Travel insurance: do I really need it?

Regular readers of my column will know that the complications, costs, and pitfalls of insurance are subjects I regularly try to tackle. Often I get follow-up enquiries from readers as a result. But the last article, two weeks ago, drew a very unusual response. It came from a reader called Edward and here, slightly edited, is what he said:

‘I am in my mid-sixties and have been travelling regularly since my late teens. At present I live in China, and take about 60 to 70 flights a year, both inside the country and abroad – including to some dodgy places. I have never once paid for travel insurance. Naturally, I’ve had mishaps and dozens of cancelled flights, for example: 1968 – stuck in Amman in transit when a war broke out and all flights were cancelled. I treated it as an unexpected opportunity to visit the city. 1972 – Rome. All documents and money stolen. I was repatriated by the British Embassy, by train, using a temporary document (one sheet of paper) – I had to pay back the fare on arrival, and received nothing else, surviving until Dover on fellow passengers’ snacks. I’ve always put these incidents down to experience, and dined off some of them for years. Never once have I been tempted to pay for insurance. Indeed, it is my firm conviction that in the end I’ve lost far less cash than I would have paid for policies. Moreover, many people I know have been ripped off by insurance companies that refuse to pay or find ways of paying less than the customer expected. Do you sincerely believe that travel insurance would have been worth it for me in the past, or will be in the future?’

Obviously Edward’s approach is not for everyone. He is clearly a highly experienced traveller and he apparently enjoys taking risks. But he did make me think again about
the whole question of travelling without insurance. After all, very few of us would bother to insure ourselves if we were spending a couple of days in London, so why do we rush out and buy cover when we jump on to a train to Paris for a weekend break? We are just as likely to get mugged, or have things stolen, in London as in Paris. And it is important to remember Edward’s point that even if you have insurance, you can never be sure it will pay out when you need it.

However, for all the limitations on travel insurance cover, where Edward’s argument falls down in my eyes is on the question of medical cover. The Foreign Office travel advice pages (fco.gov.uk) are explicit in advising us not to travel without insurance, and the examples it uses to explain why are the potentially high cost of hospital treatment, and medical repatriation. It quotes £35–45,000 for an air ambulance to return to the UK from the US east coast, and £12–16,000 for an air ambulance from the Canary Islands. The chances of having to use these services are minuscule, but the costs are so substantial that they would be a significant issue for most of us and not one we would like to have to deal with in such circumstances. On balance, while Edward’s approach sounds temptingly refreshing, he is leaving himself open to some potentially very expensive risks.

By Nick Trend in The Telegraph