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Choosing Travel Insurance



**AUTORITÉ
DES MARCHÉS
FINANCIERS**



About the AMF ?

The *Autorité des marchés financiers* (AMF) is the regulatory and oversight body for Québec's financial industry. Its mission is to protect the public by applying the laws and regulations that govern insurance, securities (for example, stocks and bonds), deposit institutions (other than banks) and the distribution of financial products and services.

The AMF has published four brochures on insurance. This one will help you choose the right travel insurance and make it easier for you to file any claims you may have. The other brochures are: *Choosing Automobile Insurance*, *Choosing Life and Health Insurance* and *Choosing Home Insurance*.

NOTICE

This brochure is intended for consumers seeking information about travel insurance products offered in Québec. The AMF, its management and staff are not liable for the consequences of any errors in this brochure, which is provided for your information only. The AMF does not offer any advice on the purchase or use of specific financial products or services. This document is not a legal opinion by the AMF and it should not be interpreted as a guarantee by the AMF of the legal validity of travel insurance products currently offered in Québec and the distribution methods used.

This brochure is available on the AMF website.

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Are you planning a vacation or going on a trip?

Have you thought about what insurance you need?

Answer the following questions:

- What would you do if you had to be hospitalized outside Québec?
- Do you know what type of insurance to choose to be adequately protected?
- Do you know where to purchase travel insurance?
- Do you know what information you should give your insurer to avoid unpleasant surprises?
- Do you know what insurance you should have if you rent a car out of the country?

If you don't know the answers to some of these questions, or if you don't like your answers, this guide can help you.

Three steps to choosing the right travel insurance

Step 1: Who offers travel insurance?

Step 2: Evaluate your needs

Step 3: Check the limits and exclusions

Many people don't purchase travel insurance before they travel outside Québec.

A simple trip to a beach or ski hill in Maine or Vermont, even for a few hours, can have serious financial consequences if you're in an accident or an unexpected health problem arises.

Travel insurance provides coverage for people travelling outside Québec. It protects you against certain unexpected situations that can occur during a trip. For example, depending on the insurance product you purchase, it could protect you against the financial consequences of an unexpected health problem or an accident. In certain cases, it can also cover your spouse and dependents.

The term *travel insurance* is used in this document to refer to certain insurance products that are currently offered in Québec. They provide different types of coverage that could be useful during your trip, such as:

- Emergency medical care;
- Trip cancellation and interruption insurance;
- Accidental death or dismemberment insurance;
- Baggage insurance.

Travel assistance service may also be included in the travel insurance product you choose.



1.

Who offers travel insurance?

Workplace group insurance

Several group insurance plans are offered at the workplace. If you participate in such a plan, check whether it includes travel insurance and if so, whether it is enough for your needs. You may already have enough or you may want to add more coverage to the insurance you already have.

Insurance representatives

Travel insurance is offered by certain insurance representatives certified by the AMF. An insurance representative can help you find the insurance that best suits your needs and your situation.

Travel agencies

In some circumstances, travel agencies can sell you travel insurance. The law requires that a person selling you such a product give you a document called a **distribution guide**. This guide describes the insurance product offered and the type of coverage provided and points out the **exclusions**. It must be given to you **before you buy** travel insurance. Take the time to read it to make sure the proposed insurance coverage corresponds to your needs. Don't forget to ask the insurer any questions about the product being offered to you. Also, the law gives you ten days to cancel your contract. Within that time, you can ask for your insurance to be cancelled at no charge.

Insurers and certain financial institutions

If you buy travel insurance by contacting an insurer or a financial institution that offers such products directly, the person you deal with is also required to give you a **distribution guide** before selling you the travel insurance product.

Credit cards

Some credit cards include travel insurance. The issuers of such cards generally charge an annual fee. The insurance is usually conditional on the credit card being used to pay for the trip. Read the documentation that comes with your credit card carefully and check with the insurer that provides the insurance coverage.



BE CAREFUL

Check how long the coverage lasts: Some credit cards provide travel insurance through an insurer, but for very short trips, such as for 48 hours or for only a few days. Make sure the travel insurance offered under your credit card covers your **entire** trip outside Québec.

For more information about insurance sold by travel agencies, financial institutions and insurers, read our brochure *Insurance sold by lenders and merchants*.

DID YOU KNOW?

- “Duplicate” insurance

Avoid “duplicate” insurance, i.e. paying twice for similar products. First check your group insurance at work, then the insurance that comes with your credit card. If you have enough coverage, you may not need extra insurance.

- When to buy travel insurance

If you need travel insurance, buy it as soon as possible. Some insurers give a short amount of time to buy it. For example, some give you 48 hours after you reserve your trip to buy trip cancellation and interruption insurance.

As for any insurance product, you should evaluate your needs when planning your trip. Several travel insurance products are available.

Emergency medical care

This covers you if you are suddenly and unexpectedly sick or if you have an accident while you're outside Québec. Emergency medical care can cover part of the medical and hospital costs that exceed those covered by the *Régie de l'assurance maladie du Québec* (Québec health insurance board), as well as certain services that the *Régie* does not cover. The costs must result from an **unexpected** accident or health problem. **Before you leave**, report any present or past health problems to your insurer as well as any pre-existing illness or medical condition to check whether you're eligible for insurance.

Be careful! Emergency medical insurance products usually contain an important exclusion regarding "pre-existing health conditions." This may include a broad range of illnesses and health problems.

Even if you tell your insurer that you have or have had major health problems, you may nonetheless be eligible for travel insurance, subject to certain exclusions. Check with your insurer whether you can be covered.

Pre-existing health conditions

Pre-existing health conditions are illnesses or injuries you have or had **before you left**.

If you suffer from an illness or injury that is stable or controlled by medication, contact your insurer to find out whether the risk is covered, i.e. whether the insurance would apply if you made a claim.

You must declare any health problems you have or have had to your insurer when you buy travel insurance, and when you're about to leave. For example, people who take medication for high blood pressure, have heart disease, have mental health problems or women who travel while pregnant must mention this to the insurer.

As a general rule, insurers have a form for this type of declaration. Don't forget to give your insurer all the information it needs. If it asks you to fill out a questionnaire or form, answer it or fill it in, adding details relevant to your application.

To find out whether you're insurable, the insurer will ask for information such as your age, your present and past state of health, your job, etc. Take this exercise very seriously. Keep a copy of all the documents requested when you purchase the insurance product (questionnaire, medical report, etc.). They could be useful in preparing your case if you have a dispute with your insurer.

EXAMPLE

Louis and Céline want to spend a month in Florida during the winter. Céline developed high blood pressure last year but her condition has been stable for several months. As a precaution, she contacts her insurer **before they leave** to let it know about her condition. After analyzing her state of health, the insurer confirms that she may be covered by travel insurance during her stay in Florida.

The coverage may differ from one insurer to the next. Take the time to compare the coverage to make sure you purchase the insurance best suited to your needs. Emergency medical care insurance is very important since healthcare can be very expensive outside Québec.



The Régie de l'assurance maladie du Québec (Régie)

The Régie reimburses only part of the cost of health services outside Québec. It is therefore important to take out travel insurance that will cover services the Régie does not pay for.

DID YOU KNOW?

- Emergency transportation by ground or air is not covered by the Régie.
- Drugs purchased outside Québec are never reimbursed by the Régie, even if prescribed by a physician.

Healthcare received in another province

The Régie pays the cost of hospital services,¹ upon presentation of a valid health insurance card. There is an interprovincial agreement that allows a resident of Canada to receive services in a hospital upon presentation of the health insurance card without having to pay for them. However, professional services² are reimbursed up to the rates in effect in Québec only.



- ¹ Hospital services are services received during a hospital stay or at a hospital outpatient clinic such as nursing care and diagnostic procedures.
- ² The professional services covered are those rendered by doctors, dentists and optometrists, as long as the same services are covered in Québec.

Example 1 – Cost of healthcare in another Canadian province

While Simon is on a trip to Toronto, he is hospitalized after sustaining an open fracture of the femur. According to the following table, he would have to pay \$506 if he doesn't have travel insurance covering such an unforeseen event before he leaves on his trip.

Simon's healthcare bill

	Amount charged	Amount reimbursed by the Régie	Amount Simon has to pay
Hospital services	\$0 (upon presentation of a valid health insurance card, interprovincial agreement)		
Professional services	\$928	\$422	\$506
Total	\$928	\$422	\$506

Source: Régie de l'assurance maladie du Québec, 2013

Healthcare received outside Canada

The Régie reimburses the cost of hospital services for an emergency only, up to:

- \$100 per day of hospitalization;
- \$50 per day for care received at an outpatient clinic of a hospital;
- \$220 per hemodialysis and the required medication.

Professional services are reimbursed up to the Québec rate.

Example 2 – Cost of healthcare outside Canada

Laurie is hospitalized for eight days after coming down with pneumonia while on vacation in South Carolina. According to the following table, she would have to pay \$36,133 if she didn't purchase insurance covering such an illness before she left.

Laurie's healthcare bill

(In Canadian dollars)

	Amount charged	Amount reimbursed by the Régie	Amount Laurie has to pay
Hospital services	\$27,493	\$800 (\$100 per day)	\$26,693
Professional services	\$10,543	\$1,103	\$9,440
Total	\$38,036	\$1,903	\$36,133

Source: Régie de l'assurance maladie du Québec, 2013

To find out the conditions for being entitled to a reimbursement of medical services received outside Québec and to find out how to ask for a reimbursement, visit the Régie website: www.ramq.gouv.qc.ca.



Other information to be provided to your insurer

How long you will be away

Most of the time, travel insurance doesn't apply to trips for longer than 183 days outside Québec during the same year. To provide you with coverage for emergency medical care, insurers require that you be eligible for coverage by the Régie, which stops covering you after 182 days outside Québec. Contact the Régie and your insurer if you have to leave for longer than that.

IMPORTANT!

Emergency medical care is care necessary following an **accident or sudden and unexpected illness**. The cost of medical services received to continue with medical or professional treatment outside Québec are not covered by travel insurance products.

EXAMPLE

Jasmine regularly receives physiotherapy treatments for back pain. While travelling in Switzerland for a month, she wants to see a physiotherapist so she won't interrupt her treatments during her vacation. Since Jasmine already had back pain before she left, the cost of seeing a physiotherapist in Switzerland will not be covered by the travel insurance. However, since she has group insurance through her work that covers her medical costs, she can contact her insurer when she returns. Her treatment might be covered by this insurance even if she is outside Québec.

Travel assistance service

This service available through an insurer might be useful if you have an emergency while you're travelling outside Québec. For example, it could help you if you have to obtain emergency medical care quickly or if you have to interrupt your trip and return to Québec right away.

Travel assistance is a telephone assistance service that is offered with certain insurance products. It acts as an intermediary between the insurer and the insured person. It can help you with procedures to obtain emergency medical care, co-ordinate the return of a body back home when someone dies, advance funds to the hospital, etc.

If a situation requires emergency medical care, contact your insurer's assistance service as quickly as possible to notify it that costs will be incurred. If you don't, it could affect the indemnity to which you're entitled.

BE CAREFUL!

Travel insurance and group insurance

Travel insurance is sometimes included in group insurance offered at the workplace. However, you should keep in mind that even if coverage is mentioned in the contract, you should know the conditions and the limits and exclusions of your group insurance. This insurance might not cover you adequately. You should always notify your insurer if you have or have had health problems.

Trip cancellation and interruption insurance

Depending on the insurance product chosen, trip cancellation and interruption insurance can reimburse amounts paid in advance (airplane ticket, hotel reservation, package tours, etc.) if you have to cancel your trip or cut it short due to exceptional circumstances. The reasons for cancelling or interrupting the trip are mentioned in the contract and are specific to each insurance product. This coverage is useful if, for example, a member of your family dies while you are away.

EXAMPLE

Vincent goes to Germany for a month to learn German. One week after he arrives in Berlin, he receives a call. His father has had a serious car accident. Vincent wants to return home as quickly as possible. He contacts his insurer's travel assistance service.

Since Vincent's insurance product covers this specific reason for interrupting a trip, the assistance service offered by his insurer will help him make the necessary arrangements to return home quickly. It will then help him with the formalities for being reimbursed the portion of the trip to which he is entitled.

If you have to cancel your trip before you leave, you should ideally notify your insurer, or your travel agent or the carrier in question, as soon as possible. Travel insurance costs increase as the departure date approaches. If you take your time notifying the insurer, it could refuse to pay or only pay part of the costs related to the cancellation of your trip.

Accidental death or dismemberment insurance

Insurance for accidental death or dismemberment provides for compensation in the event of death or dismemberment following an accident which occurs during a trip. In the case of dismemberment (loss of a limb, eyesight, etc.), the compensation corresponds in certain cases to a percentage of the insured amount, depending on the nature and seriousness of the losses suffered. For example, for the loss of both arms, a sum corresponding to 100% of the insured amount could be paid; for the loss of an arm, 50% of the amount, for the loss of an eye, 50%, etc.



Baggage insurance

Baggage insurance covers your luggage and personal effects against loss, theft or damage during your trip. Find out about the limits and exclusions. For example, the total indemnity that would be paid in the case of loss or theft might be **limited** to a certain amount. Also, eyeglasses and antiques might be the subject of **exclusions**. These limits and exclusions are only examples. Take the time to read and understand your baggage insurance coverage.

Note that some home insurance may cover your baggage when you travel. It covers this property with the **same coverage** and the **same limits** as those in your home insurance policy.

However, you will have to pay the deductible in case of a claim. A claim could also lead to an increase in your home insurance premiums in the future. If you think your home insurance is enough to cover your property during a trip, you may not need baggage insurance. Check before you leave.

Photo safari in Africa or simply rest on a beach in the Caribbean? The contents of your luggage may vary depending on your destination. It's up to you to determine your baggage insurance needs depending on your trip!

DID YOU KNOW?

In the case of theft, disappearance or loss of an item covered by baggage insurance, some insurers require that the incident be reported as soon as possible. Depending on the situation, the incident may be reported, for example, to the local police, the hotel manager, the tourist guide or the airline company. Ask for written confirmation if possible. You should also notify your insurer as soon as possible.

Airline companies are generally liable for luggage damage, theft or delay, if it's their fault. Read the liability exclusion clause regarding luggage on their website or your airplane ticket.

3.

Check the limits and exclusions

Although they can sometimes be very similar, travel insurance products can also be very different. It is therefore difficult to draw up a complete list of the coverage and the limits and exclusions regarding travel insurance products offered in Québec.

Always take the time to carefully read the terms of the travel insurance contract you have or would like to purchase—it's your responsibility.

Certain situations are normally not covered: war, invasion, insurrection, suicide, participation in criminal acts, self-mutilation, complications from pregnancy, participation in a professional sport, demonstrations or dangerous activities, etc.

BE CAREFUL!

Travel insurance offered through credit cards is often limited to very short trips outside Québec. If you travel beyond this period, make sure you take out additional insurance for the rest of your trip. Often, if you don't take out additional insurance, the coverage provided by your card could be **null and void for the entire length** of your trip!

Will you be renting a car?

Coverage for rental vehicles

If you're thinking of renting a car during your vacation, you should be aware what protection is available.

Rental companies normally require that you be responsible for theft or damage caused to the rental vehicle. The amount you might have to assume in this regard may vary depending on the rental agreement, and can sometimes be up to the total value of the vehicle.

Extension of your automobile insurance

If you have automobile insurance, you can ask your insurance representative, or your insurer directly, for an extension of the insurance coverage. It will cover your liability for damage caused to vehicles that do not belong to you when you're driving them. This extension, **Q.E.F. No. 27**, is added to your automobile insurance policy. But beware, this endorsement is only valid in Canada and the United States.



It is important to check the amount of damage covered in your Q.E.F. No. 27. It might be \$50,000, so the value of the rented vehicle should not exceed this amount.

Depending on the nature of the claim, the deductible provided for in this endorsement will apply. A claim may therefore impact your future automobile insurance premiums.

If you travel outside Canada and the United States, you should purchase other insurance.

Important: civil liability

Also, be sure that the amount indicated in your contract for civil liability is enough. Outside Québec, your civil liability insurance would cover bodily harm caused to another person in the case of an accident. To avoid unwanted financial consequences, make sure you have at least \$2 million of coverage.

Insurance offered to credit card holders

Some credit cards include insurance in the case of the loss of or damage to a rented vehicle. Carefully check the documentation you received with your credit card. Coverage is often conditional on use of the credit card. You should therefore charge the cost of the car rental to your card. Also, luxury, high-performance or vintage cars as well as all-terrain vehicles may be excluded. Geographic limits may also be imposed. For example, the coverage may only be valid in Canada and the United States.

Collision damage waiver offered by rental companies

Rental contracts include a clause generally called *collision damage waiver* (CDW). This clause exonerates the lessee from claims the rental company could make for the loss of the leased vehicle or for damage caused to it in the case of an accident. It means that you would avoid, for example, having to personally sue in court a person responsible for an accident in which you were involved. Limits and exclusions may apply in the case of a claim. You should therefore carefully read this clause.

There is also insurance that waives the **deductible** in the case of a collision. This coverage waives any deductible payable under your automobile insurance policy, up to the limit indicated in the rental contract. In the case of a collision, you may therefore not have to pay anything.

BE CAREFUL!

Check whether your credit card already offers this coverage. If it does, for it to apply through your credit card, you must refuse the protection offered by the rental company.



Buyback plans

Buyback plans are especially popular in Europe, where they originated. They involve the temporary purchase of a new automobile. The traveller buys it and the company offering the plan guarantees to buy it back. This plan is set out in writing and normally includes comprehensive insurance without a deductible as well as insurance for the driver and passengers.

DID YOU KNOW?

Insurance offered by the *Société de l'assurance automobile du Québec (SAAQ)*

Any Quebecker who suffers injuries or dies in an automobile accident is covered by Québec's public auto insurance plan, whether he is a driver, cyclist, passenger, motorcyclist, pedestrian or any other user of the road. A Quebecker who is injured in an automobile accident outside Québec is entitled to the same indemnities as if the accident had occurred in Québec, whether or not he is responsible for the accident.

However, if you're responsible for an accident outside Québec, you could be sued before the courts where the accident occurred for bodily injury and property damage caused to another person. In this case, your liability insurance will cover the costs.

Visit the SAAQ website at www.saaq.gouv.qc.ca to find out more about how the plan works and what coverage it gives you.



Travel Insurance Checklist

1. Think about purchasing travel insurance as soon as you plan to travel outside Québec;
2. Check what protection is offered by your group insurance at work or your credit cards, to avoid “duplicate” insurance;
3. Travel insurance is available from insurance representatives, insurers, travel agencies and certain financial institutions, among other entities;
4. Take the time to identify and understand the main protection, limits and exclusions, especially if you have a particular health condition;
5. If you have consulted a doctor, if your state of health is unstable or if your medication has changed, contact your insurer *before you leave*;
6. If you rent a car, think about taking out insurance that covers rental vehicles.

Have a great trip!



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