

Article Submitted by BLN Retiree Travel Focal, Vicky White,

(by Melanie Pinola and Lisa Rowan, [2/14/20](#))

Every time you buy a plane ticket, cruise trip or other travel tickets, you end up getting asked the same thing: Do you want to add travel insurance for just a few extra dollars? In that moment, you're probably excited about buying your tickets and making plans, not thinking ways you can pay more for insurance for—what exactly?

Travel insurance sounds like one of those [types of insurance you don't need](#), just like [extended warranties](#) are generally not worth it. But in some cases, shelling out for travel insurance is a smart move. Let's take a look at your options and when travel insurance makes sense or doesn't.

What travel insurance covers and how much it costs

You can get travel insurance from a number of sources: the airline or cruise carrier directly, an independent travel insurance agency, and, sometimes, your credit card. **Travel insurance typically costs between five and 10% of your trip cost**, according to travel insurance comparison site [SquareMouth](#).

The insurance coverage varies by your carrier as well as the individual policy you purchase. Overall, though, travel insurance is meant to protect you against unforeseen travel misfortunes, like an illness that forces you to cancel your trip.

There are four main types of coverage included in most travel insurance:

Trip cancellation and trip interruption insurance

This reimburses you for non-refundable travel costs if your trip is cancelled or seriously delayed due to a natural disaster, illness, or if your [carrier goes out of business](#). Independent and carrier-provided insurance policies offer protection up to the amount you purchased.

One aspect that can raise the cost of your travel insurance policy is ["cancel for any reason"](#) coverage. If you want this coverage, you must buy your policy within two or three weeks of making your trip deposit or buying your tickets. It gives you the right to cancel up to a few days before your departure date and get a refund of about 50% to 75% of your costs.

It may seem silly to get insurance for simply changing your mind. But some reasons you might need to cancel your trip wouldn't be covered by regular cancellation insurance, like a job loss that dramatically reduces your income or the illness of a family member.

Baggage and personal items coverage

If someone steals something from your bag or your [luggage is lost or delayed](#), travel insurance will pay you for the trouble of replacing your personal gear.

You usually get coverage of up to \$500 per delayed bag and up to a few thousand dollars for a lost bag.

Travel accident insurance

Just as you wouldn't want to go without medical insurance in everyday life, when you're traveling abroad it's important to stay covered in case of accidents.

Coverage typically includes doctor visits, ambulance rides, hospital stays and prescription medication. It may also cover the cost of evacuation to get you back home during a medical emergency. This category typically covers costs up to \$100,000-\$200,000.

Accidental death or dismemberment insurance

If someone in your party dies or suffers a life-altering accident (e.g., losing eyesight), this insurance feature pays out up to about \$500,000, depending on the situation.

So, is travel insurance worth it?

As with other insurance policies, buying travel insurance (or not buying it) is a gamble. You don't want to ever regret *not* buying the insurance, but you also don't want to pay for something you don't need. Looking at the list above, you might already be covered for some of these items elsewhere—perhaps you already have life insurance that covers death or dismemberment or health insurance that covers emergencies abroad.

Two rules of thumb: Travel insurance is worth it when you're traveling abroad and your health insurance doesn't cover emergencies outside of your country, or when a large portion of your trip is non-refundable.

For everything in between, consider how much a financial disaster it would be if something bad happened on your trip or you had to miss it. Here's a three-step process to decide, in case you're still not sure:

Decide how much is at stake if something goes amiss on your trip

You probably don't need travel insurance if you got one of those cheap last-minute flights. Travel insurance would cover lost bags and delays, but the policy price wouldn't be worth it for most people. If you're on an expensive trip, though, or there are more chances something will go wrong (you're traveling to Chicago during the winter, for example, or to the Caribbean during hurricane season), you'll probably want to insure it.

Figure out if your credit card offers travel insurance

If your credit card offers travel insurance—most rewards cards [offer some coverage](#), with the exception of Discover—read the fine print to see if it would take care of your insurance needs. Any travel plans you want coverage for must be booked on the credit card that offers travel insurance.

If you opt for your credit card's travel benefits, [carry the coverage details](#) with you so you don't have to scramble in the event of an emergency. And if you need to [file a claim, do it ASAP](#)—cards tend to have a claim window of about 30 days after an incident—and [keep all receipts](#) from any expenses incurred during the emergency.

Keep in mind that travel accident and emergency medical coverage is less likely to be covered by your credit card. If this is a concern, you'll probably still want to explore a separate travel insurance policy.

Find out how much travel insurance costs for your trip

Use comparison sites like [InsureMyTrip](#) and [SquareMouth](#) to compare independent agency policies available for your trip. While the insurance offered by airlines and cruise lines are often comparable (and often provided by the same third-party insurers), it's hard to read the fine print of what your coverage will be when you've got tickets in your checkout cart. the independent insurers are usually a bit cheaper, too.

Finally, remember that you have to get insurance *before* your trip starts; it won't protect you if you get the insurance after an accident happens or your trip is cancelled. That would be like trying to get home insurance after your house has already burned down.

This post was originally published in 2014 and was updated in February 2020 to provide more current information.