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Vaughan Gething AS/MS
Minister for Health and Social Services

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Lee Waters AS/MS
Deputy Minister for Economy and Transport
Welsh Government
Tŷ Hywel
Cardiff Bay
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Dear Ministers

Thank you for your letters regarding the public health measures taken in Caerphilly County Borough and Rhondda Cynon Taf, and more recently in Merthyr Tydfil, Bridgend, Blaenau Gwent and Newport, and the consequent travel disruption facing residents.

The ABI recognises your request for the insurance industry to respond to the situation that residents in these affected areas find themselves in as a result of the requirements and restrictions put in place to tackle the spread of COVID-19.

I also noted that this matter was raised during First Minister's Questions in the Senedd last week, where the First Minister referred to this correspondence in his reply to Dr Hefin David MS, and the extension of restrictions to Rhondda Cynon Taf in response to the increased rate of cases there.

Our travel insurer members are committed to supporting their customers through this challenging and unprecedented global event, with members expecting to pay out a record £275 million in cancellation claims.

At the outset of this pandemic, our members agreed a series of customer pledges (available at <https://www.abi.org.uk/products-and-issues/topics-and-issues/coronavirus-hub/travel-insurance/>) designed to provide extra help and support to travel insurance customers. These include commitments to work with customers to signpost them to where compensation may be obtained for cancellations or an inability to travel abroad, and to help customers consider their options for transferring their travel insurance to cover a new destination should people wish to make alternative travel plans.

Customers unable to travel should first seek a refund from their airline, accommodation provider or tour operator. Following that, any bookings done through a credit card may also be able to have costs recovered through section 75 of the Consumer Credit Act or via a 'chargeback claim'. While the primary purpose of travel insurance is to cover medical costs when abroad, policies may cover non-refundable cancellation costs in specific circumstances.

Claims are most likely to be valid where there is cover for cancellation due to Government restrictions, while some cover may have other circumstances in which cancellation cover is provided, such as Foreign, Commonwealth & Development Office advice against travelling. This means that restrictions introduced by the Welsh Government that prohibit members of the public from going ahead with their travel plans may enable those with cancellation cover for Government restrictions to make a claim under their insurance, in the event that no other consumer protections apply. This approach would be consistent across both UK and Welsh Government restrictions. However, some may not be covered if their policy cover is contingent only on changes to FCDO travel advice. In that case people would be advised to contact their insurer to clarify whether their cover might apply and discuss their options. The ABI would be happy to look into any individual cases with members in this situation.

Whilst insurers cover all medical emergency treatment; to enable insurers to price cover accurately, it is not possible to offer cover for all other eventualities, and the specifics of cover must be set out in each individual insurance policy. It is therefore important to note that many policies sold *following* COVID-19 being declared a pandemic will contain specific exclusions for cancellation related to the pandemic. This is because insurance is designed to cover for unexpected circumstances, and, after COVID-19 was declared a pandemic, cancellation became a known risk when the policy was taken out. We encourage individuals to check their travel insurance policy for the scope of cover and contact their insurer if they are unsure.

Throughout the past six months the ABI has engaged with Welsh Ministers and their officials on a range of insurance issues related to COVID-19 and I wanted to stress we value this constructive dialogue with the Welsh Government.

The ABI recognises the public health regulations and restrictions which Welsh Ministers have put in place to tackle COVID-19 and we have kept our member companies informed of these, so they are aware of the fast-changing situation you are dealing with.

Thank you again for contacting me. I hope the information in this letter is useful, but if we can provide any further information or assistance, please do not hesitate to get in touch.

Best wishes



Huw Evans
Director General