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# Aviation Liability Insurance Market

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1/16/20

# AVIATION INDUSTRY



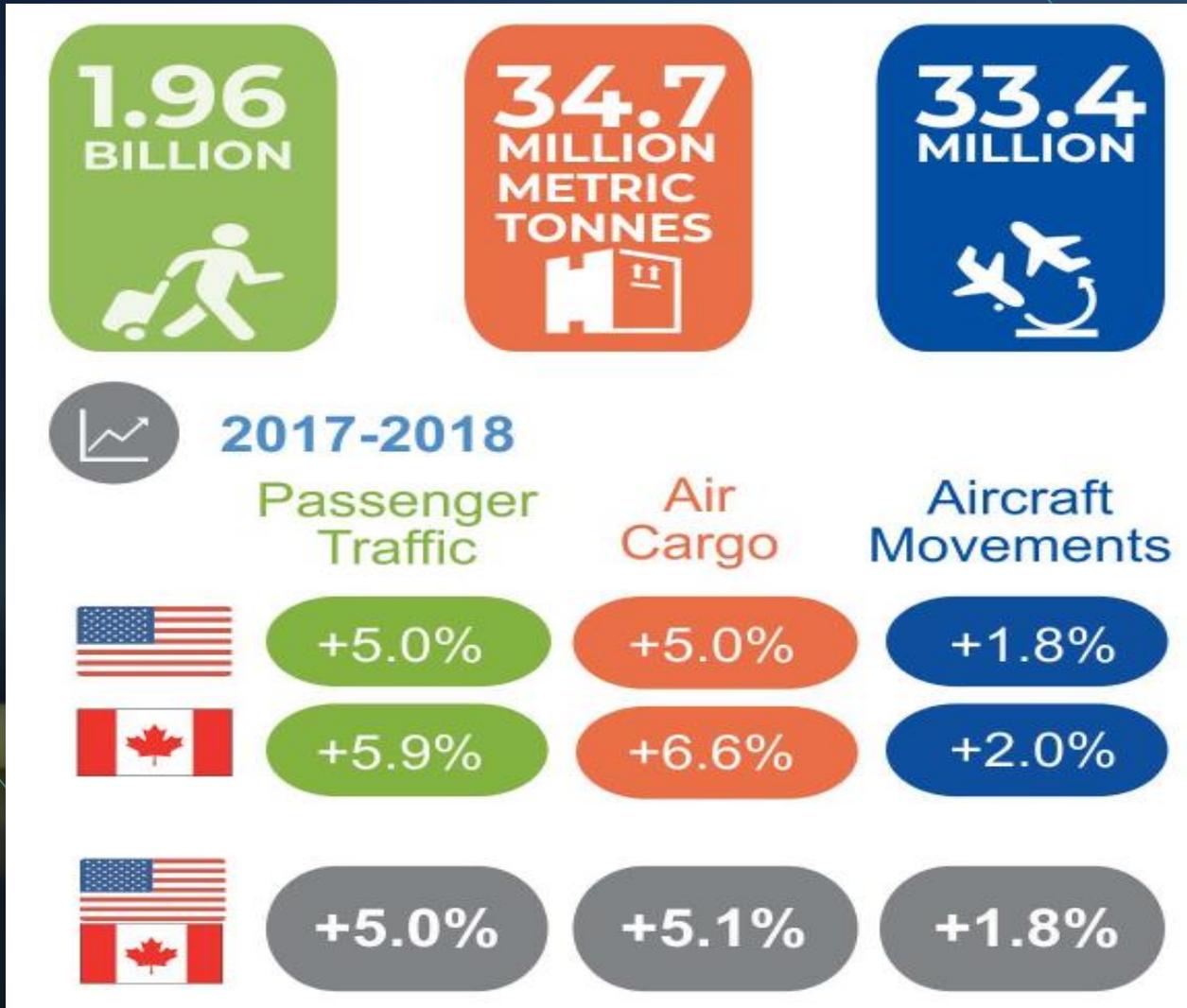
## ITS NOT JUST AIRPORTS...

- Aerospace Manufacturers/Suppliers
- Air Ambulance Operators (Fixed / Rotor Wing)
- Aircraft Management / Charter Operators
- Aircraft Leasing Company's
- Airlines (International, Regional, Charter, Cargo)
- Airports (Major and Municipal)
- Corporate Aircraft Operators
- Financial Institutions (Financing and Leasing)
- Fixed Base Operators/Ground Handlers
- Flight Schools
- Maintenance, Repair, and Overhaul Facilities
- Private Clients

# INDUSTRY TRENDS AFFECTING LIABILITY MARKET

- Overall Increase in annual passengers, cargo, and aircraft movements
- Increase in claim frequency and severity
- Reduction of capacity
- Global insurance market hardening
- New exposures / risks

# 2018 Traffic Summary



# Claim Trends

- Increase in frequency and severity
- Technology driving higher values
- Grounding cases are more costly
- Growing potential for larger liability awards
- Foreign damage object claims are on the rise
- Mis-fueling incidents on the rise

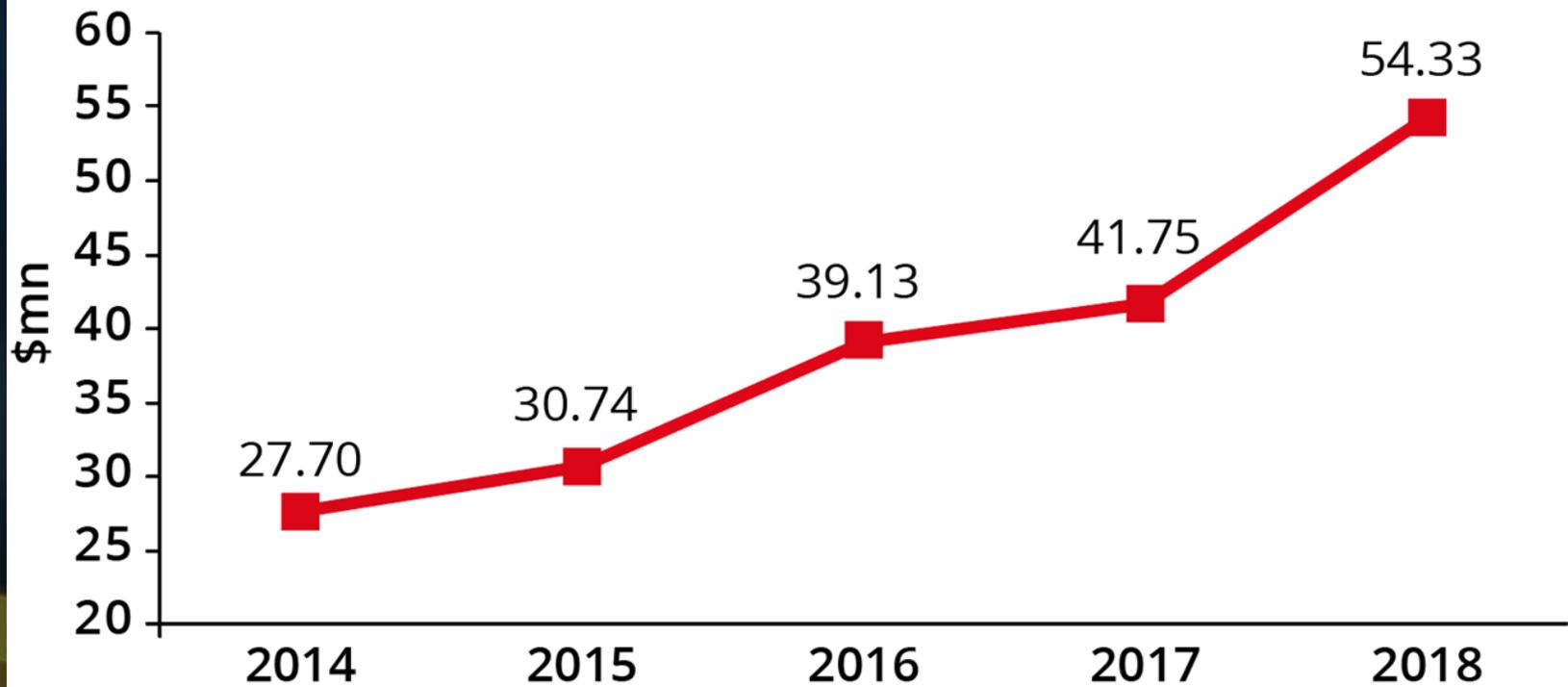


# Industry Claims

- \*\$16 Billion in claims from 2013 - 2018
  - O'Hare
  - Boeing / Ethiopia and Lion Air
  - 737 Max Grounding
  - Helicopter Tour Crashes
  - Attritional Losses



## Median average – top 50 US verdicts



Source: *Shaub, Ahmuty, Citrin & Spratt*

# AIRPORT TRENDS

- Slip and falls
- Escalator incidents
- Auto liability claims
- Pressure on tort caps and immunity
- Active Assailant (Shooter) incidents
- Law enforcement claims



# Availability of “Capacity”

- Historic Soft Market from 2007 – 2018
- 10 – 12 markets pulled out or reduced appetite for Aviation
- Reinsurance marketplace



# 2020 Expectations

- Rate increases 10% - 15%
- Higher deductibles
- Reduced limits
- Multiyear agreements
- Increased appetite for quota share



# PUTTING YOUR AIRPORT IN A POSITION TO WIN

- Make sure you have quality data
- Have a relationship with your liability insurance partners
- “Show off” your operation
- Have a strong handle on your risk transfer
- Work with your broker on a long term strategy



# EMERGING EXPOSURES

- Drones
- Environmental
- Active Assailant
- Construction related risk
- Airports taking on non-airport activities





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