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Upon review of the recently released proposal paper for *Reforms to the sales of add-on insurance products* we would like to provide a response.

A bit about Aussietravelcover:

- Aussietravelcover is a family owned business established for 37 years
- Majority of sales are transacted through travel agents
- We partner with over 1000 travel agents around Australia.
- Travel Insurance provides an important part of the travel agents full service model to ensure their clients are covered for unforeseen events which would cause them loss.

After reading the proposal, we have identified that there are two areas of concern which have been outlined:

1. Value for the consumer
2. Minimising the purchase of insurance within a high pressure environment

1. Value for the consumer

Travel Agents bring value

Within the proposal a scenario was provided which references an online sale path.

The big difference is that when travel insurance is sold by a travel agent, they (the agent) adds immeasurable value for the consumer.

After the online sale described in *Box 1*: who does that consumer contact if there is a problem? Who will advocate for the consumer?

In the case of a travel insurance policy sold by a retail travel agent, that agent is the face of the product, the agent is available to assist with any number of issues that may arise.

Pre Purchase

Agents are guided by scripting which ensures important matters are discussed prior to the purchase of the consumer's policy:

- Their residency – do they meet the definition of an Australian Resident in the PDS? If not, what other options are available (if any).
- The destination – is the destination excluded based on General Exclusions in the PDS (ie. war / terrorism)
- Pre-existing Medical conditions

Travel Agents also ensure that important additional options are discussed and offered:

- Is the traveller cruising
- Is the traveller riding a moped / motorcycle
- Is the traveller participating in snow sports
- Does the traveller have pre-existing medical conditions
- Policy excess options

Post Purchase

Simple Amendments:

- Date changes
- Extensions
- Change in circumstances/travel arrangements

During Travel

Often the agent is the first point of contact for the insured when complications arise:

- Overseas Emergency Medical Assistance / Evacuation for the insured and non-travelling family members
- Overseas Emergency Medical & Hospital Expenses
- Loss / delay of luggage and personal effects
- Travel Delay
- Any world event / travel advisory issued

Post Travel – Travel Agents Continuing Support

Examples of documentation required by claimants which are prepared by the travel agent:

- Original Travel Itinerary/s detailing costs from individual providers (e.g. transport, accommodation, tours etc.), plus amended itinerary's if applicable
- Invoices and/or receipts for items claimed
- Written documentation outlining causes of cancellation
- Written confirmation from the travel provider (e.g. airline, cruise, travel agent, online booking etc.) that travel arrangements were cancelled and cannot be used in the future (eg. via credit shell, transfer or refund). Terms and conditions detailing refund entitlements from the travel providers also required.
- If additional expenses have been incurred for any other reason official documentation required which outlines the cause of the delay e.g. Police report, accommodation report.

2. Minimising the purchase of insurance within a high pressure environment

Deferral Period VS Cooling Off Period

Currently the Aussietravelcover policy has a 14 day cooling off period in place.

Aussietravelcover believes this is an area where new legislation could be crafted to highlight to the consumer their rights to cancel their policy with a full refund within 14 days of policy purchase, assuming travel has not commenced. This is in addition to the current phone and face-to-face scripting already in place.

Development changes may include a compulsory email sent to every insured of their Certificate of Insurance along with a clear pathway to allow for a cancel / refund of the said policy within the

cooling off period. This could be as simple as a green button within the email body highlighting this feature.

By guaranteeing a refund on the full insurance premium for the consumer under these terms we feel this allows the consumer the confidence to walk out of the travel agency knowing they have an active policy in place, however they also have the ability to research and look into other options.

Aussietravelcover would also support a longer cooling off period.

Deferral Period vs Cooling Off Period

The below table demonstrates why Aussietravelcover believes having a Cooling Off Period is in the consumers best interest.

Concern	Deferral Period	Cooling Off Period
Cancellation claim within 4 days (prior to insurance purchase)	No insurance	Provision to claim
Departure within the next 24 Hours	May forget to purchase	Policy in place
Perception that consumer feels pressured to purchase	Returns home with their quote but uninsured, Can take the time to research other options – may choose to purchase the Aussietravelcover policy under the deferment terms	Returns home insured, can take the time to research other options. If the Aussietravelcover policy is not suitable they can cancel under the cooling off period for full refund
Consumers forgets to accept quote	Consumer must delay purchase due to compulsory deferral period and subsequently forgets to purchase the travel insurance. This leaves them uninsured whilst travelling	Policy in place
Older / Bilingual consumers	Not tech savvy. Relies heavily on relationship with their travel agent.	Policy in place

Aussietravelcover Summary

We believe that the true risk with the introduction of the deferred selling method is consumers travelling (sometimes unintentionally) without insurance. This enforced pause in sale will mean that the traveller is at risk of forgetting to purchase travel insurance – and subsequently travel overseas without medical cover, leaving them open to increasingly excessive overseas medical expenses.

We believe that the streamlining and review of the current 14 day cooling off period will provide the best protection for the consumer.