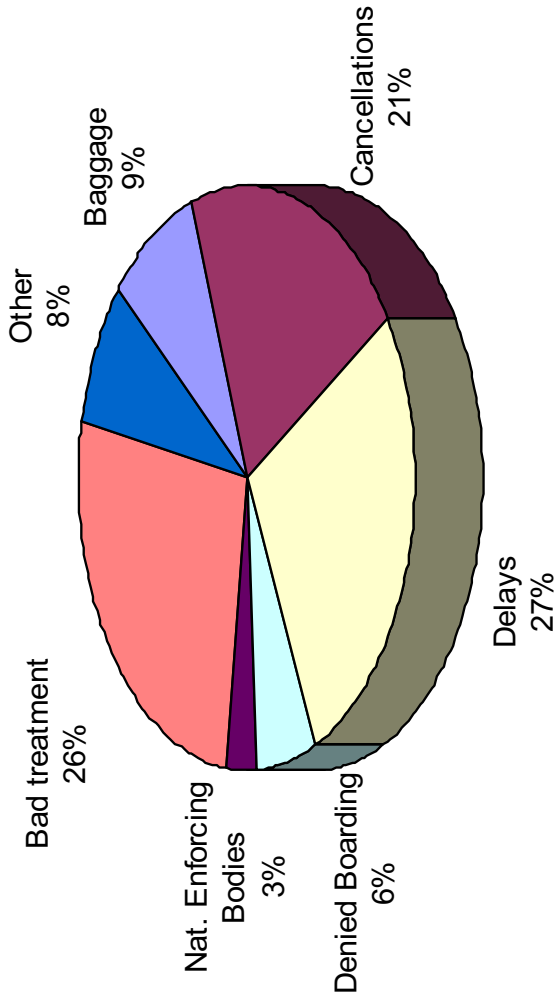

The real cost of flight delays and cancellations and the European Commission Air Passenger Rights

Regulation [EC]261/2004

Compensation for rights violations

Hendrik J. Noorderhaven – Lennox BV

Complaints European Travelers



(Source: European Commission)

Air Passenger Rights

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The European Union (EU) has strengthened your rights.
Here are the most important.**

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Long delays

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When the delay is 5 hours or more, the airline must also offer to refund your ticket (with a free flight back to your initial point of departure, when relevant).

If you do not receive these rights, complain immediately to the airline operating the flight.

Later claims

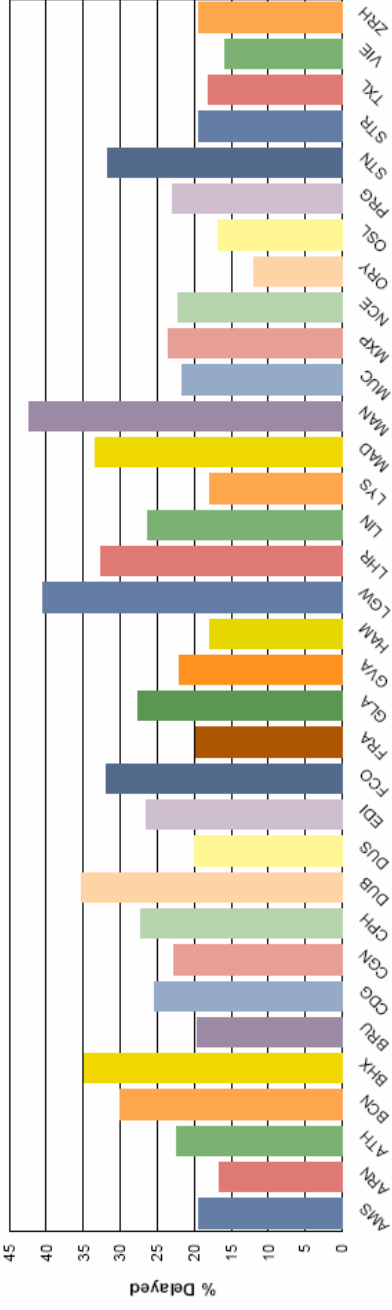
When an EU airline is responsible for the delay of a flight anywhere in the

Sizing the Problem

Top EU airports
Sept 2006

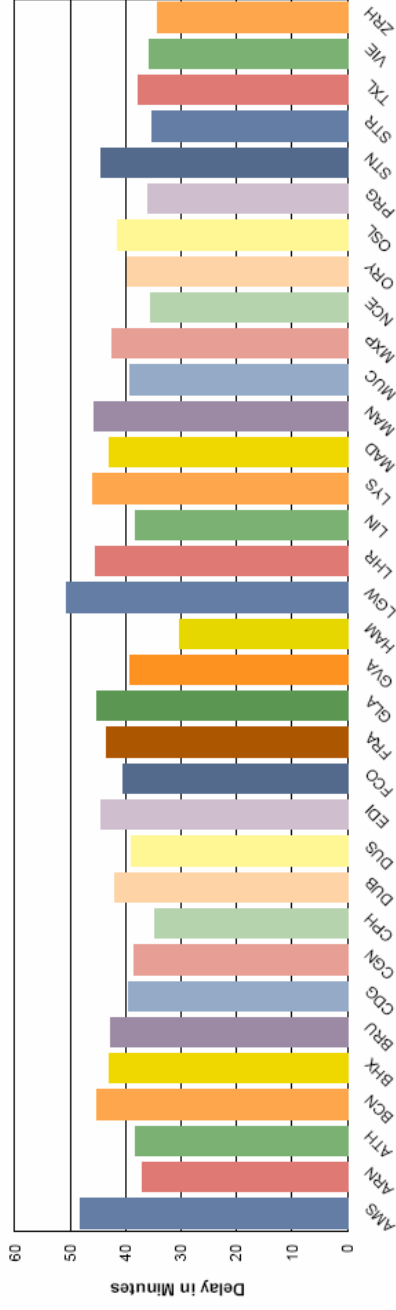
Delayed Arrivals

% of Flights Delayed More than 15 Minutes



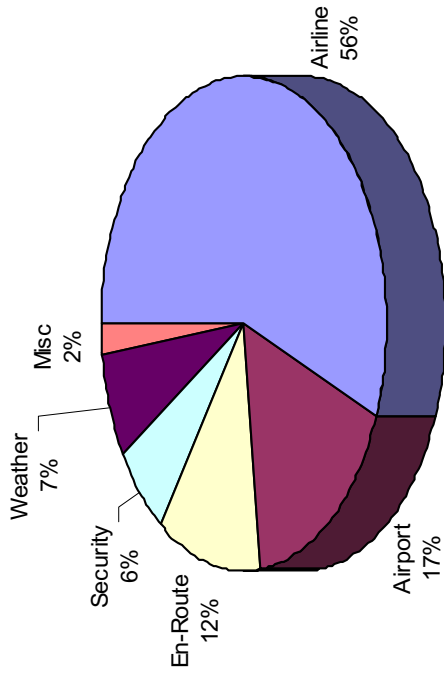
Average Delay

Average Arrival Delay in Minutes



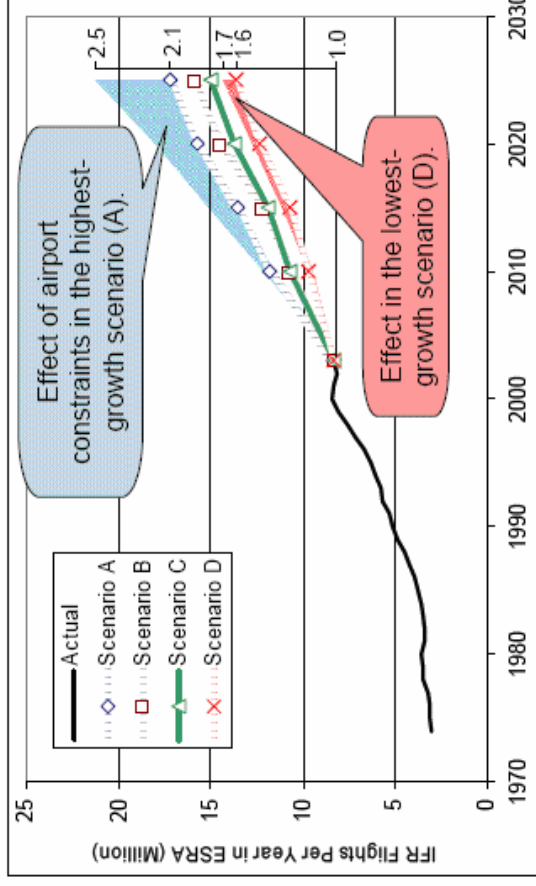
Sizing the Problem

Primary Departure Delay Causes Sept 2006
(Source: eCoda)



- **Cancellations: 1.5 – 2%**
- **Late arrivals: 25%**
- **On average:**
 - **6,000** Scheduled Flights delayed. **Daily!**
 - **300 – 450** Scheduled Flights Cancelled. **Daily!**

And it is going to get worse....



How will this impact your business?

PNR Analysis Report

Drilldown by route summary and detailed flight view

Summary by Carrier for All Routes

Carriers Represented in PNR Data File	Total Segs.	Arrival Summary		Passengers		Pax Delays (hrs)		Pax Delay/Seg (min)		
		Delays	Avg	Exec	Other	Exec	Other	Exec	Other	
AA American Airlines	412	64	42	684	703	60	77	8.7	11.3	
AS Alaska Airlines	5	2	19	7	9	1	1	15.2	7.6	
B6 JetBlue Airways	1	0	0%	1	2	0	0	0.0	0.0	
BA British Airways	2	0	0%	4	2	0	0	0.0	0.0	
CO Continental Airlines	126	10	8%	209	245	12	13	5.6	6.2	
CX Cathay Pacific Airways	2			3	6	9				
DL Delta Air Lines	77	6	8%	131	127	7	17	5.7	13.2	
HP America West	10	3	30%	24	14	6	3	36.0	20.0	
KL KLM	4	0	0%	7	4	11				
LH Lufthansa	2	1	50%	3	6	9	2	18.0	54.0	
NW Northwest Airlines	65	13	20%	110	104	18	25	16.4	22.9	
SQ Singapore Airlines	1	0	0%	2	3	5				
UA United Airlines	81	7	9%	140	145	7	8	5.5	5.8	
US US Airways	72	7	10%	125	137	262	9	7.5	7.6	
WN Southwest Airlines	38	3	8%	66	56	122	8	12.4	5.2	
YX Midwest Airlines	4	1	25%	9	4	13	1	14.3	4.8	
Grand Totals	902	117	13%	1,525	1,567	3,092	130	158	8.6	10.5

• **Executive hours: 130 x € 200 = € 26.000,-**

• **Employee hours: 158 x € 100 = € 15.800,-**

Impact on Large Corporations

Segments flown in past year: 1.000.000

Punctuality / Delay

- 80% Short-haul
- 20% Long-haul

28% 40 minutes
25% 82 minutes

Unproductive hours spent at airports

- Short-haul: $800.000 \times 28\% \times 40 \text{ minutes} = 149.333 \text{ hrs}$
- Long-haul: $200.000 \times 25\% \times 82 \text{ minutes} = \underline{68.333 \text{ hrs}}$
- Total 217.666 hrs

Cost of unproductive hours, based on:

- 20% management (€ 200/hr)
- 80% employees (€ 100/hr)



Total costs: 26 million

Whitepaper

NHTV in cooperation with ACTE and Lennoc will investigate and analyze the true cost of delays & cancellations of 2 large NL based corporations.

Expected publication – end Q1 2007

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Delay

- **No right of financial compensation**
- **Only rights for refreshments**
- **Delay more than five hours: client choice: reimbursement of costs of the ticket and re-routing**
- **So: In case of delays up to 5 hours passengers remain bound to the contract**

Cancellation:

Non-operating of a flight which was previously planned (Art. 2 lit.1.)

Passenger choice between

- **Reimbursement and**
- **Re-routing and refreshment**

Not when they are informed in due time

“Force Majeure”

- **Regulation: In case of “Extraordinary circumstances” which could not have been avoided even if all reasonable measures had been taken:**
 - **Political instability**
 - **Weather conditions**
 - **Security risks**
 - **Unexpected flight safety shortcomings and strikes**

Better Protection of Air Passengers

- All type of flights (scheduled, charter and domestic)
- Flights within the Union as well as from outside the EU to a destination within the EU
- Considerable increase in the amounts of financial compensation [€ 200 – € 600]
- Assistance* also in cases of delays and cancellations (as well as for denied boarding)

*also under force-majeur or extraordinary circumstances;

Better Protection of Air Passengers

- Member states have to set up national enforcement bodies to deal with complaints to help passengers to find quick and smooth out-of-court settlements for disputes with airlines
- Immediate assistance on-site and direct financial compensation

261/2004 and the Business Traveler

- **Total value of non-reimbursed compensation estimated € 600 m. annually**
(source Financial Times, March '05)
- **Over 85% of all compensation concerns scheduled intra-European (business) routes**
(source FlightStats, November '06)
- **This means the audience in this room represents € 520 m. non-realized compensation**

You, Your Employee or your TMC?

- **The collection process is tedious**
- **Individual claims seem too low to collect, yet collectively they represent an amount that cannot be disregarded. It's your right.**
- **Combining and substantiating damages incurred helps to receive total compensation**
- **Use your buying power; direct or through your TMC**
 - **Be advised of awarded damages (flights/dates)**
 - **What's right for them is right for you.**

Travel agents

- **They have a legal obligation to assist.**
- **The should assist in getting your money back**
- **Part of their SLA obligations should be to assist pre and post flight. It's the law.**
- **Take position. It's the customer that count**

- **Discussion.**
- **hnoorderhaven@lennoc.com**