The Dos & Don't of Travel Insurance

Last Updated
July 28, 2025

As a travel advisor, your goal is to help clients plan incredible, worry-free vacations. But as exciting as travel can be, it also comes with uncertainties. Flights get delayed. Luggage goes missing. People get sick or injured. Emergencies happen. When they do, travel insurance can help protect your clients' financial investment, their health, and their peace of mind.

Although many travelers don't want to think about worst-case scenarios, it's your responsibility to introduce the idea of travel insurance and explain why it's a smart part of any trip plan. You aren't expected to be an insurance expert—but you do have a duty to offer your clients protection and direct them to trusted resources when they need answers.

This module will help you:

- Understand how to ethically and legally introduce travel insurance
- Communicate the value of travel insurance to clients
- Navigate common client objections
- Avoid legal pitfalls
- Protect your agency and yourself

Section 1: Legal & Ethical Responsibilities

Know What You Can and Cannot Do

First, let's be clear about what you cannot do as a travel advisor when it comes to insurance.

You may not present yourself as a licensed insurance agent. That means you cannot answer technical questions about policy specifics—such as what is or isn't covered, how pre-existing conditions apply, or whether certain benefits are included. **You also may not evaluate a client's existing coverage** or try to interpret how a particular plan compares with their current health insurance.

All travel advisors **must also comply with U.S. Code 18 §1033**. This law makes it a federal crime for an unlicensed individual to engage in the business of insurance in a way that affects interstate commerce. Violating this statute—intentionally or not—can have serious legal consequences.

When quoting a vacation, you cannot include insurance as part of the trip cost. They must be their own separate line item. Tern has the ability to properly highlight insurance as a separate line item.

While you cannot promote or discuss the specific details of a travel insurance plan in your marketing material or on your social media, you *can* emphasize the importance of having travel insurance as part of a well-prepared vacation.

Your role is not to sell a specific policy or explain it in detail. Your role is to introduce the concept of travel insurance, explain why it matters, and guide clients to the licensed providers who can answer their detailed questions.

These legal guidelines are in place to protect both you and your clients. Think of your role as a facilitator—you're offering travel insurance, not interpreting it.

Section 2: What You Can Do

While your scope is limited, you still play a crucial role in helping clients make informed decisions.

You CAN:

- Offer travel insurance from licensed providers.
- Share official documentation from those providers.
- Highlight general benefits and reasons why travel insurance is valuable.
- Direct clients to the insurer's customer support for detailed questions.
- Help clients opt in or out of coverage.
- Document when a client declines coverage by using a waiver form.

Section 3: Travel Insurance vs. Supplied Waivers

When you're talking to your clients about travel protection, it's important to distinguish between true travel insurance and supplier waivers.

Travel insurance is issued by licensed insurance companies and is approved and regulated by state or provincial insurance departments. It includes comprehensive protection for trip cancellations, delays, medical emergencies, lost baggage, and more. Most policies also provide 24/7 assistance and some form of emergency medical evacuation and repatriation.

In contrast, supplier waivers—often offered by cruise lines and tour operators—are not regulated or insured. They're more like internal refund or credit policies. These waivers usually allow clients to cancel for a limited set of reasons and receive a future travel credit instead of a full cash refund. Critically, supplier waivers do not offer protection if the supplier goes out of business or files for bankruptcy. There are also typically gaps in coverage, especially when it comes to medical costs, emergency evacuations, and post-departure incidents.

Encourage your clients to consider both options carefully—and remind them that a third-party travel insurance plan offers broader, regulated protection that follows them wherever they go.

Section 4: Types of Coverage

While you can't discuss the fine print of a policy, you should understand the broad categories of protection included in most plans so you can speak knowledgeably about why insurance matters. Here's a breakdown of standard travel insurance benefits—remember, **only the insurance company can clarify details**:

- **Travel cancellation and interruption coverage** helps protect the investment your clients have made in prepaid, nonrefundable expenses. If a client must cancel or cut their trip short for a covered reason, this benefit can reimburse those costs.
- **Trip delay coverage** kicks in when travel is disrupted—paying for unexpected accommodations, meals, or transportation if your client is delayed en route.
- **Baggage protection includes both delay and loss.** Delay coverage reimburses essential purchases like toiletries and clothing if luggage is late. Loss coverage reimburses for lost, stolen, or damaged items, though limits usually apply to high-value items like electronics or jewelry.
- **Medical/Dental Expenses** covers emergency medical costs while traveling
- **Collision Loss/Damage** offers protection for rental cars (often primary).
- **Emergency Medical Evacuation/Repatriation:** Covers transportation to the nearest qualified hospital or back home, if necessary.
- **Accidental Death & Dismemberment:** Provides benefits if an accident results in death or permanent injury.
- **24/7 Emergency Hotline:** Offers support during medical or travel emergencies.

Also available:

- **Pre-Existing Condition Coverage:** Must be purchased soon after the initial deposit, typically within 14 days.
- **Cancel for Any Reason (CFAR):** Offers greater flexibility but has time-sensitive eligibility and usually reimburses only 50%–75% of the insured amount.

Finally, it's helpful to understand the difference between primary and secondary coverage. A primary policy pays benefits directly, without requiring the client to file with another insurance provider first. Secondary coverage requires the client to file with their health or homeowner's insurance before reimbursement is considered.

Section 5: Key Questions for Clients

It's often uncomfortable to talk about "what ifs" when someone is planning a dream vacation. But the possibility of unexpected events is real, and asking thoughtful questions can help clients consider whether insurance is right for them.

Use these questions to guide your clients in thinking about their risks:

1. Can you afford to miss your trip and lose your vacation investment?
2. Can you afford to return home early at your own expense?
3. Does your current medical insurance cover you internationally?
4. If something happens while you're traveling, do you know how to get medical help—and how you'd pay for it?
5. Do you know what to do in an emergency overseas?
6. Can you pay high deductibles if your medical insurance doesn't cover everything?
7. Can you afford to replace lost luggage or pay for extra accommodations?

If your client answers "no" to any of these, travel insurance may be a wise investment.

Section 6: Addressing Objections

When clients hesitate about purchasing insurance, it helps to have confident, non-technical responses ready.

Common Concerns & Responses:

1. **"Why should I buy travel insurance?"**
   To protect your trip investment and your health in case of an emergency.
2. **"Why is it so expensive?"**
   It's based on your trip cost and age. It offers comprehensive coverage from trip cancellation to medical emergencies.
3. **"Why doesn't it pay upfront?"**
   Like other insurance, claims require proof such as receipts or police reports.
4. **"Why is the pre-existing condition waiver time-sensitive?"**
   It's an added benefit that ensures broader coverage for those who act quickly.
5. **"Will the rental company accept your collision policy?"**
   Most do, and it's often primary coverage. Clients should confirm with their rental company.
6. **"How long does it take to process claims?"**
   Typically 7–10 business days with full documentation.
7. **"Why can't I just get medical-only coverage?"**
   Comprehensive coverage protects your full investment and all possible mishaps.

8. **“I only care about cancellation.”**
   Coverage is comprehensive for a reason. You may not realize what else you need until something goes wrong.
9. **“Why is this more expensive than what my cruise line offers?”**
   Waivers aren’t insurance, don’t cover bankruptcy, and often provide limited coverage.

Section 7: Your Role in the Sales Process

You play a vital role in connecting your clients with the right coverage while staying compliant with the law.

How to Offer Travel Insurance the Right Way:

1. **Mention Insurance Every Time.** Always offer it as part of your process.
2. **Break Out the Pricing.** Insurance must always be opt-in and listed separately.
3. **Use Clear Language.** For example: “The total cost of your trip is $5,000. If you’d like to add travel insurance, it would be an additional $80 per person. Would you like to include that today?”
4. **Reinforce Value.** Focus on protection, peace of mind, and real-life “what-if” scenarios.
5. **Use Forms such as those in Tern if they decline protection.** Always have clients sign a waiver confirming they were offered insurance and declined.
6. **Leverage Provider Tools.** Always email quotes directly from the provider’s website to ensure accuracy.
7. **Encourage Direct Contact with Providers.** Let clients get specifics from licensed representatives.

Sample Language:
“This plan includes medical benefits and other important protections. Would you like me to send you a quote with full plan details so you can review them and contact the insurance provider with any questions?”

Section 8: Agency Protection

Offering travel insurance doesn’t just help your clients—it helps you, too.

Benefits to Your Business

1. **Commission Opportunity:** Most travel insurance providers offer commissions ranging from 20%–35%.
2. **Commission Protection:** If the client cancels the trip but keeps the insurance, your commission is still protected.
3. **Risk Reduction:** If a client loses money due to a cancellation and wasn’t offered insurance, the liability could fall on you. Protect yourself with documented offers and waivers.
4. **Client Loyalty:** Providing this service builds trust and shows you’re looking out for their best interest.

Keep in Mind:

- Never create your own brochures or marketing content about insurance. Only use content provided by your insurance partner.
- Do not summarize benefits unless you're quoting directly from official materials.
- Never include insurance costs in the trip total.
- Always document whether a client accepts or declines coverage.

Conclusion: You're the Guide, Not the Guru
You don't have to be an insurance expert to help your clients make smart choices. Your role is to introduce travel insurance, explain its value, and guide clients toward licensed providers who can handle the details.

By incorporating travel insurance into your planning process, protecting your agency with proper documentation, and staying within your legal boundaries, you provide a valuable service that enhances your clients' travel experiences—and your business's success.

Final Thoughts:

- Your clients are counting on you to protect their vacation investment.
- Offering insurance is not optional—it's an essential best practice.
- Protect yourself by following legal guidelines, staying within your scope, and documenting everything.