Travel Insurance: Protecting Your Trip

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TABLE OF CONTENTS

No one wants to think about how an eagerly anticipated trip can go wrong, but the best way to allay any concerns you might have about travel interruptions, changes, injuries, or cancellations is to purchase travel insurance. Learn how to do so in this booklet.

1/5 **Kenya on Hold**

1/5 **Cancel for Any Reason (CFAR)**

2/5 **Kinds of Insurance Plans**

3/5 **Best Time to Purchase Insurance**

3/5 **Cost of Insurance Plans**

4/5 **Common [Insurance] Providers**

5/5 **Reflection Questions**

















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Kenya on Hold

I was preparing a group of travelers to visit the beautiful country of Kenya. We had already booked airline tickets, arranged accommodations and transportation, and were all ready for what promised to be an exhilarating experience. But the trip never occurred. Just a couple of weeks before departing, a series of terrorist attacks had destabilized the city in which we were going to stay, and our safety could no longer be guaranteed. Unfortunately, we had to cancel our trip, but I was never more thankful to have trip insurance. We were able to salvage practically all of our investment, whereas we would have lost most all of it had we not purchased the insurance plan offering maximum coverage.



Travel Insurance

Despite our best intentions, travel schedules can sometimes change, face interruptions, or encounter delays due to natural disasters, sudden illness, disease outbreak, family emergency, terrorism, or some other unforeseen reason. When the unpredictable occurs, travel insurance can help minimize your loss.



Please note Thomas Institute does not compensate for travel interruptions or delays. The best way to protect your trip is to purchase travel insurance.

Cancel for Any Reason (CFAR)—The Most Comprehensive Plan Available

The most comprehensive and expensive package is what is commonly referred to as "Cancel for Any Reason" (CFAR) insurance. It usually costs several hundred dollars per person, and most policies only reimburse up to 75% of your trip.



In general, this policy must be purchased within one day to two weeks of making your initial payment (the exact time depends on the provider, but you have to act very quickly for CFAR insurance to be available. Contact your provider immediately for this policy.).

With all the fears of the Coronavirus (COVID-19) in 2020, CFAR insurance was essentially the only kind of insurance available that could definitively protect trip costs from the virus. There are other eligibility requirements for CFAR insurance, however, so you will need to familiarize yourself with those before purchasing it. No insurance is perfect, but this is usually the insurance with the fullest protection.

Kinds of Insurance Plans

Less comprehensive insurance policies cover a range of items—anything from trip delay to health issues to loss of baggage. These policies can be much cheaper, but they offer limited coverage.

In general, there are four major kinds of insurance plans:

- Trip cancellation and interruption
- Flight insurance
- Baggage loss
- Medical and health

Another popular one post-Covid is pandemic protection, which may go by different names depending on the provider. There are also plans covering evacuation, theft, automobiles, and other items. In short, if you can think of something disastrous that could happen while traveling, insurance companies have found a way to anticipate it and provide protective measures—the more money you spend, the more protections you receive.





You May Already Have Existing Coverage

You may also want to check with your credit card or existing insurance provider for home, medical, car, or life coverage to see whether you may already be protected when you travel.

Each of these policies contains a highly detailed list of inclusions and exclusions. Travel Guard, for instance, contains plans organized into “Deluxe,” “Preferred,” and “Essential,” each with varying degrees of coverage. Similarly, Generali Global Assistance arranges its plans into “Standard,” “Preferred,” and “Premium.” As mentioned above, the more coverage you choose, the higher the cost.



Of course, some people just want the basics, and these are usually the cheapest plans available, perhaps as little as 5% of your total trip cost. But every person and



trip is unique, and it carries different degrees of risk, so it is recommended to talk with an agent via phone or internet to find the plan best serving your needs.

Consider Your Concerns before Speaking with an Agent

Before you contact a provider, I suggest you jot down all your travel fears and concerns. Are you worried about being able to return home quickly if a loved one is in need? Are you afraid that your luggage could get lost or stolen? Or are you more concerned about an existing medical condition that could flare up while overseas? Once your concerns are on paper and thoroughly processed, you will have a better idea of what kind of policy to purchase.

Best Time to Purchase Insurance

When is the best time to purchase insurance? Right away!

I recommend purchasing travel insurance within twenty-four hours of making your deposit or initial payment.

This will offer you the best possible rates and access to the most comprehensive coverage. **The longer you wait, the higher the quote you may receive or the less comprehensive the coverage you may be eligible for.**

And it goes without saying that you cannot purchase insurance retroactively—insurance only works if you purchase it before an incident occurs. However, basic coverage is available up until the day before your trip.

You will, of course, want to read all the fine print before purchasing a plan. There is nothing worse than spending money on insurance only to find out that your specific incident is not covered. There is a lot of legalese, so read carefully.

Cost of Insurance Plans

How much does insurance cost? The only way to determine an exact price is to contact an insurance company and provide them with specific details about yourself and your trip. Policies can vary greatly depending on age, state of residence, existing medical conditions, and cost of trip. However, the average amount is somewhere between 4% to 12% of your total trip cost.

What kind of questions will the insurance company ask you? In general, they will want to ascertain the following:

- Nationality and state of residence
- Age
- Number of travelers
- Total cost of trip
- Dates of trip
- Country/countries visiting
- Existing medical conditions
- Kinds of coverage you are seeking

Once the travel company receives this information, they will provide you with a specific quote. Keep in mind

that a quote only lasts for a certain period of time, and your coverage is not activated until you purchase the plan and receive confirmation—usually in an email that contains the terms of the coverage you purchased. I personally like to request quotes from three different companies in order to guarantee the best possible rate.

Common Providers

Here are some well-known insurance providers, most of which I have used in the past:

- Travelex
- Travel Guard
- Allianz Travel
- TravelSafe
- TravelInsurance
- InsureMyTrip
- International SOS
- Generali Global Assistance

Thomas Institute does not represent any of these entities. But they are some of the more well-known providers.

Conclusion

To summarize, Thomas Institute does not sell insurance or provide compensation for losses due to travel interruptions, fears, or delays. Your best protection is for you to purchase travel insurance with a professional travel provider. And, in fact, some countries or tour agencies may require it. As you consider your insurance options, here is a summary of the steps to follow:

1. Write down your greatest travel concerns.
2. Contact three different providers online. Provide each with information about yourself and your trip and request a quote.
3. Compare and contrast each policy to ensure it covers what you want.
4. Purchase the policy that is best for you and keep a copy of it available when traveling.
5. If you experience an incident while traveling (that is covered by your policy), you will mostly likely have to pay all the costs up-front while in-country. Then you will need to file an insurance claim; if approved, which can take days or weeks, the insurance company will reimburse you.

To be sure, no one wants to think about how an eagerly anticipated trip can go wrong, but the best way to allay any concerns you might have about travel interruptions, changes, injuries, or cancellations is to purchase the policy that is best for you. As the saying goes, “better safe than sorry.”



REFLECTION QUESTIONS

1. What is your greatest concern about travel, and how can travel insurance help mitigate this concern?

2. Do you already have a travel provider? Have you contacted them about your upcoming trip?

3. What is the best travel insurance policy available? Are you interested in purchasing it?

4. Have you considered writing down your concerns before speaking with an agent? What are they ranked from 1 to 5?

5. Of the various kinds of policies mentioned, are there any that stick out to you as best for your travel needs? How so?



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