

To: TREN CONSULTATION INSURANCE

Subject: Discussion paper on the operation of Regulation (EC) 785/2004

Dear Colleague

My organisation (Air Transport Users Council) is the UK's consumer council for air passengers, and I am writing to advise you of a specific point of consumer interest in the Discussion Paper on the operation of Regulation (EC) 785/2004.

Most of the questions in the Discussion Paper are of a fact finding nature, and are as such addressed to the insurance and aviation industries. There is direct consumer interest, however, in Questions 12 and 13, under the heading Insurance and Passenger Protection. The absence of any all-embracing provision in law to assist passengers in the event of airline insolvency or revocation of an operating licence is indeed a major gap in consumer protection for air passengers. It was included as an issue for further consideration in the Commission's February 2005 Communication to the European Parliament and the Council on strengthening passenger rights within the European Union (document COM(2005)46.)

Within the UK, there has been considerable discussion on different options for protecting passengers against the consequences of airline bankruptcy. Insurance cover is already available for purchase by individuals, a fact which would appear to go some way to providing an answer to Question 12 in the Discussion Paper. But there are a number of problems associated with relying on private insurance as the solution to this problem. These include low take-up by individual passengers, primarily because of lack of awareness of the risk or of availability of the insurance. And we ought also be alert to the possibility that this cover might be withdrawn from the market.

The Air Transport Users Council believes that there is still a need for an all-embracing scheme that automatically covers all passengers. Additional insurance requirements (Question 13) would not be the only option. But, in the absence of any alternative proposals, the Air Transport Users Council urges the Commission to take it forward for serious consideration if the insurance industry gives a clear indication in response to Question 12 that it would be able to provide cover.

Yours sincerely

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