QUÉBEC TRAVEL INSURANCE

AUTORITÉ
DES MARCHÉS
FINANCIERS

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Autorité des marchés financiers

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial sector.

Its mission is to protect the public by enforcing laws and regulations that govern the following areas: insurance, securities, distribution of financial products and services, and deposit institutions (other than banks).

Purpose of this brochure

This brochure is intended to help you become more aware of the importance of travel insurance. It discusses how to purchase insurance, what it covers, and what its exclusions and limitations are. In addition, it explains what the *Régie de l'assurance maladie du Québec* (RAMQ, or Québec Health Insurance Plan) covers out-of-province and abroad.

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Stories about people who go abroad without travel insurance are often in the news. Sometimes fundraising campaigns are held to help pay their way home, or to defray medical or hospital expenses. A short trip to the beaches of Maine or the ski slopes of Vermont – even for just a few hours – could have serious financial consequences if an accident or sudden illness occurs.

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TRAVEL INSURANCE

Travel insurance protects you when you travel outside Québec. It covers unexpected emergency expenses like medical care in case of illness or accident, cancellation or interruption of a trip, baggage theft, and financial consequences following death.

It supplements the Québec Health Insurance Plan[1] and other insurance plans.

Comprehensive travel insurance contracts usually offer the following protection:

- Insurance for emergency healthcare expenses (sometimes called hospital and medical insurance)
- Trip cancellation and interruption insurance
- Accidental death and dismemberment insurance
- Baggage insurance

And many travel insurance contracts now offer travel assistance service.

1. See section 6 on the *Régie de l'assurance maladie du Québec*.

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WHERE TO PURCHASE TRAVEL INSURANCE

Group insurance

More and more employers are offering their employees group insurance. This insurance sometimes provides the coverage mentioned above. If you're offered such a plan, check what it covers as well as its limitations and exclusions.

Credit cards

Some credit cards include travel insurance. Such cards generally charge annual fees. Again, carefully check what's covered along with the limitations and exclusions. Also, note that coverage is usually contingent on paying for your trip with the credit card, so be sure to carefully read the documentation you received with your card.

Insurance representatives

Some insurance representatives offer travel insurance.

Travel agents

Travel agents may offer travel insurance. In accordance with the law, they must provide you with a guide that outlines the product and spells out its **exclusions**. This document must be given to you **before you purchase** travel insurance. If you want to know more, see our brochure *Distribution without a representative* on the AMF website.

DID YOU KNOW?

Are you "double insured"?
Avoid being "double insured," that is, paying twice for similar insurance coverage. You basically cannot be compensated beyond the losses incurred, other than in the case of death. First check your group insurance plan, then see what your credit card provides. If you have adequate coverage, you won't need separate travel insurance.

Application deadlines for travel insurance
If you need travel insurance, apply as far in advance of your trip as possible because application deadlines may apply. For instance, some insurers require travellers to apply for trip cancellation or interruption insurance within 48 hours of making reservations.

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TRAVEL INSURANCE COVERAGE

Emergency medical care insurance

Sometimes referred to as hospital and medical insurance, emergency medical care insurance covers expenses beyond those covered by the *Régie de l'assurance maladie du Québec* (RAMQ), and some services that the latter does not cover at all. These expenses must result from an accident or sudden illness. In such cases, hospital and medical services will be reimbursed.

Coverage differs from one insurer to another. Take the time to review the coverage you're offered, and make comparisons to be sure you purchase the best deal. This is the most important component of travel insurance, since health care outside Québec can often cost much more than at home.

WARNING

Some credit cards do not offer emergency medical care insurance, or they offer it upon payment of an extra premium. Check carefully whether your credit card benefits include this protection.

Trip cancellation and interruption insurance

Trip cancellation and interruption insurance will reimburse amounts paid in advance (airline tickets, hotel reservations, etc.) if you have to cancel or curtail your trip. You are entitled to reimbursement only if your trip is cancelled or interrupted for reasons stated in the contract.

The main risks covered are death, accidents, and health problems that arise during the trip and were not pre-existing. In addition to the insured person, coverage may apply to a spouse, immediate family member or other persons. Read your contract carefully to determine who is covered.

Note that you are responsible for notifying your insurance company, travel agent, or carrier as soon as you know that you must cancel your trip. The cost of cancelling a trip increases as the departure date nears. If you delay notifying your insurer, it may pay only a portion of the cancellation costs.

Contracts may contain different provisions – compare them to see the exact extent of the risks covered.

Accidental death and dismemberment insurance

Accidental death and dismemberment insurance covers claims in the event that death or dismemberment results from an **accident** during the course of a trip. In the case of dismemberment (loss of a limb, eyesight, etc.), the coverage corresponds to a percentage of the insured amount, depending on the type of injury incurred. For instance, an insurer might pay 100% of the insured amount for the loss of both arms, 50% of the amount for the loss of one arm, 50% for loss of an eye, and so on.

Baggage insurance

As its name implies, baggage insurance covers luggage and personal effects in case of loss, theft, or damage, except for certain exclusions and limitations stated in the contract. For example, special **limitations** usually apply to jewelry and cameras. Cash, eyeglasses, and antiques are usually **excluded**. These are just examples – other risks may be limited or excluded. So take the time to read and understand your insurance contract.

Compensation is usually calculated on the basis of the actual value of the property, less depreciation. In addition, the insurer usually reserves the right to repair damaged property or replace damaged or lost property with other items of the same type, quality, and value.

Your homeowner insurance may also cover your baggage. It generally insures property that you're travelling with for up to 10% of the amount that your personal property is insured for. The **very same coverages and limitations** as in your homeowner insurance policy apply.

However, you'll have to pay a deductible if you file a claim. A claim also might increase your future homeowner insurance premiums, possibly for a few years. If you feel that your homeowner insurance provides adequate coverage for your belongings during travel, you won't need supplemental baggage insurance.

DID YOU KNOW?

If an item covered by baggage insurance is stolen, is lost, or disappears, some insurers require that a report be filed as soon as possible with the local police, hotel manager, tour guide, or carrier. You must also notify your insurance company as soon as your return home.

Be aware that airlines are responsible when damage, loss, or delay of baggage is their fault. For more on this subject, see the notice of baggage liability limitations that appears on the back of your airline ticket.

Travel assistance service

Travel insurance often features over-the-phone travel assistance generally run by third parties on behalf of the insurer in the event of emergencies. This service can be used to locate medical care, co-ordinate repatriation of a body, make hospital payments, and more. Make sure you know what the service covers.

Before you incur any expenses, it is important to contact the travel assistance service for authorization. If you do not do so, you may not be fully compensated.

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EXCLUSIONS AND LIMITATIONS

While travel insurance contracts may all be similar, they can contain different clauses depending on the insurer. It is therefore difficult to keep an updated list of exclusions and limitations.

Always check explanatory material or the contract itself to know what it contains – that's your responsibility. And remember that a contract is an agreement between two parties – once it's signed, both parties must respect it.

Coverage is traditionally excluded in certain situations: war, invasion, suicide, criminal acts, self-mutilation, mental problems, complications from pregnancy or childbirth in the two months prior to the anticipated delivery date, participation in professional sports or dangerous activities.

Pre-existing conditions

Pre-existing conditions are those known to have existed before the trip departure date, or chronic illnesses that are not under control. Most policies do not provide coverage when a person was diagnosed with an illness for a certain number of months (generally three to six) before the effective date of the contract. The clause refers to illnesses, injuries, or related medical conditions that have required consultation with a doctor or recent treatment. For example, a person with uncontrolled high blood pressure who leaves for Florida after purchasing travel insurance may be denied a claim.

On the other hand, if you have an illness or injury that is stable or controlled by medication, contact your insurer to determine whether the risk is covered in the event of a claim.

When you apply for travel insurance, it is imperative that you disclose any health-related problems. This applies, for instance, to anyone taking medication for high blood pressure or suffering from cardiac or mental ailments, and also to women travelling during the final months of pregnancy.

To avoid potential disagreement should there be a claim, report any illness or injury and ask that it be recorded on the insurance application. Keep a copy of it.

Length of trip

Travel insurance usually does not apply to stays of 183 days or longer outside Québec. To provide health care coverage as part of your travel insurance, insurers require that you be eligible for protection under the RAMQ. Coverage ends after 183 days outside Québec. If you plan to be away longer than 183 days, contact the RAMQ and your insurer for further details.

ATTENTION !

Credit cards often limit their coverage to trips of 30 days or less. If you're taking a longer trip, consider supplemental coverage for the remaining time period from an insurer who offers such protection.

Information for your insurer

Remember to provide your insurer with all the information it needs on your insurance application. If you have to complete a questionnaire on insurability, do so to the best of your ability. Insurability refers to conditions that an insurer will require you to meet for insurance coverage.

To determine whether you're eligible for coverage, the insurer will ask for such information as your age, the state of your health, your occupation, etc. Take this exercise very seriously. Keep a copy of any documents required with the application (insurability questionnaire, medical reports, etc.) or a claim (bills, supporting documents, medical reports, police reports, etc.). They will serve as evidence if there is a disagreement.

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RENTAL VEHICLE INSURANCE

Rental vehicle insurance is not part of travel insurance, but if you intend to rent a car while vacationing, you should be familiar with this type of coverage.

Rental companies ordinarily hold you accountable for rental vehicle theft or damage, even as a result of an accident you didn't cause. The amount of your liability can vary depending on the rental contract – sometimes it can be as much as the total value of the vehicle.

Extending your own auto insurance

If you carry auto insurance, you can ask your insurance representative to extend coverage to include liability for damage to vehicles you don't own. Ask for the addition of endorsement 27 to your auto insurance policy. But be careful – this endorsement is generally valid only in Canada or the United States. Also ask your representative whether you need "collision coverage" to be entitled to this endorsement. In the event of a claim, the endorsement's deductible will apply, if any. A claim may cause your auto insurance premiums to rise in the future.

"Damage waiver" offered by rental companies

For the purpose of protecting consumers who rent vehicles, rental contracts include a clause known as a "Collision Damage Waiver." It releases the consumer from claims for loss or damage to the rented vehicle in case of accident. It is not considered insurance, and it adds approximately $15 per day to the rental fee. In the event of a claim, limitations and exclusions may apply.

Insurance available to credit cardholders

Some credit cards offer coverage if rented vehicles are stolen or damaged. Be sure to check the explanatory material you receive with your card. The coverage often requires that you charge the rental to your credit card account. In addition, luxury, high-performance or classic cars and all terrain vehicles may be excluded; geographic limitations may also apply. For instance, insurance coverage for vehicles rented through a credit card may be restricted to North America.

Automobile purchase/repurchase plans

Purchase/repurchase plans are particularly popular in Europe, where they originated. They actually refer to the temporary purchase of a new car: The traveller buys the car and the company offering the plan undertakes to buy it back. The agreement is entered into in writing, and usually includes all risks insurance without any deductible, as well as insurance for the driver and passengers.

DID YOU KNOW?

***Société de l'assurance automobile du Québec* (SAAQ)**
All Québec citizens are insured against **bodily injury** or **death** in automobile accidents as drivers, passengers, pedestrians or cyclists. They are covered whether or not they are responsible for an accident that occurs in Québec or **elsewhere in the world**.

This coverage is the equivalent of insurance in case of bodily injury or death as a result of an automobile accident. To learn more about the SAAQ and its coverage, visit the agency's website at www.saaq.gouv.qc.ca.

6 RÉGIE DE L'ASSURANCE MALADIE DU QUÉBEC

The *Régie de l'assurance maladie du Québec* (RAMQ) reimburses hospital expenses[2] and medical expenses[3] related to health care only in accordance with the rates in effect in Québec. If you're travelling outside Québec, reimbursements from the RAMQ may be lower than the total cost of care.

DID YOU KNOW?

- Amounts reimbursed by the RAMQ depend on where services are provided: within or outside Canada.
- Land or air ambulance transportation is not a service insured by the RAMQ.
- Medications purchased outside Québec (whether in Canada or a foreign country) are never reimbursed by the RAMQ, even if they have been prescribed by a physician.

Health care received in Canada

The RAMQ reimburses insured Quebeckers in full for the cost of hospital services they receive in Canada. However, the cost of medical services is reimbursed based on the fees in effect in Québec. If you receive health care in another province or territory, you must present your Québec health insurance card for RAMQ reimbursement.

2. Fees related to hospitalization, particularly for hospital rooms.
3. Medical services include services provided by physicians or other health professionals, to the extent that they are covered in Québec.

EXEMPLE 1

The cost of health care in another Canadian jurisdiction

Germain breaks his leg while snowboarding at Whistler. According to the data in the table below, he must pay $270.77.

The bill for health care

	AMOUNT CLAIMED IN CANADIAN DOLLARS	AMOUNT REIMBURSED BY THE RAMQ	AMOUNT GERMAIN IS REQUIRED TO PAY
Hospital services	Interprovincial agreements		$0
Medical services	$688.32	$417.55	$270.77
Total	$688.32	$417.55	**$270.77**

Source: RAMQ, 2006

EXEMPLE 2

The cost of health care outside Canada

While vacationing in Florida, Reine experiences abdominal pain and goes to the emergency room of a Miami hospital. According to the data in the table below, she must pay $17,673.14 for her medical care and hospitalization in Florida.

The bill for health care

	AMOUNT CLAIMED IN CANADIAN DOLLARS	AMOUNT REIMBURSED BY THE RAMQ	AMOUNT REINE IS REQUIRED TO PAY
Hospital services (2 days)	$16,451.77	$200.00	$16,251.77
Medical services	$1,604.38	$183.01	$1,421.37
Total	$18,056.15	$383.01	**$17,673.14**

Source: RAMQ, 2006

These two examples are relatively minor. Imagine the thousands – indeed, hundreds of thousands – of dollars that aneurysms, heart attacks, or other ailments requiring longer hospitalizations would cost.

For more information about health care covered outside Québec, visit the website of the *Régie de l'assurance maladie du Québec* at www.ramq.gouv.qc.ca.

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SIX TRAVEL INSURANCE TIPS

1. Check what kind of coverage your group insurance plan and credit cards offer. You may already be protected.
2. If you aren't already covered, consider getting travel insurance for trips outside Québec.
3. Shop around! Sources for travel insurance include insurance representatives, travel agents and financial institutions, among others.
4. Take the time to determine and understand each plan's basic coverages, limitations and exclusions, such as those applying to pre-existing conditions.
5. Remember that the *Régie de l'assurance maladie du Québec* reimburses hospital expenses and medical expenses incurred outside Canada based on the fees in effect in Québec. If you aren't insured, you will be asked to pay the difference; this might be substantial.
6. Find out about rental vehicle insurance.

Bon voyage!

NOTES

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