**AVIATION INSURANCE**

**OBJECTIVES:** To provide knowledge and understanding of the principles and practices of aviation insurance with reference to the applicable law and regulatory considerations, and the ability to apply them appropriately.

### AVIATION MARKET

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<thead>
<tr>
<th>Knowledge rating</th>
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</thead>
<tbody>
<tr>
<td>2</td>
<td>Development of aviation insurance.</td>
</tr>
<tr>
<td>1</td>
<td>Historical position of aviation insurance.</td>
</tr>
<tr>
<td>3</td>
<td>Risk placement process—broker/insurer relationship, broker presentations, vertical marketing.</td>
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<td>3</td>
<td>Role of the broker—represent client, client services, marketing, financiers/lessors, technical support, claims service, training.</td>
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<tr>
<td>2</td>
<td>Information services available.</td>
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<tr>
<td>1</td>
<td>Market bodies for aviation insurance—LPSO, ILU, LAUA, IUAI.</td>
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<tr>
<td>2</td>
<td>Technical/professional services—adjusters and solicitors.</td>
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<tr>
<td>3</td>
<td>How underwriters handle competitive pressures.</td>
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<td>3</td>
<td>Development of the aviation market in the 1990s—the global market, international capacity, client–insurer relationships.</td>
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<tr>
<td>1</td>
<td>The aviation reinsurance market (general, proportional, excess of loss).</td>
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### AVIATION INDUSTRY BACKGROUNDS

Regulatory authorities.

Current and future industry developments in the areas of:

- aircraft types and design;
- engine and propulsion;
- technology and avionics (eg, TCAS, GWPS, GPS);
- safety and training for the modern aircraft.

### MAIN CLASSES OF BUSINESS

Types and use of policies for:

- aircraft hull and liability insurances;
- manufacturers products and liability insurances;
- airport liability insurances;
- War and allied perils cover.

### OTHER CLASSES OF BUSINESS

Elements of cover available in the aviation market for:

- personal accident;
- of use;
- loss of licence;
- cargo.

Use of deductibles.

### TECHNICAL BACKGROUND

Use and application of coverages available.

Standard market deductibles.

Bank/leasing company agreements and contractual requirements affecting underwriters.

### UNDERWRITING CONSIDERATIONS

<table>
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<tr>
<td>3</td>
<td>Rating methods for main classes of business.</td>
</tr>
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<td>Use of profit commissions/NCBs.</td>
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<td>How statistics and underwriting records are employed by underwriters.</td>
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<td>Understanding of liability regimes.</td>
</tr>
<tr>
<td>2</td>
<td>Cash flow/investment income considerations on an underwriting account.</td>
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<tr>
<td>2</td>
<td>IBNR/methods of reserving.</td>
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</tbody>
</table>

### RISK MANAGEMENT IN THE AVIATION CONTEXT

Use of risk management—outside consultants/brokers, in-house personnel, risk financing.

Captive—benefits, types of captive, captive considerations.

### CONVENTIONS, PROTOCOLS, AGREEMENTS

Reasons, scope, limits and defences of the Warsaw Convention 1929.

Reasons, changes from Warsaw Convention in limits and conditions introduced by the Hague Protocol 1955.

Reasons for and changes introduced by the Guadalajara Convention 1961.

Reasons for and terms and conditions of the Montreal Agreement 1966.

Intercarrier agreements.


### UK LAW

UK law as applied to international agreements.

Civil Aviation Acts 1949-1982 including main amendments and order.

Legislation relating to domestic carriage by air.

### US LAW

Structure of legal system and jurisdictions.

Characteristics of the US litigation system.

Punitive and compensatory damages.

### EUROPEAN AND OTHER LAW

Legal systems relating to domestic and international air travel.

Japan—abandonment of limits of liability.
ASSOCIATESHIP
TECHNICAL

CLAIMS
Settlement of hull claims, with particular reference to:
—investigation of claims; 3
—the role of surveyors; 2
—application of policy conditions; 3
—settlement procedure; 3
Settlement of liability claims within the jurisdiction of the USA, with particular reference to passengers, appointment of attorneys and prosecution of claims. 3
Settlement of liability claims within the jurisdiction of the UK, with particular reference to passengers, appointment of attorneys and prosecution of claims. 3
Significant aspects of liability claims settlement under other jurisdictions. 3
Third party claims (including product liability). 3
Governmental investigating bodies and their responsibilities regarding accidents. 2

SPACE AND SATELLITE
Factors affecting underwriting of space and satellite insurances. 3
Relevant law and claims procedures. 2

FUTURE TRENDS IN AVIATION INSURANCE
Likely developments in the light of present knowledge and current forecasts. 2

Knowledge ratings
Each sub-topic has been designated a numerical ratings as follows:
1 General background awareness necessary
2 Requires a knowledge of the major elements of procedures or concepts and their uses.
3 Requires the ability to evaluate concepts, issues, policies and procedures, together with an understanding of associated aspects of these items and their application to various situations.

Study materials
The following list provides details of various publications which may assist with your studies. The primary text for this syllabus is shown in bold type. Periodicals and publications listed as additional reading will be of value in ensuring candidates keep up-to-date with developments and in providing a wider coverage of syllabus topics. The reference materials cited are authoritative, detailed works which should be used selectively as and when required.

Primary text

Additional reading
Lloyd’s List. LLP. Colchester: Lloyd’s of London Press. LLP. Daily (except Sundays).

Periodicals