

## ENSURE THAT TRAVEL COSTS LESS

ANDREW MERRICK

REINSURANCE and insurance could hardly exist in their present form without modern means of transport. It is not just that all kinds of facilities for travel and tourism, the world's single biggest industry, provide much premium income — from jumbo-jets and hotels to cruise-ships and car-ferries.

There is also the fact that insurance men themselves spend a vast amount of time and money travelling, partly between the different offices of multinational groups that now embrace even *bancassurance* or *Allfinanz*. The paradox of paying to travel for travel premiums was revealed — tangentially — by Sean Gates of Beaumont & Son of London, the world's top aviation lawyers. He told the American Bar Association last October that the expense of going abroad was one reason why most aviation lead business should be placed near the brokers' main base.

It is also evident to us that people in the insurance industry, including those servicing it, do not scrutinise their travel and entertainment (T&E) expenditure in the same way that they look at managing risk or study actuarial tables. Executives may well be wasting some of their companies' money, yet this need not be the case if American practices, known as travel management (TM), are more widely adopted.

For example, hotel bills often add up to more than the cost of a short-haul European flight, yet Thomas Cook has calculated that savings of up to 30% are available in accommodations worldwide. Simple foresight can also avoid unnecessary extra expenditure; thus, one should make plans for Monte Carlo and Baden Baden at least a year ahead of the autumnal congresses. Incidentally, Monaco's tourist office has just produced 23 data cards with essential information for organisers of conferences. These note, for example, that the heliport has been expanded and that there is also a minibus between Nice airport and the principality.

The concept of TM is relatively new to Britain where companies of all kinds are reckoned to be tying up £2 million per day in unnecessary advances of cash to employees travelling. Yet corporate clients can get a package of benefits under a strategy produced after research by a specialised



business travel agency such as Thomas Cook whose global clients already include American International Group as well as Dowty and Honeywell.

For a start, the buying power of a major agency means that savings — from air-fares to car-hire — can be passed directly to the client. Moreover, managing travel for a (re-)insurer or broker goes much further than just taking bookings. Substantial savings can be made simply by monitoring who travels where and when, and which airlines, hotels or car-rental companies are used.

Travel management divisions of major travel agencies and tour operators offer a dedicated account management service to help control, plan and administer business travel and related expenses. The effectiveness of a company's business travel and entertainment policy can be evaluated and monitored by collating relevant data in the form of reports for management. The information provided will help individual companies to develop and control their own travel policy and so assess potential savings.

This range of detailed information helps companies monitor the success of their travel policy more easily and so make more accurate financial forecasts — a practical and valuable approach to travel that was exemplified by Thomas Cook himself. Soon after this Victorian entrepreneur started transporting people around the world, he realised that moving people also involved moving money. In 1873, in order to give his clients a safe and convenient means of paying their expenses abroad, he began issuing the circular note, and so devised the forerunner of the modern travellers cheque.

Thanks to his wide connections, Cook was able to arrange for his notes to be cashed in hotels, banks and exchange-offices all over Europe. The convenience of this arrangement brought him an increasing number of cheque customers. However, even Cook's inventive mind could not have imagined that his company would one day use the most modern technology, including satellites, to help process cheques and transfer travel information worldwide.

During the seventies European banks started to



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co-operate in producing their own joint payment instruments and from this, Eurocheque and Eurocard were developed. It soon became clear to the banks that a third area deserved their attention – travellers cheques – a payment method offering convenience, security and worldwide acceptability for international travellers.

It was decided to base a European travellers cheque on an existing issuer by licensing Thomas Cook to issue Euro Travellers Cheques on behalf of the European banks. Since 1982 all travellers cheques in European currencies or American dollars sold in Europe as part of the Thomas Cook range have incorporated the Euro Travellers Cheques logo. In 1983 Thomas Cook became a full travellers cheque member of Mastercard International, the worldwide payment system. As a result, Thomas Cook travellers cheques bear the recognised symbol of the red and ochre globes of MasterCard to mark a further alliance with financial strength.

Although the general feeling may be that we now live in a cashless society, many people travelling on both business and pleasure still rely heavily on travellers cheques as a necessary partner to their plastic cards. Thousands of travelling business executives and tourists find travellers cheques safe, easy to use, universally accepted and by using them they are freed from the hazards of carrying cash. In

the event of loss or theft the travellers cheques can be quickly and efficiently refunded from one of over 160,000 refund points worldwide.

Thomas Cook offers travellers cheques in a range of 12 currencies, one of which is the ECU – European Currency Unit. When the pound joined the exchange rate mechanism in early October 1990 sales of the ECU travellers cheque shot up. The ECU travellers cheque is particularly recommended for business trips to several countries where the length of stay in each is not known in advance. Fluctuation in the exchange rate should be less between the ECU and the local European currency than between travellers cheques in dollars and the local currency.

While there is much emphasis on cost-efficiency, savings alone are not the only important consideration. Business travel can be tiring and stressful, so consultants are skilled in creating itineraries which make the best use of executive time and offer maximum flexibility. Fully trained consultants at the travel management centres nationwide have experience in dealing with complex fare structures, airline routings, hotel rate programmes and car-hire bookings. They are familiar with the latest technology and therefore can take advantage of the best deals, and often make significant savings.

All major travel management centres have ticket printing facilities and can print tickets and itinera-

ries on the premises ready for instant delivery. They provide the latest travel information through the computer system, which is updated daily on health and vaccination requirements, passport and visa regulations, useful overseas addresses and discounted travel fares.

Travel, both for business and pleasure, has of course many insurance implications whether it be delayed flights causing missed appointments, lost luggage or samples, or medical claims. Thomas Cook offers an independent travellers' insurance policy through Municipal General Insurance which covers these and other standard claims, although most travelling executives are normally covered by their employers' insurance policies or make their own arrangements. The Independent Traveller policy also offers a 24-hour emergency medical service operated by Mondial Assistance and covered within the terms of the overall policy. Repatriation will be provided by Mondial Assistance when this is considered to be medically necessary.

To further eliminate the element of risk from travel, whether for business or leisure, Thomas Cook has introduced a worldwide customer promise (WCP). Clients who buy tickets from any of the offices in the worldwide network are entitled to the following — free of service-charge: airline reservations, revalidation or re-routing; hotel and car-rental reservations; planning or changes regarding travel; and assistance in emergency.

All this is available at a network of 1500 offices in Europe and elsewhere. Thomas Cook's 70 outlets in France include six Parisian offices and a *bureau de change* at Nice station. Among its 23 offices in Germany are one in Stuttgart and two in Frankfurt, including at the airport. There is also representation in Bermuda, incidentally. The number of locations was doubled two years ago just by merging with Crimson Heritage in the USA where Thomas Cook Travel now ranks third with 325 outlets. Other members of the international network include Vivre in Japan, Wirtz in Belgium and Via in France.

In April 1990 Thomas Cook added to its travel management portfolio with the introduction of a new financial service for its clients — the Thomas Cook corporate card. Although expenditure on business travel is vast, the corporate card penetration of this market is low, with only an estimated 15% of travellers holding such cards.

The corporate card can be used for all travel and business expenses, ranging from rail travel and petrol to first-class air travel and hotel reservations. The card is also affiliated to MasterCard — the world's largest card network — which means acceptance at over seven million outlets worldwide wherever MasterCard, Eurocard or Access symbols are displayed. The card benefits company management by improving cash flow through the elimination or reduction of cash advances to travelling executives and by enabling travel and entertainment expenditure to be monitored and controlled through management information

reports highlighting savings opportunities.

Corporate cards involve management reports on a monthly basis detailing all the company's expenditure on travel and related services. These reports not only highlight opportunities for more efficient travel and expense management for the future but also give the evidence and the bargaining power for companies to return to suppliers and, in conjunction with the appointed travel agency, to negotiate better levels of service and price.

Additional benefits of the card for travelling executives include easy documentation for reporting expenses; convenient means of separating business and personal expenditure; elimination of the risk of carrying cash; and the ability to pay for unexpected expenses while travelling on business.

When cardholders pay for all or part of their travel with the corporate card they automatically receive travel accident insurance (underwritten by General Accident) of up to £100 000. Other benefits of the corporate card include:

- £1 000 000 personal liability protection
- Travel inconvenience package including compensation for expenses incurred due to public transport failure, flight delay and lost luggage
- Emergency travel assistance
- 24-hour legal and medical emergency operations centre
- Replacement travel documents
- Cash advances up to £200
- Emergency replacement for lost or stolen cards within 48 hours

Further protection can be easily arranged for all types of additional insurance cover to be built into the corporate card arrangement. This extra cover operates on a straightforward fee basis.

A special feature of the corporate card, not available on most business charge cards, is the ability to set spending limits for cardholders. Individual limits can be set and may be altered at any time though, in order to protect the operating company, cardholders are unable to change their spending limits without proper authorisation.

In those cases where a cardholder's account becomes overdue, and the cardholder has already had corresponding expense reimbursed or the company has derived no benefit from the charges incurred, Thomas Cook will take responsibility to recover the overdue amount directly from the cardholder, provided it is advised within 90 days of the statement, giving companies added protection against misuse. ■

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*Andrew Merrick BA heads marketing in the travel management division of Thomas Cook which he joined in 1988. He spent the previous six years at Midland Bank and eventually managed the office of the (French) chief executive for its international sector. He graduated in banking studies from City University.*