

Act on Package Travel and Linked Travel Arrangements

2018, No. 95, 25 June

Chapter V. Performance of the package

■Article 17. *Responsibility for the performance of the package*

□The organiser and retailer are jointly and sde responsible for the performance of the travel services included in the package travel contract, irrespective of whether those services are provided by themselves or by other travel service providers.

□If the traveller has complaints, special requests or messages in relation to the performance of the package, the traveller may address these directly to the retailer through which it was purchased, and the retailer shall forward those complaints, requests or messages to the organiser. The traveller may also directly contact the organiser during the performance of the package.

■Article 18. *Notification of lack of performance and organiser's obligation to take corrective action* □The traveller shall inform the organiser or retailer without undue delay of any lack of conformity which he perceives during the performance of a travel service included in the package travel contract.

□The traveller shall give the organiser or retailer a reasonable period to remedy the lack of conformity, unless this is impossible or entails disproportionate costs, taking into account the extent of the lack of conformity during the performance of a travel service and the value of the travel service affected.

□If it is not possible to remedy the lack of conformity except by providing services of a lower quality than those specified in the package travel contract, the traveller shall be entitled to a price reduction corresponding to the difference between the agreed services and the services provided, see Article 21.

□If the organiser or retailer does not remedy the lack of conformity within a reasonable period or refuses to remedy the lack of conformity, the traveller may do so himself and request reimbursement of the necessary expenses from the organiser or retailer.

□The traveller may not reject the remedy proposed by the organiser or retailer unless it results in services of lower quality than those agreed or if the price reduction granted under the third paragraph is inadequate.

■Article 19. *Repatriation and obligation to provide assistance*

□If the package includes the carriage of passengers, the organiser or retailer shall provide repatriation of the traveller in the cases where the traveller terminates the package travel contract as referred to in Article 20.

□As long as it is impossible to ensure the traveller's return because of unavoidable and extraordinary circumstances, the organiser or retailer shall bear the cost of necessary accommodation, if possible of equivalent category as specified in the package travel contract, for a period of up to three nights, unless the traveller has superior rights pursuant to other laws.

□The limitation of three nights of stay referred to in the second paragraph shall not apply to disabled persons or persons of reduced mobility and any person accompanying them, pregnant women and unaccompanied minors, as well as persons in need of specific medical assistance,

provided that the organiser or retailer has been notified of their particular needs at least 48 hours before the start of the package.

If the traveller is in need of information on health services or other public authorities, needs to make distance communications or help in finding alternative travel arrangements, the organiser or retailer shall provide appropriate assistance as promptly as possible. The organiser may charge the traveller a fee corresponding to the cost incurred by the organiser in providing the assistance, if the difficulty that requires the organiser's assistance is caused intentionally by the traveller or through the traveller's negligence.

■ Article 20. *Termination of package travel contract*

If a substantial portion of travel services specified in a package travel contract is not provided or is highly inadequate, the traveller may terminate the package travel contract and, where appropriate, request price reduction and compensation for damages, in accordance with Articles 21 and 22.

■ Article 21. *Price reduction*

The traveller is entitled to a reduction in the price of a package for any period during which there was lack of performance of the package travel contract, unless the organiser or retailer proves that the lack of performance is attributable to the traveller.

■ Article 22. *Compensation for damages*

The traveller shall be entitled to compensation for any damage which the traveller sustains as a result of any lack of performance, unless the organiser or retailer proves that the lack of performance is:

- a. attributable to the traveller;
- b. attributable to a third party unconnected with the agreed services and is unforeseeable or unavoidable;
- c. due to unavoidable or extraordinary circumstances.

The organiser or retailer may, in the package travel contract, limit the compensation they are required to pay under the first paragraph, in accordance with the limitations prescribed in other laws or international conventions that apply to specific travel services which are included in the package.

Chapter VII. Insolvency protection

■ Article 24. *Travel Insurance Fund*

The Travel Insurance Fund is a non-profit organisation that has the function of insuring the interests of travellers who have purchased a package tour or linked travel arrangement which is not delivered in accordance with the contract as a result of the insolvency or bankruptcy of the trader.

The Travel Insurance Fund is exempted from payment of income tax pursuant to the Act on income tax. The Fund shall not be subjected to receivership, nor shall its assets be attached for debt.

The State Treasury is not liable for the obligations of the Travel Insurance Fund.

■ Article 25. *Scope of insolvency protection*

The insolvency protection referred in Article 24 shall cover all travel services included in the package travel contract which are not provided as a consequence of the organiser or the retailer becoming insolvent or the suspension of their operations. The insolvency protection shall also

cover the repatriation of the traveller if the carriage of passengers is included in the package travel contract, as well as the cost of accommodation up to the time of repatriation.

□The traveller shall be allowed to complete the package in accordance with the original contract. In such event, the insolvency protection referred to in Article 24 shall be used to pay for that portion of the travel services which are included in the package travel contract and which otherwise would not have been provided. In such cases the traveller shall not be entitled to further payments. □A refund shall be provided of all payments made for a package which will not be performed as a consequence of the organiser or retailer becoming insolvent or the suspension of their operations. This shall also apply to payments made in advance, irrespective of whether a final contract on the package has been concluded, provided that adequate proof of payment is submitted.

■Article 26. *Amount of insolvency protection*

□The Minister shall by regulation issue provisions on the calculation of the amount of insolvency protection, bookkeeping and financial reporting by traders so as to ensure that the sale of packages is kept separate from other operations, the materials necessary to assess the amount of insolvency protection, and other matters related to the implementation of the provisions of this Chapter.

□The Icelandic Tourist Board may require a higher amount of insolvency protection than prescribed in a regulation issued under the first paragraph in cases where the operations concerned are particularly risky, the equity of the organiser or retailer is negative according to their annual financial statements, if there is a temporary increase in the scope of the operations or if it is likely that the amount of insolvency protection will not suffice in the event of the organiser or retailer becoming insolvent or the suspension of their operation.

□The Icelandic Tourist Board may temporarily reduce the amount of required insolvency protection in the event of a temporary decrease in the scope of the operations. Organiser or retailers shall submit a reasoned request for a temporary reduction to the Icelandic Tourist Board.

□If the scope of operations requiring the provision of insolvency protection will foreseeably be substantially less in the current year than indicated by materials which underpinned the decision on the required amount of security, this shall be notified to the Icelandic Tourist Board. In such cases, the Icelandic Tourist Board may reduce the amount of required insolvency protection. In the event of a temporary increase in the scope of operations, the temporary increase in the scope of operations may be excluded in the calculation of the insolvency protection required to be provided for the following year.

■Article 27. *Payment from the insolvency protection*

□In the event of suspension of operations or insolvency of an organiser or retailer or trader facilitating linked travel arrangements, the Icelandic Tourist Board shall publish a call to file claims in the Official Gazette as well as by other prominent means as considered appropriate in each case. Claims shall be filed in writing and received by the Icelandic Tourist Board or administrator within 60 days of the call to file claims. Claims shall be accompanied by adequate proof of the claim, as well as confirmations of payments or transfers.

□The Icelandic Tourist Board may appoint an administrator to oversee payment from the insolvency protection. The administrator shall handle administration work related to the repatriation of travellers where appropriate. The cost associated with the administrator's work shall be paid from the insolvency protection provided by the organiser.