

P91

Diploma in Insurance

Unit P91 – Aviation and space insurance

October 2015 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.**

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.

PART I

Answer ALL questions in Part I

Note form is acceptable where this conveys all the necessary information

1. Identify and summarise all the provisions of the supplementary payments clause – AVN 76. **(10)**

2. Describe the provisions of the Rome Convention 1952 that relate to a carrier's potential liability to third parties on the ground. **(12)**

3. Explain briefly the following terms:
 - (a) No claims bonus. **(4)**
 - (b) Profit commission. **(4)**

4.
 - (a) Describe briefly the coverage afforded to an airport operator by Section 1 of the ARIEL Airport Owners' and Operators' Liability Policy (48FLY00001). **(6)**
 - (b) Identify the specific exclusions applicable to Section 1 of the ARIEL Airport Owners' and Operators' Liability Policy (48FLY00001). **(6)**

5. Explain briefly why insurers would require the following information, when assessing rating factors for commercial aircraft operators:
 - (a) The passenger load factor and the split between nationalities. **(3)**
 - (b) Aircraft maintenance provider. **(3)**
 - (c) The claims experience of the operator in respect of both hulls and liabilities. **(3)**
 - (d) Code share or interline agreements with other airlines. **(3)**

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6. (a) Identify the coverages excluded by the War, Hijacking and Other Perils Exclusion Clause (Aviation) – AVN 48B that are written back by Extended Coverage Endorsement (Aircraft Hulls) – AVN 51. (6)
- (b) State when AVN 51 would be used. (2)
7. Explain the factors normally taken into account when selecting the repairer following aircraft hull damage. (12)
8. Describe the **main** provisions of Articles 1-42 of the Chicago Convention 1944 which are concerned with the basic rules of Air Law that govern International Civil Aviation. (12)
9. Explain briefly the meaning of **three** of the following conditions applicable to Section I of the London Aircraft Insurance Policy – AVN 1C: (9)
- Dismantling, Transport and Repairs.
 - Payment or Replacement.
 - Amounts to be deducted from the claim.
 - No abandonment.
10. (a) Describe briefly the purpose of the General Aviation Revitalization Act (GARA) 1994. (5)
- (b) Outline the circumstances where manufacturers cannot take advantage of the GARA provisions. (5)
11. (a) List **five** of the heads of damages under a typical aviation personal accident insurance. (5)
- (b) List **five** of the exclusions under a typical aviation personal accident insurance. (5)

QUESTIONS CONTINUE OVER THE PAGE

- 12.** Identify the circumstances under which a US court may exercise long-arm jurisdiction over an out-of-state defendant. **(8)**
- 13.** Describe briefly:
- (a)** why aviation insurers need to carry adequate reserves; **(4)**
 - (b)** how incurred but not reported (IBNR) losses are calculated. **(4)**
- 14.** State the passenger liability regime that would apply in the event of a UK-registered aircraft accident in the UK, outlining the main provisions. **(9)**

PART II

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

- 15.** DJS plc owns a business jet carrying its chairman and several executives from client companies on a flight from Paris to London. Coming in to land, there is an indicated undercarriage fault and the aircraft has to make a wheels-up landing at a single runway major airport. As a matter of course, a full emergency is declared and the runway foamed to mitigate serious damage and injuries.
- (a)** Discuss the liability considerations of DJS plc. **(15)**
- (b)** Discuss the role of the appointed hull surveyor. **(15)**
- 16. (a)** Discuss the factors that an underwriter would consider when rating a satellite launch and in orbit policy. **(20)**
- (b)** Discuss whether there is any similarity between the information underwriters require to rate a space launch and in orbit policy, and the information required to rate an aviation products liability policy. **(10)**
- 17.** Discuss the avionic measures that have been introduced to prevent and reduce airline accidents. **(30)**

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