## **Travel Insurance Hot Button Issues**

In a recent meeting with Harry James, he used the phrase "promise made, promise kept" to capture the essence of what regulators are looking for, i.e. consumers can purchase travel insurance and have confidence that they will be covered in the event of a claim.

Product Type: Both Group and Individual product types (with carve out for Individual related to misrep on medical questionnaire leading to denied claim)

Customer Segment: Snowbirds, over 60 and under 60 Customer Segments (with carve out for 60+/seniors for issues related to health questionnaire and underwriting)

Sales Channel: Available Through all sales channels of Deposit-taking institution branches, call centres and direct mail (e.g. insurer call centre), licensed insurance agents, employee benefit plans, credit card benefits, travel agents, websites, retailers in-store (with some carve outs for branch, call centre, website)

Hot Button	Issue	Potential Action
Sales by unlicensed representatives presented as an issue by broker channel	<ul> <li>Question of adequate training, disclosure, and/or monitoring</li> <li>Negative perception of Financial Institutions and Travel Insurance companies while         <ul> <li>Branch staff not required to be licensed, not same calibre as licensed; not required to go into great detail about exclusions, stability clause, etc., have 1-800# for pre or post sale</li> <li>Banks Act permits and FIs complies with all guidelines</li> <li>Queston: is there any interpretation required in branch about whether client eligible?</li> <li>If tell CCIR not a licensing issue then CCIR will say it is a product issue</li> </ul> </li> <li>Poor employee training/lack of understanding leads to inadequate information being provided to consumers         <ul> <li>Particularly true of travel agents</li> <li>Poor employee training/lack of understanding</li> <li>Issue is not licensed vs. not licensed, issue is consumers not getting the right information</li> </ul> </li> </ul>	<ul> <li>Need a basekube to understand where in our distribution channels we stand on the hot button issues</li> <li>Share what we do well for improvement</li> <li>What do we do? What are best practices?</li> </ul>

Hot Button	Issue	Potential Action
	> Internet sales	<ul> <li>How to better serve the client for internet sales?</li> <li>Full disclosure before application</li> <li>1-800#</li> <li>Click to chat</li> </ul>
Consumer Education/ Awareness	Consumers:  > do not understand how the insurance works or implications of incorrect answers  > do not read terms and conditions before and even after purchase  > do not realize that travel insurance is not an extension of health care plan  • especially true of younger people  > may not consult a medical professional if they do not understand policy or even if they do  > For people under 60, do they understand certain clauses, e.g. stability, especially when not required to complete health questionniare  > People over 60 are knowledgable  > People under 60 are not knowedgable  > It is hard to get people to understand when no underwriting is required – at least with underwriting there is some discussion with client  > Key to consumer education is: undwriting, refusal to accpet, embedded value  > AMF: embedded coverage crates duplicate coverage  > AMF: embedded coverage crates duplicate coverage	<ul> <li>How to encourage clients to read their contract or at least look for important information (to make them more accountable)</li> <li>Our goal is to have as many people covered as possible and claims paid         <ul> <li>Could introduce a product with fewer exclusions and correspondingly high prices such that</li> <li>A form of best practice</li> </ul> </li> <li>All agreeing this is an issue and improvements possible</li> </ul>
Complexity of Eligibility/ Health Questionnaire (e.g. stability provisions, medical terminology, pre-ex condition clauses)	<ul> <li>Hard for consumers to understand</li> <li>Perception (by regulators?) that questions will be hard for consumers to understand</li> <li>Different acceptance/ perception of risk between insurer and medical profession</li> </ul>	<ul> <li>Risk based response</li> <li>What problems are most contencious</li> <li>Could probably develop industry definition of stable</li> <li>No good to underwrite everyone (high cost would result in no one insured)</li> <li>Reality check for CCIr is that full underwriting is not viable</li> <li>Ultimate goal</li> <li>Simplify questionnaire (how to simplify understanding of questions)</li> </ul>

Hot Button	Issue	Potential Action
		➤ Promote !-800#
		> Claim can be simple and cost \$15k
	Long and confusing underwriting process –	> Better explain pre-ex conditions (e.g. what is
	discussed that this is really a scoring process	stable for an insured; can pre-ex be personalized
		to the insured?)
		Explain the most difficult to understand exclusions
		in more detail ➤ Standardized exclusions
		<ul><li>Standardized exclusions</li><li>Knock out questions - no offer</li></ul>
		<ul> <li>Insured for all except certain conditions</li> </ul>
Complexity of Product/	Lack of consumer understanding what is covered	<ul> <li>Simplify policy wording</li> </ul>
Policy Wording:	<ul> <li>Different touch points/ purchasing process for</li> </ul>	Cover all risks
<ul><li>Product features,</li></ul>	different products, e.g. annual, embedded	> Simplify exclusions
benefits, limitations	benefits vs. per trip policies	
including pre-ex and	Effectively providing advice/ disclosures across all	
stability, exclusions	channels	
Lack of simple	Different disclosure requirements across	
language in policies (travel insurance	provinces, e.g. DG in QC, ISI requirement in AB	
terminology)	and SK	
terminology)	Need to better explain pre-ex, and most difficult- to-understand exclusions in more detail, e.g.	
	consumers don't understand	
	<ul> <li>Blood thinners are related to a pre-ex</li> </ul>	
	condition (stability)	
	<ul> <li>Annual plan vs. per trip benefits paid and</li> </ul>	
	stability definition are different	
	> Inconsistent definition of key criteria, e.g. stable	ThiA recommends:
	condition, pre-ex	<ul> <li>more consistency in language used for "stable",</li> </ul>
	No minimum standard	"treament, and "pre-existing"
		• provide layman terms in parentheses when a
		medical term is used consumer be required to notify if change in
		medical condition between application date and
		departure date/consumer acknowledges having
		read it requirement

## **CAFII Research and Education Committee**

Hot Button	Issue	Potential Action
Denied Claims	<ul> <li>Denied claims not well explained to clients</li> <li>Perception of "post claims" underwriting</li> <li>"Void contracts" are an issue for CCIR</li> <li>Claims denied for "unrelated" illnesses</li> <li>Reasons for denied claims:         <ul> <li>misrepresentation</li> <li>pre-ex</li> <li>event not covered</li> <li>unrelated conditions</li> </ul> </li> <li>Some employers plans are pay and submit; others are phone first or otherwise plan won't</li> </ul>	<ul> <li>Better explain claim refusals (Insurers)</li> <li>Have we done enough to ensure consumers understand what they buy?</li> <li>Give consumers a change to get money back before use, e.g. free look period</li> <li>More of an issues for FIs selling credit cards and optional coverage</li> </ul>
	pay	
White Labeling	<ul> <li>Consumer not knowing who to call – often captured under the heading "While Labeling"</li> <li>Not knowing who the insurer is</li> </ul>	
Consumers buying coverage while unknowingly duplicating existing coverage		
Marketing of Travel Insurance as "worry- free"	> Rather than "emergency travel insurance"	