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New U.S. Air Travel Rules: What Travel Agents Need to Know Right Now

On Jan. 24 and Jan. 26, 2012, the U.S. Department of Transportation (DOT) will put into effect several new air travel regulations that will dramatically change the way carriers, travel agents, and tour operators do business. The DOT will enforce these new rules via its “unfair and deceptive practices” powers, and travel companies found in violation of these rules could be subject to penalties up to \$27,500 per violation per day.

You must understand these new air travel rules before they go into effect, so that you can advise your clients properly and avoid problems with their air travel plans in the future.

RULE # 1: Post-Purchase Price Increases

Starting **Jan. 24, 2012**, the new rules strictly prohibit any airline, travel agent, or tour operator from imposing a price increase after taking a deposit unless the consumer explicitly agrees **IN WRITING** to accept such increases. 14 CFR 399.88; 14 CFR 399.89.

Once your client has placed a deposit on the airline ticket or air/land package, price increases can't be passed back to the client without his/her prior written consent to accept such increases. Once your client has paid in full, only government-imposed taxes or fees can be passed back to the client – but, again, only if the client gave his/her prior written consent.

Travel agents must request and receive signed compliant disclosure forms before taking initial deposits. This applies no matter how the deposits are taken – in person, via mail, via online web forms, or over the phone.

If you fail to obtain these consent forms, it's possible that suppliers offering air/land or air/cruise packages may attempt to hold you responsible for any post-purchase surcharges.

Agents are required to secure these signed forms as part of the booking process.

PLEASE SEE ATTACHED FORM

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RULE # 2: Full-Fare Advertising Requirements

Starting **Jan. 26, 2012**, airlines, travel agents, and tour operators advertising airfares or air-inclusive packages must display the full price to be paid **INCLUSIVE** of all taxes and fees. 14 CFR 399.84(a).

This includes both government-imposed taxes and fees and service fees charged by agents. The rule applies to individual airline tickets as well as air/land and air/cruise packages. And, it applies to airfares to, from, or within the United States. Also, airfares promoted as “one way” when roundtrip purchase is required will be prohibited starting Jan. 26. (Some carriers will still use the term “each way” when roundtrip purchase is required, but the roundtrip purchase requirements must be prominently disclosed in the advertisement.)

REMEMBER, ALL ADVERTISEMENT MUST BE APPROVED BY GATEWAY TRAVEL LLC

Under these new rules, agents, airlines, and tour operators must also disclose the existence and amount of baggage fees when advertising an airfare or air/land package. 14 CFR 399.85(b). Carriers will be required to provide the specific fees applicable to the itinerary. While agents should also provide the specific fees, you will be permitted (if this isn't possible) to provide a hyperlink to the specific carrier's baggage fee web page.

RULE # 3: Opt-Out Prohibition

Starting **Jan. 26, 2012**, agents, airlines, and tour operators will be prohibited from automatically including optional products and services such as travel insurance or upgrades in the price presented to your clients. 14 CFR 399.84(c). In the past, agents have automatically added these items, allowing consumers to opt out if they don't want them. Under the new rules, however, your clients must knowingly and voluntarily opt in to purchase them.

New Rules That Apply Only to the Airlines (But That Will Affect Agents)

- Once a traveler has paid in full for a ticket, the carrier cannot increase any fees in place at the time of ticketing (e.g., fuel surcharges, baggage fees) – even if the traveler purchases them at a later date. [NOTE: The DOT says it's going to hold off enforcing this rule for a while, to take another look at these issues.]
- Carriers must allow a reservation to be held (without payment) at the quoted fare – or canceled after purchase without penalty – for at least 24 hours after the reservation was made. This rule does not apply to tickets issued by agents, it does not apply to reservations made within one week of departure date, and the rule itself is being challenged in court by several low-fare carriers.
- The baggage allowances and fees in place at the beginning of a passenger's itinerary must apply throughout the whole itinerary. (If the first segment is a codeshare, then the marketing carrier's policies will apply.)

WHAT SHOULD YOU DO TO COMPLY WITH THESE NEW RULES?

- Step # 1:** Make sure you understand the new rules completely.
- Step # 2:** Check all of your booking procedures to ensure that you're complying.
- Step # 3:** Review your current client disclosure/disclaimer forms, and make sure they cover the issues included in these new rules.

IF YOU HAVE ANY QUESTIONS OR CONCERNS PLEASE CONTACT US AT gatewaytravellic@gmail.com or call 702 310-8707.

THANK YOU

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