

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Hollard Australia

HOL01QW: 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 travel advisory issued against it due to the outbreak of COVID-19.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **medical expenses incurred prior to a policyholder's departure** and that the travel advisory scenario being tested is where the policy was purchased after the travel advisory was issued.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because our policies only cover medical expenses incurred overseas not medical expenses incurred prior to departure. The travel advisory described in the question thus has no impact on the claim outcome.

Discussion

Travel policies only cover overseas medical expenses. The cost of testing or hospital stays incurred prior to departure (i.e. while still in Australia) would be a matter for Medicare or for the traveller's private health cover, as applicable. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

(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 travel advisory issued against it due to the outbreak of COVID-19.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for costs for **self-quarantine expenses** incurred prior to a policyholder's departure and that the travel advisory scenario being tested is where the policy was purchased after the travel advisory was issued.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because the relevant policy benefit is only available for such expenses incurred overseas. The travel advisory described in the question thus has no impact on the claim outcome.

Discussion

The expenses described would fall into the 'additional expenses' benefit under policies. Most but not all Hollard-underwritten travel policies include this benefit for overseas travel. However, the 'additional expenses' benefit does not apply to expenses incurred prior to departure. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

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 travel advisory issued against it due to the outbreak of COVID-19.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **rescheduling flights** incurred prior to a policyholder's departure. We also clarify expenses related to the **amendment** and **cancellation** of a trip. The travel advisory scenario being tested is where the policy was purchased after the travel advisory was issued.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This applies to rescheduling, amendment and cancellation expenses. This is because 'pandemic' and 'known event' exclusions apply.

Discussion

No Hollard-underwritten travel policy would cover the cost of **re-scheduling, amending or cancelling** a trip prior to a policy holder's departure due to the application of one or more of the following exclusions.

Epidemic/Pandemic Exclusion Apply

Firstly, Hollard-underwritten leisure travel policies (being distinct from our corporate travel policies) contain an exclusion related to **epidemics and pandemics**. In most Hollard-underwritten leisure policies, the epidemic/pandemic exclusion is a general exclusion relating to all benefits under the policy. Under these policies there is no cover for losses associated with the rescheduling, amendment or cancellation of a trip prior to departure. The general exclusion applies regardless whether the policy was purchased before or after the COVID-19 outbreak in Wuhan or the subsequent travel advisory against travel to the traveller's specific destination. In other Hollard-

underwritten travel policies, the exclusion applies specifically to the rescheduling/amendment/cancellation benefit. Both the general and specific exclusion related to epidemics and pandemic apply regardless of when the policy was purchased or the travel advisory for the destination at the time of purchase.

The only Hollard-underwritten travel policy that does not contain a specific or general exclusion related to epidemic/pandemic policy is our corporate policy. In the absence of any other exclusion, the traveller's rescheduling, amendment or cancellation expenses would be covered (however refer to known event discussion below).

Known Event Exclusion Applies

Secondly, all Hollard-underwritten travel policies exclude cover related to **known events**. On the facts presented, we assume that the traveller purchased the travel insurance policy after they booked the trip, and therefore did so with knowledge of the outbreak of COVID-19 and the travel advisory issued against the destination. On this basis the customer would not be entitled to make a claim for any loss directly or indirectly related to the outbreak of COVID-19, including for the losses associated with the rescheduling, amendment or cancellation of their trip prior to departure.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure**:

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **medical expenses incurred prior to a policyholder's departure** and that the travel advisory scenario being tested is the where the travel advisory was issued only after policy purchase.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because the policy only covers medical expenses incurred overseas not medical expenses incurred prior to departure. The travel advisory described in the question thus has no impact on the claim outcome.

Discussion

Travel policies only cover overseas medical expenses. The cost of testing or hospital stays incurred prior to departure (i.e. while still in Australia) would be a matter for Medicare or for the traveller's private health cover, as applicable. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for costs for **self-quarantine** incurred prior to a policyholder's departure and that the travel advisory scenario being tested is the where the travel advisory was issued only after the policy was purchased.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because the relevant policy benefit is only available for such expenses incurred overseas. The travel advisory described in the question thus has no impact on the claim outcome.

Discussion

The expenses described would fall into the 'additional expenses' benefit under policies. Most but not all policies include this benefit for overseas travel. However, the 'additional expenses' benefit does not apply to expenses incurred prior to departure. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **rescheduling flights** incurred prior to a policyholder's departure. We also clarify expenses related to the **amendment and cancellation** of a trip. The travel advisory scenario being tested is that the travel advisory was only issued after the policy was purchased.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described due the application of one or more exclusions.

Discussion

No Hollard-underwritten travel policy would cover the costs of **re-scheduling, amending or cancelling** a trip prior to a policyholder's departure due to the application of one or more of the following exclusions.

Epidemic/Pandemic Exclusion Apply

Firstly, Hollard-underwritten leisure travel policies (being distinct from corporate travel policies) contain an exclusion related to **epidemics** and **pandemics**. In most Hollard-underwritten leisure policies, the epidemic/pandemic exclusion is a general exclusion relating to all benefits under the policy. Under these policies there is no cover for losses associated with the rescheduling, amendment or cancellation of a trip prior to departure. The general exclusion applies regardless whether the policy was purchased before or after the COVID-19 outbreak in Wuhan or the subsequent travel advisory against travel to the traveller's specific destination. In other Hollard-underwritten travel policies, the exclusion applies specifically to the

rescheduling/amendment/cancellation benefit. Both the general and specific exclusion related to epidemics and pandemic apply regardless of when the policy was purchased or the travel advisory for the destination at the time of purchase.

The only Hollard-underwritten travel policy that does not contain a specific or general exclusion related to epidemic/pandemic policy is our corporate policy. In the absence of any other exclusion, the traveller's rescheduling, amendment or cancellation expenses would be covered (however refer to known event discussion below).

Known Event Exclusion May Apply

Secondly, all Hollard-underwritten travel policies exclude cover related to **known events**. In the case of COVID-19 (or other events), for purpose of applying a known event exclusion we would look to public reporting of the outbreak and its spread rather than the travel advisory for a specific country. The outbreak in Wuhan, China and the subsequent spread to other countries was widely reported in the media during the week of 20 January 2020. We regard it as a known event applying to travel to all destinations for policies purchased on or after 24 January 2020, even to destinations that only subsequently had a travel advisory issued against them.

Applying this position to the facts presented in the question, if the policy was purchased on or after 24 January 2020 then we would regard the outbreak, including its potential to spread, as a known event excluding cover for rescheduling, amendment or cancellation related expenses. This would be the case even if the destination did not have a travel advisory issued against it at the time the policy was purchased. For example, if a traveller purchased a policy on 25 January 2020 to the USA for travel on the same day, we would regard the outbreak and the possibility of it spreading to the USA to be a known event.

If the policy was purchased before 24 January 2020, which would also necessarily mean there was no travel advisory issued against it at the time, the known event exclusion would not apply.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **medical expenses incurred prior to a policyholder's departure** and that the scenario being tested is where the travel advisory was not in place at the time the policy was purchased, however the travel advisory may change in the future.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because the policy only covers medical expenses incurred overseas not medical expenses incurred prior to departure *and that the travel advisory scenario being tested is the where the travel advisory was issued only after the policy was purchased.*

Discussion

Travel policies only cover overseas medical expenses. The cost of testing or hospital stays incurred prior to departure (i.e. while still in Australia) would be a matter for Medicare or for the traveller's private health cover, as applicable. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure:**

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for costs for **self-quarantine** incurred prior to a policyholder's departure and that the scenario being tested is where the travel advisory was not in place at the time the policy was purchased, however the travel advisory may change in the future.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This is because the relevant policy benefit is only available for such expenses incurred overseas. The travel advisory described in the question thus has no impact on the claim outcome.

Discussion

The expenses described would fall into the 'additional expenses' benefit under policies. Most but not all policies include this benefit for overseas travel. However, the 'additional expenses' benefit does not apply to expenses incurred prior to departure. The only travel insurance benefit that can be accessed prior to a policy holder's departure is for the rescheduling, amendment or cancellation of their trip, provided that the reason for the claim is not excluded.

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HOL01QW: Can you please provide information about inclusion in insurance products in the following circumstances **prior to a policy holder's departure**:

(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 travel advisory issued against it due to the outbreak of COVID-19 at the time of booking, and may do so in the future.

Answer: *We acknowledge that this question seeks clarification of cover under a travel insurance policy for **rescheduling flights** incurred prior to a policyholder's departure. We also clarify expenses related to the **amendment** and **cancellation** of a trip. The scenario being tested is where the travel advisory was not in place at the time the policy was purchased, however the travel advisory may change in the future.*

Summary

There is no cover under Hollard-underwritten travel policies for the expenses described. This applies to rescheduling, amendment and cancellation expenses. This is because 'pandemic' and possibly also 'known event' exclusions apply.

Discussion

No Hollard-underwritten travel policy would cover the costs of **re-scheduling, amending** or **cancelling** a trip prior to a policyholder's departure due to the application of one or more of the following exclusions.

Epidemic/Pandemic Exclusions Apply

Firstly, Hollard-underwritten leisure travel policies (being distinct from our corporate travel policies) contain an exclusion related to **epidemics** and **pandemics**. In most Hollard leisure policies, the epidemic/pandemic exclusion is a general exclusion relating to all benefits under the policy. Under these policies there is no cover for losses associated with the rescheduling, amendment or cancellation of a trip prior to departure. The general exclusion applies regardless whether the policy was purchased before or after the COVID-19 outbreak in Wuhan or the subsequent travel advisory against travel to

the traveller's specific destination. In other Hollard-underwritten travel policies, the exclusion applies specifically to the rescheduling/amendment/cancellation benefit. Both the general and specific exclusion related to epidemics and pandemic apply regardless of when the policy was purchased or the travel advisory for the destination at the time of purchase.

The only Hollard-underwritten travel policy that does not contain a specific or general exclusion related to epidemic/pandemic policy is the one corporate policy. In the absence of any other exclusion, the traveller's rescheduling, amendment or cancellation expenses would be covered (however refer to known event discussion below).

Known Event Exclusion May Apply

Secondly, all Hollard-underwritten travel policies exclude cover related to **known events**. In the case of COVID-19 (or other events), for purpose of applying a known event exclusion we would look to public reporting of the outbreak and its spread rather than the travel advisory for a specific country. The outbreak in Wuhan, China and the subsequent spread to other countries was widely reported in the media during the week of 20 January 2020. We regard it as a known event applying to travel to all destinations for policies purchased on or after 24 January 2020, even to destinations that only subsequently had a travel advisory issued against them.

Applying this position to the facts presented in the question, if the policy was purchased on or after 24 January 2020 then we would regard the outbreak, including its potential to spread, as a known event excluding cover for rescheduling, amendment or cancellation related expenses. This would be the case even if the destination did not have a travel advisory issued against it at the time the policy was purchased or if a travel advice against travel to the destination was subsequently issued. For example, if a traveller purchased a policy on 25 January 2020 to the USA for travel on the same day, we would regard the outbreak and the possibility of it spreading to the USA to be a known event.

If the policy was purchased before 24 January 2020, which would also necessarily mean there was no travel advisory issued against it at the time, the known event exclusion would not apply.