

When the Airlines Won't, Travel Insurance Will

UStiA study cites trip cancellation, delayed baggage, emergency assistance

- You've booked a nonrefundable flight and have to cancel, postpone or reschedule because of illness;
- Your flight is cancelled because of a tropical storm or snowstorm;
- Your baggage is delayed overnight.

Many consumers mistakenly believe that the airlines will come to their aid in such situations. However, this may not be the case, according to a recent study conducted for the US Travel Insurance Association. The study examined air carriers representing 75% of the domestic airline market and revealed that there are few uniform standards within the industry for assisting travelers when things go wrong.

According to the study, most airlines:

- Have limited refund policies for cancelled or delayed flights;
- Lack standardized reimbursement for lost, damaged or delayed baggage;
- Do not offer emergency travel assistance.

In examining individual airline policies, the study concluded that only travel insurance can offer coverage which is able to reimburse travelers for cancelled airline flights and provide reimbursement for a wide range of other travel situations.

Trip Cancellation and Interruption

Suppose you've purchased a nonrefundable airline ticket and have to cancel or postpone a flight, or return home early because you or a family member becomes ill. According to the UStiA-commissioned study airlines have no blanket refund policies for non-refundable fares and are not required to provide a refund.

"Travel insurance policies, that contain trip cancellation and interruption coverage, on the other hand, can provide travelers with reimbursement if they need to cancel or interrupt their trip due to illness, injury or death of the traveler, a family member, traveling companion, or business partner," says Ed Walker, UStiA president. "Trip cancellation and interruption benefits can also provide travelers with reimbursement for a host of other reasons, including if an accident occurs on the way to the airport, or if serving jury duty impacts travel plans. Under these conditions most policies will cover the cost of nonrefundable expenses, including change fees, rebooking a flight and refunds for cancelled flights," adds Walker.

Trip Delay

What if severe weather or other conditions beyond the airline's control, such as an unannounced strike, cause the carrier to delay or cancel your flight? "Once again, the study concluded that there are no blanket policies or federal requirements regarding consumer refunds and other services," says Walker. "Airlines will not automatically cover expenses for lodging and meals, and are not required to cover expenses based on events beyond their control. Some airlines may pay for a night's lodging and/or meals. However, there is no overall guarantee. Consumers need to read each individual airline's contract of carriage to find out what the carrier will provide," he advises.

In contrast, Walker explains that if travel is delayed (usually 4 - 6 hours) – whether or not the circumstances are within or beyond the airline's control – travel delay coverage, usually found in comprehensive travel insurance plans, will typically reimburse \$100 - \$150 per day for meals, taxi fares, lodging and other expenses. These benefits also provide reimbursement of pre-paid accommodations and other arrangements for missed days due to travel delays.

Lost, Damaged or Delayed Baggage

Baggage mishaps are on the rise. You've arrived at your destination but your baggage has not, or has arrived damaged. The UStiA study found that while U.S. airlines will reimburse up to \$3,000 if baggage is **lost** by the carrier (international airlines may offer substantially less), compensation for baggage **delays** in cases of bad weather or situations beyond the airline's control is up to each individual carrier. As with trip delay, individual airline policies vary. "Some airlines reimburse travelers for needed toiletries while others offer nothing or limited monetary reimbursement. And what constitutes a delayed or lost bag varies widely between airlines, and can range anywhere from 5 to 21 days," says Walker.

In contrast, travel insurance policies provide coverage for a wider range of expenses resulting from delayed baggage, explains Walker. "Most comprehensive travel insurance policies offer a delayed baggage benefit regardless of whether the travel delay is within or beyond the airline's control. Depending on the policy purchased, benefits typically reimburse from \$100 to \$500 total to help with necessary purchases," he says, adding that coverage usually becomes effective within four to 24 hours from the time missing luggage is reported.

Walker adds that "the assistance hotline provided by most travel insurance policies also helps to track and coordinate the return of your bags so you don't have to worry about calling the airline each day for a status update on your bags."

Emergency Travel Assistance

Once again, when things go wrong with your airline flight, the study found that most carriers do not offer specific travel assistance. In contrast, in case of travel delays, the 24/7 assistance services provided as part of most comprehensive travel insurance can help locate hotel accommodations, notify family and associates and coordinate other travel arrangements affected by delays.

Dispelling Misconceptions

In undertaking the study, UStiA sought to dispel a number of common misconceptions about travel insurance that have circulated among the media and elsewhere. Titled "Sources of Travel Insurance and Assistance in the U.S. Market: Addressing the Myths & Misconceptions," the study was conducted for UStiA by Avalon Actuarial Inc. and released in 2008.

About UStiA

UStiA promotes fairness, integrity and a commitment to excellence in the travel insurance industry. With a mission to educate the public on travel insurance while maintaining high industry standards, UStiA is a non-profit association of insurance carriers and allied businesses involved in the development, administration and marketing of travel insurance and assistance. Travel insurance is available from travel agencies, airlines, tour operators, hotels and resorts, and insurance brokers as well as through the Internet.

For more information and consumer advice on how to shop for travel insurance, visit the UStiA website, www.ustia.org.

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