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To : Mr Keith Weeks, Competition Commission.

From: Mr. JEM Vos

With reference to our telephonic discussion this morning, the following documents are, herewith, made available to you:

- (1) My letter addressed to the General Manager, Europ Assistance, dated 25 January 1999.
- (2) The letter of the Managing Director of Europ Assistance in reply to my aforementioned letter, dated 3 February 1999.
- (3) My reply to the aforementioned letter of Europ Assistance, dated 22 February 1999.

According to the Absa policies which I obtained a few days ago from their Menlyn branch, the same misleading/intransparent system is still in place.

Kind regards

Hardie Vos

26/06/06.



europassistance

Europ Assistance Worldwide Services (South Africa) Ltd. Reg. No. 84/06468/06

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Mr J E M Vos
354 Rigel Avenue
Erasmusrand
Pretoria
0181

February 3, 1999

Dear Sir

Your fax dated 25 January 1999 has reference.

The issue of marketing of the ABSA policy is effectively out of our control and was forwarded to ABSA Card division for their action.

With respect to the underwriting clauses within the policy, it should be understood that this is a long protracted negotiation between the card division and ourselves.

The medical insurance is provided free to the cardholders, and is in fact funded from a small proportion of the annual card fee. There is huge market resistance from cardholders to increase this annual fee and hence the insurance premium available from the card division.

In view of the fact that cardholders want more comprehensive cover, with less exclusions it would appear that the only route to go would be to charge the cardholder for the insurance – again a very unpopular decision with the cardholders.

Premium paid must relate to the risk covered and until the issue of how much the Card Division and/or the Card Holder is willing to pay is resolved, further changes in the policy wording are unlikely.

Yours sincerely

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Managing Director

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PERSONAL ASSISTANCE AND

MEDICAL RESPONSE

INSURANCE



P 4

345 Rigel Avenue
Erasmusrand
0181
22 February 1999

The Managing Director
Europ Assistance
P.O. Box 61628
Marshalltown
2107

Dear Sir

Vos (Europ Assistance Travel Policy): Your file 5VK 09601910

Your letter dated 3 February 1999 in reply to my fax dated 25 January 1999, refers.

In view of the contents of your aforementioned letter it would appear appropriate to summarize the course of my representation to the Ombudsman in brief:

- The outcome of our discussion with the Ombudsman on 15 April 1998 was that he ruled inter alia that you should work in concert with me in order to eliminate firstly the incorrect and unjust policy provisions as contained in clauses 3.3.1 and 6.3.2 and secondly the misleading/intransparent marketing of the policy (as fully explained in the discussion document which I presented at the aforementioned discussion with the Ombudsman).
- On 22 May 1998 I had discussions with you at your Midrand Office in order to give effect to the Ombudsman's above-mentioned ruling. At that meeting I submitted my written proposals to you with regard to the incorrect policy provisions and the misleading marketing thereof. In my letter of 9 July 1998 I again emphasized the importance of these proposals and I requested you to keep me informed of progress made with the implementation thereof.
- At the mentioned discussion with you you undertook to discuss my proposals with the banks and underwriters. Subsequently you also confirmed in your letters of 28 May and 20 July 1998 that you were "actively involved in tabling my suggestions" and that you would "probably attempt to negotiate some alternatives such as deleting the specific clause".
- Your Assistant General Manager (Head Office) has also assured me telephonically towards the end of 1998 that you were making good progress with the implementation of my proposals.

In view of the above developments and assurances the statement in the first paragraph of your letter of 3 February 1999 that "the issue of marketing of the ABSA policy is effectively out of our control and was forwarded to ABSA Card division for their action", is incomprehensible. Some of the questions which now arise in this connection are the following:

- Have you made any attempt to improve the marketing of the policy as proposed? If you have not made such an attempt why have you never informed me of your inability to do so? If you have made unsuccessful attempts why have you not, as clearly requested by me, informed me of the problems which you experienced?

It is also not clear why you refer only to the ABSA Card Division and not to the other banks and Diner's Club who market the same policy. It should also be noted that your Travel Assistance policy (which I bought 5 years ago at a price of R330) contains the same problematic clauses (clause 3.4.1.12.2 and 6.4.10.2).

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Regarding the amendment or scrapping of clauses in the policy you state that it is a long protracted negotiation between yourselves and the bank. Furthermore it would appear from your letter that the proposed amendments will lead to financial losses for the insurer for which an increase in the annual credit card fees will have to compensate. You further state that there is "huge market resistance from cardholders to increase this annual fee" to enable the banks to increase the insurance premiums. In this regard I wish to comment as follows:

- The categorical statement regarding the "market resistance" suggests that an extensive scientific opinion survey of which I and all my acquaintances are totally unaware, was carried out. Was this survey limited only to ABSA clients?
- Such a survey would imply that policy holders (past and present) were informed of the fact that the policy which has always been advertised as a free policy has in fact never been a free policy but financed by means of an addition to the annual credit card fee.
- Another natural consequence of the survey must have been that the majority of cardholders who have never made use of your insurance and do not intend making use of it in future, have now discovered that part of their card fees have been used to finance the so-called free policy. In other words this "policy gift" is in fact nothing but a concealed manner of encouraging clients to use the bank's credit cards.

The above casts strong doubt upon the possibility that a thorough scientific opinion survey has been undertaken. The very important question which arises, is why the banks are looking towards the cardholders to finance their advertising costs? In my opinion the bank should steer an honourable course and finance the free and improved policy (pay the premium) themselves or terminate the present dangerous "free" policy.

The disputed policy clauses has the effect that claims which should be successful are rejected and as I have pointed out before, this can ruin unsuspecting policy holders financially. The banks and the insurer appear to be unwilling to accept a lowering of profits in order to terminate the aforementioned extremely dangerous injustice. It almost sounds as if these parties are saying "sorry we can't afford to be honest and just".

I have noticed that the policy is renewed on a yearly basis (renewal date being 1 July). I must therefore appeal to you to take urgent steps to rectify the policy as requested before July 1999.

Yours faithfully

J.E.M. Vos 

Copied to the Ombudsman For short-term Insurance

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354 Rigel Avenue
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PRETORIA

25 January 1999

The General Manager
Europ Assistance
P O Box 61628
MARSHALLTOWN
2107

Dear Sir

VOS (EUROP ASSISTANCE TRAVEL POLICY) : YOUR FILE 5VK09601910

Your letter dated 20 July 1998 in reply to my fax dated 9 July 1998, refers.

A progress report regarding my different proposals for the improvement of the above-mentioned policy and its marketing as set out in my letter of July 1998 would be greatly appreciated.

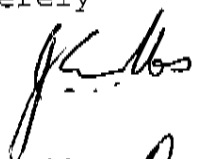
I cannot refrain from observing with concern the very slow progress made to date with the implementation of my proposals.

Until the policy is amended as proposed, it must be considered as an instrument which is quite capable of ruining unsuspecting policy holders financially. As explained in detail in my discussion document, there is no evidence of causality between previous hypertension and pulmonary embolism (as a risk factor in this respect it must be considered as remotely related as tooth ache). As also fully explained in the discussion document, the manner in which blood pressure is employed by you as a criterion for the adjudication of claims in respect of the illnesses as listed in clauses 3.3.1.12 and 6.3.2, must be considered as totally unreasonable. It was furthermore clearly explained that the marketing of the policy requires urgent improvement.

The matter is thus very serious and deserves more urgent attention by you than it has been receiving during the past more than two years.

Yours sincerely

J E M VOS


Copied to the Ombudsman for Short-term Insurance.