From: "Todd Elliott" <Todd@CruiseVacationExperts.com>
To: <secretary@fmc.gov>
Date: Mon, Jun 2, 2003 8:11 PM
Subject: Cruise Line Bond Requirement

It has recently come to my attention that the FMC is considering requiring a cruise line to carry a bond equal to 110% of the unsailed booked revenue to cover consumers in the event of a cruise line default. If such a requirement is passed I can assure you the consequences will be felt from the cruise lines, through to the consumers and more painfully to the travel agent community.

The size of this bond for some of the larger cruise lines would be in the hundreds of millions of dollars. If a cruise line were forced to put up a bond to cover passenger revenue they would immediately try to find the fastest way to recover their expense and the first item cut will be the commissions paid to the travel agents who currently reserve 90% of their cabins. I foresee a trend that began with the airlines - where the FMC assists the cruise lines in cutting agent commissions due to increased expenses. The travel agent community has been unfairly affected over the last five years with commission cuts and has seen the number of retail locations drop from 35,000 to 22,000 and still dropping. With the tough economic times we are in today we need to find ways to protect the current jobs found in America and your proposal will likely lead to measures that will once again cause a dramatic shift in the agency community.

All consumers are offered travel insurance protection to which companies can cover the default of a cruise line. On top of that most consumers are using their credit card to purchase a cruise and have default protection rights from their credit card company.

You are welcome to contact me further for any further comments.

Thank you,

Todd Elliott

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