

Travel insurance – common exclusions

It's a good idea to take out a travel insurance policy when you're travelling to protect yourself against things that can go wrong when you're abroad. But travel insurance policies don't cover you for absolutely everything. This guide sets out some common travel insurance policy exclusions that you should be aware of.

Disclaimer: this guide doesn't cover all possible travel insurance exclusions. Make sure you read your policy carefully and talk to your insurer if it's not clear what you're covered for.

Why can't a travel policy cover everything that might happen when travelling?

There are a number of reasons why a travel policy can't cover every single scenario that might arise while you're travelling, but there are two key reasons:

- some risks are just too big or uncertain to measure, and can't be covered: insurers rely on data to measure and price risk, but for situations like pandemics or the financial collapse of an airline, there is too much uncertainty for an insurer to make an accurate assessment of the risk.
- some things that happen are foreseeable: a key principle of insurance is unforeseeability (meaning that something is not reasonably able to be expected or anticipated). It does not cover things that you know, or ought to know, are going to affect your travel such as a forecast tornado or changing your mind about your plans.

Pre-existing conditions

Not declaring pre-existing conditions, or not realising that pre-existing conditions have to be declared, is one of the main areas that can trip travellers up.

What is a pre-existing condition?

A pre-existing condition is a disease, illness, medical or dental condition or physical defect that has required a hospital visit in the past 12 months or that you take medication for. It also includes things that are under investigation but not yet diagnosed.

While insurers generally provide automatic cover for some pre-existing conditions, there are some things that they cannot cover.



Disclose all your pre-existing conditions or symptoms

Make sure you disclose all pre-existing conditions or symptoms you're aware of when you take out insurance. That way, you'll know exactly what is covered and what isn't, and what might be able to be covered if you pay an extra premium.

Known events

Cover is excluded for "known events" such as volcanic eruptions, storms and riots. This is because the chance of you having to make a claim due to delay or travel cancellation is no longer unforeseen – which is a key principle of insurance cover.

What is a known event?

"Known events" are events that it can be expected travellers will know about. That might be because there is coverage about them on the news or social media. Many insurers will provide information about known events on their websites and you can check for travel advisories on [MFAT's SafeTravel website](#).

Insurers will often decide the date that an event became known about and will provide cover for the event for policies taken out before that date, but not for policies taken out after the date. Travel advisories issued by insurers will give specific information about what can and can't be claimed once there is a known event.



In 2019 Hurricane Dorian was threatening parts of the USA and was expected to cause flight delays and cancellations.

One insurer issued an advisory to say that if people were already travelling and were affected, they would be covered. If people had taken out insurance but hadn't yet left Aotearoa New Zealand, they would also likely be covered. However, if anyone took out insurance after the advisory was issued, they would not have cover for claims arising from Hurricane Dorian.

Reasonable care

Insurance policies all contain "reasonable care" clauses which mean that you need to look after yourself and your possessions when you're travelling or you might not be covered. If you are acting dangerously or recklessly and that behaviour results in a claim, there is a chance that it will be excluded. Not taking reasonable care could also include not showing up for your flight on time, failing to get the necessary visa for travelling, or leaving your luggage unattended in a public place.

UNREPORTED LOSS OR THEFT

You may not be covered if you lose money, luggage, passports etc. or they are stolen, and you don't report it to the appropriate authorities.

Insurers will rely on the report you have made that details the lost or stolen items when assessing your claim. It may mean that they are not able to accept the claim if they can't verify what happened and what is missing.

Activities and adventure activities

There are some activities that aren't automatically covered when you're travelling because of how risky they can be. This could include snow sports, riding a scooter or moped, jet skiing and horse riding as well as other "adventure" activities like rock climbing and sky diving.

Tell your insurer about your plans

If you've got particular activities planned during your trip, it is best to let your insurer know so they can confirm whether you're covered or give you the opportunity to pay extra premium to get cover.

Pregnancy

Travellers should be aware that most policies have restrictions on cover for pregnancy-related claims. Cover will be tied to a certain point in the pregnancy (e.g. up to 24 or 25 weeks), but this can vary from insurer to insurer, so if you're pregnant, or intending on getting pregnant, it pays to check.

Age restrictions

There are also usually age limits on policies (e.g. under 70 or 74 years old). While you might still be able to take out a policy if you are above the age limit, it will likely cost extra premium. This is because people above a certain age often have more health conditions and are a riskier group to insure.

It pays to look at different insurers' policies when taking out cover as the age limit varies from insurer to insurer.

ALCOHOL OR DRUG IMPAIRMENT

If you make a claim because of something you did while impaired (e.g. drink driving) it is likely to be excluded.

Medical or dental tourism

Dental care and medical expenses can sometimes be costly in Aotearoa New Zealand. But you should be aware that if you're planning a trip overseas to have surgery you might need special insurance. Most insurers will only provide cover for emergency medical or surgery costs – not costs you incur from a planned medical or dental procedure.

Epidemics and pandemics

Claims arising from an epidemic or pandemic are generally excluded by travel policies. This is because the risks are so uncertain and difficult to price. Some policies will rely on the WHO to determine whether there is a pandemic or epidemic.



COVID COVER

Note that most insurers now offer cover for COVID-19, but only where an individual is affected, not where costs are incurred due to government directions like lockdowns or quarantine orders.

Financial collapse of a travel company or airline

If the travel agent you have booked through or the airline you're flying with goes bankrupt or is liquidated etc. that will not be covered by your travel policy.

Commercial decisions by a travel carrier

Commercial decisions made by your airline or cruise company, like cancelling or rescheduling a flight or cruise, will not be covered by your policy. The airline or cruise company should be responsible for additional costs you incur because of their actions.

Hiring a rental vehicle

While travel policies often provide cover for a rental vehicle insurance excess, they do not generally provide cover for damage, theft or liability from using a hire vehicle. Insurance for the vehicle will generally be included in the daily hire rate, but you should always confirm that is the case before you start off on your road trip.



What can I do about exclusions?

Ask your insurer

Insurers will often provide extra cover for things that are normally excluded if you're willing to pay an additional premium. Talk to your insurer if there's something specific you need cover for.

Shop around

Travel policies vary from insurer to insurer, so look at a number of policies and their terms, conditions and exclusions before purchasing.

A couple of extra points to keep in mind

Limits on cover

Some personal items have limits on how much cover is automatically provided (e.g. cameras have a limit of \$1,000). If you want more cover than the standard policy limit for a specific item, you will need to tell your insurer, and likely pay additional premium.

Restrictions on length of a trip

Some policies have restrictions on how long a trip can be (e.g. 60 or 65 days). If your trip is longer than the specified timeframe in the policy, you will not have cover for any of your trip.

EXAMPLE

a couple takes out a travel insurance policy for their trip to Europe. The policy has a trip limit of 60 days, but the couple will be abroad for 62 days. They think that they will be fine because their policy will cover them for the first 60 days, and they will pay themselves if something were to go wrong on the final two days. On day five of their trip, one of their suitcases is stolen while they're making their way through a busy train station. They contact their insurer to make a claim only to find that there is no cover because their trip is longer than the limit in the policy.



Still have questions about exclusions?

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.