



TRAVEL INSURANCE 101

Most of us are keen to have our trips insured (and for some trips, it's a requirement). For this, we turn to "travel insurance". But what exactly is travel insurance, what does it cover, and where can I get the best deals? We've put together a primer on this complex subject and hope it will help you make choices that are most suited to your travel style / level of risk aversion.

What is "Travel Insurance"... Really?

Travel insurance is an umbrella term that encompasses a wide range of policies designed to reduce the additional risks you (or your money) may be exposed to after having purchased a trip, while travelling to - and spending time in - faraway places.

A standard off-the-shelf travel insurance policy will typically include varying extents of coverage for trip cancellation and interruption, medical expenses, emergency medical transportation, and accidental death and dismemberment. Some policies may also include coverage for things like trip delay, baggage delay, and rental car damage. In general, travel insurance can provide peace of mind and financial protection for you and your trip, but it's important to purchase the right policy for your needs and budget.

There may be minor or major differences between policies, so it's important to...

.....read the fine print

While there is a standard generic list of what's covered / not covered in a standard travel insurance package, it is incumbent on purchasers of insurance to read the fine print so that you understand what exactly is covered and not covered, and the extent to which you may be covered or not covered. Some exclusions include pre-existing medical conditions, certain types of adventure activities, and events related to terrorism, and force majeure. Some policies (more typical for credit cards) act as secondary insurers – covering only those expenses not covered by a primary insurer.

In all cases mentioned below, the coverage and limits may vary depending on the provider and the policy.

Trip Interruption Insurance

Trip interruption insurance helps protect you and your trip in case you have to interrupt or cut your trip short due to certain covered events. These events can include things like a natural disaster, a serious illness or injury, or a death in the family. Typically, trip interruption insurance will cover the cost of your unused, non-refundable trip expenses, as well as the cost of additional transportation to return home or to continue your trip. Some policies may also cover additional expenses such as meals and accommodations if you need to stay somewhere unexpectedly. It's important to note that trip interruption coverage is generally included in a comprehensive travel insurance policy, but it can also be purchased as a separate coverage.

Some exclusions may apply, such as pre-existing medical conditions or certain types of adventure activities.

Emergency Medical Evacuation

Emergency medical evacuation insurance helps pay for transportation and medical care in the event that you become seriously ill or injured while traveling and need to be transported to a hospital or medical facility for treatment. This coverage can include the cost of an air ambulance, ground transportation to a hospital, and medical care en route. This coverage is typically included in comprehensive travel insurance policies, but it can also be purchased as a standalone coverage.

It is particularly useful for travelers who are visiting remote or underdeveloped areas where medical facilities may be limited or unavailable. In case of emergency, the insurance company will arrange and pay for the evacuation to the nearest appropriate medical facility.

Some exclusions may apply, such as pre-existing medical conditions or certain types of adventure activities. It's also important to keep in mind that emergency medical evacuation coverage is not the same as health insurance, and it may not cover the cost of ongoing medical treatment once you have been evacuated to a hospital or medical facility.

Emergency Medical Insurance

Emergency medical insurance is a type of coverage that helps pay for medical treatment and expenses in the event of an illness or injury while traveling outside your home country. This can include things like doctor's visits, hospital stays, and emergency medical transportation.

Travel medical insurance can provide coverage for a wide range of medical expenses, including emergency medical treatment, hospitalization, prescription drugs, and even evacuation to your home country in case of a medical emergency. Some policies may also provide coverage for things like accidental death and dismemberment.

It's important to note that travel medical insurance is not the same as traditional health insurance and it may not cover pre-existing conditions or ongoing medical treatment. Also, it's usually purchased for a certain period of time, usually the duration of the trip.

Trip Delay Insurance

Trip delay insurance can help cover expenses associated with delayed travel. This can include things like additional transportation costs, lodging, and meals if your trip is delayed for a specified length of time. This coverage can be part of a comprehensive travel insurance policy or offered as an add-on to an existing policy. It can also be offered as a benefit on some credit cards. It typically kicks in when a trip is delayed for a certain number of hours, usually 6-12 hours, due to an eligible reason such as flight delays, missed connections, or weather. The policy will usually provide a set amount of coverage per day, for a certain number of days, for expenses such as additional accommodation, meals and local transportation to the accommodation.

Lost of Delayed Baggage

Lost or delayed baggage insurance can help cover expenses associated with lost or delayed baggage while traveling. This can include things like the cost of replacing necessary items or the cost of additional transportation if your bags are delayed. This coverage can be part of a comprehensive travel insurance policy or offered as an add-on to an existing policy. It can also be offered as a benefit on some credit cards. It typically kicks in when your bags are delayed for a certain number of hours, usually 6-12 hours, due to an eligible reason such as flight delays, missed connections, or weather.

The policy will usually provide a set amount of coverage per day, for a certain number of days, for expenses such as additional accommodation, meals and local transportation to the accommodation. In case of lost bags, the policy will usually provide coverage for the cost of replacing necessary items or the cost of additional transportation if your bags are lost permanently, or delayed for an extended period of time.

Trip Cancellation

Trip cancellation insurance helps protect you financially in case you need to cancel your trip before you even start it due to certain covered events. These events can include things like natural disasters, serious illnesses or injuries, a death in the family, or even certain work-related events. Typically, trip cancellation insurance will cover the cost of your non-refundable trip expenses, such as airfare, hotel reservations, tours, and other prepaid expenses.

It's important to note that coverage and reimbursement percentages may vary depending on the policy and the reason for cancellation. It's also important to note that most trip cancellation policies have a list of specific covered reasons for cancellation, such as a natural disaster or a serious illness or injury.

Cancel for Any Reason Insurance

Cancel for any reason (CFAR) insurance is a type of travel insurance that allows you to cancel your trip for any reason, not just for the specific reasons listed in the policy. This type of coverage is generally an add-on (you have to pay more) to a standard trip cancellation insurance policy and is more expensive than a standard policy.

CFAR coverage typically allows you to cancel your trip for any reason up to 2 or 3 days before the trip departure date. The policy will usually reimburse you for a portion of your non-refundable trip costs, often around 75% or less. It's important to note that even with CFAR coverage, there may still be certain exclusions and restrictions on what is covered. For example, the policy may not cover pre-existing medical conditions, certain types of adventure activities, or events related to terrorism. Additionally, some policies may have a time limit on when you can purchase this coverage (you can't buy it just after learning that you'll need to cancel your trip – the insurance company will typically investigate the circumstances of your cancellation).

CFAR insurance is expensive and doesn't cover the full cost of your trip. Do a cost-benefit-risk analysis before purchasing it.

Should I buy an Annual Travel Insurance Policy?

Like many things in life, it depends.

An annual travel insurance policy is a type of coverage that provides protection for multiple trips taken within a year. This can include things like trip cancellation, emergency medical treatment, and emergency medical evacuation. It is particularly useful for people who take multiple trips per year, either for leisure or business purpose.

It's important to evaluate your travel needs, and consider factors such as your destination, the length of your trip, and the activities you will be doing, as well as your budget and the level of coverage you need.

Overall, whether or not to buy an annual travel insurance policy depends on your individual travel needs and budget. It's a good idea to assess your own travel habits and determine if it would be more cost-effective for you.

Doesn't my Credit Card Provide Travel Insurance?

Many credit cards offer some form of travel insurance as a benefit, but it's important to understand that the level of coverage provided can vary widely depending on the card and the issuer. It's also important to note that these benefits are often secondary coverage, which means they will only cover expenses not covered by your primary insurance (i.e. if you don't have a primary insurance, they will not cover you). Some common types of coverage provided by credit cards include:

- Trip cancellation and interruption insurance: This can help cover the cost of non-refundable expenses if you need to cancel or interrupt your trip due to a covered event.
- Emergency medical and dental coverage: This can provide coverage for medical treatment and expenses in case of an illness or injury while traveling.
- Baggage loss and delay coverage: This can provide coverage for lost, stolen, or delayed baggage.

- **Rental car collision coverage:** This can provide coverage for damage to a rental car, as long as you decline the rental company's collision coverage and pay for the rental using your credit card.

It's important to check with your credit card issuer to find out exactly what types of coverage are provided and what the limits are. You can usually find this information in the cardholder agreement or on the issuer's website.

It's also important to also keep in mind that credit card travel insurance may not be as comprehensive as a standalone travel insurance policy. It's also important to check the exclusions and limits, as well as to check if the coverage is primary or secondary. If you're planning a significant trip or a trip with a high risk activity or destination it may be a good idea to purchase a standalone policy for more comprehensive coverage.

Can I benefit from my credit card coverage by just paying for the trip deposit?

Whether or not you need to purchase the entire trip with your credit card to benefit from the credit card insurance policy can vary depending on the credit card issuer and the specific policy.

In some cases, you may only need to pay a portion of the trip, such as a deposit, with your credit card in order to activate the coverage. In other cases, you may need to pay for the entire trip with your credit card in order to be eligible for coverage. It's important to check with your credit card issuer to find out exactly what is required in order to activate the coverage. You can usually find this information in the cardholder agreement or on the issuer's website.

It's also important to note that even if you pay for the entire trip with your credit card, it may not cover all your expenses.

What is “force majeure” and how does it apply to my insurance coverage?

Force majeure is a legal term that refers to an unforeseen event or circumstance that prevents a party from fulfilling their contractual obligations. In the context of travel insurance, force majeure may be used to refer to events such as natural disasters, terrorist acts, civil unrest or pandemics that prevent a person from being able to take their trip as planned. Many travel insurance policies have a force majeure clause that specifically addresses these types of events and outlines the coverage that may or may not be provided.

Cultural and Natural Heritage Tours
Proud of our Unmatched Personalized Service
hello@cnhtours.com