

**DISCUSSION PAPER
ON THE OPERATION OF REGULATION (EC) 785/2004
ON INSURANCE REQUIREMENTS FOR AIR CARRIERS AND AIRCRAFT OPERATORS**

ITALIAN REPLY

Q1	With reference to airlines, we confirm that the impact of the Regulation 785/2004 has been modest, given that the limits and typologies of coverage previously granted by the insurance market were however in excess of the new minimum insurance requirements.
Q2	General aviation operators, especially as private individual or non-commercial operators, were often covered for third party liability with limits much lower than those imposed by the new EC Regulation; therefore the compliance with the new insurance requirements has involved an increase in insurance costs. The impact has been especially strong on the typology of insurance covers bought (war and alike).
Q3	Because of the difficulties in monitoring the actual usage of historic aircraft and considered that Italian law does not provide insurance obligations only when they are flying but also, e.g., when they are on the ground, we do not have enough elements to assess the risk and however the incidence of the case, as to the Italian civil aviation, is quite limited.
Q4	We tend towards an affirmative reply taking also into consideration the purposes of the present regulatory framework.
Q5	On the whole, we are for any initiative that would allow insurers to better define and assess the risk.
Q6	In compliance with EC Regulation, ENAC (the Italian monitoring body for civil aviation) requires an insurance certificate or other evidence of valid insurance, although this latter has been, as far as we know, very rarely adopted.
Q7	A common insurance certificate for all EC countries would be highly appreciated, also considering the international nature of air transport (general aviation included).
Q8	Italian legislators have not yet availed themselves of the option given by the Regulation 785/2004 of setting level of third party liability cover in respect of passengers lower than the minimum of SDR 250,000 imposed.
Q9	Nothing to report, as Regulation 889/2002 provides for a generic obligation of insurance adequacy.
Q10	We are for a harmonization of third party liability rules.
Q11	We are for rules that can ensure a level playing field beneficial to market insurance competition, having regard to specificities of single Member State's reality.

Q12	This insurance coverage is not provided by the Italian market. The risk seems to fall within miscellaneous financial loss/general third party liability/business interruption covers.
Q13	It does not seem a question for the insurance market but for the legislator to find tools to safeguard passengers (air carrier liability rules, compensation funds, mandatory insurance...).
Q14	The Regulation raised some difficulties of interpretation among operators and authorities, which have been partially overcome through the operational practice. However the margin of interpretation needs to be reduced taking also into account that the aviation insurance policies - as well as non aviation covers- are subject to terms, conditions, limitations and exclusions.
Q15	Aiming at third party protection (on the ground and carried) we do not deem useful to provide for an exemption or a reduction of the insurance minima imposed by the Regulation.