

SUBMISSION ON POLICY ISSUES RAISED IN ROUND 6

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Submission for: My Self

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It concerns me that thousands of Australian travellers head off thinking they are completely covered by travel insurance by simply ticking a box and paying the fee. Nothing could be further from the truth. There is a minefield of reasons why claims can be denied - all usually in the smallest type available. It would be very interesting to know the percentage of claims that are actually paid out - and the amount of profit being made by the travel insurance industry.

I believe travellers should be made to look at a list of a minimum of 12 of the most common reasons for payout rejection - and sign the document before the policy is issued. The industry should be responsible for determining the key issues here. A second concern is the amount of commission that is paid to travel agents. Do the agents recommend a policy based on its virtues - or the size of the kickback? Finally I am including a recent story I wrote on this subject. Please note the fact that a policy issued by **Australia Post** refused a claim because a parent was in a nursing home - my understanding is this is a fairly common inclusion in over the counter policies and policies sold by travel agents including market leader Cover-More.

Here is the story.

Older Australians in particular are taking unacceptable risks that could involve more than \$50,000 heading overseas with an over the counter travel insurance policy according to a leading corporate travel agent.

That's not the cost of medical care - just specialist evacuation from say London. A night in a hospital in the US will cost \$20,000 - just for the bed. These costs may or may not be covered depending on any pre-existing conditions.

It all seems simple enough says [REDACTED], managing director of A [REDACTED] in Adelaide. "You buy cover from someone reputable like [REDACTED], Woolworths or the airline you are travelling on - stick the policy in the back of your travel wallet - and head off confident all the bases are covered. "The trouble is, as an increasing number of people are finding out to their dismay, there are all sorts of potentially very expensive traps for the unwary in the small print. "A good example I heard about today involved a farmer and his wife at Riverton in the Mid North of South Australia. "They purchased a holiday that included a cruise in China and made sure they were insured via [REDACTED]. "Sadly, half way through the holiday the farmer's father died. "The couple cancelled the rest of the trip, bought the first available flight and rushed home thousands of dollars out of pocket which they later claimed back via their policy. "The claim was denied. "Hidden in the small print was an exclusion for claims resulting from the health of a relative residing in a nursing home or requiring similar home care. "This exclusion is standard in most policies I have seen," [REDACTED] said. "It is not unusual for people to completely ignore policy small print he says - clients ranging from top lawyers to leading businessmen are just as guilty.

“Basically people who want cheap travel insurance need to be very healthy. If there are any pre-existing conditions you need expert advice and the insurance company must be notified.

Using an experienced travel agent is the best way to go if you are in any doubt, Mr [REDACTED] says. “We tend to get most clients with a problem protected as we go to Cover-More, QBE and Aussie Assist and get an individual assessment before we issue a policy. “If the pre-existing condition is severe enough some will not cover at all, but others might allow emergency repatriations but for instance exclude some areas.

The four main factors to consider when buying travel insurance are quality of the product, the inclusions, the clarity of exclusions and then price, he adds.

“Travellers choosing to buy off the counter travel insurance should at the very least be given a list of key exclusions by the seller. “Ideally they should tick each item as read and then sign the bottom of the document before cover is issued,” [REDACTED] said. Exclusions and other matters people need to be aware of include:

1. Do you have a pre-existing health problem? You might think you are ok now – but if the travel insurer has not been advised and your claim can be linked back to the original health issue, your claim will almost certainly be denied. Be honest - as the insurer can legally secure data from your doctors and hospitals.
1. Is the excess payable per event or per claim (e.g. If you trip and hurt your knee and break your camera will the levy apply once or twice?
2. Will the insurer cover you in the event of the financial collapse of an airline and/or supplier?
3. Will the insurer assist you if you have to rush home due to the sudden illness or death of an important family member who is elderly with pre-existing health issues?
1. In the case of an emergency will you be evacuated home via commercial carriers or by private air ambulance?
2. What is the excess applicable in the event of a motor vehicle accident. Can it be increased or is it a set amount?
3. Does the policy cover your travel agent’s fees if he/she is needed to assist with a claim?
4. Can you organise non-life threatening medical assistance yourself - or do you have to contact the insurer first? Some insurers can deny repayment of such fees unless the insurers preferred doctor or hospital is involved.
5. Are you covered in case of terrorism, strikes or kidnapping? If so good but be aware coverage can often very minimal.
6. If you have to make a call to a claims officer are the 24 x 7 contact numbers in Australia or another country? The last thing you need is for your call to be linked

into a hard-to understand foreign country claims area.

7. Will your insurer protect your ongoing travel expenses if an airline caused delay is based on a mechanical fault? It might only pay out in response to weather conditions or air traffic control issues. Check carefully here – there are many scenarios where insurers may not pay out.

One last word from [REDACTED] on costs. “A doctor’s 20 minute visit in 2016 to a New York hotel to look after a friend of mine with a serious throat infection cost \$US3,750.

“No one believes me so I keep the invoice and payment details pinned on a board behind my desk.”