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Will your travel insurance policy pay for flight delays on account of bomb scares?

The aviation sector in India has been hit by a series of calls with threats to bomb domestic and international flights. While the calls have turned out to be hoaxes, they have led to flight delays, diversions and inconvenience to passengers.

Airlines do take care of passengers on such occasions, by providing refreshments and alternative accommodation, if needed. And passengers with travel insurance policies—be they domestic or international—can also file claims for the inconvenience they had to put up with.

Flight delay compensation

International travel insurance policies come with an overall sum assured of, say, \$100,000, but the trip delay cover could be limited to \$50-1,000, depending on the insurer and policy variant chosen. For domestic flights, this delay coverage could range from Rs 500-1,000. “Earlier, the policies would pay out the amount after ascertaining the reasons for delay. At present, the products pay out the entire cover meant for flight delay, without such enquiries. The amount is meant to compensate for the inconvenience that policyholders suffer, the causes notwithstanding,” said Amrish Dubey, vice-president, travel insurance, Tata-AIG.

In fact, instead of customers having to file claims, insurance companies track the flight delays of their customers real time, using their ticket PNR, and the claim amount is credited to their account. “Ours is a benefit-based policy, where we cover delays due to any reason. The benefit could go up to \$1,000 for international flights and Rs 100-50,000 for domestic flights, depending on the coverage chosen. We track the flight status and in case of a delay, the payout is

made without the policyholder having to make a claim,” said Aashish Sethi, head, health and travel SBU, Bajaj Allianz General Insurance. Under a benefit-based policy, the entire sum assured is handed out to the policyholder once the claim is triggered.

Flight diversions not covered

Both Dubey and Sethi say flight or trip delay covers come into play in the case of delayed departures, but once the passenger is on the flight, any diversion that may occur would not count as delay. “Flight delay refers to a situation where you are sitting at the airport and the departure is postponed. If diversions happen due to any reason midair, and an emergency landing has to be made elsewhere, insurance companies usually do not get involved. In such cases the airline will have to follow the civil aviation ministry’s rules (on compensation or alternative accommodation),” Dubey pointed out.

As per Directorate General of Civil Aviation (DGCA) rules, in case of flight a delay, the airline is required to provide meals and refreshments, an alternative flight or full refund of the ticket price to the passenger, or hotel accommodation (including transfers) depending on the total duration of flight delay. However, the rules also state that the airline is not under any obligation to provide compensation in cases where the cancellation and delay is caused by a force majeure event, i.e., extraordinary circumstances beyond its control.

Keep an eye on the deductibles

While buying a travel insurance policy, you are required to select the duration of delay beyond which the compensation will be paid. Termed as a deductible, this could range from 30 minutes to six hours. The shorter the duration, the higher the premium applicable. Be clear about the deductible you have chosen as your claim will be admissible only after the time period mentioned as the flight delay deductible in the policy document has elapsed.