

WILL YOUR CREDIT CARD PROTECT YOUR TRAVELS?

UStiA Survey Uncovers Limits and Limitations

Will your credit card protect you if you have to cancel a trip, if your flight is delayed, or if you need emergency medical treatment abroad? Chances are it may not, according to a recent study comparing credit card coverage to comprehensive travel insurance policies.

"While credit cards offer many benefits, travelers may have a false sense of security, believing they are protected from a variety of situations when they actually aren't," says Ed Walker, president of the US Travel Insurance Association. The UStiA-commissioned study concluded that:

- credit card coverage for trip cancellation and interruption is highly limited compared to travel insurance,
- credit card coverage will not reimburse consumers in cases of travel delay, whereas travel insurance will,
- credit cards may cover some costs associated with baggage delays, damage or loss, but only if the travel is purchased with the credit card,
- credit card coverage does not automatically cover medical emergencies, and usually doesn't cover medical transportation and evacuation, in comparison to most comprehensive travel insurance policies, which cover medical emergencies and medical transportation/evacuation.

Trip Cancellation

The study revealed that the vast majority of credit cards (85%) do not provide built-in trip cancellation, and those that do, provide limited benefits. "The 15% of credit cards offering trip cancellation provided benefits that would only reimburse the cardholder due to death, injury or illness of an insured person or family member, and financial default of a common carrier. On the other hand, comprehensive travel insurance policies cover you for cancellation and interruption in three times as many situations," says Walker.

In addition to covering all the situations that credit card coverage does, Walker advises that comprehensive travel insurance policies cover you if you have to cancel or interrupt your trip for the following reasons:

- your traveling companion, business partner, or host at your destination dies, becomes ill or injured;
- in case of a severe weather delay;
- you have to serve jury duty;

- your home is made uninhabitable;
- you have an accident on the way to the airport; and
- an unannounced strike causes the carrier to cease operation.

Weighing the limitations is important too. Trip cancellation and interruption benefits offered through credit cards generally limit reimbursement to \$1,500 per person, according to the UStiA study. On the other hand, comprehensive travel insurance policies will cover trips over \$20,000 each, points out Walker

Trip Delay

None of the credit card coverages reviewed reimbursed customers for expenses due to travel delay. In contrast, comprehensive travel insurance policies will reimburse for incidental expenses and overnight accommodations up to a specified limit if a plane flight is delayed beyond a certain amount of time, usually 4 – 6 hours, points out Walker.

Baggage Delay, Damage and Loss

Credit card coverage fared slightly better when it came to baggage delays and damage, but only if the trip was purchased on the credit card. Nearly 20% of the credit cards reviewed provide coverage for baggage loss and damage, while 35% of cards reviewed provide coverage for baggage delay. However, coverage is usually limited to a common carrier and is **only** provided if the trip was purchased on that credit card.

Medical Coverage

While credit cards do provide some emergency travel and medical assistance – like finding referrals to doctors and health services -- actual medical coverage is another story, cautions Walker. None of the credit cards reviewed provide automatic coverage for emergency medical costs. A few, however provide medical coverage for an additional fee. And, of the credit cards reviewed only one provided medical transportation and evacuation, and this card carried a high annual fee.

The Bottom Line

“The study underscores the importance of reviewing the coverage you have through your current credit cards, and understanding both what your credit card and your travel insurance policy includes,” advises Walker.

In undertaking the study, UStiA sought to dispell 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. in 2007, and examined publicly marketed credit cards representing 90% of the industry, based on outstanding debt. The study concluded that no other single source provides the full spectrum of coverage and services that comprehensive travel insurance does under one umbrella.

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, the UStiA website, www.ustia.org.

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