

The Director General

Brussels, 21 November 2007

To: EUROPEAN COMMISSION
Directorate-General for Energy and Transport
Internal Market
Aviation Agreements & Multilateral Relations
DM 24 5/118

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Subject: Questionnaire on regulation 785/2004 on insurance requirements for air carriers and aircraft operations

Dear Sirs,

Please find hereafter the answers from our members to the questionnaire on insurance requirements for air carriers and aircraft operations:

ANSWERS:

Q1 :

- a) Yes, the regulation has an impact on insurance policies specifically for some non EU carriers (charter airline mainly) some had even to cease business in the EU. It also had an impact on War risk because the insurance aviation market does not cover Terrorist risk above the practical limit of 150 M USD or 105 M Euros. Excess coverage for terrorism exist and is provided by 2 US market insurers (AIG and Berkshire Hattaway).
- b) US , EU carriers, plus major airlines ROW carry insurance above regulation limits.

Q2:

No minimum requirements existed in different EU member states prior to implementation of regulation 785/2004 for GA, The regulation did increased the price of insurance by a significant percentage which has been less for small aircraft than for aircraft of 4 seats and above. Insurers believe that a distinction between commercial GA and Non commercial GA would be of interest with regard to establishment of limits.

Q3:

Yes, reasonable cover is provided to historic aircraft at significantly reduced price. The only problem seems to be the insurance of large historic Aircraft (such as B29 WW II bombers) where high limits apply and the solution could be to establish a single limit for aircraft over a certain age with an historic interest.

Q4:

Terrorism and warlike operations shall not be considered as insurable but treated as “damage of war”. Insurers suggest that different insurance limits should be created for terrorism and war damage.

Q5

See answer to Q4. In addition Insurers wishes to advise that specific exclusions such as damage caused by weapons of mass destruction or asbestos are in place in aviation covers.

Q6:

As far as insurers are concerned only insurance certificate are provided. Insurance certificate are always subject to policy terms, conditions and exclusions. Clarification as to who is authorised to issue such certificate is needed and for all operations EU and non EU.

Q7:

Yes there would be benefit of creating a uniform EU certificate of insurance and Insurers would welcome the opportunity to discuss this subject with appropriate EU bodies.

Q8:

- a) France, for example, has implemented regulation art 6 sub para 1 (ie minimum insurance cover of 100K SDR) i.r.o. aircraft of less than 2700Kg, mtow used for non commercial operation only.
- b) This causes occasional problems with trans-national border flights when another EU State has a larger minimum requirement.

Q9:

No answer

Q10:

Harmonisation of third party liability at Member State level is highly desirable. This is also the purpose of the modernisation of the Rome Convention of 1952 on compensation for damage caused by aircraft to third parties in case of unlawful interference. Insurers wish to be in position to review the final draft of the convention before expressing their final answer.

Q11:

Not for insurer to answer.

Q12:

No , and insurers wish to add that it would be against insolvency laws to create a specific benefit for passengers in some situations to the detriment of other creditors.

Q13:

No, but other mechanisms could be appropriate such as “compensation guaranty funds”.

Q14:

Not for insurers to answer.

Q15:

- a) Yes , for reasons stated at answer to Q8b).
- b) unknown

Yours sincerely,

Michaela Koller
Director General