



Package Travel & Linked Travel Arrangements Guide

Please note this is a guide to The Package Travel & Linked Travel Arrangements (LTA) regulations/directive and does not represent a legal opinion. You should therefore seek your own independent legal advice and also refer to

<https://www.legislation.gov.uk/uksi/2018/634/contents/made> for the UK Regulation

EU Directive

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32015L2302&from=EN>

The Package Travel Regulations and Linked Travel Arrangements EU Directive & UK regulation. This legislation imposes certain responsibilities on all Tour operators and Travel Agencies.

One of the most onerous responsibilities is the need to provide security for passenger's holiday payments prior to and up to the completion of the Package Holiday in the event of insolvency of the Organiser. International Passenger Protection Limited have negotiated an exclusive contract with a major International Insurer together with Reinsurers whose combined assets exceed £100 billion, to provide cover to comply with this legislation. We believe our program will meet all your requirements with a flexible policy based on your business model. We hope the following information will be of assistance to you.

THIS INSURANCE IS RECOGNISED BY ABTA & AITO IN THE UK

What is a Package Holiday & Linked Travel Arrangements ?

There are now six criteria that would classify an arrangement as a package. However, the Package Travel Laws defines a package as a pre-arranged combination of two or more of the following four elements: (1) the carriage of passengers; (2) accommodation; (3) Car rental; (4) any other tourist services not ancillary to transport or accommodation and accounting for a significant proportion of the package. Item (4) would include such items as admission charges, theatre tickets etc. Linked Travel Arrangements (LTA's) are holidays that include two or more travel services but are paid separately and within 24 hours or an agent/organiser uses targeted marketing to procure one or more services. Packages of less than 24 hours and excluding overnight accommodation are exempt. Whilst most Package Travel laws only cover packages and LTA's some EU countries require single elements to be covered also.

Who must comply with the legislation?

Any tour organiser or agent who offers for sale in the **UK or EEA** a package as defined above created by themselves or on behalf of another package organiser.

Any tour organiser or agent offering Linked Travel Arrangements organised within 24 hours of booking the first service.

The tour organiser must show evidence of security against repayment of all money paid by the passenger, including the cost of repatriation from abroad back to their country of departure due to insolvency of the tour organiser.



How can I provide financial security for my passengers?

International Passenger Protection Limited has established a unique and exclusive insurance scheme which has been designed to meet the requirements of both the UK & EU Legislation.

Can I use this insurance for not only my Package & Linked Travel Arrangement sales to UK residents but also EU residents as a UK Company ?

Yes, our policy has been designed to meet both the UK Regulation and EU Directive along with the fact that our Insurer is registered as both a UK & EU licensed Insurance Company. You must seek your own independent legal advice for selling Packages and Linked Travel Arrangements into the EU.

How can I join the program?

Simply complete the attached confidential application form and submit it to International Passenger Protection Limited. Your application will receive immediate attention and will be treated in the strictest confidence. To avoid disappointment, please ensure before submitting your application that you are not only eligible but can submit a fully completed application form along with all requested documentation.

Who will be eligible?

We anticipate that successful applicants will have been trading for at least 3 years and are not insolvent or have negative capital reserves. Regrettably applications will not be considered from start-up companies, and you should therefore refer to the other options open to you under the directive such as Trust Accounts. All applications will be subject to the Insurer's financial criteria and acceptance is not automatically guaranteed.

How much will it cost?

The cost will obviously vary according to the financial standing of each applicant but will be charged on a percentage on estimated turnover plus Insurance Premium Tax and then reconciled at year end on actual turnover.

How will the premium be paid?

The Insurers will initially charge a minimum premium (non-refundable) based on 70% of your 'estimated' next 12 month turnover or £1,500 plus IPT whichever is the greater of the two, in order to effect cover. This will give you some comfort if sales are dramatically down such as during Covid 19. An end of year premium reconciliation will be required on 'actual' turnover whether a holiday was cancelled or not as we would have still been on risk from the point any monies are received.

What happens if I do less or more sales at the policy year end than estimated ?

You will only have to pay the difference in actual sales between what your estimated and what your finally transact at policy year end. You will always pay the minimum premium (non-refundable) as per the quote you sign, however should you exceed 70% of your estimated you will be invoiced for an additional premium accordingly.



Do I have to cover all my passengers?

The scheme is mandatory for all Package Holiday passengers including Linked Travel Arrangements. You do not need to cover passengers on day trips or other arrangements that fall outside the definition of 'Package Holidays' and or 'Linked Travel Arrangements', unless you are selling into certain EU countries that require otherwise. You should cover all Package Holiday or Linked Travel Arrangement clients regardless of whether the holiday is in a published brochure. The legislation applies to tailor-made holidays as well as brochure holidays. Whether a holiday is cancelled or not a premium will be due on turnover as our risks starts as soon as you received monies from passengers.

What evidence of cover will my passengers have?

We will supply you with an IPP logo which is important to use as it may be recognised by some authorities / associations. We will also supply a wording to be displayed within your terms and conditions, website, brochure and confirmation invoices. The UK Regulation and EU Directive require that you confirm to passengers this minimum information which includes the details of the Insurer, and whom effected through (IPP), and how to make a claim in the event of insolvency.

Does the insurance cover flights?

Under EU law yes it does if you are holding flight monies as part of a package. Under UK law flight packages are usually protected under ATOL and therefore this insurance typically cover non flight packages. ATOL does not cover Linked Travel Arrangements including a flight.

Once an air ticket has been issued and the airline becomes insolvent then you are liable to refund your customers. This insurance only covers your insolvency so please refer to IPP for a policy to cover your airline insolvency risks as a separate insurance.

What should I do now?

Complete the application form and return it to International Passenger Protection Limited immediately, together with:

- The latest 3 years (1 year if a renewal application) FULL signed Audited Accounts including any Holding, subsidiary, or Associated Companies. We will not accept filleted or abridged accounts, or applications where your last financial year has not been audited within 6 months of year end. If your accounts are NOT audited, then we will only accept them if your turnover is less than £1 Million.
- Full name & address of all partners for a non-Limited Company.
- Details of any gift / credit voucher sales

Other information may be required at review stage by Underwriter.