

THE SOUTHERN AFRICAN TOURISM INSURANCE DIRECTIVE

**Compiled for and on behalf of the
SOUTHERN AFRICA TOURISM SERVICES
ASSOCIATION
(SATSA)**

**by
Safari & Tourism Insurance Brokers
(SATIB)**

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Foreword

This booklet was originally compiled in 2000. While the necessity for insurance in the tourism industry and the products available to tourism service providers for the transfer of risks has not changed, the environment in which the insurance industry operates has undergone significant change, which has necessitated this revision of the Southern African Tourism Insurance Directive in order to comply with the Financial Advisory and Intermediary Services Act (FAIS) in South Africa.

Financial Services Board and FAIS Compliance

The Financial Services Board is an independent institution established by government statute to oversee the South African Non-Banking Financial Services Industry in the public interest.

FAIS - an acronym for Financial Advisory and Intermediary Services Act - is legislation that impacts on the financial services industry, which includes the insurance industry. The FAIS Act aims to regulate the giving of advice and rendering of intermediary services to clients, as well as certain other issues. The Act further refers to the term *fit and proper*, which is a collective term for all the personal characteristics, academic qualifications, experience and the operational ability that all Financial Service Providers (FSP), representatives and key individuals must possess to be able to render financial services.

As sponsors of this booklet, Safari and Tourism Insurance Brokers (SATIB) are registered with the Financial Services Board (FSB License No. 16388). Yet SATIB's adherence to the FAIS Act is driven by its philosophy of good business practices and not solely by complying with legislation. In this respect all relevant SATIB staff comply and have been certified as *fit and proper*.

This directive does not imply that you have to use SATIB for your short-term insurance needs, but it is advisable to ensure that you only use the services of a registered, FAIS compliant insurer or insurance broker.

Other sources of information relating to short-term insurance

Safari and Tourism Insurance Brokers – www.satib.co.za

The Financial Services Board – www.fsb.co.za

The SA Insurance Association - www.saia.co.za

Insurance Brokers Council - www.ibcsa.org.za

Short-term Ombudsman - www.osti.co.za

USA Insurance Regulator: National Association of Insurance Commissioners
- www.naic.org

International Association of Insurance Supervisors - www.iaisweb.org

Namibia Financial Institutions Supervisory Authority - www.namfisa.com.na

Introduction

Insurance is an emotive issue and viewed by most as a “grudge purchase”. Nobody likes paying insurance premiums for something that may or may not happen, but it just might happen to your company and you owe it not only to yourself and your clients, but more importantly to the tourism industry at large, to be adequately insured and to be fully aware of the procedures that you have to go through in the event of an accident or a claim.

This booklet is intended for companies operating in the tourism field within the boundaries of Southern African countries, namely South Africa, Lesotho, Swaziland, Botswana, Namibia, Zimbabwe, Zambia, Tanzania and Malawi. It is directed to all companies undertaking tours, offering accommodation of any nature, those providing an auxiliary activity, and operating or hiring out any form of transport whatsoever.

It is not the intention of this booklet to frighten anyone, in fact quite the contrary. It aims to put forward a realistic set of parameters that truly apply to Southern African conditions and circumstances and is not based on threats and prohibitive laws that govern other countries. As a professional tourism service provider you live, work and operate in Southern Africa, and it is imperative that it is the tourism industry itself who set the guidelines by which you are prepared, and in fact able, to function. Obviously these must be based on world norms and the industry must aspire to first world standards, but it is very important that any company or individual for that matter, who send clients or travel themselves to the Southern African region, be aware of the “rules” within which the industry operates.

EC Directive

Contrary to the above, there does exist a piece of foreign legislation that directly impacts on tourism service providers operating within Southern Africa. The European Community Directive 90/314/EEC relating to the Package Holidays and Travel Trade Act, 1995 is legislation that governs the conduct of Tour Organisers operating within European Community member states. The Act seeks to protect the consumer by making the Tour Organiser liable for the proper performance of the whole tour package, even if the failure or improper performance is due to the fault of a supplier of one or more of the services provided.

So, if a tourist books a safari holiday in Botswana through an organizer in the UK and is injured at the Game Lodge in Botswana, he or she need only prove that the Lodge was liable for the injury in order to succeed in a claim against the organiser. Thus, the UK tour organiser is held legally liable for an incident where there is no “fault” on their part.

In light of this “liability assumed by contract” ruling, tour organizers in the EC member states are very cautious in their dealings with Southern African tourism service providers and will want reassurance that your liability insurance will respond to valid claims and extends to cover your sub-contractors.

Risk Management

The first thing to understand about risk is that it is part of our everyday lives. *“Risk is universal, present in all things, all lives, inherent in being. The concept of a person free from risk is as theoretical as the concept of perfection”* (Jawaharlal Nehru - 1889-1964).

Given that risk is inherent in being, the question is not so much about how to avoid risk as it is about how to minimise the consequences of risk occurrence, from both a financial and reputation point of view.

Consider these three basic theoretical principles:

1. Whenever an event results in the loss of tourist lives (specifically international tourists), the global media are almost certain to report it, forcing the local tourism industry to be embroiled in acts of crisis management.
2. Perceptions about a particular tourism related crisis tend to be almost as devastating as the crisis itself.
3. The farther away one is from a crisis location, the worse the crisis will appear to be and the longer the crisis will remain in the collective travel subconscious.

These principles highlight the need for responsible risk management procedures in every aspect of the tourism industry, from transport to attractions, from hotels to conferences. What is important for tourism stakeholders to understand is that it is significantly less expensive to manage a risk prior to the event than to deal with a crisis after it has occurred.

Legal issues

The concept of a legal duty is a device that courts in South Africa use in determining whether or not it is reasonable to impose liability. A tour operator has a duty to conform to reasonable standards of care. The test of ascertaining the existence of a duty of care in any particular case is the *“foresight of a reasonable person”*. This means that one owes a *duty of care* to persons to whom harm may be reasonably foreseeable.

In this regard the following questions must be asked:

1. Would a reasonable person in the position of the defendant have foreseen the possibility of his or her conduct injuring another; and
2. Would a reasonable person have taken steps to guard against this danger?
3. If so, did the defendant take the steps in question? If not, the defendant would probably be considered negligent.

In the tourism industry most claims that give rise to liability are personal injury claims. It is also possible for a liability to arise under circumstances where no first aid is available or no proper evacuation plan is in existence.

The size of a personal injury claim

A personal injury claim can range from between R5 000 for a minor whiplash injury to several million for a quadriplegic. Bearing in mind that the tourism industry attracts high net worth individuals, personal injury claims have the potential to be substantial. It is not uncommon for an injury claim to far exceed

the operator's insurance cover limits, which can ultimately lead to the relevant employee of the tour operator being declared insolvent and his or her employer (the tour operator company) being liquidated.

Quantifying risk exposure

Compiling a detailed list of all potential hazards within your tourism service that could give rise to potential public liability risks/incidents would be a first step. After carefully implementing procedures and practical measures to minimise each hazard, one should then attempt to quantify, in financial terms, those risks that are unavoidable in order to decide on which would be sustainable using internal resources and which risk exposures would need to be insured.

The concept of insurance

Insurance is a means of transferring risk, in other words it is a way of covering those risks that are sufficiently large in financial terms that if they occurred, the consequences could cripple your business. Insurance is therefore undertaken not for profit, but to place you in the same financial position as you were immediately prior to the loss.

The objective should be to compile and manage a risk portfolio with minimal exposure, thus ensuring that insurance premiums paid over a period of time accumulate to your benefit by virtue of incentives (no-claim bonuses) being accumulated on an annual basis. Thus a much higher level of exposure and indemnity limit is obtainable at vastly reduced premiums when compared to premiums required for the same level of cover.

Types of Insurance

Basically there are 3 kinds of insurance that really apply to the tourism industry:

- A. LIABILITY INSURANCE
- B. VEHICLE / PROPERTY INSURANCE
- C. TRAVEL INSURANCE / MEDICAL RESCUE

Let us take them one by one.

A. Liability Insurance - what is it?

Liability insurance is a product that is bought by organisations, companies and individuals to cover the risk of a common law claim for damages by someone who is injured or suffers some form of quantifiable (financial) loss through their activities while in the insured's care.

An added risk is the responsibility of maintaining private roads where a client may have an accident due to poor maintenance or an unmarked hazard or danger. Even secondary provincial roads that are in a poor state can become an issue and where this is the case you should continually lobby the local authority to rectify such so as to emphasize their liability in this regard.

Liability insurance covers your legal liability arising from accidents or other incidents which might occur at meetings, events, guided tours, safaris, transportation or simply on your premises where you have been deemed to have been negligent. Examples include food poisoning, slipping on the floor, having an eye stabbed by a bush whilst on a game drive, being trampled by an elephant, or even a bungi cord that breaks.

Negligence is simply doing something without a reasonable amount of care, or failing to have done something that might reasonably have been done to prevent the incident from having occurred in the first place.

Most liability insurance policies only cover actions brought against the insured entity, *unless the policy specifically extends to include 'all sub-contractors'*. This is an important aspect, specifically from a Tour Operators' perspective, as they often sub-contract the services of Tour Guides for instance. Unless the policy wording contains this extension, the Tour Guides would need to have their own liability cover, which should be checked by the Tour Operator, for the reason that any actions instigated as a result of the Guide's negligence could result in the Tour Operator being found liable by virtue of contractual obligation. The same applies to Tour Brokers who sub-contract the services of Tour Operators.

Why do you need it?

Some funding bodies, industry associations such as SATSA and certain government regulations require that you have insurance cover in place before undertaking any tourism related activities. Without such cover, organisations are fully exposed to the risk of liability claims, which not only threatens their financial survival, their employees' jobs and the claimant's chances of being fully compensated, but also impacts negatively on the general tourism industry and the destination country at large as a tourist destination. Here one must also consider that even if the action against the organisation is successfully defended in a court of law, the legal fees incurred over the lengthy process of defending the case can often exceed the amount of the initial action. Again, most liability policies will cover the legal costs incurred in defending the case, but make sure that this cover is not limited to a level below the indemnity (sum insured) limit.

What's available?

Liability policies come in two forms, General Public Liability (GPL) and Passenger Liability Insurance (PLI). The reason that both covers are not offered in one policy is primarily due to the different risk profile or likelihood of occurrence to which insurance underwriters are exposed in each of the cover types.

General Public Liability

GPL cover is designed specifically to protect you against any possible financial compensation claims by clients, guests or the general public where corporate or employee negligence could be construed to have been the cause of an incident happening.

This covers a very broad variety of possible incidents ranging from damage to a guest's personal property to a tourist claiming 'diminished value of holiday'

due to their expectation of having a sea-facing room (as shown in the tour brochure) and ending up with a view of a brick wall.

How much cover is needed?

As a general rule it is far better to be over insured than under insured, but this is directly proportionate to the affordability of the required premium. With insurance being perceived as a 'grudge purchase' and the notion that "it will never happen to me" the temptation is to go for the cheapest cover but this can prove to be a false economy.

So how much is 'sufficient'? The required cover or indemnity limit could depend on the 'net worth' profile of your clients. For example, consider a 40-something, married South African business executive who earns R500 000 a year, is the sole bread winner and has three dependents. He or she slips in the shower at your lodge and sustains a disabling injury to the spine and is unable to perform the same job as done before the incident. After a lengthy (and costly) legal case the court finds that you were negligent for not ensuring that the shower was fitted with non-slip tiles or mats. A possible award to the plaintiff could easily be in the region of R10 million in this example, if one takes into account the costs of on-going medical costs, loss of income and even alterations to the family home to make it wheel-chair friendly.

Now consider the event of multiple claimants, or foreign guests whose income and future medical costs need to be calculated in their currency of origin. Quite obviously, the cover amount needed corresponds to the profile of guests that your establishment caters for.

Liability claims can be very high as they are rarely based on tangible factors, but on emotion and suffering, and therefore may be ridiculous and blown out of all proportion by unscrupulous lawyers. However any such claim will be influenced by the following factors:

1. Negligence has to be proven – was your company truly at fault? Are your floor tiles dangerous, do you have sufficient signage, was the ranger driving recklessly, was the guide qualified and taking reasonable care when he walked the group up to the elephant?
2. Was the client made aware of any risk and did they sign an indemnity form? This will certainly relinquish some responsibility but not in the event of true negligence. Signage and information given either verbally or in writing to clients is imperative. This may often be in your marketing literature where the risks and shortcomings of a tour or experience must be clearly stated.
3. How did you handle the situation after the event? Don't ever openly admit negligence such as, "sorry it was my/our fault." Handle the situation with compassion and understanding and where possible try and remedy the problem. Isolate the individual or people involved from your other guests, and don't let anyone else who is not directly involved or who is not able to offer proper medical assistance, anywhere near the clients or the incident. It is often others who encourage, incite and worsen an already difficult situation.

4. Make sure that everything is accurately recorded and that comprehensive statements are taken from all relevant people. Sometimes photographs might help.
5. Ensure that your company is fully compliant with all the local laws that govern your specific industry and all the staff that work for you. Health regulations must be met, guides must be licensed and qualified, buildings must meet certain standards, etc.
6. Inquire as to what other insurance the client might have. Most people travel with their own insurance's, and in many cases, are covered for such eventualities. In fact, specifically for clients travelling on tours, it is advisable to make personal insurance compulsory. However, in the event of blatant negligence, the other insurance company would still try and claim from your insurance.
7. If applicable, inform the appropriate booking agent that the client booked through, of exactly what happened so that they are well informed. These incidents have a habit of mushrooming once an ill-informed agent gets involved. This is especially important in the case of an injury or death where next of kin must be notified.

A well operated business must try and be as professional as possible so as to avoid the risk of actions of this nature. However no matter how hard we try there is always a chance of the unlikely happening and of course, some clients are specifically looking for this eventuality. As these claims are often made in foreign currency, cover needs to be fairly substantial usually in tens of millions of Rands. But please do not become neurotic here. Do not succumb to the obvious person who is trying to ruin your business. Make sure that your house is in order and fight the ridiculous claims, and you should never have a problem. Remember that you are insured for those individuals who have a genuine claim. Accidents will happen and it is comforting to know that your insurance will pay compensation to the unfortunate person who does lose an eye or damage their back by slipping. It must not be seen as losing a battle or admitting guilt, but as a necessary backup for a genuine situation. Your insurance underwriter will eventually fight the fight for you. The problem may arise when you are not sufficiently covered for the magnitude of the claim. That is when the business is at risk and can be ruined, because the shortfall of the claim would be payable by you, the service provider. Any claim of this nature that goes to court must be heard in a court within the country of your business. Never sign a contract that requires you to accept a foreign law as the presiding law and which might mean that you have to defend yourselves in a foreign country.

Passenger Liability

This covers incidents resulting from the transportation of passengers by land, sea or air and can often be included as part of a Motor, Marine or Aviation insurance policy. However care must be taken to check that the motor policy wording does not exclude *fare-paying* passengers, which is often the case. It is unlikely that an underwriter will be prepared to cancel or amend the wording of a standard motor vehicle policy, so make sure that the cover obtained is specifically for fare-paying passenger liability. These policies will invariably contain clauses in the policy wording that oblige you to comply with certain regulatory conditions, such as those in South Africa, which are laid down by the Department of Transport (Tour Operators Permit, drivers PRDP, etc). In

addition there may be certain mechanical devices required such as seat belts or speed inhibitors.

Passenger liability insurance basically covers passengers whilst in transit in a vehicle in the event of an accident. This is therefore a very necessary form of insurance and one that is most likely to be called upon. Many basic comprehensive vehicle policies carry a certain amount of passenger liability insurance, but this is generally insufficient and does not cover all eventualities and geographical regions. It is therefore imperative that this section of a vehicle policy is beefed up as such and it is up to the individual company to make sure that all the regions in which they operate are covered by their policy. To obtain a transport permit for a passenger carrying vehicle the law currently stipulates a minimum of R5 000 000-00 per seven passengers on board, and proof of such cover is required before a permit will be issued. This is generally sufficient but once again the individual company must assess their particular risk. Fortunately this insurance is not prohibitively expensive although one might have to find a broker with specific experience in this field to find you the appropriate cover.

How much Passenger Liability cover do you need?

As a general rule of thumb, the cover you need depends on the number of passengers that you generally transport at any one time and the net worth of the individuals that you are transporting. Some policies recommend R1 million per seat but this does not make sense as it is more likely that one passenger in an accident will be more seriously injured than others and R1 million will not be enough to cover that one person in the event of an incident. It is better to ensure that the indemnity limit covers all occupants of a particular vehicle, per incident, per occurrence regardless of the number of passengers.

Of course, the number of passengers does make a difference in calculating the cover amount required. For instance, R10 million may be sufficient for a micro bus but a coach may need as much as R100 million cover.

Let us look at the sequence of events that could occur in the event of a serious bus or minibus accident.

1. The accident occurs, quite often in a remote area in bad conditions and with limited communication facilities. If the driver or guide is able, they will immediately seek medical assistance somehow, either by phone or by alerting passing motorists. This might be done by a passer-by, a nearby landowner or even by a surviving passenger. Obviously the first priority is to tend to anyone in need of immediate medical attention and those in desperate need may require airlifting.
Normally the police are alerted at this stage and they will take eyewitness reports as well as a statement from the driver if he is able. No one can control the exact chain of events in accidents and one can only hope that common sense prevails and guardian angels are close at hand.
2. At some stage the head office of the company involved will be alerted to the disaster. These are the calls that we all live in fear of receiving. They are very difficult to handle if made by a hysterical client, or any third party for that matter, and one must ensure that every attempt is made to only deal with a responsible logical person who can speak English and who understands the ways of the country where the accident has occurred.

Obviously the ideal person is a member of your staff wherever possible. At this stage a senior member of the company involved must take responsibility for coordinating the whole event and this person must be mentally and procedurally equipped for the task at hand. This will often entail dealing with medical rescue teams and liaising with nearby accommodation establishments.

3. An accurate factual report must be drawn up as soon as possible, preferably with input from your driver. This must not try and apportion blame but it must be to the point, with all relevant facts that any next of kin would need to know. Along with this one must try and ascertain the status of each and every client and their whereabouts relating to their injuries and to which hospital or doctor they have been transferred. Once in possession of this, this report should be made available to overseas agents for their information and for the placating of the next of kin. This report must not accept any liability but it must be accurate as obviously one must not cause undue duress to anxious relatives. Such a report may be made available to the press should the vultures of the media already be circling.
4. Your local insurance company or broker must also be informed as to what has happened so that they can also start to get their procedures under way. This is important, as it is ultimately the insurance assessor who will play a vital role in deciding the extent of liability if any, and he will also act as the go-between your clients and your company.
5. It is ideal to get a senior member of staff to the site of the accident as soon as possible. However this is a very difficult task as this individual is likely to take abuse and to bear the brunt of all sorts of accusations. As people are injured and traumatised they feel vulnerable and expect your company to take care of everything and pay for absolutely all incurred costs. It is a very difficult tightrope that the "responsible person" must walk and there are no hard and fast rules here. Obviously where possible your company must assist all passengers in getting to a place of comfort or to medical attention. It is at this stage that one has to ascertain the insurance that each passenger is carrying and to try and attempt to alert these companies abroad so that they can immediately kick in. Unfortunately many clients still do not carry sufficient travel insurance and some none at all. It is for these eventualities that all companies in Southern Africa must **INSIST THAT ALL PAX TRAVELLING ON THEIR TOURS HAVE COMPULSORY COVER** and details of such cover must be recorded at the start of the tour and kept on record in case of an emergency. At the heat of the moment it is very difficult to decide to what financial extent one is obliged to go to. Distraught passengers will request five star accommodation, phone calls all over the world, first class flights back home and the like. Should you oblige to these requests and you run up huge accounts on their behalf, which you are unlikely to ever recover. These expenses are what their insurance should be picking up and your company should not cover them.
6. Your own insurance company should agree to cover a limited amount of "comfort" expenses, which could obviously alleviate an unpleasant situation, but try and get clearance for this from the assessor or better still, check that it exists in the policy wording prior to obtaining cover. It sounds terrible to have to think of money whilst people are in pain and bleeding in front of you, but this is the reality of the world we live. Remember that

accidents will happen, whether your company is at fault or not, and EVERYONE must carry insurance for this eventuality.

7. A necessary task here is also that of offering any uninjured or unaffected passengers the opportunity of carrying on the tour in another vehicle, maybe with another guide, if they should so desire. Obviously this will depend on numerous factors and generally it is unlikely that anyone will wish to continue in the event of a serious accident. However some clients may well wish to still try and make the most out of their remaining stay and your company is obliged to try and comply with this request if possible.
8. Once clients are all in good medical hands or at a place of comfort with access to communication links, the role of the mediator is over. Clients have to take control of their own individual situation and agents have to alert next of kin and activate things from their side. Monies paid out of pocket by your company justifiably may be claimed from your insurance company. Only after the assessor has completed his task will liability be apportioned. This is actually an issue for the insurance companies and does not really affect you. Should your company be liable for whatever reason, and you are sufficiently covered, your insurance will handle all claims and they should be settled. In most cases negligence is very hard to prove and the onus will be on the individual client to be sufficiently covered.
9. In the event of a death of a client in an accident, the body will eventually be sent to a local mortuary. The process of repatriating the body to its' country of origin is complicated and bureaucratic. The costs associated with this would normally be covered under your clients personal funeral policy or life insurance policy, which again highlights the need to record such details prior to undertaking a tour.
10. Finally when all the dust has settled, a reality that your company must face is the recovery of the vehicle. This can be costly and is only covered under the vehicles comprehensive insurance policy.

Obviously such an accident is every company's worst nightmare, but one must be prepared for it because the manner in which you handle it can mean the difference between the success and failure of your company.

Herewith is a list of points that an efficient operator must have in order to avoid unnecessary risk and the risk of being liable.

- a) The driver/guide must be legal in all respects. He or she must carry the correct driver's license, a valid Professional Drivers Permit (PrDP) and if applicable a valid tour guide's license
- b) The driver must have had adequate rest prior to the accident so that fatigue cannot be cited as a factor contributing to the cause of the crash
- c) Obviously the driver must not be under the influence of alcohol or any drugs at the time of the accident. Should he / she have consumed an unreasonable amount of alcohol, or be perceived to have partied until late the night before, this could count against you
- d) The vehicle must have been mechanically sound prior to the accident. A proven service record will help. Tyre wear will always be a critical factor
- e) The speed at the time of the accident will be crucial
- f) A company's past accident free record will certainly be in your favour

- g) Should the driver have undertaken any driving training this would be of tremendous help
- h) Eyewitness accounts must be followed up, road surface and visibility conditions must be noted
- i) Extra precautions like safety belts throughout the vehicle will also count in your favour

Sometimes no matter what precautions you take an accident will still occur. The human factor will always play a role, hence the need for insurance. Unavoidable negligence is not a crime. Even if your company is found liable it does not mean that you will not be covered. In fact quite the opposite, that is the very reason why you are insured. Obviously the extent of the negligence is a factor as is the extent of injury to a client. It is for these reasons that this cover has to be substantial. One can imagine the claim when an individual is paralysed for life and you are at fault. Where a company can be crippled is when they are guilty of blatant negligence and their cover is either non-existent or inadequate.

Professional Indemnity

This is another form of liability insurance, which is aimed at professionals who offer advice or provide detailed brochures or itineraries to tourists, such as Travel Agents or Tour Brokers. It provides you with protection in respect of your legal liability arising out of the practice of your profession. This normally arises as the result of *negligent acts, errors or omissions*.

The world in which professional tourism service providers operate is one of ever increasing pressure, with demands for quick answers and cost effective solutions. This pressure can lead to errors and omissions, which can and do give rise to claims.

Circumstances, which give rise to professional liability claims are seldom clear-cut, they often give rise to disputes as to the nature and extent of the responsibility. In cases where you are blameless you may nevertheless be drawn into lengthy disputes, which can be both financially and emotionally draining. Professional Indemnity insurance provides both you and your client with peace of mind and financial protection.

C. VEHICLE / PROPERTY INSURANCE

This is more the kind of insurance that we as individuals are familiar with. Whether a business or an individual the following risks are a reality that has to be accounted for.

VEHICLES

Motor

A comprehensive Motor Policy covers a road vehicle for all scenarios relating to any form of accident as well as in the event of the vehicle being burned out in a fire and of course, the greatest risk of all, theft. Should an accident be your fault and a third party is affected, they would also be covered under such a policy.

In terms of Motor Policies, the onus lies with you, as the transport operator, to ensure that you comply with, and adhere to, statutory requirements laid down by law (ignorance of the law is no excuse when it comes to litigation). These are:

1. The vehicle must be roadworthy, of a suitable size (Tare) for carrying the number of passengers and be equipped with basic safety features (seat belts).
2. The driver must have a Professional Driving Permit (PRDP), which requires that he/she is 21 years of age or older.

In addition, it is also important that operators obtain the correct insurance cover for the vehicle itself. Namely, that the vehicle is insured for 'business' or commercial use rather than under a 'domestic' motor policy due to the lower premium costs. This practice can prove to be a false economy in the event of a claim against the motor or 3rd party section as the insurer would repudiate the claim on the basis that the vehicle was being used to carry 'fare-paying' passengers, which would therefore be construed as being 'business use'.

Motor Policies may be broken up and only sections of the complete cover can be taken out.

1. Accident cover

Your vehicle is involved in a road accident, either with another vehicle or with a stationary object or maybe just due to a loss of control. Providing that you are sufficiently covered, as per the value of your vehicle, the damages sustained to your vehicle would be paid for, subject to the deduction of an excess payment, as per your policy directive. If your vehicle has to be towed this too would be covered under this section of the policy. You would also be covered in the event that the driver was not yourself but another legal authorised party.

2. Third party cover

After the accident it is ascertained that the accident was your fault and you have caused damage to another vehicle and a garden wall for instance. These further damages would also be covered under your policy. Often the blame of an accident is subject to dispute and the insurance companies of each party have to fight it out, and in extreme cases this can go to court. Conversely when the accident was not your fault at all, you or your insurance company would claim from the guilty party's third party cover in order to cover your expenses. Where complications arise is when the guilty party is not insured at all and that is when either you or your insurance party may have to resort to claiming the money from him or her in a court of law.

3. Fire

This relates mostly to the occurrence of your vehicle being burnt out due to an electrical short that causes a fire. Your car could obviously be burned out as a result of an accident. This will also cover you in the event that your car is parked in somebody else's garage which burned down, although the first recourse here would be that persons home owners insurance, but if that did not cover you then your own fire policy would.

4. Theft

The scourge of our region, this cover is very relevant. This cover is the event of your vehicle being stolen. However great caution needs to be taken here as each insurance company has different requirements. The value of the vehicle,

the nature of your alarm system and where the vehicle was stolen, would all be taken into account. Remember that it is important that you declare the value of your vehicle correctly or else you will only be paid up to the value that you are covered for and not maybe what your vehicle is worth.

Marine

Marine insurance policies offer comprehensive insurance on vessels hull, motors, furnishings and fittings and all associated equipment on any marine vessel. Passenger liability clauses held under Marine policies are normally specific to this class of insurance. In other words, your passenger liability policy held under a Motor policy will not cover passenger risks for your boat as well.

Aviation

As with Marine, aviation policies provide cover for an aircrafts fuselage, motors, furnishings and fittings and all associated equipment. Passenger liability clauses held under Aviation policies are normally specific to this class of insurance.

PROPERTY INSURANCE

This insurance covers basically two categories, that of the actual structure of the buildings and that of the actual contents.

1. Structural

This insurance will cover you in the event of your lodge or hotel being destroyed by fire, flood, wind, falling trees or any other such eventuality. In the tourism industry the biggest risk is usually fire and here once again, one must make sure that you are sufficiently covered to survive the cost of restoring your establishment to new at the current building costs. Such insurance will exclude certain circumstances such as subsidence and will demand certain precautions in the event of lightning, etc.

Two additional items that must be included in this cover are that of loss of income during the period of repair or rebuilding due to cancelled bookings and refunds, and that of covering yourself against a claim from a neighbour in the event of a runaway fire, which could be proven to have originated on your farm or property.

2. Contents

This cover is for when you specifically wish to cover the contents of your hotel or lodge in the event of one of the above disasters happening. It is all very well rebuilding your establishment, but as we all know, it is often more expensive to furnish it. Contents normally have to be itemised on a policy in order to justify replacement. The random theft of an item would also be covered under this insurance.

EXTENSIONS - The following is a list of some of the property insurance policy extensions, which can be included, either at an additional premium or included in the cover:

- **Money** held on your premises or in transit
- **Computer Equipment**
- **All Risk** items as specified
- **Fidelity:** Loss as a result of theft or fraud by *your* employees
- **Business Interruption:** Loss of income as a result of one or more of the insured perils, including prevention of access and failure of public utilities
- **Machinery Breakdown:** Cost of repairs or replacement of damaged machinery. Also extended to include any consequential loss of stock or income as a result of breakdown
- **Goods in transit**
- **Contents cover:** To cover all contents as per buildings, with optional theft cover
- **Accidental Damage:** Accidental physical loss of or damage to your property at or about the premises not otherwise insured or for which insurance is available and described in terms of any other section (other than Business All Risks) listed in the index of the policy
- **Deterioration of Stock:** normally for perishable goods as a result of an accident, which is defined as:
 - a) An unforeseen mechanical or electrical malfunctioning of a refrigeration system
 - b) The non operation of thermostats or other electronic controls that cause accidental escape of refrigerant
 - c) The total or partial failure of the supply of electricity, water or gas at the refrigeration equipment input terminals from any cause other than
 - d) the deliberate act of the Insured or supplier except where performed for the sole purpose of preserving life or property
 - e) drought or shortage of fuel at any power station
- **Glass:** Loss of or damage to internal and external glass (including mirrors), signwriting and treatment thereon at your premises for which you are responsible
- **Office Contents:** Loss of or damage to the contents (other than documents and electronic data processing equipment unless otherwise stated in the schedule) including landlord's fixtures

D. TRAVEL INSURANCE / MEDICAL RESCUE

This is insurance that only applies to the individual travelling. Such insurance is often compulsory in certain parts of the world, and as stated before, make this a compulsory condition for any clients using your facilities or travelling on any of your tours. This insurance is usually purchased by the client when choosing the tour or package and is sold by agents all over the world. It covers the client in the following eventualities.

1. Cancellation

Should a client, prior to travelling, have to cancel their holiday for any legitimate reason, they would normally be subject to a cancellation policy, which could cost them dearly. However if they carry this insurance and this eventuality does arise, then the policy would cover the penalty payable.

2. Curtailment

Should a client, whilst already on holiday, have to cancel their holiday for any reason whatsoever, they would normally forfeit any amounts paid and still be liable for the whole cost of their booking. This insurance would cover them for this so that they would be compensated for the unused portion of their stay. Obviously, the reasons for such curtailment must be genuine.

3. Lost baggage and theft

This will cover the loss of baggage and other personal items while travelling, although they should be itemised beforehand. Should the client specifically wish to cover the loss of cash this can be covered but is very expensive. Obviously airlines cover baggage they have lost, and banks will cover lost travellers cheques, but this insurance is more far-reaching.

4. Medical and rescue

A huge fear for any traveller is that of falling ill whilst on holiday, or worse still, being involved in an accident in a foreign country. Fortunately for clients travelling within Southern Africa, medical expenses are relatively low, but the cost is still a concern. This cover is very important and will cover clients for any major medical expenses and specifically in the case of hospitalisation. What is also very important is that these policies will normally cover the medical rescue from the scene of the accident, and if necessary, the transfer of the client to any other hospital where better medical attention may be available. These policies will also cover the repatriation of an injured client to their country of origin, if necessary, and the repatriation of the dead body should the accident prove to be fatal.

This insurance is not very expensive and yet many travellers will insist on travelling without it. Remember when compiling your rooming lists or your tour mandates that you record the details of each clients' insurance cover, so that in the event of them being ill or injured, you can access this information in order to alert their insurance company.

Medical Evacuation Insurance

If your accommodation establishment is located in a very remote area and you are concerned that this fact may inhibit your potential to attract tourists, you may want to consider taking out your own medical evacuation insurance.

These policies cover your guests the event of them sustaining a life threatening Medical Emergency following bodily injury or acute illness, where

- a) local facilities are not suitable to treat the medical condition
- b) you consider the local medical services available to be inadequate
- c) the attending doctor, in agreement with your Guest, recommends hospitalisation of a kind not available locally, you will contact one of the specified service providers who will arrange, monitor, supervise and pay for the following services which will then be reimbursed by underwriters:
 - The evacuation of the guest to the nearest appropriate hospital
 - The relocation, with or without medical supervision, by means considered to be suitable by you or the attending doctor (including ambulance, chartered or commercial flight or road transport) to a hospital more appropriately equipped for the particular emergency
 - The repatriation, including road ambulance transfers, to and from the airports with necessary medical supervision to an appropriate hospital or other health care facility near the residence of your guest.

Remember that quite often the individual involved in an accident on your property or in one of your vehicles could be a staff member. It is advisable to have a clear policy in this regard. Most medical aids are adequate but, specifically with guides, a personal accident policy is advisable in the event of a vehicular accident in a remote area. However such cover is taken out in the individual's name and would depend on company policy, risk and demand. Part-time guides are not automatically covered for any medical emergency and should therefore carry their own private cover as they are in effect self-employed and therefore do not necessarily enjoy the benefits of a full time employee.

SUMMARY

This then largely covers the broader aspects of the insurance's covering the tourism industry. In summary, a few important facts are worth repeating:

1. Wherever possible make sure that your business is run as legally as possible. Don't give a claimant any unnecessary ammunition to help bolster their case
2. Always remain calm and do the obvious humanitarian services to a client, that you yourself would expect to be done to you, were you in a similar situation
3. Make sure that you are reasonably well insured for all eventualities. Don't be pressured by the horror stories and the threat of how a tourist will destroy you, but be prepared for the normal accident situation. Remember that many insurance's overlap each other and you can be covered twice over in some respects
4. Make sure that all accidents of any nature are reported to a relevant official authority
5. Make sure that your policy covers you in all of the different countries that you operate in and for all the different activities that you conduct. In other words does the policy you bought in Cape Town cover you for the hippo attack that occurs in the middle of the Okavango Delta?
6. Ensure that all your paper work is up to date. Try and make absolutely sure that your clients are aware of exactly what they are in for and that they sign acknowledgement of this fact
7. Make sure that your vehicles are in the best possible condition that they can be. Don't cut corners on safety measures
8. Make sure that the literature promoting your business is factual and not misleading
9. Never feel pressured to sign unreasonable contracts with agents that increase you liability and limit your rights to that of another country. You operate in Southern Africa and that is where you must fight your battles
10. Select sub-contractors with care. As far as practically possible try and only use SATSA members. Should you use a contractor on a regular basis draw up a standard service agreement making them responsible for their product and giving you recourse in the event of non-performance
11. When a foreign operator is selling your product from their brochure, or in fact even selling it without brochure inclusion, try and ensure that they are representing your product accurately. Wherever possible, proof read and authorise any literature that displays your product before being bound by it

12. Try and ensure that the gross price that your agent charges the consumer is a reasonable mark up and reflects good value for the service or product offered. If prices are high, client expectations are also high, and this often leads to conflict at the point of supply
13. Beware of giving credit to unscrupulous agents who are “bad payers”. Many a time payment may be withheld in the event of a dispute and this puts you in a very vulnerable position. A financially weak agent may try and use a complaint as a reason for non-payment
14. Make sure that your agents’ cancellation policies are in line with yours. Agents are under pressure to pay back deposits and return funds at the last minute, and this can leave you high and dry. However you must be prepared to share some responsibility and risk with your foreign agent, as they also have difficult parameters in which they work
15. Don’t be bullied into refunding agents if you feel it unjustified. Make sure complaints are in writing and that you have had a fair chance to respond. Insist on receiving all correspondence and get the full picture. Proof of any refunds made by agents should be requested. Obviously when the complaint is genuine, act with dignity and try and sort out the situation as fairly and quickly as possible
16. Above all, remember that your products or services are competing and being compared with that of all other similar products from all over the world. Ensure that your prices are competitive and that your service is beyond reproach.

RELAX AND HAVE FUN, ACCIDENTS USUALLY HAPPEN TO THE POOR SODS WHO ARE NOT INSURED.