

Meeting	Aviation Insurance Clauses Group (AICG)
Date	Thursday 24 June 2010
Time and venue	09:45 a.m. Special Dining Room, Gallery 11, Lloyd's

PRESENT:

Graham Lilley	(Chairman)
Steve Brown	ACE
Corinne Debain	AXA
Jill Epps	CVStarr
Mark Gimson	ACE
David Hart	Catlin
Gary Hendries	Swiss Re
Nick Hughes	BLG
Roland Kuesters	MunichRe
Jared Seth	Global
Robert Wilkinson	Global
David Wood	Allianz

ALSO IN ATTENDANCE

John Gurtenne	LMA (Secretary)
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The Chairman welcomed Steve Brown of ACE to his first meeting of AICG.

1. APOLOGIES

Mike Davidson, Marko Ninkovic, Arabella Ramage, Angus Roberts, Jette Varnals, and Ruth Wahner.

2. MINUTES

The minutes of AICG's last meeting, held on 27 May 2010 were agreed with minor amendment.

3. MATTERS ARISING

3.1 LSW 708A - Aviation Authority Test Flight Clause

The Chairman referred to the latest (25 May 2010) draft of LSW 708A, circulated with the Agenda. He recalled that, at its last meeting on 25 May 2010, AICG had agreed to consider further:-

- the extent to which the proposed clause provided cover for any pilot approved to conduct a test flight
- the situation regarding hull cover.

In discussion of the first point, it was agreed that the clause was being drafted for use in any jurisdiction, and that the current reference to "any aviation authority having jurisdiction over the insured aircraft" was satisfactory. However, its actual use was likely to be mostly in UK Civil Aviation Authority (CAA) or other European Aviation Safety Authority (EASA) jurisdictions, and against this background it was noted that CAA/EASA required a test pilot to be "accepted" against criteria determined by CAA/EASA. It was therefore agreed that the draft should have the words "approved or" inserted before "employed or contracted to that aviation authority". It was also agreed that the limitations in sub-paragraphs (1) and (2) adequately defined the scope of cover for the pilot concerned. It was felt however that the second sentence of the insuring clause would then more logically follow as a new third paragraph after sub-paragraphs (1) and (2).

On the second point, it was agreed that the reference to "the legal liability of" the aviation authority had the unwanted effect of limiting cover to liability only and should

be deleted. It was also agreed to add the words "with respect to the insured aircraft" after "under the Policy" in the new third paragraph.

In conclusion, it was agreed:-

- an amended draft should be recirculated to reflect AICG's further deliberations
- AICG members should pass to the AICG Secretary any further thoughts or comments, with a view to signing this off for publication as an AVN clause at AICG's next meeting, currently scheduled for 22 July 2010.

3.2 Sanctions

The Secretary reported on a meeting of AICG's Sanctions Working Group, which had met the day before. The WG's discussions were based around a number of points made in an email from Nick Hughes' commenting on the draft sanctions clause previously circulated. In summary these comments were:-

- the draft clause should more specifically define the laws, sanctions, regulations concerned.
- the draft should be amended to provide that the policy does not provide cover where such cover is or would be in breach of those laws etc.
- the draft should emphasise that this clause applies both to laws etc in force at the inception of the Policy and any such or similar laws that come into force with effect during or after the period of the policy.
- the options for cancellation by either the insured or the insurer following the introduction of any new sanction should be researched.
- consideration should be given to the interface with other clauses in the policy, in particular those governing choice of law.

The Secretary reported that as a result of the Working Group's meeting, some notes had been prepared to address Nick's points but these really needed some more work. Following a more general discussion within AICG, including of the issues raised by Nick Hughes, it was noted that, whilst there is support for drafting a clause which is able to deal with sanctions and regulations in a more specific manner, different sanctions might affect different Insurers on the same risk in different ways, depending on the structure, ownership, management and capitalisation of the insurer concerned. This could make it difficult for AICG to draft a clause which would meet all insurers' needs.

In conclusion, it was agreed that AICG's Sanctions WG should meet again, with Nick Hughes in attendance, to give more thought to the issues raised, with a view to reporting further at AICG's next meeting, currently scheduled for 22 July 2010.

4. Any Other Business

4.1 AICG Future Work Programme

In response to questions from the Chairman, the following were identified as possible future items for AICG's work programme:-

- Roland Küsters said he would be writing to AICG on behalf of Munich Re to request a review of current Space Product Liability wordings, including that in AVN 98
- the Secretary confirmed that it was still his understanding that that the Aviation Working Group (AWG) had submitted to LIIBA a draft "variant" to AVN 109. LIIBA were currently considering this, and it was possible that this would eventually be submitted to AICG.

NEXT MEETING
22 July 2010

JCG 25/06/2010