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It looks inevitable that 2009 will be the third consecutive loss-generating year in the airline insurance industry. Worldwide, major losses in 2009 currently total an estimated \$1.4 billion, which have stemmed from a number of major incidents.

MAJOR LOSSES

Date of Incident	Airline	Aircraft
January 15, 2009	US Airways	A320
February 12, 2009	Colgan Air	Bombardier Q400
June 1, 2009	Air France	A330
June 30, 2009	Yemania Airways	A310
July 15, 2009	Caspian Airlines	Tupolev 154M
August 4, 2009	Bangkok Airlines	ATR-92

If the attritional losses are prorated into the year, the losses to date are an estimated \$1.7 billion. These loss levels have prompted increased hull and liability premiums in the global marketplace.

With all July's programs placed, the average increase in premium for airlines seen since January is approximately 15 percent.

Most airline insurance contracts are renewed in the second half of the year, and buyers are nervous about the prospect of higher premiums. We still have slightly more than 50 percent of the world's airlines to renew, but at this current average increase in the global airline premiums for the year should reach \$1.725 billion.

As a direct result of the global recession, we have seen passenger numbers drop by an average of 10 percent; however, fleet values have remained relatively unchanged.

Other lines:

- ❖ **General Aviation**—The market remains extremely competitive with underwriters competing fiercely for accounts. Consequently we have seen a reduction within both the hull and liability rates.
- ❖ **Airports (Including Air Traffic Control)**—With passenger numbers reduced by an average of 10 percent and aircraft movements slightly down, airport lead premium is seeing average reductions of 2.5 percent to 5 percent.
- ❖ **Manufacturers (Including Maintenance, Repair and Overhaul)**—A slight variance has developed in 2009 with most manufacturers' renewals remaining static; however, the MRO operations have seen an average increase in premium of approximately 7.5 percent.

Certainly it is an interesting time to be in the aviation insurance business. According to the Lloyd's of London Web site, "June 2009 alone was the most expensive month ever for aviation claims under standard hull and liability classes, excluding September 2001."

In its interim results report, Lloyd's aviation insurer Amlin notes that the class has not been "attractive to us" for an extended period. But Amlin also confirms that the recent heavy losses are providing impetus for "much needed rate increases" that it anticipates will come through this year.