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Features Article

Getting Travel Insurance Policy

For many, travelling abroad is a dream one lives to fulfill but for some, that journey could turn into a nightmare, considering what can happen when you are abroad- for instance, medical emergencies, baggage loss, baggage delays, flight delays or sport injuries. In such situations, what will you do if you don't have extra money in your pocket?

This is where travel insurance comes handy. Travel Insurance provides vital protection against the impact of *something going wrong*. However, travel insurance is also a financial product that people need to fully understand in order to be able to make an informed decision when buying the package.

Without travel insurance, consumers incur losses which service providers such as airlines refuse to pay. Instead they ask the consumer to recover their losses from the travel insurance company.

Last year consumers reported loss of jewellerys and other valuables whilst travelling overseas by Air Pacific. The losses incurred by the consumers were in thousands of dollars. When consumers turned to Air Pacific for compensation, they were told to read the terms and conditions.

For instance, the terms and conditions of Fiji Airways and Pacific Sun spells out that they ***“will not be liable for loss, damage to or the delay in delivery of fragile or perishable items, money, jewellery, precious metal, silverware, negotiable papers, securities, or other valuables (including but not limited to cameras, electronic equipment), business documents, passports and other identification documents, or samples, which are included in the passenger’s checked baggage,***

whether with or without the knowledge of the airline. Such personal items should be carried on your personal or in your carry-on luggage under your care”.

To avoid such unforeseen circumstances, consumers can choose their travel insurance from a range of coverage options available with some banks and insurance companies.

Consumers can purchase a cover that suits their individual circumstances and travel plans. However, with different plans come different terms and conditions which consumers should read and seek full disclosures before signing.

The Council has the following tips for consumers interested in purchasing travel insurance.

When choosing a travel insurance policy - you should:

- find out the different types of covers provided by the insurance provider and ascertain which one suits your need;
- always read the **product disclosure** statement prior to purchasing your travel insurance;
- ensure that you understand exactly what **your** travel insurance covers, because travel insurance may not cover everything. For example, pre-existing medical conditions or restrictions on the type of medical ailment;
- speak to your insurer to seek clarification on policy issues that is confusing. For example, any excess payments and how it may be applied; and
- ensure that any medical cover is adequate for possible expenses in the country you are going to visit. For instance, medical costs in some countries can be very expensive and as a result, the travel insurance may be of little help.

It is clear that there is a need for consumers to understand how their travel insurance policy works and what cover it provides. However, it is the responsibility of the insurance provider to support the consumer in achieving this. It is also their duty to ensure that the consumer understands the extent of the policy cover and restrictions.

Insurance providers should give consumers clear information on what is covered and what is not covered by a policy in concise format, to enable consumers to fully understand the costs and benefits of purchasing travel insurance products. Information such as how to make a claim and how to make a complaint is equally important for consumers because they are required to contact their insurance company from overseas if in trouble.

At the end of the day, consumers have to be vigilant in choosing the travel insurance packages since there is limited protection for consumers in the financial services sector.