

Flight Centre Travel Group

**Feedback on Treasury Proposal
Paper:**

**“Reforms to the sale of add-on
insurance products”**

September 2019

TABLE OF CONTENTS

<i>Background on Flight Centre Group</i>	3
<i>SECTION #1: Please provide evidence as to why a particular type of add-on insurance product should reside in a particular tier.</i>	5
1. Historically good value for money	5
1.1 Low value product, but with moderate complexity	5
1.2 Overall distribution costs.....	6
2. Strong competition	7
2.1 The Travel Insurance Market in Australia.....	7
3. High risk of underinsurance	10
3.1 Personal Advice	10
3.2 Underinsurance	11
4. Well understood by customers	12
5. Cooling off period	13
<i>SECTION #2: Please provide feedback on how this trigger would correspond to your current business practices in selling add-on insurance products.</i>	14
6. Flight Centre comprehensive review of Travel Insurance offering	14
6.1 Introduce ‘best value comparison’ by transitioning from a single supplier of travel insurance products to a panel of insurers – a market competitive line up of the best combination of price and quality available in market.....	14
6.2 Introduction of an annual ‘Membership’ programme – designed to create an enduring relationship with Flight Centre customers through membership.....	15
7. Insight into the profile of a typical FLIGHT CENTRE travel booking	15
CONCLUSION	19

In response to the Treasury proposal paper – ‘Reforms to the sale of add-on insurance products’, dated 9 September 2019, Flight Centre Travel Group outline below our case to apply for a Tier 3 exemption for travel insurance products sold through the Flight Centre Group retail stores and websites.

BACKGROUND ON FLIGHT CENTRE GROUP

The Flight Centre Travel Group is one of the world’s largest travel retailers and corporate travel managers.

The company, which is headquartered in Brisbane, employs more than 20,000 people globally and has company-owned leisure and corporate travel business in 22 countries, spanning Australia, New Zealand, the Americas, Europe, the United Kingdom, South Africa, the United Arab Emirates and Asia.

Flight Centre is Australia’s largest travel retailer and is also the country’s largest corporate travel manager.

The company’s Australian businesses generated \$11.2 billion in total transaction value (TTV) during the 2019 fiscal year (FY19) and, together, issued 3 million international air tickets and an additional 2.3 million domestic air tickets.

Flight Centre’s vast Australia-wide network includes more than 6,650 sales people, working in some 1,350 sales teams.

Key leisure brands include:

- The mass market Flight Centre brand
- The premium Travel Associates and Travel Partners offerings
- Youth specialist Universal Traveller
- Online travel agency businesses BYOjet and Aunt Betty.

Flight Centre management’s estimates place its share of the Australian travel market at:

- Leisure – between 30 and 35%
- Corporate – between 25 and 30%.

Profile of the Flight Centre Travel Consultant

Travel consultants work for Flight Centre because they have a passion for travel and a passion for helping their customers unlock their own travel dreams. It is a highly personal relationship between a travel consultant and their customer, and our consultants feel a strong sense of responsibility to make sure their customers have a great travel experience. Our consultants share a firmly-held belief that customers travelling overseas should always have comprehensive travel insurance as part of their travel package for two core reasons:

- they are acutely aware of the potential risks, having either had or heard of customers who have experienced a 'travel nightmare'. Medical related issues whilst travelling in foreign countries can be most confronting; and the costs associated with such events, potentially financially devastating.
- the 'peace-of-mind' that is afforded to customers through the selection of appropriate travel insurance; protection in the event that 'the unthinkable' happens.

Our consultants feel a sense of responsibility to ensure that our customers get access to the best possible care. Travel Insurance is the conduit to this.

Interestingly, consultants describe a natural tension in introducing the topic of travel insurance to cover against 'the unthinkable' while helping plan for what are often dream holidays for their customers. Nonetheless, they feel compelled to ensure customers are adequately protected from the time they make their first financial commitment towards their planned dream holiday.

In circumstances where a comprehensive travel insurance policy is not provided to a customer, an alternate tension is created for the travel agent – they don't get the peace of mind themselves that their customer has the necessary cover to protect them against unforeseen risks leading up to or during their trip.

Consensus is that 'if we care about our customers, they should NEVER leave for an amazing travel experience without travel insurance'.

SECTION #1: PLEASE PROVIDE EVIDENCE AS TO WHY A PARTICULAR TYPE OF ADD-ON INSURANCE PRODUCT SHOULD RESIDE IN A PARTICULAR TIER.

1. Historically good value for money

1.1 Low value product, but with moderate complexity

Travel insurance is a low value product but is of moderate complexity, with many parameters affecting coverage and price, including:

- age of the travellers
- journey duration
- lead time in advance of departure
- destinations to be visited
- total trip value, and
- pre-existing medical conditions.

This complexity means that a higher proportion of its value needs to be directed towards distribution, in order to commercially validate the training, supervision and consultant remuneration involved in selling the product. In the year to June 2019, Flight Centre's average travel insurance premium per insured adult international traveller was \$248; of this premium, Flight Centre received an average of \$102 gross revenue per sale of which less than half formed part of the consultant's remuneration and the remainder contributed towards overhead recovery of marketing and the costs of providing physical retail outlets in which consumers can interact with consultants.

The revenue stream for travel insurance enables the consultant to focus on raising awareness of the need for travel insurance and assist the customer in using their trip data to determine the coverage parameters for a quotation that fits their trip. These activities reduce underinsurance and provide the customer with certainty and protection of the overall trip cost from the time of making their booking.

Flight Centre *strongly* believes that a deferred sales model would reduce travel insurance sales within Flight Centre, reducing Flight Centre's focus on awareness and assistance, creating a vicious cycle of lack of awareness leading to consumer underinsurance.

Based on the effort undertaken by consultants to build awareness and fit product coverage to travel data, it is asserted that travel insurance sold through Flight Centre represents value for money, one of the criteria noted in the Proposal Paper for Tier 3 exemption.

We contest that a Flight Centre consultant has an established a relationship with the customer and the consultant is intimately familiar with the intended travel itinerary, which is unique to retail travel distribution, and this ultimately delivers unique benefit to customers and their travel insurance choice.

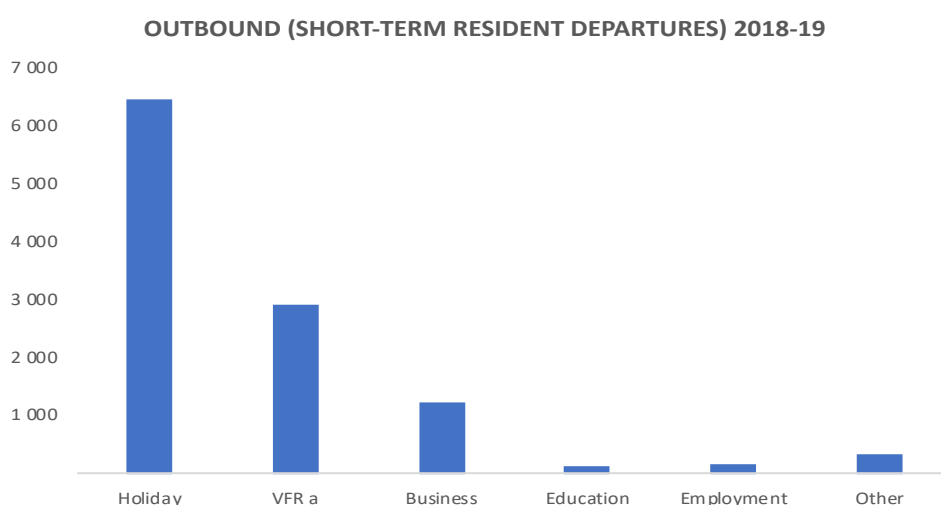
1.2 Overall distribution costs

Flight Centre's promotional expenditure and activity are mainly directed towards generating brand awareness and foot traffic into its retail network. In addition to increased underinsurance, lower travel insurance sales due to a deferred sales model would likely lead to increased use of on-line channels such as Google, where the promotional costs are considerable (e.g. the cost per click for paid search for the search term "travel insurance" is currently \$12 per bid and greater than \$150 per sold policy). Even if a deferred sales model was in place, Flight Centre would still need to incur similar levels of promotional expenditure to maintain its marketing objectives. A deferred sales model may therefore have the unintended consequence of increasing the total costs of promotion across the entire market's value chain of travel and travel insurance, raising the overall cost of travel and travel insurance to consumers.

2. Strong competition

The market is highly contested, and customers actively research prices on core travel elements such as airfares and accommodation in advance of making a final decision to book travel. To provide context, we outline below a review of the travel insurance market in Australia and the diverse scale of distribution. Section #2 also provides insight into the time and complexity associated with booking travel, where customers have multiple opportunities to access travel insurance information and pricing from the market.

2.1 The Travel Insurance Market in Australia



	Holiday	VFR ^a	Business	Education	Employment	Other	Total ¹
2018-19	6,465	2,899	1,220	133	182	341	11,240

Key market data for travel insurance and assistance in Australia²

Estimated market for stand-alone travel insurance and assistance in Australia	
# of single trip Travel Insurance policies (000s)	3,516
# of annual Travel Insurance policies (000s)	586
Total # of Travel Insurance policies	4,102
Total gross written premium (AUD million)	\$991.4

¹ <https://www.tra.gov.au/Data-and-Research/publications> - National_Tourism_Forecasts_2019.xls

² Finaccord 2016 – Travel Insurance and Assistance in Australia -page 38

Research conducted by Quantum in 2016 and 2017 (Survey of Australians' Travel Insurance Behaviour), provides relevant insights in the competitive nature of the market:

- 33% of travellers self-identify as having chosen the cheapest quote available, without due consideration of other key factors. Of these, 44% used comparison sites³
- 31% arranged their insurance through an insurer, 20% were insured through their credit card, 19% purchased through a travel agent, with the remainder through airlines, comparison sites etc⁴

Beyond the retail travel market, travel insurance market in Australia is highly contested and freely available across numerous channels, including:

Direct online brands

There is a diverse and large number of brands selling travel insurance direct to consumers online, including:

<ul style="list-style-type: none"> • Allianz • Real Insurance • Budget Direct • TravelCard • AIG Australia • Cover-More • 1300 Insurance • Aussie Travel Cover • Boomers Travel Insurance • CHI Travel Insurance • FastCover • My Cover • Online Travel Insurance • Simply Travel Insurance • Travel Insurance Plus • Worldcare • 1Cover 	<ul style="list-style-type: none"> • Cheap Travel Insurance • Columbus Direct • Go Insurance Travel • Insure4Less • iTrek Travel Insurance • Kango Cover • Skiinsurance.com.au • Travel Insurance Direct • Travel Insuranz • Australian Seniors Insurance Agency • Easy Travel Insurance • Ouch.com.au • InsureandGo • Tick Travel Insurance • youGo Travel Insurance
---	--

³ Survey of Australians' Travel Insurance Behaviour 2017 - Quantum Market Research – page 13

⁴ Survey of Australians' Travel Insurance Behaviour 2016 - Quantum Market Research – page 22

Airlines

Virgin Australia, Qantas and Jetstar all sell travel insurance, with international airlines notably Air NZ, Malaysian Airlines and Singapore Airlines selling to Australian residents travelling internationally.

Health funds and Retail

Bupa, NIB, HCF and Medibank all sell travel insurance, offering member discounts.

Australia Post sells travel insurance through retail outlets and online.

Online aggregators and brokers

<ul style="list-style-type: none">• Artog Travel• Canstar• Comparethemarket.com.au• Comparetravelinsurance.com.au	<ul style="list-style-type: none">• finder.com.au• Mozo• travelinsuranceaustralia.com.au• iSelect
--	--

Automotive Clubs

<ul style="list-style-type: none">• Automobile Association of the Northern Territory (AANT)• the Royal Automobile Association of South Australia (RAA)• Royal Automobile Club of Queensland (RACQ)• Royal Automobile Club of Victoria (RACV)	<ul style="list-style-type: none">• Royal Automobile Club of Western Australia (RACWA)• NRMA Motoring & Services• Royal Automobile Club of Tasmania (RACT)
---	--

Travel insurance and assistance linked to payment cards and bank accounts

Virtually all major banks in Australia offer travel insurance cover linked to credit cards and bank accounts in Australia. It is estimated that 45.6% include Travel Insurance, 93.2% for premium cards⁵.

<ul style="list-style-type: none">• American Express• ANZ• Bank of Melbourne• Bank of South Australia• Bankwest• Bendigo Bank• BOQ• CBA• Citibank• Credit Union Australia	<ul style="list-style-type: none">• Diners• HSBC• Macquarie• NAB• St George• Suncorp• Virgin• Westpac• Woolworths
--	---

⁵ Finaccord 2016 – page 29

3. High risk of underinsurance

3.1 Personal Advice

Section 3.1 of the Proposal Paper implies that a general advice model is a deficiency in the add-on sales channel, which would be remediated by a shift in sales to another channel. To Flight Centre's knowledge, no channels for travel insurance offer personal advice. This is undoubtedly due to the low value of the product and the unwillingness of consumers to pay a premium that is commensurate with the effort involved in analysing their personal financial circumstances.

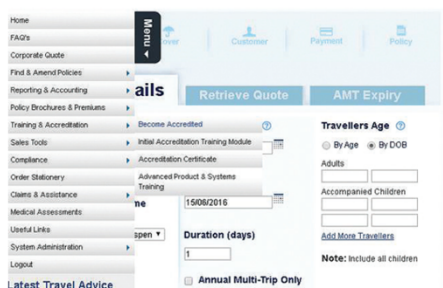
As noted above, whilst Flight Centre consultants do not provide personal advice, they do build awareness of the need for travel insurance and assist the customer by utilising travel data to match the policy to their trip. Other sales channels are typically reactive, in that they require the consumer to inform them of their understanding of their travel data, raising the risk of coverage error and possible underinsurance.

Flight Centre consultants are required to undertake detailed product training managed by their insurance product provider, Cover-More, and must achieve a minimum standard in the assessment process in order to be authorised to sell products.



When you have a moment, please log into your website to go through our training and accreditation modules. This is a requirement of all authorised representatives selling Cover-More Travel Insurance products. You will not be able to sell insurance until you have successfully completed the Sales Training Module.

1. Open a new webpage and go to www.covermore.com.au
2. Once in, you will need to click on the top right hand corner to log into the agents site.
3. Access the training and accreditation program; this is found on the left side menu bar under 'Training and Accreditation' - this will then expand with further options.
4. Please click on 'Initial Accreditation Training Modules' as shown below.



An illustration of the accreditation process.



Shown below is the 'Cover-More Accreditation Program' that you have now accessed. Please follow the steps below to complete the Accreditation Program.

Cover-More's accreditation program

Please complete the following three steps to become accredited:

1. Sales Training Module

The first step in becoming accredited is to complete the training module. Once this has been completed, the link to the Sales Training Declaration will be activated. Click the link and complete the declaration to confirm you have completed the training.

2. Application Form

The second step in becoming accredited is to click on the "Application Form" hyperlink, fill out the form and press "submit"

3. Sales Training Declaration

The third step in becoming accredited is to confirm that you have completed Cover-More's on-line Training Module.

PLEASE REMEMBER: Until all 3 steps are completed, you are not accredited and will not be able to issue policies.

On completion of the steps above your Authorisation will be complete and an Accreditation Certificate will be emailed to you and also available on O2D for your records.

Training Module

[Sales Training Module Flash Link - pdf Link](#)

Application Form

[Online Application Form](#)

Sales Training Declaration

[Cover-More Sales Training Declaration](#)

Please submit the application by emailing a scan of the document to nationalsalesupport@covermore.com.au

Should you have any queries please do not hesitate to contact our Customer Service Team on: 1300 72 88 22



3.2 Underinsurance

The Proposal Paper highlights high risk of underinsurance as a criterion for Tier 3 exemption. As noted above, Flight Centre and its consultants play a vital role in raising awareness and educating consumers of the need for travel insurance, one which has undoubtedly led to such high proportions of outbound travellers taking-out travel insurance in advance of their departure. This role would be put at risk with a deferred sales model. Underinsured and non-insured travellers will markedly increase the burden on DFAT's network and most importantly, create increased risk that travellers with serious medical emergencies will not receive the care that they need in addition to being confronted by costs that in many cases will be life changing.

Today, nearly 1 in 10 Australians travel overseas with no travel insurance (9% did not have any travel insurance last time they travelled overseas⁶) and the following statistics are notable in relation to underinsurance:

- Only 37% of travellers were very confident that they had purchased the best policy for their needs⁷;
- 87% of travellers weren't aware that insurance policies did not cover all destinations as standard⁸;
- Only 42% were properly insured (correct policy / no pre-existing medical condition and had not engaged in risky, uninsured behaviour)⁹;
- Travel was booked on average 110 days in advance of departure, whereas travel insurance was booked 88 days before departure¹⁰.

Despite travel insurance being inexpensive relative to overall holiday costs, it appears many travellers give insufficient consideration to the financial and personal implications of unforeseen medical or travel related conditions occurring before or during travel.

A deferred sales model will push sales away from the proactive retail channel to reactive sales channels, increasing the level of non-insurance and underinsurance.

⁶ Survey of Australians' Travel Insurance Behaviour 2017 - Quantum Market Research – page 9

⁷ Survey of Australians' Travel Insurance Behaviour 2016 - Quantum Market Research – page 32

⁸ Survey of Australians' Travel Insurance Behaviour 2017 - Quantum Market Research – page 17

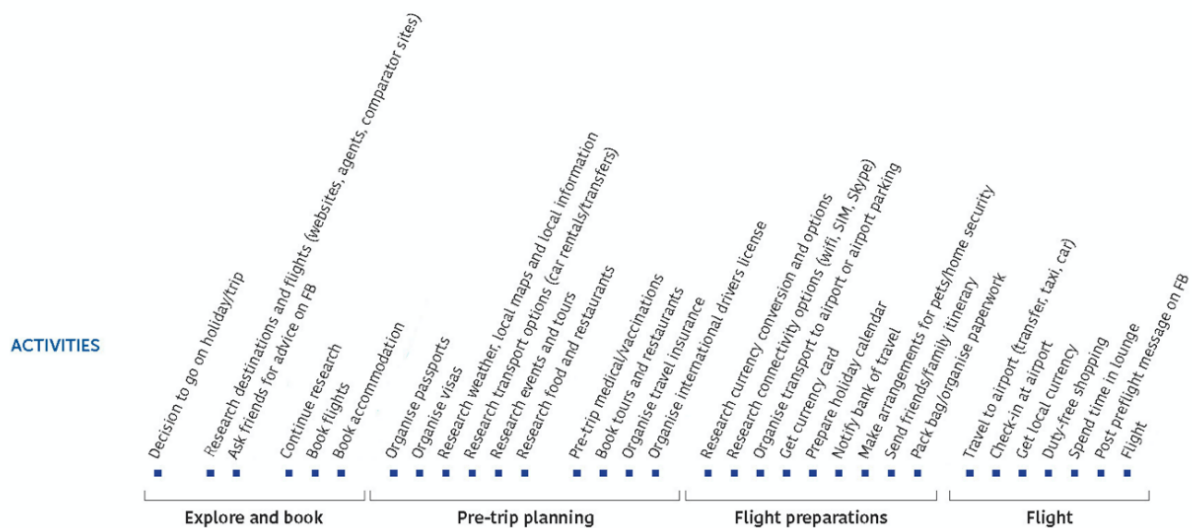
⁹ Survey of Australians' Travel Insurance Behaviour 2016 - Quantum Market Research – page 16

¹⁰ Survey of Australians' Travel Insurance Behaviour 2016 - Quantum Market Research – page 27

4. Well understood by customers

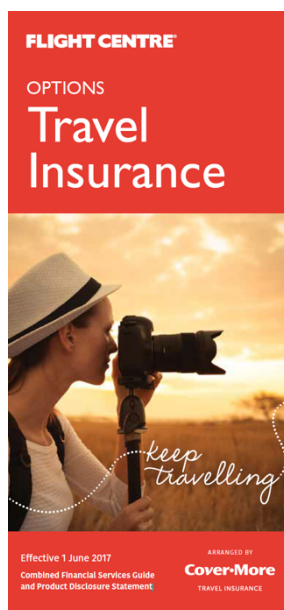
The Proposal Paper highlights a strong understanding of the product by customers as a criterion for Tier 3 exemption. As noted above, Flight Centre travel consultants play an important role in raising the awareness of the need for the product during the sales process in context of known travel data, which contributes to increased awareness and understanding of the product, compared to alternative, more reactive sales channels. As mentioned earlier, Flight Centre is not aware of distributors who offer personal advice due to low product value of the insurance category.

Without proactive input from a consultant, travellers are particularly vulnerable to an underappreciation of the need for travel insurance or putting-off the decision and ultimately forgetting to organise travel insurance at all. The following diagram illustrates the sheer volume of tasks that go into travel from the early exploration stage through to getting on a flight. It is Flight Centre’s firm belief that its consultants play a vital role in preparing its customers for their travel and the convenience of purchasing travel insurance when customers are in front of Flight Centre consultants undoubtedly reduces the risk of Australians leaving our shores without adequate travel insurance.



5. Cooling off period

Existing legislation already makes provision for a 14-day cooling off period for travel insurance. This provides consumers who purchase travel insurance at the time of making a travel booking, the opportunity to test the purchase in the market, while being fully insured against loss, should an insurable event occur. During the cooling-off period, the customer is free to shop for alternatives, cancel the original policy and be entitled to a full refund should they find a more comprehensive or cheaper policy on offer. Below is the policy wording outlining the 'Money back guarantee' available in the retail travel insurance offered through Flight Centre. Our policies exceed the legislative requirements by providing customers with a 15-working day, cooling-off period.



Money back guarantee

You can cancel or change Your policy at any time before You leave Home. If You cancel this policy for any reason within the cooling off period which is within 15 working days of the date of purchase, We will give You Your money back.

Our money back guarantee ensures a refund of the entire premium unless You have already:

- made a claim under the policy; or*
- departed on Your Journey.*

If You wish to cancel Your policy and receive a full refund, please contact the providing entity within the cooling off period.

In addition, the Quantum research identified that even though 30% of overseas travellers visited a price comparison website at some stage in the process of choosing travel insurance, only 7% eventually bought their travel insurance through the price comparison website.

Flight Centre believe customers have multiple opportunities to compare the travel insurance product offered in store, with the cooling off period providing additional consumer protection.

SECTION #2: PLEASE PROVIDE FEEDBACK ON HOW THIS TRIGGER WOULD CORRESPOND TO YOUR CURRENT BUSINESS PRACTICES IN SELLING ADD-ON INSURANCE PRODUCTS.

6. Flight Centre comprehensive review of Travel Insurance offering

In March 2019, Flight Centre appointed an Advisor with specialist knowledge of travel insurance to perform a review of Flight Centre's travel insurance activities, initially in Australia and then subsequently globally. As a result of that appointment, a number of recommendations have been made, which are currently being considered.

Flight Centre has enjoyed a preferred supplier agreement with Cover-More Travel Insurance, dating back to 1991 and as an Authorised Representative sells travel insurance in both retail stores and online travel platforms. Historically this has been a singular relationship to avoid the complexity associated with our retail travel consultants requiring training across multiple travel insurance products.

The Advisor's review has suggested that technology advancements have now made it possible to manage the complexity associated with a migration to a multiple supply arrangement. A move along this continuum would even further enhance Flight Centre's travel insurance proposition to its customers, by providing better education and by providing them with more informed choice.

As part of this review, Flight Centre have undertaken to further explore two key strategic changes to our current travel insurance offering, each of which would significantly change current business practices in selling travel insurance and further strengthen the case for Tier 3 exemption:

6.1 Introduce 'best value comparison' by transitioning from a single supplier of travel insurance products to a panel of insurers – a market competitive line up of the best combination of price and quality available in market.

Customers will still be offered insurance that is tailored to meet individual circumstances, linked to an intimate understanding of their travel plans – e.g. winter sports, cruise etc.

6.2 Introduction of an annual 'Membership' programme – designed to create an enduring relationship with Flight Centre customers through membership.

- An alternate programme under consideration is one which has a line-up of benefits that are unique to travellers, supporting a desire to travel the world safely and providing enhanced security features to assist travellers meet the challenges of the ever-changing global environment
- The membership would include an annual travel insurance policy

We have commissioned qualitative research, involving Flight Centre customers together with consultants to test both strategies. This research will be finalised by end of November 2019.

It is important to note that the review and proposed changes are unfinalised and subject to certain consents being received by Flight Centre from our contracted exclusive supply partner, Cover-More.

The purpose of raising the topic in this document is to highlight the extent to which Flight Centre continues to explore opportunities to deliver better customer solutions to its customers.

7. Insight into the profile of a typical FLIGHT CENTRE travel booking

An investment in productivity

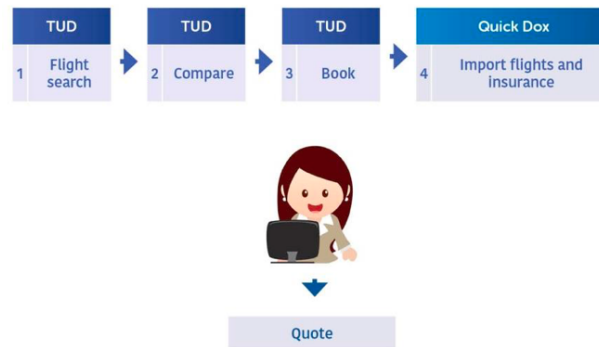
In 2014, Flight Centre in conjunction with Cover-More invested in the streamlining of the travel insurance quoting and issuing process throughout Flight Centre. At that time, it was taking a consultant an estimated 40 minutes to complete the process of issuing a quote through the final sale of a travel insurance policy.

Original process



A decision was taken to invest in the integration of the travel insurance quoting parameters into Flight Centre's travel booking system, reducing this time by half. By automatically including a travel insurance quotation with the travel itinerary, it also provided an opportunity for the travel consultant to raise the subject early in the planning process and ensure that discussions around the importance of having travel insurance when travelling internationally were undertaken.

New process




By automatically generating a travel insurance quotation for our customers, the consultant ensures that the unique customer information is accurately captured, while educating the customer on the variable elements of the travel insurance policy, ensuring they are in a position to make an informed choice.

Below is an example of how our travel consultants check the customer data and highlight important components of the travel booking they bring to the attention of their customer.

In the example shown, the consultant is reminded to add family members that are travelling together, discuss the excess and cancellation cover and choose the level.

Figure 1 – Consultant desk-top travel insurance interface


4 You can edit  the following fields :

- a The Departure & Return dates
- b The traveller type (adult v child)
- c Select (tick) which travellers you want included in the quote


*** Only **adults** living at the **same** address can be on the same policy
 *** To be covered for free, regardless of address, the children must be the adults children or grandchildren
 *** The 1st 4 adults & any children amongst them will be automatically ticked by the system. Make sure you select the correct adults &/or children to include in the policy quote

d The excess & level of cancellation cover required

> Make necessary changes

> Click on 

This will update the insurance quotes at the top of the screen

> Then click to  either the Options or Travelsure quote to your QuickDox quote as above

The screenshot shows the 'Insurance' form with several annotations:

- A red box around the return date field (29/11/2014) with a note: "This needs to be the date your customer arrives back in Australia".
- A blue box 'a' around the date pickers.
- A blue box 'b' around the 'Type' dropdown menu in the traveller table.
- A blue box 'c' around the 'DOB' column in the traveller table.
- A blue box 'd' around the excess and cancellation cover fields.
- A red box around the 'Save' button.

The screenshot shows the 'Imported Booking #11786678' interface. Key elements include:

- Details:** Wholesaler: Cover-More, Policy Number: 11786678, Area: Worldwide (inc. Ame), Duration: 63 Days, Travel type: International.
- Pricing:** Sub total: \$ 611.00, Total price: \$ 611.00.
- Vary cover:** A red circle highlights this section, with a red arrow pointing to the 'Snow Activities' checkbox.
- Notes:** Includes checkboxes for 'Insurance declined', 'Part of a package', and 'Alternative option'.
- Buttons: 'Cancel' and 'Import Lines' (highlighted with a red box).

Once the key variables of the travel insurance quotation have been completed, the consultant can then vary coverage to insure for special activities such as pre-existing medical conditions, snow activities, rental car excess, motorcycle etc, before finalising the customers travel insurance quotation

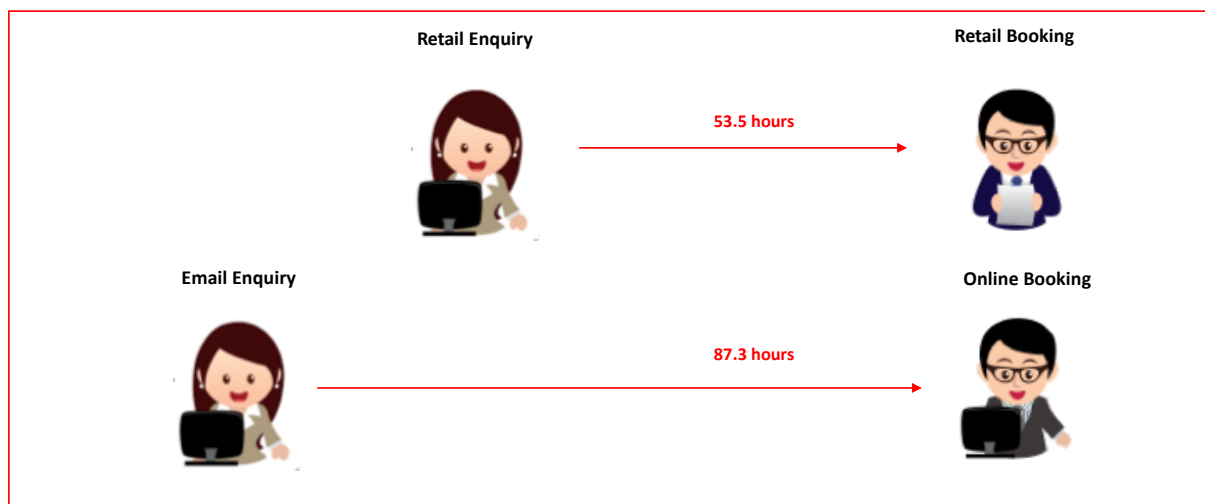
At this stage of the process, the customer is provided with the proposed travel itinerary, together with their travel insurance quotation.

It is Flight Centre’s strong view that this level of structured and flexible engagement between the travel consultant and the customer is vital to ensuring customers understand both:

- the risk associated with travel and the need for adequate travel insurance coverage, and
- the extent to which the Flight Centre travel insurance policy meets the needs of their intended journey.

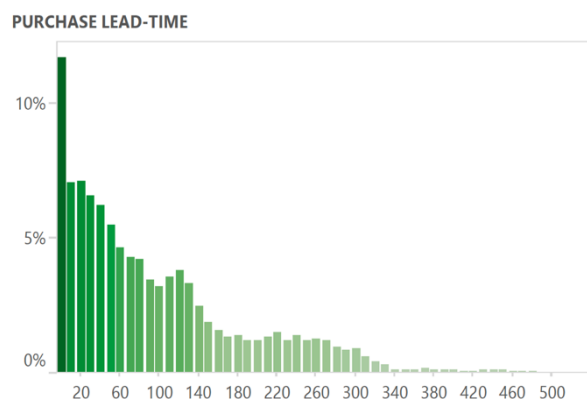
As previously mentioned, this is unique to retail travel distribution and is of ultimate benefit to our customers.

Flight Centre’s data reflects that an average of 53 hours elapse from the time a travel consultant responds to an initial enquiry with a travel proposal (including travel insurance) and the actual booking of travel is confirmed by the customer through the payment of their deposit. For email enquiries, the corresponding period is 87 hours.



At the point at which a customer first pays their deposit, they are effectively exposed to cancellation-related risk (a coverage under a typical travel insurance policy). It is at this stage that the consultant confirms with the customer their intention to purchase travel insurance and the premium is collected and policy issued.

Flight Centre currently has a median lead-time of 73 days from the point at which a customer purchases travel insurance and their departure.



CONCLUSION

Personal interaction and dialogue between the travel consultant and their customer is vital in helping travellers understand:

- the inherent risk of travel
- what coverage is offered by travel insurance
- the need for disclosure and the options available to vary travel insurance cover to meet the nuances of their trip,

all of which ensure the traveller is in the best possible position to make an informed choice.

The existing processes in place incorporate:

- an average of 53 hours (retail) for consumers to consider, research and validate their travel and travel insurance offering
- a 15-day, money back guarantee which provides important risk coverage to customers once they have made their financial commitment, while allowing them to research alternate travel insurance options
- an average purchase-to-departure lead-time of 73 days during which uninsured customers face the potential financial loss from cancellation-related risk.

Flight Centre's strong view is the imposition of a 4-day deferral period would not only have a detrimental impact on the customer experience, it would create risk-transfer to consumers which doesn't exist today. Convenience and protection are core components of the retail travel value proposition.

The travel sales process and travel insurance sales process naturally overlap; separating them will not achieve the objectives sought from mandatory deferral of sale. Travel insurance is fundamentally non-discretionary and more complex compared with the discretionary and simple products that were the focus of the Royal Commission (e.g. vehicle extended warranty and consumer credit insurance).

Flight Centre believes that the above provides sufficient justification for its travel insurance to be provided with a Tier 3 exemption under the proposed legislation for deferred sales.