



### Contact



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Towards the end of 2009 and for the first several months of 2010, the aviation insurance market has tried to slow the dramatic premium reductions that have been so prevalent over the last two-plus years. Specifically, general aviation underwriters have attempted to “flatten” the pricing of renewal business. Reductions that were previously double-digit are typically currently pricing around 5 percent reductions. We have still yet to see many increases to general aviation renewals.

One factor that will play a significant role during 2010 will be the loss at Washington Dulles International Airport in February 2010. Due to excessive snow, hangars at the Dulles airport collapsed and have “trapped” many large corporate aircraft. The damage to the aircraft within the hangar is still unknown. Estimates from \$150 million to \$300 million have been discussed within the industry. As this loss develops and inspectors get a look at the damage to the aircraft, underwriters will then have a better handle to what extent this claim will impact the general aviation industry.

One potential factor in the aviation market is the loss of one of the insurers in the market. In December 2009, Travelers ceased accepting new aviation business with the intent of closing their aviation underwriting operations. This is the first insurer since 2001 to leave the aviation marketplace. Even with the loss of Travelers as a viable market, plenty of capacity remains in the U.S. aviation insurance marketplace.

As we look forward to the remainder of 2010, carriers will continue to try to limit premium reductions as much as possible. However, as competition between insurers remains strong, small reductions will still become available in the general aviation insurance marketplace.