

Travel and Tourism Guarantee Fund

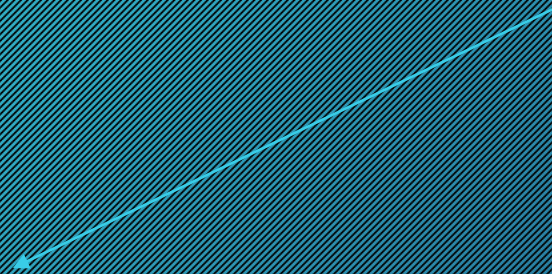
Decree-law 61/2011, dated May 6th

The Portuguese Market

In Portugal



Travel Agencies



- i) THE DEFINITION OF TRAVEL AGENCIES INCLUDES TA AND TO
- i) THE DEFINITION OF TRAVEL AGENCIES INCLUDES OUTGOING AND INCOMING AGENCIES

The Portuguese Market

In Portugal, in order to become a TA, companies must:

- 1) Subscribe a Civil Liability Insurance;
- 2) Subscribe the Guarantee Fund;

The Portuguese Market

Civil Liability Insurance

Minimum : € 75.000,00

Coverage:

- i) Reimbursement of patrimonial e non-patrimonial damages to clients or third parties by acts or omissions of the TA.
- ii) Repatriation and assistance of Clients;
- iii) Medical assistance

The Portuguese Market

Insurances



There are also other insurances (non-mandatory) at the disposal of clients (some are offered by TA and TO with travel packages)

The Portuguese Market

“Hierarchy” of Guarantees

- 1) Civil Liability Insurance;
- 2) The TA or TO directly;
- 3) The Guarantee Fund.

Travel and Tourism Guarantee Fund

- By Law
- Guarantee system aiming to guarantee customer satisfaction for credits arising from failure to comply with agreements entered into with travel and tourism agencies.
- Replaced the previous system in force - Bond

Travel and Tourism Guarantee Fund

What is it?

It is a Fund established with legal personality and financial, patrimony and administrative autonomy;

It is held severally liable for the payment of the credits of consumers arising from failure to comply with the services hired to travel and tourism agencies;

Travel and Tourism Guarantee Fund

THE GUARANTEE FUND DOES NOT:

- i) Imposes penalties;
- ii) Control directly the travel agencies (companies or individuals);
- iii) Collects data;
- iv) Grants any services to TO or TA;
- v) Have any direct relation with TO or TA **it is autonomous as previously referred**

Travel and Tourism Guarantee Fund

What is its value?

Minimum value € 2,000,000.00

Travel and Tourism Guarantee Fund

What does it cover?

- ✦ Reimbursement of amounts paid/prepaid by customers;
- ✦ Reimbursement of additional expenses incurred by customers as a result or non-provision of services or default provision of the same



In the maximum global amount of € 1,000,000.00 per civil year

Travel and Tourism Guarantee Fund

What it does not cover?

Payment of consumer credits related to isolated purchase of airline tickets, whenever failure to provide the trip is not ascribable to the travel agency.

Travel and Tourism Guarantee Fund

Who is entitle to mobilise?

Consumers (national or foreigners) interested in obtaining payment of credits arising from failure to comply with contracts entered into with travel and tourism agencies (both incoming and outgoing).

FGVT MOBILISATION

Who is legally a Consumer ?

“A consumer is anyone to whom goods have been supplied, services have been provided or rights have been granted, intended to non-professional use, by anyone practicing any economic activity as a professional in order to benefit from it”

FGVT MOBILISATION

How is the Guarantee Fund mobilized?

- Legal judgement or arbitration decision made final, containing the amount of the demanded, accurate and net debt amount;
- Decision of APAVT Customer Ombudsman;
- Decision from the Turismo de Portugal Arbitral Commission.

FGVT MOBILISATION

The Guarantee Fund does not pay directly to the suppliers but only directly to the consumer and always on the basis of a decision issued by the entities referred to in the previous slide.

FGVT MOBILISATION

FGVT Mobilisation Procedure Decision / Judgement

Turismo de Portugal I.P notifies the travel agency for them to pay the amount within 20 business days.

Failure to voluntarily pay the amount, payment will be made by FGVT

The Agency must reimburse to the FGVT the amount used to pay to the consumer (within 30 business days).

Should the Agency fail to reimburse the amount, their registration at RNAVT is cancelled and it can no longer be able to exercise the activity

Travel and Tourism Guarantee Fund

Who manages it?

The Fund is managed by the State, represented by Turismo de Portugal (Governmental body) with the support of the General Council (non-remunerated) composed of:

- Representatives from Travel Agencies: **APAVT**
- Representatives from Consumers: **DECO** e **DGC** (governmental body as well)



Management can be allocated to a **FINANCIAL CORPORATION** appointed by Turismo de Portugal after consulting the General Council

Travel and Tourism Guarantee Fund

FGVT Funding

Single contribution to be made by Travel Agencies when they register with the National Registry for Travel and Tourism Agencies (RNAVT)



€ 2,500.00

Travel and Tourism Guarantee Fund

Transitional Regime

Agencies in practice on the date when Decree-law

61/2011, dated May 6th, entered into force

Travel and Tourism Guarantee Fund

Annual progressive contribution calculated based on the respective turnover

Annual because it would be paid throughout time (in 3 years) until the right amount is attained or until the date when the Fund would attain its minimum value (€ 2,000,000.00)

Table of Contributions to the FGVT Transitional Regime

Tier	Provision of services (Euros)	Annual contribution amount for FGVT (Euros)
1st Tier	Equal or < 1 million	€ 350.00
2nd Tier	> From 1 million to 5 millions	€ 500.00
3rd Tier	> From 5 to 10 millions	€ 1,000.00
4th Tier	> From 10 to 50 millions	€ 1,500.00
5th Tier	> 50 millions	€ 3,000.00

Travel and Tourism Guarantee Fund

Travel Agencies starting operations soon after Decree-Law 61/2011, dated May 6th, entered into force

Single contribution of € 2,500.00

FGVT Minimum Value Guarantee

FGVT below € 1,000,000.00



Travel Agencies registered at RNAVT are notified to make an additional contribution in accordance with their respective turnover until the FGVT reaches again the minimum amount of € 2,000,000.00


Additional FGVT Contribution

Tier	Provision of services (Euros)	Annual contribution amount for FGVT FGVT (Euros)
1st Tier	Equal or < 1 million	€ 350.00
2nd Tier	> From 1 million to 5 millions	€ 500.00
3rd Tier	> From 5 to 10 millions	€ 1,000.00
4th Tier	> From 10 to 50 millions	€ 1,500.00
5th Tier	> 50 millions	€ 3,000.00

Additional FGVT Contribution

DEADLINE OF 30 DAYS AS FROM NOTIFICATION SENT BY TURISMO DE PORTUGAL

PERMISSION TO ACCESS IES (ANNUAL SIMPLIFIED COMPANY'S ECONOMICAL INFORMATION) TO CHECK TURNOVER AMOUNT



Up till now, it has never been necessary to make any additional contribution to the Guarantee Fund

Travel and Tourism Guarantee Fund

THANK YOU