

Travel insurance is about more than just peace of mind

Research from the Australian Government shows that travel insurance is a popular holiday investment, but there are considerable gaps in knowledge about what customers are actually covered for.

Most people know what travel insurance is, but does everyone know what it covers? Based on an Australian Government survey last year, it would appear not.

Travel insurance is important for anybody with travel plans, whether it be a young group of friends hitting the snow, or an older couple preparing for a month-long cruise around the Pacific. It provides peace of mind that your health will be taken care of in the event of an accident, or that you'll have replacement clothes if your suitcases don't end up at the same place you do. It also lets you stress a little less should a Balinese volcano erupt as you stand in the departures lounge with your kids.

Recent data from smartraveller.gov.au points to a number of interesting observations around Australians and travel insurance.

Australians are large consumers of travel insurance generally, with about 90 per cent of overseas holidays being covered by travel insurance. However, for those travelling overseas to visit friends and family, the figure falls to around 80 per cent.

When it comes to purchasing travel insurance, 44 per cent of people said they picked the insurance cover based solely on the lowest premium. This seems completely at odds with the coverage level of insurance — people clearly understand the need to be covered, but when it comes to buying that cover, they are driven by price.

Incorrect assumptions

Lowest cost being the primary driver at the time of purchase may have significant impacts down the line. Understanding the details of what's included is the difference between a policy for purpose and one that may leave you high and dry should the worst occur.

A massive 87 per cent of people said they didn't know that insurance didn't automatically cover all destinations. For those who understood that pre-existing medical conditions needed to be disclosed to insurers, the number sits at 44 per cent.

Nine in 10 travellers weren't sure whether they're covered for motorcycle use overseas.

Peace of mind

Thankfully, there are some encouraging trends emerging from the research. Overseas travellers were significantly more likely to seek information about travel insurance last year than the year before.

Travel insurance is widely perceived as providing peace of mind for travellers with 94 per cent of people saying this was the main reason for purchase. So, how to work out a plan if you're considering travel insurance for an upcoming trip?

The first thing is to research the range of things that are covered, and consumer advocate Choice has prepared a checklist for customers. Things to consider include:

- **Medical:** This is the number one reason why people take up travel insurance. Aside from medical cost cover, it can cover the cost of transport home if you're injured overseas.
- **Cancellation:** If your travel is cancelled, this is what kicks in. It's the second most important reason for travel insurance.
- **Additional expenses:** This covers things like accommodation and travel if your trip is interrupted due to injury or illness, in addition to meals and other costs associated with disruption.
- **Baggage:** This is one of the factors with the most variance, with some insurers offering \$1,000 worth of cover while others offer up to \$25,000. It also varies when it comes to length of time for a payout to kick in, and depends on an airline's own cover too.
- **The rest:** This section is almost endless, covering things like acute dental pain, funeral costs, collision damage insurance for hire cars, basic temporary or permanent disability cover, and life insurance (although this is no replacement for a standalone life insurance policy).
- **Excesses:** This is the minimum cost before insurance activates, and a minimum cost as an excess to the policyholder in certain circumstances. This requires much thought as costs can accumulate if you have to visit a doctor multiple times on a trip, or the high cost of medical care overseas for example.
- **Older travellers:** It's a fact that insurance policies get more expensive as people get older. It is worth checking the impact of age on any policy under consideration.

- **Domestic travel insurance:** This isn't taken up nearly as much as international insurance, but it has two main benefits. While medical coverage isn't as pressing given that we are all still covered by Medicare anywhere in Australia, this insurance covers against cancellations, and you can use it to avoid the stinging full insurance on a hire car.

If you are travelling overseas, it's very important that price is only **one** of the things you think about when you look at insurance cover. Think about the details of the sort of holiday you're planning. Will there be a lot of activities? Is quality medical aid readily available in your destination, and does Australia have a reciprocal arrangement for health cover in the country you're visiting?

If you're not sure, then purchasing travel insurance fit for purpose is critical. It will also give you that crucial peace of mind while you're away. To get cover that's right for you, speak to one of our brokers today and take the hassle out of your travel.

Source: Referenced throughout – Quantum Market Research for Smartraveller.gov.au and Understand Insurance (2017), *Survey of Australians' Travel Insurance Behaviour – 2017*

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