

9 reasons to buy travel insurance

Advice on when and when not to buy various coverages

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For years, it was the great unmentionable in the travel transaction: insurance. Travel agents were afraid to bring up the subject of travel insurance for fear of losing the overall deal. It was considered a negative.

Not anymore. Whether it's your trip, your possessions, your luggage, or your health, travel insurance — and most important, the right kind of travel insurance — has become an essential item to pack for smart travelers. And if you don't buy travel insurance — or the right kind — more than your trip could be ruined.

According to the U.S. Travel Insurance Association, about 30 percent of Americans purchase travel insurance, an increase from 10 percent before 9/11. The top three reasons are: peace of mind, protection against the unexpected and concern over losing the financial investment in a trip. Some 70 percent of cruisers buy travel insurance.

While a majority of those who don't buy travel insurance are familiar with flight and trip cancellation insurance, many people are unaware of travel health insurance, baggage coverage and medical evacuation insurance. Even among travel insurance buyers, only 50 percent were aware of medical evacuation insurance.

There's yet another kind of insurance that's available to air travelers that the airlines aren't exactly rushing to tell you about. In fact, they actually wish you didn't know about it. It's called excess valuation.

Reasons to buy travel insurance

1. Your flight has been cancelled.
2. Your bags are lost and your medication is in it. You need to have an emergency prescription filled.
3. Your passport and wallet are stolen, and you need emergency cash and a replacement passport.
4. You're involved in an accident and adequate medical treatment is not available. You need medical evacuation.
5. You need to cancel your trip due to illness.
6. Your cruise line, airline or tour operator goes bankrupt. You need your non-refundable expenses covered and to get to your destination.
7. You have a medical emergency in a foreign country.
8. A terrorist incident occurs in the city where you're planning to visit and you want to cancel your trip.
9. A hurricane forces you to evacuate your resort, hotel or cruise.

Here are the basics types of insurance:

Flight insurance

Many of us grew up noticing those insurance kiosks at airports. They offer to pay out big bucks if you bought the insurance, the plane crashed and you were on it. Advice: This is not necessary. In fact, if you annualized the premium, it's the most expensive kind of travel insurance you can buy, and probably the least necessary. My advice: NO.

Trip Cancellation and Interruption insurance

This is a biggie. The key here is price point. If you're flying on a \$59 Southwest Airlines ticket from Burbank to Las Vegas, you have an incredibly small investment to protect. You shouldn't buy trip cancellation and interruption insurance. A \$15,000 once-in-a-lifetime cruise vacation? My advice: YES. Buy this insurance. If you get sick, or miss your trip, or the travel provider (airline, cruise line, bus transfer company) goes out of business, you're not left high and dry. You're covered. My advice: YES, with one additional caution. Do NOT buy this insurance from the individual travel provider, meaning don't buy your cruise trip insurance from the cruise ship company. Why? If that company goes out of business, chances are, so does their insurance.

Health Care insurance

This is perhaps the most confusing area. Most people think they are covered if they already have existing health care insurance. Within the United States, that's true. Outside the U.S., however, is a big IF. And in some cases, your insurance won't even cover you if you're traveling on a foreign-flagged vessel. This is a huge red flag, since most cruise ships, even those cruising U.S. waters, are not flagged in the U.S.

And in many cases, even if you are covered for basic emergency care overseas (again, a big IF), in almost all cases, your current health insurance does NOT cover you to evacuate you and repatriate you back to the U.S. This is where "Medical Evacuation and Repatriation" insurance comes into play. I believe this is essential for anyone who travels. It's an insurance program (usually an annual premium, not often purchased per trip) where if you get sick or injured overseas the policy will get you treated, stabilized and flown back to the U.S. There are a number of good companies that provide this plan, two of which are Travel Guard and Medjet Assist. The annual premium is about \$300, and it's the card you hope you never have to use. My Advice: YES, get this, with another important caveat: read the fine print. With Travel Guard and Medjet assist, these policies provide that they will get you initially treated and stabilized and then send a medically equipped and staffed jet to fly you to the doctor and medical facility of your choice. This is crucial. Outside of Travel Guard and Medjet assist, many other companies that offer this insurance will fly you to the doctor and medical facility of their choice.

And then there's another reason for getting this coverage: If you're in a foreign country, particularly a developing country, many hospitals will admit you without caring about coverage, but they won't let you leave until you pay. Travel insurance can help facilitate payment, and act as an advocate so that you're not overcharged because you're an American.

Baggage insurance

Many trip cancellation and interruption policies also provide coverage for lost, damaged, delayed or stolen bags...And this is especially necessary if you're flying overseas and checking bags. Why? Because of a nasty little thing called the Warsaw Convention.. The old Warsaw Convention limits liability to approximately \$9.07 per pound for checked baggage and \$400 per passenger for unchecked baggage. Do the math. If you're only allowed 44 pounds of baggage as a coach passenger, you're not getting a fat check.

But if you're just flying between U.S. cities and think you have no need for a larger trip cancellation and interruption policy, you may think you are simply covered by the airlines' published limits of liability when it comes to lost, stolen, delayed or damaged bags.

Indeed, at least on the surface, it seems like you're covered. As of Feb. 28, 2007, U.S. airlines' liability for lost or damaged luggage increased to \$3,000 per passenger from the current limit of \$2,800. Sounds good, right? Well, let's talk about that limit in realistic terms: First, there's an entire list of excluded items not covered (jewels, furs, negotiable financial documents, et al), and then there's something called....depreciation. The airlines may have a \$3,000 liability limit, but that limit is not per bag, it's per incident, and it's all based on depreciated value. Hardly anyone in the history of aviation has ever received \$3,000.

But there's a little known insurance provision you've probably never heard about. And the airlines aren't exactly rushing to tell you about it. In fact, not one single airline even advertises this provision, even though it's available to every single passenger. It's something called "excess valuation."

When you get to the airport, ask the counter agent for this little known option called "excess valuation." It provides up to \$5,000 additional coverage, at a rate of about \$1 per \$100 in value. If you purchase excess valuation, you will be asked to describe the contents of the bag. It's well worth it if the airline does lose your bags.

Non-refundable insurance

Some policies also offer straight coverage if you buy the non-refundable airline ticket and then can't use it and don't want to be hit with the minimum \$100 change fee. This runs about \$13 per \$100 of coverage. An expensive premium, but still worth it if you really think you might have to change your trip once you purchase your ticket.

Golf travel insurance

Travel Guard provides golf equipment loss, golf equipment delay, golf fee refund. In addition, every Golf Travel Insurance Plan customer will also receive AIG Travel Guard's Golf Concierge Services, which includes golf course recommendations and driving directions, tee time reservations, PGA-Professional referral service and much. If get a hole-in-one, we'll reimburse for the celebratory round of drinks (up to \$250) at the clubhouse.

Adventure/extreme sports travel

In most cases, there are exclusions on basic travel insurance when it comes to adventure travel. That means specifications on how high is the mountain you're climbing, and how far are you scuba diving. However, third-party travel insurance can offer additional coverage for adventure and extreme sports—even professional sporting events can be covered, but it will cost you.

Credit card coverage

If you book your trip on a credit card, you may already be covered in many cases. But more often than not, your basic credit card coverage will be limited to flight accident insurance, rental car insurance or limited baggage insurance. Be sure to read your card's terms and conditions, or call your credit card provider's toll-free line for guidance.

Terrorism tips

Read the policy wording carefully. If war breaks out, or there is a terrorist act, are there clauses that essentially void your policy? Very few policies cover trip cancellation for reasons of any kind. Most policies now include "force majeure" clauses. For example, most policies now still cover trip cancellation if the U.S. State Department issues a travel warning. Also many policies only cover you for your trip if an act of terrorism occurs in the specific country you're traveling to or from. And they set limits on how close an attack has to be to your destination before it goes into effect. You generally must buy the policy before violence erupts to be covered. But almost all policies will not cover any losses caused by war or threat of war.

Call and talk to the agency personally, ask them the specific questions you have before your trip, to put your mind at ease. Some insurance plans cover you only if a travel company formally files for bankruptcy protection. (Not every policy covers every bankruptcy.) Other policies leave it up to the U.S. State Department, law enforcement agencies or news media outlets - not you - to define what constitutes a terrorist attack, foreign or domestic.

Understand that most insurance policies won't cover last-minute anxiety. After the Sept. 11 attacks, for example, Travel Guard reimbursed customers who canceled trips because they were afraid to fly. While Travel Guard felt it was the right thing to do, it's unlikely the insurer will do it again. It was the costliest event in the history of that company.

To buy, or not to buy?

Compare the cost of the trip versus the cost of the policy. If you just bought a \$200 airline ticket, is that worth covering? If you paid for it with a credit card, and the airline ceases to operate before your flight, you're already covered - under federal credit laws - by your own credit card company, since you bought or contracted for a service which you didn't get.

Look for a policy with a travel insurer that is independent from your tour operator and is licensed by your state. Many cruise lines and tour operators offer insurance, often at lower premiums than those charged by outside insurers. But if the cruise line or tour company goes out of business, there may not be money to cover your claim.

If flight or cruise delays make you want to cancel, you may be out of luck. Read the fine print, as with some policies, more than half of your vacation has to be delayed before you can cancel and be covered.

Resources

[Insuremytrip.com](#) allows you to compare national plans, based on what they cost, what they cover and payouts.

[TripInsuranceStore.com](#) offers comparisons and testimonials from users, and you can also sign up for a plan through the site.

[Access America](#) 1-800-729-6021.

[Travel Guard International](#): 1-800-826-4919.

[Travelex Insurance Services](#): 1-800-228-9792.

[HTH Worldwide](#): 1-888-243-2358.

[Travel Insured International](#): 1-800-243-3174.

[Global Travel Insurance](#): 1-800-232-9415.

[Travelsafe](#): 1-888-885-7233.

[Medjet Assistance](#): \$250 per year, \$350 for families. 7, 14, 21 and 30-day options available as well. 1-800-963-3538.

[Air Ambulance Card](#): \$195 per year for individuals and \$295 per year for families.

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