Getting paid for getting waylaid on your travels

By Michelle De Mora

G ot 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 than ever. In a recent year, the rate of more than $1.6 billion a year according to a U.S. Travel Insurance Association report.

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 you 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 un-expected 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 coverage, 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 themselves if you see “Waylaid,” page 4.

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.

Avoiding the ‘gotchas’ Investigate specifics when buying trip cancellation and interruption coverage

By Ruth Sauterwin

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
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 day-by-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 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, such as trip cancellation, lost luggage, medical evacuation and emergency 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

Access America (aka Mondial)

American Express Global Travel Shield

CSA Travel Protection

MH Ross Travel Insurance Services

Travel Guard

Travel Insured International

Travelex Insurance Services

TravelSafe Insurance

Parent company

Allianz

Amex Assurance Company

Same as company name

Travel Insurance Services

Same as company name

Arch Insurance Group/A (Excellent)

Underwriter / A.M. Best Ratings

BCS Insurance Company/A (Excellent)

Jefferson Insurance Company/A (Excellent)

U.S. Fire Insurance Company/A (Excellent)

Stonelbridge Casualty Insurance Company/ A- (Excellent)

Old Republic Insurance Company/A+ (Superior)

National Union Fire Insurance Company/A (Excellent)

Old Republic Insurance Company/A+ (Superior)

Stonelbridge Casualty Insurance Company/ A- (Excellent)

Source: Frommers.com, Nov. 24, 2009

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.

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Designing and building travel insurance on the web

American Society of Travel Agents (ASTA)

This industry association offers travel tips and advice at its TravelSense website (www.travelsense.org). It also helps with consumer complaints about member travel agents. Visit “About ASTA” at www.astaa.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 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 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 donations are requested. Visit 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 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.sqauremouth.com or call 800-540-0369.

Travel Insurance Review

This company’s editors review various travel companies. Individuals can also comment and post reviews. Visit www.travelinsurancereview.net.

U.S. Department of State

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. If not, 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 consumers should ask before purchasing travel insurance, as well as a list of companies that are members in good standing with the organization. Visit www.unita.org or call 800-224-6164.

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 treatment for 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 number and the state in which they are licensed.
• 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) and verify the underwriter’s status with A.M. Best (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”? 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 costs that are covered, 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?
• If pertinent, are covered adult family member?
• Can the company be reached 24/7?
• How far must you travel from your permanent residence for coverage to apply?

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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 only after other coverage has been 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?

Waylaid

Continued from page 1

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 card offers may also 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 customers when the companies that operate them sink into bankruptcy.

Costs

The cost of travel insurance varies widely, but policies 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 $200.

Check your existing policies first. Your homeowner’s policy 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 baggage. 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 purchase insurance, for injuries stemming from anything illegal or intoxicated, 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, you’ll have somewhere to turn for help.

Keep all insurance documents and receipts for expenses incurred while you traveled 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 also have other catches. 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 Quote-wright site (www.quotedept.com) rates the various trip cancellation policies and details what each one does or does not cover by insurance category. The bag loss/gain 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 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 travelers 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 “blanket” cost of the trip and none of the pre-paid travel arrangements. If you underinsure your trip you risk being disqualified when it’s time to file a claim. Consider using the National Association of Insurance Commissioners’ website (www.naic.org). If you are still dissatisfied with the outcome take your dispute to your state insurance department.

If you still have questions about the whole range of activities such as skydiving or piloting a plane (though you may be able to purchase insurance, for injuries stemming from anything illegal or intoxicated, 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, you’ll have somewhere to turn for help.

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

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