



## Lowenstein Sandler's Insurance Recovery Podcast: Don't Take No For An Answer

**Episode 44:**  
**Costs and Benefits to Travel Insurance in the COVID Era**

By [Michael D. Lichtenstein](#)  
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**Michael Lichtenstein:** Hi everyone. It's Michael Lichtenstein, one of your hosts for Don't Take No For An Answer, an Insurance Recovery podcast. Today's topic is going to be travel insurance, something that has become more and more important in the insurance space in light of COVID. My guest today is Laura Heidt. She is the insurance desk manager at Brownell. Brownell is a luxury travel consultant. They've been doing this since like 1887, Laura, I think?

**Laura Heidt:** That is correct. We're the oldest agency in the U.S.

**Michael Lichtenstein:** And, they have helped 70,000+ clients plan really high end travel experiences. So, I thought, Laura, this would be a perfect opportunity to talk to our audience about travel insurance, which, even in my own experience, it's become something I've been thinking about as I travel. So, I thought we could start with, well, what is it?

**Laura Heidt:** Well, really the design of the travel insurance is to minimize your risk and your financial losses so that it really has... It can be very minor circumstances while you're traveling, that you have delayed in luggage and has a benefit for that. But, then also if you needed to cancel, it has cancellation coverage for you to recoup your losses.

**Michael Lichtenstein:** So, talk to me a little bit about why is it so important, especially in light of COVID, that folks who are traveling and spending real money for a high end trip... Why is travel insurance even more important today than it might have been, say, four or five years ago?

**Laura Heidt:** I think that with the COVID that has come into play, we've kind of seen that the increase in insurance that people are wanting to purchase is up about 35% from before COVID and the reason for that is that the underwriters look at COVID just like any other illness so that if you test positive prior to your departure, that is a reason to cancel. It also has benefits while you are traveling if you happen to have to be quarantined. It does have a benefit in there for travel delay to assist with some of your costs that could be incurred.

**Michael Lichtenstein:** So, Laura, do folks have to insure the entire value of their trip or can they decide to take a risk? You know, I'm prepared to take a loss of X but I want to have insurance that'll cover me for the balance of the cost.

**Laura Heidt:** Yeah. The only thing that is kind of in place if you wanted to insure your whole trip is what they call a medical waiver for pre-existing conditions. That, you do have to insure your total trip cost, non-refundable total trip cost, for that to be in place. But, if the pre-existing is not something that's of need, you can definitely self-insure a portion of your trip.

**Michael Lichtenstein:** Does travel insurance...? Can it also provide help? Let's say you're on your trip and something comes up. You get hurt or you get COVID and you have to cut your trip short. Does travel insurance cover losses associated with that?

**Laura Heidt:** Yes. It does have medical coverage. Most policies... We call them comprehensive coverage so that you have many benefits that are in place while you're traveling. Medical... Most of the policies have about 50,000 in medical, so if you did have to... If you've had an injury or sickness and had to be placed in a hospital, it would provide primary coverage for that. And, for COVID, it does have quarantine benefits as well, and then if you are quarantined, it comes into a trip delay and assists with additional flight costs to get you back home.

**Michael Lichtenstein:** So, I've heard of a coverage called cancel for any reason. What is that?

**Laura Heidt:** That is if you... It's very time sensitive. You have to purchase that within 21 days of your initial deposit and you do have to insure the total non-refundable trip cost. But, it does mean that you can cancel for any reason. If you decide you have a fear of travel, you can just say, "You know what? We're just not going to go on the trip." It does need to be canceled 48 hours prior to your departure date on cancel for any reason and you only receive 75% of your trip costs in return.

**Michael Lichtenstein:** But, still, not a bad deal. So, under that type of coverage, you don't have to have either a business excuse or a medical excuse.

**Laura Heidt:** Nope.

**Michael Lichtenstein:** You can just decide I'm not going.

**Laura Heidt:** Yep.

**Michael Lichtenstein:** And, you get 75 cents on the dollar. Is that right?

**Laura Heidt:** Yep. Yep. It's really just cancel for any reason. I use that a lot maybe for people going on honeymoons because you just never know.

**Michael Lichtenstein:** There you go. That's uplifting for our audience. Okay. So, I wondered about cost. Is there a rule of thumb? You know, let's say you're insuring a \$35,000

potential loss. Is there a rule of thumb in the industry of how much, roughly speaking, someone could expect to pay in a premium?

**Laura Heidt:** Yeah. It really... It's done on the trip cost and the age of the traveler. So, it can vary anywhere from a 6% up to 12% of your trip cost, just depending on the age of the traveler.

**Michael Lichtenstein:** So, for my money, anyway, or my view, not a bad price for what I would call sleep insurance.

**Laura Heidt:** Right.

**Michael Lichtenstein:** Right? So, that you kind of have the sense of if something really goes wrong, I'm only out of pocket X. Right?

**Laura Heidt:** Right.

**Michael Lichtenstein:** And, if everything goes right, you fold it into the cost of the trip, and given the types of trips that Brownell agents are planning, you're probably... Probably not going to miss the premium dollars would be my guess.

**Laura Heidt:** Right. We say it's peace of mind so that you can just rest assured that if anything did occur, you do have coverage for your trip cost.

**Michael Lichtenstein:** And, you'd mentioned that now in the time of COVID, that you're seeing a big uptick in the purchase of travel insurance. Has that affected premiums at all? Is it getting more expensive, more affordable, or staying about the same from the underwriting perspective?

**Laura Heidt:** It has not increased in price, but I know that most underwriters or carriers kind of review their losses, so to speak, on a kind of every other year basis. So, I wouldn't be surprised if we do see an increase in premiums in the next 12 to 24 months just because of the amount of claims that has been administered due to COVID.

**Michael Lichtenstein:** I wanted to talk to you a bit about that. I know just from talking to some of my friends and, as you know, one of my family members is in the travel industry, and they just talked about the incredible uptick of cancellations due principally to COVID. I think one of the numbers I've heard was pre-COVID, maybe 5% of trips were being canceled for one reason or another, but in the early stages of the pandemic, they were seeing up to 50%. I mean, an incredible increase in cancellations. So, I'm sort of curious as to what your claims experience has been on the travel insurance policies. I'm an insurance lawyer myself, as I imagine at this point you kind of get that, and we always sort of say insurance companies are great at taking in premiums but not always so fantastic in paying out claims. What has been...? Especially when the rate of claims is rising and perhaps the cost of the policies has not yet caught up to the claims experience. So, what has your claims experience been with these various travel insurance policies?

**Laura Heidt:** I haven't been denied any claims that we have worked with on our travelers. I think the timeframe is much longer. It used to be that a claim would be paid in a month. It's now taking about three to four months before they are finalized, just due to the volume, and that's with every underwriter that we have been working with.

**Michael Lichtenstein:** So, that's... From my perspective as a policy side lawyer, I don't mind the delay as long as it sounds like the claims are actually getting paid. They're being fairly adjudicated even if it's taking a little bit longer to get your money.

**Laura Heidt:** Correct. I think that most of the carriers say that 95 to 98% of claims are paid and it's probably that two to five percent that really wasn't a payable claim.

**Michael Lichtenstein:** You're like now number one in terms of insurance policy category that pays, and it's not close. You're way up there. So, how about insurance companies? Are there particular companies you work with? I mean, is there a difference in the industry? Are there tier one, tier two, tier three? What's your experience with the underwriting?

**Laura Heidt:** Yes. We try to go with partners that offer primary coverage for their medical with no deductibles for any of their benefits. They do vary across the board. Some have if you... Let's just say you have to cancel for a medical reason. Some have very short lookback periods that they would look into your medical history. Some are 60 days. That is our preference. But, some policies have a lookback period of 180 days, which is a very long time period that if you did have something going wrong within that six month period, they could deny that claim. So, we try to look at partners that have a 60 day lookback because that's pretty manageable for people.

**Michael Lichtenstein:** Yep. And, what about premium? Are there major premium differences that you see or are they all pretty close?

**Laura Heidt:** They're pretty close. I'm going to say you may have some companies that are maybe two to three percent less, but they all pretty average about the same. I mean, you know you're going to look at maybe a 50 to \$100 difference.

**Michael Lichtenstein:** And so, I've seen in times past when I've booked some of my own trips... You know, you do these things online and somewhere along the way, you'll be able to click a button and they'll say, "Oh, you can buy insurance for X, Y and Z." And, I had never done it. I feel strongly that you should work with an insurance professional like you. But, what advice do you have for our listeners about that? How important is sort of the agent in that, someone who's experienced and knows the difference between policies and sort of really understands the ins and outs of the coverages that are available for a policy holder?

**Laura Heidt:** Right. A lot of high end suppliers do have options for you to purchase their insurance through the company, the supplier that you're using. But, they're limited to what you can file for. They usually have a limited medical coverage. They also are not able to offer financial default, which we kind of say is in the realm of things these days so that if a supplier had a bankruptcy, you would

not be able to file, where you can with that third party insurance if you go through an advisor.

**Michael Lichtenstein:** Okay. So, I always say you go to a professional. It sounds like you're saying the same thing.

**Laura Heidt:** Right.

**Michael Lichtenstein:** So, any last words just on travel insurance generally for the listeners?

**Laura Heidt:** We just say that our motto is you don't want to leave home without it. You know? That it does give you peace of mind for the unforeseen that could occur.

**Michael Lichtenstein:** All right. Well, there you have it, folks. I can tell you I'm taking a trip on Saturday. I've got travel insurance. So, I... It's... We at least recommend that you think about it, as you say, before you leave the house to go on your trip.

Laura, thank you very much. I really appreciate having you on as a guest. And, for the listeners, this is the end of this episode and we'll see you down the road. Thanks.

**Laura Heidt:** Thank you, Michael.

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