

NEWSLETTER

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AVOID A CRASH LANDING

WHY DO TRAVEL AGENTS & TOUR OPERATORS REQUIRE PI INSURANCE

Professional Indemnity Insurance provides financial protection to **Travel Agents & Tour Operators** against claims brought against them for alleged negligence or breach of duty arising from an act, error or omission in the performance of their professional services.

Travel agents and tour operators provide a professional service to their clients, advising them on travel itineraries, accommodation packages, travel insurance and more. Because of this, they need to ensure that they have professional indemnity insurance to protect themselves and their business from claims that might be brought.

Claims can arise from inter alia:

- ✘ Mistakes made with a client's travel arrangements;
- ✘ Incorrect bookings;
- ✘ Accommodation booked on behalf of their client that is unsatisfactory or not as advertised;
- ✘ Pure negligence in carrying out their professional duties.

HOW TO LIMIT THE RISK OF CLAIMS

We have over time established that it is not a lack of experience / expertise that leads to claims but rather overlooking simple details. Having a check list in place for employees to consider when dealing with clients may be prudent in preventing claims from arising. Such list (which employees would need to consider / canvass with clients) could include inter alia:

- ✘ Visa's
- ✘ Passport Validity (6 months)
- ✘ Clean Pages in a Passport
- ✘ Inoculations
- ✘ Insurance
- ✘ Air Ticket details (cancellation, penalties, time limits etc)

It could also be beneficial for clients to complete and sign a Booking Form which ought to have pertinent information that would be required to attend to the travel arrangements. This would mean that clients confirm crucial information for eg date of departure, client's personal details, passport numbers etc). The Booking Forms should further advise all the documents which the client is required to provide. This may assist in eliminating risk.

MAKE YOUR BUSINESS FLY

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CASE STUDIES

We have seen numerous claims resulting from Travel Agents failing to obtain requisite Visas or failing to advise clients of the need to obtain Visa's prior to client's departure. Clients bring claims against their travel agent to recover the additional costs that they incur. Below are examples of claims brought:

- ✘ A travel agent booked a 7 day Imperial City Tour of Morocco on behalf of their client. The tour was booked and paid for and departed on a specific date. On the client's arrival at the airport they were advised that they did not have a Visa and thus could not travel to Casablanca. As a result thereof the insured had to arrange that an urgent visa be issued. The insured's failure resulted in new flights having to be booked and additional accommodation had to be arranged due to the delay in the departure. The client furthermore was unable to join the tour in Morocco on the date it was booked for

and a new travel tour had to be booked at a higher price. New return flights were also booked as the travel was extended by a few days. The quantum was in the region of R 60 000.00.

- ✘ A client approached the travel agent to arrange and book their travels from George to Alaska. The travel agent booked a flight to Anchorage (Alaska) via Vancouver. The travel agent arranged for the American tourist visa however omitted to arrange for the client to have a transit visa for Canada. On the client's arrival in Johannesburg they were unable to board their flight to Alaska via Canada due to their failure to have a transit visa required for entry into Canada. A transit visa was obtained the following day. The insured had to book overnight accommodation for the client and new flights had to be booked however the only flight the agent could secure the following day was to Alaska via Frankfurt. The quantum was in the region of R 40 000.00.

We have also seen claims arise as a result of a travel agent's failure to advise their client's that they would for purposes of travel require 6 months validity on their passports. Below is an example of such a case:

- ✘ The travel agent failed to advise their client that she was required to apply for a new passport based on the fact that she did not have 6 months validity on her passport from the date of departure. The client only became aware of this when she tried to board her flight to Bali. As a result thereof the client could not travel to Bali for her vacation and the costs incurred in having to cancel the accommodation and flights were claimed from the travel agent. The claim was in the region of R 50 000.00.

We have also seen claims brought against travel agents for not ensuring that the accommodation booked was suitable. Hereunder is an example of such a case:

- ✘ The client requested the travel agent to book accommodation for him and his family in Cape Town. A few days prior to the client's arrival at his holiday destination the agent was informed that the accommodation had been flooded and suggested that alternate accommodation be booked. The agent attended to book new accommodation for his client. When the client arrived at the newly booked guest house he found it to be substandard and unappealing. The client thus booked his own accommodation. The insured was unable to get a refund from the guest house and the client claimed the accommodation that he booked from the agent based on the fact they failed to source accommodation as was requested by their client. The claim was in the region of R 20 000.00.

We have also seen claims arising from agents reserving airline seats for their clients and subsequently failing to revert to the airlines and ensuring that the tickets are issued. This results in agents having to purchase air tickets at a higher price than what they charged the client. The clients are saddled with paying a higher price for the tickets and thus bring claims against the travel agent for the difference in the airline costs.