

Luxury Travel Insurance: Here's How To Protect A Million-Dollar Vacation

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I'm a consumer advocate. I write about customer service.

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Woman standing in the Caribbean Sea in Playa del Carmen, Mexico. How do you insure a pricey ... [\[+\]](#) GETTY

With a \$60,000 price tag for a family birthday trip to the Mayan Riviera, LaDell Carter knew she couldn't recommend just any travel insurance to his client.

The custom itinerary featured accommodations in five-star hotels with spa treatments, gourmet meals prepared by a private chef, and plenty of time on Mexico's white sand beaches.

Carter, the founder and lead travel designer at Royal Expression Travels, had done his research, so when the time came to recommend a travel insurance policy, she didn't hesitate: She suggested a luxury policy from Redpoint Travel Protection.

For \$2,400 for a family of four — roughly four percent of the cost of the trip — they could get coverage for the prepaid, nonrefundable expenses, plus emergency medical, evacuation coverage and trip interruption.

Redpoint's Cavalry policy offers 30 covered reasons for cancellation and interruption, including business reasons and pets, medical evacuation to your home hospital of choice and \$100,000 of primary medical expense coverage.

And Carter says the company processes claims quickly. "It offers peace of mind during a bespoke vacation," she says.

Everyone wants peace of mind

Travelers want a little peace of mind these days. But that's especially true for expensive vacations. Just last week, when I was in Auckland, New Zealand, I spoke with a tour operator who had arranged a luxury golf vacation that cost \$1.2 million. And I wondered how you would go about buying insurance for such an expensive trip.

Specifically:

- What do you find in a luxury travel insurance policy?
- What are the limits of a travel insurance policy for expensive trips?
- How much will you pay for a luxury travel insurance policy?

Because you're spending so much on a trip, and you could potentially lose a lot of money if you have to cancel, it's important to get this purchase right, says Tim Dodge, vice president of marketing at Arch RoamRight. So the dynamic is a little different from regular travel insurance.

"Some budget plans only cover trips up to a certain amount, and others will only provide a voucher for future travel if you need to cancel for a covered reason," he says.

A custom plan for a more expensive vacation may cover more things to a higher limit.

Reality check: Travel insurance, no matter how expensive, has important and often overlooked restrictions. Simply throwing money at a travel insurance policy doesn't mean you'll have a claim honored. In fact, most of the policies I discuss in this article only cover "named perils."

So make sure you know what's covered before you buy a high-end travel insurance policy.

What's in a reliable luxury travel insurance policy?

A sound travel insurance policy for your high-value vacation will cover several things:

- Luxury travel insurance covers the same basic things a regular policy does, such as trip cancellation, medical emergencies, and baggage loss or theft, but often to a higher coverage limit.

- The policy may also include specialized coverage for luxury-specific items like villa rentals, yacht charters, and high-value personal belongings.
- Many of the post-pandemic luxury travel insurance offerings also have coverage for trip postponement resulting from Covid-19, as well as enhanced medical coverage and protection against travel disruptions caused by travel restrictions or quarantine requirements.

Travel insurance companies have also made some small changes to their luxury policies recently.

"For example, some insurance providers have started to cover expensive electronics items, such as laptops and cell phones, for loss and theft," notes Stan Sandberg, the co-founder of travel insurance site [TravelInsurance.com](https://www.TravelInsurance.com).

What are the limits of a typical luxury travel insurance plan?

Some travel insurance companies offer specialized luxury travel insurance. For example, Berkshire Hathaway Travel Protection (BHTP) offers a product called LuxuryCare, designed to protect a high-cost vacation.

Here's what it covers:

- Trip cancellation insurance: 100% of trip cost (up to \$100,000 per person)
- Trip interruption insurance: Up to 150% of trip cost (\$150,000 maximum per person)
- Trip delay insurance: Up to \$2,000 (\$200 per day per person) (for delays of five hours or more)
- Baggage delay: Up to \$200 for delays of 12 hours or more)
- Emergency medical insurance: Up to \$100,000 per person

"Luxury travel insurance is designed specifically for travelers who seek additional coverage and services beyond what a standard travel insurance typically offers," explains BHTP Vice President Carol Mueller. "Travelers can expect higher medical expense and medical evacuation limits, the highest limits for lost or delayed luggage, and enhanced cancellation and interruption benefits, like coverage for event cancellation, pregnancy, adoption and other covered reasons often excluded in base plans."

Allianz Travel Insurance offers a One Trip Premier product with cancellation coverage up to \$200,000 per person and emergency medical transportation coverage up to \$1

million, says Allianz spokesman Daniel Durazo. "This level of coverage would be appropriate for a family headed to a distant destination such as New Zealand," he says.

How much does luxury travel insurance cost?

Just like regular travel insurance, the price of a policy depends on a variety of factors.

Interestingly, the cost of luxury travel insurance, as a percentage of total trip cost, can be lower than that of a base policy.

"The cost of insurance for expensive vacations can vary significantly depending on factors such as trip duration, destination, age of travelers, and coverage limits," explains Rikin Shah, CEO of GetSure, an insurance site. "Premiums for luxury travel insurance typically range from 3% to 8% of the total trip cost."

By comparison, regular travel insurance might cost slightly more as a percentage — between 5% and 9% of the cost of your trip (again, depending on your circumstances).

But generally, the more expensive your trip, the more your travel insurance will cost, says Olivia Bailey, manager of assist & medical management at Seven Corners.

"Some plans may only cover trips that cost up to a certain amount," she adds.

Laura Heidt, insurance desk manager at Brownell Travel, says you'll pay more for a quality policy that also includes "cancel for any reason" coverage.

"On average, the price of a good insurance policy, with standard "reasons for cancellation," good medical, and other essential coverages, is about 10% to 12% of the trip cost," she says. "If you stand to lose a significant amount of money on noncancelable and nonrefundable items, it's well worth it. "

What you need to know about luxury travel insurance

Higher-end travel insurance plans include greater coverage limits, such as \$250,000 to \$500,000 for medical care and higher limits for emergency medical evacuation, explains Narendra Khatri, principal of [Insubuy](#).

"But they also can include extras that aren't a part of cheaper plans," he says.

For instance, some offer search and rescue coverage, trip cancellation for any reason, and trip interruption for any reason that aren't included in the base coverage of cheaper plans.

Another perk: If you use frequent traveler rewards, some plans for luxury vacations can help you redeposit these rewards back into your account in the event of a trip cancellation. Some policies also allow you to include kidnap and ransom coverage,

which can give high net worth individuals extra peace of mind when traveling abroad, says Khatri.

As you shop for a policy, think about the factors that are most important to you, advises Christina Tunnah, general manager of marketing and brands at World Nomads.

"Whether that is emergency medical coverage, emergency evacuation and repatriation, trip cancellation, or even noninsurance benefits like concierge services," she adds.

One more thing: Don't be fooled by labels. Luxury doesn't always mean it's a better policy.

"While it's often packaged as luxury or deluxe, there aren't really specific types of travel insurance but rather five categories that make up a comprehensive policy. They are: cancellation and interruption, medical expenses, emergency evacuations, loss or delays and 24/7 assistance," notes Joe Cronin, president of International Citizens Insurance.

Shop around before you buy

Buying luxury travel insurance for expensive trips is a lot like buying a luxury car. There are a lot of options, a lot of moving parts. Don't be distracted by the bells and whistles — instead, focus on the basics and make sure you understand what you're getting.

Pay special attention to the coverage amounts. John Rose, chief risk & security officer at ALTOUR, notes that most of the top insurance providers have a coverage maximum of \$150,000. "So the policy for luxury trips is exactly the same as any trip insurance product," he adds.

Comparison shopping is more important than ever since you're dealing with a six-figure investment or more.

"Travelers should consider their coverage needs and compare policies from multiple providers before deciding," says Pallavi Sadekar, the head of operations at VisitorGuard.com.

That's good advice, whether you're buying travel insurance for a quick summer trip or an around-the-world vacation.



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[Christopher Elliott](#) is the founder of [Elliott Advocacy](#), a 501(c)(3) nonprofit organization that empowers consumers to solve their problems and... **Read More**