



## Tips on TIPS Newsletter - October 2024

### **Unlocking Travel Insurance Success: Master Waiting Periods to Enhance Client Trust!**

As a travel insurance professional, your role is crucial in helping clients navigate the complexities of their coverage options and policy terms and conditions. That's why they come to you instead of buying on-line! One key aspect that often goes overlooked is the Waiting Period associated with Visitor to Canada policies. Understanding how these Waiting Periods work is essential not only for ensuring your clients have the protection they need but also for preventing unexpected claim denials that can lead to disappointment and frustration.

In this month's newsletter we explore the significance of Waiting Periods and how they can impact your clients' coverage. With this knowledge you can enhance your clients' travel experiences and build trust in your expertise.

### **What is a Waiting Period?**

When a Waiting Period is in effect, insurance premiums are paid, but **any claims for illness that happen during this time won't be covered**. This means that if an insured gets sick or has symptoms during the Waiting Period, they won't be reimbursed for any related medical expenses, even if the medical treatment doesn't happen until after the Waiting Period ends. Note that **Waiting Periods do not apply to claims resulting from accidents or injuries**.

### **When does a Waiting Period Apply?**

Generally speaking, a Waiting Period does not apply when coverage is purchased and Activated before arrival. Waiting Periods do apply in the following circumstances:

#### **Purchasing Coverage After Arrival to Canada**

If a Visitor to Canada policy is purchased after the insured's arrival to Canada, a Waiting Period will apply. *(Note that insurance purchased to commence on a Side Trip prior to arriving in Canada would be subject to a Waiting Period if the insurance is purchased after your client has already left their country of origin.)*

#### **Failing to Activate a Monthly Pay Policy (MPP) Prior to Arrival**

If a policy is purchased on the Monthly Payment Plan, coverage does not begin until the Policy is properly Activated. If the policy is not properly Activated until *after* the insured arrives in Canada, a Waiting Period will apply.

#### **Gap in Coverage Between Two Policies**

If there is a gap in coverage between two 21<sup>st</sup> Century policies, a Waiting Period will apply. For example, if the insured has a policy that expires on October 1, and a new policy is issued after 12:01am on October 2,, with a new Effective Date of October 2,, there is a gap in coverage between the two policies (even though it is only a matter of a few hours) because the new policy wasn't issued before midnight on October 1,. There is no coverage during this gap and a Waiting Period will apply on the new policy.

**Upgrading Coverage**

With the Standard and Enhanced Plans, if consecutive policies are issued and the second policy has a higher coverage limit, improved coverage, or a lower deductible amount, that is considered a coverage upgrade, and a Waiting Period of 7 days will apply to the upgraded coverage on the new policy. For example:

- the first policy is the Standard Plan with \$100,000 coverage limit and a \$500 deductible
- the second policy is issued on the Enhanced Plan with \$150,000 coverage limit and no deductible

Waiting Period Outcome - for the first 7 days of the new policy they will still only have Standard coverage (no stable pre-ex coverage) with \$100,000 limit and a \$500 deductible. Once the 7-day Waiting Period is over, they will have access to the improved coverage of the Enhanced Plan (coverage for stable pre-ex) with the \$150,000 coverage limit and no deductible. In other words, the “improvements” in the coverage are subject to the Waiting Period (unless the claim results from an accident or injury).

On the Basic Plan for someone 85 or younger, a coverage upgrade may be subject to a 72-hour or 7-day Waiting Period, depending on how long they have been in Canada at the time the second policy is issued. For someone 86 or older, they are only eligible for the Basic Plan. They can't upgrade to Standard or Enhanced, but they may still be able to increase their coverage limit or reduce their deductible. In this case they would have a 15-day Waiting Period before they have access to the improved coverage on a sickness-related claim.

**How Long is the Waiting Period?**

(Remember: Waiting Periods apply for sickness, illness and disease-related claims; Waiting Periods do not apply to claims resulting from accidents or injuries.)

Issue Date	Scenario	Enhanced	Standard	Basic 85 or Younger*	Basic 86 or Older*
<b>Within 30 Days of Arrival</b>	Policy issued after insured's arrival to Canada	72 Hours	72 Hours	72 Hours	15 Days
	Gap in coverage between two policies	72 Hours	72 Hours	72 Hours	15 Days
	Coverage upgrade between two consecutive policies	7 Days	7 Days	72 Hours	15 Days
	Policy issued after insured's arrival to Canada	7 Days	7 Days	7 Days	15 Days

<b>31 or More Days After Arrival</b>	Gap in coverage between two policies	7 Days	7 Days	7 Days	15 Days
	Coverage upgrade between two consecutive policies	7 Days	7 Days	7 Days	15 Days

#### Activation of a Monthly Payment Plan (MPP) After Arrival

Activation Date	Scenario	Enhanced	Standard	Basic 85 or Younger*	Basic 86 or Older*
<b>Within 30 Days of Arrival</b>	MPP Policy Activated after insured's arrival to Canada	72 Hours	72 Hours	72 Hours	15 Days
<b>31 or More Days After Arrival</b>	MPP policy Activated after insured's arrival to Canada	7 Days	7 Days	7 Days	15 Days

*\*The age of the insured is defined as their attained age on the final/actual Effective Date on their policy. If they change their Effective Date after the policy is issued, the policy may be subject to a premium change or modified eligibility requirements based on their attained age, and not the age they were rated at when the policy was issued.*

#### Is Your Client Switching to 21st Century from Another Insurance Company?

If the Insured has existing coverage with another company and wishes to purchase a 21<sup>st</sup> Century policy to start when that coverage ends, a Waiting Period will apply. If there will be no gap in coverage between the two policies, we **may** be able to waive the Waiting Period that would normally apply. [Special Consideration Form VSC-1302](#) must be fully completed and submitted along with a copy of the insured's existing coverage at least three business days prior to the Effective Date of their new 21<sup>st</sup> Century policy. If approved, the Waiting Period will be waived in writing by Head Office. If the request is not approved, the applicable Waiting Period would apply based on as the applicable scenario outlined in the table above.

#### Acceptable Methods of Payments for Policies

The only acceptable methods of payment in TIPS are Visa and MasterCard. If your client does not have a Visa or MasterCard, please have them e-transfer full payment to [wendy@21stcenturytravelins.com](mailto:wendy@21stcenturytravelins.com) make sure they include the quote number in the transfer. Our office will process the payment and notify you when the policy has been issued. E-transfer is not available for the Visitor to Canada monthly payment plan.

**REMEMBER** – you are not allowed to use your own credit card for a client's policy as per insurance regulations.

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