

UStiA Press Clips

May 2008

CONSUMER PRESS:

The New York Times, NY, **May 5, 2008**

“The Magic of Flight Insurance”

The New York Times, NY, **May 6, 2008**

“Appeasing the gods, with insurance”

Arizona Republic, **May 8, 2008**

Detroit Free Press, Cincinnati Inquirer

“Travel coverage is more in demand”

The Post Standard, Syracuse, NY, **May 18, 2008**

“Traveling in good hands”

Cox News, **May 19, 2008**

“Unpack the value of travel insurance”

The Wall Street Journal, **May 20, 2008**

“Letting Fliers Buy Protection Against Delays”

CONSUMER WEB CLIPS/BLOGS:

The New York Times, NY, **May 5, 2008**

“The Magic of Flight Insurance”

Social Econ, **May 6, 2008**

“Insurance=sacrifice to the gods?”

Bali Protection Insurance Agency, **May 7, 2008**

“Do you need travel insurance?”

Red Orbit (from AP), **May 9, 2008**

“Surviving Airline Crises”

Cincinnati Enquirer, **May 10, 2008**

“Travel insurance covers emergencies and mishaps”

Fare Market Value, **May 16, 2008**

“Insurance against bad reporting”

25581.blogspot.com, **May 30, 2008**

“Travel far, feel safe”

BROADCAST

CNN, **May 24, 2008**

Tom Parsons interview endorsing “flight insurance”

TRADE PRESS

International Travel Insurance Journal, UK, **May 19, 2008**

“USTiA offers baggage solution”

The New York Times
May 5, 2008, 9:01 pm

The Magic of Flight Insurance

By [John Tierney](#)

Tags: [magical thinking](#), [psychology](#)



What

do blissful scenes on beaches like this have to do with airplane crashes? (Brenna Linsley/Associated Press)

Thanks to Orit Tykocinski, one of the psychologists quoted in [my Findings column on tempting fate](#), I'm starting to understand why American Express is trying to sell me flight insurance by advertising it along with a photograph of an apparently blissful couple on a faraway beach.

The advertisement promises "peace of mind for you and your family," and all I need to do is enroll in a program that will automatically give me \$250,000 of life insurance on every airline trip I charge to the Amex card. This coverage "in the event of accidental death or dismemberment while traveling on a Scheduled Airline flight" will cost \$4.50 per trip. Now, if you assume that a typical airline round-trip (including time in the airport) lasts no more than 12 hours, and then calculate what this insurance would cost on an annualized basis, it works out to more than \$3,200 — probably at least three to five times what a regular life-insurance policy would cost me.

Why would I want to pay so much for a life-insurance policy that covers me only on airplane trips, which are the safest of all trips? It doesn't seem like a good deal to me, but that's just my brain talking. My gut thinks the insurance will make sure the plane gets me to that beach, according to [Dr. Tykocinski](#), a professor at the Interdisciplinary Center Herzliya in Israel. And that's presumably why the marketers of travel insurance use such images, as Dr. Tykocinski observes:

Ads promoting the purchase of travel insurance depict happy couples on golden beaches lined by palm trees rather than images of people being compensated for lost luggage. In insurance commercials it is more common to see happy families than hospitalized patients or horrific traffic accidents. It appears that people have learned to associate

insurance with a sense of safety and therefore the apprehension that is experienced when one considers possible misfortune is abated by the awareness that one is insured against these calamities. It is therefore hypothesized that when people are making intuitive judgments the reduction in anxiety afforded by possessing an insurance policy will be apparent in lower estimates of the probability of misfortune.

[Dr. Tykocinski confirmed that hypothesis in various experiments.](#) Whether playing a game of chance for money, or answering questions about scenarios, people had an intuitive belief that having insurance makes airplane crashes, lost luggage and other problems less likely to happen.

Just thinking about insurance affected people's perceptions of risk, she found in a study involving two groups of people, all of whom were covered by health insurance. The people in the first group were reminded of their health insurance by being asked questions about their coverage; the second group wasn't reminded. That simple reminder made a difference when the people were asked to gauge their risk of having a serious medical problem in the next five years: People in the first group rated their risk lower than did the people who hadn't been reminded of their insurance.

I'll get into psychologists' explanations for this kind of magical thinking in my next post. For now, I'm curious to hear whether you avoid "tempting fate" by buying travel insurance and taking other precautions on trips. The percentage of American leisure travelers who buy travel insurance quintupled from 2001 to 2006, according to the [U.S. Travel Insurance Association](#), which estimates that half of travelers now buy such policies. And even more travelers get such insurance through their credit cards.

I don't mean to suggest, by the way, that all travel insurance is irrational. If you're traveling to countries where you're not covered by medical insurance, it can make sense to get a policy that will cover expensive emergencies, including the cost of being evacuated. If you're paying \$15,000 for a cruise, maybe it makes sense to take insurance against the company going out of business before your trip. (You can find advice on travel insurance from [my colleague Michelle Higgins](#) and from [USA Today's Peter Greenberg](#).)

But if you have a life insurance policy, why do you need a special policy covering one of the least likely ways to die, a plane crash? If you can afford to fly off on vacation, why do you need insurance that covers lost luggage or the expense of staying in a hotel for a night or two if you get delayed en route? Replacing my lost clothes or paying a hotel bill would be an unwelcome expense, but it's not the sort of financial disaster usually associated with a need for insurance. I suppose some people would say that they're willing to spring for insurance just because they don't want anything to mar their vacation: If the bags are lost, they don't want to worry about the money it costs to replace their clothes.

But to judge from that ad with the couple on the beach, and from Dr. Tykocinski's research, it seems that it's not just money that's on people's minds. Deep down, they think the insurance will magically send their bags safely to their destination — while keeping the plane aloft, too.

Is that what your gut tells you? Or is it only other people who suffer from such intuitions?

May 6, 2008

FINDINGS

Appeasing the Gods, With Insurance

By [JOHN TIERNEY](#)

Suppose you're preparing to travel by air. Which of these precautions do you think is most likely to prevent your plane from crashing?

- A) Sacrificing a gilt-horned bull on an altar.
- B) Sacrificing two goats on the tarmac.
- C) Buying flight insurance.

I'm guessing you didn't go for the bull sacrifice. Although this preboarding procedure was practiced by ancient Greek travelers, as Homer reported in grisly detail, today there are serious doubts about its efficacy, if only because of the litany of tourist woes in "The Odyssey."

The goat option was tested at Katmandu Airport in September to propitiate Akash Bhairab, the Hindu sky god. Officials of Nepal Airlines told Reuters that they had sacrificed two goats in front of a [Boeing 757](#) whose mechanical problems had forced the airline to suspend some flights.

"The snag in the plane has now been fixed, and the aircraft has resumed its flights," one airline official reported triumphantly. Nevertheless, it is probably premature to put much faith in a single experiment that so far, to my knowledge, has not been replicated.

We do, though, have abundant data regarding option C. Last year, tens of millions of people bought life insurance for scheduled flights of airlines in the United States. Not one of those insured passengers died in

a crash — and this was not just a coincidence, at least not to many of the people who bought the insurance.

No, at some level they believed that their insurance helped keep the plane aloft, according to [psychologists](#) with new experimental evidence of just how weirdly superstitious people can be.

We buy insurance not just for peace of mind or to protect ourselves financially, but because we share the ancient Greeks' instinct for appeasing the gods.

We may not slaughter animals anymore to ward off a plague, but we think buying [health insurance](#) will keep us from getting sick. Our brains may understand meteorology, but in our guts we still think that not carrying an umbrella will make it rain, a belief that was demonstrated in experiments by Jane Risen of the [University of Chicago](#) and Thomas Gilovich of Cornell.

“It is an irony of the post-Enlightenment world,” they conclude, “that so many people who don't believe in fate refuse to tempt it.” The psychologists first identified this reluctance last year by reconsidering a well-known superstition about lottery tickets. Experimenters had repeatedly found that once people were given a lottery ticket, they would refuse to trade it for another ticket despite being offered a cash bonus and reassured that the other ticket was just as likely to win.

This superstitious behavior had been explained with the theory of “anticipated regret”: Even though the people realized the odds were no different for any ticket, they anticipated feeling especially stupid if they traded away a winner, so they held on to their ticket just to avoid that regret.

But there's also another reason, as Dr. Risen and Dr. Gilovich reported after running a complicated lottery game with cash prizes for competing teams. If a player watched his teammate (who was secretly a confederate of the researchers) trade away a lottery number, the player actually

believed the new number was less likely to win, and he would hedge his bet accordingly.

The fear of tempting fate showed up in further experiments with Cornell students. When told about an applicant to graduate school at Stanford who had been given a Stanford T-shirt by his mother, people assumed he would hurt his chances for admission if he had the hubris to wear it. And they believed that a professor was more likely to call on them in class if they didn't do the assigned reading.

Even people who consciously reject superstitions seem to have these gut feelings, says Orit Tykocinski, a professor of [psychology](#) at the Interdisciplinary Center Herzliya in Israel. She found that rationalists were just as likely as superstitious people to believe that insurance would ward off accidents.

In one of her experiments, players drew colored balls out of an urn and lost all their money if they picked a blue one. Some players were randomly forced to buy insurance policies that let them keep half their money if they drew a blue one. These policies didn't diminish their risk of drawing a blue ball — but the insured players rated their risk lower than the uninsured players rated theirs.

That same magical thinking was evident when Dr. Tykocinski asked some people to imagine buying travel insurance before getting on a plane, and others to imagine not buying it because they ran out of time at the airport. Sure enough, the ones with insurance figured they were less likely to lose their bags, get sick or have an accident.

These results presumably come as no surprise to marketers of travel insurance, which is now purchased by half of American leisure travelers — a fivefold increase since 2001, according to the United States Travel Insurance Association. As a purely economic investment, some of this insurance can be dubious, particularly the flight insurance policies. (For more on this, see [nytimes.com/tierneylab](https://www.nytimes.com/tierneylab).)

A magical belief in insurance sounds crazy because at a rational level we realize that our decision to forgo an insurance policy is not going to affect pilots or mechanics. But Dr. Risen and Dr. Gilovich say that there's a logical explanation for this superstition: Because calamities are so vivid and easily brought to mind, we tend to overestimate their probability when we intuitively judge what will happen if we tempt fate.

So when we think about passing up flight insurance, we conjure up disaster just as easily as ancient Greeks imagined a thunderbolt from Olympus, and we too figure we can avert it through the equivalent of a bull sacrifice. Intuitively, we haven't made great strides since Homer's day. But at least our gods take credit cards.

Further Reading

"Another Look at Why People Are Reluctant to Exchange Lottery Tickets." J.L. Risen and T. Gilovich. *Journal of Personality and Social Psychology* (2007). (PDF)

"Insurance, Risk and Magical Thinking." O.E. Tykocinski. *Personality and Social Psychology Bulletin* (in press) (PDF).

"Why People Are Reluctant to Tempt Fate." J.L. Risen and T. Gilovich. *Journal of Personality and Social Psychology* (in press). (PDF)

"Airline Sacrifices Goats to Appease Sky God." Reuters, Sept. 5, 2007.

U.S. Travel Insurance Association.



May 8, 2008

DetroitFreePress

Cincinnati Enquirer

Travel coverage is more in demand

Airline failures among concerns

BY RUSS WILES

ARIZONA REPUBLIC

Lynn Williams appreciates the benefits of travel insurance. On the eve of a three-week trip to New Zealand and Australia several years ago, the Phoenix woman started feeling pain in her midsection and ended up having surgery to remove a suspicious growth.

The medical emergency ruined her vacation but not her finances. Because Williams had purchased \$240 worth of travel insurance, she recouped the several thousand dollars she had paid for air travel, hotel rooms and a cruise. More people are coming to similar conclusions. Amid airline failures, terrorist threats, hurricane dangers and the medical ailments that afflict an aging population, travel coverage is growing more popular.

Travel insurance companies say insurance can offer one-stop, less-hassle service. But most consumer advocates advise careful shopping to determine that you're not paying extra for something you've already got covered. Americans spent \$1.3 billion on travel insurance in 2006, a 20% jump from 2004, according to the latest study released by the U.S. Travel Insurance Association.

Insurance got a big lift after the Sept. 11, 2001, terrorist attacks, which shut down air traffic for days. Roughly 30% of leisure travelers buy insurance today, compared with about 10% before Sept. 11, the U.S. Travel Insurance Association reports.

Insurance has become more relevant amid a spate of airline bankruptcies. When an airline, cruise-ship line or tour operator fails, travel insurance usually kicks in. It also typically pays for expenses like airport meals or hotel rooms when airlines delay or cancel flights.

But policies differ sufficiently on these and other points, and contain enough wrinkles, that travelers should take the time to understand what they're buying.

Some credit cards and debit cards may offer similar services for free, said Stephen Levins, executive director of Hawaii's state Office of Consumer Protection.

Consumer Reports notes that your regular homeowner's policy, health insurance and credit card often cover many of the travel risks. One confusing aspect of travel insurances that while insurers usually reimburse your prepaid expenses when a travel firm goes under, they won't reimburse you if the airline, cruise line or tour operator from which you bought the policy fails, said Peter Evans, executive vice president of www.insuremytrip.com, a travel-insurance shopping service. That's a good reason to buy directly from an insurer or from third-party firms.

TRAVELING IN GOOD HANDS

Many consumers are buying travel insurance to deal with unforeseen expenses that can ruin a trip.

BY RUSS WILES • GANNETT NEWS SERVICE • MAY 18, 2008

ASBURY PARK PRESS, NJ - MAY 18, 2008

THE POST-STANDARD - SYRACUSE.COM, NY - MAY 18, 2008

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But policies differ sufficiently on these and other points, and contain enough wrinkles that travelers should take the time to understand what they're buying.

Some credit cards and debit cards may offer similar services for free, especially premium cards, such as gold or platinum cards or those that specialize in travel, said Stephen Levins, executive director of Hawaii's state Office of Consumer Protection.

Consumer Reports notes that your regular homeowner's policy, health insurance and credit card often cover many of the travel risks. But not all will cover trip cancellation.

One confusing aspect of travel insurances that while insurers usually reimburse your prepaid expenses when a travel firm goes under, they won't reimburse you if the airline, cruise line or tour operator from which you bought the policy fails, said Peter Evans, executive vice president of InsureMyTrip.com, a travel-insurance shopping service. That's a good reason to buy directly from an insurer or from third-party firms, including travel agencies.

Most policies will reimburse nonrefundable outlays for trips that must be canceled or interrupted due to unforeseen circumstances, such as your own illness, the illness or death of a close relative or severe weather such as a hurricane.

Policies also typically will reimburse you for various expenses if a trip must be delayed. So, too, for medical costs incurred due to an injury or illness while on a trip.

Emergency medical-evacuation coverage pays for ambulance, helicopter or other unscheduled transportation to the nearest hospital or, in some cases, back home. This is important because emergency transportation costs can dwarf other trip expenses.

Mike Rex learned that lesson earlier this year while hiking in the Galapagos Islands, when he slipped on a wet rock, ripped a tendon and couldn't walk.

Because he didn't have travel insurance, the mishap set him back several hundred dollars in unforeseen expenses. Fortunately for him, he was able to use commercial flights to return home.

"If they had had to airlift me out, I heard it would have cost about \$50,000," said Rex, 58, of Phoenix.

The insurers issuing travel policies include several well-known entities such as AIG, American Express and RBC. Web site InsureMyTrip.com lists financial-strength ratings for these and other insurers from researcher A.M. Best Co.

Column: Unpack the value of travel insurance

Tim Dameron | Telegram Columnist

560 words

19 May 2008

[Cox News Service](#)

English

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Everyone hopes their trip of a lifetime doesn't turn into a disaster, but life has a way of throwing curveballs.

Travelers can minimize the damage of a last-minute illness, lost baggage or a bankrupt cruise line by purchasing travel insurance.

Coverage that also includes medical and dental emergencies, and even medical evacuation, can add extra layers of security for overseas travelers.

According to a 2006 study by the U.S. Travel Insurance Association (**USTIA**), American leisure travelers are buying travel insurance more often than in the past.

As many as 70 percent of Americans who book a cruise also buy travel insurance for their trip. Furthermore, one out of every six individuals who purchase travel insurance file an insurance claim at some point.

Travel insurance policies vary widely, so it's important to examine the coverage offered and read the fine print before you buy.

Package travel insurance policies typically include coverage for trip cancellation, lost or delayed baggage, medical or dental emergencies, travel delays or accidental death.

Medical evacuation coverage is often sold as a separate policy.

Flight insurance, which provides compensation should death or injury result during a commercial flight, is generally considered unnecessary. The risk is low and most people are covered by their medical or life insurance in the event of injury and/or an accidental death policy in the event of death.

If you think you can skip health care travel insurance, keep in mind that Medicare and the majority of private health insurance policies do not cover medical expenses incurred while traveling outside the United States.

In addition, if you should become seriously ill, a medical evacuation can cost thousands of dollars.

If you decide to purchase travel insurance, select your policy carefully. A quick Internet search for travel insurance generates a list of travel insurance comparison sites.

Enter the dates, destinations, trip costs and age of travelers and you can get quotes and compare features and benefits of the various policies available.

You may find that quotes for older travelers are higher. In addition, if you have a pre-existing medical condition, you may have a more difficult time obtaining the coverage you want.

A request for quotes from one of these comparison sites, for a 55-year-old traveler booking a cruise to Alaska from California valued at \$4,000, delivered 31 package options ranging in price from \$108 to \$486 or, two to 12 percent of the cost of the trip. It's easy to see how travel insurance can come in handy, as it did for a couple who planned an Alaskan cruise.

Two weeks before departure, the wife came down with a sudden and painful case of shingles. Thanks to their foresight to purchase insurance, the couple was able to cancel their cruise reservation and recoup the money they had paid in advance toward their trip. An inland flight was not reimbursed, however.

Thanks to insurance, they were able to resume their travel plans when the illness subsided. It's just one example of how travel insurance can help travelers hedge their bets against life's unpredictable events and make travel plans with greater confidence.

This column is provided by Tim Dameron, a senior financial advisor with Ameriprise Financial Services Inc. in Rocky Mount.

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Letting Fliers Buy Protection Against Delays

Insurers and Even Airlines
Sell Policies That Help Cover
Costs When You Get Stuck

May 20, 2008; Page D1

Summer travelers worried about getting stranded at an airport because of storms, missed connections and canceled flights have new ways to protect themselves -- for a fee.

After last summer's many travel hassles, travel-insurance companies are pushing low-cost policies that include "delay insurance," which pays for hotel rooms and meals if you get stuck. Delay insurance is included in some policies that offer protection like refunds if you fall ill. Cost: Usually less than \$50 when flying on inexpensive domestic tickets.

NOT GOING ANYWHERE?

"Delay insurance" can help with the cost of travel disruptions. But check policies carefully to see ...

- If weather delays are included
- How long you must be delayed before coverage kicks in
- What the daily cap is on benefits



And airlines are now getting into the protection game, sensing they can make money off the disruption they sometimes create. Air Canada, an innovator in pricing schemes, has launched a new "travel assistance" service that provides hotel rooms and even airfare on rival carriers if you pay \$25 to \$35 extra per one-way flight when you buy a ticket.

With delays and disruptions increasing, Air Canada says customers suggested to the airline that they'd be willing to pay extra for some assurance that the airline would take care of them. "There's a perceptible hole in the market that this fills," says Charles McKee, Air Canada's vice president of marketing.

Buying the "On My Way" service, which began three weeks ago, gets you a phone number to call specially trained Air Canada agents who can book and pay for hotels, find seats on other Air Canada flights or book competing airlines if Air Canada doesn't have an option to offer within two hours. Air Canada, a unit of [ACE Aviation Holdings Inc.](#), will pay for rental cars if driving is faster, and even make pre-paid meal reservations.

Other airlines are studying Air Canada's solution, and likely will follow suit if they think there's revenue to be earned. Air Canada, a pioneer of a la carte pricing for airlines, worked with a technology company called iSeatz Inc. to create the delay-protection service, and iSeatz Chief Executive Kenneth Purcell says that since the Air Canada launch, iSeatz has entered discussions with several global airlines.

When airlines were healthier financially, they often did voluntarily pay to accommodate stranded customers. But for several years now, carriers have more often than not told travelers they are on their own when they get delayed overnight because of bad weather or other travel problems -- a cot in the airport or a hotel room on their own credit card.

Airlines do have to pick up the cost of hotels and provide a few dollars for meals when travelers get stuck somewhere because of an airline problem like a maintenance breakdown. But they won't pay if the problem stemmed from factors out of an airline's control.

That bifurcation has led to battles between passengers and airlines over whether problems were caused by the airline or not, and surprises for plenty of passengers who find themselves facing unexpected hotel bills.

Delay Insurance		
Many travel-insurance policies include protection against delays and disruption. Here are some policies, sorted by the cost to cover a \$500 domestic trip.		
Policy	Cost	Max benefit per day
Travel Insured Ticket Protector	\$21	\$100
Travel Insurance ServicesSelect Basic	\$30	\$150
AIG Travel Guard Essential Basic	\$33	\$100
CSA Freestyle	\$35	\$150
MH Ross Trip Insurance Basic	\$35	\$100
Global Alert Essentials	\$35	\$100
AIG Essential Expanded Silver	\$36	\$100
TravelSafe Elements for Individuals	\$36	\$100
Travel Insured WTP Comprehensive	\$38	\$150
TravelSafe Vacation Insurance	\$40	\$150
TravelSafe Premier	\$86	\$250

Source: Squaremouth.com.
Prices and coverage may vary depending on age, home state of traveler and trip itinerary and cost.

Air Canada says it's not trying to shirk its responsibility to pay up when it is at fault. Selling "On My Way" is simply an added service some customers want, the airline says, and the service makes it clearer to customers that airlines won't pay when it's not their fault.

"This has been somewhat murky waters between airlines and customers for too long," says Mr. McKee.

Part of the murk is that it's not always clear what led to passengers getting stranded. Passengers on a morning

flight delayed by a mechanical problem that eventually got canceled because of storms that developed late in the day should receive accommodations, for example, even though some airline agents might blame bad weather. And airline operational issues can exacerbate disruptions. Scheduling crews or airplanes too tightly can lead to cancellations when bad weather strikes, for example.

For now, the most readily available way to protect against unexpected travel expenses is to purchase bare-bones travel-insurance policies -- from insurance companies or from airlines themselves -- that include "delay insurance." Insurers say that whenever there are lots of news stories about travel problems, sales of these policies go up.

"Some people want to take the economic burden out of travel delays," says Judy Sutton, director of product development for Travel Insured International.

Ms. Sutton's company started offering a new policy for budget travelers last month called Worldwide Trip Protector Lite that will cover \$100 a day in expenses, up to \$500, if you are delayed more than six hours. It's priced based on your age and how much your ticket cost: On a \$500 ticket, the "Lite" insurance costs \$15 for people 30 years old and younger, up to \$32 for people over 61 years old.

With ticket prices going up and more people feeling pinched by the weak economy, insurance becomes especially appealing for travelers if they sink lots of money on expensive cruises or package tours. "When the economy gets a little flaky, travel-insurance sales go up," says Jim Grace, CEO of InsureMyTrip.com, a site that offers comparisons of different policies, including cost and coverage.

Most big airlines now offer travel insurance as an add-on purchase through their Web sites, just as they offer hotel bookings and car-rental reservations. Online travel companies such as [Expedia Inc.](#) and [Orbitz Worldwide Inc.](#) sell insurance, too. The insurance typically will refund nonrefundable tickets that have to be canceled for a "covered reason" -- such as illness or death of a family member. Some policies also provide protection -- up to the cost of your ticket -- for emergencies like flying home early because of illness. But some policies don't include delay insurance.

[American Express Co.](#) offers delay insurance to card members for \$9.95 per trip if they enroll in a service that automatically charges the premium when they buy tickets on their credit card. The insurance covers \$200 a day for up to two days if you are stuck overnight because of a delayed or canceled flight or missed connection, a spokeswoman says.

With delay-insurance coverage, you have to file a claim and document your spending, just as with any other insurance. Coverage is often limited to a daily cap of \$100 or \$200, depending on the policy. Policies generally cover hotels, food and other expenses such as toiletries.

Seven of the eight biggest U.S. airlines sell "Ticket Protector" insurance from Access America, a unit of [World Access Service Corp.](#) Airlines usually offer policies (and prompt travelers to click a little box) right before they ask fliers to push the "buy" button on their tickets. Even though the policies are all from the same company and are all called Ticket Protector, they are slightly different in the coverage they offer, says Mark Cipolletti, vice president of marketing at Access America.

Not all the policies provide protection for weather delays and other events outside of an airline's control, for example. [Continental Airlines](#) Inc. adds travel-delay insurance and a concierge benefit to its policies, he says. [AMR Corp.](#)'s American Airlines offers both basic trip coverage and a more comprehensive plan.

On a \$345 ticket for a June trip, [Northwest Airlines](#) Corp.'s Web site offers Trip Protector at just \$15.52. That includes trip cancellation and interruption insurance, but no delay protection. American's basic Trip Protector costs more -- \$18.97 on a \$345 ticket, but includes a \$500 travel delay benefit and \$500 baggage-delay benefit.

Bottom line: Read the fine print on any travel-insurance purchase, because there are plenty of catches. On many policies, the "covered" reasons for canceling a trip can be very narrow. Pre-existing illnesses often aren't covered; terrorist events or hurricanes may make you uncomfortable about a trip, but may not allow you to cancel and collect on your insurance. Coverage for airline bankruptcies and shutdowns may be limited, meaning that your suddenly defunct carrier may be excluded.

Write to Scott McCartney at middleseat@wsj.com

Social Econ

TUESDAY, MAY 06, 2008

People are weird

Insurance = sacrifice to gods?

"It is an irony of the post-Enlightenment world," they conclude, "that so many people who don't believe in fate refuse to tempt it." The psychologists first identified this reluctance last year by reconsidering a well-known superstition about lottery tickets. Experimenters had repeatedly found that once people were given a lottery ticket, they would refuse to trade it for another ticket despite being offered a cash bonus and reassured that the other ticket was just as likely to win.

This superstitious behavior had been explained with the theory of "anticipated regret": Even though the people realized the odds were no different for any ticket, they anticipated feeling especially stupid if they traded away a winner, so they held on to their ticket just to avoid that regret.

But there's also another reason, as Dr. Risen and Dr. Gilovich reported after running a complicated lottery game with cash prizes for competing teams. If a player watched his teammate (who was secretly a confederate of the researchers) trade away a lottery number, the player actually believed the new number was less likely to win, and he would hedge his bet accordingly.

The fear of tempting fate showed up in further experiments with Cornell students. When told about an applicant to graduate school at Stanford who had been given a Stanford T-shirt by his mother, people assumed he would hurt his chances for admission if he had the hubris to wear it. And they believed that a professor was more likely to call on them in class if they didn't do the assigned reading.

Even people who consciously reject superstitions seem to have these gut feelings, says Orit Tykocinski, a professor of psychology at the Interdisciplinary Center Herzliya in Israel. She found that rationalists were just as likely as superstitious people to believe that insurance would ward off accidents.

In one of her experiments, players drew colored balls out of an urn and lost all their money if they picked a blue one. Some players were randomly forced to

buy insurance policies that let them keep half their money if they drew a blue one. These policies didn't diminish their risk of drawing a blue ball — but the insured players rated their risk lower than the uninsured players rated theirs.

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Bali Protection Insurance Agency - General, Life & Health -

Wednesday, May 07, 2008

Travel Insurance Tips

Do you need travel insurance?

Advice on when and when not to buy various coverages

For years, it was the great unmentionable in the travel transaction: insurance. Travel agents were afraid to bring up the subject of travel insurance for fear of losing the overall deal. It was considered a negative.

Not anymore. Whether it's your trip, your possessions, your luggage, or your health, travel insurance — and most important, the right kind of travel insurance — has become an essential item to pack for smart travelers. And if you don't buy travel insurance — or the right kind — more than your trip could be ruined.

According to the U.S. Travel Insurance Association, about 30 percent of Americans purchase travel insurance, an increase from 10 percent before 9/11. The top three reasons are: peace of mind, protection against the unexpected and concern over losing the financial investment in a trip. Some 70 percent of cruisers buy travel insurance.

While a majority of those who don't buy travel insurance are familiar with flight and trip cancellation insurance, many people are unaware of travel health insurance, baggage coverage and medical evacuation insurance. Even among travel insurance buyers, only 50 percent were aware of medical evacuation insurance.

There's yet another kind of insurance that's available to air travelers that the airlines aren't exactly rushing to tell you about. In fact, they actually wish you didn't know about it. It's called excess valuation.

Reasons to buy travel insurance

1. Your flight has been cancelled.
2. Your bags are lost and your medication is in it. You need to have an emergency prescription filled.
3. Your passport and wallet are stolen, and you need emergency cash and a replacement passport.
4. You're involved in an accident and adequate medical treatment is not available. You need medical evacuation.
5. You need to cancel your trip due to illness.
6. Your cruise line, airline or tour operator goes bankrupt. You need your non-refundable expenses covered and to get to your destination.
7. You have a medical emergency in a foreign country.
8. A terrorist incident occurs in the city where you're planning to visit and you want to cancel your trip.
9. A hurricane forces you to evacuate your resort, hotel or cruise.



Surviving Airline Crises

By BETH J. HARPAZ, THE ASSOCIATED PRESS

In recent weeks, thousands of air passengers have been stranded by airline bankruptcies and flight cancellations. There may be more disruptions ahead, as older jets continue to be scrutinized for safety and the economy bubbles with trouble.

So what's a traveler to do as the busy summer travel season draws near?

Pack light, know your options, consider buying travel insurance and maybe take the train instead.

"Flight delays, schedule changes, canceled flights, bankruptcies and mishandled baggage are pushing fliers' frustration to an all-time high," Michelle Doucette, content manager at IgoUgo.com, said in a press release declaring that "the summer of '08 just might be the summer of the train."

The travel Web site recently posted ideas for train travel at www.igougo.com/travel_blog including scenic rail trips and visiting cities with landmark train stations.

If the train is not an option, here are some strategies for coping with the hassles of air travel in the weeks ahead.

* Limit luggage to one carry-on bag, advises Susan Foster of SmartPacking.com. That way, your "rebooking options are completely open," she said. If you must check luggage, don't do it "until you are positive that your flight is flying and reasonably on time."

* Do your homework. "Make clear notes about other flights operated by different airlines that meet your needs," said Foster. "Program airline phone numbers into your cellphone so you can immediately call to rebook yourself. If you wait for the airline to do this for you, you will not get a seat."

With details on other flights in hand, you can then ask, "for example, 'There's a Delta flight at 4:10 that will get me to my destination, can I get on it?'" said Amy Ziff, editor at large for Travelocity.

Staying informed also helps you juggle options. When American Airlines grounded 300 MD-80 planes for maintenance, Brett Snyder recommended that passengers find out what type of plane they had tickets for, and "start looking for connections that aren't on MD-80s." Snyder, who blogs about air travel at CrankyFlier.com, also urged passengers to "bring a lot of patience with you to the airport. ... Being nice can only help you."

* Consider buying trip insurance, which typically runs 4 percent to 8 percent of the cost of your trip. If your trip is disrupted by flight delays or cancellations, travel insurance should cover new tickets, hotel stays and incidentals. Some policies also may provide refunds if your plans change and you stay home. And insurance agents can help you rebook if you're stranded.

The day before Joyce Wehmeier of Pekin, Ill., was supposed to fly home from a two-week vacation in Hawaii, she learned that her airline, ATA, had gone out of business. She and her traveling companion had insurance with AIG Travel Guard and called the company.

"Miraculously, this lady came back on and said, 'I found two seats tomorrow,' " Wehmeier said. "We needed to go back to work, so we were just thrilled."

AIG Travel Guard reported more than a 100 percent increase in calls coming in during the week of the airline bankruptcies, according to spokeswoman Erin McKeon.

Many airlines, cruise lines and travel Web sites offer insurance as an easy one-click add-on when you book trips online. Other sources for trip insurance include members of the U.S. Travel Insurance Association and InsureMyTrip.com.

* If you do get stranded, seek out discounts, refunds and vouchers.

If your airline has discontinued service, "call your credit card company to see if the charge can be removed," said Anne Banas of SmarterTravel.com. "It won't get you rebooked on another flight, but at least it'll help you get your money back."

Also, "look to see what assistance other airlines are offering," Banas said. "For example, when ATA recently closed its doors, Delta and US Airways offered stranded passengers \$100 standby fares. JetBlue offered \$50 fares to SkyBus passengers."

Airlines with delayed or canceled flights are not required to book you on other carriers. If they do put you on another airline, "the vast majority of passengers those on restricted discounted tickets will be forced to pay any price difference in the tickets," Banas said, but "it is possible that gate agents will make exceptions, so it never hurts to ask."

Banas also advises travelers to know their rights. The "Contract of Carriage," usually found on airline Web sites and also known as "Rule 240," states that if a cancellation is "due to a problem within the airline's control, the airline will rebook you on the next available flight," or refund the unused ticket.

Airlines often will provide vouchers for meals, hotel and ground transportation for delays of more than four hours, Banas said.

* Finally, if your airline is in crisis, "take advantage of the relaxed cancellation and change policies and cancel or reschedule your trip," said Travelocity's Ziff. "If your trip is not a mission-critical, it is best to postpone it."

FARE MARKET VALUE

COMMENTS AND OPINIONS ABOUT THE WORLD OF TRAVEL
DISTRIBUTION

Friday, May 16, 2008

Insurance Against Bad Reporting

We all know that a huge Ancillary Revenue stream for airlines is “Travel Insurance”. Although FMV will admit that we don’t know anyone that actually buys it – we are repeatedly told by airlines that everyone does.

A **NY Times article** last week explained that people who buy travel insurance tend to think that they are then less likely to lose their bags, get sick or have an accident. The psychology of buying insurance is fairly interesting, but then the NY Times had go and mess it up:

“These results presumably come as no surprise to marketers of travel insurance, which is now purchased by half of American leisure travelers — a fivefold increase since 2001, according to the United States Travel Insurance Association.”

Huh? *HALF* of leisure travelers now purchase travel insurance?? That sounds pretty unbelievable that so many travelers would add this premium to their vacation travel costs. As a result, we decided to do our own research at the [US TIA website](#):

“Utilizing industry and government statistics we estimate that approximately half of Americans who took a cruise, tour or international leisure air trip in 2005 purchased a per trip insurance policy,” notes Brad Finkle, USTIA president.

AHHHH - That still sounds high to FMV, but a little more believable. It's not all leisure travellers, it's the subset purchasing cruises, tours, and international. It's especially logical for tours - because in some cases the cost of travel insurance is actually baked into the package price. However, FMV feels vindicated that the NY times was wrong. We maintain it's going to be a stretch to get half the hapless rubes on the redeye from Vegas to buy insurance. Unless the dealer's showing an ace, of course.

POSTED BY FMV AT 11:09 AM  

LABELS: "ALL THE NEWS THATS FIT TO MAKE UP", TRAVEL INSURANCE, TRICKS WITH FACTS

CNN
May 24, 2008

Tom Parsons, interviewed on CNN this morning, gave a ringing endorsement of travel insurance (he called it flight insurance, obviously not realizing the difference). He enumerated the various items covered, and said it was a good way to protect yourself given the high air fares today.

ITIJ



\$1 (US) = 0.64 EUR

Currency data courtesy [coinmill.com](#)

Issue 88 : UStiA offers baggage solution

19 May

The figure represents a 20-per-cent increase from the same period in 2006. Baggage woes are a thorn in the side, however, for European passengers too, who, according to the Association of European Airlines, endured losses of 16 bags per 1,000 passengers in the second quarter of 2007.

Speaking about the figures from the US, Brad Finkle, UStiA president, said: "That translates into nearly 3.5 million bags delayed, lost or damaged for domestic airlines alone. If you are travelling to Athens, Greece, and your luggage arrives in Athens, Georgia, you have a problem." The bigger problem at the moment, continued Finkle, is that 'many travellers assume that the airlines must cover delayed baggage'. He warned travellers that this is not, in fact, always the case: "While airlines may be liable up to \$3,000 on domestic flights for lost or damaged baggage, compensation for baggage delays in case of bad weather or situations beyond the airline's control is up to each individual carrier. One airline may provide toiletries, another up to \$25 per day, and yet another may not provide anything for such delays. What constitutes a delayed or lost bag also varied widely between airlines, and can range anywhere from five to 21 days."

International airlines can choose to subscribe to either the Montreal or Warsaw Conventions, which state that airlines must give compensation for loss, damage or delay, although compensation under the agreements is substantially less than US requirements, stated Finkle. The point of these warnings to consumers is that by buying travel insurance that includes baggage cover, consumers can avoid worry over whether the airline they are flying with will help them in the event of lost or delayed bags. As an added bonus, said Finkle, 'the assistance hotline provided with most travel insurance policies will also help track and co-ordinate the return of your bags so that you don't have to worry about calling the airline each day to find out the status of your bags'. With the chaos continuing at Heathrow's Terminal Five, it looks like those assistance hotlines might be coming in useful more than ever before.

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