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Travel insurance three times as popular since Sept. 11

By *Brendan McKenna*
insure.com

Even though fewer people are flying, cruise bookings have dwindled, and tourism is generally in trouble since Sept. 11, almost three times as many people who are traveling are insuring their trips with travel insurance.

Traditionally about 12 percent of travelers buy travel insurance, but since Sept. 11 that figure has jumped to between 30 and 35 percent, says Brendan Sharkey, vice president and director of business development for HTH Worldwide, an insurer specializing in travel insurance and health insurance for Americans on extended stays overseas. "People are shifting away from looking at travel insurance as a luxury and seeing it as more of a necessity."

Consumers are also becoming more aware of the hefty fees that hit when you cancel a trip and of the added benefits of air-flight accident insurance — an accidental death and dismemberment benefit that covers you while on an airplane — now that the threat of terrorism has brought those concerns to the forefront, says Sharkey.

Sales of travel insurance are booming compared to last year, agrees Dan McGinnity, vice president of communications for the Travel Guard Group Inc. However, the price you pay and the problems from which you will be protected could be drastically different than on previous trips.

"People are shifting away from looking at travel insurance as a luxury and seeing it as more of a necessity."

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Know what you're getting

"Some [travel insurance] companies are reducing coverage to maintain the price, while some are maintaining the coverage and raising the price," says McGinnity. "The only way to know what you're buying is to read the policy to find out what is covered and what is excluded."

One area to look out for, especially if you are buying travel insurance for a cruise or a tour package, is whether the travel insurance will reimburse you for deposits if the travel provider goes bankrupt.

Because so many cruise lines and tour operators went bankrupt as a result of Sept. 11 — Renaissance Cruise Lines, for example — some travel insurers will no longer cover you if the supplier of your vacation goes dark, says Claudia Fullerton, chief marketing officer for CSA Travel Protection.

Where to buy travel insurance

Many travel agencies, cruise lines, and tour companies sell travel insurance directly, but it's not really the best way to buy it. While prices are sometimes better, the coverage is likely to carry more exclusions.

Buying insurance through a cruise line or tour company also means you probably won't be able to collect if they go under. In general, it's best to buy travel insurance directly from an insurance company.

Also make sure you know how your travel insurance treats acts of terrorism, both in foreign countries and in the United States. If the U.S. State Department issues a travel advisory recommending that Americans avoid a certain country, most travel insurance policies will pay for cancellation fees if you want to cancel your vacation or buy you a ticket home if you need to cut your vacation short. Domestic terrorism coverage, on the other hand, is usually not dealt with directly.

"We didn't anticipate domestic terrorist acts, so our policies stress problems in foreign cities," says Fullerton. "But Sept. 11 was covered by so many other parts of the policy that the vast majority of claims were paid — flight cancellation, interruption, delays; somewhere in there almost everyone had coverage."

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Other travel insurance policies, such as those from Travel Guard and HTH Worldwide, focus on the city instead of the country. These types of policies offer reimbursement if you cancel or cut short a trip due to an act of terrorism at your destination either while you are there or within 30 days of your scheduled arrival.

Many travel insurers have also expanded the help services available while on a trip. "Travelers, especially those with some experience of how medical problems, delays, and cancellations can affect their trips, are looking for a travel advocate," says McGinnity.

As a result, many insurers have added or expanded 24-hour assistance phone centers so, if you find yourself in a bind, you'll know who to call to get help rescheduling flights, booking hotel rooms, or simply getting directions if you are lost. HTH Worldwide also offers both health and security profiles of various cities around the world so you'll be aware of the risk of terrorism, crime, or kidnapping wherever you go and so you will have contact information for a doctor or hospital, emergency phone numbers, and information on vaccination and local pharmacies.

"We didn't anticipate domestic terrorist acts, so our policies stress problems in foreign cities."

All of these changes and added features make it even more important to compare the policies as well as the prices when you're buying travel insurance. Make sure you know what protection you get with each policy and buy the one that best fits your needs and your wallet.