

**COMMERCIAL**



**SUPPLIER  
FAILURE  
COVER**

**SUPPLIED BY**



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## 1. What is Commercial Supplier Failure Cover?

Rock Insurance Innovation has introduced a new product known as Commercial Supplier Failure Cover, which now gives both the end supplier (your business) and your customer financial failure of a supplier.

The cover now sits with your business and covers your business for any 'cost incurred' in the travel arrangements for your customers in the event of the failure of a supplier.

## 2. Commercial Supplier Failure Cover – Products

Commercial Supplier Failure Cover has three different products in order to be flexible for the different type of travel business:

- **Complete Supplier Failure Cover (SFC):** Covers all suppliers including airlines, accommodation properties, trains, coaches, ferries, car hire, transfer companies, hotel & car parking suppliers, excursion companies, attraction suppliers and many more. This product suits any company who sells dynamic packages with reasonable level of different components.
- **Supplier Failure Insurance (SFI):** Covers all non airline suppliers. SFI will suit those companies that sell accommodation only or dynamic packaged holiday with travel on train, coach ferries and self drive.
- **Scheduled Airline Failure (SAFI):** This product covers all airlines that publishes a timetable and operates its service to a distinct schedule and sells to the public at large. This includes all Low Cost Airlines, charter programs such as Thomson Fly, Thomas Cook, and Monarch etc. Suits companies who only want to cover the flying element of a holiday or sells flight only.

## 3. How to get Commercial Supplier Failure Cover.

The process is very simple, there is an application form that is required to be completed with company details and list of suppliers and the split of business by those suppliers and a 12 month forecast of passengers to be covered. Once the underwriter has reviewed the application and approved it, we will forward a premium rate based on a per person basis.

## 4. Do I need to be FSA regulated to use this cover?

As it is a commercial policy and the cover is on your business you are not required to be FSA regulated or Appointed Representative Status.

## 5. Can we sell Commercial Supplier Failure Cover?

As the policy is a commercial one on your business you **cannot sell** it to your customers but you may **pass the cost on** as an admin fee. Cover is offered on a mandatory basis and should be included in all bookings for suppliers you want protection on.

## 6. What is the rate of IPT (Insurance Premium Tax)?:

As a commercial policy it carries a 5% IPT rate as apposed to the rate of 17.5% which is applied when you sell Travel Insurance.

## 7. Does it cover Atol?

The policy requires that claims should first be made to any bonds or insurances, but the policy will cover claims if Atol do not payout or if the amount paid out by Atol is insufficient to cover the cost of the claim, where the policy will cover the excess up to the agreed sum insured.



## **8. Does it protect my company from credit card charge backs?**

If your clients have booked by credit card with your company and makes a claim via the credit card insurance, it is more than likely that the Credit Card Company will penalise your company with what is commonly known as 'credit card charge back'. As this charge will be deemed as a cost incurred by your company in the travel arrangements the policy will cover the claim for such charges.

## **9. What is the excess?**

There is **no excess** on Commercial Supplier Failure Cover

## **10. What is the level of cover?**

Your level of cover will have been determined by the person in your company known as the account manager, please liaise with them as to the level of cover and premium that you have.

## **11. Does the policy cover flights that I have booked using the customers' credit card?**

Should you make a booking where you have booked all the components but for their flights you have booked a low cost airline but have paid with the customer's credit card and the airline financially fails; you can claim the cost of this flight if the customer cannot claim via other insurance or bonds but only if you are looking to book on their behalf the replacement flight. Proof via an invoice of the original cost paid by the customer for the flight plus confirmation they cannot claim from other bonds or insurance will need to be supplied.

## **12. Does the policy cover additional cost over the original price paid?**

The policy covers any cost incurred by you in the travel arrangement and in cases where the airline fails and puts the whole holiday at risk; the underwriter may agree to cover additional cost above the original price paid for the flight. This is provided that the cost of the replacement is within reason to the original flight cost and does not exceed the original holiday cost, this must be authorised by the underwriter.

## **13. What can I claim for?**

If you have complete SFC you can claim for any supplier that financially fails; you can claim the complete holiday cost (up to sum insured) if the customer cannot take the holiday due to one of the supplier's failure. If you have only booked the flight only you can claim this as well as any other single component of the holiday as long as the supplier is on your companies declared suppliers list. The important point to remember is that the policy covers any cost incurred by you in the travel arrangements for your customer.

#### 14. What happens if an Airline goes into financial failure?

- Schedule Airline failures (not in Chapter 11 Bankruptcy, or Bankruptcy Protection and not on excluded list) The cost relating to Scheduled air flights necessarily and unavoidably cancelled prior to the departure of the **Passenger** from the United Kingdom or their country of domicile due to bankruptcy/liquidation of any **Scheduled Airline** on which the booked trip depends in respect of deposits or charges paid in advance by the **Passenger** which are forfeited by the **Passenger**. **E.G. Say if GlobeSpan went into financial failure prior to customer travelling, in this case the policy will payout the claim**
- Schedule Airline failures (not in Chapter 11 Bankruptcy, or Bankruptcy Protection and not on excluded list) The costs relating to Scheduled Air flights in the event of curtailment due to bankruptcy/liquidation as set out in 1 above whilst the **Passenger** is on the booked holiday/trip, those costs being of a similar standard to the originally booked flights. **E.G. Say if in the unlikely event Air France went into financial failure whilst the customer is on a trip/holiday, in this case the policy will payout the claim**
- Schedule Airline failures (in Chapter 11 Bankruptcy, or Bankruptcy Protection and on excluded list) The cost relating to Scheduled air flights necessarily and unavoidably cancelled prior to the departure of the **Passenger** from the United Kingdom or their country of domicile due to bankruptcy/liquidation of any **Scheduled Airline** on which the booked trip depends in respect of deposits or charges paid in advance by the **Passenger** which are forfeited by the **Passenger**. **E.G. Say if in the unlikely event Continental went into chapter 11, in this case the policy will NOT payout the claim**
- Schedule Airline failures (in Chapter 11 Bankruptcy, or Bankruptcy Protection and on excluded list) The costs relating to Scheduled Air flights in the event of curtailment due to bankruptcy/liquidation as set out in 1 above whilst the **Passenger** is on the booked holiday/trip, those costs being of a similar standard to the originally booked flights. **E.G. Air Zimbabwe were in chapter 11 prior to clients booking and whilst the customer is on a trip/holiday, in this case the policy will NOT payout the claim**
- A Schedule Airline is taken over or forms part of a merger by another airline. **E.G. British Airways were to merge with Iberia, in this case the policy will NOT payout the claim unless the matter had been referred to Underwriters and they give their approval for cover to continue.**

## 15. What happens if a non airline supplier goes into financial failure?

- Any supplier failure (not in Chapter 11 Bankruptcy or Receivership at the date the Travel Arrangements are booked) The cost incurred by Travel Company relating to any paid and non-refundable section of the Travel Arrangements on behalf of the Party Guaranteed and whose name appears on the invoice, which is necessarily and unavoidably cancelled prior to departure of the Party Guaranteed from the United Kingdom or their country of domicile, due to the bankruptcy and/or liquidation of the Travel Arrangements provider. **E.G. If in the unlikely event Low Cost Beds accommodation provider went into financial failure prior to customer travelling, in this case the policy will payout the claim**
- Any supplier failure (not in Chapter 11 Bankruptcy or Receivership at the date the Travel Arrangements are booked) The cost incurred by Travel Company relating to curtailment of any non-refundable part of the Travel Arrangements on a pro-rata basis due to bankruptcy and/or liquidation of the Travel Arrangements provider whilst the Party Guaranteed is on the Arranged Travel. We will cover the cost of replacing travel components of an equal or similar standard whilst on the Arranged Travel or if an equivalent alternative cannot be obtained then the cost of repatriation of the Party Guaranteed to the original point of departure of the Arranged Travel. . **E.G. Apartments Abroad accommodation provider went into financial failure whilst the customer is on a trip/holiday, in this case the policy will payout the claim in replacing the component or if no replacement then repatriation of the clients to original point of departure.**
- Should a company financially fails and part of the holiday is covered by other bonds i.e. ATOL; in the first instance claim should be made to ATOL the policy will NOT payout unless such other bond or insurance is insufficient to meet a valid claim in which case cover will be provided by this insurance in excess of the amount recoverable under that other bond or insurance up to the maximum sum insured.

## 16. Does our customer receive any policy certificate or wording?

As the cover sits with your company and not with the customer they do not receive any policy certificate or wording. We have suggested that the client receives a marketing document to explain how the policy works and what to do in event of a claim, your commercial team/account manager will have created such a document and should have distributed, please contact them for instructions on the wording.

## 17. How is a claim made?

Should a supplier fail instructions will be sent to your central office/account manager on the documentation required to submit a claim; this is usually an excel spreadsheet detailing: Customers Names, Date of Booking, Date of Intended travel and sum of claim, each to be accompanied by an audit trail such as invoice, receipt etc.

## 18. How long does it take for a claim to be paid?

As long as all claims procedures have been followed and required invoices/receipts have been passed through to Rock to pass on to the underwriter payout for the claim will be made within 14 days of the claim submission, depending on the size of the failure payment should be completed in the majority of the time within 7 – 14 days

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