

5 Simple (and Important) Things to Remember about Travel Insurance

by Doug Stallings, Editor of Fodor's

1. Understand what your policy covers

Like all insurers, travel insurance companies live and die by the fine print in their policies. It bears remembering that you should read that fine print before buying a policy to make sure you're covered for the problems you anticipate (or perhaps even for those that you don't). Are you concerned you might have to cancel your trip because your Great-Aunt Sue is in the hospital? Make sure a great-aunt is one of the close relatives for which you can cancel a trip. Do you have hurricane phobia? Make sure you can cancel easily if a hurricane warning is issued for your destination, not just when all travel there is suspended because of an imminent storm (in some cases a day or two difference either way determines whether or not you will be reimbursed for your cancellation).

2. Documentation is key

I read a sad story recently of someone who bought insurance and canceled a trip because of an illness, expecting to be reimbursed for the cost. Unfortunately, the person didn't bother to see a doctor because this was a long-standing medical condition that the person experienced from time to time. Sad to say, there was no reimbursement forthcoming because there was no doctor's record that the individual was sick. Fair? Well, why should an insurance company simply take your word that an illness has prevented you from traveling? If you're sick, you should see a doctor and get a note. If you have a car accident, you need to take pictures of the damage. If something is stolen from you, you must file a police report. Having this documentation may be the difference between a welcome reimbursement or a very unwelcome refusal from the insurer.

3. Don't pay for coverage you don't need (but do pay for coverage that you do need)

High reimbursement numbers may give you a feeling of security, but do you need \$1 million in emergency evacuation coverage? Probably not, unless you're going to some remote jungle in the middle of nowhere. Do you really need a policy that allows you to cancel for any reason? Probably not, though you'll pay almost double for that privilege. And what about health care coverage? Someone asked in our forums recently whether it was worthwhile to pay extra to have a travel medical policy that acted as a primary health insurer rather than as a secondary insurer (the person already had health insurance). While this might be a valid question for a car-rental collision-damage waiver policy, it's not really relevant for health insurance. Travel health insurance pays for what your regular insurance doesn't, and your regular insurance doesn't go up just because you make a claim (unlike auto insurance). So there is no benefit in paying extra just to get "primary" coverage.

As with the case of the policy offering "primary" health insurance, be aware of things that sound as if they are a great benefit but actually add little value to your policy. A policy isn't better simply because it is labeled "gold" or "platinum." Instead, read the fine print to make sure the coverage levels are what you need. Don't pay extra for a car-rental policy that covers "exotic" vehicles such as \$80,000 Mercedes convertibles and Cadillac Escalade SUVs unless you plan to rent one. Don't pay extra for a policy covering extreme sports activities such as bungee jumping or mountain climbing unless you plan to participate in these activities. But always get the narrowest policy that covers you adequately for the activities you plan to partake in; not all policies will cover you for injuries in white-water rafting, for

instance, unless you buy a higher level of coverage.

4. Insure yourself when you put down a nonrefundable deposit far in advance—and when you do buy insurance for these trips, buy it immediately

The one time I tell people that travel insurance is an absolute must is when they are booking a nonrefundable trip far in advance. Who knows what may happen 6 to 12 months down the line? Will you be laid off from your job? Will your parents become incapacitated by an unexpected illness? Will you trip and fall down the stairs the week before you're expected to leave and have your ankle in a cast for 8 to 12 weeks? Will you injure yourself in the gym two days before your departure? Will your tour operator go bankrupt and be unable to refund your deposit? The future is unknowable, and the purpose of insurance is to give you peace of mind when you have to face the unexpected and unpleasant. It's certainly worth while to spend an extra 5% of your trip cost to buy insurance that will reimburse you for 95% to 100% of your out-of-pocket expenses in the case of an unforeseen occurrence.

Moreover, most travel insurance policies offer much broader coverage if you buy a policy within a few days of putting down your initial deposit. You may only be covered for pre-existing medical conditions in such a case. And you will certainly not be covered if your tour company goes out of business unless you have purchased a policy before the company declares that it's in financial dire straits. So-called "Cancel for any Reason" policies must usually be purchased within a few days of your initial trip deposit in order for you to receive the full benefits. I could go on, but the basic issue is this: you must purchase your travel insurance policy before something goes wrong, so the longer you wait, the more risk you must incur yourself.

5. Always buy medical coverage when you travel overseas, especially if you are a senior

If you are a senior on Medicare, your medical bills will not be covered if you get sick outside of the U.S. except in Mexico and Canada (and that includes any time you spend aboard a cruise ship, even if it leaves from a U.S. port). A Medi-Gap policy may also not cover your out-of-pocket costs if you are not covered by Medicare, so make sure you understand what your policy does and does not cover before you travel. Some HMOs have similar provisions, failing to cover you outside of the U.S. While medical care outside of the U.S. is often just as good as at home (and often quite a bit cheaper), it's still not free.

And if you trip on a quaint cobblestone street in Venice or slip on the stairs at Wat Po or have a car accident in Bolivia, you might sustain serious injuries that could require extensive care and rehabilitation; you might even have to end your trip suddenly and be brought home in a specially chartered plane. Regardless of how careful you are and how carefully you avoid germs, you might have appendicitis in Tanzania or suffer altitude sickness in the Swiss Alps. While quick care may save your life, it won't be free, and you might need to be moved to the nearest large hospital for surgery or immediate treatment, and that cost can be considerable.

And here's a sixth, "bonus" tip: A collision-damage waiver is almost always cheaper when you buy it from a travel insurance company rather than from the car-rental company. You'll pay about \$9 per day as opposed to \$14 to \$25 per day.