

Travel Health Insurance: With Case-Study Insurance Company "Elsig" 2009-2014

Shqipdona Hashani- Siqani

Phd Candidat at University of Prishtina, Kosovo

Leonora Rudhani- Haliti

Phd Candidat at University of Prishtina, Kosovo

Doi:10.5901/ajis.2016.v5n1p287

Abstract

Insurance is a form of risk transfer from loss, from one entity to another, in exchange for a fee. Insurance companies offer insurers a service, a promise, and are considered very important investor in financial market. The range of products offered by insurance companies is diverse. One of these products is the product for travel health insurance. The purpose of this paper is to present the sale of product to the travel health insurance in "Elsig" company in Kosovo during years. This product is offered by "Elsig" company from July 2008. During the travel, we can be carriers of diseases and sudden accidents with this product everything becomes easier.

1. Introduction

Insurance companies offer insurers a service, a promise, and are considered very important investor in financial market.

Despite planning and evaluation of the events, the uncertainty situation always exist. To protect against various risks and uncertainties, there are different ways one of them is to transfer this risk to a third party. To facilitate such situations it is possible from insurance companies, which offer different products by adapting uncertainties circumstances. Word uncertainty in essence has to do with the notion that uncertainty has to do with fear for the future in the absence of knowing what will happen. The concept of service is essential for insurance companies. The insurer sells a service, a promise for insured.

The range of products offered by insurance companies is diverse. One of these products is the product for travel health insurance. During the travel, we can be carriers of diseases and sudden, accidents, with this product everything becomes easier. Having fulfilled the contract, all responsibilities will pass to local insurance company with a very affordable cost.

Travel health insurance is a modern form of insurance, and is making a choice to travelers, with offerings that meet increasingly this product.

The purpose of this paper is to present the product to the travel health insurance in "Elsig" company in Kosovo.

This product covers the costs of medical, disease (sudden pain the abdomen, heart, etc.), disability (in case of an injury) or death (as a result of any disease, injury or other reasons), the costs of repatriation and accidental costs in case of injury (falls, violations of the car, etc.) within the period of insurance during their stay outside the territory of Kosovo.

One such product is offered by "Elsig" company from July 2008. Sales of this product have started from June 2009 with a small number of sales compared with sales of more recent years.

2. Review of Literature

Origin of insurance company lies so early in the history of civilization, and it is difficult to determine how they organize their activity early inhabitants of cities. The idea of people for a mutual fund was adopted as a new concept to reduce the risk (Dermaku& Hoti, 2013).

Reduce risk with a mutual fund came at the end of the fifteenth century, when Europeans began traveling legendary in Asia and America that led to the so-called "commercial revolution".

First association joint informal insurance was formed in England in 1696 offering fire safety. These companies were informal associations until the legislation passed in 1870 allowed their formation. In 1890, insurers focus on fire safety (Fireman's Fund), and marine insurance (Lloyd's of London).

Although insurance has existed for thousands of years, just over the past 100 years we can say that the insurance industry has really taken shape in the form we know today.

Insurance is a form of risk transfer from loss, from one entity to another, in exchange for a fee (premium)(C.Kulp&Hall, 1968).

Travel health insurance is a modern form of insurance. This insurance has become known in the past 50 years, however, there existed even earlier. This insurance has changed significantly and today covers travelers from disease and many other potential risks when traveling.

Travel health insurance offered since 1864, where the product was offered to the upper class and upper middle class(history-of-travel-insurance). In the twentieth century, travel health insurance is added as an option for all insurance companies, and expanded significantly. Travel health insurance is making a choice for travelers, and offers more and more fulfilled this product. Travel health insurance in many countries marketed online, it has helped to increase competition and choice to this product.

3. Methodology

The methodology used in the paper is based on the data analysis, arranging and commenting on outcomes. The first part of the paper covered the history of the founding of the company. The second part of the paper continues with product Travel Health Insurance and collecting data from financial reports of company. From these data, collation and analysis passes through statistical program SPSS 20. The data in this report are general and are presented in a form that protects the confidentiality of the company. The analyses used are: Descriptive Analysis, Correlation and Linear Regression. I have access to this methodology, thinking that it is appropriate to analyze this subject.

4. Elsig Company

"Elsig" is operating in the territory of Kosovo with around a hundred workers. "Elsig" received the license to trade insurance products in 2008 from the Central Bank of Kosovo.

In September 2008 the Insurance Company "Elsig" became a member of the Austrian company "GRAWE Group-Grazer Wechselseitige Versicherung Aktiengesellschaft", and was crowned the partnership between these two companies. Experience for 180 years of the "GRAWE Group" company, serve the "Elsig" company to exchange experience with a partner "GRAWE Group" in 13 different countries of Central and Eastern Europe where "GRAWE Group" operates. This has helped in training and specialization of staff in this area and in enhancing the quality of insurance products. Company Board consists of five members, of whom three are from Kosovo and two from Austria. The organizational structure is often defined communication, authority and bilateral relations within the company. Today "Elsig" forgive her potential, ranks as one of the first three companies in the insurance market in Kosovo with 13.2% market share.

Insurance company "Elsig" as well as other insurance companies to launch a new product must obtain a license from the Central Bank of Kosovo. Two of the basic features that a product license are conditions of the contract and product fees. The company said the main objective of enhancing and sustaining long-term relationships with clients by providing quality products and competitive prices (Elsig, Financial Report)

Some of the company's insurance products are:

- Liability insurance third party (TPL) - This insurance is compulsory by law and covers all material claims and health claims that can be caused by the insured person to third parties.
- Border insurance (TPL +) - This insurance is compulsory also instrumental in the Macedonian border crossing, otherwise known as green card. This type of insurance covers expenses for material claims and health claims caused to third parties in the territory of Macedonia.
- CASCO insurance - This insurance is voluntary and if required additional vehicles for the driver and passengers. In "Elsig" there are two types of CASCO insurance, CASCO full and partial CASCO. Full Casco covers all claims caused by traffic accidents, parking; natural hazards such as fire, explosion, thunder, storm, hail, snow, ice, congestion, claims caused by stealing or breaking the glass, etc. While partial Casco claims to covering only caused by natural hazards like fire, thunder and explosion and claims incurred as a result of theft.
- Property insurance insurance -This is very important, and involves itself several types such as business insurance, the house, the apartment costs. Business Insurance covers claims caused by fire, storm, water flow, glass breakage and burglary. Providing the house covers all movables which serves to personal use and

consumers which are owned by security contractors. Providing apartment covers All parts inside the apartment building insured and which are owned by security contractors.

- Liability Insurance - This insurance is offered in two types of liability insurance, public liability insurance and professional liability insurance. Responsibility of public security can be offered to all natural or legal persons who are interested to compensate for claims that may arise to third parties. Professional liability insurance can be offered to all natural or legal persons who are interested to cover or compensate third parties if they cause their claims during their professional activity.
- Providing a bank guarantee - This insurance also comes in two types of insurance, security of supply and ensuring the execution of the contract. Security of supply has become a necessity for all companies or companies that participate in a tender or offer. The company provides guarantee cover or compensate the entity on behalf of the insured in case the assurances abandons bid before the expiry of the validity of the offer, refusing to sign the contract after the award or does not fulfill his obligations under the contract
- Personal accident insurance - Elsig there are two types of this insurance, the insured individual where only one person and collective security, which can provide more than one person. This type of insurance can be issued for the annual period and covers all claims of the body caused by accident or negligence client.
- Health Travel Insurance - provides coverage for emergency medical and hospitalization expenses incurred as a result of an acute illness or accident that may occur during travel abroad in the territory of Kosovo. This product covers the costs of repatriation from the country of the client that the request has happened to our country in the event of death or illness resulting in total disability and repatriation in case the company is advised by a doctor / censor (Elsig, Financial Report).

5. Travel Health Insurance

Notwithstanding planning and evaluation of the events, always uncertainty existed. To protect against various risks and uncertainties, there are different ways one of them is to transfer this risk to a third party. This makes it possible for insurance companies to facilitate such situations, with different products by adapting uncertainties. The range of products offered by insurance companies is diverse. One of these products is the product for travel health insurance. During the trips, can be carriers of diseases and sudden accidents, this product forgive everything becomes easier. Having fulfilled the contract, all responsibilities will pass to local insurance company with a very affordable cost.

Today in Kosovo for traveling abroad, one of the necessary documents for applications in Embassy is health insurance. However this product fees are affordable compared with the value of the refund in cases where insurance is used.

This product covers the costs of medical, disease (sudden pain the abdomen, heart, etc.), disability (in case of an injury) or death (as a result of any disease, injury or other reasons), the costs of repatriation and costs accidental in case of injury (falls, violations of the car, etc.) within the period of insurance during their stay outside the territory of Kosovo.

One such product is offered by the company "Elsig" from July 2008. Sales of this product have started from June 2009 with a small number of sales compared with sales in recent years. Age of persons who are entitled to the purchase of this product is not limited (Elsig, Financial Report). However, persons who pay health insurance have no need to buy the product in question, just in case the contract has expired.

Minimum sale for a month for this product has been a total of 38 contracts or € 854, while the maximum reached 5,418 contracts or € 87,727.

Table 1. Description of contract

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Number of contract	67	38	5418	1525.55	899.547
Total gross sales contracts	67	854	87727	44657.93	23752.612
Valid N (listwise)	67				

In March 2009 a new scheme to provide health product on the travel covered three sections with the following limits:

Table 2. Security limit

Section 1	Security limit	Section 2	Security limit	Section 3	Security limit
Medical Expenses		Repatriation		Personal Accident	
Zone A	10.000,00	Zone A	30.000,00	Zone A	10.000,00
Zone B	10.000,00	Zone B	30.000,00	Zone B	10.000,00
Zone C	30.000,00	Zone C	30.000,00	Zone C	30.000,00

Medical expenses cover costs for emergency medical assistance, hospital stay and treatment, and the costs of reasonable and necessary for the repatriation of the insured person due to illness or physical damage during the insurance period.

The maximum limit of insurance amount for this section is 10,000 € for zones A and B, while area C to € 30,000. In justified cases also cover the travel and accommodation for seven days of a relative, in applications requiring medical report. Also in case of death cover all funeral expenses to the place of residence of the insured person.

Repatriation expenses cover payments for the lease of a transport vehicle or an air ambulance or the use of regular line airlines including attendants qualified certified as necessary by a doctor authorized by the insurer or their agents for repatriation or treatment of a person sick or seriously injured. Limit this damage is the maximum amount of coverage up to 30,000 €.

Personal expenses cover accidental bodily injury to an insured person, caused solely and directly by violent means accidental, external and visible. Under this section will cover accidents that result in accidental death, loss of one or both limbs, loss of vision in one or both eyes, total permanent disability to a maximum coverage of up to € 10,000.

In case of death also coverage is € 30,000 as in 'the previous two sections of area C.

It will not be paid any compensation when death or loss occurs after two months from the date of injury, when the insurer confirms that the failure has continued for twelve months from the date of injury and more likely to complete all the remaining life of the injured person.

Any compensation would not be paid for costs arising from the consequences of the influence of drugs or poisons of any kind, from suicides, criminal act of the insured or worsening exposure itself to particular risks (despite the efforts to save human life), the insurer does not will pay the damage.

Any compensation would not be paid for common visits and surgery cosmetic optional and treatment accompanying normal pregnancy and costs of childbirth, for body damage that incurred during participation in mountain climbing or intentional damage or venereal diseases or AIDS as well as chronic health condition or illness that existed before the date of entry of the insured person in this defense.

The company did not respond to requests for compensation under this provision if the insured person or anyone else who is entitled to wear, did not fulfill everything that is required by the insurance policy and documents.

6. Demand for Detriment Rewards for the Elderly

Demand for detriment rewards for the elderly has changed several times, otherwise known as Point 20 of the contract. This point explains that for people over a certain age, travel health insurance will be valid only for the purposes of obtaining the visas and possible costs for damages will not be covered by the company.

Demand for detriment rewards for the elderly has changed by lowering the age from 80 to 70 years, from 70 years to 65 years and also accepted to cover the expenses of the damages, repatriation and accidents insurance. In April of 2011 eventually travel health insurance changes again detriment rewards conditions for the elderly, such as:

- All exemptions Point 20 removed (will cover all costs)
- raise the premium to 25% of the base tariff for age from 65 years up to age 75 years, and
- raise the premium to 50% of the base tariff for over 75 years of age onwards.

In the table below are compared the contracts sold before and after the change of fee travel insurance product on Point 20 of the contract.

Table 3. Changes on Point of the contract 20

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Before change– After Change	-27174.94227	15634.66374	3333.32151	-34106.96383	-20242.92071	-8.15321	.000	

The purpose of this comparison is to see whether changes in Point 20 of the contract have affected a number of contracts for sale. T testit- results show that p-value is smaller than the conventional significances 5% or 1%, respectively the value is 0% indicates that the changes did not affect the number of sales contracts.

Persons wishing to obtain health insurance contracts on the basis of day trip insurance will pay the insurance fee which varies according to the requirements. Insurance fee increase based on days of insurance, and reduced to the contrary. Lower fees starting from € 5 to € 7 for 3 days stay high while she starts from 150 € to 220 € to 366 days in travel insurance abroad. For Point 20 of contract insurance fee increase is calculated with 25% or 50% based on the age of the insure. In the table below are presented the interconnection between the total gross sales of contracts, number of contracts sold, the insurance fee and the number of days of insurance.

Table 4. Correlation between variables

		Total gross sales contracts	Number of contracts	Insurance fee	Number of days, insuring
Total gross sales contracts	Pearson Correlation	1	.861**	-.577*	-.598*
	Sig. (2-tailed)		.000	.019	.015
	N	16	16	16	16
Number of contracts	Pearson Correlation	.861**	1	-.547*	-.568*
	Sig. (2-tailed)	.000		.028	.022
	N	16	16	16	16
Insurance fee	Pearson Correlation	-.577*	-.547*	1	.963**
	Sig. (2-tailed)	.019	.028		.000
	N	16	16	16	16
Number of days, insuring	Pearson Correlation	-.598*	-.568*	.963**	1
	Sig. (2-tailed)	.015	.022	.000	
	N	16	16	16	16

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Table show that:

- Existed absolute linear positive correlation between total gross sales value and number of contracts. This shows that by increasing the number of contracts sold increased total gross sales.
- There is an inverse linear correlation between the total gross value of the sale and insurance fees. This shows that the total gross sales will be lower when the tariff is higher and the total gross sales will be higher when the tariff is lower.
- There is an inverse linear correlation between the total gross value of sale and the number of days of insurance. This shows that sales are greater when insuring deadline day is shorter and sales are lower when the insuring day term is longer.
- There is an inverse linear correlation between the number of contracts sold and the number of days of insurance. This shows that the number of contracts sold is greater when insuring days deadline is shorter.
- There is an inverse linear correlation between the number of contracts sold and insurance fees. This shows that the number of contracts sold is greater when the insurance fee is lower.
- There is a positive absolute linear correlation between days, insuring and insurance fees. This shows that if the deadline extended days, insuring insurance fee increase.

In "Elsig" since 2010 every month issued approximately 1.200 to 2.200 health insurance policies on travel. Number of policies varies among months, the months with higher sales are the months of the summer holiday period and winter months of the year mainly have constant sale. If we talk about sales in general we understand that the number of sales of travel health insurance has increased from year to year.

Table 4. Impact of months in total gross sales

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
	(Constant)	4475.935	2732.931		
1From June 2009 to December 2014	655.938	90.257	.538	7.267	.000
Number of contracts	11.720	1.955	.444	5.995	.000

a. Dependent Variable: Total gross sales contracts

Despite the various factors that contributed to this growth, we realized that the time factor is very significant also instrumental. We considered independent variables and the number of contract months and the dependent variable total gross sales.

From the table we can see that there is a positive correlation between the months of operation of the company and the number of contracts because significant level is less than 5%.

Selling greater if we compare month from June 2009 through December 2014 occurred in May 2013 when the number of contracts sold has reached 5,481, while the month with sales less the month of June 2009, when it started selling these policies .

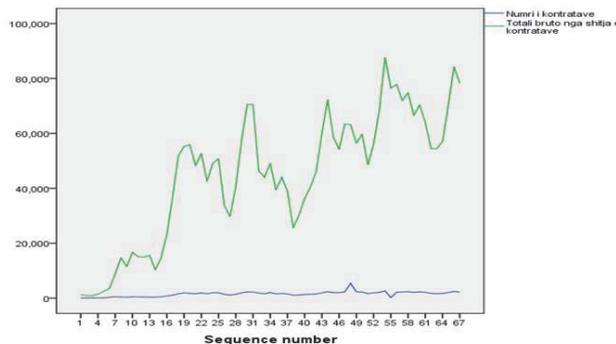


Figure 1. Sales from 2009-2014

7. Conclusions

"Elsig" Company works in the territory of Kosovo with around hundred employee. License to trade for insurance products "Elsig" received in 2008 by the Central Bank of Kosovo.

Travel health insurance offered by the company "Elsig" from July 2008. Sales of this product have started from June 2009 with a small number of sales compared with sales of more recent years. Age of persons who are entitled to the purchase of this product is not limited. However, persons who pay health insurance have no need to buy the product in question, just in case the contract has expired.

Health Travel Insurance - provides coverage for emergency medical and hospitalization expenses incurred as a result of an acute illness or accident that may occur during travel abroad in the territory of Kosovo. This product covers the costs of repatriation from the country of the client that the request has happened to our country in the event of death or illness resulting in total disability and repatriation in case the company is advised by a doctor / censor.

Minimum to rent for a month of this product from 2009 up to 2014, there were a total of 38 contracts or € 854, while

the maximum reached 5.418 or € 87.727 contracts.

During 2009-2011 the demand for detriment rewards for the elderly has changed several times, otherwise known as Point 20 of the contract. The test-T, we concluded that the changes did not affect the number of contracts sales.

Persons wishing to obtain health insurance contracts on the basis of day trip insurance will pay the insurance fee which varies according to the requirements. Insurance fee increase based on days of insurance, and reduced to the contrary. Lower fees starting from € 5 to € 7 for 3 days stay high while she starts from 150 € to 220 € to 366 days in travel insurance abroad. Among the total gross value of the sale, the number of contracts, insurance fees and the number of days in the interconnection exist insurance positive and inverse linear, which generally affect the sale of contracts.

In "Elsig" since 2010 every month issued approximately 1.200 to 2.200 health insurance policies on travel. Number of policies varies among months, the months with higher sales are the months of the summer holiday period and winter months of the year mainly have constant sale. If we talk about sales in general we understand that the number of sales of travel health insurance has increased from year to year.

Despite the various factors that contributed to this growth, we realized that the time factor is very significant also instrumental.

Selling greater if we compare month from June 2009 through December 2014 occurred in May 2013 when the number of contracts sold has reached 5,481, while the month with sales less the month of June 2009, when it started selling these policies ensuring proper travel health regarded as a very profitable product for the company and also for the insured.

References

- Arben Dermaku & Arbër Hoti "Accounting for financial institutions", Prishtina, Kosovo, 2013
Financial Report, Central Bank of Kosovo, 2014
C.Kulp&J.Hall, Casualty Insurance, Fourth Edition 1968
Elsing, Financial Report, 2009
Elsing, Financial Report, 2010
Elsing, Financial Report, 2011
Elsing, Financial Report, 2012
Elsing, Financial Report, 2013
Elsing, Financial Report, 2014
Analysis and Valuation of Insurance Companies, Center for Excellence in Accounting and Security Analysis, Industry Study nr.2
Yusuf Cakan , Matthew Loh , Siddharth Parameswaran: " Pricing When Only The Customer Can See", Institute of Actuaries Australia, 2010
Ace Travel Insurance, Annual Travel Insurance, 2013
Study on the impact of the revision of the Insurance Mediation Directive, (Pwc final report, 2011), <http://www.travelinsurance.com/history-of-travel-insurance/>

