

# A Hidden Priority: Travel Advisories, Durations, Cancellation Insurance and British Columbia's Wilderness Adventure Travel Sector During COVID-19

*An Urgent Briefing Note Prepared for the Commercial Bear Viewing Association and Its Industry Organization Partners*

## Executive Summary

- BC's wilderness adventure travel industry needs the federal government (Health Ministry) to enact clear travel advisories, with realistic time windows associated.
- It needs them enacted both for travel into Canada, and for non-essential travel within Canada.
- The ability of the industry to survive and recover from this crisis is at stake.
- This action could remove the need for tens of millions of dollars of loans from companies caught between uncertain travel advisories, local-level policies on banning travel that do not rise to the federal level, and the refusal of trip cancellation insurance providers to pay out fares for cancelled trips until federal advisories are in effect and proven to affect specific trip dates.
- This needs to be done now, as it affects trips prepaid (and non-refundable) within the April, May, June and early July time frame for many of BC's marquee wilderness tourism businesses.

## About This Industry Sector

### Experiences

- This sector offers multi-day experiences, usually of BC's spectacular natural world and often also indigenous or other coastal culture in spectacular settings.
- These experiences are touted as signature experiences of Canada.
- They are booked well in advance, paid for well in advance and are usually a few thousand to tens of thousands of dollars for a couple or family.

### Jobs, Revenues, Outside GVRD

- The bear viewing sector brings in \$30 million in direct bear viewing revenues each year and over \$100 million with multipliers.
- Bear viewing is just one sector of the overall Adventure Tourism sector that makes up most of the tourism in British Columbia. We are hiking, mountain biking, kayaking, back country lodges, boating, hunting and viewing.
- Adventure tourism grows faster than the average economic growth in BC, is resilient and recovers more quickly than the average industry after a slowdown.
- This sector employs 100's of British Columbians, most in communities outside the GVRD, at skilled jobs, from management and professional office jobs to advanced backcountry guides, top chefs, experienced marine jobs and more.

### Reason for Travel to BC

- The experiences this sector offers are usually **the travel motivator**, bringing travellers to BC.
  - That is, they are not add-on activities for people who get here and are seeking something to do. **These experiences bring people and their billions of dollars to BC from across Canada and around the world.**
- They are aspirational and draw attention to BC on a global scale – key competitive advantages in global tourism marketing.

### Capital Investments in BC

- Due to growth and the vision of these companies in BC's tourism future, many of these companies have recently made multi-million-dollar capital investments in their offerings.
- These companies are often considered leaders in the vital adventure tourism industry.

### Clean, Green, Socially Responsible

They often awarded for leadership in sustainable and socially responsible tourism, models for BC's tourism industry.

### Payment and Non-refundable Periods in This Sector & the Important Role of Cancellation Insurance to BC Industry

#### Why Is There a Nonrefundable Period?

- For these visionary small businesses that do the extensive work to develop and operate high-quality trips, develop sustainable tourism in remote wilderness areas, and maintain and improve the local assets they own (high end and remote lodges, ships maintained to Transport Canada's very high standards), they incur almost all of the expenses of a trip before it starts, in the winter and spring.
- The variable costs such as food are a tiny portion of the cost to operate a trip, when compared to fixed costs such as vessel maintenance to Transport Canada standards or the building of a new lodge or lodge section, expensive insurance that must be paid up front, permit fees, commitments to local employees, and so forth. As well, due to the special nature of the trips, guests require lead time to plan and book such remote and special adventures.
- It is for these reasons that these companies have a non-refundable period before their trips, and why they encourage their guests to purchase and use their trip cancellation insurance. Typically these non-refundable periods range from 120 days to 60 days.
- If people cancelled their trip a week before it was to start and expected a refund, the company they booked with would go bankrupt because all the expenses had already been paid.
- Some businesses also have business interruption insurance but have learned that the forced interruptions and guest cancellations due to COVID-19 travel advisories are not being covered by these expensive insurance policies.

- It's very **important for the small businesses** who develop these special experiences that **people use their cancellation insurance** in times like these. That cancellation insurance is what **gives both guests AND the BC small businesses financial security** during the non-refundable period.
- Companies explain their cancellation policy to guests and send them contracts or tickets when they book outlining this as well. This good practice is in keeping with BC's laws on non-refundable fees. See:  
<https://www.mltakins.com/outdoor-adventure/outdoor-adventure-industry-trip-cancellations-and-customer-deposits-in-times-of-covid-19/>

### How Does Cancellation Insurance Work?

Trip cancellation insurance refunds money to guests who have non-refundable fares when certain conditions arise that prevent them from travelling – such as an unexpected injury or illness, or a government travel advisory that prevents them from reaching their destination.

Each policy is different in the details. However, many cover cancellation due to federal travel advisories. Some require guests wait until a week before their trip to cancel (quite a burden in the current global pandemic). Some do not require that kind of waiting period. Some require notice within 24 hours of learning of a reason a guest cannot travel; others do not.

A guest must cancel and submit a claim for reimbursement, with material to support the claim – such as proof of payment of a non-refundable fare, and a federal (eg Health Canada) travel advisory that affects their trip.

If the operator cancels the trip, the insurer will not pay out the claim to the guest. The guest must take it up with the operator.

### Are Travel Advisories Good or Bad for This Industry?

- Initially, in February, fear over COVID-19 and the idea of travel bans were seen as bad for the industry because they destroyed confidence in the travel industry and resulted in cancellations by guests.
- **This is no longer the case.**
- In fact, since the momentum to stop travel has begun, it **protects the industry much better to have more travel advisories.**
- It is also better to have **explicit and realistic time frames for these advisories** (eg to June 30, 2020, or whatever a realistic time frame is).
- It is much better to be realistic and to not underestimate the real length of time an advisory will be in place. (e.g., almost nobody believes the US border will be opened on Apr 22 due to the spread of COVID-19 in the USA), yet the current stated length of time on Canada's government website for this border closure extends only to Apr 21.
  - This means American guests with a prepaid adventure to take place in early May cannot provide proof to their travel insurance company that they cannot travel.

- This provides huge and unnecessary uncertainty to travellers and especially to BC adventure businesses. Business needs as much certainty to plan and save themselves as possible.
  - A better scenario was that, until sometime on Tuesday March 31, Canada's government website stated that all foreign nationals, with some minor exceptions, were barred entry into Canada until June 30, 2020. This is an example of an advisory that works for this industry. It is realistic and people can have certainty and take action now. This also gives BC tourism small businesses the certainty they need to plan. By removing that from the website on Mar 31 and not replacing it with updated information, this certainty was removed, causing pain again to customers and companies.
  - The cruise ship travel advisory, avoid all travel, is less helpful as it doesn't have a time frame on it, therefore some guests must wait until 1 week before their trip before their cancellation insurance will let them cancel. This is not a responsible or reasonable waiting period when people know that travel will definitely not be happening for a specific period of time.
- If government authorities wish that Canadians do not travel in April, May and June, then government authorities must provide a federal advisory against non-essential travel. To fail to do so provides significant harm to BC's adventure travel providers.

### The Current Situation

- The social pressure and local government actions and exhortations not to travel, not to mix with others and to socially isolate permeate the fabric of daily life.
- Yet in the absence of a government travel advisory against such travel (inside Canada by Canadians, into Canada from foreign nationals, and ) guests cannot cancel their non-refundable trips without losing their money.
- Furthermore, operators cannot cancel the trips they have scheduled without having to endure extreme hardship by either refunding millions of dollars already spent or getting into protracted arguments with guests over the non-refundable nature of this money to the detriment of all and of future business and reputations.
- Additionally, operators cannot offer other guests who are uninsured any solutions such as rescheduling to 2021 because to do so would give an insurance company reason not to pay out the cancelled trips' fare to the insured guests, who bought insurance for this very reason.
- Every player except the insurance company loses in this scenario: the guest who paid for insurance to cover travel advisories and the BC operator who faithfully built exceptional experiences that require a non-refundable period.

### Recommended Actions

1. Provide realistic, clear periods for travel advisories, which can be extended later.
2. If society is exhorting against travel within Canada, enact a travel ban for non-essential travel within Canada, with a clear and realistic time frame, which can be extended later.
3. Take this action immediately, to protect some of BC's most iconic and inspirational small tourism businesses. This will save them time and money, enable them to plan practically and likely reduce the amount of government support they will need to take.

## References