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Date: Monday 6th April 2020

TO ALL AIR CHARTER BROKERS

ITIC Circular – COVID-19: Check your contracts

ITIC would like to remind all air charter brokers of the importance of checking - and double-checking - that all charter contracts with the flying customer are on a fully back-to-back basis with the operator's terms. This is all the more important during this time of unprecedented restrictions on travel, both domestic and international.

As it is often the broker who enters into the agreement with the operator it is the broker who is contractually liable for cancellation costs in the event that the flying customer elects not to, or is unable, to fly. As is widely understood, if the contracts are fully back-to-back then these costs can be passed on to the flying customer without the charter broker or operator incurring a loss.

However, if not on a fully back-to-back basis, the charter broker's ability to recover these costs from their flying customer is not guaranteed. This is why it is important to check, and check again.

Do not rely solely on force majeure provisions in the charter contract, or on signing the contract with the operator "as agent of" the flying customer, or on the strength of your commercial relationships.

However good you may be at managing your relationships with operators and charterers, in these times, more than ever, best practise is the best form of risk management.

ITIC
IS MANAGED
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