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| Meeting | Aviation Insurance Clauses Group (AICG) |
| Date | Thursday 22 October 2009 |
| Time and venue | 09:45 a.m. in Special Dining Room, Gallery 11, Lloyd's |

PRESENT:

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| Stephen Matthews | (Chairman) |
| Mike Davidson | Amlin |
| Corinne Debain | AXA |
| Jill Epps | CVStarr |
| Mark Gimson | ACE |
| David Hart | Catlin |
| Gary Hendries | Swiss Re |
| Nick Hughes | BLG |
| Marko Ninkovic | OBE |
| Jette Varnals | AIG |
| Ruth Wahner | Hannover Re |
| Robert Wilkinson | Global |
| David Wood | Allianz |

ALSO IN ATTENDANCE

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| John Gurtenne | LMA (Secretary) |
| Chris Jones | IUA |

The Chairman welcomed Corinne Debain to her first meeting of AICG.

1. APOLOGIES

Roland Kuesters, Thibaut de Mallmann, Arabella Ramage, Angus Roberts, Jared Seth, and Graham Spencer-Brown.

2. MINUTES

The minutes of the 24 September 2009 meeting were agreed.

3. MATTERS ARISING

3.1 AVS 103A

The Chairman recalled that at the last meeting of AICG, he had undertaken to talk to a number of market practitioners to see if any might be interested in adopting AVS103A as a market (e.g. LSW) wording. He regretted that he had not yet been able to do so, but remained convinced that AVS 103A reflected a best efforts attempt to provide greater clarity and formality to the provisional claims settlement arrangements, which clients were clearly demanding. He undertook to pursue this for AICG's next meeting.

3.2 Replies to Commentators on AICG Consultation Drafts 26, 27 and 28.

The Secretary recalled that at the last meeting of AICG, it had been agreed that comments received on AICG Consultation Drafts should in future be circulated to the full AICG, to assist AICG in assimilating subsequent reports by the Working Group Chairmen. In the case of Consultation Drafts 26, 27 and 28, replies to comments received comments received had now been sent to the commentators and could be made available to AICG members, if required. This was noted.

4. AICG TERMS OF REFERENCE

Chris Jones recalled that AICG has recently been asked to look at a number of AVS Clauses but has found it difficult to reconcile this activity with its terms of reference which refer only to AVN clauses. The IUA's Aviation Technical Committee (ATC) has been thinking about whether this might suggest a review of AICG's Terms of Reference (ToR). These ToR (Section 13) provide:-

No less than two years after the date on which these Terms of Reference come into effect, the Chairman in consultation with the LMA Aviation Committee and IUA ATC may, and shall in response to a reasoned request from a Recognised Trade Association, undertake a review of the workability and practicability of these terms and, in the light of the outcome of such review, make proposals for changes to these terms so as to make them more effective and reduce the administrative burden of operating the AICG. The conclusions and AICG's proposed amendments to procedures shall be sent to the Directorate General for Competition of the European Commission and be published on the AICG website shortly after the review.

In discussion, a number of views were expressed. Reference was made to recently published draft EU regulation on the application of Article 81(3) of the Treaty to certain categories of agreements, decisions and concerted practices in the insurance sector (the Block Exemption) which was now likely not to include standard policy provisions. This fitted in with the general scheme of EU competition law, which is based on self assessment, and meant that AICG would need to satisfy itself that any changes made to the Terms of Reference would not breach competition law. Reference was also made to the possible existence of other aviation wordings and clauses, in addition to AVS clauses (e.g. LSW wordings) which would potentially fall outside AICG's current ToR. As with AVS clauses there was no easily discernible mechanism for publication to the market in its broadest sense.

It was noted that AICG could proceed with a review of its ToR of its own volition. It was agreed however that, in accordance with the formality provided in Section 13 of the AICG ToR, the LMA Aviation Committee and IUA ATC should be asked if they wished formally to request AICG to undertake a review of their ToR. In particular views with reference to the publication of AVS clauses would assist.

5. FREQUENCY OF MEETINGS

The Chairman noted that AICG's work programme was such that it was at times much busier than at others. He was reluctant to cancel meetings at short notice, but equally reluctant to hold meetings with little of substance to discuss, particularly for those who had to come a long way, and asked for views.

In discussion, it was agreed that the current timetable of monthly meetings was probably adequate, save for the meetings in August and December, which were often cancelled anyway to reflect the holiday seasons. It was agreed that the December 2009 meeting should be cancelled now, and that in future, there should be no meetings scheduled for August or December. If more or fewer meetings were required to meet demands arising for AICG, these could be arranged as required.

It was noted that this should assist members in ensuring their regular attendance at meetings and participation in Working Group drafting activity that were effectively the obligations of membership.

6. ANY OTHER BUSINESS

6.(i) LSW 708A

The Chairman referred to the papers circulated with the Agenda.

Mike Davidson said these reflected comments he had received from a broker about the need to update LSW708A (Civil Aviation Authority Safety Regulation Group Clause) to reflect changes in European Air Safety Agency (EASA) regulations. In a brief discussion, it was felt that AVN 708A - having been produced by LPSO (now XIS) as part of the LSW 700 series, rather than a market sponsor - might lend itself to conversion to an AVN clause by AICG. The Secretary undertook to research the minutes of the discussion of LSW 708A by the previous Joint Technical Clauses Committee (JTCC), as part of its review some years ago of the LSW 700 series. This had in fact resulted in a number of the LSW 700 series clauses being published as AVN clauses, but not LSW 708A.

It was agreed that if any relevant minutes were located the Secretary would circulate these to members, together with a copy of the relevant Regulations and the broker comments received, to enable AICG to consider potential updating of the clause at its next meeting.

6.(ii) AVN 109 (Cut Through Endorsement)

In a brief discussion, it was noted that there had been some market feedback since the publication by AICG of AVN 109 that a "variant" might be proposed by the Aviation Working Group (AWG), or the brokers, or both. It was agreed that the Secretary should speak to the Secretary of AWG to confirm this.

6.(iii) Competition Law Compliance

In a general discussion, it was recalled that AICG's ToR (at clause 12) state that all AICG Members and Experts shall ensure that they understand their legal responsibilities and shall take part in their association's (e.g. LMA and IUA) competition compliance programme, notwithstanding they are taking part on an ongoing basis in their own employer's competition compliance programme. This was noted and agreed

NEXT MEETING

19 November 2009

JCG 23/10/09