











# TRAVEL INSURANCE SAFETY CHECK

January 2021

When shopping for travel insurance, perform a safety-check. Assess the safety of a policy's terms and conditions based on the checklist below. Otherwise, certain policy clauses could defeat a claim leaving your own assets at risk.

 <b>Passed Inspection</b>	 <b>Requires Attention</b>
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**Circle the appropriate Result**

<b>DOES YOUR POLICY CONTAIN THE FOLLOWING?:</b>	<b>RESULT:</b>	<b>COMMENTS:</b>
<p><b>Misrepresentation/Non-Disclosure Clause</b>            (“One Strike and You’re Out Clause”)            In the event of an inadvertent inaccuracy (erroneous answer) on the medical questionnaire), does the policy contain a clause whereby the insurer may VOID the entire policy even if the misanswered question may be unrelated to the medical claim incurred on the trip?</p>	 	<p>This is by far one of the most punitive clauses in a travel policy. <b>Unless the policy has a “Compassion Clause” providing eligible insured with a maximum penalty cap due to an inadvertent error, move on</b>            Why leave thousands or perhaps hundreds of thousands of dollars of your assets at risk?</p>
<p><b>Change of Health condition.</b>            (“Open Barn Door Clause”)            Insurer <u>requires notification</u> should health change between application and departure (effective) date.</p>	 	<p>How can you make advanced travel plans with a high degree of certainty if you can’t count on your policy covering you on departure? Once changes are reported, Most Insurers may cancel the policy, revise premium and/or not cover unstable conditions. <b>A preferred Policy would not contain a change of health clause.</b></p>
<p>“<b>Stability Period</b>” re: Pre-Existing Conditions. Does the policy exclude conditions under “treatment” even if stability has been achieved?</p>	 	<p>The stability period required for coverage of pre-existing conditions may be based on your age or risk category. Check the policy for required number of days. The shorter the timeframe, the better.</p>
<p><b>Optional Stability Rider</b> Typically, travel insurance will not cover unstable pre-existing conditions, which could include a new diagnosis, change of medication type or dosage, or a worsening condition.</p>	 	<p>If you have a current unstable condition, what are your options? Stay home or risk travelling with no coverage. Most insurers will typically exclude coverage for unstable health conditions. Consider a policy, which offers an optional rider covering unstable conditions. Particularly valuable for annual multi-trip plans where conditions are covered for the year.</p>
<p><b>Call Before Treatment:</b> Failure to call the Assistance company to have the emergency tests or surgery pre-approved may lead to the insurers denying part of the claim or even paying a reduced capped amount.</p>	 	<p>If a policy wording includes a penalty for not having emergency tests or a surgery <u>pre-approved</u>, move on. While it is important to call as soon as possible, having to pay up to 30% of the claim or seeing it capped at \$25,000 is punitive.</p>

## TRAVEL INSURANCE SAFETY CHECK (CONT'D)



Passed Inspection



Requires Attention

*Circle the appropriate Result*

**DOES YOUR POLICY CONTAIN THE FOLLOWING?:**

**RESULT:**

**COMMENTS:**

**“Return to Canada Ultimatum”** The latest trend is to **cancel the policy** during a sudden **advisory** if an insured does not return to Canada within the insurer’s specified timeframe.



Paying close attention to the advisory exclusion post-departure is very important. While it is reasonable to expect coverage restrictions if an advisory is issued prior to departure, why should an insured see his policy cancelled if he refuses to abide by an insurer’s ultimatum to return to Canada? Look for a contract which provides coverage of the specific event for a minimum of 30 days with possibility to extend. More importantly, the policy should stay in force for any emergencies unrelated to the advisory if the traveller decides to stay.

**Insurer Termination Clause: “Terminator Clause”**

Provides your insurer with the **unilateral** right to **cancel the whole contract** without cause or otherwise. Terminator clause can be triggered if you refuse their request to return you to your home province or transfer to their preferred medical facility.



A more favourable clause would end coverage of the **specific condition** rather than outright cancellation of the policy - It’s preferable that your choice of hospital, physicians not be restricted. This also reduces the possibility for insurer’s conflict of interest whereby the insurer’s economic benefit may otherwise take precedence over your best interests in pursuing optimum continuing medical care.

**Extensive List of Exclusions.** A policy’s “Exclusions” and “General Exclusions” sections apply to everyone whether an insured completes a questionnaire or not. Claims can be denied based on those contractual exclusions.



Claims relating for example to: alcohol, pregnancy, or war, etc. may be denied based on those exclusions. Therefore, the fewer the limitations in a policy, the better. Also, check the sports exclusions or activities in which you may engage. A good policy should provide the option to purchase a special Sports & Hazardous activity rider.

**Lapsed Government Health Insurance Plan (GHIP) invalidates most travel insurance plans**



Consider a plan that provides for at least \$50,000 of reduced coverage amount instead of zero if GHIP lapsed at time of claim rather than anytime during the trip duration.

**Mandatory Arbitration Clause: “Thou Shalt Not Sue Us Clause”**  
There is a new trend whereby certain policy contracts now mandate that disputes must be submitted to an arbitrator. Furthermore the decision of the arbitrator is final and may not be appealed to any court.



Why restrict your options in pursuing your right to coverage? Opt for a policy without such restrictions.