

AVIATION INSURANCE CLAUSES GROUP (AICG)

31 October 2014

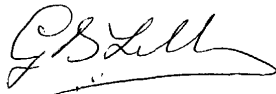
Dr. Irmfried Schwimann
Director, Markets and Cases III: Financial services
European Commission
Place Madou 1/Madouplein 1
1210 Bruxelles/Brussel
Belgium / Belgique

Dear Dr. Schwimann,

The purpose of this letter is to send you, in accordance with the AICG terms of reference, a Statement of Activities concerning the work carried out by AICG during the period October 2013 to September 2014 (inclusive). This is included in the Annex below. This ninth Statement of Activities will also be published, as required by the AICG terms of reference, on the AICG website www.aicg.co.uk.

If there are any queries on the Statement of Activities or on the operation of AICG more widely, please contact myself or the AICG Secretariat via the contact details below.

Yours sincerely,



Graham Lilley

AICG Chairman

AICG Secretariat Contacts Details:

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Director of Market Services
International Underwriting Association
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Annex 1

Aviation Insurance Clauses Group (AICG)

Ninth Statement of Activities – October 2013 - September 2014 (inclusive)

Overview

AICG operates under formal Terms of Reference (ToR) agreed between the International Underwriting Association (“IUA”) and the Lloyd’s Market Association (“LMA”) with the European Commission in March 2005. Under these ToR, the Chairman is required to produce an Annual Statement of Activities, summarising the key developments relating to the AICG and the wordings, clauses and variants considered by the AICG during the course of the preceding year.

The following report represents a report of AICG’s activities during the period October 2013 to September 2014 inclusive.

Activities

All AICG Agendas, Minutes, and Consultation Drafts in the report period are freely available on the AICG website (www.aicg.co.uk). Accordingly, this report gives only a summary of the clauses and wordings considered during the review period.

AICG is provisionally scheduled to meet monthly but in fact only met during this reporting period in October and November of 2013 and in January, April, June and July of this year. There have, though, been a large number of meetings of the designated AICG Working Groups convened to review specific items. Members of the Working Groups were taken from the full AICG membership (see Annex 2 below). These are noted below.

AICG Work Items

(i) Published Clauses

Aviation Insurance Policy Proposal Form (AVN2B)

In connection with the review of AVN1C, AICG agreed, following a request from an AICG member, that the existing Aviation Insurance Policy Proposal Form, AVN2A, should be reviewed. This review took into account new applicable statutory legislation - the UK Consumer Insurance (Disclosure and Representations) Act 2012 - and also sought to simplify and update some of the terminology used. The new proposal form, AVN2B was published on 24 January 2014.

London Aircraft Insurance Policy (AVN1D)

Following a lengthy and extensive consultation process the Working Group created in 2012 to review the AVN1C London Aircraft Insurance Policy concluded its work and the full AICG agreed to publish a draft new aircraft insurance policy wording. The wording, AVN1D, was published on 24 March 2014. Later in the year, AVN1D was slightly amended and republished to remedy an inadvertent error found in the wording. The revised wording and explanatory note on the amendment was published on the AICG website on 5 August 2014.

Aviation Personal Accident Insurance (AVN113)

Following the publication of Consultation Draft 33 in April 2012, the Working Group concluded its review and a new wording, AVN113, was finalised and published on 24 March 2014. Later in the year, AVN113 was republished to remedy an inadvertent error in the wording. The revised wording and explanatory note on the amendment was published on the AICG website on 5 August 2014.

(ii) Ongoing Work - AICG Working Groups

A 'consumer' variant of AVN1D (Consultation Paper 39)

The AVN1D Working Group is currently finalising a variant of the AVN1D aircraft policy that is designed specifically for use with consumer insureds. This work is primarily in recognition of the changes in the UK law in respect of consumer insurance contract law that came into effect from 6 April 2013. A full consultation process was undertaken in late 2013 and 2014 and a new wording is expected to be published towards the end of this year.

Aviation Products, Grounding, and Other Aviation Liabilities Insurance (AVN98)

Further to the comment in previous Statements of Activity, the Working Group created to review AVN98 is currently putting together a draft wording that is expected to go to consultation in the next few months. We would remind the Commission that the Space Coverage Endorsements that formed AICG Consultation Drafts 34 and 35 are part of this review (including any comments received in respect of those consultations).

Premium Payment Clause (Consultation Paper 41)

At the request of the Lloyd's Market Association, the AICG has been asked to draft a new AVN premium payment clause. The objectives of the review are to ensure that the new clause clearly outlines the insurance policy cancellation provisions relating to the non-payment of premium and also how the notification to cancel the contract and any rescission of that notice should operate. A consultation was initiated in June 2014 and the created Working Group is currently finalising a draft provision for consideration by the full AICG membership.

AICG Membership

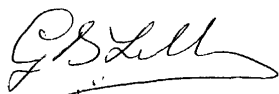
There has been one change to the AICG membership in the report period as one member retired and consequently left the Group. For information, details of the current membership can be found in Annex 2 below.

Commentary

As in previous years, AICG continues to be active on a number of important requests and it remains evident that aviation insurance practitioners – including brokers and insured's - continue to see AICG as an important forum for comment on a variety of matters related to aviation policy wordings and in drafting policy provisions.

Given the specialised nature of the aviation insurance market and the complexity of some of the existing AVN provisions, the drafting process for new AVNs and endorsements can be arduous and require considerable commitment of the AICG members, all of whom provide their time and expertise freely and for the wider benefit of the market and industry standard. As Chairman, I remain grateful for members' continued contribution to AICG in developing the policy wordings the aviation insurance market, brokers and clients require.

Yours sincerely,



Graham Lilley
AICG Chairman

Annex 2 – AICG Membership

Graham Lilley	Chairman
Mark Gimson	LMA Representative (Deputy Chairman)
Steve Brown	LMA Representative
Corinne Debain	FFSA Representative
Jean-Francois Douche	FFSA Representative
Jill Epps	LMA Representative
David Hart	IUA Representative
Gary Hendries	Swiss Re
Nick Hughes	Holman Fenwick Willan
Christopher Jones	IUA (Secretary)
Roland Küsters	Munich Re
Marko Ninkovic	LMA Representative
Arabella Ramage	IUA Representative
Angus Roberts	LMA Representative
Jared Seth	IUA Representative
Jette Varnals	IUA Representative
Ruth Wahner	Hannover-Re
Ray Welsford	LMA Representative
Robert Wilkinson	IUA Representative