

Travel Insurance

More people nowadays are enjoying the benefits of competitively priced travel to overseas destinations. Travel insurance provides protection against a number of risks faced by travellers. The ISO deals with many complaints arising from claims under travel policies, which have been declined by insurers. Unfortunately, some travel policies are complex and difficult for the average consumer to understand.

Where and when to arrange travel insurance

Travel insurance is most commonly arranged through travel agents when travel is arranged. Increasingly, it is arranged via the internet, or by completing an application for limited cover at a major retailer.

Some banks offer free travel insurance as a credit card benefit, when the travel (or part of the travel) is paid for using the credit card. Free cover is also available for some other credit card holders e.g. American Express Platinum. Credit card travel insurance is underwritten by an insurer.

The cover provided

There are many misconceptions about the scope of cover provided by travel insurance policies. Consumers have a general expectation that travel policies provide a financial remedy for almost every loss which may occur during overseas travel, but the reality is that policies contain strict limitations about the sorts of loss covered and monetary limits. The scope of the cover provided and monetary limits can vary from one insurer to another.

Policies also place many obligations on travellers to comply with the terms and conditions; some policies are more onerous than others in this regard.

Understanding the policy

Travel insurance policies can be lengthy documents containing unusually complicated provisions, because of the range of benefits provided. Unfortunately, consumers are generally left to their own devices by travel agents and insurers to understand the terms and conditions of the policy – if they actually get one before they travel.

Obtaining a copy of the policy

It is essential to have a copy of the travel policy before you travel. Familiarise yourself with the scope of the cover provided; understand your obligations before and during your travel; and know the steps to take in the event of an emergency or other unforeseen situation, which could result in a claim being made to your insurer.

When travel insurance is arranged via the internet, a copy of the insurer's policy can usually be downloaded.

Travel insurance provided through the use of a credit card can be more problematic. The ISO understands that a copy of the policy and information about how the cover is activated is provided when the credit card is issued. If a full copy of the policy is not provided, you should request a copy from the bank or provider involved.

- *Be aware that some travel policies impose age restrictions over some sections of cover. There can also be limits imposed on the length of the travel period for which cover will apply.*
- *Make sure you have a copy of the policy and understand the main components of the cover and your obligations. If in doubt, discuss any concerns with your insurer before you travel.*
- *The Fair Insurance Code requires that you are provided with a full policy document.*

24-Hour Emergency Assistance

Travel insurers provide a 24-hour worldwide emergency medical and travel assistance service for travellers. Details are provided in the policy document and on an emergency assistance card, which should be carried with you at all times.

The policy provides information about when you must contact the emergency assistance network for advice or prior authorisation. Failure to do so may invalidate an otherwise valid claim.

- *If in any doubt, contact the emergency helpline at no cost.*

Travel Advisories – Ministry of Foreign Affairs and Trade ("MFAT")

MFAT provides advice on current security risks at several overseas destinations, including an assessment of what these might mean to travellers. The advice is designed to assist you to make informed decisions about travel destinations. **Your travel insurance may be affected by MFAT issuing a strong travel warning** advising against all travel to a particular destination.

- *Contact your travel insurer before setting out to check whether or not you will be covered by your travel insurance policy, particularly if you are travelling to a destination featured in MFAT's **high risk** or **extreme risk** categories. For information on travel advisories contact www.safetravel.govt.nz*

Commencement of travel insurance cover

Travel insurance is often purchased some months before travel commences. From the time of purchase, it operates solely in respect of the cancellation of travel risk (subject to the terms, conditions and exclusions applying to this section of the policy), with the full policy cover commencing at the time of departure.

Pre-existing health conditions (usually defined in the policy)

Travel insurance provides cover for unexpected medical costs incurred overseas. However, health conditions which existed before you travel may not be automatically covered. This means, if you get sick while travelling, with a health condition you knew about, but did not tell your insurer, your medical costs may not be covered.

Some pre-existing controlled health conditions may be automatically included; others will be totally excluded and some may be included at extra cost. **It is important that you contact the insurer's qualified medical assessor for advice about any health conditions or symptoms you are aware of, which require treatment. This should be done before you complete a travel insurance application.**

This may also apply to existing health conditions of persons who are not travelling with you, but on whom your travel arrangements depend. For example, if you want to change or cancel your travel plans because of a non-travelling ill close relative, your policy may not cover your costs.

If you do not tell the insurer about a pre-existing health condition or symptom, and you make a claim for costs arising from it, the insurer will probably decline the claim. This is because the policy excludes cover for pre-existing conditions, which the insurer has not been told about or agreed to cover.

- *When arranging travel insurance, be very careful to accurately disclose all health conditions, or symptoms, of which you are aware. This also applies to medical conditions or symptoms which develop between arranging the insurance and the date of departure. If in doubt, contact the insurer.*
- *Read the policy carefully to determine what is regarded as a pre-existing condition and how the policy treats pre-existing conditions.*

Baggage and personal items

Travel policies impose sub-limits on certain types of items e.g. laptops, camcorders and valuables. Certain types of loss, theft or damage are also excluded, such as:

Jewellery, money or travel documents which are: left unattended in a vehicle; not carried on your person when using transport providers; left in accommodation where you fail to use the safe provided, or ignore posted warnings about security matters.

Loss, theft or damage to personal effects, money or documents: due to your failure to take precautions and due care to safeguard your belongings left unattended in a public place, in a vehicle overnight, from unlocked premises, or an unlocked vehicle.

- *Get proof of loss. You need to prove your loss so it's important to make a report to the relevant authority, such as the airline, hotel or local police, within the timeframe required by your insurer and obtain a copy of the report. If there are any witnesses to the loss, provide their contact details.*
- *Insurers require reasonable proof of purchase or ownership for items being claimed; original receipts, valuations or credit card records are useful. Keep a record of items purchased overseas for this purpose.*

Taking Reasonable Care to safeguard your property

Your policy will require you to exercise reasonable care for the safety and security of your property at all times and not to leave items unattended in a public place (usually defined in the policy).

While insurance is there to protect you from your own carelessness or negligence, it does not provide cover when you have been grossly negligent or reckless over the safety and security of your belongings.

- *Use safe storage facilities such as a hotel safe, particularly for high value items, which might not be covered if left unattended.*
- *Do not leave your belongings unattended on a beach when you go swimming and don't leave them with someone you have just met.*
- *Keep your luggage and personal effects within sight and under your control, particularly in public places, such as an airport terminal, hotel foyer, bus or train depot, food outlet and public toilets. Be vigilant at all times.*
- *If you are thinking about leaving your belongings somewhere, such as in a compartment on a public bus or train, consider the alternatives: can you take your bag to your seat with you, or keep expensive items with you?*

Making a claim

- *As soon as possible, complete a claim form giving a clear account of the events that caused your loss; and*
- *provide all required documentation in support of your claim, to prevent delays in the assessment of the claim.*



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