

9.5% increase in travel insurance policies despite a decline in overseas travel

The tenuous state of the economy, belt tightening by consumers, rising unemployment and the lower foreign exchange value of the Pound have all combined to reduce overseas travel and demand for travel insurance policies according to a report by independent financial research company Defaqto.

Brian Brown, author of the travel report and Head of Research at Defaqto said: “Overseas travel by UK residents fell by almost 16%¹ in 2009 as consumers reined in their non-essential spending and this has particularly affected the number of overseas short breaks taken. The resultant decline in demand for travel insurance will have badly hit the gross premium income of travel insurance providers.”

Despite this bleak outlook the actual number of travel insurance policies available has increased by 9.5% from 930 to 1,018 during the past year. However there are only 44 separate underwriting organisations or partnerships that underwrite the core travel insurance policies and almost 50% of all policies are underwritten by the top five underwriters².

Mr Brown continued: “The fall in the value of the Pound has not only made foreign travel more expensive for the consumer but has also increased the cost of claims that insurers have to pay overseas. We envisage that insurers are still in for a bumpy ride as they work to protect their business over the next couple of years.”

Areas covered by the report include:

- The impact of economic conditions on foreign travel and demand for travel insurance
- Trends in overseas travel
- The travel insurance market and products
- Travel insurance pricing
- Issues facing the travel market
- Analysis of key travel insurance product features

The report is available from www.defaqto.com/adviser

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Notes to Editors:

¹ Source: Office for National Statistics

² Market share in terms of the number of different travel insurance policies underwritten by the five largest underwriters:

<u>Underwriter</u>	<u>Market share</u>
AXA Insurance UK	14.9%
Europ Assistance Holdings (Irish branch)	10.2%
White Horse Insurance Ireland	8.9%
Mondial Assistance Europe N.V.	8.0%
Chartis Insurance UK Limited	7.7%

About Brian Brown, Head of Insight

Brian joined Defaqto in November 1998 from RSA where for five years he was their market intelligence manager. Prior to that he spent eight years working for both Royal Insurance and British Gas as an IT technical consultant. Brian heads up Defaqto's Research Centre, comprising a large team that collect and interpret product information, alongside a group of senior consultants who use that information to provide analysis and consultancy services across the financial services market including the pensions, investment, protection, general insurance and banking arenas.

www.defaqto.com/media-centre/brian-brown

For further information contact the author at:

Brian Brown
01844 295414
mediaenquiries@defaqto.com

8 June 2010

About Defaqto: www.defaqto.com

Defaqto is an independent financial research company specialising in rating, comparing and analysing financial products.

Since 1994, Defaqto has built the largest, whole of market, financial product database and become one of the leading providers of financial product data in the UK. We now cover over 30,000 products across banking, life, pensions, investments and general insurance.

Our experts validate and analyse the data to provide insight and consultancy to all layers of the financial services sector including IFAs, mortgage and general insurance brokers, providers, web aggregators and the public sector.

Our products and services include the following:

Defaqto Star Ratings

Our Star Ratings reflect the quality of a financial product and help to identify the range of features and benefits in each one. We review and assess every financial product across various categories and award a Star Rating from 1 to 5. The ratings are aimed at helping consumers and advisers decide which product suits their specific needs. Providers also use the ratings to ensure they offer products to meet differing consumer demands.

Aequos Online

An extensive, independent, financial product analysis and comparison database available in the UK. The database contains feature, rate and fees information on more than 30,000 products from nearly 2,000 providers. Our customers include leading insurance and assurance companies, banks and building societies and investment organisations.

Defaqto Engage



An integrated system for independent financial advisers (IFAs) and insurance brokers. The system makes the reporting, analysis, recommendation and review process easy, delivering the perfect product to meet client needs.

Defaqto Compare

An interactive, comparison tool enabling consumers to easily compare product features against each other on a host of key features, using a simple 'traffic light' system.

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