

# CONSUMER ACTION NEWS

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## Travel Insurance Issue

### Getting paid for getting waylaid on your travels

By Michelle De Mooy

Got the travel bug? Travel insurance is one way to make sure the fun doesn't end when unexpected things happen—but is this kind of coverage really worth the price?

Americans are buying travel insurance more often than ever before, to the tune of more than \$1.6 billion a year according to a U.S. Travel Insurance Association report.

As with any insurance, travel insurance is designed to protect you from financial devastation, not supplement incidental travel costs. If you are deciding whether to purchase travel insurance, start by taking a look at your expenses to determine what monetary hit you would take if the trip was cancelled.

Travel insurance can cover anything from trip cancellation to lost or delayed luggage to medical costs.

Trip cancellation is perhaps one of the biggest reasons travelers purchase insurance, as it will reimburse you if have to cancel or cut short a trip due to unforeseen circumstances, like getting sick or losing your job.

Trip cancellation usually reimburses you for money lost on the non-refundable parts of your excursion, such as a hotel deposit or prepaid meal plan.

You can also get "cancel for any reason" coverage, which is sold as an add-on to existing policies. Adding this upgrade to your policy makes it more expensive but may give you peace of mind about your travel investment.

Basic trip insurance usually covers unexpected weather events, like hurricanes or tornadoes, so it might make sense if you are traveling to a storm-prone area. If the airport shuts down or your resort gets washed out to sea, you won't lose all the money you paid.

One perk of travel insurance is getting reimbursed for unexpected, but increasingly common headaches like cancelled or delayed flights, even missed connections. For example, some policies cover a hotel room and a rental car if your flight gets delayed. Depending on the policy, you may even get emergency cash or help if your wallet or travel documents get stolen while you're voyaging.

What is not covered can be as important as what is covered. Traveling to an unstable region? Terrorist attacks are often not covered, particularly if you are traveling to an area that has experienced them before, and war is usually not covered. Also, plain old bad weather

(rather than hurricanes or earthquakes) and outbreaks of disease are not likely to be covered by your travel insurer.

#### Accident-prone travelers

Took a tumble down Machu Picchu? Forget to boil the water in Cancun? Some insurance policies will provide emergency medical evacuation, and will pay for hospital stays and medical treatment. Typical medical coverage in travel insurance policies includes accidental death or dismemberment clauses, though these are normally covered if you carry health or life insurance policies.

When you are traveling abroad many health insurance policies, including Medicare, do not cover hospital or medical expenses. Pre-existing medical conditions may not be covered at all and when they are it may increase the cost of the policy significantly. Read the fine print and ask the travel insurance provider if your pre-existing condition is covered.

(For more about travel medical insurance, see the story on page 3.)

For students studying abroad, typically the same insurance limitations apply. At a time in life when a low checking account balance and high student loan debt often go hand in hand, it can be appealing to safeguard what you do have.

If you are a student about to take a trip, you should carefully review your health-care policy and consider adding coverage. If you get sick or need medical care while overseas, you may want emergency medical evacuation coverage with transport to a hospital in your host country, or back to the U.S. Some travel insurance policies offer coverage for up to one year. If a parent or guardian gets ill while you are away, travel insurance will pay for a one-way ticket back home. (For more on trip insurance see "Avoiding the gotchas" at right.)

#### Already covered?

When deciding whether to purchase trip insurance you'll want to weigh your risks against the cost of the coverage. In fact, you may already be covered for some of your worst travel fears. Many life insurance policies cover you and your family when you travel, and homeowners' or renters' policies often provide coverage for theft and other losses when you're away from home. Check to see if your auto insurance policy is valid overseas. Often airlines or hotels will reimburse you or credit you yourselves if

See "Waylaid," page 4



### Avoiding the 'gotchas' Investigate specifics when buying trip cancellation and interruption coverage

By Ruth Susswein

Your much anticipated two-week trip overseas is ruined. You've missed your connection to the tour because of flight delays and you're stuck in no-man's land. Now what do you do?

Maybe you're stuck in a damaged hotel in the middle of a hurricane? Can you get your money back?

What if your parent becomes suddenly ill and you have to fly home two days into your vacation?

These situations—or the fear of them—are some of the reasons you might choose to get trip cancellation and interruption coverage. But, would it have provided protection?

Travel can be very expensive and trip coverage is designed to help you protect your investment. Trip cancellation insurance typically covers accidents, illness and death. Most policies will reimburse you for the non-refundable portions of your trip. For instance, airfare is often not refundable. Neither are cruises and some tours.

To help you decide what type of coverage is best for you, consider your situation. Whether you are particularly concerned about a relative's health, your company's health (layoffs), or weather conditions, your particular needs can be a guide to the type of coverage you purchase.

John Cook, president of the online trip insurance agency Quotewright, recommends purchasing a package policy that bundles many types of insurance into one

policy. In his view, a good package would include trip cancellation and interruption coverage, travel delay, accidental death benefits, baggage loss and delay, and some medical coverage.

"Insurance companies will let you add options but you can't subtract coverage," Cook explains.

So you might not want accidental death coverage but it's part of the package.

The drawback is that you'll pay for the coverage you want as well as the parts you don't. Some packages will allow you to drop the trip cancellation/interruption portion of the policy. That can save up to 50% of the cost of the policy. Often, the policy's price is based on the cost of the trip, its length, and your age.

#### Who's covered

Trip cancellation/interruption insurance covers you in the event that you, your travelling companions or your family have a problem that requires you to cancel or interrupt your trip. Typically, family includes parents, grandparents, grandchildren, siblings, in-laws and business partners. Check to see if the policy you're considering includes your traveling companions' families as well.

Travel insurance companies list the reasons that will qualify you for reimbursement. It is key to read what is covered—and to be aware of what is not covered. If you cancel for a reason that is not listed, you will not be reimbursed.

For example, a policy may not cover

See "Gotchas," page 4

## Consumer Action

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(415) 777-9635 • (213) 624-8327

[hotline@consumer-action.org](mailto:hotline@consumer-action.org)

### San Francisco

221 Main St., Suite 480  
San Francisco, CA 94105

(415) 777-9648

Email: [info@consumer-action.org](mailto:info@consumer-action.org)

#### Ken McEldowney

Executive Director

#### Michael Heffer

Business Manager

#### Kathy Li

Director, San Francisco (S.F.) Office

#### Mikael Wagner

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#### Loven Ko, Robert La, Vickie Tse,

Dennis Wong

Support

### Los Angeles

523 West Sixth St., Suite 1105  
Los Angeles, CA 90014  
(213) 624-4631

#### Nelson Santiago, Linda Williams

Community Outreach Managers  
(Training/Outreach Department)

#### Guo Guang Zhuo

Support

### Washington, DC

P.O. Box 70037  
Washington, DC 20024  
(202) 544-3088

#### Linda Sherry

Director, National Priorities  
(Editor, Consumer Action News)

#### Ruth Susswein

Deputy Director, National Priorities

#### Michelle de Mooy

Senior Associate, National Priorities

#### Jahinnslerth 'Joe' Orozco

Development & Fundraising  
Coordinator

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# Don't trip on vacation illness or injury

## Travel medical insurance can help you deal with the unforeseen

By Linda Sherry

While many Americans have health insurance, coverage is rarely accepted outside the United States. Travel medical insurance and emergency evacuation services can provide peace of mind for prices that range from several dollars a day to a percentage of the cost of your travel. You can buy the coverage on a per-day, per-trip or annual basis from independent companies, travel agents and online travel brokers.

While many people set off without travel medical insurance, there are reasons to consider it. Health care without insurance can be expensive and without the guarantee of payment offered by some companies, admission to a hospital overseas may be difficult. In foreign lands, language barriers can affect access to providers and the course of your treatment. Most medical travel insurance is designed to help you deal with these issues.

"Getting the right care, communicating with medical professionals and those back home, and paying for emergencies are issues that travelers may ignore until they are confronted with an illness or accident, especially abroad," says Mike Ambrose, president of the U.S. Travel Insurance Association.

Many travel medical insurance plans are bundled with other forms of travel insurance, such as trip cancellation, lost luggage, etc. Yet others offer a menu of insurance options, including travel medical insurance as a stand-alone policy.

But like any insurance product, the devil's in the details. Every policy has limitations and exclusions that may significantly limit their value. And there is a difference between insurance products, which will reimburse you for eligible

medical expenses, and "benefit services contracts," which basically provide advice and referrals to English-speaking health care providers.

According to Frommers.com, the travel guide, "The travel insurance industry is a hall of mirrors, full of unclear language and companies masquerading by various names." In a recent survey, Frommers found eight insurance companies that passed its scrutiny (see chart below).

Before you research travel health insurance, make sure you really need it. Call your health and homeowner insurers and your credit card issuer to get the low-down on how far you're covered if you're injured or fall ill while outside of the U.S. Ask if the coverage is primary or secondary. Does the policy kick in once you've depleted other coverage? You may also want to check if the country you are visiting has universal health care that covers visitors at reasonable cost.

### Travel medical insurance

You can buy short-term medical insurance for shorter vacations on a per-day basis, or spring for an annual policy if you travel frequently. In most cases you must purchase travel health insurance within days or a few weeks of the time you book and pay for your travel. Many travel brokers, such as Orbitz ([www.orbitz.com](http://www.orbitz.com)) and Travelocity ([www.travelocity.com](http://www.travelocity.com)), traditional travel agents and tour companies offer travel insurance when you purchase cruises, flights, hotels and packages. You can also contact an insurance provider directly, but do so immediately upon purchasing your flights, hotels and packages so you don't miss the best rates. If you wait too long, coverage becomes more expensive, less comprehensive, or even impossible to get.

Most medical policies come with

required co-payments and cost sharing, as well as deductibles that you must pay before the insurance kicks in. Most policies also have significant limitations and exclusions.

A good place to shop for and compare travel medical insurance is with a major online broker, such as InsureMyTrip.com ([www.insuremytrip.com](http://www.insuremytrip.com)), TripInsuranceStore.com ([www.tripinsurancestore.com](http://www.tripinsurancestore.com)), Squaremouth ([www.squaremouth.com](http://www.squaremouth.com)) or QuoteWright.com ([www.quote-wright.com](http://www.quote-wright.com)). These companies don't issue the policies, so for additional assurance, make sure the underwriting company is a member of the U.S. Travel Insurance Association ([www.ustia.org](http://www.ustia.org)).

According to Christopher Elliott ([www.elliott.org](http://www.elliott.org)), a respected travel journalist and ombudsman, there are scammers in the travel insurance industry selling unlicensed and illegal insurance products. Elliot recommends that you always ask in which state the travel insurance company is regulated and get its state license number. Check the license number with your state insurance department, which you can find at the National Association of Insurance Commissioners' website ([www.naic.org](http://www.naic.org)).

### Medical evacuation

Evacuation costs vary depending on the location and the severity of the medical problem. Typically, an evacuation can run anywhere from \$10,000 to as much as \$100,000.

The U.S. Travel Insurance Association notes that when the quality of care needed is not available locally, medical evacuation services provide special transport arrangements, which can range from ground ambulance to medically staffed air ambulance. Depending on the patient's condition, and the policy, transportation may be to the nearest medically adequate facility or to a hospital close to home. Ask the insurance broker who decides which hospital you end up at, a medical doctor, you, or the insurer?

### Exclusions

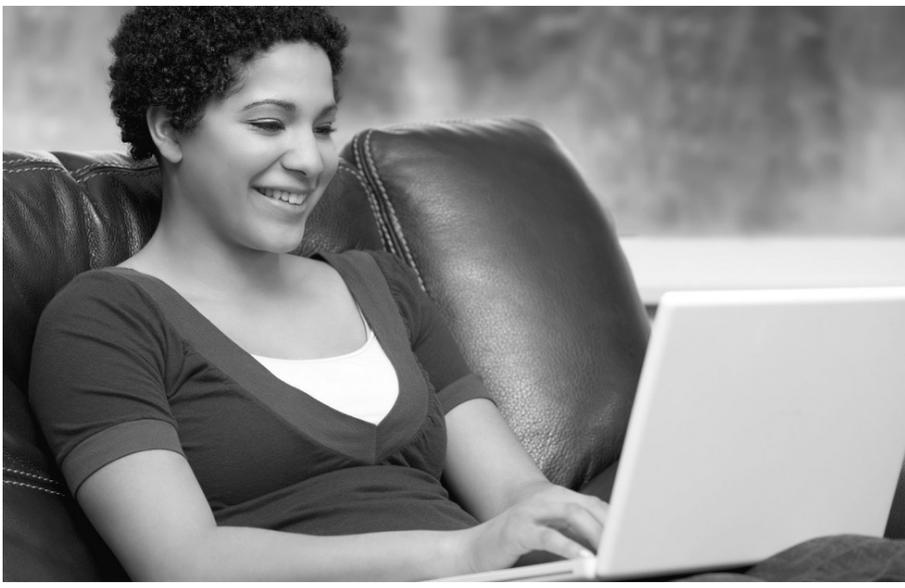
It's crucial to understand what's not covered when weighing the merits and cost of a policy. As we've stated earlier,

See "Don't Trip," page 3

## Longstanding medical trip insurance providers

Company name / location / website	Parent company	Underwriter / A.M. Best Ratings
<b>Access America (aka Mondial)</b> Richmond, VA <a href="http://www.accessamerica.com">www.accessamerica.com</a>	Allianz	BCS Insurance Company/A- (Excellent) Jefferson Insurance Company/A (Excellent)
<b>American Express Global Travel Shield</b> , New York, NY <a href="http://www.globaltravelshield.com">www.globaltravelshield.com</a>	Amex Assurance Company	Amex Assurance Company/A (Excellent)
<b>CSA Travel Protection</b> San Diego, CA <a href="http://www.csatravelprotection.com">www.csatravelprotection.com</a>	Same as company name	U.S. Fire Insurance Company/A (Excellent) Stonebridge Casualty Insurance Company/A- (Excellent)
<b>MH Ross Travel Insurance Services</b> Kansas City, MO <a href="http://www.tripinsurance.com">www.tripinsurance.com</a>	Travel Insurance Services	Old Republic Insurance Company/A+ (Superior)
<b>Travel Guard</b> Stevens Point, WI <a href="http://www.travelguard.com">www.travelguard.com</a>	AIU Holdings (formerly AIG)	National Union Fire Insurance Company/A (Excellent)
<b>Travel Insured International</b> East Hartford, CT <a href="http://www.travelinsured.com">www.travelinsured.com</a>	Same as company name	Arch Insurance Group/A (Excellent)
<b>Travelex Insurance Services</b> Omaha, NE <a href="http://www.travelex.com">www.travelex.com</a>	Travelex Insurance Group	Old Republic Insurance Company/A+ (Superior)
<b>TravelSafe Insurance</b> Wyomissing, PA <a href="http://www.travelsafe.com">www.travelsafe.com</a>	Chester Perfetto Agency	Stonebridge Casualty Insurance Company/A- (Excellent)

Source: Frommers.com, Nov. 24, 2009



## Researching and buying travel insurance on the Internet

### American Society of Travel Agents (ASTA)

This industry association offers travel tips and advice at its TravelSense website ([www.travelsense.org](http://www.travelsense.org)). It also helps with consumer complaints about member travel agents. Visit “About ASTA” at [www.asta.org](http://www.asta.org).

### Elliott.org

Run by travel expert and ombudsman Christopher Elliott, this site carries news and advice about travel related scams and mishaps of every variety, including travel insurance snafus. Users can register to add comments about their own experiences to educate others.

### Insure.com

This website, which provides quotes on various kinds of insurance, also has consumer education articles about travel

insurance, as well as other types of coverage. Visit [www.insure.com/articles](http://www.insure.com/articles) and choose Travel from the list at left.

### InsureMyTrip.com

A popular website that offers an easy-to-use and read comparison of travel insurance policies from 16 major carriers. Visit [www.insuremytrip.com](http://www.insuremytrip.com) or call 800-487-4722 for more information.

### International Association for Medical Assistance to Travelers (IAMAT)

Offers access to U.S. trained, English speaking doctors worldwide. This non-profit connects consumers in need of emergency care to medical professionals, plus provides free travel health advice, immunization and disease risk information online. Referrals are free but dona-

tions are requested. Visit [www.iamat.org](http://www.iamat.org) or call 716-754-4883.

### Quotewright.com

Compiles and compares insurance options based on user input and spells out some of the “gotchas” buried in policy fine print, such as what constitutes a weather emergency. Includes online video tutorials. Visit [www.quotewright.com](http://www.quotewright.com) or call 800-821-4940.

### Squaremouth.com

Similar to InsureMyTrip.com and Quotewright.com, the site claims to offer more comprehensive results. It has a “zero complaint” policy that removes an insurance carrier from the site if a complaint is not resolved to its satisfaction. Visit [www.squaremouth.com](http://www.squaremouth.com) or call 800-240-0369.

### Travel Insurance Review

This company’s editors review various travel companies. Individuals can also comment and post reviews. Visit [www.travelinsurancereview.net](http://www.travelinsurancereview.net).

### U.S. Department of State

[Travel.state.gov](http://Travel.state.gov), official source of information for Americans traveling abroad, has a site full of news, tips and alerts. The site is run by the Bureau of Consular Affairs. The agency strongly suggests that travelers who plan to leave the U.S. investigate if their existing health insurance covers them abroad and if necessary, urges them to consider purchasing medical and evacuation insurance.

### U.S. Travel Insurance Association

The U.S. Travel Insurance Association website provides a list of questions consumer should ask before purchasing travel insurance, as well as a list of companies that are members in good standing with the organization. Visit [www.ustia.org](http://www.ustia.org) or call 800-224-6164. ■

## New limit on tarmac strandings

Under new rules effective April 29, airline passengers can’t be kept on grounded planes for more than three hours without being allowed to disembark.

Within two hours, carriers must provide passengers stuck on the tarmac with food and drinking water. Airlines also must keep bathrooms clean and in good order and provide medical attention.

“These new rules will require airlines to live up to their obligation to treat their customers fairly,” said U.S. Transportation Secretary Ray LaHood.

Adopted last December, the U.S. Department of Transportation (DOT) rules come in response to incidents where passengers were locked aboard grounded aircraft for hours on end. The DOT recently fined three airlines \$175,000 for stranding passengers for six hours on a Minnesota airfield.

The rule also:

- Prohibits airlines from retroactively changing contract terms for consumers who already purchased tickets.

- Prohibits airlines from scheduling chronically delayed flights and subjects them to fines for unfair and deceptive practices.

- Requires airlines to designate a staff member to monitor flight delays and cancellations, respond promptly to consumer complaints and give consumers information on how to file complaints.

- Requires airlines to post flight delay information on their websites for all domestic flights.

- Requires airlines to adopt customer service plans and carry out compliance audits on a regular basis. ■

## Don’t trip

*Continued from page 2*

most companies will not cover claims from travelers in areas of the world where there is war or civil unrest. If you are pregnant or may become pregnant, coverage of any pregnancy related condition might be excluded.

Make sure you are not traveling against the advice of your physician, since this is a common cop-out by insurers. Another is being under the influence of alcohol or non-prescription drugs when you become injured. If you are engaged in anything illegal when you get hurt, forget about coverage.

Many people today travel in order to seek medical care in another country. Unfortunately, most medical travel policies exclude coverage for “medical tourists.”

Most standard travel medical insurance excludes injuries sustained while you are involved in extreme sports activities such as rock climbing, snow boarding, hiking in remote regions, etc. There are some companies that offer special policies for sports enthusiasts, but be prepared to pay a hefty premium for coverage of dangerous activities.

### Pre-existing conditions

Various companies treat pre-existing conditions differently. Some will not pay for emergency care related to your pre-existing condition, some will cover conditions that have not reoccurred for specific time periods, and some will cover only acute onset of a pre-existing condition. Insurance companies may rule out pre-existing conditions that occurred anywhere from 60 days to three years prior to the date of coverage.

Some insurers offer a “waiver of pre-existing conditions” on package policies, if you purchase the policy shortly after

booking the trip. Pre-existing condition coverage, if available, may exclude people above a certain age, such as age 70. Expect to pay more for a policy that covers pre-existing conditions.

### Due diligence

Before you purchase travel medical insurance, ask for the following information:

- The insurance company’s licensing state and the license number.
- The policy underwriter, which is generally but not always different from the travel insurance company.

Check the license with your state insurance regulator (find the agency at [www.naic.org](http://www.naic.org)) and verify the underwriter’s status with A.M. Best ([www.ambest.com](http://www.ambest.com)), the insurance rating company.

When you have satisfied yourself that the company you are dealing with is a good risk, make sure everything that matters to you is down in writing in the policy before you sign and pay for it.

### Questions to ask

Depending on which provisions are important to you, here are some questions to ask when shopping for medical trip insurance:

- Does the policy provide insurance coverage to pay for medical and hospital fees or just medical and emergency referral services, sometimes called “benefit services”?
- What effect does choosing a higher deductible have on your premium?
- When does the coverage begin and end—when you leave home, or after you arrive at your destination?
- Does the company have a cancellation and refund policy, and if so, how does it work?
- How far must you travel from your permanent residence for coverage to apply?

- If pertinent, can you get a waiver of pre-existing medical conditions? If not, does the company offer a “lookback period” for coverage of pre-existing medical conditions?

- Can the company be reached 24/7?
- Are there doctors and nurses on staff?
- Does the company have multilingual operators?
- Does the company pay for emergency hospital or medical costs? What is the out of pocket deductible and percentage of cost-sharing, if any?
- Does the company guarantee hospital payment, or will you be required to

pay up front and submit reimbursement forms later?

- If pertinent, are pregnancy-related emergencies covered?
- Are children covered at no additional cost when traveling with a covered adult family member?
- Is medical evacuation included, or available for an additional premium?
- Is dental care included, or available for an additional premium?
- What other travel related benefits are included, such as trip cancellation, lost baggage, rental car loss-damage waiver, etc.? ■

## Credit card travel/emergency services

Many credit cards offer certain travel benefits, such as car rental loss and damage waiver provisions. However, premium credit cards may have even richer benefits for travelers.

Credit cards with Visa Signature and World MasterCard premium status provide emergency medical and travel assistance and referral services when you travel—although the costs will fall on you in most cases. These cards are so-called “preferred” accounts and are tough to get if you have poor or damaged credit.

The services on Visa Signature include medical referral assistance, emergency transportation to medical facilities, prescription assistance and emergency translation services. Cardholders receive a minimum of \$250,000 in accidental death and dismemberment insurance while flying, if the tickets were charged to the Visa card.

The services on World MasterCard include family coverage against accidental death or dismemberment, if you purchase common carrier travel tickets with your card. MasterCard helps cardholders get referrals to a network of physicians and helps arrange hospital transfers if you are more than 100 miles from home. In addition, automatic World MasterCard trip cancellation insurance protects you if your trip (paid for on the card) is interrupted or cancelled.

Most American Express cards come with some basic benefits such as accidental death and dismemberment insurance and referrals to physicians through its Global Assist 24/7, but the company also offers cardholders additional services for a fee. For example, if you purchase your airline ticket using your eligible American Express card, and enroll in Travel Protection Delay for \$9.95 per covered person, you are provided with up to \$200 per day for two days when stranded with no alternative transportation. Its Global Medical plan covers emergency medical, dental and medical transport expenses for an extra fee.

—L.S.

## Trip insurance questions answered

**Q** If I buy trip insurance will the insurance company pay the bills directly?

No. Typically, you are expected to pay the bill upfront and the insurer will reimburse you. Trip insurance is usually secondary coverage, meaning that your trip insurance policy would apply once any other coverage is exhausted. If you have another policy (homeowner's, etc.) or another company (the airline, tour operator, etc.) in line to pay for, repair, replace or cover a loss, that coverage would be the primary protection.

**Q** There are so many policies to choose from — how will I know which is the right one for me?

Make your choice based on coverage and cost. Is the policy likely to protect you from the things you are most concerned about, such as medical coverage or financial losses? Insurance expert John Cook says most companies have four different price levels. Ask for the "basic" plan and compare it to the more pricey options.

**Q** How do I know if the trip insurance company is healthy?

Focus on the insurance company and underwriter rather than the sales agent. Insurance companies are state regulated and are rated by A.M. Best, the credit rating agency for financial service companies. The trip insurance comparison site

Squaremouth.com is one source that lists each insurer's rating. You also can go to the A.M. Best site ([www.ambest.com](http://www.ambest.com)) and click on "Consumers" to check ratings for individual companies.

**Q** Does it matter when I purchase trip insurance?

It depends on the type of coverage you are seeking. If you want medical coverage and are concerned about a pre-existing condition, or you want cancel for any reason coverage, usually you must purchase it within two weeks of making a deposit on your trip.

**Q** If I buy the optional cancel for any reason policy and I cancel my trip, will I get 100% of my money back?

Probably not. Unless you cancel many months in advance of the trip, you may

not get a full refund. Typically, cancel for any reason plans reimburse only 75% to 80% of your expenses.

**Q** What if I submit a claim and it's denied. Do I have the right to dispute it?

Yes. Be sure you obtain the reason for the denial in writing. If you believe your claim is valid, file an appeal with the insurance company.

Don't ignore a company's request for information because this alone could cause a claim's denial.

If you are still dissatisfied with the outcome take your dispute to your state insurance department. To find your state agency, use the nationwide search function on the National Association of Insurance Commissioners' website ([www.naic.org](http://www.naic.org)). ■ — R.S.

## Waylaid

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they cancel or drastically delay your trip. What's more, if the travel provider has to cancel your trip due to a natural disaster or other major incident, you may get a refund or credit, regardless of whether you have travel insurance. Take the time to know precisely what the travel provider guarantees. Credit cards also may offer cardholders perks like travel insurance. For instance, most American Express cards provide accidental death and dismemberment coverage, insurance for car rental loss and damage, and lost baggage protection. But some card issuers actually offer assistance, or referrals, rather than insurance. (For more about credit card services, see the box on page 3.)

Travel agents, tour operators and cruise lines all hawk travel insurance, but your safest bet is to obtain coverage through an established insurance agency, so that

you're protected financially if the travel company goes belly up. This is an increasing concern in today's economy. Be particularly wary of purchasing travel or medical insurance through a cruise line. Cruise lines are notorious for creating disgruntled consumers when the companies that operate them sink into bankruptcy.

### Costs

The cost of travel insurance varies widely, but packages can cost from 4% to 8% of the cost of the trip to a high of 15%. The cost varies considerably based on the type of coverage, trip destination, length of time you're away, the age of the policyholder, and the company from which you purchase the policy. Coverage for a \$3,000 trip could run you around \$120 to \$240.

Check your existing policies first. Homeowner's policies may kick in for the loss of your clothing and personal items. Health insurance policies often cover you and your family when you travel within

the U.S. Coverage does not generally extend overseas but may apply on cruises.

Plane-crash and flight insurance both top the "not worth it" list. If your flight goes down, your dependents are likely to be covered by your life insurance policy (unless you bring down the plane yourself) or by the credit card company you used to purchase the ticket. Also, airlines may reimburse you or reschedule you at no extra charge for a cancelled or delayed flight, not to mention lost bags.

If you decide to buy travel insurance, do it as soon as possible after booking your trip. Buying early may qualify you for benefits such as a waiver of pre-existing medical conditions.

Think about putting your airline tickets or other travel expenses on a credit card (if it has a low interest rate and you are able to pay it off quickly). Your card may offer trip insurance or access to medical services that could save you a substantial sum. Check the card's policy to know if benefits kick in before or after any other

coverage. (See page 3 for more information about credit card travel benefits and services.)

### From here to reimbursement

There is a long list of exclusions to any insurance policy and travel insurance is no exception. Insurance benefits will be denied to travelers who participate in a whole range of activities such as skydiving or piloting a plane (though you may be able to buy separate policies), for injuries stemming from anything illegal or intoxication, and for self-inflicted injuries.

Before you sign up, check to see if the company you are purchasing the policy from is regulated by a state insurance department. If you have a dispute or reimbursement claim that the company is refusing to honor you'll have somewhere to turn for help.

Keep all insurance documents and receipts for expenses incurred while you were covered in case you need to file a claim. ■

## Gotchas

*Continued from page 1*

cancellations due to terrorist activity, particularly if the travel agent/tour operator offers a substitute itinerary. Some policies must be purchased within two weeks of making a deposit on the trip to qualify for a refund. Many policies will not cover injuries due to adventure sports such as parasailing, hang gliding, mountain climbing, etc.

In addition to serious illness, injury or death, here are some areas that might be covered under a trip cancellation/interruption policy:

- Cancellations due to a major disaster at home (flood, fire) that has made your

house uninhabitable.

- Jury duty.
- Natural disasters or bad weather that have caused the tour operator/cruise line to stop operating for at least 24 hours.
- Layoffs or job losses.

Be aware each category comes with its own limitations. For example, coverage for job loss often requires that you've been employed for at least a year. Hurricane coverage requires you to have the policy before the storm has been named and recognized by weather authorities.

Each policy may offer somewhat different protection. Review what's covered before choosing a policy. The Quotewright site ([www.quotewright.com](http://www.quotewright.com)) rates the various trip cancellation policies and details what each one does or does not

cover by insurance category.

The baggage loss category covers your luggage and personal items up to a set limit of \$2,000 or \$3,000, plus per article or category limits such as a \$600 limit on lost jewelry. Some items like eyeglasses, telephones, and computers may be excluded from coverage. In this category, refunds kick in after an airline or hotel fails to reimburse you.

In the case of baggage delay, save all receipts to prove the expenses you incurred during the delay, such as new clothing and toiletries.

### Cancel for any reason

Cancel for any reason policies are designed to cover gaps in the package policy. This type of policy puts some trav-

elers at ease. But it may add about 50% to any trip insurance premiums.

To qualify, you must have purchased a package policy first.

Cook cautions that you must insure the "full value" of the trip, which includes all pre-paid travel arrangements. If you underinsure your trip you risk being disqualified when it's time to file a claim.

"This is one of the 'gotchas,'" warns Cook. "Don't try to save money by rounding down, round up to be sure you're covered."

From his vantage point of 29 years in the insurance industry, Cook tells the story of a client whose trip cost \$8,100 but was insured for \$8,000. The traveler filed a claim and was refused reimbursement because the insurer could prove the trip cost more than it was insured for.

Cancel for any reason coverage has another big catch. This benefit expires two days before your trip begins so that people don't cancel at the last minute for frivolous reasons. However, coverage continues on your underlying package policy for the duration of your trip.

### Claims

Should you need to file a claim, expect the insurer to reimburse you for 75% to 80% of your covered expenses. Cook says even policies that claim to cover 100% of your loss will only return all your money if your travel plans are six months or more in the future, when it's less likely that you will cancel. The closer you are to your travel date the greater the chance is that you'll be responsible for a portion of your losses.

With these caveats in mind, you can decide if the financial protection that trip insurance offers is worth the price. ■



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