

# Taking A Tour? Here's Everything You Need To Know About Travel Insurance

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*I'm a consumer advocate. I write about customer service.*

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If you're taking a tour, you probably need travel insurance. Here's what's new. GETTY

If you're thinking of taking a tour on your next vacation, you're in good company. A recent survey of tour operators by the United States Tour Operators Association expects bookings will rise between 7% and 10% this year.

That's a lot of tours worth an estimated \$9.75 billion — and a lot that can go wrong.

Fortunately, travel insurance is keeping up. Earlier this year, for example, Travelex Insurance Services teamed up with Collette Travel Service, a popular tour operator, [to start selling travel insurance policies directly to customers.](#)

"We're ready and excited to serve Collette's travelers as they explore the world," Travelex CEO Shannon Lofdahl said.

Travelers may find that exciting, too, especially if they get into trouble on their next vacation.

After all, some of the worst travel horror stories involve tours gone awry (I report them on my [consumer advocacy site](#)). Almost always, travel insurance could have saved the day. And almost always, the consumer has either no insurance or the wrong kind of insurance, or is relying on flimsy credit card coverage. Collette's [travel protection plans](#) provide daily expense stipends, as well as coverage for trip interruption, baggage loss, missed connections and medical expenses, according to the company.

"Travel insurance is as relevant to somebody on a tour as it is to anybody else," explains Jesper Lykke, a senior sales executive at [Trawick International](#).

He says coverage bought directly from a tour operator rather than from a travel insurance company is similar. However, there are some important differences. Specifically, you'll need to pay attention to benefits and coverage. And there's one big catch when it comes to tours that are self-insured. I'll get to that in just a moment.

But before we go there, let's answer a more basic question: Why even bother insuring your tour?



Do you need travel insurance? You might, say experts. GETTY

## Why do you need travel insurance for a tour?

Travel insurance for tours doesn't just cover you for the usual issues like trip disruptions and medical emergencies. Tour operators may also require that you pay

some or all of the cost of a tour in advance with a nonrefundable deposit. So if you have to cancel your tour because of an unexpected situation, you'll forfeit some or all of your deposit — unless you have insurance.

"Travel suppliers often take a hard line in regard to refunds," says Daniel Durazo, director of external communications at [Allianz Travel Insurance](#). "Generally, they will not deviate from their refund policy, regardless of the circumstances. That's why many encourage their customers to purchase travel insurance and often partner with travel insurance providers to offer policies, manage and pay claims, and provide travel assistance should a customer need help while on their tour."



Did you remember to pack your travel insurance policy? Here's what you need to know about your ... [+] GETTY

## What kind of insurance coverage do you need if you're on a tour?

But just because your tour operator sells insurance, does that mean you need it? Maybe, says John Cook, president of [QuoteWright.com](#).

"There are a couple of obvious things to look for when considering travel insurance offered by a tour company," he says.

1. Are the limits for medical coverage and medical evacuation adequate for the traveler's needs and the destination of the trip? If you're a senior and traveling outside the United States, you would most likely need a medical expense benefit of at least \$50,000 to protect you in case of a medical emergency.
2. Will the offered plan cover pre-existing medical conditions?

3. Is the plan a flat rate regardless of age? Or is it age-based?

4. Will the insurance offered by the tour company cover optional pre- or post-tours? Some plans only cover the travel arrangements that are included in the tour.

5. Is the trip cancellation coverage self-insured by the tour company? Tour operators are allowed by law in most states to self-insure coverage for their own cancellation penalties. That means they are not allowed to insure post-departure coverage such as trip interruption, medical expense, medical evacuation, and baggage loss.

Sometimes it's difficult to determine if trip cancellation coverage is self-insured because of the way the offering is presented.

Cook says you have to pay attention to the wording in the policies. For example, if a company uses the word "waiver" to describe the trip cancellation coverage or pays a benefit in the form of a credit, it is likely self-insured.

"Also, are claims handled by the tour company or by a bona fide, licensed insurance company?" he says.

And finally, does the policy cover a financial default of the tour company? If it does, it's probably not self-insured.



Here's what you need to know before you buy a travel insurance policy. GETTY

**What else do you need to know about travel insurance for tours**

Dan Skilken, president of [TripInsurance.com](https://www.tripinsurance.com), says there are a few things about travel insurance for tours that people don't commonly know.

- It's illegal for any tour operator to require a traveler to buy travel insurance from them, or for them to bundle travel products with travel insurance, including bonus travel credits. Years ago, some online travel agencies tried to pre-check the boxes on buying travel insurance for your "convenience" but were stopped by consumer protection agencies.
- All travel insurance sold by tour operators is a commercial product that's customized for the tour operator.
- Insurance from a self-insured tour operator will not cover you if the tour operator goes bankrupt. Many times the "cancel for any reason" provisions are just credits for a future tour, and not cash back. It's important to read the fine print on your policy to avoid any surprises.

Skilken says it's always a good idea to shop around for a policy if you're taking a tour. You might find a policy with better coverage — and that will cover you in the event of a bankruptcy — by searching online or talking to your travel advisor.



Before you buy travel insurance, experts say you have to read the fine print. GETTY

## **Most important, *always* read the fine print**

I've handled hundreds of cases as a consumer advocate in which a tour went sideways. They include cancellations, medical emergencies and missed connections. Just this year, we saw the bankruptcy of a large tour operator in Massachusetts, which took millions of dollars of customers' money with it.

The biggest takeaway for customers is this: If your tour operator is offering self-insured travel insurance that specifically doesn't cover a financial default and is offering a substantial discount for paying in cash, that's an enormous red flag. You're better off choosing insurance from a reputable travel insurance company (and a reputable tour operator, for that matter).

How do you know if you're dealing with a tour operator that's on the up-and-up? You have to do your homework.

"If a tour operator works with a travel insurance company, they should state that clearly on their website. It will say something like, 'Travel insurance is underwritten by ...' or 'Insurance benefits are provided by ...,'" says Angela Borden, product strategist at [Seven Corners](#).

That may require some digging on your part, but it's worth it.

"Remember to read the fine print," says Narendra Khatri, principal of [Insubuy](#).

"Don't take the tour operator at their word. You can save a lot of money if you're careful when choosing coverage."



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[Christopher Elliott](#) is the founder of [Elliott Advocacy](#), a 501(c)(3) nonprofit organization that empowers consumers to solve their problems and... **Read More**