
DRAFT STATUTORY INSTRUMENTS

2018 No.

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

PART 5

Insolvency protection

Bonding where approved body has reserve fund or insurance

21.—(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 organiser’s insolvency, agrees to pay to an approved body of which the organiser is a member a sum calculated in accordance with —

- (a) paragraphs (3) and (4);
- (b) 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 be specified by the approved body as representing the lesser of—

- (a) 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; or
- (b) 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 not less than 10% 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).

(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 may be specified by the approved body as representing the amount required to cover the costs of repatriating the travellers and, if necessary, financing the travellers’ accommodation prior to the repatriation.

(6) 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 and no such approval is to be given unless the conditions mentioned in paragraph (7) are satisfied in relation to it.

(7) A body may not be approved for the purposes of this regulation unless—

- (a) it has a reserve fund or insurance cover with an insurer authorised in respect of such business in the United Kingdom, a member State, the Channel Islands or the Isle of Man of an amount in each case which is designed to enable—

- (i) in the event of the insolvency of the member, the refund of all payments made by or on behalf of travellers for any travel service not fully performed as a consequence of the insolvency; and
 - (ii) the costs of repatriating the travellers and, if necessary, financing the travellers' accommodation prior to the repatriation to be covered, where the carriage of passengers is included in the packages and the performance of the packages is affected by the insolvency; and
- (b) where it has a reserve fund, it agrees that the fund will be held by persons and in a manner approved by the Secretary of State.
- (8) In this regulation, "authorised institution" has the meaning given in regulation 20(8).