

# OPTIMIZATION AND PROSPECTS FOR THE DEVELOPMENT OF INSURANCE IN THE TOURISM BUSINESS IN THE CONTEXT OF THE PANDEMIC

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**Abstract.** *The purpose* is the current state of tourism in Ukraine and the need to find alternative positive methods and tools to prevent the bankruptcy of the subjects of tourist activity. On the basis of a study of the peculiarities and risks of the subjects of tourist activity, which have increased in the conditions of the COVID-19 pandemic, recommendations for implementation in the practice of insurance as a method of preventing bankruptcy have been developed. Comprehensive insurance protection of business entities in the tourism industry should be carried out by combining insurance in such areas as: insurance against interruption of tourist activity (compensation for losses from business interruption for reasons beyond the control of the tourist operator, including those associated with COVID-19 and restrictive measures on tourism), civil and professional liability insurance of tour operators, travel agents, property and personnel insurance, as well as cyber insurance hiding. *Methodology.* The issue of insurance provision of the tourism industry in a pandemic requires a comprehensive and systematic approach. Modern realities require it to raise social standards of protection of the population in general and tourists in particular. Achieving risk minimization in tourism is possible only with the establishment of active cooperation between the state authorities, travel companies and insurance companies. *Results.* Insurance in tourism can be considered as a system of financial and economic relations between insurance companies, subjects of tourist activity and tourists on the satisfaction of the interests and needs of each of them. In the tourism business, the risk of adverse events and their negative consequences is particularly significant. Sometimes it is difficult to predict the presence of adverse factors or events for the well-being of tourists. Additional difficulties are associated with the participation and interaction of a large number of independent business partners (tour operators, consular services, hotels, transport companies, etc.) Thus, the probability of occurrence of insurance claims has substantial grounds. *Value/originality.* Analyzed the current state, threats and prospects of the situation in the insurance market in Ukraine. Various factors and objective circumstances influence the development of global and, in turn, national markets of insurance services. The priority of development of national and world economy in recent years is globalization of financial institutions. The substantial basis of integration and globalization processes is the movement of capital. The insurance market, as an integral part of the country's financial market, is primarily influenced by globalization processes. This market reacts almost instantly to the dynamic processes in the world economic environment and reflects the main trends reflecting the formation of the modern insurance space. The pandemic crisis differs from the previous ones in that the freedom of movement was considerably restricted. The aim of the study is to identify the most necessary adaptive and transformational changes in Ukraine, taking into account the factors caused by the pandemic. Today the domestic insurance market is experiencing many negative challenges. The question of what consequences are inevitable after the end of the quarantine and how they will affect the participants of the insurance market remains less relevant. The external and internal factors affecting the functioning of the insurance market of Ukraine have been considered. It is established that due to objectively direct consequences the number of insurance companies will decrease. It is established that in Ukraine insurance companies offer health insurance programs that provide financial support in case of COVID-19 diseases, as well as improve already existing insurance programs. Legislative changes that have occurred in Ukraine in the sphere of insurance in connection with the pandemic coronavirus are analyzed. It is established that the state implements measures aimed at protection and support of the population in the

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event of a pandemic. Existing and potential threats have been determined, the opportunities that will allow insurance companies to maintain and strengthen their positions in the insurance market have been identified.

**Key words:** insurance, insurance protection, bankruptcy prevention, tourism, subjects of tourist activity, COVID-19.

**JEL Classification:** G22, G33, L83

## 1. Introduction

The COVID-19 coronavirus pandemic is the most serious challenge the world has faced since World War II. Having appeared in Asia late last year, the virus has spread to every continent except Antarctica. The crisis will have serious consequences for the global economy and, according to an IMF report, the projected drop in GDP from April 2020 in Ukraine will reach 7.7%. There are quite different estimates of further global economic recovery, from a similar scenario, which envisages economic recovery in 2019 in 2021, to a longer recovery and even a long-term recession. Tourism is one of the sectors of the world economy that has been hit hardest by travel restrictions, and the situation is particularly difficult in aviation. As of April 20, 2020, 100% of all international destinations had imposed travel restrictions because of the pandemic. Governments responded immediately to the need to minimize the economic impact of the COVID-19 pandemic based on two general approaches: the first is to provide affordable credit lines for businesses, the second is to defer debts and tax debts. Today in Ukraine there is a significant lag in the pace of implementation of measures to support the tourism sector, which is a serious threat to the competitiveness of the industry in the world market in the projected recovery period in 2021. Key industry players, including international hotel chains, are introducing a number of external and internal measures to minimize the impact of the COVID-19 pandemic, including market safeguards (deferring or refunding booked rooms, optimizing loyalty programs, community support), health and safety measures and internal reorganizations (cuts, unpaid leave, downsizing/rejection of capital investments). Regarding the consequences of the COVID-19 pandemic in the tourism sector, Ukraine is in a relatively better situation than most countries, as the share of domestic and outbound tourism significantly exceeds the inflow. Ukrainian tourism has not received a quick systematic response from the government in the form of implementation of possible measures to support the tourism industry, compared to the average response and types of measures implemented by the governments of neighboring countries and EU member states. This further complicates the situation of small and medium-sized businesses (SMEs) working in the hospitality, tourism and recreation sector. At the end of 2019, at the initiative of the EBRD and with the participation

of external partners, the document "Roadmap for the competitive development of tourism in Ukraine" was prepared, which was the result of intensive work of all major stakeholders in the tourism sector in Ukraine.

Already today the insurance market of Ukraine is experiencing a number of difficulties. The question of what consequences are expected after the end of the quarantine, and how the events will affect the participants of the insurance market is important. There are external and internal factors that affect the functioning of the insurance market of Ukraine. Let us consider external factors. Regardless of what prospects professional analysts predict for financial institutions, none of them in recent years has foreseen such a negative factor as a global virus or pandemic. However, in the absence of general estimates of its global significance, we can say whether or not it will have the strongest impact on the world economic and financial situation, and may intensify the financial crisis, which may begin as early as 2021.

Thus, global external factors, such as the global financial crisis and the COVID-19 pandemic (which has led to increased global crises), could have the strongest impact on the financial sector of Ukraine, in particular on the insurance market. Euro-insurers have potential losses similar in the optimistic scenario, as natural disasters of average size are appropriately reflected in the financial models of leading insurance and reinsurance companies. However, in a pessimistic scenario, which they also take into account, the possible losses due to my COVID-19 could lead to the loss of the new positive development dynamics of the previous decades and hitherto unheard of losses. Negative events in the global insurance markets will certainly have a negative impact on the domestic insurance market, in particular, its consequences may be:

- an increase in the cost of reinsurance;
- a fall in the ratings and indicators of reliability and financial stability of insurers and reinsurers;
- the introduction of new restrictions and exceptions on the timing of reinsurance contracts;
- a significant reduction in activity or no restrictions on work in small and weak markets, including emerging markets.

All this could have a negative impact on the domestic insurance market in the near future. But the insurance market of Ukraine will also be affected by internal factors and their negative consequences. In particular, it is already clear that the pandemic has

led to a decline in the domestic economy and GDP growth, decreased sales and profits of business entities, and reduced business activity. Some spheres of business were forced to suspend or close down altogether. For example, insurers note that pandemics and epidemics of demusica are exceptions to reimbursement to insured persons. But because of the lack of protection of the population with testing, improper diagnosis, the number of patients with "traditional" diseases is growing. All this leads to unnecessary taxes for insurance companies and, as a consequence, to damage in the sphere of personal insurance in general.

## 2. The impact of the economic crisis on consumer behavior

The COVID-19 coronavirus pandemic is the most serious challenge the world has faced since World War II. When the virus appeared in Asia late last year, it spread to every continent except Antarctica. The crisis will have serious consequences for the global economy. According to the IMF report, the projected drop in GDP from April 2020 in Ukraine will reach 7.7%. There are quite different estimates of further global economic recovery – from V-shaped scenario, which envisages economic recovery at the level of 2019 in 2021, to a longer recovery and even a long-term recession. Tourism is one of the sectors of the global economy that has been hit hardest by travel restrictions, and the situation is particularly difficult in the aviation industry. As of April 20, 2020, pandemic travel restrictions had been imposed on 100% of all international destinations. Governments immediately responded to the need to minimize the economic impact of the COVID-19 pandemic based on two general approaches to managing situations: the first approach is to provide affordable credit lines for businesses, and the second is to defer debt and tax obligations.

In Ukraine today there is a significant lag in the pace of implementation of measures to support the tourism sector, which poses a serious threat to the competitiveness of the industry in the world market in the projected recovery period during 2021. Key industry representatives, including international hotel chains, are introducing a number of external and internal measures to minimize the effects of the COVID-19 pandemic, including market safeguards (rescheduling or refunding booked rooms, optimizing loyalty programs, community support), implementing mandatory health and safety measures and internal reorganizations (cuts, unpaid payroll leave, reduction/rejection of capital investments). As for the consequences of the COVID-19 pandemic in the field of tourism, the situation in Ukraine is relatively better than in most countries, as the share

of domestic and outbound tourism far exceeds the inbound flow.

Ukrainian tourism has not received a quick systematic response from the government in the form of implementation of possible measures to support the tourism industry compared to the average response and types of measures implemented by the governments of neighboring countries and EU member states. This further complicates the situation of small and medium-sized enterprises (SMEs) working in the fields of hospitality, tourism and recreation.

## 3. Results

The world economy is projected to shrink by 4.4 percent in 2020, according to October forecasts. The shock in tourism-dependent countries will be much stronger. The real GDP of African tourism-dependent countries will fall by 12 percent. Caribbean countries dependent on tourism would also see a drop of 12 percent. Pacific island nations, such as Fiji, could see a real decline of 21 percent in real GDP in 2020.

Domestic tourism has partially recovered and is helping to mitigate the impact on jobs and businesses in some areas. But a real recovery will only be possible when international tourism recovers. This requires global cooperation and science-based solutions so that travel restrictions can be safely lifted.

The survival of businesses in the tourism ecosystem is questionable without continued government support, and while governments have taken impressive steps to mitigate tourism impacts, minimize job losses and enable recovery in 2021 and beyond, more proactive and coordinated action is needed. Key policy priorities include restoring traveler confidence, supporting tourism businesses to adapt and survive, promoting domestic tourism and supporting the safe return of international tourism, providing clear information to travelers and companies and reducing uncertainty (as much as possible); the sector and closing support gaps, strengthening cooperation within and between countries, creating more sustainable tourism.

While flexible policy solutions are needed to sustain the tourism economy with the virus in the short and medium term, it is important to look beyond and address the effects of the crisis, which has left gaps in government preparedness and response. Coordinated action between all levels of government and the private sector is critical. The crisis is an opportunity to rethink tourism for the future. Tourism is at a crossroads, and the actions taken today will shape tomorrow's tourism. Governments need to address the long-term effects of the crisis while harnessing digitalization, supporting a low-carbon transition and facilitating the structural transformation needed to build a stronger, more sustainable and stable tourism economy. Domestic

tourism provides a much-needed boost to support many tourism destinations and businesses and will remain a key driver of economic recovery in the short to medium term. Since mid-2020, there has been some activity in domestic tourism, in particular due to the effects of lifting restrictions on international travel. However, domestic tourism has not become a panacea, as many countries have faced new waves of the virus, and, as expected, the level of domestic tourism at the end of 2020 was below COVID. For example, Spain and Great Britain predict a 45-50% decline in domestic tourism in 2020. In addition, not all tourist destinations and establishments have benefited from permanent restrictions on movement within the country and changed patterns of tourist demand and behavior. This has very tangible economic and social consequences for many people, places and businesses, as well as for the economy as a whole.

Forecasts of tourist activity and its recovery for some countries, according to the Organization for International Cooperation and Development (OECD), are shown in Table 1.

The halt in tourism has a significant impact on the economy as a whole, given the interconnected nature of the sector. According to OECD estimates, more than a third of the value added of tourism generated in the domestic economy comes from indirect impacts, reflecting the breadth and depth of links between tourism and other sectors (eg food, agriculture, transport, business). Meanwhile, according to the United Nations Conference on Trade and Development

(UNCTAD), global GDP losses due to the tourism crisis could reach 2.8% of world GDP (\$ 1.2 trillion) if the number of international tourists arrives decreases by 66%, with effects most visible in countries such as Croatia (potential decline in GDP 8%), Portugal (6%), Morocco (4%), Greece (4%), Ireland (3%) and Spain 3%). This could increase to 4.2% of world GDP (\$ 3.3 trillion) if international tourism flows stop within 12 months.

The crisis threatens millions of jobs in the tourism sector. Tourism is labor-intensive and provides a high level of employment for low-skilled workers along with high-skilled jobs. According to the International Labor Organization (ILO), 144 million workers are employed worldwide in the accommodation and catering subsectors alone, about 30% of whom are employed in small tourism enterprises with 2-9 employees. Many of these jobs are in professions that work with customers and are therefore also at risk of contracting the virus (e.g. waiters, stewards, hotel administrators).

The extent of job losses is not yet clear, as government support has shielded workers from the full impact of the pandemic. However, according to the World Travel and Tourism Council (WTTC), layoffs in 2020 threaten 174 million jobs worldwide. The European Commission's Joint Research Center predicts that businesses that work and/or depend on tourism between 6.6 and 11.7 million jobs could face reduced working hours or permanent losses in 2020, ranging from 3.2% to 5.6% of the total active population in the

Table 1

**Predictions of tourism development and economic recovery: examples of some countries**

Country	Projections for tourism and economic recovery
Canada	The July 2020 revised estimates for tourism from Canada's destination country were based on the opening of the Canadian border in January 2021. Canada, as a destination country, developed two possible scenarios for 2020 based on different possible conversion rates of Canadian outbound tourism to domestic travel: Scenario 1: Assuming only 20% of outbound tourism demand in Canada is converted to domestic tourism, tourism spending would decline by 61% (to CAD 41.3 billion) and tourism-related jobs would decline by 55% (to 324,000). Scenario 2: Assuming 100% of Canada's outbound tourism demand turns to domestic tourism, tourism spending would decline by 43% (to CAD \$59.7 billion) and jobs related to tourism decline by 41% (443,500).
Croatia	Travel forecasts are revised every 15 days, after studying the latest travel safety and epidemiological recommendations. This was reported by the e-Visitor system, which provides daily updates.
Germany	The latest forecasts of the Federal Center for Competence in Tourism The July 2020 "Recovery Check" identifies three possible scenarios for domestic and international tourism recovery. Under the central scenario, domestic tourism is expected to return to 2019 levels in the summer of 2021, while the forecast for international tourism resumption is in April 2023 (i.e., two years longer). Annual recorded turnover from 2019 is expected to decline by: 42% in domestic and 57% in international tourism in 2020, 14% in domestic and 52% in international tourism in 2021, and 30% in international tourism in 2022.
Switzerland	According to the Swiss Institute of Economics (KOF), overnight stays are expected to decline by 34% by 2020. The decline in domestic demand is projected to be relatively small (14%) with significant losses in international business (55%). Domestic and European demand is expected to gradually recover, but demand in overseas markets will not recover until 2023. With the exception of a few hotspots, hotel prices will also fall and resume in 2022. Fares on mountain railroads could increase significantly with a sharp decline in passenger numbers.
UK	VisitBritain modeled a series of short-term scenarios for inbound and domestic tourism. Under the central scenario, the number of inbound tourists is expected to decrease by 73%, with a corresponding 79% reduction in spending (last updated in early October 2020). For domestic tourism, the central scenario predicts a 49% reduction in trips and spending.

European Union. Among them, the social groups most often employed in micro or small tourist businesses – women, youth, rural communities, indigenous peoples and informal workers – will be the most affected.

Estimates at the national level similarly reflect the degree of impact on tourism, along with the challenges of forecasting in a rapid and uncertain situation. Quantifying the current and future impact of the crisis on the tourism sector is difficult as the crisis has revealed weaknesses in tourism statistical information systems, including a lack of reliable, comparable and timely data to inform policy and business decisions. Evidence suggests a sharp decline in international tourist flows and tourism expenditures, as well as a decrease in domestic tourism.

Attempts to predict the impact of a pandemic on the tourism economy have repeatedly outpaced the rapidly changing sanitary situation and changes in measures and regulations to contain the epidemic. Traditional forecasting methods are unreliable in today's environment. Table 1 presents projections of domestic and international tourism performance in 2020 in some countries, but like these OECD projections, scenario approaches show some areas of tourism recovery, but they are necessarily based on assumptions and simplifications and are subject to constant adjustment and revision.

The outlook for tourism is highly uncertain, and recovery will depend on the interrelated effects of the economic and medical crisis on supply and demand. These include the development of a pandemic, the availability and affordability of vaccines (or alternative means of control) and the lifting of travel restrictions, as well as the survival and readiness of businesses throughout the tourism ecosystem to meet demand, the impact on consumer confidence and travel behavior and the development of the overall economy. The global scale and long duration of the crisis, the prolonged uncertainty and the interrelated economic and health nature of this crisis make it unlike all previous shocks to the tourism system.

The crisis is a call for governments at all levels to take decisive and coordinated policy actions to mitigate and support recovery. It is also an opportunity to take advantage of new technologies, implement green recovery strategies, and move toward policies and business practices that better balance the environmental, social, and economic impacts of tourism. Policymakers should seize this opportunity to move the tourism economy to a stronger, fairer, and more sustainable footing. The crisis and ongoing recovery plans are a once-in-a-lifetime opportunity to transition to more sustainable and sustainable models of tourism development.

In addition to the economy of tourism, the pandemic caused a global economic crisis, which in turn has implications for the resumption of tourism. The way

forward is brighter as progress in vaccine production has given hope, but problems remain, and recovery will be uneven across countries and sectors. Growth will recover in many parts of the economy, but tourism and other sectors are recovering more slowly, and this is affecting recovery in many countries.

It is too early to say what long-term effects the crisis will have on tourism, but a return to normalcy is very unlikely. The tourism sector in 2021 will be very different from what it was in 2019. The longer the crisis lasts, the more businesses and jobs will be lost, the greater the impact on traveler behavior, and the harder it will be to recover in tourism. This creates challenges for the sector as well as opportunities to spur innovation, encourage new business models, explore new niches and markets, discover new destinations and move toward more sustainable and sustainable tourism models.

In this context, tourism is high on the global political agenda, and other international institutions, including the United Nations, the World Bank and the World Trade Organization, are making similar calls. The G20 Tourism Ministers in the Diriya Communiqué recognized that COVID-19 could change the paradigm of the travel and tourism sector, and pledged to continue working together to support those most affected by the crisis and to support a sustainable and comprehensive recovery. tourism sector.

#### **4. Strategy to overcome the global crisis in the tourism industry using the method of SWOT-analysis**

The outlook for the tourism sector remains highly uncertain. The coronavirus pandemic (COVID-19) continues to have a strong impact, and international tourism is expected to decline by about 80% in 2020. Domestic tourism is helping to mitigate the impact, at least in part, and governments are taking impressive immediate measures to rebuild and revitalize the sector while protecting jobs and businesses. Many countries have also developed, and continue to develop, measures to create a more sustainable tourism economy after COVID-19. These include preparing plans to support a sustainable tourism recovery, promoting the digital transition and the transition to an eco-tourism system, and rethinking tourism for the future.

Since threats exist and are difficult to influence, steps must be taken to avoid negative consequences. Ignoring threats can lead to loss of markets, slowing tourism development, which, in turn, leads to a slowdown of the economy as a whole. By recognizing the obstacles that can shake the existing tourism infrastructure, carefully assessing the problems that will arise in the development of the industry, measures can be taken to avoid them or reduce their impact on

the development of the tourism industry. The next step is to build a hierarchy of opportunities that the industry can use to achieve positive results by implementing strategic goals.

Key issues affecting the prospects of the tourism industry:

1. Pandemic factors: How long will the pandemic last and what will be the publicly available treatments or vaccines?

2. Factors related to the lifting of travel restrictions and blocking measures: When will countries start loosening restrictions and how? How will the social distance rules affect the supply side of the travel market?

3. Factors affecting consumer and business confidence: How long will it take consumers to resume travel? How will travel patterns change?

4. Economic factors: How deep and what will the global recession be? What will consumers' discretionary spending decisions be?

5. State measures: How will state measures and programs to support tourism be planned and implemented?

The SWOT-analysis of factors affecting the prospects for recovery and development of the tourism industry in the world after the pandemic is presented in Table 3, where the relevant factors are divided according to their impact on the development of the industry (positive or negative) and the nature of the factors (internal or external).

The proposed SWOT-analysis of factors affecting the prospects for recovery and development of the tourism industry, allows you to assess the strengths and weaknesses of the strategy to overcome the tourist crisis, taking into account its opportunities and threats.

The COVID-19 crisis was a tremendous shock to the tourism economy, severely affecting people's livelihoods, industries, regions and businesses. As the pandemic continues to evolve, all of its effects are still impossible to calculate and account for. However, a return to "business as usual" is unlikely. Politicians need to learn lessons from the crisis in order to build a stronger, more sustainable tourism economy for the future. Although it is too early to say for sure, there are some lessons to be learned: The crisis has become a call for action by governments at all levels to respond in a coordinated way, and the importance of comprehensive approaches to tourism policy to support recovery.

Taking into account all four components of the SWOT-analysis in its entirety will determine the main strategic directions of tourism development, formulate goals and specific objectives. In addition, SWOT-analysis will allow to outline a plan of strategic development of the tourism industry in the future, to provide necessary actions and tools, to take into account new opportunities. In the context of European integration processes in the tourism sector, the use

of SWOT-analysis should be combined with other management tools, allowing to improve the quality of tourist products to international standards, to attract more consumers of tourist services, which, according to researchers, are not satisfied with the "price-quality" ratio on tourist products of domestic enterprises. Therefore, under the conditions of transformational changes in the national economy, it is necessary to pay special attention to the development of management tools in tourism.

Government at all levels and the private sector need to be better prepared and able to respond and adapt quickly. This requires better risk assessment and crisis response mechanisms, as well as greater coordination at the local, national and international levels.

Providing targeted and affordable support as quickly and effectively as possible to vulnerable tourism businesses, workers and tourists has been and continues to be extremely important. Tourism generates foreign exchange, supports jobs and businesses, stimulates regional development and supports local communities. Before the pandemic, the tourism sector accounted for 4.4% of GDP, 6.9% of employment and 21.5% of services exports on average for OECD countries (and 6.5% of world exports according to the World Trade Organization (Dow Roger, 2020)). However, these shares are much higher in a number of OECD countries where tourism is the main driver of economic activity, such as France (7.4% of GDP), Greece (6.8%), Iceland (8.6%), Mexico (8.7%), Portugal (8.0%) and Spain (11.8%). The indirect impact of tourism is also significant, adding to the shock to national and local economies.

Providing policy clarity and taking steps to reduce uncertainty (as much as possible) will be crucial to support the resumption of tourism. The outlook for the tourism economy remains highly uncertain, and confidence in business and travel has suffered greatly. Clear communication, well-developed information policies and clear epidemiological criteria will be particularly important where travel restrictions and containment measures need to change in response to virus outbreaks and changes in the health situation.

Crisis is a once-in-a-lifetime opportunity that encourages us to move toward more equitable, sustainable and rational (socio-eco-economic) models of tourism development. The pandemic has once again exposed the structural weaknesses of the tourism system and vulnerability to external shocks. There is an urgent need to diversify and strengthen the resilience of the tourism economy, better prepare for future shocks, address long-standing structural weaknesses and stimulate the digital, low-carbon transformation needed to move toward stronger, more equitable and sustainable tourism models.

Table 2

**Potential consequences of long-term tourism policy**

Sustainable development of tourism	It may become more popular in tourism choices due to a greater awareness of climate change and the adverse effects of tourism. Natural areas, regional and local destinations are expected to contribute to restoration, and reduced travel distances may lead to reduced environmental impacts of tourism.
Domestic tourism	Domestic tourism is expected to benefit as people prefer to stay put and visit destinations within their own country. Domestic tourists are often more price sensitive and tend to have a lower cost structure.
Trust	Travelers' confidence has been hit hard by the crisis and constant uncertainty. This can lead to a decline in demand and consumer tourism, which will continue long after the initial shock.
Behavior of travelers	Travelers' behavior will be affected by the development of the crisis as well as long-term consumer trends that change the way we travel. This may include the emergence of new niches and market segments, as well as a greater emphasis on safety protocols and a no-contact travel experience.
Safety and hygiene	Safety and hygiene have become key factors in selecting travel destinations and activities. People more often prefer the "Private Solution" when traveling, avoiding large crowds of people and giving preference to private vehicles, which can have a negative impact on the environment.
Tourism offer	Structural changes in tourism supply are expected in the ecosystem. Not all businesses will survive the crisis, and capacity in this sector is likely to decline for some time, limiting recovery.
Deficit qualified personnel	The shortage of skilled workers in the tourism sector could increase as many jobs are lost and workers are transferred to other industries.
Reduction of investments	Reduced investment will require proactive policies to encourage and renew investment in the tourism sector to maintain the quality of the tourism offer and promote a sustainable recovery.
Digitization	The digitalization of travel services is expected to further accelerate, including greater use of automation, contactless payments and services, virtual experiences, and the provision of real-time information.
Tourism policy	Tourism policy must be more responsive, and in the long run it will move to more flexible systems that can adapt more quickly to changes in policy. Particular attention will be paid to crisis management. Safety and health policies are also important.

**5. Findings**

Travel insurance can compensate for a range of disruptions and inconveniences depending on the terms of the policy, from cancellation of travel to departure in the event of death of a pet or illness of a family member, equipment problems, illness or injury, emergency medical evacuation and accidental death. Expenses for delayed baggage and change fees are reimbursed separately, in accordance with other insurance policies.

Also, the viewer has observed a tendency for travelers to book and buy travel insurance much closer to the departure date. Over the past three months, travelers have been buying travel insurance about 50 days before their departure date, compared to 94 days from their departure date. But keep in mind, if you wait too long for travel insurance, there's a chance that you risk your ability to buy travel insurance to cancel your trip for whatever reason. Such compensation allows you to get a refund of part or all of your expenses from 50% or 75%.

Although travel insurance covers many contingencies, there are some common drawbacks that travelers should be aware of. For example, not everything in luggage can be compensated for delayed or lost luggage, and accidents due to natural disasters that began before the purchase of a travel insurance policy may also not be covered. COVID-19 found another disadvantage – fear of travel. As health and safety has become more and more on Lu's mind, the pandemic has certainly raised the profile of the travel insurance

sector. All of these changes in the travel industry will have a direct impact on the compensation provided by travel insurers, and it is necessary to continuously review benefits and prices to ensure that travel insurance remains relevant and affordable to travelers. If insurance companies cannot provide their clients with "priority" access to emergency medical care in an overburdened system, life-insurance programs come to the rescue, when the client receives a cash payment for the very fact of treatment in a hospital clinic, i.e., in this way the insured receive financial assistance for the period of illness and rehabilitation.

**6. Conclusions**

The outlook for the tourism sector remains highly uncertain. The coronavirus pandemic (COVID-19) continues to have a strong impact on international tourism, as expected to decline by about 80% in 2020.

Domestic tourism is helping to mitigate the impact, at least in part, and governments have taken impressive immediate measures to rebuild and revitalize the sector while protecting jobs and businesses. Many countries have also developed, and continue to develop, measures to create a more sustainable tourism economy since COVID-19. These include preparing plans to support a sustainable tourism recovery, promoting the digital transition and the transition to an eco-tourism system, and rethinking tourism for the future.

Providing targeted and affordable support as quickly and effectively as possible to vulnerable tourism businesses, workers and tourists has been and continues to be extremely important. Tourism generates foreign exchange, supports jobs and businesses, stimulates regional development and supports local communities. Before the pandemic, the tourism sector accounted for 4.4% of GDP, 6.9% of employment and 21.5% of services exports on average for OECD countries (and 6.5% of world exports according to the World Trade Organization). However, these shares are much higher in a number of OECD countries where tourism is the main driver of economic activity, such as France (7.4% of GDP), Greece (6.8%), Iceland (8.6%), Mexico (8.7%), Portugal (8.0%) and Spain (11.8%). The indirect impact of tourism is also significant, adding to the shock to national and local economies.

The existing tourist potential of Ukraine can be realized by implementing effective approaches to tourism and recreation development and management of tourist and resort complexes. Based on the analysis of strengths and weaknesses, opportunities and threats to the development of tourism industry in Ukraine it can be concluded that the long-term development of tourism in the country should be based on the following components: investments and innovations in infrastructure development; reorganization of

transport support; training of qualified personnel; normalization of the political, economic and legislative climate, etc. The results of SWOT-analysis is the basis for determining the strategic directions of development of the tourism industry and optimize tourism and recreation management.

In addition to the economy of tourism, the pandemic caused a global economic crisis, which in turn has implications for the resumption of tourism. The way forward is brighter as progress in vaccine production has given hope, but problems remain, and recovery will be uneven across countries and sectors. Growth will recover in many parts of the economy, but tourism and other sectors are recovering more slowly, and this is affecting recovery in many countries.

It is too early to say what long-term effects the crisis will have on tourism, but a return to normalcy is very unlikely. The tourism sector in 2021 will be very different from what it was in 2019. The longer the crisis lasts, the more businesses and jobs will be lost, the greater the impact on traveler behavior, and the harder it will be to recover in tourism. This creates challenges for the sector as well as opportunities to spur innovation, encourage new business models, explore new niches and markets, discover new destinations and move toward more sustainable and sustainable tourism models.

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