

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

REVIEW OF THE FOUR MAJOR BANKS AND OTHER FINANCIAL INSTITUTIONS - INSURANCE SECTOR

Suncorp Group

Australia's travel insurance industry is dominated by two players, and Suncorp brands hold only a very small market share. Suncorp advises that in the interests of customers, we have temporarily suspended the sale of our travel insurance policies. This will be at least until the Federal Government lifts its leisure travel ban and Level 4 'do not travel' advisory. Suncorp is also refunding premiums to those customers who wish to cancel their travel insurance policy because they are now banned from travelling and do not need to claim.

SCIO1QW: Can you please provide information about inclusion in insurance products in the following circumstances prior to a policy holder's departure:

- a) The impact on accessing health insurance (i.e. costs for testing and hospital stays) for a policy holder that books international travel to a destination that already has a Smart Traveller advisory issued against it due to the outbreak of COVID-19.
- b) The impact on accessing travel insurance (i.e. costs incurred for self-quarantine) for a policy holder that books international travel to a destination that already has a Smart Traveller advisory issued against it due to the outbreak of COVID-19.
- c) The impact on accessing travel insurance (i.e. costs for rescheduling flights) for a policy holder that books international travel to a destination that already has a Smart Traveller advisory issued against it due to the outbreak of COVID-19.
- d) The impact on accessing health insurance (i.e. costs for testing and hospital stays) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.
- e) The impact on accessing travel insurance (i.e. costs incurred for self-quarantine) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.
- f) The impact on accessing travel insurance (i.e. costs for rescheduling flights) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.
- g) The impact on accessing health insurance (i.e. costs for testing and hospital stays) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.
- h) The impact on accessing travel insurance (i.e. costs incurred for self-quarantine) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.
- i) The impact on accessing travel insurance (i.e. costs for rescheduling flights) for a policy holder that books international travel to a destination that did not have a Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.

Answer:

- a) Travel insurance includes some benefits for overseas medical costs, however it is not considered to be “health insurance”. Travel insurance can assist with the necessary costs of medical treatment overseas incurred due to an unexpected injury or illness that occurred during the customer’s journey.

The costs raised in this question would not be covered by Suncorp’s suite of travel insurance policies as they were incurred in Australia prior to departure. This is standard industry practice for travel insurance.

AAI Limited is prohibited under the *Private Health Insurance Act 2007* (Cth) from carrying on a ‘health insurance business’ because it is not a registered private health insurer. ‘Health insurance business’ is providing insurance for liabilities that relate to ‘hospital treatment’ or ‘general treatment’ provided in Australia.

- b) This question addresses a customer’s ability to claim for the costs of self-quarantine **prior to a policy holder’s departure**, which we assume would take place in Australia. In this case, the costs of self-quarantine prior to departure are not covered by Suncorp’s suite of travel insurance policies. Suncorp’s policies only provide cover for additional travel and accommodation costs incurred as a result of quarantine **after departure** and in a limited number of defined circumstances outlined to customers in the PDS.

For customers who purchased their policy (except AAMI policies) before 31 January 2020, they may be able to claim for cancelled travel expenses (as opposed to costs of self-quarantine) if they were unable to depart on their journey because of mandatory quarantine. However, cover for each claim will depend on the individual circumstances of the customer in question.

- c) The answer to Question 1(c) depends on the policy purchased.

Suncorp, Apia, GIO & Vero

For travel insurance policies offered under these brands, the costs of rescheduling flights are covered in some clearly defined circumstances which are outlined to customers in the PDS. COVID-19 is not one of those circumstances, and as such, the costs of rescheduling flights for policy holders **who have not yet departed** would not be covered. However, for those policy holders who are yet to travel, and if their policy was purchased prior to 31 January 2020 (when COVID-19 was deemed a known event), the following options might be available:

- The customer could cancel the future travel and then make a claim for cancelled travel expenses (for all non-refundable amounts already paid by the customer);
- If the policy is still in place, but the customer does not wish to make a claim (e.g. annual multi-trip policy but no specific travel booked and paid for yet), the customer can cancel the policy and get a refund of the premium.

AAMI

AAMI Travel Insurance does not cover claims that are caused by, arise from or involve a **human pandemic, epidemic or any other outbreak of infectious disease**. Given that COVID-19 has been declared a pandemic and is an outbreak of an infectious disease, AAMI travel insurance policy holders are not covered for the costs of rescheduling flights.

- d) Please refer to Question 1(a).

- e) Please refer to Question 1(b).

- f) Please refer to Question 1(c).
- g) Please refer to Question 1(a).
- h) Please refer to Question 1(b).
- i) Please refer to answer for Question 1(c).