



FINANCIAL REGULATOR
Rialtóir Airgeadais

PO BOX NO 9138

College Green

Dublin 2

T +353 1 224 4000

F +353 1 671 6561

28 August 2008

Re: Travel Insurance Claims for Loss or Damage to Personal Items

Dear «Greeting»

As part of our ongoing supervision of insurance companies, the Financial Regulator undertook a themed review covering travel insurance claims for loss or damage to personal items.

The purpose of this letter is to provide insurance companies with feedback in relation to our findings. We hope that it will assist you in developing and ensuring your own institution's compliance with the Consumer Protection Code. Accordingly, we would ask you to consider whether any of the issues set out below are relevant to your institution.

1. Requirement to produce receipts / proof of purchase when making a claim

Firms will be aware of Provision 14, Chapter 5 of the Consumer Protection Code, which states:

“A regulated entity must take reasonable steps to verify the validity of a claim before making a decision on its outcome.”

Firms will also be aware of Provision 1 of the General Principles of the Consumer Protection Code, which requires a regulated entity to ensure that in all its dealings with customers and within the context of its authorisation it:

“acts honestly, fairly and professionally in the best interests of its customers and the integrity of the market.”

While the Financial Regulator appreciates that firms have a duty to deter fraudulent claims, we consider it unreasonable for firms to expect claimants to provide receipts / proof of purchase for personal items that are lost or damaged in all cases, especially where items are of a low value or were not purchased immediately prior to the claim being made. Firms should make allowance for the fact that claimants may not always retain receipts / proof of purchase and in such circumstances firms should take a balanced and fair view when deciding whether or not to require claimants to produce receipts or other proof of purchase.

2. Policy Schedule/Terms and Conditions

Where firms state in their policy schedule / terms and conditions that receipts/ proof of purchase may be required when making a claim, firms should consider indicating the circumstances in which receipts or other forms of proof of purchase will be required, e.g. when the value of a claim is above a certain monetary amount or where there are suspicions of a fraudulent claim.

Firms should also ensure that any information that is provided to consumers reflects the firms' internal practices.

3. Provision of information to consumers at policy inception

It is noted that all firms provide their respective consumers with information about making a claim as part of either the policy schedule or terms and conditions documentation. Important information, such as how to make a claim, should be made prominent to help bring the information to the attention of the consumer.

Therefore, to supplement the current methods of communication, we would encourage all firms to give consideration to the development of a standalone information sheet that explains to consumers what they need to do in the event of incurring loss or damage to personal items.

Information that might be included in such a document is as follows:

- Information on the circumstances in which receipts / proof of purchase will be required and whether there are consequences in not providing receipts / proof of purchase
- Whether there is a requirement to report a loss or damage to the local police
- Whether there is a requirement for the claimant to inform the insurer of the loss or damage within a certain timeframe
- How to complete a loss or damage report and / or a claim application form.

The Financial Regulator would encourage all firms to explore ways in which the communication of the claims process to consumers can be improved.

We appreciate that not all of the issues raised in this letter will be applicable to your firm. Nonetheless, we hope that you find the information useful as you review your institution's compliance with the Consumer Protection Code.

Should you have any queries in relation to the contents of this letter then please contact me at (01) 410 4936 or joe.morley@financialregulator.ie

Yours sincerely

Joe Morley
Senior Regulator
Consumer Protection Codes