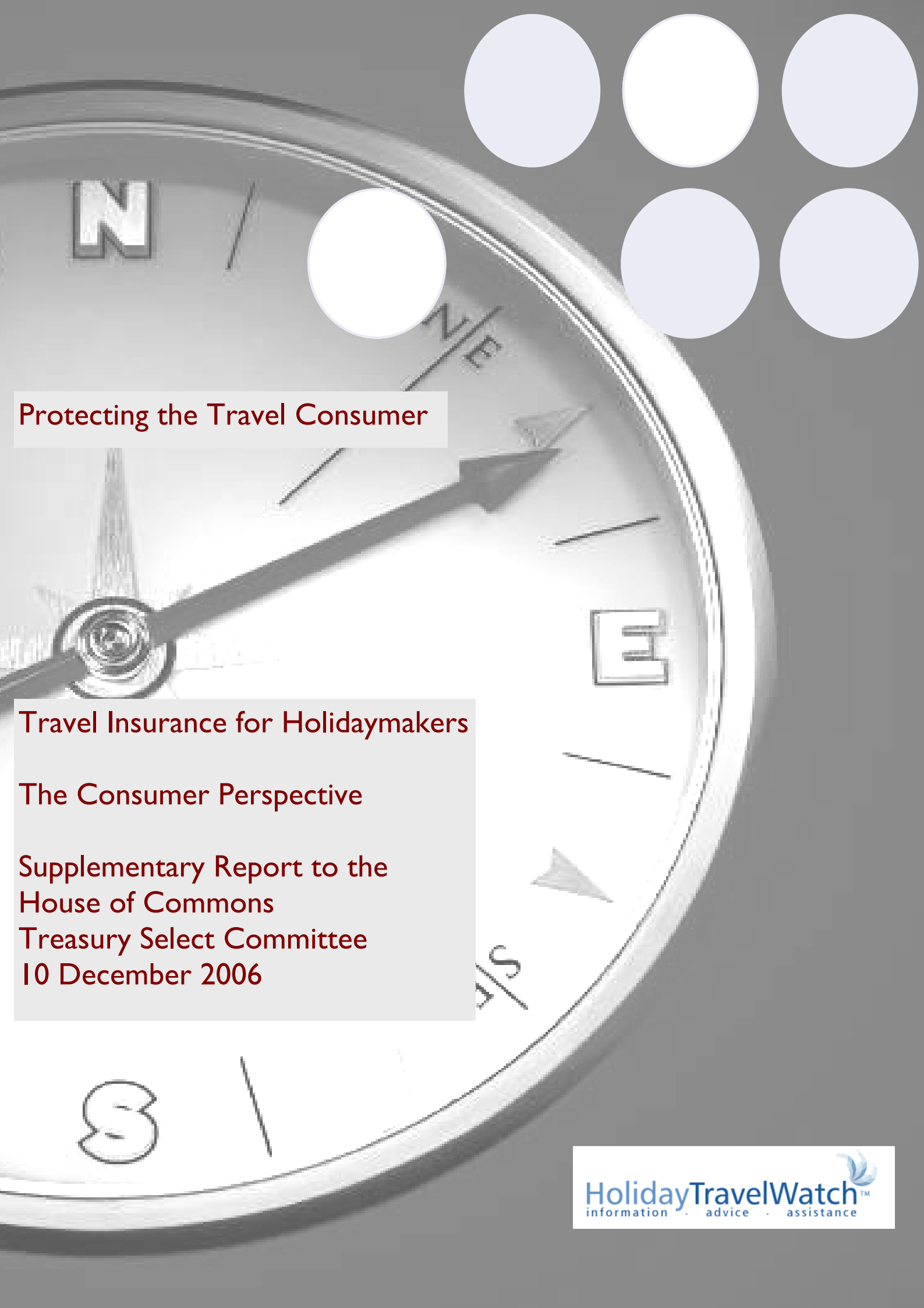

Protecting the Travel Consumer

Travel Insurance for Holidaymakers

The Consumer Perspective

Supplementary Report to the
House of Commons
Treasury Select Committee
10 December 2006

HolidayTravelWatch™
information · advice · assistance

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INTRODUCTION TO HOLIDAYTRAVELWATCH

Following the written and oral evidence supplied by this organisation to the, House of Commons Treasury Select Committee on Thursday 23 November 2006, the organisation has been invited to provide supplementary evidence dealing with any residual issues raised within that hearing.

HolidayTravelWatch (HTW) submits its opinions through this report, based upon the relevant consumer opinion, and its experience of The Package Travel, Package Holidays and Package Tours Regulations 1992 (PTR).

HolidayTravelWatch is British based consumers organisation founded in 1995. Through 11 years of operation, it has provided information, advice and assistance to over 130,000 holidaymakers, through its dedicated helpline and website. This should however, be put into context with the 65,000,000 individual trips taken by British Citizens in 2005[1]. It suggests that HTW only receives a small proportion of all complaints, however, these holiday complaints tend to reflect the more serious element of contractual, illness and injury difficulties faced by the consumer.

The Organisation currently provides information and advice, facilitating some 43.5% of all travel consumers who contact HTW, to find a resolution to their travel complaint. The remaining complainants are then given the opportunity to progress toward litigation, through travel law specialists. It is estimated that approximately 65,000 holidaymakers have received such legal assistance, and have achieved in excess of £15,000,000 in compensation for their holiday complaints, holiday illness and injuries. This report will analyse the sales of travel insurance products, and where appropriate, reference will be made to relevant legal provisions. The report will also cite the relevant experience of this organisation and the travel consumer, in support of its conclusions.

[1] Lord Treisman – FCO Reception March 2006

ORAL EVIDENCE:

During the course of oral evidence given by Frank Brehany, a statement was made (found at question 4), identifying Thomas Cook as the tour operator supplying travel insurance, whereby those aged under 15 years suffering from a permanent physical injury, would not be entitled to receive an injury payout. The tour operator identified was incorrect; the correct vendor of the travel insurance was in fact Easyjet. This information had already been confirmed in the report submitted to the Select Committee by HolidayTravelWatch, at pages 13 and 14.

Apologies have been provided to the Select Committee, and are also extended to Thomas Cook, for what will be recognized by all as a genuine error. No disrespect was intended to any party. The remainder of the Select Committee transcript has been checked, and so far as HTW is concerned, no further issues arise therein.

The error does however highlight an important issue. As the travel consumer, and in particular, families, decide to take a greater responsibility for making their own travel arrangements, the failure to recognize, or indeed to be warned of the limitations in such a policy, could have catastrophic results for such a family.

It is the intention of this supplementary report, to highlight the range and limitations of various travel insurance products, upon the travel consumer and on the family highlighted in the evidence of Frank Brehany.

STANDARD CONTRACTS FOR TRAVEL INSURANCE

During the course of his evidence, Frank Brehany highlighted the range and scope of documentation supplied to holidaymakers. He suggested that it may be appropriate to introduce a uniform contract or standard wording for the travel insurance product.

In reviewing the report from HTW, and the evidence of Frank Brehany, it seems logical therefore, that if holidaymakers are to avoid confusion or lack of understanding, in so far as the purchase of travel insurance is concerned, then the promotion of a standard worded document would seem to be a fair proposal.

In the course of his evidence, David Monks from the Association of British Travel agents (ABTA) considered this proposal to be "somewhat bizarre" (question 65).

HTW considered that its proposal to promote a standard form contract is in fact in line with many issues that we take for granted. For example, when we purchase a house in the United Kingdom, a standard form contract is utilised by both the vendor and purchaser of the property. This standard form of contract provides certainty for both parties, and provides for a uniform method of handling the transaction by either the conveyancer or solicitor.

It can also be seen that a standard form of information is required where a consumer is involved in the purchase of a product through distance selling. The Consumer Protection (Distance Selling) Regulation SI 2000/2334 implemented the Directive dealing with Internet sales. There are a number of exemptions concerning Internet sales, but it is clear that Regulation 7 provides for a standard form of contract, which provides important consumer information as to the type of goods that they are purchasing, the means and method of delivery, issues of payment, and matters concerning their consumer rights. In fact the regulations go further, in that they state the following:

"The supplier shall ensure that the information required by paragraph (1) is provided in a

clear and comprehensible manner appropriate to the means of distance communication used, with due regard in particular to the principles of good faith in commercial transactions and the principles governing the protection of those who are unable to give their consent…"[2]

Another example of a standard contract can be found in the model provided by the Association of British Travel Agents. They suggest that travel agents and tour operators can utilise their own model booking conditions, as a means of creating a contract with a holidaymaker wishing to purchase a package holiday. In fact, most tour operators have employed those very model conditions suggested by ABTA, and in fact the travel industry closely monitors each other's conditions, adapting their own to meet with their competition[3].

We ask the question; what is "bizarre" about the suggestion of a standard form contract?

It is clear that there are now many walks of life that seek standardisation, and it was our oral presentation that presented the move is towards greater harmonisation of practices and laws.

There are those in industry or business commentators that suggest that anything that impedes the flow of contractual relations is somehow uncompetitive. Can this really be true? Are those involved in the sales/purchase of property, or those involved in Internet sales, or for that matter those involved in the sales of package holidays to holidaymakers, experiencing a reduction in their ability to trade simply because of a standard form contract?

In the oral presentations to the Select Committee, ABTA rejected the view that travel insurance contracts should be somehow standardised, implying that it would make the travel insurance product less attractive to the consumer, is this not somewhat at odds with the general practice. We would certainly encourage both

[2] The Sale of Goods 11th Edition – Atiyah, Adams & McQueen – Pgs 58 & 59
[3] Holiday Law 3rd Edition – Grant & Mason – Appendix Three, Pgs 578 to 593

the Select Committee and the Treasury Department to consider the standardisation of travel insurance contracts, as an appropriate and relatively inexpensive means or method to assist at the travel consumer to understand, what is after all, a complex product.

NATURAL OR MAN MADE DISASTERS

This organisation has written openly and extensively on the issue of "force majeure" situations, experienced by growing number of holidaymakers.

In our view, there is a difference between what we call a genuine "force majeure" situation, and a "force majeure" situation "with notice". The example of a true "force majeure" situation would be the unexpected arrival of a Tsunami or Tornado. The example of a force majeure situation "with notice", would be the arrival of a hurricane tracked by satellite, or a series of reasonably expected terrorist attacks in an area with heightened tension and activity.

We remain concerned that tour operators or travel companies provide holiday contracts, or travel arrangements to what we describe as "at risk" destinations.

For holidaymakers who are either trapped or are introduced into such a risk area, their first port of call is not for the terms and conditions of their travel insurance, but rather the assistance of their travel provider. We consider that in the context of the present debate, it is necessary to illustrate the position of the travel consumer, both from a consumer protection standpoint and from the position of travel insurance.

The effect of the 2004 Tsunami and the Bali bombings brought great criticism upon the Government, in what was seen as their failure to provide assistance to Britons abroad. As a result of this criticism, the Foreign & Commonwealth Office revamped and extended its Consular Assistance service for British holidaymakers or travellers.

It is important to highlight this fact, as we consider that it directly relates to issue on the holidaymaker's ability to keep themselves safe, and perhaps how industry are benefiting from a contractual 'loophole'.

It can be seen from the earlier report from HTW, the growing threat to the traditional package holiday, following the recent decision in the Court of Appeal

against the Civil Aviation Authority.

We have already seen tour companies downsizing their support staff in holiday resorts since the 2005 holiday season. In their place they have provided either contact numbers or helplines, based in the United Kingdom. It is not appropriate to widen the discussion on these issues within the confines of this report, but it is clear that the ever-increasing demand for Consular Services, demonstrates the real need for assistance, particularly where a situation arises which poses a real threat to life and property. We suggest that the increased assistance provided by the Foreign & Commonwealth Office, is leading the British Taxpayer toward becoming the guarantor for British holidaymakers, who find themselves exposed to an extreme event. Is this a failure of consumer regulation or a failure of insurance?

It is the experience of HolidayTravelWatch, that holidaymakers finding themselves in this situation, very rarely find true assistance from their tour companies, many are not repatriated back to the United Kingdom in the aftermath of an extreme event. They are often 'required' to complete their holidays in extreme conditions; some holidaymakers find that they are flown into at an 'at risk' area, with tour companies often hiding behind their own 'force majeure' clauses.

The 'force majeure' argument imposed upon holidaymakers, provides a further burden on the holidaymaker; the burden of responsibility.

To understand that burden we consider that it is necessary to re-produce a section of our earlier report, commenting on the future development of the Package Travel Regulations.

By doing so, we can demonstrate clearly how a holidaymaker is exposed to a lack of protection and assistance when faced with a so called 'force majeure' event. To begin this examination, we summarise the three principal protections under the Package Travel Regulations:

Regulation 12 – Significant Alterations to Essential Terms

Regulation 13 – Withdrawal by a Consumer

Regulation 14 – Significant Proportion of Services not Provided

We have grouped these Regulations together, as they have revealed an area of difficulty experienced by many holidaymakers.

The two main areas of difficulty concern the change to holidays on arrival at the destination or where holidaymakers have been exposed to natural or man made disasters.

A holidaymaker and his family arrived in Mexico on 13 July 2005 just ahead of Hurricane Emily. The first time they were informed of the hurricane's imminent approach was at the welcome meeting, hosted by the tour operator's representative on 14 July 2005. Despite questions posed by the holidaymakers, the representative did not have information and persisted with the sale of excursions. This holidaymaker noted however the preparations being made by the hotel, and persisted with questions to the representative. He was eventually informed that they would be evacuated to a refuge centre and to "chill out" and take photographs of the beach! He was then later advised that representatives from the Federation of Tour Operators (FTO) would be on hand to assist them through the hurricane period, and that they would be allowed one fax back to the UK. The day before the hurricane arrived, a large number of guests arrived on a flight from Scotland. At this stage there were neither representatives available nor any representation from the FTO. They were placed into barricaded blocks, six to a room. The holidaymakers became concerned when they heard through CNN that there was serious flooding some 6 miles inland. When the hurricane arrived, they were told by hotel staff to huddle into bathrooms for safety. They experienced flooding and damage to the block they had been placed into, and following the hurricane, they discovered that there was much devastation, no power and only very limited food and milk. As there was still no representation available to assist them, the holidaymakers set about a task of organising themselves within their flooded and damaged accommodation.

This holidaymaker and his family endured several days thereafter of false starts and moves to different hotels before finally being evacuated back to the UK. In his letter to the tour operator he stated, "It is my belief you had ample opportunity to plan for this event and as opposed to flying out 360 people on the Saturday, you should have flown out extra staff"[4]

'It is my belief you had ample opportunity to plan for this event and as opposed to flying out 360 people on the Saturday, you should have flown out extra staff'

Another family were caught up in Hurricane Wilma. On the second day of their holiday they were informed by the representative that the holiday resort was to be hit by a hurricane. For 60 hours they were confined to their bedrooms with only 2 bottles of water between them. When the hurricane passed, they too experienced devastation, no power, no running water, flooded rooms, food rationing and large number of people all looking for assistance. In his letter to the tour operator, he stated, "but what I feel

'but what I feel could have been prevented by you, by not evacuating us earlier and putting my family and myself through the most terrifying ordeal was quite shameless and totally irresponsible'

[4] HTW - 3369

could have been prevented by you, by not evacuating us earlier and putting my family and myself through the most terrifying ordeal was quite shameless and totally irresponsible".[5]

On the days the bombs were detonated in Sharm El Sheik in 2005, one family were busy preparing for departure the next day. Having seen the news reports they contacted the tour operator, aware that their hotel was in the vicinity of the blast. The tour operator advised them that there were no problems within the resort, and that they would be able to take their holiday as normal. They were advised that the danger from bombs had now passed, and the terrorists would be unlikely to return. The news reports provided grim viewing, and the family persisted with their questions with the tour operator. Still the same response from the tour operator, and when the family suggested a change in resort, they were advised that there were no holidays available and any cancellation would attract a total loss of the holiday cost. The next day the family continued to try and reason with the tour operator all to no avail. At the UK airport, the tour operator maintained their position, the resort was safe, and cancellation would mean the loss of the holiday cost. The family were so upset and frightened, half decided to go, and the other half remained behind and lost their holiday. When the family arrived at the hotel they found that many windows were blown out, utilities were not working correctly, they experienced a heightened security situation in all this was not the holiday they booked. The family then became ill and frightened, and demanded that they be returned to the UK, this was eventually achieved several days later. The family sought medical assistance when they returned to the UK and discovered that they were ill with a notifiable disease called Giardia. They unwittingly passed this disease onto the family members who had decided not to take the holiday.[6]

One holidaymaker and his family went to Mexico in October 2005 and were caught up in Hurricane Wilma. They only experienced the first day of their holiday without interruption; the rest of the holiday was either taken up with sheltering from the

[5] HTW - 3599
[6] HTW - Sharm

hurricane for 62 hours or enduring the aftermath which included wet beds, no power, no assistance and a journey home that took 26 hours. When they wrote complaining to the tour operator, they were offered £346 pp in compensation for a holiday that cost £865 pp[7].

These examples are not new. One client and her family were flown into the aftermath of Hurricane Georges in Cuba. They were not given the option to cancel their holiday, despite the fact that it was clear that the hurricane was advancing toward their resort. They travelled to the resort assured that everything was in order; once there they experienced the full force of the hurricane, they suffered illnesses and robbery was committed against them and other holidaymakers.[8]

The experiences of those caught up with Hurricane Ivan, witnessed holidaymakers pleading with tour operators to watch the reports on CNN and the FCO about the approaching Hurricane before they departed. The tour operator advised that there would be no problem with the hurricane on their holiday. They were flown into the resort, which had already become affected by the preceding bad weather. For several hours, the holidaymaker's only shelter was an open sided covered bus stop outside the terminal building. When they were 'rescued', they were shipped to different hotels and suffered lack of power and basic facilities. On their return home, many of their complaints fell on deaf ears; many did not achieve any form of compensation.

It was claimed by the tour operator in many of these cases that it was an 'Act of God' that had affected the holiday. They claimed that they had they placed warnings in their brochures to advise potential holidaymakers of strong weather conditions. In an examination of many brochures offering holidays to these destinations, it can be seen that weather warnings are placed in their brochures. The question however, is why they are not placed within a contractual document with more prominence and emphasis?

[7] HTW - 3504
[8] HTW - 113

We would submit that many of these severe climatic events are not random unpredictable "Acts of God" they are in fact "Acts of God – With Notice"[9].

The "Act of God" argument is used to highlight that unpredictable events cannot be foreseen or planned for, therefore no rights accrue. The advances in predictive technology however, throw light into the shadow where tour operators currently hide. This is the area where they maintain nothing can be assessed or predicted – this is an excuse for failing to provide a proper response to an implied and obvious duty of care in Holiday Contracts.

In recognition of the failure of these Consumer Protections, it seems the holidaymaker must look elsewhere for his protection.

Following the Court of Appeal decision, there is now pressure on a holidaymaker to not only agree to a £1 levy to protect themselves against an insolvent holiday company, but it is widely suggested that the holidaymaker seeks a much wider protection against all events through the purchase of insurance. Is such protection possible through insurance?

There is now a growing recognition amongst holidaymakers that the so-called cheap holiday, is in fact bolstered by additional charges and liabilities following their exposure to an extreme event.

Even with the benefit of travel insurance, how protected is the average holidaymaker if they become stranded, suffer damage, made ill, or injured as a result of that extreme event?

The answer can be found in an examination of the policies found and described in the first report of HTW to the Select Committee.

To illustrate the issue, let us assume that our holidaymaker has suffered a double calamity, in that he has been exposed to terrorist incidents which have caused

[9] HTW – Press Release - 2005

damage to his personal property, and he has been further exposed to injury.

Now let us examine the table below to see what "benefits" he would receive from various policies:

Name of Insurance Company/Tour Operator	Potential Property Damage Benefit	Potential Injury Benefit	General Exclusions and Exclusions for Force Majeure Event
Thomas Cook/AXA Insurance Plc[10]	Up to £1,600, Valuables limit £400 in all, single article limit £325, delayed luggage up to £250, Passport up to £500	Death £15,000, Permanent disablement £30,000, Under 16 – death £2000 Medical Expenses of up to £10,000,000, Funeral Expenses abroad £2,500, Continuation of Treatment £250	Pregnancy within 8 weeks from the start or the end of the trip. Losses will not be paid for Medical Expenses and Personal Accident where there is - War, invasion, acts of terrorism, foreign enemies, hostilities or warlike operations, civil war, rebellion, revolution… civil commotion assuming the proportions or amounting to an uprising… any persons or group of persons… committed for political religious, ideological or similar purposes including the intention to influence any government and/or to put the public… in fear. Such expenses will be paid where there is a nuclear, chemical or biological attack or where disturbances are already taking place at the beginning of a trip. Legal expenses… cannot be used where there are no reasonable prospects for success… claims against a carrier or the travel or

[10] Thomas Cook – Travel Insurance 6th Edition

			holiday agent or tour operator.
Ryanair[11]	Personal Effects, Baggage, Travel Documents, Delayed Baggage up to £1000. Single item £250, Valuables £250, Travel documents £250, Delayed baggage £150	Personal Accident Max £15,000, Loss of Limbs/sight under 70 £15,000, Permanent total disablement £15,000, Death benefit (18-70) £5,000, Death benefit (under 18) £2,500, All benefits over 71 £2,500 Medical Treatment up to £5,000,000	Within the Ryanair policy there is a very extensive exclusion for terrorist acts. Much of the wording is similar to the Thomas Cook Policy; however, it excludes damage to property caused by ionising radiation. No claims will be paid for injury as a result of this extensive clause. It is also clear that medical treatment would become payable under the European Health Insurance Card, not the policy of insurance. Legal expense insurance is not available for claims against Ryanair, the insurer or for use in group actions.
Easyjet[12]	**Personal possessions (optional)** **You are covered for up to £1,750** if your personal possessions are damaged lost or stolen on your journey. **£200** is the most you can claim for a single article. **£300** is the total amount that you can claim for all your valuables. A deduction may be made for wear, tear and loss of value.	**"Medical emergency, repatriation & associated expenses** **We will pay up to £10 million** if you are taken into hospital or you need to come home early or extend your journey because of illness or accident" **Personal accident** We will pay **up to £15,000** if, following an accident, your injuries	**Cover is not provided for Medical Expenses:** - Medical conditions that you knew about before travelling, unless you told us about the medical condition and we offered cover for it - Travelling on a motorcycle over 125cc unless the rider has a valid driving licence - Pregnancy or birth where the due date is less than 8 weeks after your return - Medical expenses in the UK **Cover is not provided for Personal Possessions:** - Any claim not supported by a police report - Any items left unattended unless they are locked in your accommodation or the luggage compartment of a motor vehicle - Anything which you cannot provide

[11] Ryanair – Travel Insurance (10.12.06)
[12] Easyjet Insurance – 10.12.06

lead to death or permanent disability. An accident must be caused by something external and visible.

a receipt or proof of ownership for
- Valuables carried in suitcases or left in a motor vehicle
- Damaged items if you do not keep the items for repair or inspection

Cover is not provided for Personal Accident:
- Anything caused by an illness
- Suicide
- Any more than **£1,000** for death if you are 15 and under or 71 and over at the time of the accident
- Any claim for permanent physical disability if you are 15 and under or 71 and over at the time of the accident

Cover is not provided for Legal Expenses:
- Defending you if legal action is taken against you
- Any costs not agreed by us
- Any claim against a travel agent, tour operator or carrier, or us
- Any claim not notified to us within 90 days

We will not cover **you** for any claim arising from, or consisting of, the following:
1 A relevant fact that **you** knew about before **you** travelled, unless **we** agreed to it in writing.
2 War, invasion, act of foreign enemy, hostilities (whether war is declared or not) civil war, civil commotion, rebellion, revolution, insurrection, military force, coup d'etat, terrorism, weapons of mass destruction.
3 Any epidemic or pandemic.
4 You not following any suggestions or recommendations made by any government or other official authority including the Foreign and Commonwealth Office during the **period of insurance**.
5 Your property being held, taken, destroyed or damaged under the order of any government or customs officials.

			6 Ionising radiation or radioactive contamination from nuclear fuel or nuclear waste or any risk from nuclear equipment.
Insureandgo.com[13]	Baggage delay £50 for every 24 hours Personal money Cash limit £200 Cash limit (aged under 18) £50 Passport and travel documents £100	Medical and other expenses £5,000,000 Personal accident: Loss of limbs or sight (aged under 66) £20,000 Permanent total disablement (aged under 66) £20,000 Death benefit (aged 18 to 65) £5,000 Death benefit (aged under 18) £2,500 All benefits (aged 66 and over) £2,500	**We will not cover the following.** Any claim arising out of war, civil war, invasion, revolution or any similar event. Loss or damage directly or indirectly caused by any government, public or local authority legally taking or damaging your property. Any claim arising from civil riots or strikes or industrial action of any kind (except for strikes or industrial action which were not public knowledge when you booked your trip). Loss of or damage to any property, or any loss, expense or liability arising from: a ionising radiation or contamination by radioactivity from any nuclear fuel or from any nuclear waste from burning nuclear fuel; or b the radioactive, toxic, explosive or other dangerous properties of any explosive nuclear equipment or any part of it. Legal expense cover will not be provided for claims against the insurance company, their agents or representatives, tour operator, provider of accommodation, carrier or any person that you have travelled with or arranged to travel with.

In conclusion, the holidaymaker is stripped of any real protection. The failure of Consumer Protections, and the rush to push further responsibility upon the holidaymaker surely requires a balance in the insurance contract, or at the very least, a clear notification to the intending purchaser of how limiting the travel insurance policy is?

[13] Insureandgo.com Travel Insurance – 10.12.06

The selling of policies with expertly worded exclusions will prevent the travel consumer from a just recovery. We consider that without a simplified contract, promoting open disclosure, leads to the conclusion that the 'force majeure' distinctions lends itself toward the accusation of misselling. After all, what benefit would our imaginary holidaymaker receive under any of these policies? Consumer protection policies are failing him, insurance policies are failing him, is it right that multi-million pound industries should continue to enjoy this monopoly at the expense of the consumer, government or taxpayers?

A FAMILY FAILED

During the course of our oral evidence to the Select Committee, we cited the recent example of a holiday experience of one client in Turkey.

For that family, their holiday sadly ended in disaster. Their son became seriously injured whilst using an ill-supervised hotel swimming pool. Their son suffered a head injury, and was treated at a local hospital. Upon their return to the United Kingdom, he underwent further treatment at hospital, and has been found to have suffered permanent brain injury[14].

This and other similar tragic events, often leads holidaymakers to seek ways in which they can investigate the event that led to serious injury/illness, and when that enquiry leads to a frustrating conclusion, they will then try to promote their complaint through legal action.

When lawyers are faced with that initial complaint, they are required to make extensive investigations as to insurance cover to help pay for legal bills, before they can make an offer to pursue a claim under a 'no win no fee' arrangement.

If we refer to the previous section, we can see through the 4 insurance summaries, that each prevent the 'insured' from promoting their claim against the tour company or the carrier, in one case, Ryanair, you are prevented from using the policy in a group action scenario.

Instantly, our family are disadvantaged from pursuing a legal claim, with the benefit of legal insurance to pay their legal bills. This is important if the lawyer believes that he could not share the risk on funding a claim – it effectively means that unless they are willing to pay for their legal bills, their choice on legal representation is limited. This is not an unusual concern; it is well known that many claims in Turkey can take many years to resolve, and whilst our family could potentially bring a claim against their tour operator under the Package Travel Regulations, they would be faced with the

[14] HTW - LG

prospect of high legal bills to pursue their claim.

It raises the very serious question; why sell an important benefit if so few people can take advantage of it? Is this not misselling? Do the exclusions, presumably written and agreed between the insurer and the tour operator/carrier suggest collusion; does this not suggest an industry wide agreement, a cartel? Even if the benefit were available, many companies will not allow solicitors outside their own 'back office' to handle the claim, what does that say about the state of freedom to choose your solicitor?

In our enquiry, we were alarmed to discover the limitation on young and old to recover a sufficient or reasonable payout for serious or permanent injury. Most serious payouts are limited up to £20,000. In the Easyjet summary above, we can see that payout is excluded for permanent physical injury for those of 15 years or under or over 71 years, why?

If our family had purchased the Easyjet policy, not only would they have been prevented from obtaining a payout for their son (who is under 15), money which could be used for paying expenses, nursing or respite care, but they would have been prevented from using the legal expenses insurance against the tour operator.

We ask the question again, is this responsible selling? If this family hold a similar policy, did their travel agent make sufficient enquiries of their needs before any policy was sold? Did the policy they purchased provide sufficient information; was it easily readable or understandable to prompt them to consider any limitations of benefit?

It was stated by ABTA that the Code of Conduct was a robust product, ensuring a high professional standard from their members. Consider this. We receive many complaints from holidaymakers about the lack of response from their tour companies. The ABTA Code of Conduct requires that its members respond within a certain timeframe. Sadly many do not. If the Code is not able to guarantee or enforce a simple acknowledgement, or response to a travel complaint, what then is

the real position of the operation of Rule 1.7? The truth in this family's case, whatever policy they bought, they are very likely to experience a failure of that policy, in one aspect or another. How many times will that failure be repeated in all travel policies sold?

CONCLUSION

In closing, we would ask the Select Committee and the Treasury Department to consider the documentary and oral evidence of this organisation. We call for urgent consideration is given to the sale of travel insurance policies; in particular we ask that:

1. Insurance Contracts are produced in an industry wide standard format, with clear explanations of the benefits, alongside clear explanations of exclusions;

2. An urgent enquiry be carried out into the operation of the ABTA Code of Conduct insofar as the sales of travel insurance products are concerned;

3. Consideration be given to incorporating the sales of all travel insurance products to regulatory control;

4. An urgent enquiry is carried out into the misselling of the travel insurance product insofar as it relates to the legal expense insurance element. We consider that such an enquiry should be implemented by the Office of Fair Trading.

Our concern is not only grounded in experience, but it is also now within the real potential for de-packaging or de-regulation in the package travel industry, that raises most concern. We refer to the small and as yet isolated clause within the insureandgo product. We have demonstrated that this prevents the travel consumer from using the legal expense portion of the product, against 'providers of accommodation'.

How many other companies will now follow suit? Will the agents or tour operators comply with their obligations under the ABTA Code of Conduct? How will the consumer be able to see beyond the simple document detailing the 'benefits'?

This is the beginning of deconstruction; a deconstruction we suggest which will lead to a greater detriment to the ordinary travelling consumer, and in some cases the British taxpayer.

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10 December 2006