

Do you need travel insurance? What to know as trade war, stricter border rules upend summer plans

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As Canadians re-evaluate their travel plans, it may mean rethinking travel insurance, too.

Average medical travel insurance premiums for Canadians have spiked roughly 8 per cent this year and as much as 12 per cent among some providers, according to Dan Donnelly, the president of Travel Insurance Office Inc. in Markham, Ont. The increases have largely been driven by rising hospital costs in the United States.



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Travellers avoiding the U.S. could tap into savings through preferred premiums, while Canadians continuing to flock south should look at credit cards or travel insurance plans with better protection against trip delays and disruptions.

Whether you're staying home or venturing further afield, here's what you need to know about travel insurance right now.

How are geopolitical events influencing travel insurance?

A trade war, a punishing exchange rate and stricter rules for travellers have discouraged many Canadians from visiting their southern neighbours.

An April survey from Travel Health Insurance Association of Canada found that while 61 per cent of Canadians plan to travel this year, 70 per cent said they were unlikely to visit the U.S.

Those travelling to places other than the U.S. can often get cheaper insurance, said Martin Firestone of Travel Secure, a travel insurance specialist, "because the high cost of medical care in the U.S. is figured into the premiums."

"It is not uncommon to see a bill for US\$175,000 for a three-day visit into a hospital," he said.



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A 66-year-old who pays about \$281 for worldwide travel would pay about \$259 for travel excluding the U.S. Those numbers spike to \$417 and \$371, respectively, for a 71-year-old.

Health spending in the U.S. jumped 7.5 per cent in 2023 to US\$4.9-trillion, or US\$14,570 per capita, according to the American Medical Association . That contrasts with an uptick of 4.6 per cent in 2022.

This also means travellers who do choose to visit the U.S. may need higher coverage. "Two million is not necessarily enough any more," Mr. Donnelly said, adding that he's seen claims as high as \$2.4-million.

Other insurers The Globe and Mail spoke with said \$2-million is generally enough, but not less.

Is your credit card travel insurance enough?

Travel insurance coverage that comes with your credit card is sufficient for most Canadians under 65 without serious pre-existing conditions.

But geopolitical tensions can lead to unexpected travel disruptions, so it's worth looking into credit cards with solid protection against trip delays and cancellations, said Natasha Macmillan, the senior business director of everyday banking at Ratehub, an online financial marketplace.

For example, Sunwing recently cancelled bookings at the last minute when it could not fill its flights from Halifax to Florida, court documents show .

The Scotiabank Passport Visa Infinite and National Bank World Elite Mastercard have some of the most robust travel insurance coverage, according to Ms. Macmillan.

While these cards come with fees, they often include protection beyond medical, covering delays, cancellations, accidents, lost luggage and car rental issues.

Coverage will also vary depending on factors such as age, duration and activities. Scuba diving or skydiving often aren't covered, making it wise to consider additional insurance if participating in high-risk activities.

The National Bank World Elite Mastercard offers travel emergency medical coverage of as much as \$5-million, but with different terms of 60, 31 or 15 consecutive days for various age groups.

If you take a trip longer than what the card covers, it will often not even cover the first part of your trip, Mr. Donnelly said.

What about travel insurance from work?

For the average traveller, it's usually enough, Mr. Donnelly said. But he advised reading the fine print, especially if you have health concerns or plan on doing high-risk activities.

Some travel insurance policies have key exclusions, such as no coverage if you're injured while intoxicated or participating in high-risk activities.

Will I be covered if there's a dangerous political situation?

Both individual and credit card-based policies may offer some cancellation protection if Canada calls a Level 3 travel advisory on a destination.

However, credit cards will tend to offer protection up to a specified amount, such as \$5,000, Mr. Firestone said. You can fine-tune coverage with an individual policy.

Do you need travel insurance if you're planning to stay within Canada?

Provincial insurance coverage such as OHIP in Ontario covers most medical bills, but there are two big caveats.

"Let's say you're driving across Canada, you're somewhere in Alberta, you're in a major car accident, and they have to bring an ambulance and take you to the hospital. You're going to be billed for that ambulance," Mr. Donnelly said.

If you're airlifted, say, during a backwoods camping trip, that bill can be in the thousands.

If you lose all your medication when you're travelling, you're also on the hook. Provincial insurers usually won't reimburse you for medication bought in another province.

How much does travel insurance cost these days?

According to Mr. Donnelly, a 100-day travel insurance plan for a healthy 73-year-old costs around \$1,200, while a healthy 67-year-old would pay about \$850.

But if either traveller has a serious health condition, rates more than double.

In addition, travel insurance premiums may be affected by the types of activities you choose and the duration of your stay.

"If you're going one to 65 days, the daily rate would be, let's call it \$10. But if you're going for 128 days, that daily rate could be \$11.50," Mr. Firestone said.

How can you save on travel insurance?

Frequent travellers can save with multitrip annual plans. A 35-day plan lets you take multiple trips throughout the year, with each one covered for as much as 35 days.

Another way to cut costs is by returning to Canada briefly in between longer trips, which resets the clock on certain policies. "Even an hour" in Canada can make a difference with some insurers, Mr. Firestone said.

You can also save as much as 15 per cent by raising your deductible.

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