

Reference: DJEP-CLCP-03-03

Dated: 1 February 2019

## **MOD Aviation Display Insurance Policy Statement**

### **Clarification of the MOD's minimum insurance requirements for civilian display activity at MOD airfields**

#### **1. Issue.**

To provide clarification that civilian aircraft participating in display activity at MOD airfields must comply with the MOD's minimum insurance requirements of £50M aviation liability insurance cover. This requirement does not relate to "static display" aircraft and the insurance arrangements for civil operators landing and taking off at MOD airfields should be followed if no display activity is being undertaken.

#### **2. Timing.**

With immediate effect. This policy statement remains extant until withdrawn or superseded.

#### **3. Introduction.**

Civilian aircraft operators either landing or displaying at MOD airfields expose the MOD to additional risks of compensation claims for either injury to personnel or damage to property. The MOD must ensure that it is adequately protected against the consequences of these risks by ensuring that appropriate aviation liability insurance is placed to respond to an aviation related incident.

#### **4. Background**

The recent comprehensive review of JSP360 - *Guidance on the Use of Military Airfields by Civil Aircraft*, provided the opportunity to review insurance-related content and make a clear distinction between the insurance requirements of aircraft taking off and landing at an MOD airfield and those aircraft embarking on display activity.

The issue was subsequently tabled for discussion with the Department's professional insurance brokers, Willis Towers Watson, in the autumn of 2018. It was recognised that there is a clear distinction between routine landing operations and aircraft participating in organised air displays. Consideration was given to an appropriate insurance limit of liability relevant to the risk exposure at MOD airfields. Consensus from experts at the Willis aerospace team and MOD's claims officials was that a limit of indemnity insurance commensurate with the potential risks of display activities should be adopted which is readily available in the prevailing aviation market.

A number of factors were taken into consideration and a minimum limit of liability of £50M was considered to be appropriate to sufficiently satisfy the MOD's risk management requirements.

Some of the key observations from those discussions are:

- The significant increased footfall (spectators) at a display, as opposed to when an aircraft is using an MOD airfield at other times.
- The potential increased flying activity (aerobatics) by the display aircraft, in contrast to an aircraft using an MOD airfield at other times (i.e. just taking off and landing)
- Privately owned display aircraft are generally older type airframes.
- Due to the very nature of the risks involved in display activity, it was considered that there is no merit in setting varying limits for different aircraft types, i.e. propeller aircraft, rotary wing or fast jets. An incident involving multiple persons would result in a significant loss, regardless of aircraft type.

## **5. Increasing an aviation insurance limit of liability**

Whilst the tragic events of Shoreham will no doubt have contributed to a hardening of the aviation insurance liability market, there is still very good market capacity to underwrite risks arising from display activity. It is not therefore difficult to arrange an endorsement to an operator's annual aviation liability insurance policy to reflect display activity. The MOD recognises that there may be an increase in some insurance premiums which is regrettable, but the overriding priority is to ensure a suitable and consistent insurance limit is introduced to safeguard against the costs of compensation claims.

## **6. Guide on how to increase an aviation insurance limit of liability.**

- *The operator's insurance broker will access the specialist aviation insurance market that writes the hull and liability policy.*
- *Having disclosed full details of the display activity/activities to the insurance broker for either a single airshow, multiple airshows or on an annual basis, the operator will ask their broker to obtain an insurance quotation from the hull and liability insurers.*
- *The operator's insurance broker should extend the current hull (NAM(DSP1 )and liability policy accordingly to increase the sum insured in respect of the liability section of coverage to £50,000,000 in respect of either a single airshow, multiple airshows or on an annual basis.*
- *The operator's insurance broker will provide confirmation of coverage and endorse the insurance certificate which must be provided to the MOD to provide assurance that stipulated insurance requirements are in place for the proposed activity/activities.*

## **7. Example insurance certificate**

An example general aviation certificate content to satisfy MOD requirements is at Annex A.

**CERTIFICATE OF INSURANCE****Reference No.*****(Cancelling and Replacing the previously issued Certificate of Insurance)*****TO WHOM IT MAY CONCERN**

THIS IS TO CERTIFY that we, xxxxxxxx , in our capacity as insurance broker to the Insured (as defined below) have placed insurance in the London and international insurance markets in the name of the Insured covering their aviation operations in connection with their fleet of aircraft, against the following risks and up to the limits stated:-

**1. INSURED:**

XX (hereinafter referred to as the “Insured”).

**2. POLICY PERIOD:**

XX.

**3. GEOGRAPHICAL LIMITS:**

Worldwide.

**4. COVERAGE:**

AVIATION LEGAL LIABILITY covering the Insured’s xxxxxxxxxxxxxx  
(sum insured for Hull and Liability and Interest of Policy to be stated here)

It is further certified that the amounts of insurance stated above are in accordance with the minimum insurance cover requirements of Articles 6 and 7 of Regulation (EC) no 785/2004 based on (a) the rate of exchange applicable to Special Drawing Rights at inception of the insurance, (b) third party war, terrorism and allied perils being insured on an aggregate basis as above, and (c) it being understood that such aggregate limits may be reduced or exhausted during the policy period by virtue of claims made against aircraft or other operational interest covered by the insurance.

**5. SCHEDULE OF AIRCRAFT:**

<u>Aircraft</u>	<u>Registration Mark</u>	<u>Manufacturer’s Serial Number</u>
Insert	Insert	Insert
Insert	Insert	Insert
Insert	Insert	Insert
Insert	Insert	Insert

Subject to the coverage, terms, conditions, limitations, exclusions and cancellation provisions of the relative policy numbers xxxxxxxxxxxx.