

# Is Travel Insurance Worth the Cost?



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Soon you'll be on your way, taking that trip you've looked forward to for ages, but suppose something happens. If you get sick, lose your suitcase or have to cut your trip short, will any of your existing insurance policies cover your expenses or reimburse you for your losses? If not, you might want to purchase travel insurance, which is available from insurance companies, travel agents, tour operators and cruise lines.

You're ready to go, but the cruise line has gone under financially. Or perhaps you've arrived at your hotel only to be handed a telegram informing you that Uncle George is seriously ill and you must return home immediately. If your trip is canceled or cut short, will you be able to get any of your money back?

## TRIP CANCELLATION/INTERRUPTION INSURANCE

Trip cancellation/interruption insurance protects you if you must cancel your travel plans before you leave or cut your trip short due to an unforeseen event. Covered contingencies can include bad weather, the financial failure of a service provider such as a cruise line or a travel agency, your illness or that of a family member while on the trip or an illness or death at home. But coverage varies widely from policy to policy, so check the exclusion section carefully. Your definition of an unforeseen event may differ from that of the insurance provider. For example, some companies don't recognize a recurrence of your pre-existing medical condition as unforeseeable.

Under these policy, you'll be reimbursed for your nonrefundable prepaid expenses, such as tour deposits, airline tickets or hotel rooms. To determine what the insurance covers, you may need to check the terms of your travel agreements and find out what guarantees are offered by the carrier, travel agent or tour operator. Cruise lines, for instance, may refund most of your money if you cancel several weeks before your scheduled departure, but they'll give you less or no money back if you cancel a few days before you're supposed to leave. In that case, you'd get nothing back unless you purchased trip cancellation/interruption insurance.

Trip cancellation/interruption insurance is different from cancellation waivers offered by cruise lines and tour operators. These waivers are not insurance; they're simply company guarantees that your money will be refunded under certain circumstances. They usually won't cover your last-minute cancellation and they won't protect you if the company goes out of business.

## **SUPPLEMENTAL HEALTH INSURANCE**

If that fever you feel isn't just excitement — you may want to consider short-term supplemental health insurance.

Your individual or group health insurance policy typically covers you if you're traveling within the United States. Still, it's a good idea to check with your insurance provider before you travel so that you fully understand the coverage conditions. If you're traveling overseas, beware — your health insurance policy may not cover you at all. Even if it does, it may not provide the same benefits overseas that it does in the United States. Check the limitations of your policy carefully, and call your insurer's customer service department if you have questions.

If your health insurance doesn't provide you with adequate coverage while you're traveling, consider purchasing a short-term supplemental health insurance policy from an insurance company, travel agent, tour operator or cruise line. These policies often combine accident and/or sickness coverage with medical evacuation coverage, which pays all or part of the cost of getting you back to the United States if you're traveling overseas (something most basic health insurance policies won't cover).

The terms of supplemental health policies vary widely, so before purchasing this insurance, ask to see a copy of the policy and get the answers to the following questions:

- Does the plan pay the cost of medical care needed for sickness, accidents, or both?
- What procedures must you follow to see a doctor or go to the hospital?
- Will you have to get approval before you receive care?
- Does the policy pay for care upfront, or will you have to pay and wait to be reimbursed?
- What are the deductible, co-payments, and/or coinsurance costs?
- What exclusions and restrictions apply?
- What is the maximum amount of coverage under the policy?
- Are translator services available?

## **BAGGAGE INSURANCE**

Baggage insurance reimburses you if your personal belongings are lost, stolen or damaged while you're traveling. Before you purchase it, however, find out if you already have adequate protection. For instance, airlines may be liable for damage caused by their negligence, and they're liable for lost or stolen baggage after check-in, up to their stated limit per passenger. Some credit card companies and travel agents also provide supplemental baggage insurance at no charge to you. Your homeowners or renters policy may protect your personal belongings against theft when you travel, as well.

Purchasing baggage insurance may be appropriate when you want 24-hour protection, not just protection after your bags are checked in with an airline. Baggage insurance may also offer higher liability limits than those offered by an airline. However, check the policy's fine print. If you carry expensive items, you may not be fully reimbursed if they're lost or stolen, and benefit limits may apply to certain items like electronics (e.g., laptop computers) or jewelry. You also may not be reimbursed for anything covered under another policy; if your bags are lost or damaged by an airline, you may need to seek reimbursement from the airline first.

### **ACCIDENTAL DEATH AND DISMEMBERMENT INSURANCE**

Accidental death and dismemberment insurance (AD & D) is inexpensive coverage that compensates you if you lose a limb or an eye, or that compensates your beneficiary if you die in an accident. You can purchase this coverage as a separate policy, as a rider to an existing policy or as part of a travel insurance policy. You may also receive this coverage as a "free" benefit when you purchase airline, train or bus tickets using your credit card. AD & D policies usually cover, up to certain limits, medical expenses associated with an accident.

Before you purchase this coverage, make sure you don't have duplicate coverage elsewhere. You may already have AD & D coverage if you have adequate life insurance, or through a group insurance plan sponsored by your employer or credit card company.

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