

Insurance 101[™] Travel Insurance Basics

Don't leave home without it.

When you're planning your next vacation, be sure to add travel insurance to your must-do list. Getting sick while on vacation may put a damper on your trip, but without the right insurance, it could also spell financial disaster. It's a good idea to buy insurance that protects you in the event of trip cancellation and interruption, as well as baggage loss and theft. But even more important is emergency hospital and medical insurance, which protects you against the astronomical medical bills that can be racked up should you require treatment in another country.

Some Canadians are under the impression their provincial health plan has them covered while on vacation. This is only partially true – provincial plans provide only a small fraction of treatment costs for illness and accidents outside Canada. Depending which province you live in, your government health plan coverage is capped at rates between \$75 and \$400 a day. But in the United States, a typical hospital may charge \$5,000 per day, and as much as \$10,000 per day for intensive care and complex cases. Some insurance companies have doctors on staff to contact the local hospitals and monitor their clients' cases.

Insurance will cover your medical bills and associated expenses, such as getting you back home safely. Medical expenses combined with the very high costs of air ambulances and other services in a foreign country can a bankrupt family. So be safe and get coverage every time you travel.

Travel insurance is affordable, and choosing the right coverage doesn't have to be complicated.

Choose insurance that suits your needs.

You can buy travel health insurance through your insurance agent or broker, travel agent, bank, credit union or other distributor. It's advisable to look for someone who specializes in travel insurance and that provides 24/7 emergency assistance. There are many different travel insurance policies, each designed for different types of travel, from extended visits to the USA by Canadian seniors, to short fun-in-the-sun getaways, to visits to neighbouring provinces, with varying amounts of coverage. If you travel often, you can buy multitravel insurance for all your trips during a 12 month period.

Review the policy before you buy.

When you're considering which insurance company to go with, obtain a copy of their policies and review them before you decide. Remember, insurance is meant to protect you in case the unexpected happens, so most policies contain exclusions for preexisting medical conditions. If you have a medical condition before you leave and end up in the hospital because of it while you're on vacation, you're not likely to be covered by typical travel insurance policies.

If you find the wording confusing, ask the insurance company or your doctor for clarification. Buying a policy online is possible, but if you are not very familiar with travel insurance, it's best to speak to an advisor directly. The cheapest policy is not necessarily the best buy. Some policies are more comprehensive than others, so make sure you understand what each policy you consider will cover you for, and make your decision based on both what you'll be spending and what you'll get for your money.



**Be accurate in your application,
and don't hold back.**

When you purchase travel insurance, you may be told that you're "approved" or "covered." Don't read too much into that – it only means that the policy is in place. Remember that, like all insurance, you are covered for whatever is listed in the policy. No policy covers everything. As with other types of insurance, claims will be reviewed against the type of coverage and benefits purchased to determine if an expense is covered. So it's important to know beforehand what you're covered for – and what you're not covered for.

Application forms ask about your prior medical health. Be careful – if you provide incorrect information or leave something important out, the company could declare the policy null and void, and deny coverage. You might want to complete the medical questionnaire with your doctor, especially if you have a history of medical problems or are over 65.

**If you do have a preexisting condition,
look into your options.**

If you have a medical condition that might be excluded from coverage on travel insurance policies, you might want to look into your options. Some companies offer medically underwritten plans or waivers, but options vary according to the type of preexisting condition.

Have fun, but be responsible.

While on vacation, many people like to let down their hair and have a drink or two. Sometimes more. But you should be aware that most travel insurance policies will not cover claims for injuries that alcohol or drug use contributed to. So have fun, but remember to play it safe!

Timing is everything.

Like all insurance, travel insurance is meant to cover unexpected events. Some travellers wait until an emergency happens before they buy a policy. In order to be covered, you need to have purchased the insurance prior to your departure. In most cases, you will be covered from the day you leave your home province to the day you return.

Trip cancellation insurance must be purchased upfront, not when you're ready to cancel your trip. These plans generally cover you from the time of purchase (usually the day your payment is received) until your departure. If you need to cancel your trip due to medical reasons, you must visit your doctor and obtain documentation before cancelling your trip.

Baggage insurance generally covers lost or damaged baggage, as well as a traveler's essential items if their luggage is delayed at their destination. But there is no coverage if the bags are delayed on the way home.

Don't take chances.

It's easy to forget about coverage when you cross the border into the U.S. for a day of shopping or a weekend away. But any time you leave the country without travel medical insurance – even for a few hours – you're taking a big risk. So play it safe and get travel insurance every time you go on a trip.

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