5th World Financial Symposium

17 – 20 September 2018

Madrid Marriott Auditorium Hotel & Conference Center

Settlement of Involuntary Rerouting and Planned Schedule Change

Background

- In Feb 2018 IATA hosted a workshop to discuss issues related to involuntary rerouting
- It became clear a complete review of R735d and R766 was necessary to:
  - ✓ Improve automation standards to secure inventory
  - ✓ Provide better definition and close gaps
  - ✓ Align requirements of all stakeholders
    - ❖ Clarify interline settlement standards in the RAM

Background

- Discussions by the Ticketing Committee and the Invol WG are ongoing
  - ✓ The goal is to fine tune proposed amendments to R735d and R766 for adoption at PSC in October 2018
    - ❖ If adopted, amendments become effective June 1, 2019
- In parallel with these efforts, the IBSOPSWG has prepared suggested changes to RAM in support of the amendments to Resolutions

What is required in the RAM

- Definition of Involuntary Rerouting
- Definition of Planned Schedule Change
- Flowchart to distinguish between Involuntary Rerouting and Planned Schedule Change
- Clear interline settlement procedures for Involuntary Rerouting and Planned Schedule Change with examples

What is required in the RAM

- Definition of Involuntary Rerouting and Planned Schedule Change is missing in the RAM
  - ✓ This creates disputes especially for SPA settlement
- Flowchart to distinguish between Involuntary Rerouting and Planned Schedule Change will provide a clear path for Revenue Accountants to follow
  - ✓ Examples consistent with the Resolution provide additional clarity
- RAM provides little guidance for settlement of Planned Schedule Change

Key Points to Remember

- Both Involuntary Rerouting and Planned Schedule Change are the result of an <u>involuntary</u> change of the passenger's original itinerary
  - ✓ A change to the passenger's originally ticketed itinerary is required
  - ✓ Whether an Invol Rerouting or Planned Schedule Change, tickets are NOT re-priced
- A change of carrier is not required to satisfy requirements of an involuntary reroute
  - ✓ IPAC to review the MPA for clarification

Key Points to Remember

- The 43rd GPM in November 2017 adopted a rule to treat tickets reissued due to Planned Schedule Change as voluntary reissues
- While the proposed definition of Involuntary Rerouting for R735d refers to 48 hours, for Revenue Accounting purposes this equates to 2 days regardless of time difference
- Ticketing is often not in accordance with Resolution
  - ✓ Incorrect ticketing is a major cause for dispute

Reasonable Logic to Deal with Incorrect Ticketing

- When only INVOL is shown on the reissued ticket we need to distinguish a true Invol Rerouting from a Planned Schedule Change – see the 2 Day Rule
- In case all coupons of the reissued ticket reflect INVOL we need to validate a true Involuntary Rerouting – see the 5 Day Rule

Background for the Two Day Rule

- SIRS SG reviewed a test bed of 7,144 tickets reflecting INVOL with no indication of Schedule Change
- 1,292 of these tickets (18%) were issued more than two days prior to the first ticketed departure date
- Conclusion: these tickets were reissued due to Planned Schedule Change

The Two Day Rule

- An INVOL reroute designation shall be considered invalid if the issue date of the reissued ticket is 3 or more days prior to the first ticketed departure date on the reissued ticket
  - ✓ If the reissued ticket reflects an involuntary rerouting designation and the issue date is 3 or more days prior to the first ticketed departure date such ticket shall be considered reissued due to Planned Schedule Change

Background for the Five Day Rule

- An involuntary rerouting cannot be predicted 5 days from today
  - ✓ Still, many tickets are incorrectly ticketed reflecting INVOL on all coupons instead of impacted coupons only
  - ✓ Normally the first impacted flight is a legitimate INVOL but coupons of the return fare component are marked INVOL in error
  - ✓ Result – dispute and incorrect Revenue Recognition
- To resolve these discrepancies, the 5 Day Rule is proposed

The Five Day Rule

- An involuntary designation shall be considered invalid for any coupon with a scheduled departure date 5 or more days from the issue date of the reissued ticket
  - ✓ Why 5 Days?
    - ❖ An arbitrary choice but should capture the majority of tickets reissued incorrectly

Planned Schedule Change

- The current RAM rule remains unchanged
  - ✓ Any coupon with an indication of schedule change in the endorsement/restriction text shall be considered issued due to Planned Schedule Change
  - ✓ If INVOL is indicated on the coupon, in the case of Planned Schedule Change the Invol designation shall be ignored
- If the reissued ticket <u>only</u> reflects an involuntary rerouting designation and the issue date is 3 or more days prior to the first ticketed departure date such ticket shall be considered reissued due to Planned Schedule Change – this is the 2 Day Rule

Planned Schedule Change

- Similar to tickets reissued due to Involuntary Rerouting, tickets reissued due to Planned Schedule Change are not re-priced by ticketing systems
  - ✓ This is true for both fare and TFCs
- The correct fare shall be determined in accordance with RAM A2, 1.1 and RAM A2, Paragraph 3 based on the ticketed information and date of issue of the original ticket

Planned Schedule Change

- The MPA has been amended to treat Planned Schedule Change as voluntary reissues
  - ✓ To simplify processing by proration systems, TFC settlement should be consistent with this logic and follow the same path as voluntary rerouting
- Since the original validating carrier or its travel agency usually accommodate the reissue, any gain/loss from the change in TFC amounts is minimized

To Summarize

- If there is any indication of schedule change in the endorsement/restriction area treat the ticket as Planned Schedule Change
  - ✓ This is the current RAM rule
- A change of carrier is not required to satisfy requirements of an involuntary rerouting
- The fare for tickets reissued due to Planned Schedule Change and Involuntary Rerouting is based on the ticketed information and issue date of the original ticket
- An involuntary change to a passenger's itinerary is required to be considered an Involuntary Rerouting or Planned Schedule Change

To Summarize

- TFCs in case of Involuntary Rerouting shall be settled in accordance with the prevailing RAM rule
- TFCs in case of Planned Schedule Change shall be settled based on the applicable TFC for the new routing without regard to the original ticket

Counting Days for the 2 Day and 5 Day Rule

- Day one shall be the first day following the date of reissue
  - ✓ Ticketed departure date is the final date of the event
- A coupon cannot be considered an involuntary reroute if its scheduled departure date is 5 or more days from the issue date of the reissued ticket

Examples

		Treat As:
Example 1:	Date of Issue of Reissued Ticket – 01 May First Scheduled Departure Date on Reissue – 03 May	INVOL
Example 2:	Date of Issue of Reissued Ticket – 01 May First Scheduled Departure Date on Reissue – 04 May	Schedule Change
Example 3:	Date of Issue of Reissued Ticket – 01 May Original Routing: LON BA x/HKG JL TYO JL x/SIN BA LON Revised Routing: LON CX x/HKG JL TYO x/SIN BA LON Coupons 1 and 2 Ticketed Departure Date – 01 May Coupons 3 and 4 Ticketed Departure Date – 06 May *Ticketed Departure Date is 5 or more days from the Date of Issue *No itinerary change made to coupons 3 and 4. These coupons are not INVOL or Schedule Change	INVOL Ignore Invol*

Examples Cont'd

	Examples of Planned Schedule Change:	Treat As:
Example 1:	Endorsement/Restriction Text shows - SKCHG	Schedule Change
Example 2:	Endorsement/Restriction Text shows – Invol due to Sched Change	Schedule Change
Example 3:	Endorsement/Restriction Text shows - INVOL Date of Issue of Reissued Ticket – 01 May First Schedule Departure Date on Reissue – 04 May	Schedule Change

Final Thoughts

- PSC meets in October 2018 and it is unknown if changes to R735d and R766 will be adopted
- The opinion of the IBS OPS WG is that the proposed settlement procedures do not contradict Resolution and changes to RAM may be adopted
- These procedures are logical and may be readily accommodated by prorate systems
  - ✓ The RAM Editor Group to review references in the definitions for minor amendment if necessary

Questions and Comments

Thank You