

AVIATION INSURANCE CLAUSES GROUP

This note refers to AVN 52K which was published by AICG in August 2006.

One of the principles on which AVN 52K was based was that coverage for written back risks arising from a peril listed in paragraphs b(ii) - b(iv) inclusive of AVN 48D, would be restricted to individually negotiated sub-limits that would apply to all covered aircraft.

However, the intention of AVN 52K was also to provide the option to include cover for full policy limits to apply to claims for the loss of passengers, their baggage, cargo and mail on board an aircraft on which a device had been placed or, in the case of perils listed in paragraphs b(ii) and b(iv) of AVN 48D, are on board an aircraft that is subject to a recorded emergency while in flight. Any other aircraft affected by such an attack were intended to be subject to any sub-limits negotiated.

It has been brought to our notice that in certain circumstances, it is possible that full policy limits can be exposed if, for example, a WMD device placed on board an aircraft at an airport caused loss or damage to other aircraft owned or operated by the same airline or to aircraft of other airlines that also have the same cover, then all these aircraft would have full policy limits for passengers, baggage, cargo and mail. This would breach the original principle that such a full policy limit should be restricted to a single aircraft in the case of claims brought under paragraph 1.2 (i) of AVN 52K and to aircraft in flight in the case of claims brought under paragraph 1.2 (ii).

AICG has reconsidered clause AVN 52K and, in order to remove any ambiguity, has decided to publish a modification. In order to avoid confusion, the new clause is published as AVN 52R.

AICG
02/07/2007