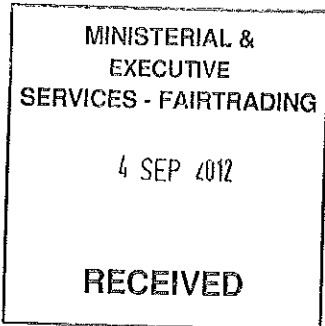


 **INSURANCE  
COUNCIL**  
OF AUSTRALIA



4/9/12  
Mr Rod Stowe  
Commissioner  
NSW Fair Trading  
PO Box 972  
PARRAMATTA NSW 2124

29 August 2012

Dear Commissioner,

Thank you for your letter dated 22 August 2012, regarding the proposed transition plan for Australian travel agencies.

This letter provides an initial response to the proposal, the Insurance Council of Australia (ICA) may make further submissions before the 1 October deadline if supplementary matters are raised by insurers.

As has been identified in the consultation documents (p 45,46), travel insurance products do not provide compensation to consumers for the insolvency of a travel agent. ICA members have asked that this point be emphasised.

Additionally, business insurance cover will typically not provide compensation to customers of a travel agency in the event of an insolvency.

In the absence of the Travel Compensation Fund (TCF), consumers will have little opportunity to recover losses, except through an action under Australian Consumer Law, when faced with the insolvency of their travel agent. Given the relatively small value of individual loss that might be expected, compared to potential legal costs, bringing individual action under ACL may be beyond the reach and appetite of most consumers.

The ICA submits that the TCF provides an important consumer protection, that should be maintained.

ICA would support measures to modernise the fund and align it with historical insolvency risks. Realignment to historical risk may potentially make fund participation more affordable for travel agents, whilst ensuring that an important (but not frequently called upon) consumer protection is maintained.

ICA would be pleased to discuss any further questions you have on this reform proposal, that relate to the insurance sector.

*Ms Haentsch.*



If you have further inquires please make contact with Mr Karl Sullivan, General Manager Risk, on (02) 9253 5155 or via email at [ksullivan@insurancecouncil.com.au](mailto:ksullivan@insurancecouncil.com.au).

Yours Sincerely

A handwritten signature in black ink, appearing to be "Robert Whelan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert Whelan  
Executive Director & CEO