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Talk travel insurance before your client takes off

July 25, 2007 | Bryan Borzykowski



For many financial advisors, determining how a client can afford that dream vacation is just a regular day at the office. But what if a client forgets to buy travel insurance and winds up in an American hospital with a \$100,000 bill? Suddenly, that trip has become a lot more expensive and a carefully crafted financial plan is out the window.

That's why some advisors talk to their clients about travel insurance before a big trip. "Having an advisor look at travel insurance is as important as seeing a doctor," says Mark Halpern, CFP and founder of illnessProtection.com. "Imagine being in New York and having a massive heart attack. You think you have great group insurance back home and then you get a huge bill and find out you're not covered."

According to a recent RBC Insurance/Ipsos Reid poll, 37% of Canadians don't buy travel insurance when they leave the country, a startling number considering what could happen if a client gets hurt.

"People tend to think of travel insurance as a throw in that they take care of through CAA," says Halpern, "but the consequences are very serious."

Diane Koven a CFP at Sun Life says she always talks to clients about travel insurance before they take a vacation. "I can help them decide if they need it or not," she says. "It's another area of your life that should be protected."

But Koven is in the minority when it comes to selling travel insurance. She says many advisors, even in her own office, don't offer this type of advice. The reason? With insurance packages for healthy families costing a paltry amount, advisors can't make any money.

For the ones that do sell travel insurance, it's often to bring in other, more financially rewarding business or just as a courtesy to existing clients. "Is your advisor comprehensive or are they just picking the high return pieces?" asks Doug Grant, principal at Insurance Canada. "It comes back to being a good financial advisor who does the whole package."

"For me it's just a service to my clients," adds Koven. "And if someone knows I sell it, I'm hoping it's a lead and that I can tell them what else I do."

For advisors with young, healthy clients, securing cheap travel insurance is as easy as booking a ticket on the web. In fact, Koven can quickly create a policy online and fax the documents to her clients before they take off.

With older travellers, though, travel insurance can be costly, and should be considered in a retirement plan. This is especially true for snowbirds, who will be spending significant periods south of the border.

"If you're healthy you can get good rates, but amongst people who are 50 or 60 you see a dramatic difference in prices," says Juliann Martyniuk, president of the Travel Health Insurance Association of Canada.


Martyniuk says it could cost a 65-year-old, who leaves the country for six months, anywhere from \$421 to \$1,386 for insurance, while an octogenarian is looking to shell out upwards of \$1,714. "The longer you're away the bigger the risks," she says.

But buying travel insurance isn't just for those crossing the border, Canadians visiting another province need protection as well. Grant says every province covers different things. "The rules for what's covered or not vary from province to province," he says. "The cost of an ambulance might be covered in Ontario, but not somewhere else."

If providing travel insurance advice sounds like a worthy service to provide, all an advisor needs is a license in life, accident or sickness, not to mention plenty of time to read up on the different products. "A casual traveller and a frequent traveller might need different things," says Martyniuk. "It also depends on their age, trip length and health status. Travel insurance is not a one solution fits all."

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