



MCR's Countdown to the September Travel Industry Renewals

The deadline is now fast approaching for the September renewal of the consumer protection licences for the travel sector.



Over the past year we have been seeing two major trends in the market

1. A loss of capacity in the Banking and Surety industries, as a prudent reaction to the challenging underwriting environment
2. An erosion of corporate balance sheets as asset values are eroded

Both trends have hit the travel sector simultaneously and at a critical time when Bonds and licences need renewing.

The CAA will also be reviewing of a large number of its ATOL holders' risk profiles and, by attempting to protect the Air Travel Trust fund, is again expected to hold back licence renewals from many in the industry (whether the licence holder is within the APC Levy scheme or not). As the Authority assesses the risks associated with these companies, there may be some operators that will struggle to have their licences renewed by the end of September. This has obvious knock-on consequences for all financial risk product providers, including all types of travel bonds, and the travel companies' credit card acquirers.

With corporate balance sheets being written down as a direct result of falling asset values (caused by the economic slow down), travel companies do not have the same access to the level of third-party investment they had historically to shore-up balance sheets.

So how can MCR Assist?

With the package travel sector being hit by reduced levels of corporate funding and tighter cashflow, we strongly recommend that you contact us at the earliest stage possible on cases that are looking to need assistance.

MCR regularly handles significant projects across the travel sector and has been involved in a number of high profile cases, such as Travelscope Holidays, Barwell Travel and Leisure Direction. **MCR** is increasingly being asked to restructure businesses and find turnaround solutions to help companies avoid formal insolvency, and had a great deal of success in the March 2009 renewal period.

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