



# COVID-19 Tests The Limits Of Certain Travel Insurance Policies

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**C**COVID-19 has put certain insurance plans under a microscope uncovering contractual pathogens likely to result in unpleasant side effects. In March, the media efficiently spread the news about the systemic recall of benefits by certain insurers if policyholders did not return within a specified timeframe. Whether they were genuinely concerned about their insured's well-being or just their bottom line, their ultimatum contributed to a mass travel exodus which may have resulted in more contamination or at least higher exposure to COVID-19. Readers may wonder what contractual clause was invoked to threaten the sudden removal of all coverage by a set date? Will policyholders be covered in the future if countries reopen their borders while travel advisories are still in place? What is the safest wording to seek out in policies regarding advisories?

On March 18th, 2020, Clare O'Hara of the Globe and Mail reported how:

*"Retired Teachers of Ontario (RTO) alerted their members... that emergency medical coverage provided by their association would be expiring at 11:59 pm on March 23. The policy change was triggered by a March 13 travel advisory to avoid non-essential travel outside Canada".<sup>1</sup>*

Underwritten by Royal Sun Alliance, RTO's policy would only extend for 10 days from March 13th to March 23rd, unless their policyholders had exceptional circumstances preventing their return, such as "doctor-directed quarantine" or "travel restrictions and/or government directives" at their location. In effect, this insurer was voiding the policy and removing all benefits effective March 23rd or soon thereafter. On March 14th 2020, RTO policyholders preferring to stay were clearly reminded of the contract's restrictions in RTO's "Pandemic Preparedness"<sup>2</sup> Q&A email:

**Q.** I have return travel booked after March 23. Am

I covered if I wait and return to Canada as I originally planned?

**A.** The Canadian government is advising all Canadians to return while they can, as more restrictions on international travel are expected in the days ahead. With the formal advisory issued on March 13, you are covered until March 23rd or until you can reasonably and safely return to Canada. Be aware that international travel will be severely impacted in the coming days and we strongly urge you to make arrangements as quickly as possible."

**Q.** If I decide not to return to Canada, am I covered for medical issues not related to COVID-19?

**A.** Our travel insurance coverage stipulates that once the government issues a travel advisory to avoid non-essential travel, you are only covered for the period required to reasonably and safely return to Canada. Unless you are in a country that is currently in "lockdown" (restricting public movement and/or travel), your coverage would not extend beyond March 23 or the earliest date you can reasonably and safely return. The Canadian government is advising Canadians to return home."

This approach may have had various consequences, namely:

- Potential increased exposure to COVID-19 as travellers flocked back within the same timeframe.
- Added cost for hotels, earlier flights and missed connections fees, etc.
- Heightened stress.

Any members who may have preferred to stay the full length of their trip or avoid being caught in the mass exodus were being faced with the difficult choice of complying with the ultimatum or self-insuring for the rest

of their trip as their benefits would end by March 23rd. Acquiring other insurance is typically almost impossible while outside of Canada especially during a pandemic.

So, what was the basis for such a blanket denial of coverage even for conditions unrelated to COVID?

The answer can be found in RTO's Insurance Plan booklet on page 60, Point 24, under Section 8 "General Exclusions"<sup>3</sup>:

"This insurance will not pay any expenses relating to or in any way associated with... Any sickness, injury, or medical condition you suffer or contract, or any loss you incur in a specific country, region or area for which the Government of Canada has issued a travel advisory or formal notice before your departure date, advising travellers to avoid non-essential travel or to avoid all travel to that specific country, region or area. If the travel advisory or formal notice is issued after your departure date, your coverage under this certificate in that specific country, region or area will be limited to a period of 10 days from the date the travel advisory or formal notice was issued, or to a period that is reasonably necessary for you to safely evacuate the country, region or area".

The policy wording clearly states that coverage is voided 10 days after the travel advisory is issued, or soon thereafter. For policyholders who left before its issuance this is quite harsh and seems fundamentally contradictory to the purpose of insurance. After all, if travellers could see the future and avoid travelling when there is an upcoming risk, none of them would need travel insurance!

So, what about future travel? Again, the policy wording is unambiguous, it reads:

"...will not pay any expenses relating to or in any way associated with... Any sickness, injury, or medical condition you suffer or contract, or any loss you incur in a specific country, region or area for which the Government of Canada has issued a travel advisory or formal notice before your departure date, advising travellers to avoid non-essential travel or to avoid all travel to that specific country, region or area."<sup>4</sup>

In a nutshell, as long as advisories are in place, RTO members will have no coverage even if countries reopen their borders because the Government of Canada has issued a worldwide advisory. Thus, RTO policyholders will be faced with two choices:

- remain Canada-bound.
- purchase private insurance with a more compassionate definition.

Interestingly, Alberta's Retired Teachers Association's plan (ARTA) underwritten by CUMIS has an important variation to their advisory exclusion definition page seven, Point 3, as follows:

"This policy does not cover loss (fatal or nonfatal) or expenses caused by or resulting from: ... Injury, Sickness or Disease suffered from or contracted in a specific country, region or area for which the Government of Canada has issued a travel advisory or formal notice, before the Day of Departure advising Canadians not to travel to such specific country region or area. If the travel advisory is issued after the Day of Departure, coverage for a Medical Emergency that is attributable to the reason for which the travel advisory or formal notice was issued is limited to a period of ten (10) days from the date the advisory was issued, or the period reasonably necessary to evacuate the country, region or area."<sup>5</sup>

Like RTO, travel to countries AFTER an advisory is issued means that there is NO coverage whatsoever. Unlike RTO however, there is not any 10 day ultimatum to return to Canada for those who left BEFORE the advisory. This means that policyholders who leave BEFORE an advisory are covered for the remainder of their trip if they choose to stay, but the advisory-related condition is only covered for 10 days as per the policy wording which states "Medical Emergency that is attributable to the reason for which the travel advisory ...was issued".

ARTA's wording is better than RTO but let's compare both Associations' definitions with TuGo's by looking into the TuGo contract's exclusions on page 13. Point 15, which reads:

"... the company will not be liable to provide coverage or services, or to pay claims for expenses incurred directly or indirectly as a result of... Emergency sickness or injury incurred if you choose to travel to a destination after a formal written travel advisory and/or travel warning has been issued by Global Affairs Canada or Public Health Agency of Canada (PHAC) recommending that you avoid all or non-essential travel to that destination during your trip . This exclusion applies if the advisory/warning is issued before the date you leave for your trip and the expenses are directly or indirectly caused by the reason for the travel advisory/warning"<sup>6</sup>

There are two significant and advantageous differences in TuGo's advisory exclusion wording:

1. Policyholders who left BEFORE the advisory remain fully covered up to their originally planned return date, as the policy does not contain a 10-

day return ultimatum. In this case even coverage for COVID was included.

2. The policyholders who left AFTER the advisory are covered for everything except for emergencies directly or indirectly linked to the advisory as opposed to ARTA or RTO's blanket denial of coverage for any and all emergency expenses in countries where advisories apply. Thus, with advisories still in effect, TuGo policyholders can count on their coverage and resume travel at any time to countries which reopen their borders with the understanding that they have an exclusion for COVID. It is also worth noting that existing TuGo clients deemed essential workers are still covered for COVID.

Policy wording is by no means easy to demystify, so let's look at some hypothetical examples to clarify exactly what all these restrictions mean in practice.

Professor Bob wants to travel to Mexico in August, but there is still a travel advisory in place advising Canadians against all travel. Bob decides to throw caution to the wind and travel despite the advisory. Unfortunately, while in Mexico Bob falls down some stairs and breaks his leg. Under both RTO's and ARTA's policy wording, Professor Bob would have no coverage whatsoever for ANY medical emergencies that may occur while he travels against an advisory whether they are related to COVID or not. This means that Bob would have to pay for treatment out of pocket. If, on the other hand, Professor Bob had a TuGo policy, then he would enjoy coverage for anything that is not related directly or indirectly to COVID, so in this case his broken leg would be covered in full.

Now let's look at Professor Michael. Professor Michael left for Portugal in January, before any advisories had been issued, and planned to stay until June. Things are going great until May, when Michael begins to develop a nasty cough and goes to the hospital. He is diagnosed with COVID and spends 3 weeks in the hospital until he is declared COVID free. With RTO, he would have been forced to make a decision to come home by Mar 23rd, or to stay in Portugal uninsured. Because he decided to stay, he no longer has any coverage with RTO and his claim would be denied. With ARTA, COVID is unfortunately no longer covered either, and his claim would be denied. However, if his claim had been anything other than COVID, it would likely have been covered. With TuGo, because he left before the advisory was issued, no such restrictions apply, and his claim would be paid in full.

Insurers' response when faced with a calamity like COVID-19 can either provide peace of mind for their

policyholders or increase their stress level. COVID-19 tested the limits of certain insurers' travel insurance plans revealing the contractual bugs lurking in their "Advisory General Exclusions". We witnessed how insurers like TuGo acted quickly and fairly to protect their patrons at the most vulnerable time by continuing full coverage including for COVID for policyholders already abroad and allowing them to maintain their return date. Conversely, insurers like RTO and ARTA's stricter contractual advisory exclusion may have impaired policyholders' ability to plan a more deliberate return or to pursue their vacation. Indeed, by suddenly restricting coverage to ten days or a period "that is reasonably necessary to safely evacuate.", travellers were herded into a mass exodus travel funnel, which hopefully will not have dire consequences on their health and lives.

Furthermore, it appears those policyholders are not covered as long as the advisories are in place even if countries reopen their borders. Therefore, it is important to carefully read the travel advisory exclusion in each plan you are considering. A preferred advisory exclusion will keep full coverage in place for the remainder of your trip if you left before the advisory. In addition, coverage should stay in force with an exclusion relating to the advisory for those travelling after its issuance.

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- 1 Globe and Mail, March 18th, 2020 - Clare O'Hara <https://www.theglobeandmail.com/business/article-canadians-stranded-abroad-may-lose-travel-insurance-as-some-providers/>
- 2 Excerpt from RTO "Pandemic Preparedness" [https://www.rto-ero.org/prepared?\\_cldee=bWFyY2lhd2FnZ0BiZWxsLm5ldA%3d%3d&recipientid=contact-2ac5b6ba0282e61180d900505681231b-d80f16cf0c2f4880834bbf9420fb7d49&esid=e1cb4326-ed66-ee11-8137-00505681231b](https://www.rto-ero.org/prepared?_cldee=bWFyY2lhd2FnZ0BiZWxsLm5ldA%3d%3d&recipientid=contact-2ac5b6ba0282e61180d900505681231b-d80f16cf0c2f4880834bbf9420fb7d49&esid=e1cb4326-ed66-ee11-8137-00505681231b)
- 3 RTO Insurance Plan booklet - <https://www.rto-ero.org/sites/default/files/Forms/Insurance/2020-Gr-Benefits-Booklets/RTO-InsurancePlansBooklet-2020-EN.pdf>
- 4 Ibid.
- 5 Alberta's Retired Teachers Association (ARTA) - [https://www.arta.net/wp-content/uploads/2015/01/ARTA-Group-Policy-Final-2016-11\\_rev.pdf](https://www.arta.net/wp-content/uploads/2015/01/ARTA-Group-Policy-Final-2016-11_rev.pdf)
- 6 TuGo Traveller Insurance booklet file:///C:/Users/ibeau/Documents/a%20c%20TUGO%20and%20OTHER%20INSURERS/Traveller/TRAVELLER%20Policy.pdf