



Brexit – Travel Insurance Implications

As for many, the continuing issues arising from Brexit are causing many questions around organisation's logistical operations planned for and post 29th March 2019.

As Insurance and Risk Management advisors we are of course monitoring the on-going position with decisions around the Government's proposed Withdrawal Agreement.

Gallagher has a live and on-going Brexit Committee and we recently provided an update for our Education clients.

There has been a regular stream of questions around travel arrangements in and around the 29th March 2019. We would advise as follows.

No Deal Planning

In a 'No Deal' scenario it is highly probable that there will be disruption in and around major termini (airports/ports) between UK and EU27 countries potentially with knock-on effects on non-affected countries. As such we **strongly recommend** that where possible advanced travel is booked away from this time.

Much will rest on advices received from the Government on potential disruption as insurer's view is that this may constitute a 'material fact' upon which insureds would be expected to make judgements on whether trips should be booked or not.

In terms of the wording there are exclusions as follows:

The Company will not pay

in respect of any claim as a result of

- 1 Disinclination to travel
- 2 redundancy of the Insured Person or any of the Insured's Directors or Employees
- 3 the Insured's financial circumstances
- 4 the financial failure or omission or neglect of any provider (or their agent) of transport or accommodation
- 5 regulations made by any Government or public authority



- 6 withdrawal from service temporarily or permanently of any means of transport on the orders or recommendation of any Port Authority or the Civil Aviation Authority or any similar body in any country
- 7 strike or industrial action which existed or of which advance notice had been given on or before the date on which the journey was booked
- 8 mechanical breakdown or failure of the means of transport on which the Insured Person is travelling or intends to travel unless it has been delayed by at least 2 hours

As regards exclusion 5, which we feel is the obvious exclusion, insurers have confirmed that this was never included with a view to a situation such as Brexit, and it talks about regulations made by a Government or public authority. In the Brexit scenario it is a lack of regulations which theoretically could result in grounded planes.

It is ours and insurer's view that disruption costs would rest with carriers i.e. if an airline needed to apply for a licence, it would be required to refund or provide an alternative flight, and the business travel insurance should not be called upon as there would be no loss in terms of flight costs. Exclusion 4 may apply, but it will depend on the circumstances and each claim will be handled on its merits at the time of any actual circumstance. CAA rules on delays and cancellations will continue to apply post Brexit and can be found at the following website:

<https://www.caa.co.uk/Passengers/Resolving-Travel-Problems/Delays-and-cancellations/>

However, if at time of booking there was no warnings 'not to book due to possible grounding of aircraft', and accommodation, conference fees or other pre-booked non-refundable costs were incurred, then it is possible that the policy will respond, but again, any claim will be handled on its merits at the time of any actual circumstance.



Passport Validity

Currently we know that the FCO is advising the following on passport validity:

<https://www.gov.uk/guidance/passport-rules-for-travel-to-europe-after-brexit>

The rules for travel to most countries in Europe will change if the UK leaves the European Union (EU) with no deal. After 29 March 2019:

1. You should have 6 months left on your passport from your date of arrival. This applies to adult and child passports.
2. If you renewed a 10 year adult passport before it expired, extra months may have been added to your passport's expiry date. These extra months will not count.

The new rules will apply to passports issued by the UK, Gibraltar, Guernsey, the Isle of Man and Jersey.

Therefore anyone booking to travel to Europe as of now, with travel dates after 29 March is in full knowledge that their passport should match the above criteria, and there is a passport checking tool available online.

Online passport renewal is also in operation.

If anyone cancels or rearranges a trip due to their having an incorrect passport after 29 March 2019, no cover operates. This position is exactly the same as of now in a 'no-deal' Brexit scenario, i.e. someone does not check the FCO site and apply for the correct visa for example. This is not outside of the Insured's or the Insured Person's control, and policy cover is **not** triggered. The Operative Clause reads as below with the relevant sections highlighted regarding triggering of cover:

The Cover

If the Insured or the Insured Person is forced to

- A Cancel an Insured Journey
- B Curtail an Insured Journey
- C Replace an Insured Person on an Insured Journey
- D Rearrange to resume an Insured Journey
- E Change the itinerary of a pre booked Insured Journey

as a direct and necessary result of any cause outside the Insured's or the Insured Person's control the Company will indemnify the Insured for...





Summary

Therefore from the information currently in the public domain we are able to indicate that our policy will not respond where an Insured Person has not sought to ensure that they have an appropriate passport in place, which is the same as the current position now depending on where an Insured Person is travelling and the requirements of that destination country.

With regard to any other circumstances, we will only be able to provide a definitive response if we are in a situation where we are able to reply based on actual facts, but we may indicate a view as stated and any claim will be handled on its individual merits at the time of any actual circumstance, and travel advice as issued by the FCO at time of booking and at time of claim will be taken into consideration.

For further details please contact:

Philip Webster
Executive Director – Education
+44 (0)7717 802518
phil_webster@ajg.com

Sally Ewing
Education Client Director
+44 (0) 7796 616962
sally_ewing@ajg.com

Grant Thomas
Director
+44 (0)20 7 204 8583
+44 (0)7748 146463
Grant_thomas@ajg.com

20th December 2018



Insurance | Risk Management | Consulting