



THE CHARTERED INSURANCE INSTITUTE

DIPLOMA

APRIL 2010 EXAMINATION PAPER

**UNIT P91
AVIATION AND SPACE INSURANCE**

INSTRUCTIONS

- Three hours are allowed for this paper.
- Fill in the information requested on the answer booklet and on form B.
- You are allowed to write on the inside pages of this question paper but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- **The answer booklet and this question paper must be handed in personally by you to the invigilator before you leave the examination. Failure to do this may result in your paper not being marked and you may be prevented from entering this examination in future.**

READ THE INSTRUCTIONS OVERLEAF CAREFULLY BEFORE ANSWERING ANY QUESTIONS.

THE CHARTERED INSURANCE INSTITUTE

P91 – Aviation and space insurance

CANDIDATE INSTRUCTIONS

READ THE INSTRUCTIONS BELOW BEFORE ANSWERING ANY QUESTIONS.

Three hours are allowed for this paper. You should answer all questions in Part I and two out of the three questions in Part II.

The paper carries a total of 200 marks, as follows:

Part I	14 compulsory questions	140 marks
Part II	2 questions selected from 3	60 marks

The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.

You are advised to spend no more than two hours on Part I.

Answer each question on a new page. If a question has more than one part, leave several lines blank after each part.

It is important to show each step in any calculation, even if you have used a calculator.

You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.

PART I

Answer ALL questions in Part I.

Note form is acceptable where this conveys all the necessary information.

- 1.** Outline the role of the International Civil Aviation Organisation. **(10)**

- 2.** Identify and summarise the provisions of supplementary payments clause AVN76. **(10)**

- 3.** In relation to space insurance, explain briefly the meaning of the following technical risk factors that will be considered when performing a risk assessment.
 - (a)** Redundancy. **(3)**
 - (b)** Accumulation on launch. **(3)**
 - (c)** Subrogation rights. **(3)**
 - (d)** International Traffic in Arms Regulations (ITAR). **(3)**

- 4.** Describe the purpose of the 70/30 Formula, giving a simple example of the calculation. **(8)**

- 5.** Outline the provisions and uses of the non-aviation liability clause AVN59. **(7)**

- 6.** Describe briefly the four classifications of pilot licence for aeroplanes as defined in Annex 1 to the Chicago Convention 1944. **(12)**

- 7.** In the event that a passenger jeopardises the safety of an aircraft in flight, outline the powers of the aircraft commander under the Tokyo Convention 1963. **(9)**
- 8.** List twelve of the headings found in a surveyor's report in respect of an aircraft hull loss. **(12)**
- 9.** Describe briefly six of the general exclusions found under the aviation products liability policy AVN66. **(12)**
- 10.** Outline the difference between subscription marketing and vertical marketing in risk placement practice. **(8)**
- 11.** Describe briefly five reasons why a direct underwriter may choose to reinsure. **(10)**
- 12.** Describe briefly the reasons behind and the provisions of the Aviation Disaster Family Assistance Act 1996. **(10)**
- 13.** (a) Explain why a pilot might buy a loss of licence insurance policy. **(4)**
(b) List six exclusions under a typical loss of licence policy. **(6)**
- 14.** Describe briefly the provisions of Article 28 of the Warsaw Convention 1929 with regard to jurisdiction. **(10)**

PART II

**Answer TWO of the following THREE questions.
Each question is worth 30 marks.**

- 15.** Clean Planes is an entity that specialises in providing a full aircraft valet service including cleaning the interior, servicing the toilets and supplying the food to aircraft at a major international airport.

Discuss, in detail, the aviation liability exposure of Clean Planes and what aviation liability insurance coverage would be most appropriate to their operation and the principal exclusions that would apply.

(30)

- 16.** Your client, Economy Airways, is a start-up airline, which is negotiating to lease five Airbus A320 aircraft from Megaleases SA. The airline has asked you, as their broker, to advise them how to ensure that the bank's contractual requirements can be satisfied within their airline insurance.

Discuss the provisions that the bank will normally require the lessee to insure and summarise the standard endorsement used to comply with banks' contractual requirements on client aircraft insurance policies.

(30)

- 17.** Slightly South of the Equator Airlines is a start-up airline based in central Africa. They have obtained three Boeing 747-200s with a spares package which they intend to operate on passenger charters to and from France.

As their insurance broker, detail what aviation insurance coverage you would recommend that they buy, and what factors you would take into account in giving the insured guidance on liability limits.

(30)

BLANK PAGE

