

Travel insurance

Travelling is exciting, but even though we don't want to think about it, there are lots of things that could go wrong. Buying travel insurance is a great way to protect yourself against some of the risks that might arise when travelling.

This guide provides some information on what travel insurance covers, as well as some tips on what to think about when buying insurance and what to look out for to make sure you're covered.

Why buy travel insurance?

Travel insurance will cover you for certain things that may go wrong when you travel. This includes things like:

- losing luggage or personal items like jewellery or electronic devices
- medical expenses if you're injured or get sick
- stolen items, including your passport
- cancellations or delay to your travel plans which aren't your fault
- rental vehicle insurance excesses
- liability if you damage someone else's property.

While insurance can't cover every situation, it helps to give you some peace of mind when travelling.

TIP



Call a number of insurers when you're looking at buying travel insurance. Each insurer's policy wording is slightly different and one might suit you and your travel plans better than another.

Important things to tell your insurer

Do you have any pre-existing medical conditions?

It's incredibly important that you tell your insurer about all medical conditions that you know you have or are taking medication for. If you don't tell your insurer about a pre-existing condition then it is possible that your policy could be avoided. If they're

not automatically covered (check your insurer's website to find out, they usually list which pre-existing conditions are automatically covered), you might be able to buy extra insurance to cover your condition. But be aware that not all conditions can be covered.

Important: Pre-existing conditions also include symptoms you have spoken to a doctor about, even if you weren't formally diagnosed.

Pregnant?

Travel policies generally only provide cover up to a certain number of weeks of a pregnancy and exclude some costs relating to pregnancy.

Make sure you tell your insurer if you're already pregnant when you take out insurance cover, or if you fall pregnant before you leave on your trip.

What's your age?

Insurers generally have age limits on their policies but will often have specially tailored policies for seniors. Make sure you're aware of your insurer's age limit and that the policy is right for you.

What are you planning on doing on your trip?

Travel policies don't automatically cover all activities you might be planning to do, so it pays to ask. Examples of activities commonly excluded are:

- rock climbing
- scuba diving
- parasailing or hang gliding
- hunting
- white water rafting
- off piste skiing or snowboarding
- riding a scooter or moped

If you're not sure whether your activity will be covered, talk to your insurer and they might be able to offer extra cover for an additional premium.

Are you taking valuables on your trip?

If you're planning on taking your digital SLR camera for that perfect holiday snap, or grandma's antique necklace for a fancy business dinner, make sure you tell your insurer when you take out cover. There may be limits on the amount of cover available for high-value items, or you may have the option of buying additional cover for individually specified items.

TIP



Take out your travel insurance as early as possible after you book your tickets. That way, the insurer will 'be on risk' and you will be able to make a claim if something happens to disrupt your travel before you leave (like a volcano erupting in the country you're travelling to, or you getting sick).

Some important things to be aware of

Excesses

Take note of any excesses that apply under your policy – that is the amount that you will have to pay if you make a claim. There may be different excesses in your policy depending on the type of claim. Some insurers may have set excesses, and others might let you choose an excess. If you can choose your excess, the general rule is that the higher the excess, the lower the premium you will pay for the policy.

Exclusions

Travel insurance doesn't cover you for absolutely everything and sometimes they won't cover you even when your travel plans are interrupted by an event that isn't your fault (like Covid-19). Some common exclusions you should look out for and make sure you understand are:

- unattended luggage
- being under the influence of drugs or alcohol
- financial failure of an airline or tour operator
- elective medical or dental treatment
- war and terrorism
- pandemics or epidemics

Important: This list doesn't cover all possible exclusions. Make sure you carefully read the general exclusions in your policy wording.

Cover isn't always unlimited

There will often be limits to the amount of cover available under each section of your policy. For example, there might only be \$5,000 in total for lost luggage, or a limit of \$200 per day to cover expenses if your travel is delayed. Make sure you check your policy wording for the limits if you make a claim.

Cooling off periods

Some insurers include a "cooling off period" in their policies, which is the period of time you can change your mind about your insurance policy if you realise it doesn't suit your needs and ask for a full refund. It's important to know that you can't cancel your policy within the cooling off period if you've already started your trip.

Look after your possessions

You are unlikely to be covered for a claim if you leave your valuables or baggage unattended. So, make sure you keep an eye on your suitcase at the airport, and don't leave your passport sitting out on the table at a café. It is also likely that your insurer will require you to make a police report as soon as possible after realising that something has been stolen or lost.

Rental vehicles

You should be aware that travel insurance for rental vehicles tends to be quite limited. Most policies will pay the lesser of either the rental vehicle's excess, or the damage to the vehicle. If you're driving overseas, you should take out a comprehensive motor vehicle insurance policy through the vehicle hire company. If you have an accident or damage the vehicle, you will have to pay the vehicle hire company directly and claim back costs from your insurer.

Insurer consent

You should be aware that under some sections of your policy, you must get approval from your insurer before incurring costs. A good example of this is often found under the liability protection section of a travel policy. Make sure you know if there are any situations where you would have to speak to your insurer before incurring costs.

Changing your mind about travelling may not be covered

It's possible that you might change your mind about going on your trip because you might feel unsafe

about your travel destination, or a family member falls ill. It's important to know that if you decide not to travel, and it's not because of medical advice or a travel advisory indicating that New Zealanders should not travel to a particular destination, this may be considered disinclination to travel. It's unlikely that you will be covered for any costs due to disinclination by your insurance policy.

Credit card insurance

Free travel insurance can be a great benefit to having a credit card, but it's important to know that some credit card travel policies don't provide as comprehensive cover as others. There might also be conditions you have to meet in order to be eligible for cover. The conditions might include:

- activating the travel insurance policy
- paying for a certain dollar amount of your travel on the credit card
- not travelling for longer than a specified period
- declaring all pre-existing medical conditions, undertaking a medical examination, or paying an additional premium.

Check the policy wording carefully to see what needs to be done to activate the policy. You should also make sure that the policy covers the activities you're planning on doing during your trip and take out extra cover if you think you need it.

TIP



You can get emergency assistance from your travel insurer 24 hours a day, so make sure you keep their number somewhere handy in case you need to contact them

Make sure you read your insurance policy

Important: When you receive your travel insurance policy wording, make sure you read it. If there is anything that you don't understand, or if you're unsure whether something is covered, ask your insurer.

Travel advisories

From time to time, insurers will release travel advisories to let people know what they consider to be 'known events'. Examples of 'known events' include the eruption of Eyjafjallajökull in Iceland

in 2010, or the riots in Hong Kong in 2019. Once a 'known event' has been declared, it's unlikely that your travel insurance policy will cover you for cancellations, delays or other losses caused by the event.

Insurers will have their travel advisories available on their websites. You should have a look if there are any current advisories when you take out cover.

Still have questions?

Check out the ICNZ website <https://www.icnz.org.nz/understanding-insurance/types-of-insurance/travel/> for more details, or give us a call on 04 472 5230 or email us at icnz@icnz.org.nz.