



ANNUAL VS. PER-TRIP **TRAVEL INSURANCE**

ANNUAL TRAVEL INSURANCE WHITE PAPER

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If you travel several times a year, you know that unpredictability is par for the course.

WHICH INSURANCE IS RIGHT FOR YOU?

Injuries, illness, wild weather, dreadful delays, luggage loss... these are bad enough by themselves, but even worse when you're far from home. This is why more than 30% of American vacationers buy some kind of travel insurance – and that percentage is even higher for frequent and international travelers.

An industry survey from the US Travel Insurance Association reports that people who buy travel insurance do so primarily for these reasons:

- Protect expensive trips
- Have emergency medical transportation
- Medically covered in case of accident or illness
- 24-hour assistance to a global and local network

Their concerns are valid. Many U.S. healthcare plans do not provide coverage for members when they are more than 100 miles from home, much less traveling overseas, including international waters, air space, or on foreign-flag carriers. And while some travel benefits are available on premium credit cards, significant healthcare and medical evacuation coverage is not usually part of the program.

Emergency medical transportation is particularly concerning. It costs anywhere from \$15,000 to \$100,000 or more, depending where you are, where you need to go, and what

kind of professional staff and equipment need to accompany you. Plus, emergency evacuation providers usually require up-front payment, which can take critical time and effort to secure if you don't have the proper insurance.

These reasons account for why travel insurance has such a high usage rate. In fact, more than 17% of insured travelers file claims, a much higher frequency than other types of insurance (for example, only 7.3% of homeowners file claims).* The most common reason for a travel insurance claim is trip cancellation due to a health problem of the traveler, family member or traveling companion.

TRAVEL INSURANCE: A PRIMER

Like most insurance policies, travel insurance plans can be hard to understand and difficult to determine which one is right for you. There are two main types of travel insurance: per-trip and annual (or multi-trip) coverage. This white paper will help you make decisions about how to assess your particular needs and concerns and match them with the right policies.

First, a travel insurance primer: benefits and services vary by policy but usually fall within these categories:

- Trip cancellation, interruption and delay coverage and assistance
- Health and medical coverage and 24-hour assistance
- Property protection
- Concierge services

A True Story of Travel Assistance

Three kayakers were on a river in Mexico when weather conditions suddenly changed. A tropical depression set in, and the men were caught in high winds and dangerous waves. Luckily, they had travel insurance. They called the provider's toll-free number and the service rep immediately contacted the Coast Guard.

The company's medical team assessed the condition of one of the men who had been injured when his kayak crashed against the rocks. Since it seemed that he had broken ribs and a punctured lung, the insurer arranged an emergency airlift.

Because of the precarious weather, the emergency helicopter could not

go back for the other two until the winds calmed. But the insurance reps stayed in contact with the other two men until they were safely rescued.

All three survived and are now *healthy... and happy they had bought travel insurance.*

The cost of per-trip insurance usually runs between 5% and 10% of the overall trip price. The variance typically depends on the type of coverage, the number of benefits, limit levels and age of the insured. For example, if you are 40 years old and going on a trip valued at \$2,000, then your per-trip travel insurance may cost between \$90 and \$120. If you are younger, it may cost less; if you are older, it may cost more because the risk of illness or injury is statistically higher.

WHY ANNUAL TRAVEL INSURANCE

Annual travel insurance is easier to select as there are fewer flavors, and while every policy is different, annual plans usually come in three varieties:

1. Health and medical coverage only
2. Multi-benefit plans but no trip cancellation coverage
3. Full-benefit plans with concierge service

Unlike per-trip policies, annual travel coverage is usually based on a flat fee rather than a percentage of travel cost – which means that the more you travel, the more economic sense it makes to consider an annual plan. Buying multi-trip insurance can save thousands of dollars a year for frequent travelers, but there are some factors to consider. Often, annual programs have a limit on reimbursements for trip cancellation, interruption and delay. Also, most annual policies have individual trip-length constraints of 15 to 90 days.

Also, make sure you pay attention to the trustworthiness of the insurance provider as well as policy benefits and restrictions. . If you are comparing premiums and notice big differences in price, there's usually a reason why. If it sounds too good to be true, it probably is. Check to see if the provider is in good standing with the US Travel Insurance Association and the Better Business Bureau.

WHICH IS BETTER?

To determine whether you should buy annual or per-trip insurance, review the chart below:

YOUR HABITS & PREFERENCES	PER-TRIP	ANNUAL
You travel more than twice a year		✓
You want convenience of buying coverage only once a year		✓
You prefer a moderate premium with a ceiling for reimbursements on trip cancellation		✓
You'd rather pay more and be eligible for full reimbursements, such as higher trip cancellation coverage	✓	
You travel mainly on business and your company will take care of health emergencies overseas	✓	

By and large, if you travel more than twice a year and want to ensure you have healthcare coverage, emergency evacuation and hotline assistance, consider an annual plan. There is no one right answer, the choice is personal and practical based on your individual needs and desires.

Choose wisely, make sure the insurance provider is reliable and has the financial means and healthcare resources to take care of you when you're on the road... your life may depend on it.

*Data provided by the US Travel Insurance Association, 2006.

WHAT'S COVERED & WHAT ISN'T

It's important to read and compare insurance plans carefully. Most are "named peril" policies, which mean that coverage applies only for specific, designated reasons. For instance, trip cancellation insurance usually covers a host of problems, like illness or death of the insured, a family member or traveling companion; accidents and unexpected illnesses suffered while traveling; destruction of the insured's home or destination hotel by natural disaster; terrorism in the destination city, etc. But if you have to cancel for a reason that isn't specifically mentioned in your policy, then you may not be eligible for reimbursement.

ANNUAL TRAVEL INSURANCE USER STORIES

"The medical coverage and evacuation protection is important to us because we are getting older and we do not know if we have to head back home. Once I was skiing in Switzerland when I fell and broke my pelvis. I called my husband in New York, who contacted the travel insurer. The insurance company took care of everything. They called every day to see if I was treated well. I have never even seen a bill. It was amazing."

- Maxine Metzger, NY

"I have been very pleased – I've had a couple of medical problems overseas which were emergencies. My claims were filled very quickly and efficiently without any questions whatsoever. I am quite happy... and am recommending other people to buy it."

- Rita Geerlings-Choy, CA