

Travel Insurance 101: How Travel Insurance Works



Is travel insurance right for you?

Hundreds of millions of travelers ask themselves this question each year. And one in three jetsetters now opt in for travel insurance.¹

But before you can answer this question for yourself, you need to equip yourself with some knowledge, including what exactly travel insurance actually is, what the benefits are, and under what circumstances it makes sense for you and your family to elect for insurance before your next trip.

What Is Travel Insurance?

Different travel insurance companies and other credible sources may range in the nuance they use to define travel insurance, but here is a great place to start: travel insurance is insurance. It's there to help us financially and otherwise in stressful and unexpected scenarios.

Travel insurance is designed to cover those who elect coverage with financial safeguards in the case of events ranging from inconveniences to calamities. Coverage may include both costs incurred before your trip, such as nonrefundable event tickets or hotel stays, and during your trip, including travel interruptions and medical expenses.

Like other insurance products, from homeowners' to auto insurance, there are specific provisions tied to policies that outline when and how reimbursements are given – and how much insured travelers are eligible to receive.

Another element of travel insurance is assistance. For example, a travel insurance company may offer aid to subscribing travelers ranging from sharing helpful information to arranging for medical evacuations.

The most important detail to know about travel insurance is that its features can range broadly depending on the company offering the product, the package or policy that's selecting and a host of other factors.

What Are the Benefits of Travel Insurance?

Part of travelers' responsibility when it comes to educating themselves about travel insurance includes learning how and when their other travel partners may or may not offer them assistance when a trip doesn't go as planned.

For example, you may learn that airlines aren't obligated to do anything when your flights are delayed.² When the airlines are the ones at fault, they may offer some assistance, but they're not bound by law or duty to do so.

There are a number of similar misconceptions that travel insurance can guard against. Insurance comes packaged together with specific coverage benefits – the type and amount will range based on the provider and the package selected – that fill gaps where your travel plans may be exposed to a number of threats.

What kind of threats? Take lost baggage. Sure with the rise of bag fees, airlines are seeing fewer and fewer bags checked. And they're doing a better and better job of keeping tabs on them. Still, lost and damaged bags are the No. 2 complaint issued to the Department of Transportation. Additionally, while domestic airlines safely transport more than 99 percent of all luggage, international carriers still lag behind.³

But a lost, damaged or even stolen luggage benefit is just one small benefit of most travel insurance offerings. Others may include:

- **Trip Cancellation Protection:** This is the big one, and includes reimbursement for non-refundable trip payments and deposits.
- **Trip Interruption Protection:** Sometimes trips start on time and end prematurely due to forces of nature and other circumstances beyond your control. This benefit includes reimbursement for unused costs and transportation costs to return home.
- **24-Hour Hotline Assistance:** While this doesn't come with a dollar amount, getting real-time help when you're in a pickle is invaluable. Especially if you don't speak the native tongue. This can include the arrangement of evacuations for medical emergencies, pre-trip assistance, etc.

- **Coverage for financial default:** What if the tour operator for your upcoming family vacation stops answering your calls? And then the line is disconnected and the company is out of business. Travel insurance may be your most reliable means of financial recourse.

A Travel Insurance Plan for Everyone

The most essential part of educating yourself about travel insurance involves drilling down into the details of specific plans.

Different tiers of benefits and coverage levels allow travelers to match the insurance to their specific travel plans. A four-alarm, full-blown globetrotting honeymoon and Aunt Lucinda's family picnic and bake-off may not both require the same travel insurance product.

Among the first considerations to make when selecting a travel insurance plan is whether to pursue trip-specific or annual coverage. Frequent travellers, and those with a big family or young kids, may want to carefully consider the cost savings that an annual plan can provide. It's not hard to do the math: when travelers add up the piecemeal cost of insurance for the trips they plan to take in the next year and compare it to the annual price tag, there will be a more attractive choice.

At Allianz Global Assistance, offerings range from the affordable and simple Essential Plan, which may work for the quick weekend getaway, to the Classic Plan with Trip +, which is designed for families traveling abroad who may experience any number of unforeseen challenges and inconveniences. Travelers can find the plan that's right for them by visiting our [Travel Insurance Plan finder](#).

One final note about travel insurance that doesn't come with fine print or footnotes – and that's peace of mind. It's a product you hope you never need to use but appreciate when you have it, similar to other insurance products. Once you weigh the importance of this peace of mind, as well as the other factors outlined here, you'll be closer to being able to decide whether travel insurance is right for your next trip.

Citations

1. HuffingtonPost.com
2. USAToday.com
3. CNTraveler.com

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