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## Supplementary Response to Consultation SOU 2023:33 Ett förbättrat resegarantisystem

Dear Ms Utterberg, Mr Sigfrid and Ms Hassel,

Thank you for your time last month to discuss our views on the proposal for a new Swedish travel guarantee system. Following our meeting, I appreciate the Ministry of Finance's invitation to share a supplementary submission to the consultation process that closed on 17<sup>th</sup> October.

This letter sets out two additional points we would be grateful if the Ministry would consider when making recommendations to Ministers.

### **Ensuring non-EEA firms can participate in the Swedish market while protecting consumers**

As we mentioned, Sweden is an important market for Expedia Group and we value the opportunity to participate in the current travel guarantee system overseen by the Kammarkollegiet. While we appreciate the proposal for a new travel guarantee fund (the 'Fund') has been designed to ensure that Swedish package organisers are able to obtain robust insolvency protection, for companies such as Expedia Group, our existing pan-European insolvency protection arrangements would not be compatible with the proposal even though it offers 100% protection for Swedish consumers.

In order to achieve a consistent level of protection for travellers in Sweden, however they book their travel, and to ensure the scheme includes a wide range of relevant businesses, an alternative way of participating in the Swedish scheme should be made available to package organisers that may be established outside the EU/EEA but which nonetheless sell or offer for sale packages in Sweden. The same principle should also apply for non-EU/EEA traders that facilitate the creation of Linked Travel Arrangements booked by travellers in Sweden.

To enable this, other forms of insolvency protection (such as insolvency insurance policies, bonding, bank guarantee) obtained by non-EU/EEA-based package organisers and Linked Travel Arrangement facilitators should continue to be recognised as accepted forms of guarantee. Subject to an assessment by the competent authority, these insolvency measures should be deemed compliant with the rules of the new travel guarantee scheme in Sweden.

In practice, this means that traders established outside the EU/EEA should be able to register with the new scheme and leverage any stamp or accreditation that it provides, without the need to participate in the Fund, so long as the measures they have in place are assessed to be sufficient to protect their Sweden-based travellers.

This alternative solution makes sense to ensure that different types of companies can be part of the Swedish guarantee scheme. Of course, to ensure consumers are protected, we recommend and expect that the competent authority will ensure that the requirements for acceptable alternative insolvency protection solutions are as high as the Fund itself would provide.

On that point, when assessing insurance-based insolvency protection it is important that the scheme is able to consider policies that name the consumer as the beneficiary. From our experience of the insurance market for insolvency protection, we are not aware of any policies that would pay out to the Fund rather than the

consumer. This makes no impact on the level of consumer protection. Indeed, our insurance policy, currently approved by the Kammarkollegiet under the existing scheme offers full protection to our Swedish customers up to 100% of the value of their bookings.

We raise this issue as in Germany the new insolvency scheme has created difficulties for organisers like Expedia Group, where our insurance-based protection is not deemed compliant, even though it provides adequate protection, because it cannot list the German state fund as the beneficiary. The German authorities are being asked to review this as it effectively excludes insurance policies from being acceptable insolvency protection, given that we are not aware of any policies on the market that would be able to pay out directly to the German fund. We believe it is preferable for Sweden to avoid this complication in the design of their new scheme.

### **The position of Linked Travel Arrangements (LTAs) in the new scheme**

As explained above, we hope that non-EEA companies, like Expedia Group, will be able to access the new scheme on the basis of alternative insolvency solutions that provide the same level of coverage as the new Fund. However, from our experience of other guarantee schemes, our original submission includes various other points suggesting how the mechanics of the proposed scheme could be made more efficient for those operators that will be fully participating in the national Fund.

To expand briefly on one of those points, in our original submission we noted that LTAs are not addressed in the report. We since realise this is not correct and they are mentioned in Section 7.9.8, page 137, as being fully included within the proposed scheme. As we argued in our original submission, we believe that LTAs should be included in the guarantee scheme but it should be acknowledged that they are different to package bookings and pose far less risk to the Fund.

Specifically, LTAs are generally lower value bookings than packages and it is widely reported that travel businesses typically sell far fewer of these. In Sweden, Expedia Group's package business is several times larger than our LTA volumes. However, they will remain covered by the EU's Package Travel Directive, including under the latest Commission proposals to reform it, and entitle consumers to a refund of any monies they have paid directly to their travel company in the event of insolvency.

LTAs therefore pose a lower risk to the Fund compared to package bookings because the protection required only covers the money actually paid to the LTA facilitator. As such, we suggest that for the nominal Fund contributions, they attract a much lower fee per traveller. Similarly, in the calculation of the individual guarantees, a smaller revenue percentage should be needed to cover these bookings. This ensures that the contributions to the scheme for packages and LTAs match the risk exposure of each product, while minimising compliance costs for the firms involved.

This solution is compatible with the proposals to reform the Package Travel Directive announced in November 2023 by the European Commission.

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We hope that these additional points are useful to the Ministry in considering this important issue. I would be very happy to provide more details or further information as required.

Kind regards,



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