

Is Purchasing Travel Insurance Smart?

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When you purchase insurance - health insurance, homeowner's insurance, car insurance, life insurance, or travel insurance - you're not making an investment. It's not the same as going to the bank and depositing money and expecting to reap financial rewards at some point. No, any insurance including travel insurance is about sharing risk in case of unforeseen catastrophic events.

For thousands of years, risks have been shared during times of tragedy. The first formal insurance company, Lloyd's, was formed in 1769, and their insurance concept remains today - to gather the premiums of clients as a pool of resources to return to clients who experience covered events.

Is purchasing travel insurance smart for you, then? Do you need a pool of resources from others' premiums to help you out in the event of a travel emergency? Or can you take care of any unforeseen circumstance on your own? It's not just about money, either.

To decide if purchasing travel insurance is smart for you, let's take a look at just a few of the things that could happen while you're traveling.

It's your first time in Europe and neither you nor your spouse speak any foreign language and your wallet is stolen. Your credit cards, your airline tickets, your passport and your money are all gone. What do you do now? Money may not be the primary problem here as you can always call your bank and have a wire transfer completed. Or can you? Do you know the international rules and capabilities for this? Where are the banks and do the tellers speak English? What about replacing your airline tickets? What about money to get to the airport and check out of your hotel? Your passports are the primary issue probably. They took a very long time to get. Now you can't get out of the country without them. Where do you go to replace them? If you had known this was going to happen, how would you have answered the question, "is purchasing travel insurance smart?"

Your child is involved in an accident and must have medical assistance but you find out your insurance does not cover you outside of the United States, and medical care is not adequate where you are anyway. How do you get your child back to the United States for medical care? If you had known this was going to happen, how would you have answered the question, "is purchasing travel insurance smart?"

So, to answer the question, "is purchasing travel insurance smart?" consider what could happen while you're abroad and determine if you might be grateful for outside assistance.

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