

Trip Cancellation and Interruption Coverage:

In a World of Rapidly Changing Geopolitics, any Delay in Buying Insurance can have a Big Impact

Understanding the Impact of Level 3 & 4 Government Travel Advisories & Known Events

Recent events in Mexico and Cuba have prompted many travellers to seek Trip Cancellation and Interruption insurance only after news breaks. Unfortunately, insurance purchased after an event is publicly known will not cover a cancellation or interruption caused by that situation. This is considered a “**known event**.”

Travel insurance protects against the unexpected. When a risk is known, foreseeable, or publicly reported before insurance is purchased, it is no longer unexpected, and it is excluded from coverage. This includes Level 3 (“Avoid non-essential travel”) and Level 4 (“Avoid all travel”) advisories issued by the Government of Canada, as well as other widely reported situations that may cause travellers to reconsider their trip.



Did you know?

Trip Cancellation coverage begins from the date and time of the purchase of the policy, until the departure date and time.

Trip Interruption coverage begins from the departure date and time until the insured returns to Canada.



For the full list of Exclusions and Limitations that apply to Trip Cancellation and Interruption coverage, be sure to review the policy wording (found under View Documents in TIPS.)

Level 3 and 4 Travel Advisories

Our Trip Cancellation and Interruption policies exclude coverage for **Level 3** and **Level 4** advisories already issued by the Government of Canada before insurance is purchased (for Trip Cancellation) or before the departure date (for Trip Interruption). The most current travel advisories can be found at travel.gc.ca.

How Timing of a Travel Advisory Affects Coverage

- **Cancellation coverage** for Level 3 or 4 advisories is triggered when advisories are announced after the date and time the policy is purchased.
- **Interruption coverage** for Level 3 or 4 advisories is triggered when advisories are announced after the traveller's departure.
- **If a Level 3 or 4 advisory existed at the time the policy was purchased**, neither Cancellation nor Interruption benefits would apply for those advisories.

NOTE: If a Level 3 or 4 travel advisory did *not* exist at the time the policy was purchased, but is issued prior to the departure date, coverage for cancellation due to the advisory is available. *However, if your client chooses to travel despite the advisory, they will have no access to Interruption coverage related to the advisory since they will be travelling against the advice of the Government-issued advisory.*

Known Events

When a risk is known, foreseeable, or publicly reported when insurance is purchased, it is no longer unexpected and is therefore excluded from coverage. Insurance can't cover **known** risks – it's like trying to insure a house that's already on fire.

How Timing of a Known Event Affects Coverage

If an event is known before the policy is purchased: Cancellation or Interruption related to that event may not be covered, even if a Level 3 or 4 travel advisory is issued after the policy is purchased. It was still **known** at the time of purchase.

Case Studies

Case 1 – Early Purchase (Protection Against the Unexpected)

Timeline: Maria books a trip and buys Trip Cancellation and Interruption coverage immediately. At the time she purchases the policy, her destination has a Level 1 advisory. A few weeks later, this advisory is upgraded to Level 3.

Outcome:

- **Cancellation:** Claims related to the advisory may be covered, since the advisory was unforeseen at the time of purchase, and arose prior to departure.
- **Interruption (if she travels despite the Level 3 advisory):** Claims related to the advisory are not covered, since she is travelling against the advisory.

Case 2 – Concerning Global Events After Purchase with No Travel Advisory

Timeline: Daniel books his trip and purchases Trip Cancellation & Interruption coverage on the same day. A few weeks later, national news networks report a spike in violence at his destination, but no official advisory is issued at any point prior to his departure. He chooses to cancel his trip anyway.

Outcome:

- No Cancellation coverage related to the spike in violence: Even though it was an event that occurred after he purchased the policy, there was never an official Level 3 or 4 advisory issued (which would be considered a Covered Event as per the policy wording).
- Trip Interruption coverage would be in effect if a Level 3 or 4 advisory is issued after his departure.

Case 3 – Purchasing When a Level 3 or 4 Advisory Already Exists

Timeline: Kate purchases insurance right after booking her trip but doesn't check for travel advisories. A Level 3 advisory was already in place for her destination at the time she purchased her insurance. A few weeks before her scheduled departure, she cancels her trip due to heightened levels of unrest at her destination (the same reason for the Level 3 advisory that existed when she purchased the policy).

Outcome:

- No Cancellation/Interruption related to that advisory: Existing Level 3 or 4 advisories at time of policy purchase are excluded from coverage.
- Future unrelated Level 3 or 4 advisories may still be covered.

Key Takeaways

- Insurance cannot cover known or foreseeable risks
- Timing of purchase in relation to 'known events' and travel advisories determines coverage
- Buying coverage promptly after booking provides the strongest protection against unknown or unforeseeable events
- Delays in purchasing coverage can result in lost coverage for emerging events between the date you book your trip and the date you buy your insurance

How to Explain This to Clients

Travellers often assume insurance can be purchased after concerns arise. Clear explanations help reset expectations:

- “Insurance protects against the unexpected — once an advisory is issued, or an event is considered ‘known’, it’s no longer *unexpected* and cannot be covered.”
- “Existing Level 3 or 4 advisories cannot be covered retroactively.”
- “Known events reported in the news may also be excluded.”
- “Buying coverage early is the best way to protect yourself against conditions that may change later.”

Understanding how advisories and known events affect coverage allows you to guide clients confidently and prevent costly misunderstandings. Encouraging clients to purchase insurance at the time of booking positions you as a trusted advisor, reduces difficult claims situations, and strengthens long-term relationships.

Acceptable Methods of Payments for Policies

The only acceptable methods of payment in TIPS are Visa and MasterCard. If your client does not have a Visa or MasterCard, please have them e-transfer full payment to payments@21stcenturytravelins.com. Make sure they include the quote number in the transfer. Our office will process the payment and notify you when the policy has been issued. E-transfer is not available for the Visitor to Canada monthly payment plan.

REMEMBER – you are not allowed to use your own credit card for a client's policy as per insurance regulations.

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