

CHOICE



Travel insurance buying guide

Do you need travel insurance?
Are you choosing the right cover?
How can you save money on it?

CHOICE answers all your questions
before you leave the country



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Who is CHOICE? Set up by consumers for consumers, CHOICE is the independent consumer advocate that provides Australians with information and advice, free from commercial bias. choice.com.au

Compare travel insurance policies at choice.com.au/travelinsurance

Why get travel insurance?



Because you're going overseas

It's really that simple. If you're leaving Australia, travel insurance is just as essential as your passport.

Need more reasons?

The Australian government won't pay your medical bills for you

Much as you'd like to think they've got your back, the government can only help so much in an emergency. If you end up injured or sick while overseas, you'll be footing the hospital bill and the cost of flying home. In some cases, the costs for you or your family could be hundreds of thousands of dollars.

Holidays don't always go as planned

Medical expenses are the number one reason to get insurance, but sometimes things can go wrong like trip cancellations, delays, lost luggage or even the big stuff like natural disasters and terrorism. If you end up out of pocket because of these things, insurance can make up for that.

Some countries won't let you in if you don't have insurance

Cuba, Turkey, the Czech Republic, Estonia, Latvia, Lithuania, the United Arab Emirates (UAE) and Qatar, to name a few. Not to mention all 26 European countries in the Schengen Area if you're applying for a visa to visit. Some cruise ships won't allow you to board without insurance, either.

RECIPROCATE

Australia has reciprocal healthcare agreements with several countries: Belgium, Finland, Italy, Malta, Netherlands, New Zealand, Norway, Republic of Ireland, Slovenia, Sweden, and the United Kingdom. If you have Medicare you can get subsidised treatment for essential services only in these countries, which often leads people to ask whether they still need travel insurance.

The answer is **yes**, for these reasons:

- If you're very ill, travel insurance can pay for a medical escort to bring you home to Australia.
- Travel insurance can cover you for cancellations, delays, stolen items and more.

Case study

Marco* had breathing difficulties on his way home from Europe, causing his flight to be diverted to the UAE. Hospitals in the UAE won't admit you unless you have insurance or can pay an upfront fee. Marco's family had to pay thousands for his treatment.

*NAMES HAVE BEEN CHANGED

DO I NEED DOMESTIC TRAVEL INSURANCE?

Most of us already have medical cover at home, be it Medicare or private health insurance or both, so the main reasons for considering domestic travel insurance are:

- **Cancellation** If you've spent a lot on your holiday, then it's not too much extra to buy travel insurance in case of the unforeseen.
- **Baggage cover** If you're travelling with valuables, consider whether you want them covered for theft, loss or damage.
- **Car hire excess** You can save money using travel insurance to cover your collision damage excess, rather than paying the car hire company's extra charge.

Compare travel insurance policies at choice.com.au/travelinsurance

How to get travel insurance



Where?

You can get travel insurance from a travel insurer, travel agent, insurance broker (including health, home or car insurer) or credit card provider.

How?

You can buy travel insurance online (direct from the insurer's website, from a comparison site or through an airline booking site), over the counter or even on your phone.

When?

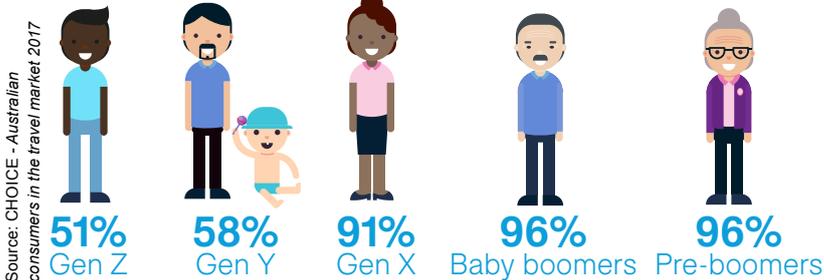
Right away. Buy travel insurance as soon as you know your travel dates. That way you're covered if your trip gets cancelled before you even leave or if you are unable to travel at all. It won't cost you more, as you'll only pay for the dates that you're travelling.

What cover do you need?

You can certainly buy travel insurance quicker than it will take you to read this five-minute guide, but do you know whether you'll be covered if you trip over after having a drink? If you crash your scooter in Thailand? If you lose your wallet during a stopover?

There are a lot of "what ifs" to consider, depending on where you're going and what you'll be doing.

Who's buying travel insurance?



Many younger Australians are taking a big risk by skipping travel insurance.

If you can't afford cover, you can't afford to travel.

Just because a place 'feels' safe, doesn't mean you won't need insurance



1 in 10 Australian travellers goes overseas without insurance



2 in 10 don't buy insurance if they're visiting friends or relatives

Source: Understand Insurance | Smartraveller. Survey of Australians' Travel Insurance Behaviour - 2017

WILL I USE IT?

Hopefully not. But research by Smartraveller found that one in four Australian travellers experienced an insurable event on their last overseas trip.

Most common insurable events

- Flight or tour cancelled
- Flight delayed more than 12 hours
- Missed a connecting flight
- Received medical treatment
- Lost / damaged / stolen luggage
- Lost / damaged / stolen cash or items
- Forced to cancel trip before departure

Source: Understand Insurance | Smartraveller. Survey of Australians' Travel Insurance Behaviour - 2016

WILL THEY PAY OUT?

In the 2016-17 financial year, Australian travellers lodged almost 300,000 insurance claims. Around 85% of those received payouts. Of the claims that were declined, many were because the traveller had misunderstood the policy they'd bought.

Source: General Insurance Code Governance Committee. General insurance in Australia 2016-17

Compare travel insurance policies at choice.com.au/travelinsurance

Before you buy



1

Where are you going?



2

How long are you going for?



3

What are you going to do there?



4

Are you taking valuable items?



5

Do you have any medical conditions?



1 | Where are you going?

The level of cover and the cost of travel insurance can vary depending on the region you're travelling to, and some risks may be of greater concern than others. Not all travel insurance policies cover pandemics or epidemics such as SARS or Zika. And not all policies cover you to change your plans due to a riot or civil unrest, for example.

- Look up your destination on smartraveller.gov.au and make sure you're aware of any risks or safety advice.
- Get a policy that covers you for every country you're travelling to. If you're going to Europe via a one-night stopover in the US, then get cover for the US and Europe. Usually a worldwide policy will cover this.

The regions insurers may cover

Asia Pacific: Destinations such as New Zealand, Bali, Fiji and Papua New Guinea.

Asia: Destinations such as India, Indonesia, Thailand, Singapore and Malaysia.

Europe: Destinations such as the United Kingdom, Ireland and Western Europe.

Worldwide: All of the above as well as regions such as North America, South America, Japan and Africa.

These definitions differ for each insurer. For example, several insurers cover travel to Bali under their Asia Pacific policy but not to the rest of Indonesia, while some will only cover travel to Bali under their Asian region travel policy.

Compare travel insurance policies at choice.com.au/travelinsurance

Before you buy



2 | How long are you going for?

Just a quick trip?

Simply buy a standalone travel insurance policy for a set number of days.

Travel often?

Consider an annual multi-trip policy or a credit card with travel insurance.

Tip: Annual multi-trip policies and credit card policies can restrict the length of each trip you take – anywhere from 15 to 365 days depending on your policy. Some allow you to pay for extra days.



4 | Are you taking any valuable items?

Do you need cover for a digital SLR camera or expensive tablet or laptop? Cover for such valuables can vary from a few hundred dollars to \$25,000, and higher cover will often mean a higher premium.

Policies also vary when it comes to how they cover valuable items. Items in your check-in luggage often aren't covered, while cover for baggage stored in your hire car is sketchy. And baggage left unattended is never covered, which can include a bag that is stolen while you're looking the other way.



3 | What are you going to do there?

Cruising the ocean roads on a scooter? Carving up the ski slopes? Paragliding from a mountain top? These things aren't necessarily included in a travel insurance policy.

Check the list of activities that are included in your insurance and those that you'll have to pay extra for.

And take it easy on the grog – if your alcohol or drug intake is the cause of, or a factor in, an adverse event, it won't be covered by your policy.



5 | Do you have any medical conditions?

If you have a medical condition that existed before you bought your policy, it may not be covered.

This can range from something as common as allergies or asthma through to diabetes, heart conditions and knee replacements.

If you're not sure, contact the insurer to ask whether they'll cover your condition automatically or whether you need to do an assessment.

Case study

The Massoud family* were holidaying in Singapore when 13-year-old Nazreen had a recurrence of severe bronchitis, which had affected her in Australia before their trip. The family's travel insurer refused to pay any hospital bills as Nazreen's bronchitis was a pre-existing medical condition. As a result, the Massouds had to ask their friends to transfer the \$17,000 they needed to cover Nazreen's hospital expenses, additional accommodation and the cost of changing flights.

*NAMES HAVE BEEN CHANGED

Compare travel insurance policies at choice.com.au/travelinsurance

How to save money on travel insurance



Buy early

You only pay for the period in which you're travelling, but you're covered from the moment you buy your policy. So if you buy two months before you fly, you effectively have free cover for any events that affect your travel plans in those two months.

Left it until the last minute, or even later?

Only a few insurers let you buy insurance once you're already overseas (look for the 'Have you already left Australia?' checkbox).

Buy online

While not all policies are discounted online, plenty are. Make sure you understand the policy and what it covers. Sometimes you get less cover with online policies, so make sure a reduced price doesn't mean reduced cover.

Tips: Check asic.gov.au/afslicensing to find out whether the agent has an Australian financial services (AFS) licence or is an authorised representative of a licence holder. Take the usual precautions when giving your credit card and other details over the internet.

Stay loyal

Does your health, car or home insurance provider also sell travel insurance? Some companies give 10% to 15% discounts to members.

Shop around

Trying to negotiate with a website probably won't get you a better price, but if you're buying over the phone or through a travel agent, give it a go.

Travel agents pocket a commission when they sell you insurance, so if you find a better deal elsewhere, ask them if they can beat it.

Use your credit card

Some credit cards come with "free" travel insurance when you use them to buy a ticket or to pay for other travel expenses (we say "free" because you'll pay a premium in fees for the card itself).

This type of insurance can sometimes be a money-saver, but make sure it gives you the cover you need.

See page 18 for more on credit card cover.

Compromise on cover

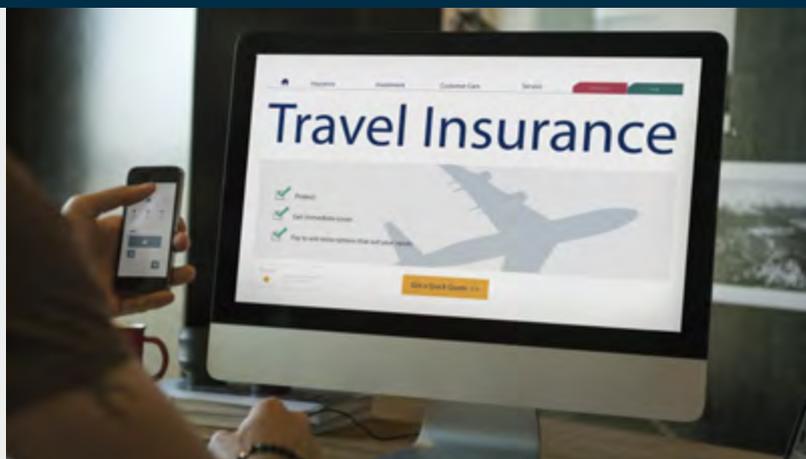
While good medical cover is always essential, you could save money on your premium by choosing a policy with lower or variable cover for cancellation, delays and baggage, particularly if you aren't spending big on your holiday or taking expensive items with you.

33%
of travellers just choose
the cheapest policy without
checking the small print

Source: Understand Insurance | Smartraveller.
Survey of Australians' Travel Insurance Behaviour - 2017

Compare travel insurance policies at choice.com.au/travelinsurance

About that small print



I'm about to click 'buy', so I'll tick this "I acknowledge I've read the product disclosure statement" checkbox and bon voyage...

But wait. You know what they say about checking the small print? In the insurance world, that small print is contained in the product disclosure statement, or PDS (that thing you said you'd read).

How to read the PDS

There are hundreds of policies out there and if you tried to read all the paperwork that comes with each, you'd have to extend your holiday just to recover.

If you don't have time to read the whole PDS, at least look for the following:

- The **table of benefits** is an overall summary of your cover.
- The **policy cover** section is essential reading and is generally split into "what we will pay" and "what we won't pay".
- **General exclusions** are also essential reading; these are events that aren't covered by any section of the policy.
- **Pre-existing conditions** can remind you of forgotten ailments and are essential reading for anyone with any kind of medical condition, no matter how mild.
- The **word definition table** might contain a few surprises – a good place to check on the definition of a "relative" or a "moped", for example.
- The **claims** section lists further points to be aware of (e.g. it's a good idea not to admit fault or liability in the case of an accident) and the paperwork you may need to collect while you're away if you need to make a claim, such as police reports.

The list of travel insurance disputes taken to the Financial Ombudsman Service (FOS) reveals a battlefield of unread or misinterpreted terms and conditions. Most disputes that reach the FOS decision stage are resolved in favour of the insurer, not the applicant.

Not all travel insurance policies are the same, and the wrong policy can be almost as bad as none at all.



Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

What are you covered for?

And what are the catches?



MEDICAL

This is the number one reason to buy international travel insurance. Look for the insurer's benefits table, usually on the quotes screen online or near the front of their PDS for a quick overview of what they're offering. Most policies have an 'unlimited' sum insured.

Pre-existing conditions

Some insurers don't cover pre-existing conditions at all. Some will only cover pre-existing conditions with an extra fee and sometimes a medical assessment. Some automatically cover pre-existing conditions listed in their PDS, although few will cover mental illnesses such as depression or anxiety. Read more about this on page 11.

If in any doubt, declare your condition to your insurer.

PRE-EXISTING CONDITION SPOILING YOUR HOLIDAY PLANS?

- [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance) compares cover for pre-existing conditions.
- [findaninsurer.com.au](https://www.findaninsurer.com.au) lists insurers that may provide cover for pre-existing conditions.
- Still having trouble finding cover? Enlist the help of an insurance broker.



What are you covered for?

And what are the catches?



Disability

Insurers exclude cover for certain pre-existing medical conditions and generally don't provide cover for any illnesses or incidents that arise from these. A disability shouldn't prevent you from buying travel insurance, but it might make finding a good policy trickier and more expensive.

Is a disability a pre-existing condition?

It depends on the disability and the insurer. Many insurers will automatically cover travellers with limited mobility, cognitive impairments or vision/hearing impairments. But in some cases this cover may come at an extra cost.

Check with the insurer, as some conditions will need to be assessed on a case-by-case basis.

Having trouble getting cover?

Under the Disability Discrimination Act, insurers must assess the actual risks, rather than make assumptions about disabilities. If you're having trouble getting insurance, a letter from a medical professional might help, particularly if they can state that your condition is under control and you're not likely to need medical or hospital treatment while on your trip.

Cover for your equipment

If you're travelling with a wheelchair, mobility aid or hearing aid, you'll need to insure that as well.

Many insurance policies exclude hearing aids, so check the small print and take out extra insurance if necessary.

Cover for your carer

If you're travelling with a carer, it's a good idea to be on the same policy in case travel plans change for either of you – that way you're both covered. If you have a paid support worker, ask your insurer whether they'll cover the cost of a replacement support worker, should yours be unable to travel.



Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

What are you covered for?

And what are the catches?



Babymooning

If you're travelling while pregnant, check the following:

- **Are you covered for pregnancy complications?** Some insurers don't cover pregnancy at all.
- **Up until which stage of pregnancy?** Pregnancy complications are usually only covered up until a certain stage (often between 23 and 32 weeks, depending on the insurer).
- **Childbirth** Not all insurers will cover childbirth. A premature birth in the US for example, with intensive care and treatment, could end up costing hundreds of thousands of dollars.
- **IVF** Not all insurers will cover IVF pregnancies.
- **Do you have to pay extra to be covered?**
- **Do you need medical approval to be covered?**

Mental health

Many travel insurers won't provide cover of any kind for hospitalisation, medication, or missed travel caused by a mental health condition, whether that's depression, anxiety or a psychotic episode.

Others will provide cover if you declare mental illness as a pre-existing condition and pay a higher premium. Check the PDS carefully though: insurers may use different terms to describe the same mental health conditions.

Insurers are highly unlikely to pay a mental health related claim if they discover it was a pre-existing condition you didn't declare. An insurer might view a single visit to a therapist many years ago because of work stress as a pre-existing mental health condition.

Mental health and travel insurance has been a contentious issue for consumer rights groups including CHOICE – and one that's still evolving from a legal standpoint.

To find out if a travel insurance product includes mental health cover, check the free reviews at choice.com.au/travelinsurance filtering for 'mental illness related claims'. Then put the PDS under the microscope.

AGE LIMITS

Most policies have an age limit, ranging right up to the 100-year-old adventurer. There are quite a few catches for older travellers, though.

- **Higher premiums** Insurers often charge older travellers more, and in some cases "older" can be as young as 50.
- **Higher excess** Travellers as young as 60 but more commonly over 80 may be subject to a higher excess because of their age.
- **Restricted conditions** Watch out for small print like this: "subject to medical assessment", "reduced travel time", "policy to be purchased six months in advance", and more.

In a survey by Smartraveller, 12% of respondents said that they, or a family member, had bought or tried to buy travel insurance that would cover them for a pre-existing mental health related claim.

23% of those who tried were unable to get the cover they needed.

Case study

A woman in Victoria won a court case against her insurer after they declined her claim for the cancellation of an overseas trip due to depression. "We took out the travel insurance well in advance of the travel, and well before my depression. I was certainly under the impression that I was covered," she told CHOICE. "They just sent back a letter that said no."

But her win (she was awarded \$4292 for economic loss and a further \$15,000 for non-economic loss) was an isolated ruling. It's still being debated whether or not a general exclusion for mental health claims is legal.

What are you covered for?

And what are the catches?



CANCELLATIONS

You'll probably want to be covered if your travel plans are cancelled for any reason, but be aware that insurers could come up with excuses to avoid paying up.

- **Terrorism:** Most insurers cover medical expenses but very few cover cancellation expenses in the event of terrorism.
- **Pandemic or epidemic:** Commonly excluded.
- **Military action:** Commonly excluded.
- **Natural disaster:** Covered more often than not.
- **Travel provider/agent insolvency:** Commonly excluded.
- **Cancellation due to travel provider's fault:** Insurers commonly exclude cover for delays or rescheduling caused by the transport provider. As John* found out:

"A scheduled train service was delayed, seriously diverted then terminated so we missed our flight home by several hours. Re-booking fees, emergency accommodation and related fees cost us \$1000-\$1500 but they wouldn't pay the claim – not in policy!"

"Unforeseen"

When an insurer refers to cover for "unforeseen circumstances", it means something that wasn't publicised in the media or official government websites when you bought the policy. If it became known before you purchased the policy, you're not covered.

The earlier you buy your travel insurance, the better your cover will be.

Travel warnings – ignorance is no defence

Case study

A week after a volcanic eruption made world news, Sameer* booked a cheap trip to Bali. He assumed the emergency would be over in a month's time when he'd be flying. Unfortunately the volcano continued to erupt and Sameer's flight was cancelled. His insurer declined his claim because the flight and insurance were purchased after DFAT issued travel warnings about the volcanic eruption and after it had been in the news.

*NAMES HAVE BEEN CHANGED

Travel warnings can work in your favour. If an insurer excludes cover for an event, they may still cover you to change your plans in response to updated advice from the Department of Foreign Affairs and Trade (DFAT).

For example, one travel insurer excludes cover for any terrorist act or threat of terrorism "unless DFAT has issued a 'DO NOT TRAVEL' advisory...since you purchased your policy".

Keep an eye on travel warnings on the DFAT website smartraveller.gov.au

Compare travel insurance policies at choice.com.au/travelinsurance

What are you covered for?

And what are the catches?



DELAYS

Delays can be expensive, particularly if you have to pay for alternative transport or accommodation. And those extra expenses won't always be covered.

- Transport delay is only covered after a certain number of hours, usually six, but you may have to wait as long as 12 hours before your cover kicks in.
- Cover limits for transport delay are typically lower than other cover limits and are often limited per 24-hour period.
- Insurers often exclude cover for rescheduling caused by the transport provider but some may cover additional accommodation and travel expenses in this scenario for travellers who are en route.

BAGGAGE

Baggage cover varies widely, with policies in our travel insurance comparison ranging from \$0 to \$30,000. So if you're not carrying expensive items, you could save on your premium by selecting a policy that provides less cover.

- Individual items are subject to sub-limits ranging from around \$250 to as much as \$5000.
- Higher item limits usually apply for electronic items like laptops, cameras, smartphones and tablets.
- You can pay extra to specify items you want extra cover for (insurers are always happy for you to pay extra).
- Valuables locked in a car or checked in on an airline, train or bus may not be covered.
- Generally any items left unattended may be excluded from cover, so keep your belongings close.

Lost luggage

If an airline loses your luggage temporarily and doesn't compensate you for that loss, you may be able to claim expenses for clothing, toiletries and other necessities, depending on your policy.

- Cover usually only applies to baggage lost for more than 12 hours, though the time limit varies per insurer, as does the level of cover.
- Bear in mind that the cost of a toothbrush, deodorant and undies might be less than your policy's excess, in which case there would be no point in making a claim.



1 in 3 travellers experienced a problem with flights



2 in 3 who faced a delay said no action was taken by the airline



1 in 3 said that the airline's response was poor, very poor or terrible

IN THE 12 MONTHS TO JULY 2017.

Source: CHOICE - Australian consumers in the travel market 2017

Case study

Jing* sat down to try on a pair of shoes in a busy London shoe shop, placing her handbag next to her on the seat. When she got up to leave, she discovered her bag was gone. Her insurer refused to pay up because she had left her bag unattended in a public place.

*NAMES HAVE BEEN CHANGED

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What are you covered for?

And what are the catches?



CAR HIRE

If you don't feel like paying the 'extra insurance' the car hire company charges, then use the collision damage excess cover in your travel insurance.

Tip: Stick with recognised car rental companies in this case since this cover only applies if the car hire company already has its own comprehensive insurance.

CRUISES

Cruise-specific insurance

Cruises aren't automatically included in all travel insurance policies. If you're going on a cruise, make sure you have the right cover.

But I'm not leaving Australian waters

You still need insurance. Doctors working on cruise ships won't always have Medicare provider numbers. So if they treat you, you can't claim on Medicare or your private health insurance, even if you're still in Australian waters.

Domestic travel insurance doesn't cover medical costs, so you need either **international travel insurance** (check that it covers domestic cruises) or a **domestic cruise policy**.

Do you have the right licence?

Some countries require you to have an international driving permit. If you have an accident while driving on the wrong licence (or breaking that country's law in any other way) you may not be covered.



1 in 3 cruisegoers incorrectly believe the Australian government would pay if they needed to be medically evacuated



1 in 3 believe insurance is less important for cruises because ships have doctors onboard



1 in 2 embark without knowing whether they have the right type of insurance

Source: Understand Insurance | Smarttraveller: Survey of Australians' Travel Insurance Behaviour - 2017

Case study

Erica* stumbled and broke her femur during stormy seas while on a cruise. Her insurer covered her evacuation and a partial hip replacement at a hospital in Noumea. They also organised and paid for her son to fly to Noumea to help her recover and return home to Australia. Five months later the well-travelled 82-year-old was boarding a plane to Croatia for her next (fully insured) adventure.

*NAMES HAVE BEEN CHANGED

Case study

Kerry* thought she'd done the right thing buying an annual multi-trip international travel insurance policy for a number of upcoming holidays. One of these was a round-trip cruise departing from and returning to Fremantle, WA, with no port stops. When she had to cancel due to ill health, she discovered her policy wouldn't cover her because the trip wasn't considered an international one.

*NAMES HAVE BEEN CHANGED

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What are you covered for?

And what are the catches?



SPORTS AND ACTIVITIES

When CHOICE reviews travel insurers, we sort out who covers which sports and adventure activities, such as skiing, ballooning, bungee jumping and scuba diving, to name a few. But as always with insurance, the PDS may include things that take you by surprise. For example, several insurers we've reviewed will cover canyoning but they won't cover abseiling, often a necessity in canyoning. Other policies in our comparison will cover abseiling, but not into a canyon.

If you're planning on doing anything more daring than lounging by the resort pool, check to make sure you're covered. It's not enough to simply look for the tick next to your chosen activity – you also need to check the definitions in the PDS. Try these examples on for size:

Motorcycles and scooters

Hiring a motorcycle or scooter? Depending on which country you're in you might need a local or international motorcycle licence. You probably won't be covered if you aren't obeying the local law. And even if you are doing the right thing under local law, some policies still won't cover you unless you have a motorcycle licence.

Are you wearing a helmet? Most countries say you need one by law, but that doesn't mean it will be included in your hire. No helmet means no cover (in more ways than one).

Skiing and snowboarding

Some insurers cover skiing and snowboarding, often for an extra premium, but not so many cover going off-piste (away from the groomed runs). So if you're tempted to slide off the beaten path next time you hit the slopes, make sure you have a policy that covers off-piste runs (or pay for the optional extra cover). Otherwise, if you run into a tree and have to be evacuated from the mountains, you may need to think about selling your home to pay for it.

Case study

Alex* was taking part in the annual Running of the Bulls event in Pamplona, Spain, but was gored in the back after falling under a bull. After emergency surgery, he spent three weeks in hospital and due to the injury to his lung, was not allowed to fly home for a further four months. Alex's hospital bill alone came to \$32,000. He had travel insurance, but hadn't told his insurer he would be taking part in the Running of the Bulls, so none of his medical bills or costs from his extended stay in Europe were covered by his policy.

*NAMES HAVE BEEN CHANGED

Case study

Nhung* was injured after she rented a scooter in Thailand only to find out the engine size was not covered by her insurance policy. Most insurers adopt the national standard for the definition of a scooter (moped) – an engine capacity under 50cc. If the engine is bigger than that, it's a motorcycle, and you'll need an Australian motorcycle licence.

*NAMES HAVE BEEN CHANGED

Case study

Marianna* fractured her leg in three places while skiing with her partner and children in Japan. Because the family had bought additional cover for winter sports, they were reimbursed \$35,466.28 for medical expenses, additional transport and accommodation, the cost of a nanny to look after the children and business class flights back to Australia.

*NAMES HAVE BEEN CHANGED

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What are you covered for?

And what are the catches?



GO EASY ON THE BOOZE

Cover for overdoing it on vodka and Red Bull and float-tubing down a river in Laos isn't likely to be included in any policy. Insurers simply won't pay for costs arising from you being under the influence of alcohol or drugs (except where taken under the advice of a doctor). Even one or two drinks could be an excuse for insurers to get out of paying.

Keep your travel insurance details with you at all times while on your trip and share them with family or friends before you leave.

AN EXCESS OF EXCESSES

If your policy has an excess (a fee that's deductible from your payout), remember that this applies once per claimed event and items below the excess level can't be claimed.

RELATIVES CAN BE RELATIVE

Many policies cover the costs to travel home if one of your relatives dies or becomes sick.

- Bear in mind that an insurer's definition of a "relative" may differ from yours.
- Cover usually depends on the age of that relative, so the death of your 84-year-old grandma may not be covered.
- Your relatives are subject to the same pre-existing condition exclusions as you, so if your 84-year-old grandma died from a known heart condition, you may not be covered. But if you're concerned, you may be able to apply for your relative's pre-existing condition to be assessed before you buy the policy.
- Cover is limited to relatives that live in Australia, or in some cases New Zealand. So if your 84-year-old grandma is in China, you won't be covered to fly there for her funeral.

Case study

Scott* and his wife were enjoying dinner and drinks while on their honeymoon in LA. He left the restaurant briefly to buy cigarettes but woke up later in hospital with a head injury. Scott claimed he'd been attacked, but since his blood alcohol level was .275 his insurer refused to cover his medical expenses, arguing that it was more likely he'd simply fallen over. Since there were no witnesses to the incident, Scott lost his appeal and received no compensation.

*NAMES HAVE BEEN CHANGED

Case study

Angelo and Diane* tried to claim \$112.20 for meals and drinks when their connecting flight to Hawaii was delayed by eight hours. Although their policy technically covered them for the cost, they were liable for an excess of \$250, so their claim was denied.

*NAMES HAVE BEEN CHANGED

YOU'RE ONLY COVERED OVERSEAS

Travel insurance only covers overseas costs. So if you break a leg in Bali, for example, your insurer will likely pay your hospital fees, but they won't cover your ongoing physiotherapy once you're back home.

Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

What are you covered for?

And what are the catches?



INSOLVENCY

So you've booked and paid for your holiday through a travel agent, but then the travel agent goes broke. You'll get your money back, right? Not necessarily.

Only a few insurers will cover you for the insolvency of a travel provider, and that includes hotels, airlines and other transport companies that might go broke overnight (remember Ansett?).

There are a few ways to safeguard your hard-earned holiday, though:

- Check whether your insurer covers you for insolvency.
- Check whether your travel agent has insolvency insurance (this isn't compulsory, so only some will have it).
- Pay with your credit card. Some banks allow a "chargeback" if you pay for something on your credit card and don't end up actually getting it. (**Tip:** Don't accept any dodgy contract terms that require you to give up your chargeback rights.)



2 out of 3 travellers assume that their travel insurance will cover insolvency, but less than a third of insurers do

Source: CHOICE - Australian consumers in the travel market 2017



Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

Credit card travel insurance



Some credit cards come with complimentary travel insurance. They'll cover you for the usual things like medical emergencies, cancellation and protection for baggage and items. But they do differ from standalone policies, so it's essential you check the small print.

- **Fees** You'll pay a premium for these credit cards, usually around \$100–\$400 per year.
- **Excess** The excess on credit card policies tends to be fixed at a higher rate (usually around \$250), whereas it's more variable on standalone policies.
- **Age limits** Some credit card policies have no age limit, which can be handy for older travellers.
- **Regions** Credit card travel insurance is not based on location (unlike regular travel insurance), which means you can travel from Europe to the US without having to worry if your policy covers both areas. Bear in mind though that some regions (such as countries under United Nations embargo) may be excluded, and sometimes with US underwriters, travel to Cuba is excluded.
- **Baggage cover** Credit card insurance often offers higher coverage for baggage loss and damage.
- **Trip duration** Credit card insurance policies vary in how many days of coverage they'll give you per trip – anywhere from a few weeks to 365 days – so check your limit if you're going on a long holiday.
- **Pre-existing conditions** Chances are your credit card insurance won't automatically cover your pre-existing condition. You'll need to call your insurer and see if you need to pay an extra fee or premium.
- **Domestic travel** Credit card insurance doesn't apply to domestic travel, although some cards will reimburse expenses associated with domestic flight delays and missed connections to international flights.
- **Making a claim** You may not be able to claim reimbursement unless you pay for purchases (such as emergency items after a baggage delay) with the same credit card.

Remember: credit card debt comes with high interest rates. Don't spend more than you can afford to pay off.

IS IT ACTIVATED?

Credit card insurance usually activates when you buy your air tickets (or sometimes other transport or accommodation expenses) using your card.

- Policies require a minimum spend to activate – usually around \$500. So if you bought your tickets on sale for \$499, you might not be covered.
- If you want cover for your spouse or dependants, you must also purchase their tickets on your card.
- Some policies only activate if you book a return ticket. A one-way flight, or even two one-way flights, will leave you uninsured.
- Some banks require you to notify them in order to get full coverage for each trip. While base coverage will still give you emergency medical treatment, you might not get coverage for property damage or luggage delays. Check whether you need to do anything to activate any extra features.
- Some cards will cover you if you use rewards points to buy your tickets. Others won't.

IS IT WORTH IT?

If you already have a credit card and use it regularly, the comprehensive travel insurance on your card can be a useful extra. It's worth considering getting a credit card with travel insurance if you take an overseas trip at least once a year.

The coverage level is comparable to standalone policies, and sometimes better. But make sure you factor in the high fees and interest.

See free reviews at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance) to compare credit card travel insurance policies.

Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

How to make a complaint

Have you been knocked back on an insurance claim and want to dispute it?



INTERNAL DISPUTE RESOLUTION

Complain to the insurer first.

Once you've lodged your case and all the supporting information and documents, the insurer has 45 days to complete its internal dispute resolution process.

EXTERNAL DISPUTE RESOLUTION

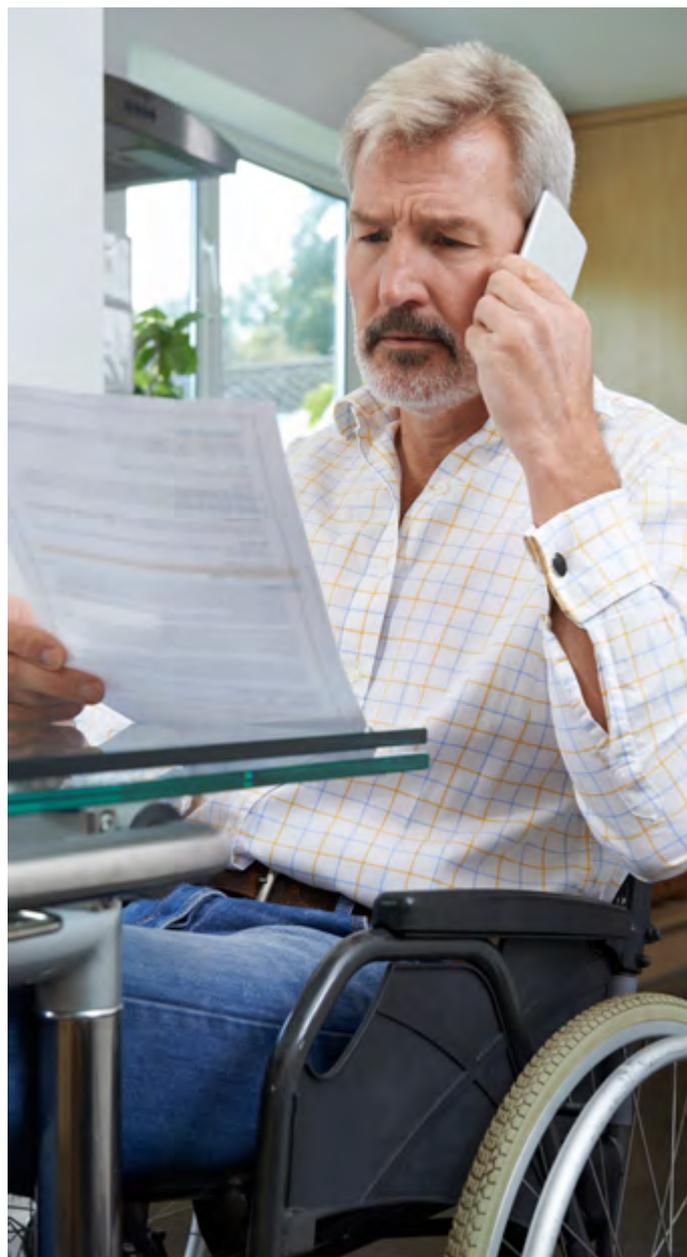
If you aren't happy with the insurer's decision, you can take your complaint to the Financial Ombudsman Service (FOS). They'll handle your case for free.

- The FOS will mediate between you and the insurer to find a resolution.
- If mediation is unsuccessful, they'll make a determination on your dispute.
- A determination is legally binding on the insurer but not on you.
- There's no appeal process with the FOS.

More information: [fos.org.au](https://www.fos.org.au)

LEGAL ACTION

If you're unhappy with the FOS determination, you might want to consider taking legal action against the insurance company.



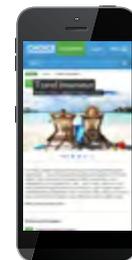
Compare travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)



THE GOOD, THE BAD AND THE EXCLUSIONS

Compare hundreds of travel insurance policies at [choice.com.au/travelinsurance](https://www.choice.com.au/travelinsurance)

CHOICE recommends the best travel insurance policies no matter what your age, destination or travel plans.



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BE PREPARED.**