

Default Insurance Protection (DIP) Program

Introducing DIP,
An Airline Financial Security
Program protecting IATA airlines
from the credit default of Ticketing
Agents (BSP).

What is a DIP?

- A DIP is a **Default Insurance Protection** Program designed to indemnify IATA member Airlines against loss from the financial default of a Ticketing Agent enrolled in the program up to agreed limits.
- It is run in conjunction with the IATA BSP billing program, and covers all Ticketing Agents which have applied and been accepted into the program by the Insurer.
- It is a method of airline financial protection which the Ticketing Agent can provide to the airline as an alternative to providing a bank guarantee or other form of security.

What are the key features of the BSP DIP?

- Automatic acceptance for all IATA BSP Agents in good standing up to agreed limits (Auto Acceptance Limit).
- Premium based upon actual billings through the BSP billing cycle. (Only pay only for what you use).
- Premium paid on a “pay as you go” basis, at TBA% of revenue or an amount per ticket sold, rather than an annual fee, such as a bank guarantee or a bond.

What are the key features of the BSP DIP?

- Coverage is for 100% cover for up to three BSP billing periods. (No fixed limit like a bank guarantee)
- Contract is for a 2 year term (renewable).

Benefits to the Airlines

- Covers all registered & accepted Ticketing Agents carrying on business - worldwide.
- Covers 100% of default, - as opposed to a bank guarantee which is for a set limit, which may or may not be enough to cover the default.
- Limits set in conjunction with IATA & Airlines.
- Claims paid within 10 working days of claims submission. (Once claim is paid, recovery proceedings will be taken by the Insurer against the Ticketing Agent under subrogation.)

Benefits to Airlines (Cont.)

- Program automatically allows for Ticketing Agent growth as the coverage and premium is based on turnover / ticket sales – not a fixed sum.
- Avoids multiple bonds or bank guarantees being posted by the Ticketing Agent for many different airlines. More efficient use of capital, and less administration.
- Avoids difficulties of Bank Guarantee encashment and potential for unforeseen expiry dates.

Benefits to IATA

- Ease of administration with easy premium calculation, billing & collection procedures.
- Supports IATA's desire to ensure proper financial protection for participating member airlines, and to provide cost-effective alternatives to Ticketing Agents for their financial security requirements.
- Compliant with local insurance regulations.
- Fully integrated with IATA BSP systems and processes.

Benefits to the BSP Agents

- Collateral security not required – unlike bank guarantees, working capital is freed up.
- Automatic acceptance for all Ticketing Agents in good standing up to an agreed limit per Ticketing Agent.
- Premium is billed on a “pay as go” basis through the BSP at a percentage of TBA% of sales revenue or a price per ticket sold. No “up front” annual payments, and only pay for what you use.

Benefits to the BSP Agents

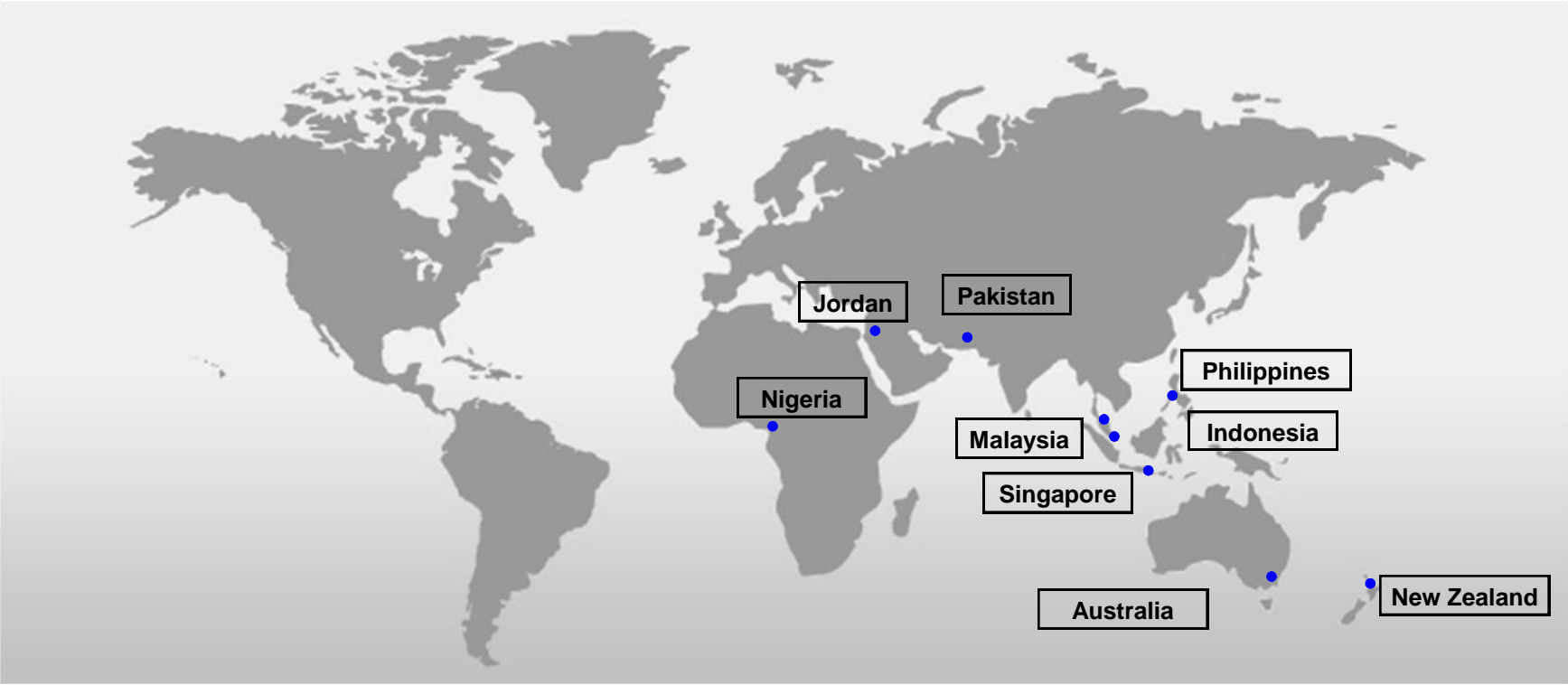
- Larger Ticketing Agents which have turn-over exceeding standard limits can apply for special higher limits, which will be considered on a case by case basis.
- Avoids multiple bonds/bank guarantees being posted by the Ticketing Agent across several airlines. More efficient use of capital, less administration, and lower costs.
- The DIP automatically allows for growth, and seasonal peaks.

Who is CBL?

- Contractors Bonding Limited (CBL), is New Zealand's oldest established specialist Bonding and Surety Insurance Company (established 36 years ago).
- CBL is an international credit insurance and financial risk underwriter, writing risk in over 12 countries - in Australasia, South East Asia, The Middle East, and UK / Europe - with international business now accounting for over 90% of CBL's gross revenues.
- CBL is based in Auckland New Zealand, Melbourne Australia and has representative offices in Kuala Lumpur and at 6 Lloyd's Avenue London.
- CBL writes IATA DIP and other credit risk programs in a number of countries and is happy to provide referrals to other IATA managers or airline representatives as required



Current CBL IATA DIP Programs



To summarise

- Full Protection for the airlines.
- Frees up working capital for the Ticketing Agents.
- Lower costs and no collateral security for Ticketing Agents.
- Lower administration costs for all.
- Prompt payment of claims.
- Premium paid based on revenues, and paid with each BSP billing cycle.
- Automatically allows for growth.
- Releases existing Bank Guarantees.

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