

HOW SHORT TERM MISSION ORGANISERS CAN COMPLY WITH THE PACKAGE TRAVEL REGULATIONS (1992)

(UPDATED MAY 2016)

A. BACKGROUND TO PACKAGE TRAVEL REGULATIONS (AND ATOL)

The definition of ‘package’ in both the [Package Travel Regulations \(PTR\)](#) and the [ATOL Regulations](#) is a trip which lasts for more than 24 hours or involves an overnight stay and includes at least two of the following:

- transport
- accommodation
- tourist services

For the purpose of the legislation, transport can be international (flight to a host nation) or internal (transport from the airport to mission hosts or other areas within the host nation). A trip which lasts for more than 24 hours will normally involve some sort of accommodation either in the traditional sense (e.g. hotels, bed and breakfast etc.) or by staying with a mission host on location. Whilst many trips offer the opportunity to partake in traditional tourist activities as part of the experience, even the mission experience or sponsored activity itself may fall within the definition of ‘tourist services’. As a result, many trips currently on offer don’t just include two of the categories but potentially all three.

Consequently usually organisers of short term mission trips are legally bound to comply with the regulations which include contractual and advertising requirements, as well as making them liable for the proper performance of the contract. In the event of non-performance or improper performance resulting in damage to the consumer, the organiser is liable to provide compensation.

B. WHICH LEGISLATION APPLIES

It must be noted that ATOL is separate to and different from PTR. Both regulations may need to be adhered to as they cover different aspects of regulations but they are closely linked. It is important to read the relevant regulations.

- [Package Travel Regulations \(PTR\)](#)
- [ATOL Regulations](#)

The following chart is a guide to when each of the regulations apply.

| Type of booking | Package Travel Regulations apply | ATOL Regulations apply |
|--------------------------|----------------------------------|------------------------|
| Single item NOT a flight | No | No |
| Flight only | No | Yes |
| Package with flight | Yes | Yes |
| Package without flight | Yes | No |

This paper concentrates on the Package Travel Regulations. There is a separate paper available on the ATOL regulations which needs to be read in conjunction with this paper if a flight is involved.

C. HOW DOES AN ORGANISATION SEEK TO COMPLY WITH PTR?

The Package Travel Regulations set out

- What information must be given to the consumer (passenger/volunteer) before the contract is concluded (including information to be in brochures, where one is published) and
- What information must be given to the consumer before the package starts.

They lay down terms which must be included in the contract and prescribe the circumstances in which price revisions may be made. They stipulate that the organiser and/or retailer is liable to the consumer

for the proper performance of the obligations under the contract, irrespective of whether such obligations are to be provided by that other party or by other suppliers of services. They also provide that the organiser shall provide sufficient evidence of security for the refund of money and for the repatriation of the consumer in the event of insolvency.

An organisation running short-term mission trips which come under the terms of the PTR needs to:

- 1. Ensure that brochures and websites comply with the regulations**
- 2. Create a standard form of Booking Conditions to comply with the regulations**
- 3. Provide sufficient evidence of security in the event of insolvency**
- 4. Understand (and insure against) liabilities covered by PTR**
- 5. Offer suitable travel insurance**

1. Ensure that brochures and websites comply with PTR

Information to be included (in addition to the price) in brochures where relevant to packages offered:

- a) The destination and the means, characteristics and categories of transport used.
- b) The type of accommodation, its location, category or degree of comfort and its main features and, where the accommodation is to be provided in a member State, its approval or tourist classification under the rules of that member State.
- c) The meals which are included in the package.
- d) The itinerary.
- e) General information about passport and visa requirements which apply for British citizens and health formalities required for the journey and the stay.
- f) Either the monetary amount or the percentage of the price which is to be paid on account and the timetable for payment of the balance.
- g) Whether a minimum number of persons is required for the package to take place and, if so, the deadline for informing the consumer in the event of cancellation.
- h) The arrangements (if any) which apply if consumers are delayed at the outward or homeward points of departure.
- i) The arrangements for security for money paid over and for the repatriation of the consumer in the event of insolvency.

2. Create a standard form of Booking Conditions to comply with PTR

Elements to be included in the contract for the particular package:

- a) The travel destination(s) and, where periods of stay are involved, the relevant periods, with dates.
- b) The means, characteristics and categories of transport to be used and the dates, times and points of departure and return.
- c) Where the package includes accommodation, its location, its tourist category or degree of comfort, its main features and, where the accommodation is to be provided in a member State, its compliance with the rules of that member State.
- d) The meals which are included in the package.
- e) Whether a minimum number of persons is required for the package to take place and, if so, the deadline for informing the consumer in the event of cancellation.
- f) The itinerary.
- g) Visits, excursions or other services which are included in the total price agreed for the package.
- h) The name and address of the organiser, the retailer and, where appropriate, the insurer.
- i) The price of the package, if the price may be revised in accordance with the term which may be included in the contract under regulation 11, an indication of the possibility of such price revisions, and an indication of any dues, taxes or fees chargeable for certain services (landing, embarkation or disembarkation fees at ports and airports and tourist taxes) where such costs are not included in the package.
- j) The payment schedule and method of payment.
- k) Special requirements which the consumer has communicated to the organiser or retailer when making the booking and which both have accepted.

- l) The periods within which the consumer must make any complaint about the failure to perform or the inadequate performance of the contract.

It should be noted that both Financial Failure and Tour Operators Liability insurers will require sight of the Booking Conditions.

3. Provide sufficient evidence of security in the event of insolvency

Regulations 17-20 of the PTR stipulate three options to meet the requirement to provide suitable evidence of security in the event of insolvency and they are:

- a) **Bonding:** For organisations organising packages without flights there are six approved bodies and they are listed on www.berr.gov.uk/files/file35634.pdf For organisations who are sending relatively small numbers abroad (say less than 100 people per year), the costs of membership and the additional administrative burden is such that bonding may not be a practicable solution.
- b) **Monies in Trust:** A charity holding sufficient money in unrestricted reserves is not deemed to be sufficient protection for the consumer. The current arrangements for the operation of a Trust account, which meets the requirements of the regulations, requires **all** monies paid over by a consumer to be held in the United Kingdom by a person as trustee for the consumer until the contract has been fully performed. The organiser has to produce evidence to the trustee that the contract has been fully performed before the trustee can release the money. Using this form of financial security means that the organiser has to pre-finance all costs and cannot reclaim the money from the Trust Account until after completion of the trip. Also, setting up a Trust Account can be a costly solution. One supplier quoted an application fee of £150, monthly costs starting at £95 (plus VAT) and an annual membership of £500.
- c) **Insurance** – This seems to be a more practicable arrangement in that the cost depends on use, and so should be far more cost-effective if sending small numbers overseas each year. Financial Failure insurance is a viable option which provides sufficient evidence of security in the event of insolvency for both ground arrangements and travel.

4. Understand (and insure against) liabilities covered by PTR

Regulation 15 of the PTR states that the organiser is liable to the consumer for:

- Personal Injury due to the non-performance or improper performance of the package including the non-performance of any suppliers (Public Liability)
- Cover for damage other than personal injury resulting from non-performance or improper performance of the package (Professional Indemnity)
- Emergency Assistance even where failure to perform the contract or the improper performance of the contract is:
 - a) attributable to a third party unconnected with the provision of the services contracted for, and are unforeseeable or unavoidable; or
 - b) such failures are due to unusual and unforeseeable circumstances beyond the control of the party by whom this exception is pleaded, the consequences of which could not have been avoided even if all due care had been exercised; or an event which the other party to the contract or the supplier of services, even with all due care, could not foresee or forestall

A standard Public Liability policy only provides cover for legal liability arising from your negligence and resulting in death, bodily injury or disease to a third party. Standard Public Liability will not extend to including the negligence of suppliers, cover for Professional Indemnity or cover for Emergency Assistance. However liabilities can be covered by a Tour Operators Liability policy.

5. Travel Insurance

Regulation 8 (2) (d) of the PTR state that the organiser either includes Travel Insurance as part of the contract or provide in writing and in good time before the start of the journey information about an insurance policy which the consumer may, if he wishes, effect in order to cover the cost of cancellation by the consumer or the cost of assistance, including repatriation, in the event of accident or illness.

This is where charities organisations organising ‘packages’ often differ from a Tour Operator or Travel Agent in that the charity takes on a clear duty of care to the passenger/volunteer for their well-being whilst participating in a trip and this would therefore include ensuring that they have adequate travel insurance.

- There are a number of practical issues of leaving the passenger to arranging their own insurance Bearing in mind the duty of care, how do organisers ensure that the travel insurance arrangements made by the passenger are adequate?
- Even where the passenger is responsible for arranging their own insurance, duty of care would imply that the organiser should keep copies of each passenger’s insurance details to enable them to provide assistance in the event of a claim.
- In the event of an incident involving multiple persons such as a road traffic accident, the organisers of the trip may find themselves having to co-ordinate with multiple insurers if they leave the passenger to make their own insurance arrangements.

To overcome these issues and to ensure both compliance with PTR and that appropriate cover is arranged, it is recommended that Travel Insurance is included as a compulsory part of the ‘package’.

D. INSURANCE SOLUTIONS FOR GLOBAL CONNECTION MEMBERS

Bluefin has been providing Travel Insurance to Global Connections members for 20 years and at the request of members they have now put together insurance solutions for both Financial Failure and Tour Operators Liability.

D.1 Financial Failure Insurance

Bluefin has negotiated with International Passenger Protection Ltd (IPP) – a worldwide leader in providing financial failure insurance to the travel industry - to provide Financial Failure insurance for Global Connection members.

- **Limit of indemnity:** The limit of indemnity or sum insured will be determined by the maximum package cost per passenger.
- **Level of premium:** Due to the underwriting complexities of Financial Failure insurance, it is not possible to offer a standard package. Terms will be assessed on a case-by-case basis and is dependent on:
 - the package destination
 - the number of passengers/volunteers
 - the maximum cost of the package
 - an assessment of your organisation’s credit rating

The Insurers will charge a minimum premium (non-refundable) in order to provide cover, but the actual premium will be assessed on a case-by-case basis.

Below are some examples of quotations that Bluefin has recently obtained for financial failure insurance. They serve a **guide only** as even if requirements matched those of one of the samples below, the premium will be calculated on the actual information supplied:

| | Organisation A | Organisation B | Organisation C |
|---|---|--|--|
| Package Destination | UK, Europe (France, Morocco, Spain) and Worldwide (China) | Worldwide (specific destinations Ethiopia, Lesotho, Malawi, Nepal) | Worldwide (specific destinations India, Kenya, Malawi, Sri Lanka & Uganda) |
| Estimated number of Passengers | 156 | 80 | 40 |
| Maximum Package Cost | £1,200 | £2,000 | £1,900 |
| Estimated annual income from passengers | £50,700 | £80,000 | £50,000 |
| Premium | £638 | £960 | £630 |

D.2 Tour Operators Liability Insurance

Bluefin Insurance Brokers Limited has now established a Tour Operators Liability scheme underwritten by Vantage Insurance Services to provide appropriate cover. The scheme has been underwritten with the knowledge that the organiser is a charity or not-for-profit organisation and that the customer would be a volunteer. There are special rates for GC members. *Bluefin is also able to offer cover to non-Global Connections members. However, the minimum premium and adjustable rates are considerably higher.*

Limits of Indemnity:

Employers Liability £10,000,000

Public Liability £2,000,000* (including Emergency Assistance £5,000)

Professional Indemnity £250,000

Higher limits are available on request

Premium: There are special rates for Global Connections members in two categories:

Category 1 - Churches and small agencies sending up to 300 people per annum.

These organisations have a limited number of trips a year and will often be sending out less than 50 passengers/volunteers a year. The Minimum and Deposit premium for organisations falling under category 1 would be **£350** inclusive of 6% IPT and administration fees and would provide cover for up to **50** passengers/volunteers travelling per year.

Prior to renewal the organiser will be required to provide a declaration of the actual number of people during the year. An additional premium will be levied for any excess over 50. The additional charge is £2.65 inclusive of IPT per passenger. For 100 people, the premium would be £350 + (50 x £2.65) giving a total of £482.50. This works out at less than £5 per person

Category 2 – Larger organisations who have a number of programmes running throughout the year and their passenger numbers are in excess of 300 per annum.

There is a 10% discount off book rates subject to a minimum premium of £1,090 inclusive of IPT and administration fees.

Standard Booking Conditions: Organisers are required to have a set of Standard Booking Conditions. If applications are unable to supply a set of standard booking conditions, Bluefin can provide a Standard Booking Conditions template which can be amended as appropriate.

To obtain your own personalised quotation please contact:

Simon West, BLUEFIN INSURANCE, 31 PRIESTGATE, PETERBOROUGH, PE1 1JL

Tel: 01733 563957 or 554712 Fax: 01733 341215 www.bluefingroup.co.uk/

Authorised and regulated by the Financial Conduct Authority

Registered Address: 5 Old Broad Street, London, EC2N 1AD - Registered in England No. 931954

D.3 Travel Insurance:

Global Connections works with Bluefin and Banner Insurance to provide travel and medical insurance cover. For further details please contact either:

BLUEFIN - details as above

BANNER FINANCIAL SERVICES, t/a Harrison Beaumont Insurance Services Ltd

24 Turret Lane, Ipswich, Suffolk, IP4 1DL

Tel: 0345 450 8549 www.bannergroup.com/travel-insurance/

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