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The Association of Canadian Travel Agencies (ACTA), on behalf of our members across Canada, is pleased to submit comment to the Canadian Council of Insurance Regulators (CCIR) Travel Health Insurance Products Issues Paper. Given that the paper cited Travel Agents/Travel Agencies/other exempt sellers represent 36% of THI products offered to consumers, ACTA recognizes the importance in responding to the questions posed within the Issues Paper as well as provide any relevant feedback that could assist the regulators to improve the fair treatment of customers as well to ensure that all customers are properly insured when travelling. ACTA's response to each question is recorded in bold.

### ***Design of a THI Product***

1. What terms or expressions should be defined and standardized in order to allow a better understanding of THI products by consumers, and enable them to more readily compare products and make informed decisions?

**ACTA: Members have recommended clearer definitions for the following terms or expressions: "Pre-existing conditions," "change in medication," "stable conditions," "the insurer", "risk", "limitations", "medical treatment" and to update the definition of "aircraft" to include modern (i.e. safer and therefore lower risk) 1-engine airplanes used in places like East Africa.**

**Members pointed out that many customer complaints and disputes stems from the misunderstanding of what is meant by some of the above definitions as the wording is viewed as convoluted and/or ambiguous suggesting that it is open to interpretation. Also, there are terms within the above definitions that could be further defined or expanded upon to ensure the client has a better understanding of whether, for example, their medical condition is deemed stable for the purposes of obtaining coverage should an unexpected medical emergency occur at destination. Within the definition of stable, it is common for the Industry to have wording such as... "means that you have not experienced the following sickness, injury or medical condition before your trip;**

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hospitalization and/or a medical procedure or intervention and/or a change in medication, and/or a change in medical treatment and/or experienced new or more frequent symptoms and/or requiring investigation (other than a routine check-up). “

The above underscored wording is typically not defined language within the policy. It is only at the time of a claim is the Insured made aware of how the above terms are interpreted and is typically only made aware as a result of a denial.

By creating standardized wording this will enable the industry to foster consumer awareness and comprehension of the above terms that is used at the time of claims adjudication to make a decision on eligibility of coverage. A sound understanding at the application by the consumer will aid in making an informative decision from the onset to ensure they are travelling with the coverage they thought they had purchased.

The cumbersome nature of THI policy documents obscures essential details customers need to know to make informed purchasing decisions. It is recommended that expanded definitions with an emphasis on standardization and plain language will make it simpler for consumers to select the right product to suit their needs and type of travel they will undertake.

2. What other initiatives related to product design could be put in place by the industry to help consumers better understand the extent of the coverage offered and the terms and exclusions so they can make informed decisions?

**ACTA: Members overwhelmingly commented that most importantly, clearer language is needed. Policies should be made simpler and use of a summary document should be provided either at time of purchase or in a second follow-up email, possibly showing what is not covered rather than only what is covered. Examples of costs, issues, risks, exclusions, etc., should be clear and highlighted to aid in understanding. Though the client has recession rights (10 day right to examine the policy) industry experience suggest the client is more inclined to gain a better understanding of the coverage purchased only at the time of claim. The use of product coverage charts gives the applicant key product details that will aid in making informed coverage decisions mentioned above at the time of application. If policies were created in “consumer centric” language, agents would also benefit and be better able to assist the consumer with ensuring that the consumer is purchasing the right product to suit their travel needs. Accessibility to online THI product information would provide additional support to the consumer pre and post purchase.**

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3. What type of controls should be put in place at the insurer or other levels in order to ensure that consumers of THI products are treated fairly?

**ACTA: Members emphasized the need for clearer explanations at the time of purchase, especially clarification of coverage of pre-existing conditions. Insurance suppliers should provide agents with refresher product training, currently only mandated in a few jurisdictions. Insurers should also provide a process to follow in the event of a claim dispute, a process that is clearly documented with web resources. Insurer oversight such as random inspections and audits is expected but should not burden the agency with red tape and prevent the consumer from purchasing THI products.**

#### ***Exclusion, Restriction and Limitation Clauses***

4. How could the industry improve consumers' awareness about and understanding of exclusion, restriction and limitation clauses, especially pre-existing medical conditions?

**ACTA: Simplified language avoiding complicated medical terminology. Policies and time frames should be standardized, and a clear and concise flyer or document can be provided to client – this can be used either as a summary of coverage and exclusions, or as a declaration of refusal that clients must sign. Emphasis must be placed on full disclosure by the consumer or risk the possibility of a claim denial. Clearly distinguishing whether the pre-existing condition is firm or is based on stability and defining both terms will further assist the consumers' awareness of what is being purchased and whether the condition will be covered.**

**A move from a consolidated Policy containing information on all coverage to only that of which is purchased by the Insured may increase policy comprehension. The convoluted and complex formatting of the Policy can make it difficult to clearly identify what the terms and conditions are applied to the coverage purchased. Alternatively, having a standardized format across the industry so Insureds can readily navigate the Policy will improve consumers' awareness and understanding so they can better compare product options and purchase with confidence. Written examples could also be provided illustrating certain clauses, and agent training will aid in client understanding.**

5. What changes could be made to the application process to ensure that consumers have sufficient knowledge to have a thorough understanding of exclusions for pre-existing medical conditions as well as to complete an application for THI, thus enhancing consumer confidence in the underwriting process?

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**ACTA: Members voiced that clearer language and directions are needed, recommending a visit to the client's doctor for help answering tough or complicated questions. A summary of coverage should be made available at time of offer. For online purchases, this could be in the form of a pop-up window and with coverage provided by credit card (or believed to be covered by a credit card), perhaps necessitating the client contact their credit card company to activate insurance and receive up-to-date information.**

### ***Suitability***

6. How can the industry ensure that consumers are offered THI products that are suitable for their needs?

**ACTA: Members provided a number of suggestions such as the need for agents to be better trained and educated on THI products and insurers should provide case studies to agents. Consumers should be made aware of the importance of full disclosure on their part. Policy types and terms should be standardized; an all-encompassing "for whatever reason" policy could be offered. Information and clarification should be easily available to consumers – perhaps through 1-800 number. Finally, ensuring the reason for travel is incorporated into the sales disclosure process. This includes situational disclosure such as the client discloses pregnancy. In this case, this situation should be a trigger for the agent to disclose coverage terms and conditions surrounding complications, conditions or symptoms related to pregnancy and childbirth.**

### ***Medical Questionnaires***

7. How can the use of medical questionnaires by insurers be improved in the context of the underwriting of travel insurance products, in order to ensure fair treatment of customers?

**ACTA: Members reiterated the need for simplified language and that policies should be standardized. Agents and documents should both emphasize the importance of accuracy as errors will void policy. Questionnaires should clarify when further information or doctors' forms are required. This leads into ensuring that relevant questions are asked that pertain to appropriately rating the risk of the applicant and a risk response be declared for each medical questions. (Often more than one medical condition requires declaration in a single question and becomes the premise of non-disclosure cases). Creating questions that are simple, concise and easy to disclose will help promote fair treatment of customers throughout the claims handling process.**

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### **Disclosure Documents**

8. How could insurers ensure that the information shown in the disclosure documents is limited to that which is essential, and that the format of these documents promotes a quick understanding of the fundamental information?

**ACTA: Members stated that the language should be simplified and concise. By identifying the most succinct and accurate disclosure documents currently offered by leading Insurers in Canada and mandating the format of these documents for all Insurers offering THI products. A written process for collecting confidential information should be provided to agents by Insurers.**

9. How could the industry improve disclosure documents so that they can be more easily understood by consumers?

**ACTA: Members agreed that clearer language should be used and standardization where possible. Repetition breeds consistency and promotes understanding. Agent education needs to be backed by improved insurance material and documents. Members recommended that consumers must sign a statement of accuracy acknowledging an error will void policy.**

### **Timely disclosure**

10. How can the industry ensure that consumers are informed of the key elements of the THI coverage in a timely manner, before they make a purchase decision?

**ACTA: Members stated that determining what the key disclosure elements are and incorporating this into the application stage would be beneficial. A summary document of key benefits and exclusions available in an electronic format for no-walk in customers, along with a detailed list of benefits should be provide prior to purchase. Members recommended the availability of pamphlets at passport offices, consulates, travel agencies and at doctor's offices. Members recognized that timely disclosure is difficult due to online or remote bookings. This is the exact reason why an agent plays an important role in the THI purchase and quantified in the Issues Report with 36% of THI products being purchased through a travel agent/agency. Travel is very much a global industry with groups bookings being made where party members are not in the same province or even in the same country. Agents who are affiliated with a travel agency,**

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regardless of their employment status in an agency (specifically how they are classified or compensated), must be able to sell THI products to their clients efficiently and free of interprovincial barriers. For the protection of the consumer, it would otherwise be irresponsible to impede this offering and therefore incumbent upon all regulatory bodies to assist implementing a harmonized solution, free of jurisdictional covets.

Members reiterated the benefits of having the client sign off on disclosure terms and agreement which would aid in attentiveness during this purchase process. It is human nature to pay closer attention and ask pertinent questions before applying their signature to documents.

### **Credit Cards**

11. What should the industry do to ensure that all consumers get an appropriate and timely disclosure relating to THI embedded in credit cards?

**ACTA: Members recommended that, should consumers decide to forego purchasing THI through the agent/agency, the consumer should contact their credit card company to activate the insurance and receive policy information. It would also be helpful if credit card companies provided information on their cards' coverage, hosted on a website (such as InsurEye\*) that is updated regularly when changes are made for both agents and consumers to utilize.**

***\*InsurEye is a private company, not owned by any bank, insurance company, brokerage or any other financial services institution. They collect, validate and analyze insurance experience of real consumers. They provide a free service called Credit Card Navigator that helps the consumer understand the existing insurance coverage on their credit card. Credit card companies are not mandated to provide information to InsurEye.***

### **Insurers' Responsibility**

12. How do insurers ensure that they have effective controls and oversight over their distribution channels and that proper distribution channels are used for the distribution of their travel insurance products, as well as for other coverages that do not qualify as travel insurance and which are embedded in these products?

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**ACTA: Members commented that Insurers should set out in the contract the responsibility of the travel agency and license and limit the number of distribution channels. They should be responsible for training agents/representatives and be readily available to both help and oversee these distribution channels. This would also be captured via reporting at a granular level to ensure the product design and underwriting rules are being executed as required, conducting customer experience surveys as well as random audits and spot checks. Members also recommended standardized testing and a licensing program for distributors.**

### ***Disclosure of Identity***

13. What can be done to make sure that promotional material and policy or certificate documentation provided indirectly by the insurer through the use of third parties are not misleading or deceptive as to the identity and responsibilities of the insurer?

**ACTA: Members recommended to make documentation clearer in terms of both legal wording and the identification of all involved parties and their roles. To be clear, all policies should prominently identify the Insurer and Underwriter. Members also pointed out that third parties should be licensed or properly authorized.**

**The customer is ultimately responsible for understanding the terms, conditions and exclusions of their policy but with refined processes in place, the customer is more informed and thus less likely to be misled.**

14. Are there functions that should not be outsourced to third-party administrators in order to make the roles and responsibilities clear?

**ACTA: While most members did not feel there were functions that required outsourcing, there was a suggestion that a HelpDesk could provide a purpose. A HelpDesk could support by ensuring the quality and standardization of policy interpretation so that it aligns with the company's acceptance of risk such in the case where there is a communication gap in policy changes being cascaded and operationalized by the third party in a timely fashion. Unclear and inconsistent information provided can make for a poor customer service experience and in turn lack in consumer confidence.**

15. How does delegating product development to third parties affect the insurer's role as manufacturer?

**ACTA:** This is question is not relevant to travel agents/agencies as they are not developing THI products.

### ***Lack of Recourse to Insure***

16. What should be done to ensure that consumers are made aware of their right to contact the insurer regarding questions about the terms and conditions of the policy and claims disputes?

**ACTA:** Members commented that if this is an issue, then simply ensure that consumers are given that information at the time of purchase through disclosure and policy documents. Agent training will also help with this.

17. What are some of the best practices insurers could follow to ensure that there is appropriate oversight and controls over outsourced claims functions?

**ACTA:** Members recommended that if Insurers outsource claims functions, it should be to reputable companies/persons that understand the product. Agents should be trained in the claims process, and that process should be outlined in the policy and in supporting websites. There should be clear customer standards in place for consumers to understand and expectations should be managed.

Members also suggested that Insurers consider random inspections, audits, conduct regular meetings, provide reporting tools and tracking matrixes. Having the Insurer submit annual reporting of the findings of these types of processes or initiatives would support the accountability expected.

### ***Claims Management***

18. What initiatives could be put in place by insurers to ensure that best practices are implemented with regards to claims handling?

**ACTA:** Members recommended that the claims process should be clearly written out in the policy along with contact information for the Insurer. Constant updates should be provided through supporting websites, perhaps using a tracking number. As previously noted, customer service standards should be in place for consumers to understand and expectations should be managed and measured.

### **Complaints**

19. What initiatives could be put in place by insurers to ensure better claims dispute processes?

**ACTA: Members recommended that the process should be in the written policy and made very clear to both the agent and the client in supporting websites. The client should be made aware of the available help of an independent ombudsman. An advisory board may be useful.**

### **Data Collection**

20. What key indicators could be standardized and implemented to ensure proper monitoring of insurers' THI activities?

**ACTA: Members recommended that statistics on the number of claims vs. settlements vs. complaints would facilitate this monitoring. Specifically a documented claims appeal process, the minimum claims turn-around time and the minimum call centre wait time. The submission of the annual reporting through Insurer oversight mentioned in Questions #3 and #17 could identify that proper monitoring of Insurers' THI activity is being implemented.**

In conclusion, ACTA appreciates the actions taken by the CCIR in response to the concerns over public confidence in the THI market and the manner in which THI is manufactured and distributed. We applaud the efforts of the Working Group and the steps taken to receive stakeholder feedback to the concerns identified through the questions posed in the Issues Paper. Travel agents and travel agencies play an important role in the distribution process as indicated in the Issues Paper with 36% of THI products being sold through this channel. While perhaps beyond the scope of the Working Group's mandate and the authority granted to the CCIR, ACTA, representing this important stakeholder group, **wishes to point out one glaring gap in consumer protection that cannot be overlooked.** To ensure that consumers are being properly insured, ACTA recommends a harmonized approach to licensing agents/agencies across Canada. This approach should also address the over-regulation in some jurisdictions as it relates to agents selling THI products who are affiliated with an agency regardless of their employment status with that agency or how they are compensated. ACTA understands that Insurance falls under the jurisdiction of provincial regulators and that harmonization may present a challenge but with through the recommendations borne of this Review, we would support any movement to address this gap in consumer protection.

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We look forward to providing additional information should you have any questions or concerns to the points our organization has made.

Respectfully,

A handwritten signature in black ink, appearing to read 'W. Paradis', written in a cursive style.

Wendy Paradis  
President, ACTA