

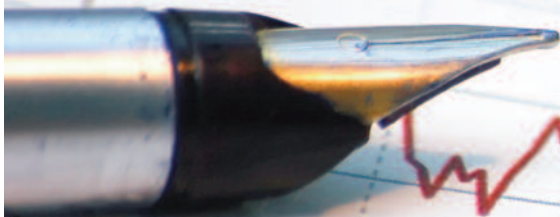


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# Financial Risk



## FINANCIAL PROTECTION

Bonding and Insurance Services

## WHAT IS THE NEED FOR BONDING & INSURANCE?

Companies in the travel industry will be familiar with the requirement to provide financial security to their customers. These requirements arise under regulations or from various trade bodies who require bonds including:

- Air Tour Operators Licence (ATOL) regulations – as required by the Civil Aviation Authority\*, or the Civil Aviation Regulator (CAR) in Ireland
- Association of British Travel Agents (ABTA) – both retail and tour operators
- International Air Transport Association (IATA) – to protect BSP payments
- Other trade associations who require members to provide or participate in bonding including Eventia, AITO, BCH (CPT) & ABTOT
- Transport providers including airlines and rail companies
- The Package Travel, Package Tours and Package Holidays Regulations 1992 – generally known as the “Package Travel Regulations”. These Regulations require Organisers to provide bonding, insurance other financial security in respect of customers’ advanced payments.



\* This may apply to new businesses, those that have changed ownership and others required to bond by the CAA in addition to paying the ATOL Protection Charge (APC) or levy.

# HOW CAN THE INSURANCE MARKET HELP?

## BONDING

The insurance market offers a beneficial alternative to bank bonding. We are an established specialist broker in this field, and are one of only a handful of brokers recognised by the CAA. Using us to source your bonding requirements has distinct benefits:

- **Insurer bonds are not secured on the assets of the company**, and do not require minimum deposits, so freeing up valuable working capital unlike many bank bonds
- **As brokers we are able to negotiate with different insurers to obtain the best rate for each client**, based on individual underwriting of the company's financial position. We have been able to show significant savings, and have even arranged some bonds at no higher cost than secured bonding from banks
- We can arrange **bonds for all purposes**. We like to establish a "bond line" so that clients can plan their bonding provision bearing in mind the possible need for mid term variations
- **We can negotiate flexibility**: for example, if a client has a short period peak bond requirement this can be taken into account in the rating, so saving premium
- **We use a rapid and straightforward underwriting procedure**. All we need to provide you with a quotation is the following:
  - o a copy of your ATOL, ABTA or other application form
  - o copies of two years' audited accounts. If these are more than 6 months old, a copy of the latest management accounts can be helpful
  - o copy corporate brochure if available
  - o If we proceed to arrange the bond then some insurers may require the completion of a short application form and may require a bank position statement.

We can usually provide quotations within a couple of days. We work closely with clients and provided all documentation is completed on time, we always get bonds delivered on time.



## PACKAGE TRAVEL INSURANCE

An ATOL bond will provide the required security for travel packages which include air travel. However, The Package Travel Regulations require security in respect of any “Package” including those which do not involve air travel such as coach tours, packages involving rail travel or a combination of services which do not include travel.

This obligation can be met in one of three ways:

1. The setting up and management of a trust fund in which to hold customer’s pre-payments
2. A bond, to be lodged with an Approved Body which has a reserve fund (such as ABTA) or
3. Insurance

**Option 1** is not attractive to many companies in view of the cost of administration.

**Option 2** can be achieved by accessing the insurance bonding market, but then the company will need to become a member of an approved body with which to lodge the bond.

**Option 3** provides insurance for the direct benefit of the customer, and is arranged independently of any association membership.

We can advise on the arrangement of both bonding and insurance and are able to negotiate with different insurers offering cover against tour operator failure.

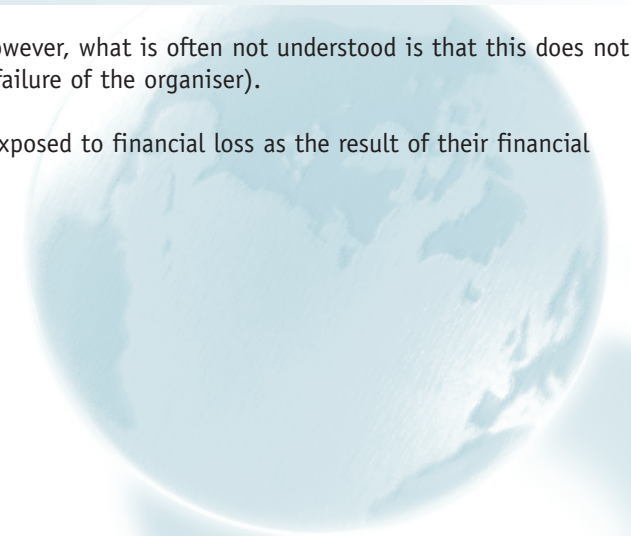
## AIRLINE AND SUPPLIER FAILURE INSURANCE

Bonding or insurance to comply with the regulations protects the customers against the financial failure of the organiser. However, what is often not understood is that this does not provide compensation in the event of the failure of the airline or other service provider (unless such failure also causes the failure of the organiser).

Airlines and other transport providers have no statutory obligation to provide bonding, so the customer or the organiser is exposed to financial loss as the result of their financial failure.

We can advise on insurance for the benefit of customers or organisers to cover:

- Scheduled and chartered airline failure
- Failure of transport or accommodation providers



## WHO ARE WE?



- Event Assured is a trading style of Applewell Ltd. We also trade as Applewell Insurance Brokers.
- We are independent insurance brokers authorised and regulated by the Financial Services Authority
- Established in 1990, we are specialists in the events and travel sectors including incentive travel, corporate events, exhibitions, conferences, meetings and special events.
- We are members of the major event industry trade associations including Eventia, AEO, MIA, ACE, NOEA, BNC, ISES and TESA



## OTHER SERVICES FROM EVENT ASSURED

Please ask for brochures on our other services, which include:

- Event Insurance – world-leading plain English wordings and computerised processing mean we can deliver straightforward policies, better cover, faster service and lower premiums.
- High quality travel insurance for organisers and clients with amazingly easy computerised administration.
- Combined liability and professional indemnity insurance for professional event organisers and tour operators.
- Combined liability insurance for conference, exhibition and other event organisers

We are highly qualified and experienced commercial insurance brokers offering a full range of commercial insurance services.

## HOW TO ARRANGE COVER OR GET ADVICE

Contact Brian Kirsch or Rob Bentley at:

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