

travel & general  
insurance services



# Insurance and Insurance Distribution Directive

Guy Horchover, December 2017

# Agenda

- 2017 a busy year
- What are your objectives?
- Insurance response to 2017 events
- Managing your risks





# 2017 – A Busy Year

- Terrorism
- Conflict
- Limited hotel capacity issues in ‘safe’ Spain
- Hurricanes and Earthquakes
- Computer hacking and fake news
- Failures: Monarch and A1 Travel
- Brexit/week pound
- Regulations IDD, PTR’s and GDPR

**Thompson win holiday sickness cases!**





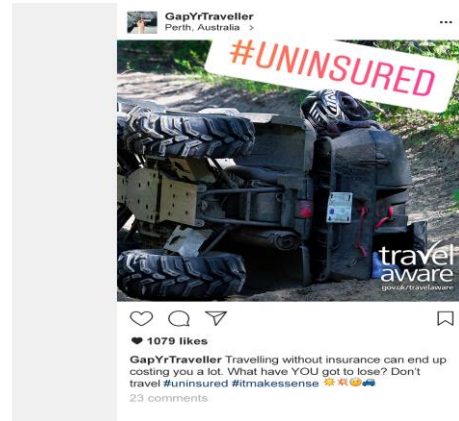
# Your objectives

- De-risk your business operations
- Release funds from your balance sheet
- Smooth outgoings via risk transfer
- Passenger and brand protection
- Meet the requirements of the PTR/GDPR/IDD
- Achieve your business plans



# Your objectives - where can t&g help?

- We cannot:
  - Resolve world conflicts or prevent terrorism
  - Stop hurricanes/earthquakes
  - Stop hackers
  - Stop suppliers falling over
  - Make people buy travel insurance...
    - Or stop them from injuring themselves



**But we can help with their outcomes**



# Insurance response to 2017 events

Products that address the issues relating to your business

- Liability Insurance – including Cyber risks
  - Sickness claims
  - Claim management
- Travel Disruption Insurance
- Supplier Failure Insurance
- Travel Insurance





# Liability Insurance - Food Poisoning

- 2015/2016 peak of claims?
- One client's prem. up by c. £50k in 2016
- 2017 – fightback by Travel Industry
  - Thomson wins 3 court cases and awarded damages, 1 couple jailed
  - Government lobbying possibly successful – changes in legislation
  - Law Society has written to members with a warning
  - Tour Operators and Hotels better at providing supporting evidence
- Vigilance, evidence, notify & track trends

Less cases going to court as lawyers/claimants are less frivolous



# Liability Insurance claims

## Mrs. Cr 2013

- It was a long walk back to the drop off point, guide mentioned a bus local was available
- Mrs C. didn't purchase a bus ticket; thought the bus was included in part of the client's Tour.
- The guide was not on the bus, they walked back, they only pointed at the bus stop.
- When on the bus, Mrs. C stood by the door (the type that fold into the bus)
- When the doors opened she had her arm crushed by the door resulting in a broken arm.
- Solicitors involved
- Settlement was reached at £11,130.00 damages and legal costs £9,500.00 – contribution attempted with the Italian bus company and received a small amount from them.
- Far from an 'open and shut' case!

We will support with claims and set up issues





# Travel Disruption

- Hurricane Irma:
  - Holiday resorts couldn't function
  - cancelled trips
  - alternative holidays booked – who pays?
  - Disneyland shut for one of the few times in its history!
- Travel Disruption Insurance market paid out significant sums – 100's of £1,000's
- Unknown losses in the Travel Industry
- What about earthquake and flood etc?

Hurricanes happen every year: de-risk the 'known unknowns'





# Supplier Failure

- Lowcost holidays collapsed in 2016
- Monarch ABTA (2016) plan growth.....
- .....but collapsed in 2017
- Monarch collapse leads to A1 Travel failing
- Supplier Failure Insurers pay out in £m's as a result of Monarch

Immediate increased interest in this product from the travel market





# t&g travel insurance

- Specialists brokers in travel insurance since 2004
- t&g responsible for client regulation:
  - 47 Appointed Reps (AR) – client staff make sales direct to customers
  - 97 Introducers – passive promotion of web-links and phone lines
- Schemes can be tailor made:
  - Individual
  - Groups
- Revenue/loyalty opportunity for you

Sell cover that fits – where you go so should the insurance



# Insurance Distribution Directive (IDD)

- IDD live in February 2018
- Demands and needs of the consumer - key issue
- 15 Hours of sales training required for AR's staff
- Introducers - no training requirements
- New requirements for consumer documents
- Sales/admin and web changes will be required
- Bespoke t&g issuing system

IDD important regulation – but it is keeping us guessing!

# Ins. Product Information Document (IPID) = Key Facts in bullets:

- IPID's will need:
  - Policy number/Quote Reference number,
  - Travel Date and Client Name (possibly address) – think GDPR!
- One IPID per cover level – not 'one size fits all'
- IPID format is prescribed – font, colour etc. every IPID will look the same
- IPID is additional to the Summary of Cover and Key Facts
- Renewal book customers will also need IPIDs
- Who is responsible - brokers or the insurers? We will co-ordinate with the insurers

How do you ensure passengers have travel insurance?





# Group Travel Insurance Option

- You pay for the travel insurance on a group policy e.g. £xx per person and add this to the cost of the holiday.
- Ensures all have a min. of medical and repatriation cover plus...
- Opportunity to upgrade to full cover via our call centre;
- Higher excesses:
  - Reduces premium
  - Freedom to offer a settlement within the excess and not affect claims data
- Consumers are free to buy their own cover but the insurance is still included in the holiday cost.
- Avoids regulatory issues related to AR status and low take up of Introducer status





# Summary – managing your risks

- We can help with the following:
  - Work with you to:
    - manage claims and
    - keep your liability premiums to a minimum
  - Protect against the financial impact of
    - financial impact of earthquakes, hurricanes, strikes and riots
    - Supplier failure
  - Provide you with Travel Insurance to sell to customers to give peace of mind when they travel with you:
    - Commission earning and loyalty building opportunity
    - Offering a regulatory framework/support for you – new IDD regulations
    - Option to provide groups schemes

Focussed on supporting ABTOT and the Travel Industry