

**To:** TREN CONSULTATION INSURANCE

**Subject:** The Discussion Paper on EU Regulation 785/2004

Dear Sirs,

Below are a number of comments and representations, put forward in response to the Discussion Paper on the operation of Regulation (EC) 785.2004 relating to insurance requirements. As I am submitting this by e-mail, may I respectfully request that you acknowledge your receipt of this response.

I present these submissions as the owner/operator of a 1938-designed Topsy Trainer and a 1914-design RAF BE-2c replica aircraft in the Single Engine Piston light aircraft category. These aircraft are used for leisure flying and for historic aeroplane demonstrations with an annual utilisation in each case of 50 hours. The aircraft have respectively MTOM of 487 and 828kg. Since the introduction the aircraft have been insured for third party liability in compliance with the Regulation as implemented in the United Kingdom.

In addition I present my services as a volunteer in organising a number of air displays and vintage flying events. My experience in seeing the effect of the regulations regarding insurance requirements on these activities, additionally gives me concerns which I address in the following comments.

I believe that the General Aviation sector and historic aviation is being seriously threatened by unforeseen implications of these regulations and the resultant impact of current insurance premium levels is likely to result in the grounding of a number of historic aircraft. These are both a vital part of the heritage of States and represent a significant source of specialist, skilled employment, which is being eroded.

Despite constant accident loss statistics in the General Aviation segment, the rise in requirement for disproportionately higher levels of cover in comparison with commercial operations, is leading to extraordinarily high premiums in the General Aviation sector, while premiums in commercial aviation have remained static or have fallen. This is an unfair burden to place on general aviation and low-utilisation private operators.

In response to your specific questions raised in the Discussion Paper on the operation of Regulation (EC) 785.2004 :

Question 1.

As I am not an "air carrier", it is not appropriate to respond to this question.

Question 2:

The cost impact on General Aviation and private operators has been significant. At the lowest end of the weight scales, I myself have seen a rise in premiums approaching 25%. Operators of large historic aeroplanes such as the Lockheed Constellation operated by Aviodrome, Lelystad, and the B-17s operated by groups in France and the UK, have all seen premiums rise more than tenfold. In some of these cases, it is resulting in the grounding of the aeroplanes. In other cases I am aware of restoration work which has been halted, or aircraft shipped out of the EC for

completion and flight, with the concomitant effect on revenues and employment. This is a direct result of the imbalance between commercial and general aviation insurance premiums as a result of the regulations.

#### Question 3.

While the insurance market is prepared to offer reasonable cover for historic aircraft, the minimum weight-based limits required by the Regulations preclude our benefiting from fair market forces, as they take no account of our limited usage of the aircraft and the relatively low risk of third-party damage being caused by our aircraft.

#### Question 4.

I do not consider that non-commercial aircraft operators need war and terrorism risks to be covered. We nonetheless carry the burden of these premiums, as required by the Regulations.

#### Question 5.

The cover for unlawful interference is also inappropriate. Non-commercial aircraft operators would normally negotiate this with airport operators and their insurers. We nonetheless carry the burden of these premiums, as required by the Regulations

#### Question 6.

As I am not an "air carrier", it is not appropriate to respond to this question.

#### Question 7.

An attempt to create a universal EC-wide insurance certificate is noble, but I believe fraught with increased cost and administrative implications. For the majority of light GA operators who remain largely in their country of origin, it is also superfluous. Current practices with insurance brokers providing multi-lingual or customised cover for nations on an ad-hoc basis, remains the most cost-effective solution.

#### Question 8.

Unlike the heavily bureaucratic concept of a universal insurance certificate, the concept of standardising levels of minimum passenger cover for non-commercial operations is a good one. In default, the adoption of a minimum level of SDR 250.000 appears to be a reasonable one.

#### Questions 9-13

As I am not an "air carrier", it is not appropriate to respond to these questions.

#### Questions 14-15

The Regulation itself is not complicated. In fact, that is its problem, it has been over-simplified. While making exceptions will inevitably give rise to more complexity there are cases where special rules, for aircraft under 2,700kg, historic, heritage and other "special category" aircraft is much more sensible than the broad enforcement of a "one size fits all" policy. I believe that allowing the National bodies who presently regulate aviation-based activities such as air displays, are doing a good and safe job and are they best equipped to strike the balance between the amount of regulation necessary and the impact and cost of accidents giving rise to third party claims.

I hope that these representations will be of assistance to the Commission. Should there be any need to contact me, my details are as follows:

Stephen Slater