

# P91

## Diploma in Insurance

### Unit P91 – Aviation and space insurance

April 2013 examination

#### Instructions

- Three hours are allowed for this paper.
- **Do not begin writing until the invigilator instructs you to.**
- **Read the instructions on page 3 carefully before answering any questions.**
- Provide the information requested on the answer book and 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 book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**



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## Unit P91 – Aviation and space insurance

### Instructions to candidates

#### Read the instructions below before answering any questions

- **Three hours** are allowed for this paper which carries a total of 200 marks, as follows:

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

- You should answer **all** questions in Part I and two out of the three questions in Part II.
- You are advised to spend no more than two hours on Part I.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- 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 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.
- It is important to show each step in any calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- Answer each question on a new page. If a question has more than one part, leave six lines blank after each part.

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**PART I****Answer ALL questions in Part I****Note form is acceptable where this conveys all the necessary information**

1. Outline the provisions of the aircraft laying-up returns clause AVN 26A. (10)
  
2. Describe the aim and purposes of the Chicago Convention 1944. (12)
  
3. Describe the effect on coverage and steps an aviation insurer may take if an insured party has possibly committed:
  - (a) a breach of a policy warranty; (6)
  - (b) misrepresentation or material non-disclosure. (6)
  
4. Describe briefly the main aim and functions of the European Aviation Safety Agency. (8)
  
5. List **eight** factors that underwriters take into account when evaluating a proposal for airport liability insurance. (8)
  
6. Describe briefly **three** of the following.
  - The Treaty on Principles Governing the Activities of States in the Exploration and Use of Outer Space, including the Moon and Other Celestial Bodies 1967 (commonly known as the 'Outer Space Treaty').
  - The Convention on International Liability for Damage Caused by Space Objects 1972.
  - International Telecommunication Union.
  - Commercial Space Launch Act 1984. (12)
  
7. Explain how quota share reinsurance works and why it might be purchased by an aviation underwriter. (8)

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8. (a) Outline the circumstances in which the maximum sum insured under a typical loss of licence policy would be payable. (6)
- (b) State **four** reasons specific to loss of licence insurance which will cause a policy to be terminated. (4)
9. (a) List the **four** types of pilot licence for fixed wing aeroplanes. (4)
- (b) Describe briefly the importance of the use of simulators to pilot training. (6)
10. Outline briefly, in respect of aviation:
- (a) the role and responsibility of the US National Transportation Safety Board; (5)
- (b) the objective and application of EU Regulation 996/2010 in respect of air accidents. (5)
11. Identify **four** of the exclusions applicable only to the third party liability section of the AVN 1C London Aircraft Insurance Policy. (8)
12. Describe briefly the capabilities of the enhanced version of the Ground Proximity Warning System. (10)
13. Describe the provisions of the Civil Aviation Act 1982 in respect of third party claims on the ground. (10)
14. Describe briefly the principal characteristics of **two** of the following. (12)
- Communications satellites.
  - Earth observation satellites.
  - Navigation satellites.

Questions continue over the page

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

- 15.** You are an insurance broker competing for the business of a start-up client who owns two executive jet aircraft which they intend to use for commercial charters throughout Europe, North Africa and the Middle East. Currently, they are only considering purchasing hull and liability insurance on an AVN 1C London Aircraft Insurance Policy basis.
- (a) As they are potentially flying to countries which may have security issues, describe the hull and liability war risks coverage you would suggest they buy specifically to address these security issues and to comply with EU legislation. **(20)**
- (b) Explain to the client what underwriting information you will need and why. **(10)**
- 16.** You are the Claims Manager of an insurance company. A broker has just presented a claim for ingestion damage to the engine of an executive jet (which is insured on an AVN 1C London Aircraft Insurance Policy) and some ancillary damage to the fuselage. However, you become concerned about the maintenance of this aircraft which has been operating for several months in hot and dusty environments.
- Describe how you would investigate the claim and address the possible coverage implications. **(30)**
- 17.** A bolt manufactured by a UK company 10 years ago failed and caused an aircraft to crash last year. A claim has now been made one year after the accident.
- (a) Explain to the bolt manufacturer what coverage they have under their products liability policy which is on a standard AVN 66 London Market Aviation Products Liability Policy basis. **(15)**
- (b) A plaintiff's lawyer is trying to get this claim heard in the US courts. Discuss how a court in the US would determine whether it has jurisdiction. **(15)**

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