial scope (countries, regions and continents, the whole world), the age of the traveller (aggravated for individuals over 50-55), the period of insurance, etc. It is possible for the territorial scope of the cover to be one's own country and/or abroad (a region, continent, the whole world).

#### 4.2. Exclusions

The exclusions in a particular policy which are of utmost importance should be carefully monitored. Some of them are called "general exclusions" and are never included in the cover, while others are called "specific exclusions" and for an additional premium can receive cover. As a rule exclusions with this type of insurance are the following:

##### 4.2.1 General exclusions<sup>19</sup>:

- self-injury of the insured;
- suicide or attempted suicide of the insured;
- damage or losses, inflicted after the use of alcohol and other intoxicants by the insured;
- damage, injuries, expenses or losses, caused by negligence on the part of the insured;
- expenses for the treatment, on returning home, of a disease which the insured contracted while travelling abroad;

- expenses for mental health problems of the insured;
- bodily injury due to fighting, including one after the use of alcohol and/or other intoxicants;
- war risk<sup>20</sup>
- strikes, riots, civil unrest, civil commotion, lockout<sup>21</sup>, mutiny, arrest, confiscation and the like;
- nuclear risk.

##### 4.2.2 Special exclusions<sup>22</sup>

They are a superstructure on another (basic) insurance cover, namely:

- expenses for an unexpectedly resumed, previously existing (previous) medically proven medical condition. Generally the cover of these expenses is excluded but, if agreed upon, additional cover can be provided for an emergency (only for existing diseases, declared in advance);
  - risks in exotic, adventure or extreme sports, such as sky-diving, diving and many others.
- It is quite possible to get additional cover (a superstructure on the basic insurance cover) for these adventure sports<sup>23</sup>;
- loss of luggage, but if cover is provided it is strictly limited and with a franchise;

<sup>19</sup> General exclusions – risks, injuries, damage, claims by third persons, expenses or losses, not covered by the insurance, even in exchange for offering an additional insurance premium.

<sup>20</sup> War risk – any activity of military character – war, invasion, floating mines and others. It is usually excluded from the insurance cover of the standard policy, but by exception it can be additionally covered in exchange for the payment of an additional insurance premium.

<sup>21</sup> Lockout – a temporary work stoppage by the employer by not giving employees access to their work places, due to an industrial dispute. A lockout is a means the employer uses to make employees agree to certain conditions of work. It is different from a strike, in which employees temporarily refuse to work.

<sup>22</sup> Special exclusions – risks, damage, injuries, claims by third persons, expenses or losses which, upon agreement and in exchange for payment of an additional insurance premium by the insured, can be covered by the insurance.

<sup>23</sup> Adventure (also called extreme sports) are sports, of which some people think that they are adrenaline and effort, as well as safe to a great extent. Just the opposite – they are high-risk, including an occasional fatal end.

## Articles

- delay of luggage, in case of covering by the insurer the limit is very low;
- delay of a trip, cover is possible with a very low limit;
- partial or full amount of the expenses, damages or losses because of the deductible of the insured (franchise) in their cover. Usually all expenses, damages or losses up to the amount of the franchise will not be paid, but if the amount of expenses, damages or losses is greater than the amount of the franchise, the insurer will pay out only the difference between them. The amount of the deductible is always borne by the insured, i.e. deducted from the indemnity. This is the so called "unconditional franchise" or "deductible". For example, the first € 100 of the expenses, damages or losses are always borne by the insured with any one of them;
- medical advice or diseases during pregnancy. Cover is possible with a compromise of up to 7-month pregnancy;
- terrorism<sup>24</sup>.
- loss of income - salary (specific cover).

### 4.3. Travel insurance in exotic sports

Travel for sports (amateur or professional) and/or recreation through sports is quite diverse and risky, given that sports are generally associated with a high risk of body injury. Adventure sports holidays are often organized. Below is a summary

of some characteristics and insurance aspects of certain sports.

#### 4.3.1 Skiing and /or snowboarding travel

Skiing and/or snowboarding on piste or off-piste and ice skating are quite risky and insurance is required. Insurers apply a serious age limit for the insured because of generally lost physical strength, reflexes and health problems. For example, with ski vacations and recreation, cover is provided for persons aged up to 65-70.

Insurance usually covers medical expenses plus expenses for being rescued on and off pistes, as well as winter sports equipment against damage, loss and theft, as both one's own and hired ski equipment are expensive.

Often the cover also provides a 24-hour multilingual emergency telephone line for contact and assistance.

It is preferable to buy seasonal insurance.

#### 4.3.2 Golf holiday travel

This travel is also known as travel for a golfing holiday.

Insurance is for a standard trip - standard travel insurance, but particularly for golfers. The standard travel insurance for golfers (golf players) is designed for a golfing holiday – golfing holiday travel.

The insurance for a golfing holiday can be organized as a separate insurance policy or as an additional cover to another main policy. This insurance is meant to protect golfers in their travel, golfing activity and/or

<sup>19</sup> Terrorism – risk, manifesting itself as an ill-intentioned action by a third party for political reasons. The first party is the insured, the second party is the insurer and all others are third parties.

their own and/or rented equipment.

The insurance is like a standard travel insurance with additional cover with reference to golf, the golf game. Usually it is used to cover:

- personal accident;
- dental treatment;
- third party liability;
- damage, loss or theft of one's own and/or rented golf equipment;
- rental expenses for golf equipment, etc.

Additionally can be covered hospitalization (getting a sick or injured person into hospital for treatment), loss of golf trophy, liability for golf training, etc.

#### 4.3.3. Other exotic sports

There is a great variety of exotic sports and they are steadily increasing in number. More and more people want to test adrenaline. Insurance with these sports is very similar to that in other travels, but here exists the specific risk of the particular exotic sport, special equipment and gear, liability to third party. From an insurance point of view these sports are very risky. They are expensive sports. A list of some of them, with a very brief description of each of them:

- parachuting (skydiving) - the sport of getting into the air out of an aircraft, by parachute, and landing helped by gravity;
- paragliding (hang-gliding) – unpowered flying with a wing (filled with air) by means of rising thermal air currents. Easy to take off, fly and land by everybody, i.e. at any age;

- diving (for example down to 30 meters)
  - school, amateur or professional;
- jet skiing;
- bungee-jumping – jumps from a great height by means of an elastic rope;
- buggy racing- driving a vehicle with an open lightweight body and wide tires for high passability on all kinds of terrain;
- horseback riding, expedition on horseback, riding weekend;
- off-road adventure – using vehicles, designed to travel off public roads on rough terrains, such as ATVs, jeeps, vans, pickups, motorcycles, military vehicles and others of various models and modifications;
- base-jumping (jumping from fixed points, using a parachute);
- heli-skiing - flying by helicopter and descending to ski on inaccessible mountain slopes;
- descending down the side of an active volcano - for example in the Black Mountain in Nicaragua;
- underwater hockey – in winter for divers, equipped with a stick and snorkel;
- zorbing - rolling down a slope in the inner capsule of a huge inflatable plastic ball;
- bouldering - rock climbing without the use of safety ropes;
- knights tournaments on horseback (sporting battle with lances on horseback, revived in Canada 20 years ago);
- slack-lining (walking along a slack line - like walking on a rope);

## Articles

- rock climbing – various types of rock climbing of different risk, difficulty and requirements - for example building, bouldering, ice climbing, climbing competition;
- sport climbing;
- mountain biking;
- rafting - rowing down a turbulent river in a flat-bottomed inflatable boat. For example in Bulgaria along the rivers Struma, Iskar, Mesta, Arda, Veleka, Rilska, Black and White Vit and others;
- canoeing/kayaking - kayaking (a kayak is a small single-, double- or even three-seater boat) in turbulent rivers (rowing slalom), in seas (expedition) and lakes (water-rodeo). For example in the Danube River, Struma River, Arda River, Tara River (in Montenegro), Socha River (in Slovenia), Lake Ohrid and others;
- canyoning - passing through steep, deep and wild riverbeds, waterfalls and cliffs, possibly climbing steep rocks, swimming, descending downhill with a double rope (rappel);
- kite-surfing – a kite (an aircraft) is blown by light breeze and provides a horizontal pulling and sliding in the direction of the wind;
- skateboarding – a short board on small wheels, fixed to the bottom at both ends; also used on specialized equipment.
- zorbing – the participant is attached to the inner capsule of a very large clear plastic ball;
- windsurfing - sliding with a board with canvas (a surf), driven by the wind, on the water surface in a neoprene suit; while surfing is sliding with a board (a surf) by means of which one rides the waves, etc.

Exotic sports are an additional and complex task in providing insurance protection, given the high risk factor - possible serious accidents. With them insurance protection is necessary or even "compulsory".

The wide variety of sports makes it necessary to provide flexible insurance covers to suit the different needs, including specialized package covers for particular sports clubs, centers, associations, groups.

### 5. Insurance indemnity

The insurance indemnity should be considered undesirable but, as accidents are inevitable, it is necessary. We could say that it is good to have insurance but it is better not to avail yourself of it because, with the premiums you have paid to the insurer, those of you who have had trouble will be indemnified. Therefore, insurance is estimated as mutual assistance.

The filing of a claim by the insured to the insurer is a responsible process. It is preferable that the insured use professional help - by the insurer, insurance broker or agent, the assistance company.

In principle, indemnity is paid out within 15 days of submitting all required documents and proof, reporting the insurance event and specifying the losses (the indemnity). With insurance for travelling abroad it is usually and duly paid out by the

assistance company that provides a 24-hour service.

The indemnity in this type of insurance is very appropriate to be required and assumed, fully or partially, by the assistance company, which will then be compensated for by the insurer. Here it is a matter of promptly paying primarily of medical and some other urgent expenses.

### 6. Franchise

A franchise is the "deductible of the insured in the cover of the damage or loss, suffered by them" (in Bulgaria) or "excess or franchise" (in England) or "deduction" (in America). It is a percentage or amount of the damage, injury or loss that is paid (borne) by the insured. For instance an amount that the insured must pay with any loss or damage before the insurer, i.e. for example, if the franchise on the policy amounts to 100 EUR and the loss or damage is up to 100 EUR, the insurer does not pay out indemnity. If the damage is of an amount greater than the amount of the franchise – e.g. 500 EUR, then the insured will bear 100 EUR and the insurer will pay out in indemnity the remaining 400 EUR. This is the so called deductible or unconditional franchise, which is the most popular and most widely practiced one. There are many other classes and subclasses of franchise.

The franchise is a tool (instrument, means, method) of participation of the insured in the cover of the damage, injury or loss in order to reduce insurance expenses and with the aim of prevention.

### 7. Assistance

Assistance – giving assistance, is often applied as a separate activity in the ordinary and economic life of man. For example, assistance with problems on the road with cars, domestic problems and many others.

In many cases, however, assistance is also applied in insurance services.

Therefore assistance is an activity of specialized persons to support both the ordinary and economic life of man and special cases, such as an insurance situation.

Giving assistance with a specific insurance product is not an insurance activity, it is not an insurance, but an additional, valuable supporting activity on behalf of the insurer.

Assistance in insurance provides 24-hour 7-day-a-week specialized assistance in case of an occurrence of an insurance event- an accident, damage, injury, claim made for damages to a third party.

The assistance, included in insurance provides, for example in an accident with body injury, the most timely and adequate specialist care, hospitalization, if necessary, etc., including the payment of all expenses, all of which on behalf of and at the expense of the insurer. Also included here is assistance in case of a loss or theft of belongings and important documents, as well as other adverse events, covered under the policy. Thus possible language barriers, ignorance of the relevant legislation, order, traditions and customs, etc will also be avoided.

It is believed that assistance in

insurance, especially in insurance covers for abroad, where both travellers and tourists are generally less experienced and may find themselves in a more stressful and problematic financial situation, is indispensable.

### 8. Recommendations

Travel insurance cover can be wide ranging but there are also hazards for the travelling non-professional, therefore preliminary and additional information should be provided. There are "professional tourists" (with a lot of knowledge and experience of travelling around the world) and "non-professional tourists" (with insufficient experience in this regard). This approach is important because travel-related trouble, especially abroad, is highly undesirable, especially when travelling for pleasure or the good results of a business venture, etc. To avoid or cushion, to the maximum possible extent, this trouble of travelling, tourists (the insured) are advised to consider the following circumstances:

- Carefully to examine the travel terms and conditions, including the relevant insurance cover and to choose which insurer to trust. It would be a good idea to trust and use the services of an insurance broker who knows and can analyze the market and can select and recommend the most appropriate and cost-effective cover. "On the European insurance markets the role of an advisor to the client in most cases is assumed by a specialized agent - an insurance broker. Clients, however, do not worry only up to the moment something happens. After that each

insurance the company has made, even within limits adequate for the case, seems to them insufficient and if the insurance is concluded for the possible minimum, only as a necessary formality, then the clients who have suffered, start legal proceedings." (Terziyska, Lozanov, 2001, p.88). Particular attention should be paid to the scope of the various limits of liability of the insurer as the insurance of tourists is not just a necessary formality but greater security during their travel. Typically, these limits are very narrow for travellers aged 65 to 70 and over;

- Who concludes the insurance policy - the client directly with the insurer or through an insurance broker. They will do a good job because they are professionals and will offer wide enough cover. It is possible that other intermediary companies provide cheaper insurance cover with the aim of offering a cheaper and more competitive package, whereupon tourists can have problems with the cover of the insurance policy;
- Make sure what exactly your health plan (scheme) covers in your home country or the country of permanent residence in order to take it and possibly use it when travelling abroad or replace or supplement it with a specific insurance cover;
- Carry copies of documents you will possibly need during the trip. Also leave copies with your relatives who can help you while you are abroad;
- Carefully read the cover and exclusions under the policy, including

the small print in any document and information;

- Make sure what medical establishments you can eventually use, referred to as special medical services;
- To clear questions about the trip use the advice of competent and disinterested persons. The insurance broker, for instance, saves time, trouble and money;
- Some covers are partial - for example for dental operations (activities) that can easily be temporarily postponed when abroad. It is believed that all operations abroad, from the point of view of insurance, are economically more advantageous in the home country or the country of residence, especially for the insured. Damages and/or expenses in insurance are the main calculation component. They are on one side of the scales, on the other side is the insurance premium;
- Assess the limit on dental expenses, which normally is of a very small amount compared to the amount of other medical expenses;
- Sometimes the policy has aggregate (total) limit, i.e. total limit of liability for all insurance events under the insurance policy;
- A specific assessment is necessary for elderly people over 50-55 and their possible earlier diseases;
- With whom you can have 24-hour contact - the insurer for instance

or a call center or an assistance company or an insurance broker;

- The identity card of the insured is no proof of the existence of a card for a health insurance scheme. Up-to-date information is necessary for an EHIC cover before travelling;
- Cover should be based on "any single case" and for a high limit of liability, especially for medical expenses;
- Carefully consider the validity period of the insurance policy, taking into account an eventual delay. It is possible that you continue your trip after the expiry of the insurance. You need to extend the period of the policy and the important question is to have preliminary information about how this can be done from abroad. Let your insurance agent or some other authorized person do it. It is also possible to introduce a clause in the insurance policy, guaranteeing that the cover can be automatically extended by 3, 5 or 7 days, with a prior notification of the insurer by the insured, staying abroad, or his representative, and on payment of the insurance premium within three days of return, if not paid in advance. What is implied here is that often a lot of trouble starts at the last minute when there is no insurance cover;
- A group policy is preferable, as it is generally cheaper;
- Gambling<sup>25</sup> abroad is not recommended;

<sup>25</sup> With gambling risk is meant „speculative risk“.



## Articles

- Cancellation (termination) of the insurance policy is generally admissible before the trip starts;
- Carefully collect and retain all necessary documents and proof of the occurrence of an insurance event and the amount of the indemnity;
- Consider also some possible problems in your absence due to travel or tourism.
- Generally the covers of the various insurers on the market differ, which can be easily observed by the professionals;

With travel or tourism the most effective means of protection is insurance in tandem with 24/7 assistance or emergency assistance.

## Conclusion

Insurance in travel and tourism is not only necessary and useful, but also guarantees, after all, an uneventful time in which you will enjoy protection and pleasure.

This article offers a detailed analysis of insurance in travel or tourism, its problems and also summarizes what special attention should be paid to, what should be checked, what we should be informed of in advance, what we should do in the occurrence of an insurance event, etc., to avoid as much as possible travel-related trouble; travel always expected to give pleasure, including one through insurance.

This insurance is generally for the so-called short-term travel or stay

abroad. For long-term stay we should also take into account the legal norms, rules, traditions and customs for the insurance/social security schemes in the relevant country, etc.

## References

Andreev, Ia., 2006. Obshto zastrahovane – printsipi i praktika, Sofia.

Georgiev, G., R. Madgerova, 2010. Vavedenie v turizma, Blagoevgrad: Neofit Rilski.

Lozanov, E., 1995. Analiz na turisticheskata deynost, Sofia: Universitetsko izdatelstvo Stopanstvo.

Slaveykov, P., Kl. Naydenov., 2009. Ikonomika na turizma, Sofia: Universitetsko izdatelstvo St. Kliment Ohridski.

Stamenov St., K. Nikovska, 2011. Spetsializirani vidove turizam, Stara Zagora: Izdatelstvo KOTA.

Terziyska, D., E. Lozanov, 2001, Turisticheska politika, Sofia: Publish Sci Set – Eco.

Terziyska, D., 2003. Resursi za planinski turizam v Balgaria, Sofia: Publish Sci Set – Eco.

Terziyska D., 2004. Resursno osiguryavane na turisticheskite regioni v Balgaria, Sofia: Publish Sci Set - Eco.

Tsankov, V., 2009. Pravna uredba na turizma v Balgaria (Turistichesko pravo), Sofia: Ciela.

General Terms and Conditions of Travel Insurance of Insurance Companies Operating on the International and Bulgarian Market