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## **CONSUMER ALERT FOR INDIVIDUALS CONSIDERING PURCHASING TRAVEL INSURANCE**

### **What is Travel Insurance?**

Travel insurance protects you against the loss of non-refundable travel costs and/or the costs associated with an accident or illness that occurs while traveling. Depending upon the type of policy and specific terms of the policy contract, you can be reimbursed for prepaid expenses that would otherwise be nonrefundable, such as airfare, hotel and tour fees, when a trip is cancelled, interrupted or you are unable to travel because of a covered event, such as an unexpected illness or bad weather.

There are five types of travel insurance:

1. Trip Cancellation/Interruption/Delay;
2. Emergency Medical Assistance – Medical Expense and Medical Evacuation;
3. Baggage Insurance/Personal Effects Coverage;
4. Rental Car Damage; and
5. Accidental Death and Dismemberment.

Each of these types of policies is described below. Remember to read the terms of the policy contract that you are considering purchasing. The contract will state what types of losses are covered and when. Also, before buying travel insurance, you should check the refund policies on your prepaid expenses as well as the terms of existing insurance, such as your health insurance. For example, some policies will issue refunds for cancellations made months in advance, but not if made days in advance. In some cases, a homeowners policy will cover the costs of repairing or replacing property damaged or lost during travel.

When purchasing travel insurance, you should keep in mind that state law can provide important consumer protections, including, for example, protection against unfair and deceptive trade practices in settling claims as well as in the sale of policies. You should also be aware that a Maryland licensed insurer or producer is required to comply with additional consumer protection laws. The Maryland Insurance Administration (MIA) is the state agency charged with enforcing these laws, and can assist consumers by

providing general information about the law and investigating consumer complaints. Consumers can also verify the licensing status of an insurer or producer by contacting the MIA at 410-468-2000 or 800-492-6116. For example, if you believe that an insurer improperly denied a claim, you can file a complaint and the MIA can investigate to determine whether Maryland law has been violated. In appropriate cases, the MIA may, for example, require the insurer to pay a claim and/or impose a fine or other sanction if it determines that an insurer or producer acted wrongfully

**Trip Cancellation Insurance** typically covers nonrefundable pre-paid travel expenses when you cannot travel because of illness or death (your own or someone in your immediate family), weather, or tour operator default or bankruptcy. **Trip Interruption Insurance** generally provides coverage for nonrefundable pre-paid travel expenses if the trip is cut short due to your or a family member's illness or death, weather, airline strike, terrorism, tour operator default or bankruptcy or any other misfortune covered by the policy. **Travel Delay Insurance** reimburses you for nonrefundable pre-paid travel expenses, such as hotel fees, if you are unable to make the trip because of unanticipated travel delays, for example a flight delay or cancellation.

**Emergency Medical Assistance Coverage** is usually broken down into two categories: medical expenses and medical emergency evacuation/transportation. The **medical expense** portion covers medical and emergency dental expenses that you have because of an injury or illness that occurs while you are traveling. **Medical Evacuation/Transportation Insurance** reimburses expenses incurred for emergency transportation to a medical facility in the geographic region where you are when medical care is needed, and/or for transportation to a facility near your home.

**Baggage Insurance/Personal Effects Coverage** reimburses you for the cost of items that may be lost, stolen or damaged while traveling. Generally, this coverage does not cover personal items that may be lost or damaged by an airline. As with any insurance policy, there are usually coverage limitations or exclusions, such as for electronics or jewelry, so be sure you read the terms of the policy before you purchase it to determine whether the policy meets your needs. You should also check your homeowners or renters policy to see if it covers losses to your personal property while traveling.

**Rental Car Damage Insurance** provides coverage for damage or loss to a rental vehicle that occurs while you are renting it; it does not provide you with liability insurance protection. Although you are not legally required to secure collision coverage for a rental vehicle, if the car is damaged while in your possession, you could be responsible for the cost of repairs. Usually, your personal automobile insurance policy will cover collision damage to a rental vehicle; you should check your policy to determine if it does. If you have this type of coverage, you may want to decline the "collision damage waiver" that the rental car company offers.

**Accidental Death and Dismemberment Insurance** pays a stated benefit in the event an accident occurs while traveling that causes the insured bodily injury or death. Some policies may limit coverage to the type of travel involved. For example, an in-flight policy only covers death or dismemberment during a flight and common carrier coverage only covers death or dismemberment while traveling on public transportation

such as a train, ferry, bus or taxi. It is important, therefore, to read the terms of the policy to understand exactly when this coverage applies. The broadest coverage possible is for death or dismemberment that occurs at any time during the trip.

### **General Information**

- **Before purchasing a policy, read the entire policy to make certain the coverage is what you need. Not all travel insurance policies are the same.**
- Travel insurance can be purchased through the travel agent, tour operator or an independent insurance producer.
- Travel insurance may duplicate other insurance coverage you may already have, including your homeowners policy (personal property anywhere in the world), life insurance (accidental death), health insurance and auto insurance. It is important to determine what coverage you already have and whether additional coverage is necessary. For example, Medicare does not provide any health coverage outside the United States. So, if you have Medicare, unless you have a supplemental policy that provides health coverage anywhere in the world, you may want to purchase an emergency medical assistance policy.
- Check to determine whether the policies contain exclusions for pre-existing medical conditions, and if so, if there are any time limitations placed on them. For example, if the condition arises between the time the deposit is made and the time the travel commences, there may be coverage; or if you purchase the policy within two weeks of making the deposit, pre-existing conditions may be covered.
- Travel insurance can be purchased for a specific trip or to cover all trips over a specified period of time, such as one year. If you travel frequently, you might consider purchasing a multi-trip travel insurance policy, which could yield significant premium savings.
- When reviewing a travel insurance policy, pay close attention to the cancellation/refund provisions. Some policies place specific time frames on when you are entitled to a full refund.
- Cruise and tour operators may offer “cancellation waivers.” Keep in mind that waivers are not insurance policies and are not regulated. You should read all the terms, conditions and restrictions that apply BEFORE you purchase a cancellation waiver.
- No policy can guarantee your safety while you are traveling, but knowing that you are covered for medical emergencies or the loss of personal property may allow you to travel more comfortably.

If you have any questions regarding the insurance company or the policy being offered, contact the Maryland Insurance Administration at 410-468-2000 or 800-492-6116, or at [www.mdinsurance.state.md.us](http://www.mdinsurance.state.md.us).

**Persons with disabilities may request this document in an alternative format.**