
STATUTORY INSTRUMENTS

2018 No. 634

**The Package Travel and Linked Travel
Arrangements Regulations 2018**

PART 5

Insolvency protection

Bonding

20.—(1) Where an organiser, for the purpose of regulation 19(5), relies on the arrangements under this regulation, the organiser must ensure that a bond is entered into by an authorised institution under which the institution, in the event of the insolvency of the organiser, binds itself to pay to an approved body of which that organiser is a member—

- (a) a sum calculated in accordance with paragraphs (3) and (4); or
- (b) a sum calculated in accordance with paragraph (5), if the carriage of passengers is included in the packages and the performance of the packages is affected by the insolvency.

(2) Any bond entered into pursuant to paragraph (1) must not be in force for a period exceeding 18 months.

(3) The sum referred to in paragraph (1)(a) must be such sum as may reasonably be expected to enable all monies paid by or on behalf of travellers under or in contemplation of package travel contracts which have not been fully performed to be repaid and must not in any event be a sum which is less than the minimum sum calculated in accordance with paragraph (4).

(4) The minimum sum for the purposes of paragraph (3) must be a sum which represents—

- (a) not less than 25% of all the payments which the organiser estimates that the organiser will receive under or in contemplation of package travel contracts in the 12-month period from the date of entry into force of the bond referred to in paragraph (1), or
- (b) the maximum amount of all the payments which the organiser expects to hold at any one time, in respect of contracts which have not been fully performed,

whichever sum is the smaller.

(5) The sum referred to in paragraph (1)(b) must be no less than—

- (a) the minimum sum calculated in accordance with paragraph (4); and
- (b) such additional sum as the organiser may reasonably expect to be required to cover the reasonably foreseeable costs of repatriating the travellers and, if necessary, financing the travellers' accommodation prior to the repatriation.

(6) Before a bond is entered into pursuant to paragraph (1)—

- (a) the organiser must inform the approved body of which the organiser is a member of the minimum sum which the organiser proposes for the purposes of paragraph (3) or, where relevant, paragraph (5);
- (b) the approved body must consider whether such sum is sufficient for those purposes; and

- (c) if the approved body does not consider that the sum is sufficient for those purposes, the approved body must—
 - (i) inform the organiser that this is the case, and
 - (ii) state the sum which, in the opinion of the approved body, is sufficient for those purposes.
- (7) Where an approved body states a sum pursuant to paragraph (6)(c)(ii), the minimum sum for the purposes of paragraph (3) or, where relevant, paragraph (5), is to be that sum.
- (8) In this regulation—
 - “approved body” means a body which is for the time being approved by the Secretary of State for the purposes of this regulation;
 - “authorised institution” means a person authorised under the law of the United Kingdom or of a member State, the Channel Islands or the Isle of Man to carry on the business of entering into bonds of the kind required by this regulation.