

# Time to review if your aviation insurance policy wordings are up to scratch?

25 March 2025  Joanna Wallens

## What has happened?

There have been a number of high-profile aviation incidents recently, including:

1. On 29 December 2024, a Jeju Air flight crash landed at an airport in South Korea skidding off the runway and crashing into a wall. 179 of the 181 on board were killed. Only two cabin staff survived.
2. A commercial American Airlines flight collided with an army Black Hawk helicopter in Washington DC killing 67 people on 29 January 2025.
3. A medical transportation plane crashed in Philadelphia on 31 January 2025, killing all six people onboard and another person on the ground.
4. On 6 February 2025, a small aircraft crashed in Alaska killing all 10 people onboard. The cause of the crash is being investigated.
5. On 17 February 2025, a Delta Airlines plane skidded and overturned at Toronto airport when it came into land. All passengers survived.

## More on aviation insurance

A number of insurance products are available for aviation related risks. From component manufactures to airport operators. Risks include:

### 1. Airline/ operator - Hull All Risks

This covers loss or damage to the aircraft. Claims caused by events such as war are typically excluded.

### 2. Airline/ operator - Hull War and Allied Peril Risks

This writes back in some cover typically excluded on Hull All Risks policies for loss or damage to the aircraft due to war risks.

### 3. Airline/ operator - Aircraft Third Party Legal Liability

This covers some third-party liabilities of the airline/ operator.

### 4. Banks and financial institutions contingent aviation insurance

This offers protection for banks, financial institutions and investors for their interests in aircraft which they are financing or leasing. There are a number of risks to consider such as the risk of liability against the lessor (especially if there are awards which are greater than the limit of liability of the operator), inadequacies in technical records, loss of ability to repossess the aircraft following hull damage, financial stability of the operator, confiscation of the aircraft by a foreign government, 'first dollar' coverage for loss of assets in the lessor's care, custody or control.

### 5. Airside Liability Insurance for Contractors and Concessionaries

This cover is designed to fill a gap in cover where contractors and concessionaires do not have cover for their legal liability to work at an airport in their standard insurance products such as public liability, product liability or motor insurance policies. Many airports require this insurance for contractors and to operate in airport restricted areas.

## 6. Aviation product liability

Minor faults in component parts supplied to the aviation industry can be catastrophic and incur significant legal liabilities for those responsible.

## 7. Drone insurance

This can provide cover for drones themselves and any associated equipment and against claims made by third parties due to the drone.

## 8. Aviation Fuelling Liability Insurance

This covers risks in storing and supplying fuel, lubricants and hydraulic fluids to aircraft.

## 9. Grounding Liability

This covers loss of use of aircraft due to grounding where there is continuous withdrawal from flight operations.

This is only a snapshot of aviation policies which are available.

# What this means to insurers?

It is advisable for insurers to review their aviation policy wordings to check that they are up to date and that the cover meets their intention. This includes reviewing wordings where there may be a residual or unexpected aviation exposure, such as those covering suppliers to the aviation industry. In light of recent events, insurers are also advised to review their underwriting appetites and risk acceptance criteria.

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