

RELEASE AT WILL

THREE REASONS TO SELL TRAVEL INSURANCE

And Facts to Back it up

One of the most important things your clients can pack for their trips is travel insurance, and the US Travel Insurance Association is offering three major reasons why selling travel insurance is a smart move.

1. Maximum Protection

According to a 2008 study conducted for UStiA, entitled “Sources of Travel Insurance and Assistance in the U.S. Market: Addressing the Myths & Misconceptions,” no other single source provides the full spectrum of coverage and services that comprehensive travel insurance does under one umbrella.

“The fact that your clients can go to one source and obtain maximum protection with minimum effort is a key selling point,” says Ed Walker, UStiA president. “Selling travel insurance provides your clients with hassle-free, one-stop service in the event of an emergency or mishap.

Walker, however, cautions that clients may be under the misconception that their credit cards, health insurance policies or even the airlines will cover them for all situations, but this is not the case. “You may want to review your client’s coverage with them before departure to ensure they are adequately protected,” he advises.

2. Peace of Mind & Loyalty

A separate UStiA-sponsored survey found that peace of mind was among the top reasons that people purchase travel insurance. “The peace of mind when your clients know they will be protected for any number of possible mishaps that could occur can go

a long way in building customer trust, loyalty and satisfaction. And that ultimately leads to repeat business,” says Walker.

3. Dollars and Sense for Travel Agents

“Travel insurance products provide an added source of revenue for travel agents through generous commission structures,” adds Walker. “Selling travel insurance also makes good sense from a legal point of view by limiting your liability if something does go wrong and helping to shield your travel agency from potentially costly law suits.”

Facts to help you sell

Here are some additional facts from the UStiA-commissioned “Myths and Misconceptions” study, comparing various other coverages to travel insurance, that you may wish to share with your clients:

Airlines

- Events beyond an airline’s control, such as delayed or cancelled flights caused by weather or strikes, are not necessarily reimbursable for non-refundable fares. There are also no federal mandates requiring refunds, and each airline has its own policy. Most comprehensive travel insurance policies, however, do provide coverage for such non-refundable expenses.
- Each airline reimburses for lost or delayed luggage according to its individual policy. On the other hand, travel insurance reimburses up to a maximum amount for a wider range of expenses incurred because of baggage delay.

Credit Cards

- Credit cards don’t automatically cover medical emergencies, and most will not cover medical transportation and evacuation, where costs can be \$50,000 or more. Most comprehensive travel insurance policies cover both medical emergencies and medical transportation/evacuation.

- Trip cancellation and interruption coverage provided by comprehensive travel insurance policies allows customers to cancel for three times as many reasons as credit cards do
- If the credit card does offer coverage for cancellation and interruption, usually it's only in the case of death, illness or injury of the insured or a family member. In some cases, coverage can extend to financial default of the carrier. Travel insurance, on the other hand, covers a wider range of circumstances and individuals, including traveling companions and situations like work-related issues, having to serve jury duty, accidents en route to the airport, and more.
- Eighty-five percent of credit card insurance policies reviewed did not provide built-in trip cancellation insurance and of those that did, reimbursements were generally limited to a maximum of \$1,500 per person. By comparison, comprehensive travel insurance policies will cover trips over \$20,000.
- Credit cards offer limited coverage for baggage delays, damage or loss, and only if travel was purchased with the card.
- Credit card coverage doesn't reimburse expenses for weather and other travel delays. In contrast, comprehensive travel insurance policies reimburse for incidental expenses and overnight accommodations up to a specified limit if a plane flight is delayed, usually beyond 4–6 hours.

Health Insurance

- Traditional domestic health insurance plans typically limit coverage for out-of-country medical expenses to those that are emergency-related. This coverage is subject to high deductibles and co-pays.
- Most domestic healthcare plans do not cover out-of-country emergency medical transportation, routinely covered by travel insurance.

- In more than half of its policies, Medicare does not typically provide coverage for medical expenses incurred outside the U.S. Coverage under Medigap C and other more expensive policies is limited to 80% of emergency treatment costs, with a \$250 deductible.

To locate a UStiA member company, all of whom have met the association's high membership standards, and for more information, visit www.ustravelinsurance.org.

"Sources of Travel Insurance and Assistance in the US Market: Addressing the Myths & Misconceptions" study was prepared by Avalon Actuarial Inc. [Avalon is an independent actuarial consulting firm practicing primarily in the areas of special risks including travel insurance, credit insurance and credit card programs, as well as group benefits, pension and reinsurance.]

Avalon collected factual documentation such as terms and conditions, contracts of carriage, refund policies and insurance policy wordings from various sources of coverage including: publicly marketed credit cards from issuers that represent 90% of the industry based on outstanding debt; airlines representing 75% of the domestic airline market share; and leading health and homeowners insurers representing major market shares in the US.