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INSIDE THE TRAVEL GUARANTEE: A VIEW ON RISK, TRUST, AND MICRO-INSURANCE



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Data science and behavioral analytics are at the core of these travel guarantee offerings. Platforms like Ixigo and MakeMyTrip analyze vast historical datasets—PNR movement patterns, train-specific confirmation trends, seasonal booking behavior—to accurately predict the likelihood of ticket confirmation. These insights allow them to assess risk at a granular level and price the guarantee accordingly. Additionally, behavioral analytics help identify user segments more likely to purchase peace-of-mind services. The scale of these platforms enables risk pooling, wherein losses from a few unconfirmed tickets are offset by premiums collected from many low-risk users. Fundamentally, this is a hedging product: real-time analytics minimize exposure while maximizing user trust.

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It boosts user confidence and drives conversions on otherwise uncertain waitlist bookings. For the platform, it's a strategic upsell that strengthens engagement and increases average revenue per user (ARPU). Since actual non-confirmation rates are typically low, the payout risk is manageable, especially at scale.

IRCTC processes ~80 lakh to 1 crore train bookings daily. Let's assume platforms like Ixigo and MakeMyTrip together account for just 10% of that—i.e., ~10 lakh tickets/day. If even 5% of these travelers opt for the travel guarantee at an average premium of INR 30, that's INR 15 lakh/day in revenue. Historical data suggests that only 1–2% of waitlisted tickets fail to confirm, and train cancellations are even lower (~0.2–0.5%). So, payout exposure remains limited. Even if 2,000 claims are paid daily at ₹300 each (3x refund), that's ₹6 lakh in cost—leaving a margin of ₹9 lakh. The economics are favorable due to low risk incidence, high predictability, and risk pooling at scale.

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