

University "St. Kliment Ohridski" Bitola
Faculty of tourism and hospitality Ohrid



XI INTERNATIONAL CONFERENCE

*“SERVICE SECTOR IN TERMS OF
CHANGING ENVIRONMENT”*

27-29.10.2011, Hotel Metropol, Ohrid.



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SERVICE SECTOR IN TERMS OF CHANGING ENVIRONMENT

CONFERENCE PROCEEDINGS

27-29 October 2011, Hotel Metropol, Ohrid.



SERVICE SECTOR IN TERMS OF CHANGING ENVIRONMENT

Conference topics:

Competition in tourism in terms of changing environment
Development of insurance in terms of changing environment
Current trends in customs and freight forwarding
Current tendencies in gastronomy and nutrition
Financial services in terms of changing environment

Round table:

- Scientific research experiences and possibilities for cooperation

Organizing Committee

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Conference dates:

October 27-29, 2011 Ohrid

Conference information:

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INSURANCE IN TOURISM INDUSTRY

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Abstract–The issue of cost and availability of insurance, particularly for tourism operators, has become a common issue for the tourism industry across European Union. It has been particularly problematic in those jurisdictions that have a high number of adventure and eco-tourism operators. The main challenge appears to be in relation to securing commercial general liability coverage and/or obtaining such coverage on a cost effective basis. One of the problems is that the tourism industry does not understand the insurance industry, and vice versa. In response to this situation, the EU institutions had created a series of publications dealing with risk management and insurance. Another important thing is how to make comparative analysis of threats in tourism and the adaptation of tourist products in tourism (accidents, treatment and medical transport costs, compensation duties with regard to the civil liability). Many insurance companies created general conditions of this kind of insurance. There are different types of the insurance in tourism, voluntary and compulsory insurance, individual or group insurance contract. The terms and conditions of this type of insurance are defined in the insurance contract. Also the entities and the insurance event are specified in the contract. In that document, we can also find the duties of the insurer and the insurance company. Most insurance companies in EU have similar treatment of the costs abroad, also the transport to the native country, the stay of the closest person, rescue and search operation costs in the European Union and non- European countries. The question is how the assistance insurance in travel functions practically. Also the question is of the exclusion of insurance protection and the insurance of civil liability. Another important thing is the practice of the insurance of the property, transport insurance in travel, insurance of the organizer and a tourist middleman and costs of resigning from the participation in the trip and an earlier return and the.

Keywords – insurance in tourism, insurance legislation,, insurance protection, types of travel insurance, insurer

1. INTRODUCTION

Every business activity contains risks not only in economic nature, but particularly exist certain risks that are related to damage or destruction of goods and services. However, the intention is to reduce the possibility for damage and to prevent the risk by creating organizations or associations that could be able to protect from loss and to compensate the caused damage to the members of the organization for various damage reasons.

The insurance is also sociologic, economic and legal category that has characteristics of aiming to enable the compensation of the damages for categories of social groups that had suffered loss caused by damage.

The economic side of the accumulation, premium structures, preserving the property, economical effects and other things related to the economical aspects of the insurance. Viewed from the legal aspect, the main elements are the statutory issues of the insurance companies (the status of the insurance company, form and type of the company, co-participation at risk e.t.c). Important aspect is the business law within the national and international sphere of the insurance business as well as the private law. Viewed from the national aspect, the insurance is legal-obligatory relationship that is established by entering in insurance contract.

Insurance contracts is a contract in which the contractor of insurance is obliged from the moment of admission in the reciprocity and solidarity to merge a range of means within the insurance community, namely the so-called community risk (the insurer), whereas the community – entity is obliged in case of occurrence of an event which is determined for insurance, to pay to the insured or to any third party a reimbursement (remuneration), or a certain amount or do something else [1].

The operations of tourism activities, touristic placemen and traveling are potentially exposed to different types of risks. The sources of these risks

may be above all connected to the transport, bodily injuries, risk in the process of accommodation and other types of risks. According to these facts, insurance has relevant importance in progress of tourist activities, by raising the importance of the integrity and the personality of the tourist and of the business of tourism itself. Insurance is very important for raising quality of the tourist service at all.

The tourist by him/herself or the touristic agency could enter into the contract for insurance in tourism on behalf of the tourist.

2. RISK MANAGEMENT IN TOURISM

Risk management is rational way of thinking and approach for dealing with the risk. It has to be viewed as a process that includes many aspects of working and it can not be limited on a single techniques or document. One part of the risk management includes determination of the level of exposure that is acceptable to the tourism business and its clients, identifying the hazards to the business and its clients, evaluation of the hazards, selecting appropriate strategies, implementation of strategies and appropriate response to emergency situations.

When the theory wants to define the terms risk and risk management, first of all, it is necessary to resemble the difference between hazards and risk. Hazard is source of possible damage of community or organization, while risk is defined as possibility to occur certain situation that might influence of fulfilling goals. All risks have potential to go out of control and create crisis, but risks will not escalate if they are treated systematically.

According to Popesku [2], hazards in tourism business might be divided in four main groups:

- Natural hazards – climate change, floods, earthquakes, volcanic eruptions etc.
- Technological hazards – technological systems malfunction which is related to industrial objects, transport, infrastructure
- Biological hazards – spreading diseases and polluting environment
- Political hazards – terrorism, criminal, sabotage, civil protests and violence, economic shocks.

Also, all risks in tourism may be divided in four main groups [3]:

Human and institutional environment – these risks occur when tourists become victims regarding following types of activity:

- delinquency (theft, pickpocketing, burglary, scams, assaults)
- non – selective and selective violence (rape and disturbance)
- organized crime (blackmail, human trafficking and enforcement)

- terrorism and outlaw behavior (assault on state institutions and vital state interests, kidnapping, taking hostages)
- wars, society conflicts and political and religion tensions
- lack of public and institutional protection

Tourism and complementary businesses (transportation, retail etc.) may endanger personal security, physical integrity and economic interests visitors of:

- lack of security standards in the tourist objects/facilities (protection from fire, construction errors, lack of protection against earthquakes)
- inadequate level of sanitary protection and disrespect environmental sustainability
- deception in business transactions
- disrespect contracts
- employee strikes

Passengers as individuals - may endanger personal safety and security of the host in the following ways:

- dealing with dangerous sports and other activities, unsafe driving, consumption of unsafe food and drink
- traveling with the poor health that undermines the trip
- causing conflict with local people on the basis of inappropriate behavior towards the local community, or violation of law
- execution of criminal activities
- visiting dangerous places
- loss of personal belongings, documents, money etc.

Physical risks and risks from the environment – are in most cases personal risks and occur tourists who:

- not aware or familiar with the natural characteristics of the destination, especially the flora and fauna
- do not take appropriate medical measures, for example vaccination
- do not apply the safety precautions when consumed food or drink or related with personal hygiene
- run a high dangers related to physical environment

In deciding what insurance is needed, outdoor tourism operators should first determine their exposure to loss. A loss exposure is defined as a situation or physical circumstance that makes an individual or an organization vulnerable to loss, damage, or injury and will lead to financial loss they are subject to.

According to Canadian Tourism Commission [4], loss exposure can be divided into three elements:

1. Items subject to loss.

- Physical assets
Tangible property like buildings, equipment, merchandise, etc.
- Loss of use of physical assets

Physical assets damaged or destroyed to the point of loss of use. Such damage may result in the operator

incurring a loss of revenue. For example, if a fire at the start of the season damages a backcountry ski lodge, the business might lose revenue for the entire season as the lodge can only be rebuilt after the spring season arrives.

- Legal liabilities

The threat of lawsuits because of negligence or breach of contract. This is one of the more common risks in outdoor tourism

- Personal health and earning capacity

Owner/operator or a key employee/guide becomes unable to work because of injury, illness or death.

Part of this risk could be covered by a personal accident insurance policy (which is not covered in the tutorials). Key personnel insurance can also be purchased but it is not common, especially in the outdoor tourism industry.

2. Potential cause of the loss.

- Human causes

Loss caused by human behavior such as vandalism, arson or theft. In outdoor tourism this also refers to mistakes made by a guide.

- Natural causes

Loss caused by natural forces such as weather, natural avalanches, tornados, hail, rock fall, etc.

- Economic causes

Loss caused by increased competition, changes in currency rates, a downturn in the economy, changes in consumer tastes and behaviour, etc. These events are generally not insurable.

3. Financial consequences of loss.

- What will be the financial consequence in the event of the loss of a physical asset, the loss of revenue because of the loss of a physical asset, a lawsuit, or the loss of key personnel? How much money will be lost if a lodge damaged by fire can only be rebuilt in the spring?

- When dealing with physical assets, it is important to calculate the financial consequences based on the replacement cost of those assets rather than the original purchase price, the book value, or the market value.

The process of risk management is consisted of two essential facilitators such communication and consultation and monitoring and evaluation (Fig. 1).

Communication and consultation, are part of activities implemented during all phases of the process and includes two-way process of internal consultation and communication between decision makers and stakeholders. On the other hand, monitoring and evaluation have to be implemented continuously to ensure the relevance of risk management in tourism. Five basic phases of the process of risk management are establishing context, identifying risks, risk analysis, risk assessment and treatment of the risk. Establishing context refers to the environment in which destination is functioning and determines the parameters or limits to manage risks. At this stage is necessary to determine the main elements that will support or slow the process of risk management. Important decision in the first phase is

the choice of groups or agencies which will be given a leading role in relation to risk management.

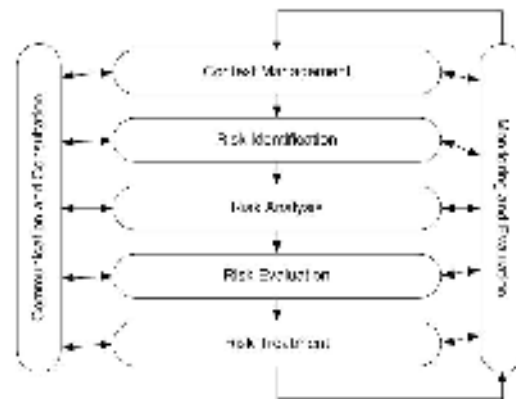


Fig. 1. Process of management of the risk

Also is needed to define some of the criteria for assessing the risk and what risks are considered acceptable and that would be unacceptable and will have to be properly treated. These decisions should be based on various operational, technical, financial, social, humanitarian and other criteria. Comprehensive risk identification is very important stage in the process because non-classification of some risks understands its exclusion from further analysis. For this purpose can be used a general list of potential risks, for example UNWTO list, which can be added to the risks identified with some of the additional methods: brain storming (the exchange of creative ideas), checklist, a flow chart of the process, archive information and experience. Risk analysis includes evaluation of the identified risks according to their impact on the tourist destination. Smaller and acceptable risks need to be separated in relation to the main risks which need to be controlled. The evaluation will be based on consideration of the probability of occurrence on events and consequences of identified risks as it is shown in the following tables. Assessment of risk means comparing the level of risks identified during the risk analysis with previous accepted risk criteria and decided what is acceptable and what is needed to be treating. At level of tourist destinations, this decision is made taking social, economic and political priorities. Treatment of risk is based on the results of the previous phase. This phase determines the available options, assesses the relative value of each of them and selects the appropriate. On that basis formulates a plan of dealing with risks followed by its implementation. The options for dealing with the risks are presented in Table 1, Table 2 and Table 3 as in Fig. 2.

Table 1. Qualitative measuring of consequences and influence of the risk

Level	Description	Example and close description
1	insignificant	without injury, minor financial loss
2	minor	aid at place of accident, medium financial loss
3	medium	need of medical treatment, major financial loss
4	significant	large number of injured, stoppage of production, significant financial loss
5	catastrophic	death, huge financial loss

Table 2. Qualitative measuring of the probability

Level	Description	Example and close description
1	Almost certain	it is expected to happen in major number of cases
2	Probable	it will probably happen in major number of cases
3	Possible	maybe it will happen sometimes
4	Unlikely	maybe it will happen
5	Rare	maybe it will happen in exceptional cases

Table 3. Matrix of qualitative analyse of the risk

probability	consequences				
	insignificant (1)	minor (2)	medium (3)	significant (4)	catastrophic (5)
almost certain	V	V	E	E	E
probable	U	V	V	E	E
Possible	M	U	V	E	E
Unlikely	M	M	U	V	E
Rare	M	M	U	V	V

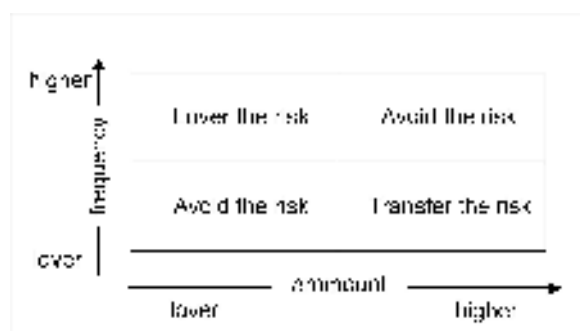


Fig.2 Matrix of evaluation of the risk

Good insurance brokers and consultants can provide valuable assistance on risk management and insurance matters.

Common ways of dealing with risk include four available options such as acceptance of risk, risk reduction, risk transfer and avoidance of risk. Acceptance of risk is in cases where the frequency and size of risk is small, the risk is acceptable provided the plan of treatment in relation to the consequences of such decisions, but only if the consequences can be managed without any negative impact on the destination or the perception of visitors. Risk reduction could be managed by modifying the probability of risks or can shrink the effects of events with modified ways of presenting risk (for example, reducing the consequences of fire in the hotel with evacuation plans, training employees, etc.) and/or increase the adaptability (for example, capacity for submission of losses). Risk transfer is used when there are significant consequences (for example, consumer injury, damage to property due to flooding), and probability of happening decreases so the risk is transferred in whole or in part, on the other (for example, insurance companies). Avoidance of risk will occur if the frequency and size of a large risk that an operation is suspended or withdrawn from the market.

3. NEED FOR INSURANCE IN TOURISM

Insurance is an integral part of the risk management process. Just as a business needs to develop documents such as a risk management plan, an emergency response plan, and a media plan, it needs to develop an insurance plan. The insurance plan will determine which assets and hazards to the business will be insured. The insurance plan will also determine how much of the assets and the hazards will be covered through an insurance policy and how much will be self-insured (covered by the business itself). Insurance will not make activities safer and will neither reduce the possibility of, nor stop incidents from happening. Insurance is usually part of the post-incident component of the risk management process. When an operator needs to call on insurance coverage, it is likely that something has gone wrong, for example, a client was injured, equipment was stolen, or a fire damaged a building. Insurance is also part of the recovery process of a business. Recovery refers to how a business will recover and survive after a catastrophic event such as a fatality, a large lawsuit, or a fire that burned the lodge to the ground. Insurance might play a major part of the recovery process, but it will not save a business' reputation. Insurance does not ensure a business' post-disaster survival. Even with the right insurance coverage, a business might still fail if customers stop buying the product or service.

The decision of purchasing insurance in tourism industry is based on the the nature of the activities of the touristic company. Also it has to mentioned the statutory requirement because in certain circumstances, the law [5] requires carrying insurance coverage. Sometimes property managers where the

tourists are situated require operators to carry insurance as part of their contractual property access agreements or permit systems. Also it could be case that industry partners and trade partners such as wholesalers, travel agencies, and tour operators often require insurance. Important factor is that many tourism operators have accumulated significant assets and equity. The physical and financial assets must be protected through property and liability insurance.

The decisions regarding the purchase of insurance should be based on internal and external factors:

- Whether or not to purchase insurance
- How much insurance to purchase
- What type of coverage e.g. limited or broad
- What types of conditions e.g. large versus small deductible

There are many internal factors which need to be considered in the process of purchasing insurance such as tolerance for risk which includes how much risk is in the business and the business owners willing and capable of comfortably assuming. Also it is important how the tolerance for risk will likely be compensated by insurance. Important question is if the business owners are personally exposed to losses and are they willing to accept the risks and is the business capable of surviving losses. Another important factor is business longevity and business structure which raises the question is the business structured in a way that protects the owners and the assets. Depending on the business structure, insurance might or might not be necessary. The third important factor is the assets that have to be protected and the question is are there assets that will be costly or difficult to replace. Another factor are employees, shareholders/owners/partners and the final factor is the moral and ethical issues by the feeling of the business owner if there are moral and ethical issues related with the insurance.

External factors that are important in the process of purchasing an insurance are statutory or legal requirements (laws and regulations that impose insurance requirements) [6], industry and business requirements (business that impose insurance requirements for example, the bank, tour operator or similar).

Managing the insurance portfolio in tourism business includes:

- Developing the insurance plan

Determining what to insure, how much insurance to purchase, what insurance coverage is necessary, the conditions required.

- Purchasing the insurance

Preparing and packaging the documents to submit to brokers and insurers in order to get the best price and conditions possible. This includes the initial insurance purchase and subsequent renewals.

- Reading and understanding the insurance policies

Reading (more than once) and understanding all policies. Any need for clarification should be

addressed as soon as possible.

- Maintaining the insurance policies throughout the year

Monitoring and managing insurance issues and making changes as necessary.

- Dealing with claims

Appointing a contact person to report possible claims to the broker/insurer as well as to act as the resource person throughout the claims process.

- Developing and maintaining the relationships

Dealing with the insurance broker, the insurer, and the claims adjuster on an ongoing basis.

- Developing insurance expertise

By taking insurance courses, attending workshops and conferences, and staying abreast of insurance related developments.

- Recordkeeping

Ensuring that all necessary documents and information is obtained, kept, and managed. This includes keeping records of accidents and close calls, and managing and storing client documents such as legal release forms, medical questionnaires, and registration forms.

4. INSURANCE CONTRACTS AND TYPES OF INSURANCE

The insurance policy is the document that provides evidence of a contract between an insured and an insurer. According to that, insurance policies are governed by the same rules that govern contracts in general: both parties receive benefits and have certain obligations. This means that insurance contract is a contract that determines the legal liabilities of both parties that are set forth in two reciprocal basic liabilities: that the insurer is required to pay the insurance premium, in certain cases also the interest for the insurance, with the payable contracted amount. Therefore both parties involved are responsible for their liabilities when entering into a contract as when setting the terms as well as after the insurance act.

For insurance purposes, contract means a contract of insurance and includes a policy, certificate, interim receipt, renewal receipt, or writing evidencing the contract, whether sealed or not, and abiding oral agreement.

However the special nature of insurance contracts means that the law requires presence of three additional requirements.

- There must be an insurable interest.
- There must be a risk and a promise of indemnity;
- An insurance contract is a contract uberrima fides, or, of the “utmost good faith”.

According to the Obligations Law by entering in the insurance contract the insured has the obligation to disclose the circumstances that apply to determining risk of first payment of insurance premiums. By entering in the contract of insurance, the insured is liable to pay the first premium. During the duration of the insured has liability insurance: the payment of regular premium insurance, insurance for the notifications of the changes associated with the risk and avoid the possibility of ensuring appropriate action. Waiting to have the opportunity to meet the obligations of the insurance, the insured is required until the term of the insurance contract, to pay premiums under the contractual terms without delay.

If an event occurs, the insured has an obligation to notify the insurance company for the loss caring and individual measures to reduce the presented damage.

The insurance company has the obligation to notify the insured about the conditions and obligations of insurance so that the insured voluntarily or compulsory to accept the offer of insurance. The insurance company must notify the insured about the contents of general business conditions which represent an autonomous part of the formal right, which he signed while one party owes the other party.

If the insured event occurs, the insurance company is liable to pay compensation to policyholders or the total amount which is specified in the contract. Such liability the insurer is obliged to perform at a particular time under contract or under the law governing the issue. If it is necessary to determine the amount of damage caused, the insurance company owes to collect a part of compensation on behalf of the insured to determine the total damage. Part of the total payment is realized when determining damage. If the insurer and the insured fail to agree on the type, causes or consequences of disaster, the issue resolved in the competent court with the help of an expert.

In tourism business, insurance contracts play significant role, because regulative in certain situations often impose economic subjects to have insurance contracts.

There are many types of insurance that apply to the contemporary world. Their treatment is virtually impossible because of the specific relations will therefore be treated here only those types of insurance are also specific to the field of tourism.

In legal terms the relevant section of the types of insurance is:

- compulsory insurance or legal action is the result of imperative legal provisions, and

- voluntary or contractual insurance which is the result of creating a voluntary set of relations between the insurer and the insured.

According the Law of obligatory insurance in traffic every vehicle that is used in the traffic has to be compulsory insured. Also the owners of the vehicles (buses, trains, airplanes, ships) that are registered for transport of passengers are obliged to conduct insurance for the passengers that covers losses of accidents.

For the development of tourist activities insurance takes an important place due to legal imperative norms enforcing tourist enterprises in specific cases to bind contracts on insurances.

Nowadays, the need for insurance is greater, especially voluntary insurance which is necessary for economic subjects to cover the risks which are not included in the insurance policies imposed by regulative.

On the other side, tourists individually insure themselves, against the risks that are not covered by regular travel insurance. Both, providers of services and tourists, insure themselves as a precaution and decreasing the negative consequences of certain future risk covered by insurance policy.

Since tourism is a specific activity and the chance to cause damages is high and the chance of individuals to pay is low, contracts bound voluntarily make these segments of economical life safer. If there were no such contracts the damage would have been compensated by tourist organizations or the physical subject. By binding particular contracts on insurance, both tourists and tourist service providers are able to be widely insured from any risk in order to avoid or reduce harmful consequences if the insured case happens.

One of the basic principles of our regulative regarding insurance is its voluntary approach. Voluntary insurance is precisely defined with general and additional conditions of insurance companies, their tariffs and insurance policy forms, and represent as part of the autonomous contract rights important sources of insurance regulative, which can be easily adjusted in practice.

In certain tourist contracts, some articles point of obligations of tourist business entities, hotels, agencies and other subjects for covering material and non – material costs, which cannot be excluded even with one – side statement, or contract. Because of that reasons, above mentioned organizations sign insurance contracts of certain risks, which can influence the amount paid for such risks.

By reviewing several contracts which regulate development of tourism activities, there are ascertained and identified specific obligations of tourist organizations, hotels and travel agents regarding the compensation of caused damages either be material or immaterial in the account of service receivers. Thus different tourist companies bind

contracts on insurances related to insurance responsibility for the caused damage, with which they manage to widely minimize the amount of compensation which emerges from obligations stipulated in the contract. Acting as good businessmen, tourist organizations voluntarily sign contracts for insuring certain risks.

Some of general, additional and supplemental conditions for risk insurance which will be interesting for tourist organizations will follow:

- Additional conditions for insuring guests in the hotel in case of accident. Insured company might be every organization which runs hotel or similar business, as well as citizen who has certain permission for inviting guests for accommodation and breakfast. Insurance policy of guests in hotel, motel, camps, bungalows, spas and similar, is agreed in terms of guest book or other allowed documentation allowed by the regulative. Insurance policy is activated (if otherwise stated in the insurance policy) with the entry of the guest in documentation and lasts until the moment when the guest has lost its status as such. Insurer has an obligation to cover the risks while insured guest is in the object or outside it. Insurance policy includes risks of accident because of injury, as well as missing things of guests, up to maximum quote stated in insurance policy.
- Additional conditions of insuring members of hunting and fishing organizations covering risks of accidents.
- Additional conditions of insuring guests of public pools covering risks of accidents.
- Additional conditions of insuring tourists and picnickers covering risks of accidents. Insurance cover the accidents which can happen to tourists or picnickers during organized travel, picnic or vacation, and only if the event is organized by the organization stated in the insurance policy.
- Insurance policy covers travel and return, staying in the place of picnic or vacation, as well as risks happen while waiting before the travel trip occurs in certain place, as well as waiting at returning. Insurance policy does not cover accidents of individuals employed in the organization which are with tourists and picnickers (guides, animators, translators, drivers etc.)
- Additional conditions of insuring individuals during summer vacation, winter vacation, camping and covering risks of accidents
- Additional conditions of insuring individuals while skiing, swimming, diving etc. and covering risks of accidents.
- Additional conditions of voluntary insurance for travelers in public transport and covering risks of accidents.

From the above mentioned examples, it is obvious that there are many situations that can be covered with insurance, and tourist organizations with wise

choice may in great measure prevent themselves from risk that might occur.

Regarding the insurance possibilities in our country and especially in countries with emissive tourism, insurance companies develop insurance policies for tourists as individuals in which subject of protection is their personality and property during the travel trip. In well prepared travel trip must be included suitable insurance, and tourists are aware of that.

During every travel trip, tourist leaves his well-known ambient of his home, and is putting himself and also his property in danger of unknown risks which cannot be predicted or minimized in advance. From the beginnings of insurance covering only risks of losing luggage, today tourist can insure himself of almost every typical risk during certain trip. Contemporary travel organizations in their travel offers are advertising their competence for advising and conducting every single service related with the choice of suitable insurance by tourist.

Practice shows that travel organizations regarding the travel trip offer following types of tourist insurance:

- Insurance of losing luggage
- Insurance of accident during the travel trip
- Insurance of responsibility for damage which tourist can commit during the travel trip
- Insurance of illness during the travel trip
- Insurance of damage during travel by automobile, airplane, ferry etc.
- Insurance of covering costs if tourist didn't show up, or termination of the organized travel trip by the travel agency
- Insurance of costs of regular repairs and service of tourists' transportation during the travel trip etc.

Except certain insured risks, travel organizations can offer "insurance package" which includes covering various basic insurance risks.

Tourists respectively service receivers beside insurances on individual things can be provided with "insurance packages" which include particular kinds-combinations of insurances mentioned above. It is worth mentioning that if it is not stipulated differently in the contract, the insurance contract begins to have juridical effects from the first 24 hours of signing the insurance policy, which is stipulated in the conditions of insurance policy.

If duration of insurance is decided in the insurance contract, then the relations of insurance end according to the date stipulated in the contract. If the deadline of insurance contract is not stipulated in the contract then each of the parties is able to breach it in case of reaching the premise, under the obligation of informing in written the other party at least three months before the premise expiration. Insurance contract is ended if the insured object has disappeared or the related object on the basis of which the liability insurance contract has been bounded.

Recently, a high degree of instability that characterized business in the tourism market was influenced by the occurrence of specific types of compulsory insurance within the European Union countries.

Namely, some companies within EU introduced the insurance related to cases of economic collapse of tour operator or travel agency in the course of performing travel in order to secure the return of the country groups of tourists who were on the receptive fields. Also, insurance policies can be sold by retailers to tourists or tour operators based on special agreements with insurance companies. Economic interest in the area of agency operations is primarily related to income from brokerage commission is 20% [7].

Tourists could be offered by some of the following types of insurance, but very often are offered standard packages that include all or most of the mentioned types of insurance.

5. CONCLUSION

Insurance has great importance today. It is un the scope of the interest of the public and of the business sector also. The life in society can not be imagined without insurance included in many segments of business life. Tourism is becoming more and more important industry that sometimes is called “invisible export”. If the economic subjects that work in tourism want to be competitive on the market, they have to treat the insurance as more important aspect of making large competitiveness. Mostly the insurance in tourism industry is on voluntary bases except the case of few travel types of insurance. Usually, if something is base on voluntary concept, mostly the companies treat the insurance as a additional cost.

The point is, how the tourism is rising the quality, it also has to include this kind of services, that will protect the tourists and economic subjects within the industry of damage and loss that could be suffered. Many voluntary insurances rise the quality of service for the tourist and also in many case protect the organizer of the touristic arrangement of losses and damages.

The insurance in tourism will have larger importance in future. That means that the insurance companies will have to develop more experts in the field of insurance industry with purpose to analyse the risks and possible losses in the industry of tourism.

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