



Travel Insurance

Are You Taking Precautions for Safe Travel?

Travel insurance is increasingly on the international traveller's checklist. Imagine being in the dreamy meadows of Switzerland, only to wake up to the reality of having misplaced your passport. Or lost baggage. Or an unexpected health complication. The costs and the agony of it would be unbearable if one were not adequately covered by travel insurance. The fact is, while travelling abroad the costs associated with unexpected events can be much higher and create a lot of hassle. Travel insurance covers such costs and minimizes the risks during international travel. Of course, a travel insurance policy—like every other insurance policy—comes with a baggage of jargons, exclusions, terms and conditions that need to be dissected and decoded. We bring you here 10 important criteria to keep in mind while buying travel insurance, and have compared 10 policies to make the task of choosing the right cover easy.

Archana Singh, Consumer Voice FSRG Group

In India, travel insurance is generally not a factor one pays much attention to when planning a trip. Most people do not anticipate emergency situations. Even then, travel insurance for trips abroad is still recognized by many as a must-have; travel insurance for domestic trips is yet to pick up. General insurance companies operating in India offer travel insurance for both domestic and overseas travel. This report centres on overseas travel insurance.

International travel insurance gives comprehensive coverage for medical expenses overseas, hijack, baggage loss and travel delays, repatriations/evacuation to India, and loss of travel documents/passport, besides the usual coverage benefits. There are different types of covers and one should compare and choose the one that is best for their specific needs.

There are different types of foreign travel insurance one can choose from.

- **Corporate travel insurance:** Employees of an organization get coverage for both international and domestic trips.
- **Student travel insurance:** The coverage is comprehensive and provides for expenses incurred on medical treatment, passport loss and study interruptions.
- **Senior citizen travel insurance:** This is for people in the age group of 61–70 years. It includes coverage for cashless hospitalization besides the usual benefits associated with travel insurance.
- **Family travel insurance:** This covers hospitalization, baggage loss and other incidental expenses for the family. One single policy covers the spouses and children.
- **Single trip travel insurance:** This provides coverage for a specified period of travel for a single trip overseas.
- **Multi-trip travel insurance:** Coverage is provided for an extended period, mostly for one year. It includes more than one trip and mostly caters to frequent fliers, as they need not buy insurance every single time.

Why buy overseas travel insurance?

It is up to the traveller to accept that travel insurance is not a luxury anymore, whether or not they feel that the chances of things going wrong in an otherwise well-planned trip are slim. Here are the reasons:

- ✓ **Minimizes risk:** It comes handy when there are emergencies or unexpected circumstances. These situations can cause much problem when you are not in your own country. Your travel insurance will cover a range of claims arising out of unforeseen incidents, including sudden medical costs, emergency hotel stay extension and loss of baggage or passport.
- ✓ **Cost-effective:** Premium paid for travel insurance is in rupees and the coverage is in foreign currency. Thus, for a premium of about Rs 1,000 you can get emergency coverage of up to \$100,000. There is also the fact that similar insurance policies in other countries can cost almost thrice the amount! The currency exchange fluctuation adds to the woes of travellers. With weaker rupee conditions in recent times, the currency difference can burn a hole in the pockets of travellers.

CV RECOMMENDATION

Best Buy

Bajaj Allianz (comprehensive coverage, better benefits for a lower premium)

Good Buys

ICICI Lombard

Royal Sundaram

Tata AIG General Insurance

- ✓ **Visa requirement:** For a number of countries such as the USA, Canada, and all Schengen Area countries, it is compulsory to have medical insurance in order to apply for visa.
- ✓ **Medical emergencies:** The insurance policy provides cover against medical cost in emergencies such as an accident, a sudden illness, hospitalization or even accidental death. Medical care cost can vary from one country to the other. In some countries these expenses can empty your bank balance. An insurance policy will take care of all exorbitant expenses you may come across including those for air ambulance and repatriation.
- ✓ **Loss of belongings:** Losing one's passport while travelling can cause totally unexpected problems and the costs involved can be considerable too. Or, in case the checked-in baggage is delayed or lost due to airline mishandling, there is substantial cost that the person may have to incur to get the situation back in order.
- ✓ **Personal liability:** The policy covers costs incurred for damages for which you are legally liable, if due to your negligence you caused loss or damage to another person or property.
- ✓ **Other emergencies:** Emergencies such as trip cancellation, flight cancellation, missed flights and theft or loss of personal belongings are also included in the policy cover. The losses occurring due to these unexpected events are all recovered by the policy.

As part of our continuing effort to provide the best advice to customers, we undertook a study involving insurance company representatives dealing with travel insurance, travel agents, customers who had bought a policy at least once, and potential customers of travel insurance. On the basis of the study, we compared the

policies being offered by 13 companies with respect to 10 variables (*explained in the box*). Weights assigned to each variable are given in brackets and combined to a maximum of 100 points for comparison. The standard

policy chosen for the purpose of comparison is an individual single-entry policy with a cover of \$100,000 for a 10-day trip, excluding USA/Canada (where prices are higher). The coverage in the policies is in US dollars.

THE 10 VARIABLES

Premium/Price (15): Premium is the cost one pays in order to get oneself insured. The premium amount depends upon the age of the insured, travel duration, travel destination and coverage offered. In case the policy has a lot of fringe benefits such as fire cover and burglary cover for home content, the premium amount will go up. The analysis in this report is based on a premium for a 10-day foreign trip (excluding USA/Canada).

Illness cover (20): The main coverage provided by the policy is for health emergencies. Medical expenses incurred due to accident or sickness – whether one is hospitalized or not – are all covered under this clause. If there is a minor health problem and one needs to take medical assistance, such expenses are covered too. It also includes cashless hospitalization, emergency evacuation, etc. Medical emergencies in other countries are highly unpredictable and can cost anything beyond what you expect it to be. This factor is the main reason why customers buy a travel insurance policy in the first place.

Accident and emergency dental expense reimbursement (10): This is an extension of the previous factor and makes for an important feature of the policy. Personal accident coverage gives the policyholder worldwide coverage against accidental death and dismemberment while they are abroad. Dental relief pays for immediate dental treatment occurring due to sudden acute pain during the course of an overseas journey. Dental benefits are provided for medically necessary filling of the tooth or surgical treatment, services or supplies.

Baggage loss/delay (15): Travel insurance includes compensation for the loss of checked-in baggage or for reasonable expenses incurred for purchase of emergency personal effects due to delay in arrival of checked-in baggage whilst overseas. Travellers are unduly harassed due to loss/delay of baggage and also may have to pay a lot of money to buy the bare minimum to survive. This benefit generally has a certain limit and, therefore, we have considered the maximum benefit offered by each company.

Passport loss (10): Loss of passport not only causes trouble but also entails expenses incurred in obtaining a duplicate or new passport. Compensation is provided for such expenses.

Trip delay and cancellation (10): This coverage pertains to additional expenses occurred due to trip delay. Trip cancellation and interruption insurance covers for the intangible setbacks such as poor weather, health issues and safety concerns, which may hinder or compel one to rejig the travel plans.

Benefit options available (5): All insurance companies offering travel cover provide various policy options to choose from. More the option available, better it is for consumers. For the purpose of comparison, we have considered the options of single/multi-trip insurance, policies for students and senior citizens.

Personal-liability benefit (5): This refers to compensation for damages to be paid to a third party resulting from death, bodily injury or damage to property caused involuntarily by the insured. Personal liability is not expected by many. But the claims can run into thousands of dollars and due to the legal nature of the claim cannot be avoided by the traveller.

Special-risk benefit options (5): Certain special risk situations are also covered. Here, we have taken two such situations: hijack distress allowance and emergency cash advance. In the unfortunate event of your common carrier in which you are travelling being hijacked, a distress allowance is paid to you. In another situation when you are not carrying enough cash, the insurance company gives an advance to cover the additional costs.

Deductible for medical expenses (5): Travel insurance policies include certain deductibles applied to the coverage. A deductible is the amount of cost to be incurred by the insured and it will not be reimbursed by the insurance company. For example, a deductible of \$200 may be applicable on personal liability. This means that the insured needs to pay this initial \$200 and the rest of the expenses will be borne by the insurance company.

THE 10 CRITERIA

Insurer	Bajaj Allianz	ICICI Lombard	Royal Sundaram	Tata AIG General Insurance	HDFC Ergo	
	Travel Secure	Gold	Secure – Classic Silver	Silver Plus	Gold	
Premium (Rs)	796	816	656	1,008	1,090	
Score	13.5	12	15	9	9	
Medical benefits (\$)	200,000	100,000	100,000	100,000	100,000	
Score	20	20	20	20	20	
Total accident and dental coverage (\$)	25,500	15,300	15,400	10,400	15,500	
Score	10	8	8	6	8	
Benefit options	✓	✓	✓	✓	✓	
Single/Multi-trip for student	✓	✓	✗	✓	✓	
Senior citizen	✓	✓	✗	✓	✗	
Score	5	5	1	5	3	
Total coverage for baggage (\$)	1,100	600	1,100	850	1,200	
Score	15	10.5	15	12	15	
Passport loss cover (\$)	250	300	250	250	250	
Score	9	10	9	9	9	
Total delay and cancellation benefit (\$)	120	1,500	100	1,600	120	
Score	6	10	6	10	6	
Personal liability benefit (\$)	200,000	100,000	100,000	150,000	100,000	
Score	5	4	4	5	4	
Special risk benefit options (upper limit) (\$)	1,300	1,870	500	1,250	1,150	
Score	4.5	5	3	4.5	4	
Deductible in medical coverage (\$)	100	100	100	100	100	
Score	4	4	4	4	4	
Total Score	92	88.5	85	84.5	82	



FOR COMPARING TRAVEL INSURANCE

	IFFCO-TOKIO	Reliance General Insurance	United India Insurance Company	Chola MS General Insurance	Future Generali	Star Health Insurance	Apollo Munich	National Insurance
	Gold 100	Silver	Plan A2	Silver 100	Silver	Plan B-1	Silver	Gold
	756	1,255	673	612	800	1,020	1,199	909
	13.5	6	15	15	12	9	7.5	10.5
	100,000	100,000	100,000	100,000	100,000	100,000	100,000	50,000
	20	20	20	20	20	20	20	10
	25,250	20,500	10,000	10,250	5,300	10,250	10,250	10,225
	10	10	6	6	4	6	6	6
	✓	✓	✗	✗	✓	✗	✓	✓
	✗	✓	✓	✓	✗	✓	✗	✓
	✗	✓	✓	✓	✓	✗	✓	✓
	1	5	2	3	3	1	3	5
	1,150	1,100	1,100	350	550	300	700	600
	15	15	15	9	9	9	10.5	10.5
	200	-	150	150	200	200	200	150
	8	3	7	7	8	8	8	7
	-	950	-	-	-	1,150	-	1,000
	3	8	3	3	3	9	3	9
	100,000	100,000	200,000	10,000	100,000	20,000	50,000	100,000
	4	4	5	1	4	1	3	4
	-	650	-	700	350	100	450	200
	1	3	1	3.5	3	2	3	2
	100	50	200	100	75	100	100	100
	4	5	3	4	4.5	4	4	4
	79.5	79	77	71.5	70.5	69	68	68

As the Wise would Say

Expect the unexpected: Buy travel insurance even for a two-day trip to a familiar country. Emergencies can arise anywhere and anytime. It is always better to incur marginally additional costs in the form of premium rather than to incur huge expenses later. Though overseas travel insurance is not compulsory (except for visa purposes in certain countries and for travel by sea), it is always advisable to take one.

Know the claim process inside-out: Customers

should check with their insurance company the details of the third party administrator (TPA). The TPA provides claim assistance and is the point of contact. They must be contacted immediately in case of any emergency and to understand the exact claim process. The phone number of the TPA is provided on the policy document. Also, preserve the bills and other documents for future reference and reimbursements. Claims cannot be made unless you are carrying sufficient proof of the expenses incurred.

