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MSNBC's Peter Greenberg comments on Global Rescue

By Peter Greenberg | November, 2009

It's one of the most confusing aspects of travel: the question of whether to get travel insurance, and if so, what kind? All too often, we travel unprotected because we either didn't buy travel insurance or we bought the wrong type. And though I'm generally thought of as a contrarian traveler, I usually recommend buying travel insurance, with a few caveats.

Have you ever had any of the following happen to you? If so, travel insurance could have saved the day — or at the very least, eased your fears over something going wrong.

- You got sick before going on vacation.
- Your flight was canceled due to weather.
- The airline lost your bags.
- Your passport or wallet was stolen.
- You have a chronic medical condition that flared up unexpectedly.
- You forgot your medication and needed to get a prescription filled immediately.
- You had an accident on the road.
- A hurricane forced you to evacuate your resort, hotel or cruise ship.
- Your tour operator filed for bankruptcy.

According to the U.S. Travel Insurance Association, prior to the Sept. 11, 2001, attacks, only 8 percent to 9 percent of leisure travelers in the United States bought some kind of travel insurance. Today, it's closer to 30 percent.

And while there are no definitive numbers yet, anecdotal evidence suggests that even more people have purchased travel insurance in the past year. In an unstable economy, when people aren't sure whether they'll have a job next month, or six months from now, it's worth paying to have peace of mind that you can cancel your trip at any time, for any reason.

Which type of insurance should you buy?

The most common type of travel insurance is for trip cancellation or interruption, which accounts for about 90 percent of all insurance purchased. The value of that insurance depends on how much you spent on your trip. On the low end, a \$200 airline ticket to visit Aunt Ida probably doesn't require coverage. But if you're buying a \$3,000 cruise, I'd recommend it.

If your situation is somewhere in the middle, such as an \$800 trip to Hawaii, whether you should buy insurance or not depends on how comprehensive the insurance is, and how much you're willing to pay for peace of mind.

And that brings me to the all-important word: comprehensive. In a perfect world, a fully comprehensive plan should cover the following: trip cancellation and interruption; lost, stolen or delayed baggage; medical and dental care (including pre-existing conditions, which usually require purchase within 10 to 15 days of booking travel); accidental death; rental-car collision; and 24-hour emergency assistance.

Most people's travel insurance doesn't include the type of coverage that everyone should have, but not everyone knows about. It's called medical evacuation and repatriation.

You may not realize that most health-insurance plans (as well as Medicare) aren't valid outside of the U.S. or when sailing on international waters. The cost of a doctor's visit, hospitalization or emergency medical treatment can easily run into the tens of thousands of dollars.

So what should you do if you're on a cruise ship, hiking in the Himalayas or traveling in a country with inadequate medical treatment? What medical evacuation and repatriation insurance does is cover any medical expenses you may accrue, plus the costs of evacuating you to a hospital or other medical facility.

But be careful, because not all evacuation and repatriation policies are the same. Some will take you to an appropriate facility at the insurance company's discretion. Others will take you to a facility of your choice, but based on the nearest appropriate location. And others will fly you to the doctor and the medical facility of your choice, not theirs.

Another company, Global Rescue, will transport you back home, in the event of a medical or other type of emergency. (In one dramatic instance, Global Rescue evacuated a number of members from Mumbai, India, to Singapore within seven hours after terrorists attacked the Taj Mahal Hotel in November 2008. Now that's what I call customer service!)

When your travel insurance won't help

No matter which type of insurance you buy, always read the fine print.

Here's why:

For one, most travel insurance doesn't apply to fear-based cancellation. Even if there's a swine-flu outbreak or the threat of a terrorist attack at your destination, you can't simply cancel your trip and expect a refund.

Also, some higher-premium insurance policies claim that you can cancel "any time, for any reason," which can apply to any "unforeseen reason." But start asking questions, and the list of exclusions is often a mile long, including war, nuclear radiation, an epidemic, arrest, prohibition by the government, terrorism, or — get this — financial default by your travel supplier. That's right: You may not be protected even if your travel supplier goes bankrupt!

In addition, certain adventure-travel activities may not be covered if you get injured while pursuing them. Sure, it makes sense that an insurance policy might exclude bungee-jumping or skydiving, but what about rock climbing, scuba diving or even whitewater rafting? Those activities might require you to pay a few extra dollars to make sure you're covered.

A final reason that your travel insurance might not help: a hurricane. Hurricane season can mean drowned-out vacations, canceled or delayed flights or closed airports. But rule No. 1 is that if a hurricane has already been named by the National Hurricane Center, you can't purchase insurance to cover your trip. And even if the airport is open but your vacation is ruined by gale-force winds and downpours, you're still out of luck.

In recent years, some Caribbean resorts have offered "hurricane guarantees" to entice visitors to visit even during the stormiest months, by offering a refund or the opportunity to rebook within a year. But that's not insurance, it's a promise — and those promises come with fine print. The offer usually applies only if a named hurricane shuts down airports and disrupts travel to or from the destination, and it may refund only the hotel portion of your trip (not the flights). Or, if the hotel is still open but your airline has stopped flying, you may not get reimbursed at all.

This brings me to another issue of semantics: Some unscrupulous companies will sell "travel protection" — which can refer to traditional insurance — and interpret it as a "travel waiver." The difference? Should you have to cancel the trip, instead of getting a refund, you'll get credit toward a future trip.

So how should travelers go about finding the right insurance plan? The first place to start is a Web site such as <http://www.insuremytrip.com>, which compares rates and plans for your specific needs.

Next, check the travel insurance provider's standing with insurance rater A.M. Best, the Better Business Bureau and the U.S. Travel Insurance Association. I highly recommend that your travel insurance provider have a global presence, which means multilingual support with offices in cities around the world, and — in the case of medical insurance — a global network of doctors and hospitals.

One can certainly hope that you'll never need to file an insurance claim, but it's far better to be prepared now than to be sorry later.

Peter Greenberg is travel editor for CBS News. He is also the author of The New York Times best-seller "Don't Go There!" and "Tough Times, Great Travels," and host of the nationally syndicated Peter Greenberg Worldwide Radio show, as well as travel editor at large for AARP. Visit him on the Web at <http://www.petergreenberg.com>.