



# 2020 Insurance Update

October 2020



# Agenda

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- Impact of COVID 19 – Early Days – focus on our people & our customer safety
- Travel Insurance Industry Overview
- Credits & Vouchers
- The Future of Travel
- Supporting our Customers
- Prestige Health, Dental Travel & Home Update
- Best Friend Advice
- Questions



# Impact of COVID 19 – Early Days

Focus on our people & our customer safety

## Impact of COVID 19 – Early Days

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The evolving COVID-19 situation **tested our collective resilience** in many facets of our business.

From the onset of Covid-19 we were beside you every step of the way. To us, ensuring that we are there for our customers when they need us most is intrinsically **embedded in our culture**

### Our journey:

- Quick implementation of our work-from-home strategy which saw **96% of our people working from home**
- **Focused all of our capacity** to our customer-facing channels
- Found creative solutions to reinforce the capacity enabling us to manage the **increase in customer demand** by redeploying staff from back - office roles to support the claims queue to focus on simple inquiries/activities



# Impact of COVID 19 – Travel Insurance Industry Overview

# Impact of COVID 19 – Travel Insurance Industry Overview March & April 2020

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March/April 2020 - dominated by claims related to travel advisories

Some highlights:

- Trip Cancellation claims often represented 85% - 90% of all claims, related to those not yet departed on trips;
- Remaining 10%-15% of claims related to trip interruption & travel medical claims related to those already travelling. Insurers & assistance companies scrambled to manage customers stranded abroad;
- Extreme loads on assistance company claims channels (call centers, on-line, mail submissions) led to a “take info first, adjudicate later” approach to alleviate backlog of claims & manage service levels;
- Pandemic has resulted in an extreme proliferation of insurance company reserves for many insurers.

# Impact of COVID 19 – Travel Insurance Industry Overview May & June 2020

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May/June 2020 - focus on claims back log and catch up

Some highlights:

- Insurers were able to take control over the backlog of claims and catch up;
- Extreme movements continued within the travel & insurance market as we dealt with emerging issues related to travel credits;
- Frequency of incoming claims dropped off significantly as travel came to a halt & majority of future customer travel bookings were cancelled;
- Insurers contemplate strategies for customers seeking reimbursement for unexpired annual plans.

# Impact of COVID 19 – Travel Insurance Industry Overview July 2020 and onwards

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July 2020 onwards - dominated by rethinking of travel insurance & policy wording

Some highlights:

- Travelers must become educated consumers with respect to terms of coverage for travel, travel advisories, illness from pandemics, etc.;
- Travel insurance coverage tends to evolve after big global events (terrorism coverage benefits were not typically offered before 9/11 but became a priority & now terrorism benefit is common);
- CFAR (Cancel For Any Reason) may change in the future. Will likely be very expensive. Travelers may be looking into this coverage in the future but coverage will likely be less generous (lower benefit amount or stricter time frame to claim prior to departure).



# Impact of COVID 19 – Credits & Vouchers

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## Credits & Vouchers are considered compensation

- The majority of travel insurers consider credits/vouchers as a form of compensation & uninsurable

## Expired Credits & Vouchers

- Various stances amongst insurers on reimbursing for unused credits/vouchers that reach expiry. Some will pay, others will not & this may change as new information becomes available

## Key considerations:

- Some credits/vouchers have an expiry up to 24 months, but policies may be extended/modified (Air Canada now offers no expiry and fully transferrable credits/vouchers)
- Class-action lawsuit against Canadian airlines as well as pressure from consumer advocacy groups on the federal government to intervene (could require airlines & other carriers to provide full cash refunds resulting in insurers potential claims obligations related to credits/vouchers to be alleviated)



# The Future of Travel

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## Travel Insights from Trip Merchant Survey – April 2020

How soon after COVID – 19 Pandemic would you feel comfortable getting on a plane?

- 39.74% – Immediately to 3 months
- 23.84% – 3 to 6 months
- 21.85% – 6 months to 1 year
- 13.25% – Greater than 1 year
- 1.32% – Undecided

# The Future of Travel

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## Travelweek COVID-19 Consumer Survey – June 2020

If travel opened back up tomorrow, where would you consider travelling to first?

- 42.7% – Within Canada
- 20.5% – Mexico/Caribbean/South America
- 12.1% – United States
- 13.3% – Europe
- 7.0% – Australia/New Zealand
- 2.7% – Asia
- 1.8% – Africa

Conference Board of Canada – Duncan Bureau on Returning to Air Travel podcast  
<https://www.conferenceboard.ca/insights/podcasts/bright-future#duncan-bureau>



# Supporting our Customers

## Supporting our Customers – Travel

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While there continues to be many unknowns as to what the travel world will look like in the coming months, we are working diligently with our stakeholders and with our affinity partners to provide some additional value to our policyholders.

- Your travel insurance policy (Prestige & Medoc), which would normally be reissued on September 1st of each year, has been extended for an additional 4 months for current policyholders. This means you will have travel insurance coverage up to December 31, 2020 at no additional cost.
- Effective October 1, 2020 medical coverage under your Medoc/Prestige policy will include COVID-19 for the remainder of 2020 and with your new Medoc/Prestige policy beginning January 1<sup>st</sup>.
- Trip Cancellation & Interruption remains in place & is currently available for COVID-19 related cancellations if your trip was booked prior to the travel advisories being issued; however it is not likely to be available for existing or future travel bookings as of January 1, 2021

*Our hope is that with more time we will have more certainty and stability within the Travel industry and that we will all be able to enjoy our industry leading travel insurance in the future.*



# Prestige Health, Dental & Home Insurance Update

## Prestige Health, Dental & Home Insurance Update:

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We are working to provide the best coverage at the lowest cost for our members. Our plans are designed by members, for members. Keep your ideas coming in!

### Prestige Health Coverage (alternative to Green Shield Plan):

- Renewal September 1<sup>st</sup> – no change in rates unless moving to a higher age band
- Members can sign up for Prestige Health Coverage and add travel at a later date once we are able to sell travel insurance again

### Prestige Dental Coverage (alternative to Green Shield Plan):

- Renewal September 1<sup>st</sup> – no change in rates
- Members can join at any time

# Prestige Health, Dental & Home Insurance Update:

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## Prestige Travel Coverage:

- Renewal January 1<sup>st</sup> – details will be provided in November

## Home Insurance Coverage:

- 5% discount for Medoc & Prestige policyholders
- Additional BCPVPA member discount
- 1 Air Mile for every \$20 in premium
- Call for a quote & you will be entered into a draw to win \$20,000

## BCPVPA & BCRTA website:

- <https://group.johnson.ca/bcpvpa/en/bc> or <http://bcrtajohnson.ca/>



# Best Friend Advice

## Best Friend Advice

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1. Read your Policy
2. Know what is covered and the maximums
3. Know your policy Exclusions and Limitations
4. Download the Travel Smart Phone App for up to date information on your travel destination  
<https://travel.gc.ca/mobile>
5. Call Johnson for Best Friend Advice 1-866-799-0000 or visit <https://group.johnson.ca/bcpvpa/en/bc>  
or <https://bccta.johnson.ca/>



# Any questions?

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