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ADVISOR TRAVEL INSURANCE

What Does Travel Insurance Cover? Everything You Need To Know

Published: Sep 4, 2024, 11:24am



Written By **Prashant Mehra**
Senior Staff Writer

& 1 other

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can provide some financial assistance when you need it the most.

“While you never hope to need it, travel insurance can offer peace of mind when travelling overseas and within Australia. Your policy could end up saving you tens of thousands of dollars if the worst were to happen, which helps make your travel insurance worth it,” says Todd Nelson, Managing Director of Cover-More Australia, which is part of the Zurich Insurance Group.

Some countries have travel insurance as an entry requirement or require it if you stay for an extended period of time; others don't make it mandatory. The Australian government's Smartraveller website states 'if you can't afford travel insurance, you can't afford to travel'.

More specifically, it says if you are leaving Australia, travel insurance is just as essential as a passport. You still may want to consider it if you're travelling [domestically](#), too: although you will be covered by Medicare for medical emergencies, you may wish to take out cover for lost luggage, missed connections or cancellations.

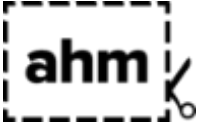




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Types of Travel Insurance

Broadly, there are three types of travel insurance covers available.

Domestic travel insurance: this type of policy insures against things that could go wrong during travel around Australia.

Basic international travel insurance: broadly focused on providing overseas medical cover but it may also insure other essentials such as luggage and personal liability. It is usually the cheapest option available and suitable for those travelling on a budget.

Comprehensive international travel insurance: which includes higher amounts of cover and insures against overseas medical expenses, cancellations, luggage and other events. This is mostly suited for families and for multiple trips.

What Does Travel Insurance Typically Cover?

Chief operating officer at [Fast Cover Travel Insurance](#), Craig Morison, says the basic aim of travel insurance “is typically for coverage in the event of unforeseen and unexpected events occurring before or during one’s travels”.

“There are a range of benefits available on different policy options. There will always be terms, conditions, exclusions and limits that also apply,” he says.

According to the Smartraveller website, the most common insurable events for Australians include flight delays or cancellations, medical treatment and lost, damaged or stolen luggage.

Pro Tip

The Australian government’s Smartraveller website states ‘if you can’t afford travel insurance, you can’t afford to travel’

Below is a list of the most common insurable events:

Medical Expenses

Unforeseen illnesses or accidents can derail a well-planned holiday. Countries like the US have some of the most expensive healthcare in the world, meaning a single trip to the emergency room can cost [thousands](#) of dollars.

Cancellations and Delays

Trip delays or interruptions can often occur due to natural disasters, accidents, terrorism, wars or pandemics. These can be expensive, particularly if you have to pay for alternative transport or accommodation. Most travel insurance policies will provide cover up to a certain amount for flight delays or cancellations or for costs incurred due to [missing connecting flights](#). For example, it is common for insurers to provide \$300 per hour up to a set amount for delays longer than six hours.

Baggage and Personal Items

Loss, theft or damage to your luggage and possessions has been a common experience in post-Covid travel. Similarly, if an airline loses your luggage temporarily and doesn't compensate you, you may be able to claim expenses for clothing and other necessities through your travel insurance policy.

Personal Liability

Travel insurance generally cover third-party insurance claims against travellers if they are involved in an accident or do something that causes unintentional loss to someone else, eg. accidentally damaging property or causing an injury.

Car Hire

Most comprehensive travel insurance policies include a cover for car hire excess if your vehicle is damaged, stolen or involved in an accident.

Covid Cover

Several travel insurance policies in the market include Covid-related medical expenses within their unlimited medical cover. Some provide additional cover up to a certain limit for trip cancellations due to Covid and for additional expenses such as emergency accommodation if required to isolate.

What Are Typical Exclusions?

All travel insurance policies have general exclusions, meaning they will not pay for claims arising from certain events or conditions, such as undeclared existing medical conditions; travelling against the advice of a medical practitioner; travelling to seek medical advice, treatment or review; or to participate in a clinical trial.

“Travel insurance is essentially a contract between you and your travel insurance provider. Good travel insurance providers aim to look after travellers every step of their journey. And in return, travellers should avoid putting themselves in high-risk situations,” says Nelson.

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Engaging in reckless or dangerous activities such as heavy drinking and recreational drug use.

Travelling against government advice.

Leaving your belongings unattended.

Ignoring local rules.

Extreme sports such as skiing, skydiving or scuba diving

If you have a pre-existing medical condition

Claiming against an unapproved medical Condition

Several insurance providers have introduced separate ‘add-on’ covers for adventure and extreme sport activities as well as more comprehensive motorcycle, cruise and ski covers.

How Do I Get Travel Insurance for Expensive Items?

The baggage cover on travel insurance policies generally varies widely, with individual items subject to sub-limits ranging from \$250 to a few thousand dollars. That means if you lose or damage a sizeable diamond ring or a state-of-the-art camera equipment, you may not recover the full costs.

If you’re travelling with valuable items, most providers offer the option of increasing the item limits on their travel insurance policy by paying an additional premium under the luggage cover benefit. An alternative is to insure your valuables under your home and contents policy which includes a worldwide cover.

Is My Camera and Laptop Covered?

Most travel insurance policies include financial cover for damage, theft or loss of your personal belongings, including cameras and laptops, although there may be sub-limits for specific item categories. Travellers also have the option of increasing the item limits by paying additional premium.

Bottom Line

While insurance adds to the expense of travel, experts recommend travellers treat it as an essential cost and focus on the reason that has led them to purchase a policy—whether it is coverage for potential trip cancellation, overseas medical emergencies or a lost passport.

“When purchasing travel insurance, just focusing on the price of a policy may not be the best approach. If you’re planning a holiday, it is a good idea to have room in the holiday budget to select a policy that matches your trip and needs,” says Morison.

He says travellers can look to trim costs by getting online quotes and considering different travel insurance companies and policies. They should also check out online reviews to gain insight into internal_user × riences and level of customer service provided.

“The most important thing is to ensure you have the right cover for what you plan to do on your trip. If you are going skiing, add ski cover. Make sure you have cruise cover if you are cruising (even in Australian domestic waters). And if you have existing medical conditions, declare everything to your provider about your health.”

Frequently Asked Questions (FAQs)

Is travel insurance required?

Does travel insurance cover cancelled flights?

What does travel insurance cover on a cruise?

Can I get travel insurance for my pre-existing medical condition?

What travel insurance will not cover?

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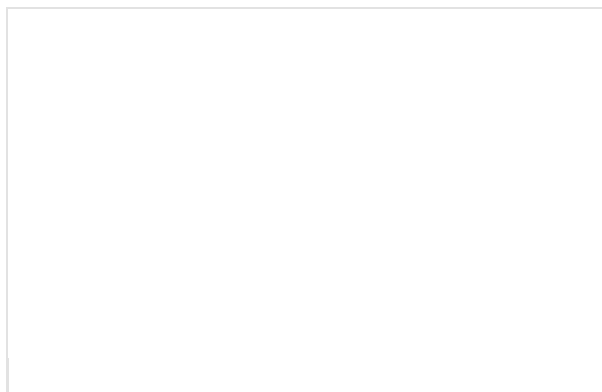
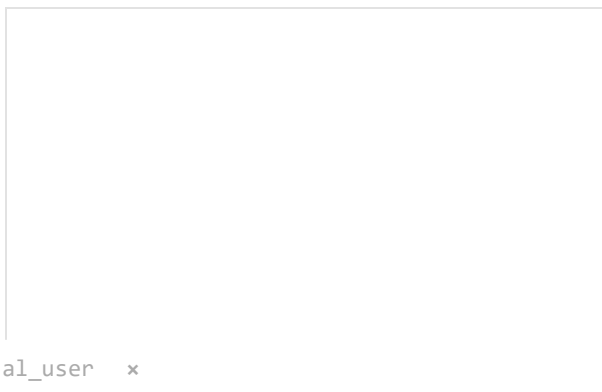
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Prashant Mehra
Senior Staff Writer

Prashant Mehra is a Senior Staff Writer for Forbes Advisor Australia based in Sydney. He has more than 20 years of international experience covering financial news, including with Reuters and the Australian Associated Press (AAP). He writes about business, markets, the economy and investing.

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