



<http://understandinsurance.com.au/types-of-insurance/travel-insurance>

## Travel insurance

Whether you need to travel interstate, overseas or to another city for business or for personal reasons, any trip away from your home involves planning, expense and some risk.

Travel insurance can cover you for financial losses caused by a wide range of events that can affect your trip, whether they occur before, during or even after your trip. These might include travel modification, cancellation or interruption, medical expenses, baggage damage or theft, and more.

Travel insurance should be a priority in all travel arrangements, whether you travel regularly, occasionally or you are setting off on a once-in-a-lifetime trip.

For international journeys, the Australian Government advises that travel insurance is as important as a passport, regardless of your destination.

You should purchase a travel insurance policy as soon as you have paid for your trip. That way you may be covered for unused travel and accommodation in the event that you must cancel your trip due to a covered event, such as illness or a natural disaster.

Most travel insurers offer policies that cover families and couples, and some also offer multi-trip and annual policies for frequent travellers. If you are pregnant, make sure you are covered by your insurance.

To find an insurer that offers these types of policies, visit [www.findaninsurer.com.au](http://www.findaninsurer.com.au) [ <http://www.findaninsurer.com.au> ]

### Domestic travel insurance

Many Australians don't think about buying insurance for travel within their own country, but costs and expenses can quickly mount up if things go wrong.

Domestic travel insurance usually provides cover for delays, cancellations, loss of or damage to luggage and personal effects, and personal liability.

It may also provide cover for the rental vehicle insurance excess paid for unexpected scrapes in rental cars and emergency accommodation.

Some activities, such as adventure sports, may be excluded or may require payment of an additional premium.

### International travel insurance

Incidents that may be easily manageable in Australia can become expensive and difficult to negotiate when you are in another country.

Most international travel insurance policies cover overseas medical and dental expenses, lost or stolen luggage, liability cover, accidental death or disability, and expenses if you incur a financial loss due to delays, cancellations or rescheduled arrangements.

Some travel insurers offer additional services, such as 24-hour medical emergency translation, which can make a huge difference to the quality of treatment you get while travelling.

Medical treatment in some countries can be exceptionally expensive and in some cases it can be difficult to be admitted to a hospital and receive treatment unless you are able to guarantee payment. When you travel overseas, you are personally liable for covering your medical costs. It's not uncommon for even a short stay in, for example, an American hospital to cost tens of thousands of dollars.

According to the [Department of Foreign Affairs and Trade \[ http://www.dfat.gov.au/ \]](http://www.dfat.gov.au/) (DFAT), daily hospital costs in Southeast Asia regularly exceed \$800 and return of remains from Europe can cost in excess of \$10,000. The cost of medical evacuations from the United States regularly range from \$75,000 to \$95,000 and sometimes up to \$300,000. DFAT has also handled medical evacuations from Bali in which costs have exceeded \$60,000\*.

Travellers who are not covered by insurance are personally liable for covering the medical and associated costs they incur overseas.

DFAT assists more than 20,000 Australian travellers each year who find themselves in difficulty overseas, including more than 700 hospital admissions, 600 deaths and 100 evacuations of Australians to another location for medical purposes. However, the Australian Government does not pay any costs, such as legal fees, emergency flights or medical care.

The **Smart Traveller** [ <http://www.smarttraveller.gov.au/> ] website has up-to-date travel advice, news, guidance and important information for Australians travelling overseas.

See advice about travel insurance from DFAT [here](http://www.smarttraveller.gov.au/tips/insurance.html) [ <http://www.smarttraveller.gov.au/tips/insurance.html> ] .

### **Kate's Story**

Sydney travel agent Kate McGuirk was thankful she had travel insurance after falling ill in Brazil. [Click here](http://understandinsurance.com.au/media) [ <http://understandinsurance.com.au/media> ] to see how her insurer stepped in during a medical emergency.

\*Australian Department of Foreign Affairs and Trade [Smarttraveller website](http://www.smarttraveller.gov.au/tips/insurance.html) [ <http://www.smarttraveller.gov.au/tips/insurance.html> ]

### **Credit card travel insurance**

Some financial institutions provide travel cover as part of their credit card service to their customers.

As with any insurance product, it is important to read the Product Disclosure Statement (PDS) carefully to determine how much cover you will receive under this policy and whether there are any requirements you need to meet to qualify for this cover.

You should also make sure the extent of the cover provided by your financial institution is going to be enough for the place you are visiting.

## Choosing a policy

The travel insurance market is highly competitive and consumers have a range of coverage options, so it is worth shopping around to find cover that suits your individual circumstances and travel plans.

Travel insurance does not have unlimited cover so it's important to be informed and choose the right level of cover for your circumstances.

Read the Policy Document and Product Disclosure Statement (PDS) carefully to make sure that the risks that are important to you are covered – and how much they are covered for.

When choosing a travel insurance policy you should find out:

- What is included in the policy
- What is excluded, and how this compares with your intended activities
- How to contact your insurer when you are overseas
- What paperwork or information you need to take with you
- The dollar limits for claims on individual items and as a whole
- The proof you might need to make a claim
- The cost of the premium
- The amount of excess you would pay on a claim

You should buy a policy that covers you for the full duration of your trip. If you anticipate you may extend your trip, discuss this with your insurer to see if you will be able to extend your policy.

## Limits and exclusions

Different travel insurance policies will have different exclusions, which are the issues and circumstances under which your policy will not cover you.

Your [Product Disclosure Statement \[ http://understandinsurance.com.au/understand-your-insurance-policy#anchor-3 \]](http://understandinsurance.com.au/understand-your-insurance-policy#anchor-3) (PDS) will list all of the exclusions that apply under your policy. Make sure you have read and understood the Product Disclosure Statement (PDS) before you buy your policy.

Common limits and exclusions include:

- **Pre-existing medical conditions**

The PDS will detail the types of pre-existing medical conditions that your insurer won't cover. If you are not sure about whether you have a medical condition that needs to be declared, you should contact your insurer and discuss it. If you have a pre-existing medical condition and you don't tell your insurer about it when you take out insurance, the insurer may refuse to pay some or all of any claim you make later. Many insurers will provide cover for travellers with pre-existing conditions, though they may exclude claims that arise from that particular illness or condition

- **Adventure sports**

Some activities are excluded from many policies or may require an additional premium to be paid. These may include snowboarding, skiing, surfing, rock climbing, kite surfing, hunting, bungee jumping, parachuting, riding motorbikes and scuba diving. If you are planning these types of activities, you should look for a policy that covers adventure travel or outdoor activities and make sure your planned pursuits are included in your chosen policy

- **Risky behaviour**

Policies will often list exclusions such as loss, injury or damage related to injury under the influence of alcohol or drugs, any self-inflicted injury, the loss or theft of unattended baggage, and the loss or theft of cash

- **Disease outbreaks**

Many travel insurance policies also have exclusions for claims relating to quarantenable disease outbreaks, such as swine flu

- **Civil unrest, war and terrorism**

Most insurance policies will not cover claims made in countries where DFAT recommends against travel because of issues relating to terrorism or civil unrest. When preparing your travel plans and before you leave, you should visit [Smartraveller \[ http://www.smartraveller.gov.au/ \]](http://www.smartraveller.gov.au/) to familiarise yourself with advice about the destination to which you intend to travel

- **Personal belongings and luggage**

Cover may also be limited to a specified amount. Consider additional insurance for expensive items such as jewellery, laptops or camera equipment

- **Age**

Many travel insurance policies have age limits or restrictions. However, several travel insurers offer policies specially designed for retirees or senior travellers

## How premiums are calculated

The cost of travel insurance is based on the type of cover requested, your age, your destination, the length of your stay and also on whether you have any pre-existing medical conditions. See our page on [calculating premiums \[ http://understandinsurance.com.au/premiums-explained \]](http://understandinsurance.com.au/premiums-explained) .

The premium for travel insurance is calculated based on a number of factors including, but not limited to:

- The length of your trip
- Age of the traveller(s)
- The travel plan selected
- The type of cover requested
- The region in which you will be travelling
- Whether a single-person or multi-person policy is purchased
- Options and extras selected including extra cover for specified items, or cover for an extreme sport such as skiing
- Any pre-existing medical conditions