



May 2010

INSURANCE *Tips*

Free help with your insurance questions or complaints

Consumer Advocacy
Hotline

Toll-free
1-888-877-4894

Salem
503-947-7984

E-mail
cp.ins@state.or.us

Follow DCBS on
Twitter



twitter.com/DCBSCory

Insurance Division

350 Winter St. NE
P.O. Box 14480
Salem, OR 97309-0405

Phone: 503-947-7980

Fax: 503-378-4351

Web: insurance.oregon.gov



If you are planning a major trip, you may receive offers for travel insurance or travel “protection.” While travel insurance may offer protection if you have to cancel a trip, it is important to ask questions and to understand what you are buying. Some policies do not cover what you would expect them to, and other offers are not legitimate. If you are considering buying travel insurance, here is what you need to know.

What is travel insurance?

Travel insurance policies vary widely. Generally, they cover nonrefundable travel costs, such as airfare, hotel, or tour expenses, if you are forced to cancel or delay the trip, but only if it is for a specific list of reasons. It is important to read your policy to know what situations are covered. Some companies may let you pay extra to have a “cancel for any reason” policy.

Some policies also may cover reimbursement for lodging, food, and other expenses if you become stranded, as well as medical emergencies, damage to baggage and other personal property, or death that occurs during the trip.

How do I know if I need travel insurance?

Here are some questions you should ask yourself if you are considering purchasing travel insurance:

- ▶ If I had to cancel the trip, would I be able to cover the costs on my own?
- ▶ Do I already have some coverage from existing policies (life, health, or homeowner/renter)?
- ▶ Does my credit card company offer travel insurance if I reserve with the card?

How do I know the policy is legitimate?

All companies and agents selling travel insurance in Oregon must be licensed. Verifying that a company is licensed is one key way to tell illegitimate coverage from real insurance.

- ▶ **Stop** before you write a check for the premium or sign the application.
- ▶ **Call** the Department of Consumer and Business Services Insurance Division (1-888-877-4894) or visit our website (www.insurance.oregon.gov) to search by company name.
- ▶ **Confirm** that the agent and company are licensed in Oregon.

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What questions should I ask the company selling the policy?

- ▶ When does the policy kick in? Some policies may reimburse your pre-paid travel expenses if you become ill or die or because of any other misfortune listed in the policy. Covered reasons might include bad weather (volcano ash clouds and hurricanes, for example), airline worker strikes, bankruptcy, jury duty, or fire or flood damage to your home. Make sure you know what specific reasons are covered.
- ▶ What reasons for cancellation are excluded from the policy? Many policies will not cover you if you become afraid to travel or change your mind. Other exclusions might be for riskier activities such as parasailing, bungee jumping, skydiving, and scuba diving.
- ▶ Will the coverage apply if you have a family emergency affecting someone other than yourself or does the coverage only apply to personal emergencies (like if you get sick)?
- ▶ Does the policy exclude coverage if you or a family member were ill before you purchased the trip?
- ▶ Can you cancel the travel insurance policy and, if so, when and what kind of a refund will you receive?

How much does travel insurance cost?

Travel insurance may cost a flat amount or a percent of the trip cost (possibly 4 percent to 8 percent) and may also vary by the age of the traveler. If you buy your policy within a set time period of booking your trip, you may get more comprehensive coverage.

Medical/accidental death insurance

- ▶ **Medical coverage:** Reimburses medical and emergency dental expenses. Ask about pre-existing conditions and age limits. Read the terms of coverage carefully if you have a pre-existing condition and be prepared to pay a higher premium to cover them. Some insurers also charge more for older travelers.
- ▶ **Medical evacuation:** Provides emergency transportation to either a hospital in the geographic region where you are, transportation back to a hospital near your home, or both.

▶ **Accidental death:** This coverage is usually split into three parts:

1. Air flight accident – Covers death or dismemberment during flight only.
2. Common carrier – Covers death or dismemberment while traveling on public transportation such as a plane, ferry, train, bus, or taxi.
3. Accidental death – Covers death or dismemberment at any time during a trip.

Baggage insurance

Homeowner or renter insurance may cover baggage or personal property damage when you are traveling, although any payment will be subject to the same limits/exclusions and cost-sharing as your policy. For example, if you have a \$1,000 deductible and someone steals your backpack on your trip, you would have to satisfy the deductible. Check the terms of your current policy or ask your insurance agent or company. If you buy baggage insurance as part of a travel policy, be sure to review the policy for the list of property that is not covered and the limits on what is covered.

Rental car damage

Reimburses for damage to or theft of a rental vehicle. If you purchase this coverage as part of a travel policy, you can decline the rental car company's "collision damage waiver." However, you should check with your insurance agent to determine whether your regular auto policy will provide liability coverage (for injury or property damage) if your trip is outside the U.S.

Cancellation waivers

Cruise and tour operators may offer cancellation waivers. These waivers **are not** insurance policies, **are not** regulated by the state, and do **not** have the same consumer protection as a travel insurance policy. Read all of the restrictions before you buy a cancellation waiver.

Red Flags

Be aware of a possible fraudulent policy if the insurance is advertised through blast faxes, spam e-mails, Internet pop-ups, or signs posted on telephone poles.

