

Meeting	Aviation Insurance Clauses Group (AICG)
Time and Date	9:45am, Thursday 24 October 2024
Venue	Microsoft Teams Conference Call / IUA Offices

PRESENT:

Aurélie Andre	France Assureurs
Julie Damant	IUA
Jill Epps	LMA
Dele Fajimolu	LMA
Nick Hughes	Appointed Expert
Tom Hughes (Secretariat)	IUA
Christopher Jones (Secretariat)	IUA
Roland Küsters	Munich Re
Nick Medniuk	Chubb
Nicolette Rodrigues	IUA
Graham Spencer-Brown	Chair
Ruth Wahner	Hannover Re

1. Apologies for absence

- 1.1 Apologies had been received from Michelle Myler-Falla (LMA), Gary Hendries (Swiss Re), Adam Tozzi (IUA) and Jette Varnals (IUA).

2. Minutes of the previous meeting – 22 August 2024

- 2.1 The minutes of the previous meeting were agreed to be a true and accurate representation.

3. Matters arising

Published wordings/clauses – AVN146-156 and AVN117-120

- 3.1 Members had received the circulated versions of the published AVN146-156 and AVN117-120 ahead of the meeting. The Working Groups were thanked by members

4. Current work items:

Recreational Drone Wording

- 4.1 The Secretariat confirmed that the AICG Drone Wording Working Group had developed a draft consumer wording, the latest version of which had been circulated with the agenda. The Working Group had utilised AVN146 as a base, incorporating consumer focused amendments found within AVN1E. The wording had also been structured in line with requirements for consumer wordings, for example with defined terms placed in bold and conditions placed at the start of the wording. This version included key outstanding questions for AICG consideration ahead of proposed consultation. Members discussed these questions as follows:
- 4.2 Template 'Ket Facts' / IPID – Members noted that a key facts page had been included within AVN1E. It would now be necessary to consider including a template IPID, although this was typically issued by broking representatives. As such, it was questioned whether it should be included within the wording. Members suggested, and agreed there would be value in, the template IPID being issued alongside the clause as an optional template.
- 4.3 Sanctions – Members noted the sanctions clause included within the draft wording, as follows: “The Insurers will not provide any benefit under this Policy to the extent that providing cover, payment of

any claim or the provision of any benefit would breach any sanction, prohibition or restriction imposed by law or regulation". It was noted that the question of the most appropriate sanctions clause for use within consumer wordings had previously been raised with the AICG by the LMA. Members noted that the LMA had received legal advice on the drafting of AVN111 and suggested that understanding the key points provided would be valuable. Members proposed that a bespoke version of LMA3200a or LMA3201 could be developed for use in aviation policies. It was reminded that LMA3200a did not use the term 'exclusion' in light of a key French decision (AIG v Lafarge) on the application of sanctions clauses (specifically AVN111). The French insurance association (France Assureurs) were understood to have brought together individuals from different classes of insurance to consider a new sanctions clause. Members noted the importance of the case in France, but highlighted that the decision was limited to one jurisdiction.

- 4.4 Members agreed that the term 'breach' should be replaced with 'expose' which would address the extraterritorial impact of US sanctions. Otherwise it was suggested that the clause be retained as originally drafted, given that the sanctions clause within AVN1E had proven effective in respect of aviation risks. Members would be keen to see comments on this point during the consultation process.
- 4.5 Hire or reward – Members noted Definition 11 "Private Pleasure" and the query as to whether an exclusion for "hire or reward" should be referenced within the definition. Members highlighted challenges within the definition and suggested that Definition 11 may not be necessary if the "Purpose of Use" within the Policy Schedule was reworked. The following language was proposed and agreed for inclusion with Item 8 of the Policy Schedule:

- (a) Recreational
- (b) Business or Professional: {Response}

No cover is provided for Business or Professional use(s) unless the Business or Professional use(s) are declared to and agreed by the Insurers and specified in (b) above.

- 4.6 Subject to the above agreed amendments and a period for AICG member review, it was confirmed that the wording could be published to market consultation.

PFAS Exclusion Clause

- 4.7 The Secretariat confirmed that the IUA had nearly finalised work with its members to take legal advice on the interaction between PFAS and AVN46B. It had been agreed that seeking advice on a range of questions would support the AICG in any potential drafting on PFAS or pollution more broadly. The initial advice would focus on the UK position, following which the aim was to seek advice from a US perspective. The advice was being sought by IUA and LMA jointly. Members confirmed that a summary of the advice would be valuable to support any drafting required by the AICG.

5. Potential new work items:

- 5.1 It was highlighted that any updates from the AVN1E position incorporated within the consumer drone wording may warrant AVN1E to be reconsidered.

6. Any Other Business

- 6.1 There were no further items raised for discussion.

Next Meeting: The next meeting was scheduled for 28 November 2024.