



16 July 2020

WEEKLY BULLETIN

Risk management: who pays?

Insurance is getting harder to obtain. At a webinar ETOA ran with our partners ECTAA yesterday, 86% of participants said that sufficient insurance cover for travel and tourism businesses has become harder to find at an affordable price. This is not just inflationary; it threatens the continued viability of the sector. Experts questioned whether foreseeable risks were insurable in current circumstances, with front line business reporting an increase in exclusions and excesses, and new market entrants struggling to find cover at all. Strikingly, 93% of participants said that future travellers will want personal travel insurance that covers financial loss.

Cash-flow is still critical. Much financial strain results from pre-payments made to airlines and other suppliers. Statutory pressure is focused on those selling packages to consumers who must refund cancelled bookings within 14 days. Despite the Package Travel Directive (PTD) trying to achieve 'close harmonisation' among EU states, the variation in national approach in crisis response added to complexity, frustrating consumers and business. The COVID-19 crisis, coming so soon after the collapse of Thomas Cook, has demonstrated that the overall framework is dangerously flawed. Recognising the nature and scale of the problem is a precondition for reform; a blame game will not help. (See previous [ECTAA/ETOA](#) paper.)

Can reform happen fast enough? At national policy level, change is expected in the pre-existing insolvency protection mechanisms within Europe: Germany was reported to be reviewing whether it should develop state-backed non-profit mechanisms like the guarantee funds in operation in the Netherlands and Belgium. At an EU level, change will take longer. The 1990 PTD took 25 years to be replaced. Meanwhile the internet transformed the industry, with much of the growth in tourism happening through self-packaging, outside PTD's protection. The 2015 directive was well-intentioned, but it is not fit for purpose. 91% of webinar participants thought it placed an unreasonable burden of financial risk on operators and agents. Pending reform, a market response is required to restore confidence and trading resilience: this will require innovation from the insurance industry as well as

the travel and tourism sector. Consumers paying directly for protection that suits them will be part of the solution: they ultimately pay anyway. We need more honesty and imagination about how best to manage risk in an industry built on discretionary consumer behaviour.

Technology driving recovery

Open source technology is one of the tools that could aid recovery in the travel industry. It can provide lower cost, easier access solutions to efficiency problems, at a time when businesses and other organisations need to do more with less to increase efficiency and improve operating processes. **Open Travel Alliance**, with whom ETOA will collaborate later this year, are having a Europe-focussed online working session on open APIs in the travel industry on Wednesday 22nd July at 3pm BST/4pm CEST. All are warmly invited to attend. The session will cover the basics of APIs and how they are used today, as well as how they may evolve. Access the invitation [here](#).



The [COVID-19 resources page](#) is reviewed and updated regularly with notifications on which sections updated at the top of the page. To access this page requires members to login. Members with specific questions on the impact of COVID-19 please continue to [contact us](#).

On Brexit, in the past week the European Commission and UK Government have both released communications to help businesses and individuals prepare for change from 1 January 2021, as the UK will no longer be following EU laws and not be participating in the EU's Single Market and Customs Union (for businesses in Northern Ireland please see [Ireland and Northern Ireland protocol](#)). European Commission communication 9 July 2020 and sector readiness notices can be found [here](#) which highlights the main areas of change regardless of the outcome of negotiations on the future relationship between the EU and the UK. UK Government public information campaign '[UK's new start: let's get going](#)' includes a [checker tool](#) to help businesses and individuals prepare. Our [Brexit page](#) will continue to be updated during 2020.

ETOA Webinar

ETOA's upcoming and previous webinars can be reviewed [here](#). Future events will include: destination and regional product development - how public and private sectors can collaborate to stimulate and support recovery; origin markets – what are operators and recent research telling us about travel intentions?



Our member-only [Global European Marketplace](#) has always been the most important event in the ETOA calendar with over 15,000 scheduled meetings held between hundreds of members in 2019 alone. But in 2020 this event will take on even greater importance as THE platform for our members to connect, do business and launch their recovery from the damage done by COVID-19.

in 2020 we are offering you the opportunity to attend and hold your meetings either in person or online via our dedicated platform. Click [here](#) to find out more and join us on the **30th of October** at the Intercontinental London – the O2.

ETOA's current lobbying priorities remain:

- Access to liquidity, especially for SMEs
- Resolution to cancellation and refund policies
- Better practical information to enable future planning
- Coordination in standards for food, accommodation, transport systems under any new public health guidelines



Members' Features

Tackling the Impact of COVID-19 Together

[Contact us to be featured](#)

On our [Members' Features page](#) we continue to showcase innovation and free-of-charge content from ETOA's members, especially DMOs. [Contact us](#) if you would like to be featured.