

Press release

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Over 1 in 3 credit cards offer complimentary travel insurance... but is it worth it?

- 35% of credit cards offer complimentary travel insurance for up to 12 months
- creditcardfinder.com.au urges Australians to check whether they're entitled to complimentary travel insurance
- Weigh up the benefits and the drawbacks on complimentary and stand alone travel insurance

MAY 1, 2015, SYDNEY, AUSTRALIA – Australia's biggest credit card comparison website creditcardfinder.com.au¹, is calling on Australian credit card holders to check whether they're entitled to complimentary travel insurance before taking off on their next holiday, following a new investigation.

The analysis of more than 360 credit cards in the creditcardfinder.com.au database found more than one in three cards – 35 percent – offers complimentary travel insurance for up to 12 months. Around half of these cards offer complimentary cover for six months.

Credit cards with a higher purchase rate were much more likely to offer this perk. In fact, of the 126 cards that offer complimentary travel insurance, just 16 of these cards have a purchase rate under 15 percent, compared to 114 cards over 15 percent. The average annual purchase rate for credit cards with complimentary travel insurance sits at 19.1 percent, compared to the average purchase rate of 17 percent.

Out of the credit cards from the big four banks, over half (52 percent) offer travel insurance at no extra cost. The average purchase rate of these cards sits at 19.5 percent.

Annual fees on cards that offer complimentary travel insurance range from \$0 to \$1,250, and average \$178. Just 10 cards that offer complimentary travel insurance have no annual fee.

¹ Experian Hitwise since 2013



Michelle Hutchison, Money Expert at creditcardfinder.com.au, says credit card holders need to check the fine print and find out if it's worth using complimentary travel insurance.

"It may seem like a very attractive feature when you compare stand alone travel insurance costing around \$100 to \$500 depending on your trip. But depending on where you're going, who you're travelling with and how often you travel, it may not be worth choosing a credit card purely for the complimentary travel insurance.

"For example, some cards only provide cover for three months, so this may be a drawback for those who have several trips planned for the year. Also, some cards may only offer travel accident cover so you may not be fully covered for other issues like cancellation, loss of baggage and rental cars.

"You may end up out of pocket, too. Most cards don't have the option of excess eliminator, where you pay a fee upfront to waive any excess charges if you make a claim. Excess costs can vary but usually cost \$200 to \$250 for cards, which could lead to a very expensive outcome if you make several claims. Compared to the 14 direct travel insurance providers compared on finder.com.au/travel-insurance, excess costs range from \$100 to \$250 and excess eliminator costs from about \$6 up to \$100 depending on the provider and trip."

Travellers need to compare cover for lost items, medical, and dental as cover limits can vary.

Complimentary travel insurance through credit cards also has other conditions including you must have a return ticket, and a minimum spend on the card towards the trip before leaving, which is usually around \$500. In some cases, these conditions are applicable per person on the policy.

However, comparing the big four banks' complimentary travel insurance policies, the minimum spend varies significantly, with ANZ allowing cardholders to spend just \$250 and NAB's minimum spend is \$500 of the cardholders' trip on the card and that will cover others on the policies. Compared to Westpac and Commonwealth Bank, where cardholders need to spend \$500 and \$1,000 respectively per person to be eligible for complimentary travel insurance.

But they may be worthwhile in some circumstances, says Mrs Hutchison. "Compared to taking out travel insurance through a direct provider, it could be good value to use a credit card's complimentary travel insurance if you are travelling alone or regularly throughout your cover period.



“If you’re travelling to a ‘safe’ destination or are unlikely to make any claims, credit cards that offer complimentary travel insurance are a great option so it’s worth checking if your card offers this feature.

“Everybody loves a freebie, but free isn’t always best so do your research and assess your needs against the various travel insurance providers on the market before deciding on what’s best for your personal situation.”

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