

HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON ECONOMICS

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

Insurance Australia Group

IAG02QW: Can you please provide information about inclusion in insurance products in the following circumstances **following 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.

Answer: We offer travel insurance under the following brands: NRMA Insurance, SGIO, SGIC and CGU (including travel insurance sold under our CGU partner brands). NRMA, SGIO and SGIC-branded travel insurance is arranged under authority from Cover-More Insurance Service Pty Ltd which, in turn, acts under binder authority from the insurer, Zurich Australian Insurance Limited (**Zurich**). CGU travel insurance is issued by Insurance Australia Limited. Our responses to questions IAG02QW(a) to (i) (inclusive) relate to travel insurance sold under these brands.

For the purposes of our responses to questions IAG02QW(a), (d) and (g), we have taken 'health insurance' to mean overseas medical expenses (which includes costs for testing and hospital stays).

NRMA / SGIO / SGIC travel insurance

Cover for overseas medical expenses may not be available in this scenario as such losses could be considered as a foreseeable event. There may be a general exclusion relating to foreseeable events.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for overseas medical expenses would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

For policies purchased on or after 23 January 2020, CGU will not cover any losses or expenses that are for, relating to, or directly or indirectly caused by, the COVID-19 pandemic regardless of whether or not that

destination has a Smartraveller advisory issued against it at the time of booking.

On 21 January 2020, Smartraveller first updated its travel warning based on a situation report issued by the World Health Organisation (WHO) on that date for the outbreak in Wuhan, China. This is when an outbreak of an infectious disease was officially brought to light (i.e. presence of coronavirus).

While 21 January 2020 is the official date, CGU allowed a grace period and chose 23 January 2020 as the relevant date from which customers would reasonably be expected to be aware of the situation, post the first advice by Smartraveller on 21 January 2020.

The CGU travel insurance policy contains general exclusions around disease, government advice and mass media exposure. They are as follows:

We will not cover you for losses or expenses that are for, related to, or directly or indirectly caused by:

...

18. *a human pandemic, epidemic or any other outbreak of infectious disease including any derivative or mutation of such viruses, or the threat or perceived threat or any such pandemic, epidemic or outbreak, but only if your Certificate of insurance was issued after an alert or warning was made regarding any outbreak or possible outbreak.*

Refer to www.who.int and www.smartraveller.gov.au for more information.

18. *you did not follow advice in the mass media or any government or other official body's warning and you did not take the appropriate action to avoid or minimise any potential claims under your policy (including delay of travel to the country or part of the country referred to in the warning). Refer to www.who.int and www.smartraveller.gov.au for more information.*

Based on these general exclusions, cover for overseas medical expenses relating to COVID-19 (which includes costs for testing and hospital stays) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 Smart Traveller advisory issued against it due to the outbreak of COVID-19.

Answer:

NRMA / SGIO / SGIC travel insurance

Cover for costs incurred for self-quarantine may not be available as losses relating to these additional expenses could be considered as a foreseeable event. There may be a general exclusion relating to foreseeable events and a pandemic exclusion may also apply.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for costs incurred for self-quarantine would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

We do not cover costs directly attributable self-quarantine (e.g. if the policy holder is required by a foreign entity to pay for accommodation costs for the purposes of self-quarantine).

We may also not cover any costs arising from the requirement to self-quarantine (e.g. cancellations or travel delays) as such losses could be considered as foreseeable. The relevant general exclusion is:

6. *anything you are aware at the time or purchasing the policy that would give rise to you making a claim under this policy, including you arranging to travel when you know of circumstances that may lead to your trip being disrupted or cancelled*

CGU would have to assess the circumstances of each individual claim.

Additionally, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), such cover (if it is offered) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 Smart Traveller advisory issued against it due to the outbreak of COVID-19.

Answer:

NRMA / SGIO / SGIC travel insurance

The actual costs for rescheduling flights are not covered by Zurich.

In addition, a pandemic exclusion applies in respect of cover for amendment or cancellation costs.

CGU travel insurance (including CGU travel insurance sold under partner brands)

There is no coverage for costs for rescheduling flights after departure.

In addition, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), cover for cancellation costs is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer:

NRMA / SGIO / SGIC travel insurance

A key factor with this scenario will be whether the policy holder departed on his or her journey prior to the Smartraveller advisory being issued against the destination.

If the policy holder departed on his or her journey prior to the Smartraveller advisory being issued, then there would be no impact and cover for overseas medical expenses would be provided.

However, if the Smartraveller advisory had been issued prior to departure, then cover for overseas medical expenses related to COVID-19 may not be available as such losses could be considered as foreseeable.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for overseas medical expenses, including testing and hospital stays, would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

As with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), cover for overseas medical expenses (which includes costs for testing and hospital stays) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer:

NRMA / SGIO / SGIC travel insurance

A key factor with this scenario will be whether the policy holder departed on his or her journey prior to the Smartraveller advisory being issued against the destination.

If the policy holder departed on his or her journey prior to the Smartraveller advisory being issued, then there would be no impact and cover for [certain] additional expenses (for self-quarantine) would be provided.

However, if the Smartraveller advisory had been issued prior to departure, then cover for such additional expenses (for self-quarantine) may not be available as such losses could be considered as foreseeable.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for costs incurred for self-quarantine would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

We do not cover costs directly attributable self-quarantine (e.g. if the policy holder is required by a foreign entity to pay for accommodation costs for the purposes of self-quarantine).

We may cover costs arising from the requirement to self-quarantine (e.g. cancellations or travel delays) as such losses would generally not be considered as foreseeable. CGU would have to assess the circumstances of each individual claim.

Additionally, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), such cover (if it is offered) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 Smart Traveller advisory issued against it due to the outbreak of COVID-19 at the time of booking, but has subsequently done so.

Answer:

NRMA / SGIO / SGIC travel insurance

The actual costs for rescheduling flights are not covered by Zurich.

In addition, a pandemic exclusion applies in respect of cover for amendment or cancellation costs.

CGU travel insurance (including CGU travel insurance sold under partner brands)

There is no coverage for costs for rescheduling flights after departure.

In addition, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), cover for cancellation costs is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 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:

NRMA / SGIO / SGIC travel insurance

As with our response to question IAG02QW(d), a key factor with this scenario will be whether the policy holder departed on his or her journey prior to the Smarttraveller advisory being issued against the destination.

If it had not been issued prior to the policy holder departing, then there would be no impact and cover for overseas medical expenses would be provided.

However, if the Smarttraveller advisory had been issued prior to departure, then cover for overseas medical expenses may not be available as such losses could be considered as foreseeable.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for overseas medical expenses, including testing and hospital stays, would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

As with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), cover for overseas medical expenses (which includes costs for testing and hospital stays) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 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:

NRMA / SGIO / SGIC travel insurance

As with our response to question IAG02QW(e), a key factor with this scenario will be whether the policy holder departed on his or her journey prior to the Smartraveller advisory being issued against the destination.

If it had not been issued prior to the policy holder departing, then there would be no impact and cover for such additional expenses (for self-quarantine) would be provided.

However, if the Smartraveller advisory had been issued prior to departure, then cover for such additional expenses (for self-quarantine) may not be available as such losses could be considered as foreseeable.

Zurich would have to assess the circumstances of each individual claim and the terms of the relevant policy to determine whether a claim for costs incurred for self-quarantine would be covered.

CGU travel insurance (including CGU travel insurance sold under partner brands)

We do not cover costs directly attributable self-quarantine (e.g. if the policy holder is required by a foreign entity to pay for accommodation costs for the purposes of self-quarantine).

We may cover costs arising from the requirement to self-quarantine (e.g. cancellations or travel delays) as such losses would generally not be considered as foreseeable. CGU would have to assess the circumstances of each individual claim.

Additionally, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), such cover (if it is offered) is only available for policies purchased prior to 23 January 2020.

IAG02QW:

Can you please provide information about inclusion in insurance products in the following circumstances **following 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 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:

NRMA / SGIO / SGIC travel insurance

The actual costs for rescheduling flights are not covered by Zurich.

In addition, a pandemic exclusion applies in respect of cover for amendment or cancellation costs.

CGU travel insurance (including CGU travel insurance sold under partner brands)

There is no coverage for costs for rescheduling flights after departure.

In addition, as with our response to question IAG02QW(a) (relating to general exclusions around disease, government advice and mass media exposure), cover for cancellation costs is only available for policies purchased prior to 23 January 2020.