

From ashes to delays: The ins and outs of travel insurance

Should you get travel insurance, and what exactly does it cover?

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Since Iceland's Eyjafjallajökull volcano erupted on April 14, travel throughout much of the world has been almost as impossible as pronouncing the volcano's name.

With more than 100,000 flights canceled when clouds of volcanic ash threatened to clog airplane engines, millions of travelers were -- and pay for -- lodging, meals and travel alternatives as they were forced to find ways around several countries turned into no-fly zones for at least a week.

All that is making travel insurance look like a pretty good buy. In most cases, travelers with trip insurance will find their expenses covered up to their policy limits, says the US Travel Insurance Association. And companies that sell travel insurance say their phone lines and websites are buzzing.

"We've received a lot more interest in our travel insurance products because of the Icelandic volcano," says Daniel Durazo, director of communications for travel insurer Access America.

Before rushing to buy coverage, though, travelers should first consider whether they need any insurance, then make sure that a policy will cover the specific risks that could keep them from making or completing a trip.

Most travel insurance comes in a package that covers trip cancellation and delays, accidents, medical coverage and emergency evacuation if you need to be sent home for treatment. Policies can include damage, theft or if you cancel a trip because you've lost your job and can't afford to go.

The cost is about 4 percent to 8 percent of the cost of the trip and varies by age, cost of your trip and any extras. Coverage is limited to the cost of your trip for delays and cancellation, and specific dollar limits for things like delays, lost luggage and medical costs. A basic policy for a \$2,500 trip from Travelex, for example, costs \$72 to \$103 per person, depending on age, and covers children under 18 at no extra charge.

Balance the cost of coverage against your potential losses, suggests Jill Roberts, marketing manager for Travelex Insurance Services.

"If you've had to pre-pay any nonrefundable costs, you want to look at insurance," Roberts says. Another consideration is going abroad, where your existing health insurance might not apply in case of an accident or wouldn't provide extra help to get home.

Other factors to weigh include your age and health, or health of family members, says Craig Corey, who runs Craig Corey Vacations in East Lansing.

"People who are older should definitely consider it," Corey says, especially since policies will cover pre-existing conditions in many circumstances. Coverage also makes sense if you have elderly parents or young kids, he adds, or if you've had a recent illness or fear there might be a death in the family.

Corey recommended insurance to Larry Lee, a retired newsletter operations manager from Lansing who developed blood clots in both lungs on a recent skiing trip to Austria.

His \$130 policy covered six days in a German hospital, car service to the airport and an upgraded ticket home in business class so he could lie flat to prevent new clots. The insurer even wanted to send a nurse to accompany him on the flight back to Detroit.

"I didn't see the price for a one-way business-class ticket, but I'm sure it was a few thousand dollars," he says.

If you do take out travel insurance, ask specific questions and watch out for exclusions. Some policies won't cover a cancellation if you are involved in extreme sports, for example. You'll have to report injuries that may result in canceling a trip within a certain time frame or be out of luck. And to be fully covered, you need to purchase insurance close to when you make your initial reservation or down payment. You also should buy insurance from a third-party firm, not from cruise lines or tour operators that would leave you out of luck if they were to go bankrupt.

Most important, compare policies and ask very specific questions that cover what you think might go wrong, what kind of help you need and the kind of trip you're taking, says Jim Grace, president of Insuremytrip.com, a website that handles policies from 20 travel insurance companies.

"We recommend that people ask those 'What if' questions," Grace says. "The biggest mistake people make is that they don't read the provisions of their policy, so do your research and speak to a professional. It's insurance and it can be complicated, so ask your questions and get your answers."

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