

Got You Covered

Why travel insurance is worth the added cost

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Q: I'm planning a trip, and I want to avoid any unnecessary expense. How important is it to buy travel insurance?



A: A recent phone call from a friend highlighted for us the value of travel insurance. "I booked a trip to Iguazú Falls in South America," she said, "but I hurt my knee and can't travel. The tour operator won't refund my money."

"Did you buy travel insurance?" we asked.

"No," she said. "I found the tour on the Internet at a really good price." We suggested that she ask the tour operator for credit on a future trip, but we couldn't give her much hope for a refund. However, in all likelihood, travel insurance would have protected her travel investment.

With times so uncertain, it's especially important today to be prepared for the unexpected. "Insurance is designed for the unknown occurrence," says Ed Walker, president of the U.S. Travel Insurance Association. Travel insurance's additional cost—typically 4 percent to 10 percent of the trip price—will seem like a bargain if you have to cancel or interrupt your vacation. And travel insurance is more affordable now than ever. "The cost of premiums is a percentage of the cost of your trip," says Walker. "Because the cost of travel is down right now, travel insurance premiums cost less." Here's what you need to know to be an educated travel insurance consumer.

WHAT IT COVERS

Most travel insurance companies offer comprehensive policies that include three types of coverage:

Trip cancellation, trip interruption, and trip delay insurance can reimburse you for your nonrefundable prepaid travel expenses—such as airfare, cruise fare, and tour costs—if you cancel or interrupt your trip or if your trip is delayed due to weather or other unforeseen circumstances. Depending on the policy, insurance can cover such things as hurricanes, terrorist incidents, the sudden illness of a family member, or a call to jury duty. Access America Travel Insurance & Assistance even offers coverage if you can't travel because you've lost your job.

Medical and medical evacuation coverage can reimburse you for emergency medical expenses if you get sick or are injured during your trip or need medical evacuation.

Travel assistance can include a 24-hour hotline you can call to find doctors in the place you're visiting and to make arrangements in an emergency.

WHAT YOU SHOULD DO

"Ask yourself what you are most concerned about," says Walker. "Then make sure you're covered for that." And before you sign, follow these steps:

Ask about exclusions. If you have a preexisting medical condition, for example, will you still be covered? Also, policies that cover terrorism might only apply if there's an incident within a certain amount of time from your departure date. And almost all policies have exclusions for acts of war.

Buy when you book. Many policies require that you buy the insurance within 14 days of making your initial trip payment. Just as you can't buy flood insurance after the levee breaks, you can't buy natural disaster coverage once the storm is heading for your destination. You can get your travel insurance through your travel agent when you book your trip. Or look for a carrier via the U.S. Travel Insurance Association (ustia.org), whose members must abide by a code of ethics.

Buy from an insurance carrier, not from your cruise line or tour operator. That way, if the company you are traveling with goes bust, you're protected by a third-party insurance company. Make sure your policy covers you for "supplier default," insurance lingo for when the company you are booking with goes out of business.

Really read the fine print. Carefully review your policy before you commit to it. Then go ahead and sign—and rest easy on your trip. **W**