

Cancellation Travel Insurance Nears 100% Of Purchases for 2021 Trips

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The Covid-19 pandemic impacted virtually every traveler on the planet. Following this global shut down, travel insurance comparison site, Squaremouth.com, is reporting 95% of policies purchased for trips in 2021 include trip cancellation coverage.

"Trip cancellation has always been the primary driver of travel insurance purchases," says CMO, Megan Moncrief. "We've seen this number range from 80 - 90% of our sales, but never this high."

The company looked at purchases since the onset of the pandemic. This spike speaks to the consumer mindset, as US residents grow more antsy at home, but still show a great deal of apprehension in both the safety and likelihood of travel.

The most drastic increase comes in ***Cancel for Any Reason purchases, with over a 200% increase*** in purchases for trips next year, compared to a "normal" travel year.

While this upgrade *raises the price of a policy by 40%*, it offers travelers the most lenient cancellation coverage, providing up to 75% reimbursement for any reason not otherwise covered by their policy. This upgrade has grown in popularity due to the *limitations of standard trip cancellation coverage for Covid-related travel cancellations*.

Aside from the general uncertainty around travel, experts attribute additional factors to the high number of cancellation sales, including changes to who is traveling and where they're going.

The average age of the travel insurance consumer has dropped to their mid-20s, compared to 50-60's in normal years, and domestic travel continues to far out-pace international trips due to widespread border closure. This virtually eliminated a major market in the travel insurance industry: consumers on Medicare taking lengthy trips abroad, where their medical coverage didn't reach.

As states look to enforce another round of shutdowns or quarantine requirements for visitors, expects this trend of cancellation-heavy purchases to continue.

Methodology: Data is based on travel insurance policies purchased between March 12th – December 10th, 2020. Statistics reflect year-over-year changes.