



**On 1st July 2018, new law came into force changing the definitions of what a Package Holiday is. These are not only significant to the travel industry but potentially to all businesses, clubs and societies. They apply to all sales from the 1st July 2018.**

### **So, what has changed?**

A package is now generally defined as the combination of two or more different types of Travel Services, which are combined for the purpose of the same trip.

There are now four types of Travel Services:

1. Carriage of passengers
2. Accommodation
3. Motor Vehicle Hire
4. Any other tourist service (e.g. admission to concerts, sports events, excursions or event parks, guided tours, ski passes and rental of sports equipment such as skiing equipment, or spa treatments).

There are now six categories governing the circumstances in which travel services combine to create a package:

**Category 1:** single contract (usual package scenario, where Travel Services are sold at an inclusive price).

**Category 2:** sold in single booking process, where Travel Services from different suppliers are combined within one booking.

**Category 3:** sold at an inclusive / total price, where Travel Services from different suppliers are combined within one transaction.

**Category 4:** sold as a "package" (or under a similar term), where the words for instance "combined-deal", "all-inclusive" or "all-in arrangement".

**Category 5:** contract allows subsequent choice, where a trader sells a product that allows a traveller to select different travel services after they have concluded the contract will also count as package.

**Category 6:** sold through linked online booking process, where the traveller's name, payment details and email address are sent from the first trader they purchase from to the second and a contract is concluded.

These changes close the "loop-holes" that the industry had exploited to sell elements of travel separately to avoid the old Regulations. They also now embrace many firms who would previously have escaped the Regulations, e.g. Hotels, Clubs, Societies, Event Organisers, Hospitality providers, Car Hire, Ticket Agencies; the list goes on and on.

### Why does this matter?

The new regulations explicitly places Liability for the performance of the travel services included in the package, on the organiser - irrespective of whether the travel services are performed by third parties. Liability is not only what we understand in Insurance terms but also means any lack of conformity and travellers will be entitled to compensation for damages and loss of enjoyment. Packages must be financially protected and consumers must be given statutory information.

### What you need to know

You may be completely unaware that you "package" and therefore exposed to these new regulations. The consequences for failing to adapt your business to the new regulations is not only facing liability claims but now also a number of criminal offences:

- > Failure to satisfactorily provide pre-contractual information.
- > Failure to satisfactorily provide a contract or confirmation of contract and prescribed information.
- > Failure to put in place compliant insolvency cover.
- > Obtaining release of monies held on trust for insolvency cover by false statement.
- > Failure to put in place compliant insolvency cover or provide pre-contractual information for LTAs.

### We are here to help!

Our experienced staff will help explain the new regulations and how to protect your exposures with combined Liability and Professional Indemnity and Directors and Officers Insurances.

Please **contact your underwriter** or call us on **01923 298 440**.