

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
<p>Sales by unlicensed representatives presented as an issue by broker channel</p>	<ul style="list-style-type: none"> ➤ Question of adequate training, disclosure, and/or monitoring ➤ Negative perception of Financial Institutions and Travel Insurance companies while <ul style="list-style-type: none"> ▪ <i>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</i> ▪ <i>Banks Act permits and FIs complies with all guidelines</i> ▪ <i>Question: is there any interpretation required in branch about whether client eligible?</i> ▪ <i>If tell CCIR not a licensing issue then CCIR will say it is a product issue</i> 	<ul style="list-style-type: none"> ➤ Need a basecube to understand where in our distribution channels we stand on the hot button issues <ul style="list-style-type: none"> ▪ Share what we do well for improvement ▪ What do we do? What are best practices?
	<ul style="list-style-type: none"> ➤ Poor employee training/lack of understanding leads to inadequate information being provided to consumers <ul style="list-style-type: none"> ▪ <i>Particularly true of travel agents</i> ➤ <i>Poor employee training/lack of understanding</i> ➤ <i>Issue is not licensed vs. not licensed, issue is consumers not getting the right information</i> 	

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	<ul style="list-style-type: none"> ➤ Internet sales 	<ul style="list-style-type: none"> ➤ How to better serve the client for internet sales? <ul style="list-style-type: none"> ▪ <i>Full disclosure before application</i> ▪ <i>1-800#</i> ▪ <i>Click to chat</i>
<p>Consumer Education/ Awareness</p>	<p>Consumers:</p> <ul style="list-style-type: none"> ➤ 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 <ul style="list-style-type: none"> ▪ <i>especially true of younger people</i> ➤ may not consult a medical professional if they do not understand policy <i>or even if they do</i> ➤ <i>For people under 60, do they understand certain clauses, e.g. stability, especially when not required to complete health questionnaire</i> ➤ <i>People over 60 are knowledgeable</i> ➤ <i>People under 60 are not knowledgeable</i> ➤ <i>It is hard to get people to understand when no underwriting is required – at least with underwriting there is some discussion with client</i> ➤ <i>Key to consumer education is: undwriting, refusal to accpet, embedded value</i> ➤ <i>AMF: embedded coverage crates duplicate coverage</i> ➤ <i>AMF: embedded coverage crates duplicate coverage</i> 	<ul style="list-style-type: none"> ➤ How to encourage clients to read their contract or at least look for important information (to make them more accountable) ➤ <i>Our goal is to have as many people covered as possible and claims paid</i> <ul style="list-style-type: none"> ▪ <i>Could introduce a product with fewer exclusions and correspondingly high prices such that</i> ▪ <i>A form of best practice</i> ➤ <i>All agreeing this is an issue and improvements possible</i>
<p>Complexity of Eligibility/ Health Questionnaire (e.g. stability provisions, medical terminology, pre-ex condition clauses)</p>	<ul style="list-style-type: none"> ➤ Hard for consumers to understand ➤ Perception (by regulators?) that questions will be hard for consumers to understand ➤ Different acceptance/ perception of risk between insurer and medical profession 	<ul style="list-style-type: none"> ➤ <i>Risk based response</i> <ul style="list-style-type: none"> ▪ <i>What problems are most contentious</i> ▪ <i>Could probably develop industry definition of stable</i> ▪ <i>No good to underwrite everyone (high cost would result in no one insured)</i> ➤ Reality check for CCIr is that full underwriting is not viable ➤ Ultimate goal ➤ Simplify questionnaire (how to simplify understanding of questions)

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Denied Claims	<ul style="list-style-type: none"> ➤ Denied claims not well explained to clients ➤ Perception of “post claims” underwriting ➤ “Void contracts” are an issue for CCIR ➤ Claims denied for “unrelated” illnesses ➤ Reasons for denied claims: <ul style="list-style-type: none"> • misrepresentation • pre-ex • event not covered • unrelated conditions 	<ul style="list-style-type: none"> ➤ Better explain claim refusals (Insurers) ➤ <i>Have we done enough to ensure consumers understand what they buy?</i> ➤ <i>Give consumers a chance to get money back before use, e.g. free look period</i> <ul style="list-style-type: none"> • <i>More of an issues for FIs selling credit cards and optional coverage</i>
	<ul style="list-style-type: none"> ➤ Some employers plans are pay and submit; others are phone first or otherwise plan won't pay 	
White Labeling	<ul style="list-style-type: none"> ➤ Consumer not knowing who to call – often captured under the heading “While Labeling” ➤ Not knowing who the insurer is 	
Consumers buying coverage while unknowingly duplicating existing coverage		
Marketing of Travel Insurance as “worry-free”	<ul style="list-style-type: none"> ➤ Rather than “emergency travel insurance” 	