

Saudi Arabia Travel Insurance Market By Trip Type (Domestic, Outbound, Hajj and Umrah, Inbound), By Mode Of Purchase (Airline, Banks, Online Travel Agencies, Offline Travel Agencies, Others), By Traveler Type (Senior Citizens, Education Travelers, Business Travelers, Family Travelers, Independent Travelers), By Mode of Payment (Card Payments, E-Wallets, Bank Transfers, Other Online Payment), By Region, Competition, Forecast & Opportunities, 2019-2029F

Market Report | 2024-12-31 | 88 pages | TechSci Research

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Report description:

Saudi Arabia Travel Insurance Market was valued at USD 856.15 Million in 2023 and is expected to reach USD 2178.1 Million by 2029 with a CAGR of 16.65% during the forecast period. The travel insurance market in Saudi Arabia is rapidly evolving, reflecting the nation's commitment to becoming a leading global tourism destination. This growth is largely fueled by the government's Vision 2030 initiative, which aims to diversify the economy by enhancing tourism infrastructure and attracting international visitors. The market is characterized by a variety of insurance products, including trip cancellation, medical coverage, baggage loss, and personal liability. Increasing awareness of travel-related risks, especially following the global pandemic, has led consumers to seek comprehensive insurance solutions that provide peace of mind. Digital transformation is also reshaping the landscape, with more travelers opting to purchase policies online through user-friendly platforms. This shift allows for easier comparison and selection of coverage tailored to individual needs. Additionally, significant demand arises from the influx of pilgrims during Hajj and Umrah, necessitating specialized travel insurance products. Overall, the Saudi Arabia travel insurance market presents substantial opportunities for growth, innovation, and improved customer experiences as the tourism sector continues to expand.

In 2023, the Saudi Cabinet approved the establishment of a new unified and independent regulator for the insurance sector in the

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Kingdom. The Cabinet also sanctioned the founding law of the Authority, outlining its mandate and powers. This development signifies a major transformation in the insurance landscape of the Kingdom, as the Authority is now the sole regulator of the insurance sector. Previously, the Saudi Central Bank (SAMA) and the Council of Health Insurance (CHI) shared regulatory responsibilities, having established the existing legal framework. The consolidation of regulatory oversight from two entities to one reflects the country's commitment to achieving the goals of Saudi Vision 2030 and the Financial Sector Development Program (FSPD). A key component of this initiative is fostering growth and advancing the insurance sector. The Authority has already reported a 14.6% growth in the sector during the third quarter of 2023, and this growth is expected to continue into 2024 as the Authority becomes fully operational and implements a new legal framework.

Key Market Drivers

Increasing Influx of Both Domestic and International Tourists

The increasing influx of both domestic and international tourists is a significant driver of the Saudi Arabia travel insurance market. With the government's Vision 2030 initiative, aimed at diversifying the economy and reducing dependence on oil, there has been a concerted effort to promote tourism. Major investments in infrastructure, such as airports, hotels, and attractions, have made the Kingdom more accessible to travelers. Events like the Hajj and Umrah pilgrimage attract millions of visitors annually, creating a high demand for travel insurance tailored to this unique demographic. Pilgrims often require specific coverage for medical emergencies and travel disruptions, which insurers are now beginning to provide. Additionally, cultural and entertainment events, like the Riyadh Season, are attracting more tourists, further boosting the need for comprehensive travel insurance. As more people travel to Saudi Arabia for both leisure and religious purposes, the demand for protection against unforeseen events, such as health issues or trip cancellations, will continue to grow, making tourism a key driver in this market.

Increased Awareness of Travel Risks

Growing awareness of travel-related risks is another critical driver of the Saudi Arabia travel insurance market. As travelers become more informed about potential issues ranging from health emergencies and natural disasters to trip cancellations and lost luggage they are increasingly recognizing the importance of securing travel insurance. The global pandemic heightened this awareness, leading many to understand that unexpected events can occur at any time, impacting their travel plans. Educational campaigns by insurance companies and travel agencies are also playing a role in informing consumers about the benefits and necessity of travel insurance. This shift in mindset is encouraging travelers to seek comprehensive coverage that protects against a variety of risks. Additionally, as travel becomes more complex, with varying health regulations and entry requirements, the demand for insurance that provides peace of mind has surged. This heightened awareness is driving travelers to actively look for policies that can mitigate these risks, thereby fueling market growth.

Key Market Challenges

Low Consumer Awareness

One of the major challenges facing the Saudi Arabia travel insurance market is low consumer awareness regarding the importance and benefits of travel insurance. Many travelers remain uninformed about the potential risks associated with travel, such as medical emergencies, trip cancellations, or lost baggage. This lack of awareness can lead to underinsurance or a complete absence of coverage, leaving travelers vulnerable to significant financial losses. Efforts to educate consumers about travel insurance are still in their infancy, and misconceptions often persist. Some travelers may view insurance as an unnecessary expense rather than a vital safety net. Additionally, cultural attitudes toward insurance in general can hinder the perceived value of travel insurance. This gap in understanding creates a challenge for insurers who need to market their products effectively. To address this issue, companies must invest in educational campaigns that highlight the risks of travel and the benefits of coverage, targeting both local and international travelers. Increased awareness is crucial for expanding the market, as informed consumers are more likely to seek out and purchase travel insurance.

Regulatory Challenges

Regulatory complexities pose a significant challenge in the Saudi Arabia travel insurance market. The insurance sector is governed by a variety of laws and regulations that can vary widely, complicating compliance for insurers. Companies must navigate a complex framework of licensing requirements, policy standards, and consumer protection laws, which can create barriers to entry for new players and hinder innovation among existing providers. Moreover, the regulatory landscape is continually evolving, making it difficult for insurers to keep pace. Frequent changes in policies or compliance requirements can

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lead to increased operational costs and uncertainty, affecting profitability. Insurers may also face challenges in offering tailored products that meet specific consumer needs while adhering to regulatory standards. Furthermore, international insurance companies looking to enter the Saudi market may find it particularly daunting due to these regulatory hurdles. To mitigate these challenges, stakeholders must engage in ongoing dialogue with regulatory authorities to create a more transparent and conducive environment for travel insurance. Streamlining regulations could promote competition and ultimately benefit consumers by providing a wider array of options.

Key Market Trends

Digital Transformation

The digital transformation of the insurance sector is a prominent trend in the Saudi Arabia travel insurance market. With the rise of technology, consumers now expect seamless online experiences when purchasing travel insurance. Insurers are increasingly investing in user-friendly digital platforms that allow travelers to compare policies, obtain quotes, and purchase coverage with ease. Mobile applications and websites are being enhanced to facilitate instant access to information, making it more convenient for travelers to secure the protection they need. Additionally, the integration of artificial intelligence and data analytics is enabling insurers to offer personalized products based on individual travel habits and preferences. This technological advancement not only improves customer engagement but also streamlines the claims process, making it faster and more efficient. Insurers can leverage data to assess risks more accurately, leading to better pricing strategies. As digital channels become more popular, traditional distribution methods are being supplemented or replaced, pushing the industry toward a more tech-driven future. This shift not only broadens market access but also enhances competition, driving innovation and ultimately benefiting consumers with improved service and offerings.

Customization of Insurance Products

Another significant trend in the Saudi Arabia travel insurance market is the customization of insurance products. As travelers become more aware of their unique needs and risks, insurers are responding by offering tailored solutions that cater to specific demographics and travel purposes. This trend is particularly evident among frequent travelers, business travelers, and those undertaking religious pilgrimages, such as Hajj and Umrah. Insurers are now providing flexible policies that allow customers to select coverage options that best suit their circumstances. For example, travelers can customize their plans to include features like medical coverage, trip cancellation, or coverage for adventure activities. This level of personalization not only enhances the customer experience but also helps insurers capture a broader audience by addressing specific concerns that standard policies may overlook. As consumers increasingly seek more comprehensive and relevant protection, the demand for customized travel insurance products is expected to rise. This trend encourages insurers to innovate continually and refine their offerings, ensuring they meet the evolving needs of a diverse traveler population.

Segmental Insights

Trip Type Insights

Inbound travel insurance was the dominant segment in the Saudi Arabia travel insurance market, driven by the country's position as a key global destination for religious, business, and leisure travel. Saudi Arabia attracts millions of international visitors each year, particularly for religious tourism, with the annual Hajj pilgrimage drawing a significant number of Muslims from around the world. This influx of travelers creates a strong demand for comprehensive travel insurance coverage, which often includes protection for medical emergencies, trip cancellations, lost baggage, and other travel-related risks. Furthermore, Saudi Arabia is a hub for business tourism due to its growing economy and status as a leader in sectors like oil and gas, as well as finance. International business travelers increasingly seek insurance policies that offer coverage for unforeseen circumstances such as medical treatment, delayed flights, or travel disruptions. The dominance of inbound tourism insurance is also supported by the rise in leisure travel, with tourists coming to explore the country's cultural heritage, historical sites, and modern attractions. Given these factors, inbound travel insurance remains crucial in the Saudi market, as it offers both protection for international travelers and caters to the broader tourism and business sectors, reinforcing its prominent role.

Regional Insights

The Western region of Saudi Arabia is the dominating segment in the travel insurance market, largely due to its pivotal role as a hub for religious tourism, particularly during the Hajj and Umrah pilgrimages. Cities like Mecca and Medina attract millions of visitors each year, creating a substantial demand for tailored travel insurance products that address the unique needs of pilgrims.

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Additionally, the Western region's growing popularity as a tourist destination, with attractions like historical sites and cultural festivals, further boosts the need for travel insurance among both domestic and international travelers. Insurers are responding by offering specialized policies that include coverage for medical emergencies, trip cancellations, and baggage loss, ensuring comprehensive protection for travelers. As the region continues to expand its tourism infrastructure and attract diverse visitors, the Western region is set to maintain its dominant position in the Saudi travel insurance market.

Key Market Players

- Tawuniya Insurance Company
- Al-Rajhi Company for Cooperative Insurance
- Walaa Cooperative Insurance Company
- Allianz Saudi Fransi Cooperative Insurance Company
- Gulf Insurance Group (GIG)
- Arabian Shield Cooperative Insurance Company
- Gulf General Cooperative Insurance Company
- LIVA Insurance Company
- SALAMA Cooperative Insurance Company
- AL-Etihad Cooperative Insurance Company

Report Scope:

In this report, the Saudi Arabia Travel Insurance Market has been segmented into the following categories, in addition to the industry trends which have also been detailed below:

□□

□□Saudi Arabia Travel Insurance Market, By Trip Type:

- o Domestic
- o Outbound
- o Hajj and Umrah
- o Inbound

□□Saudi Arabia Travel Insurance Market, By Mode Of Purchase:

- o Airline
- o Banks
- o Online Travel Agencies
- o Offline Travel Agencies
- o Others

□□Saudi Arabia Travel Insurance Market, By Traveler Type:

- o Senior Citizens
- o Education Travelers
- o Business Travelers
- o Family Travelers
- o Independent Travelers

□□Saudi Arabia Travel Insurance Market, By Mode of Payment:

- o Card Payments
- o E-Wallets
- o Bank Transfers
- o Other Online Payment

□□Saudi Arabia Travel Insurance Market, By Region:

- o Northern & Central
- o Western
- o Southern
- o Southern

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Competitive Landscape

Company Profiles: Detailed analysis of the major companies presents in the Saudi Arabia Travel Insurance Market.

Available Customizations:

Saudi Arabia Travel Insurance Market report with the given market data, TechSci Research offers customizations according to a company's specific needs. The following customization options are available for the report:

Company Information

□ Detailed analysis and profiling of additional market players (up to five).

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