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The travel insurance trap that can quietly burn a hole in your pocket

Delayed reporting, incomplete paperwork and failure to follow claim timelines can jeopardize insurance payout

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Travel insurance is often an afterthought while booking flight tickets. Most of us simply compare premiums and choose the cheapest option, especially for destinations where insurance is mandatory. But insurance is, at its core, a contract. It requires honest disclosures at the time of purchase and a clear understanding of what is covered—and what is not. Beyond medical emergencies, travel insurance can cover disruptions such as flight delays, cancellations, and baggage loss or delay. Yet, poor awareness of policy conditions often results in claim disputes and rejections.

"A lack of awareness around timely intimation and complete documentation can lead to higher rejection rates compared to other insurance categories, even as fewer claims are filed against policies being sold," said Girish Sehgal, chief-health UW and claims, customer service and operations, ICICI Lombard.

Understanding key coverages, conditions and exclusions is therefore critical—not only before buying a policy, but also before filing a claim.

Health emergencies and pre-existing disease (PED)

Medical emergencies abroad are among the most common triggers for claims. However, they are also among the most frequently rejected due to non-disclosures. Imagine you fall sick abroad and end up hospitalized, only to find your claim rejected later because you failed to disclose a pre-existing disease (PED).

"You are a hypertension patient, you go outside, and it triggers BP. If the doctor has to save your life, the treatment will be covered. If your BP shoots up and gets controlled with normal medicine, then it is not covered. Some plans don't cover PEDs at all," Manas Kapoor, business head of travel insurance at Policybazaar said.

Insurance consultant Neeraj Khushalani said some insurers like Tata AIG, ICICI Lombard and Bajaj General Insurance may extend coverage up to 10% of sum insured for life-threatening PED-related emergencies. He added that some standalone health insurance plans offer broader PED coverage of up to \$15,000 without limiting it to life-threatening cases, making them more suitable for senior citizens or high-risk travellers.

Most travel insurance comes with deductibles. "Whether it is IPD or OPD, both will have a deductible. Some insurers now offer OPD coverage without deductibles, but at a higher premium," Kapoor said.

Travellers should also keep emergency assistance contacts handy.

"These are called global assistance providers. You must know before

Travel insurance: what can derail your claim

Understanding policy conditions, exclusions and timelines can improve your chances of a successful claim.

Disclose pre-existing diseases (PEDs) in the proposal form

- ✓ **PED covered:**
 - ▶ Life-threatening emergencies (e.g., severe BP spike needing urgent intervention)
 - ✗ **PED not covered:**
 - ▶ Non-life-threatening medical flare-ups controlled by medication
- Some policies** do not provide PED cover at all
PED coverage: Could be limited to 10% of the sum insured

- Deductibles:**
- ▶ Applicable on IPD and OPD
 - ▶ Some newer OPD covers come without deductibles (at a higher premium)
- Note: Notify your insurer at the earliest in case of a medical emergency

- ✈ **Flight delay**
- ▶ Typically covers delays exceeding 4-6 hours
 - ▶ Collect an airline delay certificate to file a claim
 - ▶ If the airline compensates, the insurer may not compensate again

- 🕒 **Missed connections**
- ▶ Check the minimum threshold for the layover period
 - ▶ A layover of less than 6 hours between two flights may not be considered
 - ▶ Covered only if both flights are booked under a single itinerary/code

- 🛫 **Missed flight**
- ▶ Reaching the airport late is generally not covered
 - ▶ Severe illness (of the traveller or a family member may be) covered
 - ▶ May be covered through riders in case of visa rejection

Flight cancellation and interruption

- ✓ **PED covered:**
 - ▶ If a cancelled flight is rescheduled, reasonable expenses such as meals and accommodation may be reimbursed
- ✗ **PED not covered:**
 - ▶ Booking an alternative flight and skipping the rescheduled one
 - ▶ War- or terrorism-related cancellations

Trip curtailment

- ▶ Covered but strict conditions apply
- ▶ **Example:** Claim rejected due to failure to meet the 48-hour hospitalization requirement despite proof of a doctor visit



Baggage loss

- ▶ Requires a Property Irregularity Report (PIR) from the airline
- ▶ Paid up to the sub-limit specified in the policy
- ▶ High-value items may be covered only with a separate policy
- ▶ Otherwise, they may fall under the airline's liability
- ▶ Baggage damage is different from baggage loss

Baggage delay

- ▶ Review the coverage threshold
- ▶ It could be more than 12 hours

Filing timelines

- 📅 **Best practice:** File within 24 hours (ideally)
- ⚠️ **Delays allowed but risky:** 90-180 days may be accepted in some cases. But it increases the risk of rejection

Note: Know how to contact your global assistance provider before your trip begins



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your trip whom to contact and under what circumstances," he added.

Delays and missed connections

Travel disruption cover is detail-driven. Most policies specify a minimum delay threshold—4-6 hours—before compensation applies. Shorter delays are not covered. A delay certificate from the airline is required to file a claim, and receipts for expenses such as meals or hotel stays should be preserved for reimbursement.

Sehgal says benefits like trip delay claims will be payable if they are covered under the policy, irrespective of whether the airline has provided compensation. However, insurance intermediaries noted that claims may get denied if airlines have already compensated travellers for the delay.

Missed connecting flights can also create confusion. Coverage depends on layover time and how tickets are

booked. Kapoor said layovers under six hours are usually accepted when flights are part of a single itinerary.

"If the entire journey is under one code, the airline waits for you, but if you book the same itinerary separately, it becomes a no-show for the second airline. Maintain a minimum layover time of 6 hours to be eligible for the claim," Kapoor said.

Missed flights or trip cancellations for personal reasons are not covered. However, coverage may be available if the cancellation is due to specified unforeseen events before travel, like injury, medical emergencies, natural disasters or technical issues. "Some policies may include riders covering scenarios like trip cancellation due to visa rejection," Sehgal said.

Flight cancellations
If an airline cancels and reschedules a flight, reasonable waiting-pe-

riod expenses like meals or accommodation are generally covered. However, benefits may not apply if the traveller books an alternative flight and skips the rescheduled one. Flight cancellations due to war or terrorism are not covered, while natural-disaster claims are often excluded or subject to policy conditions. Many policies also cover trip curtailment or abandonment, but only if specified conditions are met. "I know a case where this cover was denied as the passenger was not hospitalized for 48 hours. He had a doctor's visit proof, but the policy mandated minimum hospitalization," Kapoor noted.

Rakesh Kaul, chief distribution officer-retail business, Bajaj General Insurance, said enhanced trip cancellation and interruption covers offer greater flexibility, subject to specified triggers and timelines.

Baggage loss and delay

Baggage-related covers are among the most frequently used travel insurance benefits, but they are also among the most misunderstood.

"Baggage delay and baggage loss are two separate covers under most travel insurance policies, typically with limits ranging from \$500 to \$2,000 depending on the insurer," said Khushalani.

He emphasized the importance of obtaining a Property Irregularity Report, an airline-issued document required when checked-in baggage is lost, delayed, missing or damaged.

"While baggage loss is compensated up to the policy limit regardless of contents, claims involving high-value items such as jewellery require independent proof such as bills and are usually directed toward airline liability rather than insurance," said Khushalani.

Insurance protection for high-value items is also available, but at an additional cost. Baggage delay coverage ranges between \$250 and \$500 and covers essentials like clothing, toiletries, medicines when the delay is beyond a threshold, say, 12 hours. "Loss of baggage means checked-in bags permanently lost by the airline. However, if your baggage is only damaged, it may be covered separately," said Sehgal.

Best practices

Timely filing is crucial in travel insurance claims. Most rejections stem from procedural gaps such as delayed reporting, incomplete documentation, or claims not aligning with the policy timelines. Kaul said, Sehgal said one must file claims within 24 hours. "While claims may still be accepted after 90 to 180 days in exceptional cases, delays can complicate the process and increase chances of rejection," he said.

Irdai has not prescribed a maximum claim-filing timeline, and acceptance of delayed claims is largely at the insurer's discretion. In medical emergencies, travellers should notify the insurer or global assistance provider as soon as possible, including immediately after admission if prior intimation was not possible. "It is always wise to check whether the hospital is in-network and inform the insurer at the earliest," Kapoor advised.

Travel insurance claim success depends largely on awareness and compliance with policy terms. Understanding these nuances before you buy the policy is essential to ensure you are financially protected if and when travel disruption occurs.

