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Press Release

Chartis' Stance on Flight Cancellations due to Volcanic Ash

Sydney – **July 1, 2010** –

Chartis, an Australian leader in general insurance, has clarified its position in regards to future flight cancellations due to Volcanic Ash.

Earlier statements released from Chartis communicated the company's position in relation to the ongoing disruption of travel arising from Icelandic volcanic activity, claims arising from these disruptions are generally covered if the insurance cover was already in place prior to the eruption that occurred on the 16th April 2010. In fact, Chartis' Australian branch expects to pay almost \$2,000,000 in claims to Australian travelers in connection with the April 16 eruption.

Chartis would now like to clarify their position in relation to insurance cover that commenced after 16th, April 2010.

Whilst the Eyjafjallajökull volcano continues to erupt in Iceland, travel disruptions have become sporadic with many scheduled air services operating normally for extended periods of time. For this reason, Chartis has taken the view that future travel disruptions caused by the volcanic eruption will, in most cases, be unforeseen or unexpected, and would generally be covered subject to the other terms, conditions and exclusions of the policy.

However, if an individual purchased travel insurance* and was aware of the likelihood of disruption to travel at the time of the purchase, then Chartis is unlikely to pay the individuals claim. For example, if an individual purchased an insurance policy shortly before their planned travel date and after an announcement of imminent airspace closures had been publicised, their claim may be denied on the basis that the closure was either expected or foreseeable.

Some of Chartis' policy wordings contain an exclusion stating that Chartis will not pay for any losses arising out of any prohibition by, or regulation, or intervention of any government. Chartis

would like to clarify that it will not be relying on this exclusion to deny any claims arising out of airspace closures as a result of the volcanic eruption.

“Chartis is committed to providing our customers with protection from unforeseen and unexpected events. The great news is that Chartis does not view the sporadic flight disruptions due to volcanic ash as one event nor a pre-existing condition. We will consider claims irrespective of government intervention or regulations“ commented Regional (Australia, New Zealand and Papua New Guinea) Travel Product Manager, Mark Kopec.

“However, if you buy or activate an insurance policy after an unforeseen or unexpected event occurs, you are undermining the whole purpose of an insurance policy. Claims in such circumstances may not be paid. ” added Mr. Kopec.

Chartis’ Australian branch has paid almost \$AU500,000 in claims to date to hundreds of Australian travelers in relation to the Iceland eruption. Over 80% of these were paid within 48 hours of determination and settlement. In addition to the claims paid, Chartis expects to pay at least two or even three times that amount in claims.

Chartis underwrites Travel Insurance products for household brands such as Jetstar, nab, ANZ, Tiger Airways and Diners Club.

* For credit card complimentary insurances and annual multi-trip travel policies (including Corporate Travel policies), the date an individual purchased travel insurance is generally deemed to be the date they activated cover for that trip by purchasing the travel arrangements.

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Notes to editors:

Chartis is a world leading general insurance organization serving more than 45 million clients in over 160 countries and jurisdictions. With a 90 year history, one of the industry's most extensive ranges of products and services, deep claims expertise and excellent financial strength, Chartis enables its commercial and personal insurance clients to manage virtually any risk with confidence.

For more information visit www.chartisinsurance.com.au

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