



## The Hidden Gem of Travel - Insurance

Lost luggage, medical emergencies, travel disruptions, theft—these are the unexpected surprises that can accompany travelling.

While they can be difficult enough to manage in the comfort of your own home, they become even more daunting when in a foreign country.

To keep your holiday truly stress-free and enjoyable, consider travel insurance as your secret weapon. It acts as a financial safety net, ensuring you can tackle unexpected situations with confidence and ease.

A survey by Smartraveller.gov.au found one in four people experienced an insurable event on their last trip overseas, with over 300,000 claims for travel insurance lodged in FY2018/19 and nearly 90% of those paid out to travellers. A lifeline to those insured!

Take these examples:

### **Medical Emergency – Italy**

*Keith, a regular cyclist at home, was on holiday with his partner and friends in Italy.*

*They spent the day touring the countryside on bikes they had rented when Keith misjudged a corner and fell, resulting in a fractured pelvis. His travel insurance covered his hospital stay in Italy and arranged and paid for repatriation back to Melbourne.*

### **Flight and accommodation cancellation – USA**

*Katie and her partner had booked and paid for flights and accommodation for a holiday in Maui in August 2023. Deadly wildfires engulfed large parts of the Hawaiian island right when they were due to travel. Their flights were cancelled, and their hotel couldn't accommodate guests during the recovery and clean-up operation. Their travel insurance reimbursed them for these pre-paid costs, allowing them to make alternate holiday plans.*

Australians have a reputation for thinking 'she'll be right', and most times when you travel, that will be the case. However, there are a few common misconceptions when it comes to travel insurance:

- **Government assistance:** Consular staff can assist Australian citizens with obtaining local medical treatment, but they won't pay for it, nor can they cover the cost of getting you back to Australia if you need repatriation.
- **Cover through credit cards:** Some credit cards offer travel insurance as an additional service. Often, cover is only in place if you use the card to purchase return flights with a minimum spend. This may mean you're not covered if you use frequent flyer points for your flights. The excess amount can be higher than under individual policies, and cover may not be extended to all destinations. Similar to standalone policies, pre-existing medical conditions may not be covered.
- **Purchase a policy at any time:** You can buy a policy any time before you travel (sometimes even after you've left), but coverage for cancellation is only in place once you've purchased a policy.
- **Crowdfunding will be my 'insurance':** Crowdfunding to cover unexpected costs incurred overseas is not a realistic option. A study by the University of Washington researched over 400,000 medical GoFundMe campaigns over five years. The median amount raised per campaign was just US\$2,000, while 16% raised zero, and only 12% met their target. In the case of a severe medical crisis, you would need to rely on others to run the campaign for you, which adds further stress to the situation.

Having cover and simply lodging a claim doesn't guarantee reimbursement success either. Be sure to be aware of your policy exclusions; for example, the activity was explicitly excluded (e.g. skiing), your actions contributing to the event occurring (e.g. being affected by alcohol), or your actions were illegal (e.g. driving without the appropriate licence).

It's essential also to understand your policy excess, if pre-existing medical conditions are included or excluded, and whether an item is still covered if it was unattended when stolen.

Relative to the stress and expense of an overseas trip, the cost of travel insurance could be invaluable!

#### **Sources:**

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