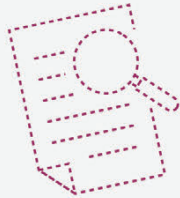


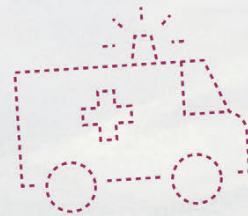
INJURED PATIENTS



## When policy prices go off piste

How do underwriters evaluate the risks of winter sports, and are products priced fairly and correctly?

*Alex Wright* speaks to experts to get their insights



**A**s the winter sports season gets back into full swing, skiers, snowboarders and other extreme sports enthusiasts will soon be hitting the slopes in their droves.

Unfortunately, however, given the high-risk nature of these sports, there will always be a number of injuries sustained every year, some far worse than others.

That's why it's essential for travellers heading to ski resorts this winter to have the right insurance in place should the worst happen.

But many people have been put off taking out cover because of the high prices quoted, so often risk not having any at all, with 34 per cent of those planning to book a winter sports break saying they wouldn't buy specialist coverage, according to Go.Compare Travel Insurance.

Insurers, however, have come out in defence of their pricing, saying that it's fair and accurately reflects the risk concerned.

Garry Nelson, Head of Corporate Affairs for AllClear and InsureandGo, said that an equilibrium needs to be achieved between the risk and its price. That means making sure the risk is accurately underwritten, the insurance provider receives enough premium to cover claims costs and the customer gets coverage that meets their needs – all at a reasonable price.

"It's a tough balancing act to get right," said Nelson. "You need to get all three parts of the equation right.

"What has happened in the past is that many providers have left the market because they have got it all wrong as they just want to grab market share and don't understand the risks involved,



particularly since the Covid-19 pandemic. They have maybe sold lots of policies at a cheap rate, but when the claims start coming in they have soon realised that their sums don't add up, so they are out of pocket and their underwriter has left them."

#### Fair value

To ensure that customers are getting fair value for their products, AllClear and InsureandGo carry out a biannual survey to get their feedback. They also receive reviews through the likes of Trustpilot.

Tim Riley, Managing Director of True Traveller, said that to make sure the price matches the risk, his company reviews its claims ratios every 90 days to ensure it's going to hit the expected target its carrier wants, and makes tweaks to the figure accordingly. Despite this, he

**“Among the highest-risk winter sports are activities that involve jumping and acrobatics, as well as bobsleigh, luge and ice hockey”**

said the two biggest factors affecting pricing were largely out of its control – namely inflation and exchange rates.

“Inflationary pressures are frankly massive, and medical inflation, i.e. the costs of hospitals and treatment, particularly in North America, are rising at a much higher pace than the inflation figures we see each month on the news here,” said Riley. “The other factor >>

is exchange rates. Medicines are essentially priced in US dollars, and outside of Europe, medical care is based in US dollars as well, so when there's a five per cent swing against sterling, that hits the bottom line immediately."

Riley said that the only way to keep what costs can be controlled down is to cut out the middleman and be more combative about cost containment. Making customers aware of what they need to do in the event of a claim can also help to keep things reasonable.

Greg Lawson, Head of Travel Insurance at Collinson Group, said that, as with all insurance pricing, a balance has to be struck between inclusive pricing based on general policy performance and more personalised pricing. The problem with individually pricing, however, he said, is that it costs more to implement and monitor, all for a relatively minimal variation in price.

"To an extent, inexperience limits accident risk due to those people generally avoiding steeper slopes or unusual risks, whereas more experienced skiers can experiment with jumps and off-piste," said Lawson. "It is often the case that an individual's risk appetite is a key influence in accidents ... and both age and illness are already reflected in the base cover purchase journey."

Brad Bonser, World Nomads' UK Branch Manager, said that his company was committed to ensuring its coverage is fairly and correctly priced based on the risks associated with winter sports activities. He added that it aimed to provide travellers with insurance that aligns with the likely circumstances they'll face on their trips.

"Our pricing structure is built on a thorough risk assessment that considers a wide range of factors," said Bonser. "We regularly review and update our pricing models to ensure they remain relevant and fair.

"This includes taking into account changing external factors, such as inflation, which can impact the cost of healthcare, equipment and other expenses related to winter sports. Currency fluctuations and, particularly, claims experience are also factors that are regularly assessed."

### The biggest risks

Among the highest-risk winter sports are activities that involve jumping and acrobatics, and those that take place outside a resort's boundaries, as well as bobsleigh, luge and ice hockey. Some insurers, including True Traveller, will refuse to cover freestyle skiing or snowboarding because of the risk and high premium it commands, in case rescue and hospitalisation should be required.

"Snowboarding and skiing are the most popular winter sports activities, but they would be considered higher risk, mainly due to the speed involved and, with it, the potential for collisions or loss of control on the slopes," said Bonser. "The terrain is definitely another important factor – and, when coupled with the speed, it accounts for many of the most common injuries such as ligament damage in the knees, fractured wrists and dislocated shoulders."

### "Pricing is based on a set of core factors similar to standard travel insurance, including age, duration of trip and destination"

Other high-risk activities include snowmobiling, which involves using powerful machines that can reach high speeds on often challenging and uneven terrain, regularly in off-piste areas, which may not be patrolled or maintained. Ice climbing, glacial walking and trekking, backcountry skiing and snow kiting are also high risk as they take place in remote and less predictable environments where the weather conditions and quality of snow or ice can change rapidly, which makes evacuations difficult too.

Pricing is based on a set of core factors similar to standard travel insurance, including age, duration of trip and destination, while the insurer will also look at claims history when assessing the risk. Above all, though, the particular sport being undertaken is a primary consideration.

"While an individual's skill level and experience in their chosen winter sport are crucial, we look at the sport itself and the type of injuries known to occur to determine cover, exclusions and pricing," said Bonser. "The location of the winter sports activity matters too. Skiing on groomed resort slopes is generally safer than venturing into off-piste or backcountry terrain, which can present additional risks."

Weather conditions also play a key role in determining pricing, with extreme weather, such as heavy snowfall, blizzards or poor visibility, which are becoming increasingly more common due to climate change, increasing the risk of accidents. While weather patterns aren't specifically underwritten, however, overall claims experience resulting from such changes will feed into pricing and activity level rating.

Age is taken into consideration as well when pricing, with younger, less experienced travellers often more likely to take greater risks or push their limits, while older travellers might have more >>





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physical limitations, as well as being more susceptible to breaking their bones, and more likely to have poorer vision and slower reactions. Some insurers will decline coverage above a certain age. Experience also has a bearing when assessing the level of difficulty of a sport.

### Europe versus North America

Location also plays a part in determining the price. European ski resorts are known to have more challenging and diverse terrain, while, in contrast, North American resorts tend to have well-maintained slopes.

The availability of safety infrastructure and rescue services can differ widely between regions too. North American ski resorts tend to have well-established protocols, whereas those in some of the European resorts, particularly those off the beaten path, may not be so robust.

North America, generally, also has a more litigious culture, which can affect an insurer's risk assessment and liability considerations. As a result, coverage for trips in North America may need to account for potential legal claims, thus impacting pricing.

The cost of medical treatment also varies from region to region. For example, receiving treatment and repatriation/evacuation in the US or Canada will be significantly more costly than it is in many European countries.

Those travellers that don't take out the right insurance run the risk of incurring potentially exorbitant medical expenses. As well as the financial cost involved, if they decide to delay or forgo necessary medical care because of concerns over the cost, their injuries may worsen and result in long-term health issues.

What's more, accidents involving third parties, such as collisions on the slopes, can result in legal liabilities if the person who caused it is found to be at fault. Without coverage, those affected may face legal proceedings and be held personally responsible for compensation.

Another problem is not having the correct coverage, or any at all. That may be deliberate on the part of the traveller or it could just be they didn't realise they needed it.

"There is a significant problem for customers not purchasing the appropriate cover for winter sports, and the worst-case scenario would be a significant injury requiring repatriation or liability



**“The location of the winter sports activity matters too. Skiing on groomed resort slopes is generally safer than venturing into off-piste or backcountry terrain”**

obligations for injury caused by negligence, both of which would not be covered,” said Steve Parker, Insurance Development Director at Staysure.

In the immediate aftermath of the Covid-19 pandemic, medical and accidental injury claims were much lower than expected as travellers were being more careful. However, since then, they have returned to normal levels as people have taken more risks.

“Across our travel business, we've seen an increase in frequency and severity of claims post-Covid-19, which could be attributed to an element of consumers being 'slope rusty', so more time on the slopes to improve their technique is probably needed,” said Parker.

Bonser added: “Common types of claims in winter sports insurance typically include injuries sustained while skiing or snowboarding, such as fractures, sprains and concussions. Emergency medical evacuation can be another significant claim type, particularly in more remote skiing destinations.”

Outside of medical cases, Nelson said that most claims are for ski pack (not being able to use ski equipment, ski school lessons and ski lifts, usually due to an injury sustained) and piste closures. On average, he said that these claims were around £680.

To make sure that they have the right insurance, policyholders need to check exactly what they are insured for, particularly if they get their travel insurance through a bank or credit card provider. If they aren't covered, they can buy add-ons that will cover them for winter and hazardous sports.

Moving forward, the biggest risks facing insurers will be the ongoing effects of climate change – which increases the likelihood of extreme weather events, while higher temperatures will make the available snow scarcer, resulting in more crowded pistes and, thus, greater potential for accidents – as well as advances in equipment that enable faster speeds. All of these will add to the risks that insurers have to price into their coverage. ■

