

Is Travel Insurance Necessary or a Waste of Money?

Kate Loweth

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With the [recent global tech outage](#) causing multiple days of flight cancellations and thousands of stranded passengers, the discussion around travel insurance has become even more relevant.

Travel insurance is one of those things you don't need until you really need it, so many people choose to [travel](#) without it. According to a [recent study](#), only 38% of travelers purchase travel insurance, with many choosing to forgo it because they've traveled in the past and didn't need it or because they felt their trip wasn't expensive enough to warrant insurance.

"Now more than ever, travel insurance should be on Americans' radar, especially if they're traveling in the coming months," says Daniel Durazo, director of external communications at Allianz Partners USA. "If a flight has been significantly delayed or canceled due to a covered unforeseen event, insured travelers may be protected from lost pre-paid travel expenses and the extra cost of food, lodging and transportation while they're delayed. Travelers should also keep in mind that protection isn't only limited to significant losses like a last-minute trip cancellation or a medical emergency overseas, as it can also be an ally for minor losses like a delayed suitcase."

What does travel insurance cover?

Travel insurance protects travelers from potential financial losses due to trip cancellation, trip interruption, lost luggage or medical issues. It can be purchased through an insurance company or sometimes directly through an airline, cruise provider or tour group. Some credit cards offer limited

travel insurance as a cardholder benefit. Third-party sites like InsureMyTrip, TravellInsurance.com or SquareMouth let you compare insurance coverage and cost to get the best deal for the coverage you need.

According to TravellInsurance.com, typical travel insurance may cover:

- Accidental injury, sickness or death of you, a traveling companion or a family member
- Weather events that cause cancellations in travel plans or a cessation of service
- Mandatory evacuation ordered by local authorities at your destination due to a hurricane or other natural disaster
- A strike that causes complete cessation of travel services of your carrier
- Bankruptcy and/or default of your travel supplier
- Terrorist attacks that occur in your destination city
- You or your traveling companion are terminated or laid off from employment

Check your policy details

It is essential to know what your travel insurance policy covers to ensure you are fully protected. Travel writer Amber Haggerty learned this lesson the hard way when she and her partner booked a last-minute trip to attend a family funeral in Ireland. To save money, they booked their trip in two legs: One on [Southwest](#) from their home airport to Boston and the second on another airline to Ireland. When their Southwest flight was delayed in the air, they arrived too late to check in for their second flight to Ireland. While she had travel insurance for this trip, Haggerty learned when she submitted a claim that her policy did not include missed connection coverage. As a result, she was responsible for the cost of the new flight the next day and the hotel room in Boston.

When should you purchase travel insurance?

You don't need travel insurance for every trip you take. For example, InsureMyTrip CEO Suzanne Morrow advises if you're traveling domestically, not checking a bag and staying at a friend or relative's house, a travel insurance policy may not be necessary.

Morrow recommends that travelers purchase travel insurance under these circumstances:

- International [travel](#)
- Flying to embark on a cruise or tour
- Checking luggage
- Your trip includes a lot of nonrefundable costs
- You have a sick or elderly loved one at home
- If it's possible you may change your mind about your trip

Travel insurance coverage from credit cards

Many people think that the credit card they use to purchase their tickets will cover them when traveling. While some travel credit cards do offer some protections, this is not a universal benefit of all credit cards, and coverage varies. It is also important to look at the maximum policy limits to determine if they are sufficient for your needs.

It was not a happy day when Haggerty lost her cell phone at JFK airport before boarding a flight to Portugal. “I felt a mix of dread and panic,” says Haggerty. “Luckily, I realized my mistake before we took off, so I was able to use my travel partner’s phone to enable ‘Lost my iPhone’ almost immediately.” Amber had purchased her airline tickets using her Amex Platinum card, which included coverage for lost baggage. She filed a claim for the lost cell phone and received a credit in the amount of the phone’s purchase price as a result of this coverage.

Even if your credit card does provide some travel insurance coverage, it could be insufficient for your particular travel situation. For example, most travel credit cards do not provide medical evacuation coverage, and this coverage could be essential if you are traveling somewhere remote or if you are on a cruise. “Purchasing a membership in a medical transport program like [Medjet](#) means you’ll be able to quickly fly back to your home hospital of choice, to your own doctors, and use your regular medical insurance,” explains John Gobbels, VP and COO of Medjet.

Should you purchase the insurance offered by your airline, cruise provider or tour group?

“When it comes to travel insurance, comprehensiveness is key,” says travel expert Stephanie Rytting of France Adventurer. “While policies offered by airlines or cruise lines may seem convenient, they often fall short in coverage compared to dedicated travel insurance. A separate, well-researched policy can provide the peace of mind every traveler deserves, protecting against a wide range of unexpected circumstances that could derail even the most meticulously planned journey.”

Before purchasing the insurance offered by your airline or cruise/tour provider, review the coverage and policy limits. If your cruise offers travel insurance, does the offered policy have sufficient limits to get you back home if something happens? Does it cover your flights to get to and from the embarkation port? These are some of the questions you should ask yourself before you default to purchasing the travel insurance policy offered by the cruise line.

Cost of travel insurance

Some travelers cite cost as a reason for not getting travel insurance, but it’s typically not expensive to insure a trip. “For U.S. residents, travel insurance for a family of four on a two-week trip is, on average, as little as \$200, which isn’t much considering the possible money you’ll save and the peace of mind you’ll gain,” says Gobbels.

Factors such as age, length and cost of trip and included coverage will impact what your travel insurance policy will cost. You can expect a travel insurance policy to cost 5 to 6% of the trip cost on average, according to [USA Today](#). For senior travelers, the average is 11 to 18%. USA Today also noted that adding additional travelers onto a policy only caused the policy cost to increase slightly, supporting the idea that families should purchase a group policy instead of individual policies. Some plans even include kids younger than 17 for free.

The bottom line

When choosing a policy, travel expert and founder of Breathing Travel Carolin Pilligrath suggests you look at “the specific coverage and limits, not just the price. Policies sold by airlines and cruise lines may seem convenient, but they often have more exclusions and lower coverage amounts. It’s better to compare separate comprehensive policies from established travel insurance providers to find the right fit for your trip. Read the fine print and make sure activities you plan to do, like adventure sports, are covered.”