

Withdrawal of cover under Insolvency

American Airlines

Issued: 30th of November July 2011

Applies to all the Travelsure Options Policy issues prior to the 30th of November 2011

It has been reported in the media today that American Airlines has filed for bankruptcy:

"American Airlines and its parent company AMR Corp have filed for bankruptcy after failing to win a labour deal with pilots and suffering from mounting fuel costs.

AMR had been the only major US carrier to avoid bankruptcy in the past decade. Its rivals used bankruptcy to restructure their labour agreements and cut costs.

That left AMR, the third-largest US airline behind United Continental Holdings Inc and Delta Air Lines Inc, with the highest labour costs in the industry and the only major airline still funding worker pensions."

ADDITIONAL ACCOMMODATION AND TRANSPORT EXPENSES

Whilst we note American Airlines is operating as normal, however they have filed for bankruptcy and should they cease future flights due to their insolvency and if a customer necessarily incurs Additional expenses in returning Home due to that insolvency, We will pay the reasonable Additional hotel and accommodation expenses incurred and Additional transportation expenses.

We will not cover expenses incurred after the date the customer originally planned to return home.

AMENDMENT OR CANCELLATION COSTS

Whilst we note American Airlines is operating as normal should they cease future flights due to their insolvency there is provision to claim Amendment or Cancellation costs if a customer has booked to travel on a cancelled American Airlines flight.

The policy will provide coverage for amendment costs where the cost of altering / deferring is less than the cost of cancellation charges for the part of a customer's trip which has been affected. If the cost of altering / deferring is not less than the non-refundable value of the part of the customer's trip which has been affected, then the policy will provide coverage for this non-refundable unused portion.

No cover will be provided for the utilised portion of a customer's travel and accommodation expenses.

OTHER IMPORTANT ISSUES

Please be advised that the above benefits are limited to \$10,000 per paying adult on a customer's international Options policy (excesses may apply subject to the excess option selected).

Please also note if customers have submitted a credit card charge back application for cancelled arrangements no claim can be made under a Travelsure Options policy. Customers are encouraged to contact us in the first instance to submit a claim application on their travel insurance.

Please also note that exclusion 2 under Section 1 – Travel Services Provider Insolvency Travelsure Policies states:

We Will Not Pay For:

2. *Insolvency of a Travel Services Provider if at the Relevant Time, the Travel Services Provider was Insolvent or a reasonable person would have reason to expect the Travel become Insolvent.*

“Relevant Time” in respect of:

- a) *Single Trip policies means the issue date of the policy.*
- b) *Annual Multi-Trip means the first time at which any part of the relevant trip is paid for or the time at which the policy is issued, whichever occurs last.*

No cover will be provided under the Travel Services Provider Insolvency section for policies issued on or after 30/11/2011.

This advice will be updated if new information comes to hand.

Should you have any further enquiries please contact our Customer Service Team on 0800 500 225.