

Out of this world insurance – proposed changes to orbital liability and insurance

31 January 2023

< Previous

The rising number of cyber-attacks

Next >

The continued threat of piracy in Southeast Asian waters

In June 2022, the government published its response to space insurance issues such as in-orbit operator liability limits as well as considering alternatives to third-party liability insurance. The Government has been working with various organisations and stakeholders and is expected to publish further proposals imminently.

The proposals are expected to include:

Variable liability limits

Currently, the liability limit is fixed at EUR 60 million. The Government has proposed moving towards a variable limit, with risks being assessed against various pre-defined criteria.

Missions would then be placed into one of a number of liability. The maximum liability band would have a recommended value of GBP 50 million.

The government is also considering expanding the circumstances in which a waiver can be used. Waivers are currently only applied to the lowest-risk satellites operating below the International Space Station.

Currency changes

The Government also intends to set limits in Pounds Sterling rather than Euros, with a set mechanism for converting from one currency to the other.

Legislative certainty

Under section 12(2) Space Industry Act 2018, an operator may choose to limit its liability to indemnify the Government for claims brought against it by third parties. One proposal is to amend the legislation to make the liability limit mandatory and not optional. This is intended to give comfort to licensees.

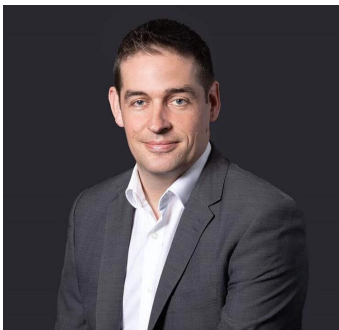
Space mutual?

The proposals also included the potential for the establishment of a mutual as an alternative to traditional insurance. The rationale for such an approach would be to make insurance cheaper and easier to access, in particular for small satellite operators. The Government is also looking at the feasibility of a single policy to cover all licensees, with the potential to create a Space Bond in the longer term, with compulsory investment into the bond for all licensees.

Contents

<u>The Word, January 2023</u>	→
<u>(Another) case on the importance of clear drafting</u>	→
<u>California bomb cyclone set to 'to exceed \$1bn' in storm damage costs</u>	→
<u>Systemic Event Risks: the need for a customer-centric approach to policy drafting</u>	→
<u>The rising number of cyber-attacks</u>	→
<u>Out of this world insurance – proposed changes to orbital liability and insurance</u>	→
<u>The continued threat of piracy in Southeast Asian waters</u>	→

Contact



Tim Johnson

Partner

tim.johnson@brownejacobson.com

+44 (0)115 976 6557

Our expertise

Coverage disputes and policy interpretation

Financial services and insurance advisory

Insurance claims defence

Policy drafting and distribution

