Choosing The Right Travel Insurance

BY Ms Koh Yen Yen

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“Do I need Travel Insurance?”

- 60% of travellers purchase travel insurance (NATAS Survey Feb 2011)
- 30% in Year 2004 (ZaoBao 21.7.04)
“Touch wood! I am perfectly healthy!”

“I am already well covered by life, health and personal accident insurances.”

“I am travelling to a city, medical care is available at every corner of the street!”

“The place that I am travelling to is very safe, it is not a prone to natural disasters.”

“I am not bringing along expensive stuff, I don’t care if I lose them.”

“My credit card company provides complimentary travel insurance coverage when I travel”

“I am a very lucky man, I have made so many trips, and never once had any accident!”
Main Assumptions

Luck is always with me

Everything has been carefully planned

Nothing will go wrong
### Other Assumptions

<table>
<thead>
<tr>
<th>Category</th>
<th>Assumptions</th>
</tr>
</thead>
</table>
| Healthy                          | • No accidents  
• No Minor illnesses e.g. fever / flu                                    |
| Existing Policies                | • Has the coverage needed during the trip  
• Limits are adequate                                                      |
| Medical Facilities               | • Can afford the cost of the treatment  
• Know where to find medical help                                           |
| Well Planned                     | • No unexpected events                                                       |
| Credit Card Coverage            | • Covers the whole trip  
• Has the coverages needed during trip                                       |
| I don’t care & Can Afford       | • Don’t mind losing baggage or deposit  
• Travel/baggage delays doesn’t bother me                                   |

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WITHOUT TRAVEL INSURANCE?
Illustrating its importance
BEFORE THE TRIP
‘What ifs’ Before the Trip:

Scenario 1 –

Your children are looking forward to a 5-days trip to Hong Kong next week.

<table>
<thead>
<tr>
<th>HFMD!</th>
<th>Costs</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Daughter to be quarantined</td>
<td>• Tour Package for 4 persons = S$3,000</td>
<td>• Pays Non-refundable travel costs as much as $20,000 (Family)</td>
</tr>
<tr>
<td>• Family decide to cancel trip</td>
<td></td>
<td>• Family Plan Premium S$90 - $120</td>
</tr>
</tbody>
</table>
**‘What ifs’ Before the Trip:**

Scenario 2 – 60 days away from a romantic time in Maldives for your honeymoon!

<table>
<thead>
<tr>
<th>Agency Collapsed!</th>
<th>Costs</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Financial Collapse of Travel Agency</td>
<td>• Loss of fees paid for Tour Package of S$5,000</td>
<td>• Non-recoverable fees paid $1,000 to S$12,000 (per person)</td>
</tr>
<tr>
<td>• Cannot proceed with trip</td>
<td></td>
<td>• 5D Premium for 2 to Maldives = $120 to $150</td>
</tr>
</tbody>
</table>
### What ifs’ During the Trip:

Scenario 1 – Family Bonding – Skiing fun in Korea!

<table>
<thead>
<tr>
<th>BAM!</th>
<th>Loss</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wife collided with another skier!</td>
<td>• Evacuation</td>
<td>• Medical: $500,000</td>
</tr>
<tr>
<td>• Severe leg injury</td>
<td>• Medical Fees</td>
<td>• Evac: $500,000/Unltd</td>
</tr>
<tr>
<td>• Evacuate from ski resort to hospital</td>
<td>• Accommodation &amp; transport for family</td>
<td>• Accommodation/Travel: $3,000 to $25,000 per pax</td>
</tr>
<tr>
<td>• Repatriation to Singapore</td>
<td>• Repatriation</td>
<td>• 7D Family Premium = $120 to $165</td>
</tr>
<tr>
<td></td>
<td>• Total S$90,000</td>
<td></td>
</tr>
</tbody>
</table>
During the Trip:

Scenario 2 – Happily snapping pictures of the majestic Pyramid, felt a little tug....

<table>
<thead>
<tr>
<th>GONE!</th>
<th>Costs</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wallet</td>
<td>Travel to Embassy</td>
<td>Travel &amp; Hotel expense, Replacement of Travel Docs $3,000 to $5,000</td>
</tr>
<tr>
<td>Passport</td>
<td>Accommodation/Travel Expenses</td>
<td>Loss of Money $300 to $500</td>
</tr>
<tr>
<td></td>
<td>Loss of cash</td>
<td>7D Premium for 2 pax S$140 - $180</td>
</tr>
<tr>
<td></td>
<td>Total S$5,000</td>
<td></td>
</tr>
</tbody>
</table>
### ‘What ifs’ During the Trip:

Scenario 3 –

**Had a great time in London! Looking forward to Laksa, Chicken Rice ...**

<table>
<thead>
<tr>
<th>Snow Storm!</th>
<th>Costs</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• All Flights Cancelled</td>
<td>• Costs of alternative Accommodation</td>
<td>• Cash Benefit for Travel Delay max S$1,000</td>
</tr>
<tr>
<td>• Bad weather will continue for at least a week!</td>
<td>• Additional transportation costs</td>
<td>• 10D Premium to London S$85 - $120</td>
</tr>
<tr>
<td></td>
<td>• Total S$2,000</td>
<td></td>
</tr>
</tbody>
</table>
AFTER THE TRIP
‘What ifs’ After the Trip:

Yummy oysters at a fancy restaurant in Melbourne Airport just before boarding the plane home

<table>
<thead>
<tr>
<th>UPSET!</th>
<th>Costs</th>
<th>Insurance Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Stomach upset on flight</td>
<td>• Cost for the 2 rounds of medical treatments including injection</td>
<td>• Medical expenses on return to Singapore $12,000 to $30,000</td>
</tr>
<tr>
<td>• Medical treatment at airport</td>
<td>• Total S$250</td>
<td>• 5D Premium to Australia $40 - $60</td>
</tr>
<tr>
<td>• Follow-up treatment</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
TYPES OF PLANS
And their Common Benefits
# Common Benefits

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Basic</th>
<th>Packages</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personal Accident</td>
<td>Yes</td>
<td></td>
</tr>
<tr>
<td>2a. Medical Expenses - Overseas</td>
<td>Yes</td>
<td>Yes Level of coverage differs by plans</td>
</tr>
<tr>
<td>2b. Medical Expenses – Return Singapore</td>
<td>No</td>
<td></td>
</tr>
<tr>
<td>3. Trip Cancellation / Curtailment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Travel Delay / Baggage Delay</td>
<td>No /</td>
<td></td>
</tr>
<tr>
<td>5. Emergency Medical Evacuate/Repatriate</td>
<td>Limited</td>
<td></td>
</tr>
<tr>
<td>6. Loss or Theft of Personal Effects</td>
<td>No</td>
<td>Differs by Plan</td>
</tr>
<tr>
<td>7. Others</td>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

!!! Coverage differs among insurance companies and by plans
Common Exclusions

- Pre-existing Conditions
- Self-inflicted injuries
- Radioactivity from nuclear materials
- War & Civil Commotions
- Trip Cancellation due to Natural Disasters
- Travel to specific countries such as Afghanistan
- Engaging in hazardous/military/sports activities

!!! Exclusions differs among insurance companies and by plans
Selecting the Right Policy

Not by Chance!
Not by Price alone!

Questions to Ask:

1. Single Trip Plan or Annual Plan?
   - Annual for frequent Travellers: cost & convenience
   - maximum 90 days per trip

2. Individual Plan or Family Plan?
   - Family Plan can cover: Insured, spouse & children
   - Single trip Family Plan can cover: 2 adults & their related children

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Selecting the Right Policy

3. How much to cover?
   – How much coverage do you have currently?
   – Where you are travelling to?
     • Are medical facilities readily available?
     • Likelihood for natural disasters or bad weather
   – What is the cost of medical treatment?
Selecting the Right Policy

4. Other requirements
   – Purpose of my trip? Business or leisure?
   – What are the activities during your trip?
     • Adventure, sightseeing?
     • Adventure Trip? Scuba-diving or Skiing? Covered?
   – Self-Drive Trips?
     • Select Plan with Rental Vehicle Excess coverage
Selecting the Right Policy

5. Coverage Expectation?
   – Accident & Medical only?
   – Evacuation & Repatriation
   – Cash Benefits for inconveniences

6. Budget for Insurance?

!!! Coverage & Exclusions differs among insurance companies and by plans
When to Buy?

As soon as you make initial deposit for the trip

• To maximize Cancellation of Trip Benefit
• To enjoy Financial Collapse of agency coverage
• Some policies require you to make purchase x-no. of days before date of departure

Changes to your Trip?

• Policy can be amended
• No refund for Single Trip policies in view of pre-trip coverage
Where to Buy?

- Insurance Intermediaries e.g.
  - Agents, brokers, financial advisors
  - Sales representatives of travel agencies
  - Banks

- Directly from insurance companies
  - Various platforms for purchasing
  - Policy wordings available online
  - Call insurers for clarifications
More Information?

Visit **General Insurance Association (GIA)** website [www.gia.org.sg](http://www.gia.org.sg)

Consumer Guide ‘**About Travel Insurance**’

- Why need Travel Insurance?
- Types of coverage
- Benefits, limitations, exclusions
- FAQ on claims & exclusions
- How to ensure premium remains affordable
Thank you for your attention