

Do I Need Travel Insurance?

When considering an insurance plan, it's good to know what it does and doesn't cover

By Rick Steves

Travel insurance can minimize the considerable financial risks of traveling: accidents, illness, missed flights, canceled tours, lost baggage, theft, terrorism, travel-company bankruptcies, emergency evacuation, and getting your body home if you die. Each traveler's potential loss varies, depending on how much of your trip is prepaid, the refundability of the air ticket you purchased, your state of health, the value of your luggage, where you're traveling, the financial health of your tour company and airline, and what coverage you already have (through your medical insurance, homeowners or renters insurance, and/or credit card).

For some travelers, insurance is a good deal; for others, it's not. What are the chances you'll need it? How willing are you to take risks? How much is peace of mind worth to you? Take these considerations into account, understand your options, and make an informed decision for your trip.

Insurance Basics

The insurance menu includes five main courses: trip cancellation and interruption, medical, evacuation, baggage, and flight insurance. Supplemental policies can be added to cover specific concerns, such as identity theft or political evacuation. The various types are generally sold in some combination — rather than buying only baggage, medical, or cancellation insurance, you'll usually purchase a package that includes most or all of them. "Comprehensive insurance" covers all of the above (plus expenses incurred if your trip is delayed, if you miss your flight, or if your tour company changes your itinerary).

Companies such as [Travelex](#) and [Travel Guard](#) offer comprehensive packages that serve as your primary coverage; they'll take care of your expenses regardless of what other insurance you might have (for instance, if you have health insurance through your job). That means they pay first and don't ask questions about your other insurance. This can be a real plus if you want to avoid out-of-pocket expenses.

Insurance prices can vary widely, with most packages costing between 5 and 12 percent of the total trip. Age is one of the biggest factors affecting the price: Rates go up dramatically for every decade over 50, while coverage is generally inexpensive or even free for children 17 and under.

Travel agents recommend that you get travel insurance (because they get a commission when you buy it, and because they can be held liable for your losses if they don't explain insurance options to you). While travel agents can give you information and advice, they are not insurance agents — always direct any specific questions to the insurance provider.

The policies available vary by state, and not all insurance companies are licensed in every state. If you have to make a claim and encounter problems with a company that isn't licensed in your state, you don't have a case.

Note that some travel insurance, especially trip-cancellation coverage, is reimbursement-only: You'll pay out-of-pocket for your expenses, then submit the paperwork to your insurer to recoup your money. With medical coverage, you may be able to arrange to have expensive hospital or doctor bills paid directly. Either way, if you have a problem, it's wise to contact your insurance company immediately to ask them how to proceed. Many major insurance companies are accessible by phone 24 hours a day – handy if you have problems in Europe.

Types of Coverage

For each type of insurance, I've outlined some of the key legalese. But be warned – these are only guidelines. Policies can differ, even within the same company. Certain companies and policies have different levels of coverage based on whether you purchase the car rental, hotel, or flight directly on your own or through a travel agent. Ask a lot of questions, and always read the fine print to see what's covered (e.g., how they define "travel partner" or "family member" – your great-aunt might not qualify).

Trip-Cancellation or Interruption Insurance

For me, this is the most usable and worthwhile kind of insurance. It's expensive to cancel or interrupt any prepaid travel, and for a small fraction of the trip cost, you can alleviate the risk of losing money if something unforeseen gets in the way.

The rugged, healthy, unattached, and gung-ho traveler will probably forego trip-cancellation or interruption coverage. I have skipped it many times, and my number has yet to come up. If it turns out that I need to cancel or interrupt, I'll just have to take my financial lumps – I played the odds and lost. **But in some cases it's probably a good idea to get this coverage – for instance, if you're paying a lot of up-front money for an organized tour or short-term accommodation rental (both of which are expensive to cancel), if you or your travel partner have questionable health, or if you have a loved one at home in poor health.**

Before purchasing trip-cancellation or interruption coverage, check with your credit-card issuer; yours may offer limited coverage for flights or tours purchased with the card.

A standard trip-cancellation or interruption insurance policy covers the nonrefundable financial penalties or losses you incur when you cancel a prepaid tour or flight for an acceptable reason, such as:

- You, your travel partner, or a family member cannot travel because of sickness, death, layoff, or a list of other acceptable reasons
- Your tour company or airline goes out of business or can't perform as promised
- A family member at home gets sick (check the fine print to see how a family member's pre-existing condition might affect coverage)
- You miss a flight or need an emergency flight for a reason outside your control (such as a car accident, inclement weather, or a strike)

So, if you or your travel partner accidentally breaks a leg a few days before your trip, you can both bail out (if you both have this insurance) without losing all the money you paid for the trip. Or, if you're on a tour and have an accident on your first day, you'll be reimbursed for the portion of the tour you were unable to use.

This type of insurance can be used whether you're on an organized tour or cruise, or traveling independently (in which case, only the prepaid expenses — such as your flight and any nonrefundable hotel reservations — are covered). Note the difference: Trip cancellation is when you don't go on your trip at all. Trip interruption is when you begin a journey but have to cut it short; in this case, you'll be reimbursed only for the portion of the trip that you didn't complete. If you're taking a tour, it may already come with some cancellation insurance — ask.

Some insurers won't cover certain airlines or tour operators. Many are obvious — such as companies under bankruptcy protection — but others can be surprising (including major airlines). Make sure your carrier is covered.

Buy your insurance policy within a week of the date you make the first payment on your trip. Policies purchased later than a designated cutoff date — generally 7 to 21 days, as determined by the insurance company — are less likely to cover tour company or air carrier bankruptcies, pre-existing medical conditions (yours or those of family members at home), or terrorist incidents. Mental-health concerns are generally not covered.

Jittery travelers are fretful about two big unknowns: terrorist attacks and natural disasters. Ask your company for details. A terrorist attack or natural disaster in your hometown may or may not be covered. You'll likely be covered only if your departure city or a destination on your itinerary becomes the target of a terrorist incident within 30 days of your trip. Even then, if your tour operator offers a substitute itinerary, your coverage may become void. As for natural disasters, you're covered only if your destination is uninhabitable (for example, your hotel is flooded or the airport is gone). War or outbreaks of disease generally aren't covered.

You can avoid the question of what is and what isn't covered by buying a costly "any reason" policy. These offer at least partial reimbursement (generally 75 percent) no matter why you cancel the trip. But the premiums are so hefty that these policies appeal mostly to deep-pocketed nervous Nellies.

Medical Insurance

Before buying a special medical insurance policy for your trip, check with your medical insurer — you might already be covered by your existing health plan. While many US insurers cover you overseas, Medicare does not. Also, be sure you're aware of any policy exclusions such as preauthorization requirements.

Even if your health plan does cover you internationally, you may want to consider buying a special medical travel policy. Much of the additional coverage available is supplemental (or "secondary"), so it covers whatever expenses your health plan doesn't, such as deductibles. But you can also purchase primary coverage, which will take care of your costs up to a certain amount. In emergency situations involving costly procedures or overnight stays, the hospital will typically work directly with your travel-insurance carrier on billing (but not with your regular health insurance company; you'll likely have to pay up front to the hospital or clinic, then get reimbursed by your stateside insurer later). For routine care, a visit to a doctor will likely be an out-of-pocket expense (you'll bring home documentation to be reimbursed). Whatever the

circumstances, it's smart to contact your insurer from the road to let them know that you've sought medical help.

Many pre-existing conditions are covered by medical and trip-cancellation coverage, depending on when you buy the coverage and how recently you've been treated for the condition. If you travel frequently to Europe, multitrip annual policies can save you money. Check with your agent or insurer before you commit.

The [US State Department](#) periodically issues warnings about traveling to at-risk countries. If you're visiting one of these countries, your cancellation and medical insurance will likely not be honored, unless you buy supplemental coverage.

For travelers over 70 years old, buying travel medical insurance can be expensive. Compare the cost of a stand-alone travel medical plan with comprehensive insurance, which comes with good medical and evacuation coverage. A travel-insurance company can help you sort out the options. Certain Medigap plans cover some emergency care outside the US; call the issuer of your supplemental policy for the details.

Theft Protection

[Theft](#) is especially worrisome when you consider the dollar value of the items we pack along. Laptops, tablets, cameras, smartphones, and ebook readers are all expensive to replace.

One way to protect your investment is to purchase travel insurance from a specialized company such as Travel Guard, which offers a variety of options that include coverage for theft. Before buying a policy, ask how they determine the value of the stolen objects and about any maximum reimbursement limits for jewelry, electronics, or cameras.

It's also smart to check with your homeowners or renters insurance company. Under most policies, your personal property is already protected against theft anywhere in the world – but your insurance deductible still applies. If you have a \$1,000 deductible and your \$700 tablet is stolen, you'll have to pay to replace it. Rather than buying separate insurance, it may make more sense to add a rider to your existing policy to cover expensive items while you travel.

Before you leave, it's a good idea to take an inventory of all the high-value items you're bringing. Make a list of serial numbers, makes, and models of your electronics, and take photos that can serve as records. If anything is stolen, this information is helpful to both your insurance company and the police. If you plan to file an insurance claim, you'll need to get a police report in Europe. (If dealing with the police is intimidating, ask your hotelier for help.)

Other Insurance

Evacuation insurance covers the cost of getting you to a place where you can receive appropriate medical treatment in the event of an emergency. (In a worst-case scenario, this can mean a medically equipped – and incredibly expensive – private jet.) This is usually not covered by your regular medical-insurance plan back home. Sometimes this coverage can get you home after an accident, but more often, it'll just get you as far as the nearest major hospital – so it may be worth buying if you're planning an adventure in a remote area. "Medical repatriation" – that is, getting you all the way

home — is likely to be covered only if it's considered medically necessary. Before purchasing a policy, ask your insurer to explain what exactly what's covered before and after you get to the hospital.

Keep in mind that medical and evacuation insurance may not cover you if you're participating in an activity your insurer considers to be dangerous (such as skydiving, mountain climbing, bungee jumping, scuba diving, or even skiing). Some companies sell supplementary adventure-sports coverage.

Baggage insurance — for luggage that is lost, delayed, or damaged — is included in most comprehensive policies, but it's rare to buy it separately, and there's a strict cap on reimbursement for such items as jewelry, eyewear, electronics, and camera equipment. If you check your baggage for a flight, it's already covered by the airline (ask your airline about its luggage liability limit; if you have particularly valuable luggage, you can buy supplemental "excess valuation" insurance directly from the airline). Homeowners or renters insurance typically covers your possessions anywhere you travel; the baggage insurance covers the deductibles and items excluded from your homeowners policy. Double-check the particulars with your agent. If your policy doesn't cover expensive rail passes, consider Rail Europe's [Rail Protection Plan](#), which must be purchased when you buy your pass; it covers loss and theft of the pass — but doesn't cover trip interruptions.

Flight insurance ("crash coverage") is a statistical rip-off that heirs love. It's basically a life insurance policy that covers you when you're on the airplane. Since plane crashes are so rare, there's little sense in spending money on this insurance.

[Collision coverage](#), an important type of insurance for rental cars, may be included in some comprehensive travel-insurance plans or available as an upgrade on others.