

Q4 EDITION 2020

# PLANETALKING

A SPECIALIST RISK PUBLICATION FOR THE AVIATION SECTOR

## FEATURE ARTICLES

### LEAD LINES: AIRCRAFT LEASING AND ITS VALUE DURING COVID-19

*Declan Kelly, Chair of Aircraft Leasing Ireland (ALI), discusses the aviation leasing sector and the impact of COVID-19.*

### 2020: THE MOST TURBULENT REINSURANCE MARKET SINCE 2001

*The reinsurance market is facing challenges not seen since 2001. How will insurers and reinsurers respond to the unique challenges 2020 has thrown at the aviation industry?*

### TOP TIPS FOR INSURANCE BUYERS IN 2021

### AVIATION MARKET AND INDUSTRY NEWS



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# CONTENTS

## INSIDE THIS EDITION...

### 01. LEAD LINES: AIRCRAFT LEASING AND ITS VALUE DURING COVID-19

by Declan Kelly,  
Chair of Aircraft  
Leasing Ireland (ALI)



6

### 02. AVIATION INSURANCE Q&A



8

### 03. TOP TIPS FOR INSURANCE BUYERS IN 2021

11

### 04. IN FOCUS: AIRLINES

12

### 05. IN FOCUS: GENERAL AVIATION (GA)



14

### 06. FEATURE ARTICLE: 2020: THE MOST TURBULENT REINSURANCE MARKET SINCE 2001

by David Bell, Head of Aviation,  
Specialty, Gallagher Re



16

### 07. IN FOCUS: AEROSPACE MANUFACTURERS & INFRASTRUCTURE



18

### 08. IN FOCUS: SPACE



20

### 09. 2020 IN THE NEWS

24

### 10. MARKET PERSONNEL NEWS IN Q4

26

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# EXECUTIVE FOREWORD



Welcome to the fourth quarter (Q4) edition of Plane Talking brought to you by the Gallagher aerospace team.

2020 has been a hugely challenging year for aviation. COVID-19 caused an unprecedented collapse in passenger traffic across every region of the world and there is little doubt that the pandemic will have a far-reaching impact. The pace and shape of recovery will continue to emerge over the coming months and may well prove to be a catalyst that accelerates underlying industry trends.

From an insurance broker perspective, the COVID-19 pandemic has brought many significant changes to our business, including new ways of working, increased electronic trading, travel restrictions and virtual underwriting and client meetings, to name but a few. I'm very pleased to say that the Gallagher team has adapted superbly well, met every challenge and, we believe, ensured our clients received every possible support in their efforts to navigate through this crisis.



Looking forward to 2021, it seems apparent that COVID-19 will remain with us for some months yet. However with vaccination programmes now underway, there is for the first time a real sense of optimism that the end is within sight. Nevertheless, aviation and aviation insurance are likely to face significant ongoing challenges. It is clear that a good number of insurers expect the trends established in 2020 to continue next year. Consequently, it is vital we redouble our efforts to work together to deliver a measured, long-sighted approach that will support our mutual clients through their recovery. Now more than ever, operators need real value from their brokers through the delivery of creative strategy, excellent products and quality service.

Whatever the situation, Gallagher is confident and ready for the year ahead. Our market presence, resources and commitment to the aviation industry remain second to none. We are focused on helping our clients achieve the best outcomes possible, in all aspects of our work, and in everything we do.

We recognise that our business is built around personal relationships and I sincerely hope we will soon resume meeting our clients and trading partners safely, face to face.

In the meantime, we extend our deepest thanks to each and every one of our highly valued partners for your business, support and confidence throughout 2020. We wish you and your loved ones a healthy, happy and prosperous 2021.

**We hope you enjoy this edition. Please don't hesitate to get in touch.**

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# 01. LEAD LINES: AIRCRAFT LEASING AND ITS VALUE DURING COVID-19

*AUTHOR: DECLAN KELLY, CHAIR OF AIRCRAFT LEASING IRELAND (ALI)*

The pandemic of the past year has caused what many in the aviation industry knew would happen eventually - the end of the cycle. Few however predicted the scale of the external shock and as many airlines and aviation companies face into the traditionally tougher winter months, some will find this the most challenging period yet. The past number of years has seen aircraft leasing become more mainstream, coinciding with the significant upsurge in passenger demand for leisure travel and a growth in personal disposable income. Especially for LCCs and start ups, leasing an aircraft allows the airline to manage cash flow, while growing its fleet and also giving flag carriers access to the newest, most fuel-efficient aircraft on the market. So much so that almost half of the world's commercial fleet is now leased.

Ten months into the worst crisis to affect the sector, several commentators are asking what impact this will have on leasing. The reality is that while many leasing companies have seen a significant drop in revenue as a result of rental deferrals and restructurings, many have also been part of the solution. While some airlines have received government support, many have not and airlines like Easyjet, IAG, Wizz and others have looked to lessors as a way to provide them with much needed access to liquidity through the completion of a series of sale and leaseback deals.

It is not all doom and gloom; the airline industry will recover - history dictates that fact. In my thirty years in aviation, I have seen many crises - SARS, the horrific events that occurred in the US on September 2001, the Gulf War, the Global Financial Crisis - all of these events saw air travel emerge different but stronger. We will see many airlines also emerge stronger from this period. They will be the airlines that have restructured and engineered new ways of thinking, taking advantage of how the situation has impacted their competitors.

And they will be ready to take advantage of the opportunities when the time comes. The fundamentals that drove demand in air travel will reassert themselves. We have already seen the recovery take hold in China, Mexico, Turkey, Russia and elsewhere with some region's airlines are now seeing capacity at the same levels as they did pre-COVID-19. We are now eagerly waiting to see green shoots emerging from the rest of the Americas and Europe and the roll out of the vaccine will likely see airlines return to some element of positive cash flow by the end of 2020.

We now need to see a focus by governments to ensure that there are safety measures at airports so that people can get back to the skies. Air travel is vital for economic growth and domestic economies depend on it.



In Aircraft Leasing Ireland (ALI), we are preparing for that recovery and firmly believe that aircraft leasing will play a critical role for airlines in emerging markets and elsewhere as they seek to re-establish themselves, especially for mid-tier airlines who will struggle financially for many years to come. ALI was established in 2017 to represent the needs of the sector in Ireland and now represents thirty-one leasing companies who ensure the continued development and success of Ireland's aircraft leasing industry working collaboratively with the Irish Government and other stakeholders. This industry has made its presence felt – now supporting over 5,000 direct and indirect jobs and contributing over USD600m annually to the Irish economy. However, there are other priorities and actions that must happen during this period to ensure that the sector emerges stronger.

We have to look at other ways that airlines can cut costs – technology provides a way to do this and digitisation of aircraft records and documentation allowing digital transition of aircraft and engines enabling maintenance staff to keep data in a more efficient manner. Without doubt, the industry has been behind the curve in this respect.

We also need to work harder during this crisis to be prepared from the sustainability perspective when airlines return to the skies – this means ensuring that the industry – OEMs, airlines and the leasing community are working together to achieve effective and collaborative solutions to maintain the sustainability agenda at the top of the list.

We cannot compromise on talent in this industry – we need to ensure that we don't lose the talent that we have cultivated and nurtured over the past twenty years – redundancies and early retirements are tough decisions that some companies may need to take but we cannot lose the know how, skills and expertise built up over many years or renege on our plans to recruit the next generation of future talent.

Finally, OEMs, lessors and airlines need to work together to continue to provide financing solutions to the aircraft financing sector as the industry continues to require liquidity as the recovery takes hold.

But for all of this to happen, we need to see an orderly rollout of the vaccine and governments prioritising getting passengers back into the skies. It is clear that people still want to fly, national holiday weeks in the US and China have demonstrated that. As has always been the case in the aviation industry, we will put all the measures we can in place to ensure that safety is paramount. Passengers need the confidence to know they can fly safely between countries without fear of contracting the virus, whether this is on the aircraft or in the airport. This will be of benefit to everyone, especially us in leasing companies but mostly for economies who are in dire need of tourism footfall at the arrivals gate.

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## 02. MARKET UPDATE - AVIATION INSURANCE Q&A

**AUTHOR: NIGEL WEYMAN, AEROSPACE GLOBAL EXECUTIVE, GALLAGHER**

**The aviation insurance market has been hardening since late 2017, how have conditions developed in 2020 and how has the COVID-19 pandemic affected things?**

When I wrote my predictions for 2020 this time last year, the most severe challenge facing buyers was a continued but measured trend of increased rates and for insurers, the hope that this would harvest sufficient dollars to make their portfolio profitable after many years of poor results. The COVID-19 pandemic changed such predictions in a way no one could have possibly anticipated. The perfect storm for our interlocked industries had arrived. For airlines and aerospace businesses, there were massive reductions in operations and revenues, aircraft fleets almost entirely grounded and severe global lockdown travel restrictions. For insurers, a corresponding significant drop in premium revenue coupled with continued major loss activity and the fear that attrition losses were not reducing proportionally.

**Our client's businesses have been severely impacted by the pandemic, how has this impacted negotiations and what has the insurance market done to help?**

The reaction from insurers was, for the most part, swift and sympathetic, but there can be little doubt that renewal negotiations were far more complex and challenging than those of prior years. As brokers, we were exceptionally busy trying to obtain maximum relief for our clients, amending policies and re-negotiating with insurers (where possible) large numbers of contracts to reflect a range of bespoke solutions including, immediate reductions in deposits, return premiums, extended terms of credit and extensions of policy periods at special low premium levels. All round, we commend the aviation market for its willingness to react appropriately (albeit given with some encouragement by the brokers!). It was a huge undertaking for all parties and consumed most of the spring and summer months since each negotiation was dependant on the individual circumstances and policy specifics of each client.



## How have aviation insurers reacted during this challenging period and has their underwriting focus changed?

Once the various forms of relief had been achieved (where possible), the focus by insurers turned to what were the minimum premium levels that they must achieve to be able to remain in the business. The undeniable fact is that the vast liability limits required by clients and huge fleet values at risk (all with unlimited reinstatements) require substantial capital commitments and reinsurance programmes that, added to normal business costs, make a minimum income level vital for insurers. With this background, the 2020 renewal season was focused on finding a balance which reflects the revised outlook/circumstances of each client against the insurer's determination for core rate increases well into double-digits. These rate increases were much higher than would have been expected without the impact of COVID-19 and were combined with overlying minimum premium requirements that pushed dollar premiums close to pre-COVID-19 levels despite an average 30% to 40% reduction in exposure forecasts. These have been some of the toughest and most impassioned negotiations that the market and clients have experienced for decades!

## Aviation and aerospace losses were substantial in 2019, but 2020 losses are expected to be notably lower, what impact, if any, has this had?

There is no doubt that losses have been lower than in a typical year. Still, unfortunately, we continued to observe claims throughout 2020 with some significant fatal losses and ground incidents seen across the airline, aerospace and general aviation segments. It is too early to say just how the overall losses compare to recent years, particularly the attrition type losses as these figures take time to correlate. However, from our initial analysis on the numbers available to date, it is becoming clear they were significantly lower than average, albeit not as low as the reduction in operations and levels of inactivity would suggest they should be. This demonstrates the underlying risk and liability inherent in aviation and was a key factor to insurer's remaining disciplined as the fear of reduced premium levels, alongside a 'normal' loss year would result in a very poor underwriting result. Insurers were also mindful of the heightened ground accumulation risk and their exposure to increased numbers of aircraft on the ground that the pandemic presented.

## What happened in 2020 in respect of capacity?

Fortunately, COVID-19 had seemingly little direct impact on aviation insurance capacity levels. We did see a handful of market withdrawals, some entirely from the aviation class and others only from certain lines of business, but this was primarily due to long-term profitability issues rather than the pandemic itself. Likewise, there were ratings downgrades which impacted some renewals as well as reduced capacity deployment from a handful of markets but largely these were minor exceptions. Positively, we did observe several new market entrants in 2020 and capacity actually grew slightly in certain lines of business. Some carriers are clearly positioning themselves for growth having raised fresh equity for expansion, and enthusiasm for market share actually increased amongst some insurers as we got closer to the last quarter renewals, which may be significant for the future outlook.

## Did anything else of note happen in the aviation insurance market?

Aside from pandemic related factors, the aviation insurance broking sector continued to make the headlines. The announcement of the pending Aon/Willis Towers Watson (WTW) merger and the emergence of several new broking start-ups caused some major personnel moves in the sector with large numbers of key aviation staff leaving established brokers to join these new entities. I would imagine this inevitably caused some significant disruption and resource issues for those affected brokers especially during such a challenging market period and an already exceptionally difficult year due to the pandemic. Fortunately, I am pleased to report that the Gallagher team was largely unaffected, retaining our key personnel and maintaining our focus on assisting our clients and delivering service excellence.

## What do you see as the biggest threat to the aviation insurance market?

Changes in day to day work life brought about by the pandemic, such as remote working, has affected all industries in different ways but positively the aviation insurance market has managed to adapt well. However, our businesses have been built around personal relationships between clients, brokers and the insurers. We need to ensure that in this new world these relationships are retained in order to preserve that continuity of partnership that the loss of face to face meetings can gradually erode. Insurance of this nature is so much more than a simple commodity and it demands careful guardianship to keep its cost and coverage at the optimal level. It is therefore imperative that we as an industry do not overlook this.

## Similarly, what do you see as the biggest opportunities?

For Gallagher, we feel we are perfectly positioned to grasp every opportunity. When there is disruption and uncertainty in the market, the huge level of resource that we possess and the continuity of our expertise within our global team can give us a real advantage and we will continue to exploit that to the benefit of all our clients.

## In summary, what can aviation insurance buyers expect in 2021, do you have any advice?

In my opinion, the effect of COVID-19 on exposures and resulting rating levels was that the technical rate increases seen in 2020 were twice as big as they would have been had the industry not been devastated by the pandemic. The impact of these rate increases were somewhat masked by minimum and deposit

premium conditions. In 2021, absent of abnormal loss levels, I expect insurers will have a very difficult time securing further technical rate increases. Exposures and operational levels will hopefully be moving a step towards pre-COVID-19 levels and this alone will deliver organic growth in premium. Insurers may not welcome this opinion but this 'hold' on rate increases would give our mutual aviation clients a chance to 'gather their breath' on their challenging road to recovery.

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## 03. TOP TIPS FOR INSURANCE BUYERS IN 2021

- 1 Ensure you have the right representation:** With the aviation and insurance industries likely to face ongoing challenges for some time yet, it is vital that buyers partner with an insurance broker that has the experience, leverage and insurer relationships to navigate this period and deliver for your organisation. The Gallagher team has a strong reputation in the market and are well placed to assist. Now more than ever, operators need real value from their brokers through the delivery of creative strategy, excellent products and quality service.
- 2 Start your renewal process earlier:** In the current market renewal negotiations are likely to remain complex with risk differentiation a key theme. The individual circumstances and policy specifics of each buyer will influence the results so early preparation with your broker and engagement with insurers will be hugely beneficial to achieving the best renewal results. Early engagement also allows for more accurate planning and budgeting of your insurance costs.
- 3 Consider your renewal options:** Take time to consider any and all alternative options, strategies and recommendations proposed by your broker in respect of your insurance programme. The primary role of a broker is to help its clients assess the types of risks they face and to help them find suitable cost effective insurance protection.
- 4 Supply comprehensive information and differentiate yourself:** With heightened insurer selectivity and the COVID-19 pandemic affecting aviation operators at different levels, presenting the right risk information is essential. Every negotiation will be unique to each client's particular circumstances and so supplying the latest exposure information as soon as it is available and quantified, is vitally important to assisting the broking negotiations and helping justify proposed pricing levels to underwriters. Any information you can supply to differentiate yourself as a preferred risk will assist greatly.
- 5 Insurance carrier relationships:** We believe that it is important that clients engage with insurance markets periodically. Continuity and insurer relationships can assist greatly in negotiations particularly during times like these. Taking time to maintain relationships with your key insurance partners will generate positive momentum leading up to the renewal and in our experience leads to more constructive discussions. In light of ongoing global travel restrictions, video conference calls are a great way to maintain engagement with your insurers, and your broker should be able to facilitate this on your behalf.
- 6 Focus on loss control measures and safety management:** Many factors play a part in an underwriter's assessment of risk. However, those clients who can demonstrate an active approach to safety and loss control will continue to be viewed far more positively. Focus on reducing attritional losses and be sure to share the results of any risk management initiatives undertaken so that these can be positively highlighted by your broker to help differentiate your risk.
- 7 Consider your future insurance requirements and buying appetite:** Aside from standard aviation insurance cover, there remain a number of special products available that could provide airlines and aerospace companies with additional protection i.e. non-damage business interruption and cyber cover amongst others. While the initial cost may sometimes seem difficult to justify, clients should not underestimate the potential value that these supplementary products can provide in times of hardship. Gallagher will continue to advocate and explore the latest solutions for our clients.



## 04. IN FOCUS: AIRLINES

The airline insurance market remained a challenging environment for buyers during 2020 with airline renewals continuing to experience upwards pricing pressure in-line with an on-going hardening market trend, strong underwriting discipline and overall focus on profitability.

### Premium and rating trends

Average airline insurance rates increased throughout 2019 for the second consecutive year running. After a protracted period of soft pricing, aviation insurers found themselves making progress on their long-term goals of achieving a level of sustainability sufficient to generate adequate underwriting returns. Indeed, at the start of 2020, market consensus suggested insurers were aiming to grow 2020 airline premium from circa USD1.6bn (2019) to circa USD2bn, a level not seen since 2011! In the opening months of the year, this theme was evident and the market was a challenging environment for buyers as insurers remained disciplined pushing hard for rate increases across all coverages. Then the COVID-19 pandemic took hold, bringing with it significant disruption, uncertainty and a host of additional challenges.

Airline insurance buyers were understandably hoping that the pandemic would halt this hardening-market cycle considering the financial strain it has placed on their businesses, but this was not the case. That's not to say that insurers weren't sympathetic to their airline clients, as they were. Following negotiations, and plenty of persuasion by Gallagher and other brokers, aviation insurers agreed to a host of financial relief measures, albeit varied, which resulted in them returning substantial amounts of premium to a large portion of their airline client base. Faced with other factors such as further aviation losses in 2020, costly pandemic

related claims in other business lines and rising reinsurance costs, insurers faced the challenge of trying to balance their need to pursue rate increases with supporting their airline clients.

As the year progressed, it became evident that the pandemic showed little sign of abating. Many airlines still had large numbers of aircraft grounded and were presenting substantially reduced exposure forecasts on renewal. Rates continued to increase throughout the year, circa 20%-30% on average on All Risks policies, but against substantially reduced exposures, it created a heightened uncertainty amongst insurers around year-end premium income. Insurers turned to imposing minimum premium requirements on insurance policies in order to provide some degree of assurance to their senior management and to try to maintain a certain level of premium. Regardless, their income levels for 2020 will be down significantly on their pre-pandemic business plan expectations.

To some degree, these measures have inflated rates to levels higher than one would have expected pre-pandemic. With recent positive news of vaccination programmes now underway, we would hope to see a significant uptick in airline exposures in 2021. At the current rating levels this increase in exposures could have a significant effect on the premium pot, and so we are hopeful that insurers will recognise this and take a measured approach with respect to future renewals and rating requirements as the situation continues to evolve.



## Capacity

We have seen little material impact to aviation insurance capacity from COVID-19. During the early part of 2020 we did witness a handful of market withdrawals, ratings downgrades and some reductions of line sizes, which caused challenges, particularly on those airline accounts which required higher levels of participation. However, these changes were attributed to longer-term profitability issues rather than the pandemic.

Interestingly, during the latter part of 2020, we witnessed a handful of new markets enter the class as well as some capacity scale-ups of existing entities. With the aviation market continuing to harden, these moves were seemingly driven by insurers wanting to take advantage of higher prices. As we got closer to the last quarter renewals, certain insurers' appetites for both market share and line size participation notably increased, perhaps to compensate for the expected shortfall in their year-end premium income. That said, some carriers are clearly positioning themselves for growth. Several insurers raised fresh equity for expansion in 2021, including most recently Elseco who announced a strategic partnership with Sirius to increase its aviation capacity by USD100m. Other new start-ups have been rumored but are yet to materialise. Looking ahead, while it is too early to determine exactly how or to what degree these factors will impact capacity levels in 2021, it is certain to have some effect and must be viewed as a positive for airline insurance buyers.

## Airline Loss Activity

Despite substantially reduced operations due to the COVID-19 pandemic, 2020 experienced further costly loss activity across the airline segment. We witnessed several fatal losses in 2020 including Ukraine International Airlines Flight 752 which was shot down in Iran, a runway excursion of a Pegasus B737-800 in Turkey, and major accidents involving a Pakistan International Airlines A320 which crashed in a residential area of Karachi and an Air India Express B737-800 which crashed while performing a repatriation flight. While positively when looking at our year-end figures we recorded less fatal accidents (4) in 2020 than in 2019 (10), unfortunately this did not translate to reduced fatality numbers and in fact we recorded 294 passenger and crew fatalities versus 257 in the prior year.

With the number of fatal airline accidents lower in 2020, so to were the overall numbers of smaller day to day attritional (losses less than USD10m) type claims i.e. bumps, scrapes and other miscellaneous incidents. It is difficult to say just how these overall losses compare to recent years, but our initial analysis suggests that these claims are circa 40%-50% lower than the average of the last five years.

Positively for insurers, based on our estimates it would appear that 2020 will represent the first time in the past seven consecutive years (since 2013) that overall claims are estimated to be lower than airline premium income. This is significant, but it is important to realise that this reduction in claims is very much a result of the impact of the COVID-19 pandemic and underwriters are very wary of how claims may increase as operations return to some level of normality. It should also be noted that until fleets and parked aircraft fully return to the skies, ground accumulation exposure will remain a heightened risk to insurers. With aircrafts parked at some locations worth billions of dollars, an unfortunate event or incident could prove to be extremely costly.

## Future outlook

- As we look to 2021, we would expect to see a similar trend to 2020
- Renewal negotiations are likely to remain complex with risk differentiation a key theme
- The individual circumstances and policy specifics of each airline will influence the results
- Capacity levels are likely to remain stable but there are positive signs indicating potentially increased levels and appetite in the coming months
- Absent of high loss levels, we may see a slow down in technical rate increases as higher exposures deliver premium growth.



# 05. IN FOCUS: GENERAL AVIATION (GA)

**AUTHOR:** *MATTHEW TRUNDLE, DIVISIONAL DIRECTOR, AEROSPACE, GALLAGHER ASIA*

2020 has been a very challenging year for buyers in the GA market as insurers continued to push for an overall ‘correction’ of rating levels following a sequence of loss making years brought about by a protracted period of soft market pricing and rising claims costs. Underwriters specialising in GA are under the same pressures as their airline and aerospace colleagues to remain disciplined and focus on improving results, both by pricing and by mitigating exposures.

In the GA market, the variation of correction we witnessed in 2020 was very much dependent on the risk profile and specifics of each particular operator in question. GA is one of the most dynamic and diverse segments of the aviation industry covering a broad range of aircraft and operations, therefore more so than in other segments each insurer’s underwriting appetite and rating and premium requirements differ significantly. There remains significant variation in pricing levels between risks in different geographies and operational sub-sets, i.e. rotor-wing, fixed-wing, military, private, business etc.

As well as an overall correction across the board relative to rating levels, there is now a sharper focus on certain value added coverages and special return or discount premium features, typical across most GA policies, as insurers seek to improve their bottom line profitability in this particular business segment.

## Impact of COVID-19

As we know, the COVID-19 pandemic is having an unprecedented effect on the aviation industry and there can be no doubt that all businesses and operations have been impacted in some form. Fortunately, many GA businesses have been able to operate at far higher capacity levels throughout this pandemic than their bigger airline relatives. General aviation isn’t inherently reliant on international travel and is more localised/domestic in its nature. A large proportion of non-leisure/business related GA such as medevac services and contract operations including pipeline inspection flights, oil rig support work, calibration flights, police and governmental services etc., have therefore been broadly able to function despite international pandemic restrictions. Ad-hoc charter flights have also remained steady throughout in many areas with increased numbers of repatriation and medical supply flights.



Recognising this, insurers have typically not been willing to offer the same premium relief/support measures witnessed in the airline segment and so overall insurer premium income for the GA segment will have likely suffered less impact from COVID-19 when compared to that seen in other segments. That's not to say it won't have been affected, as certain factors will have still had some impact on insurer income including, client defaults/bankruptcies, lay-up adjustment returns and increased numbers of aircraft being moved to a ground risk only (GRO) rating basis.

## Capacity

Capacity levels remain challenging in the GA market through a combination of market withdrawals, downgrades and an increasingly disciplined and cautious underwriting approach to exposure and risk participation. The number of potential lead and quoting markets also contracted throughout 2020 with many insurers now preferring to take the position of a following market on GA placements rather than quoting for the lead position. In general, GA risks which typically require the participation of several aviation underwriters are experiencing the greatest pricing pressure, with placements with low aircraft values and smaller liability limits continuing to attract more capacity than those with higher limit/value requirements and/or those with regular losses.

Towards the end of 2020 there were a number of reports of possible new entrants planning to participate in the GA sector in the coming months. While we would not expect this to alter the current market trend, at least in the short-term, this would be positive for buyers in providing more options. Looking further ahead, depending on how other factors play out it could prove to be more significant for the future outlook.

## Losses

2020 witnessed a steady flow of GA losses across both the rotor-wing and fixed-wing aircraft sub-segments. New technology, higher equipment values and the increased complexity of aircraft/engine repairs are continuing to drive-up the overall cost of claims in this segment. This has recently prompted the focus of some insurers to review deductible levels across the GA portfolio many of which have reduced during softer market conditions, despite aircraft and equipment values having increased significantly. Senior management teams at a number of insurers are known to now be taking a much closer look at this and in recent months we have witnessed deductible levels increase to traditional levels in some cases.

Despite most GA policies holding much lower liability limits than a typical airline placement, compensation awards are growing, due to a more litigious society and increasing long-term costs of disability and medical care. This is also contributing to driving-up the overall cost of claims. We have witnessed a steady increase in liability payments in recent years, with a handful of GA losses having resulted in compensation awards or settlements in excess of USD100m. This is significant and has prompted insurers to increase focus on their underwriting analysis relative to exposure and potential maximum loss.

## Future outlook

- As we look to 2021, we would expect to see a similar trend to 2020 with insurers continuing to pursue their goal of returning to a sustainable rating level
- Renewal negotiations are likely to remain complex with insurers maintaining a disciplined approach to their exposure and participation on any given risk
- There are positive signs indicating potentially increased capacity levels in the coming months - clearly this would be a positive development for GA buyers and would provide greater flexibility and renewal options
- Should this transpire, it may start to move the supply and demand dial.

### TO FIND OUT MORE >

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## 06. FEATURE ARTICLE: 2020: THE MOST TURBULENT REINSURANCE MARKET SINCE 2001

**AUTHOR: DAVID BELL, HEAD OF AVIATION, GALLAGHER RE**

In a year where the general insurance industry has been as focussed on the impact of COVID-19 as any industry in the world, fortunately aviation insurers have not had too much to worry about in terms of claims and publicity from litigation. However, as we know, sadly the aviation industry has been affected with a massive impact to businesses and jobs and in turn this has inevitably provided a challenge to our insurance sector like none seen since 2001.

For aviation insurers the focus has been on the pandemic impact on their client base with the resulting dramatic change in flight numbers, passengers and ultimately the comparative exposure based premium equivalent therefore available to begin renewal discussions on.

For the reinsurance market, the challenge of how they can consider this reduced exposure has been relatively side-lined as a lesser problem when compared to the impact of two significant changes in the established loss reserves held for claims in relation to the B737 MAX event and Lion Air/Ethiopian Airlines losses.

The first loss reserve increase in March 2020 was not a surprise as in reality, the information surrounding the loss which continued to be publicly aired was highly unlikely ever to reduce estimates. In addition to this, the legal actions being pressed in America against Boeing were of great concern to insurers and reinsurers in view of previous experiences with substantial jury awards. However, the impact of the second loss reserve increase in October 2020, in both its timing and quantum, pressed reinsurers into a tight corner and resulted in significantly higher basic rate increases being attributed to the market at the 1 November (1/11) 2020 renewals.

Any Plane Talking readers who buy reinsurance coverage, especially Excess of Loss programmes, will know that rates began to increase in June 2019, the first time since 2009, as reinsurers began to see reserves established from the passenger and grounding liability limit claims on the Boeing policy. These increases were considerable to factors including a base rate movement, the relative involvement in the loss affected policies and then the overall exposure change to the portfolio, noting at this stage insured's incomes were rising reflecting direct rate increases and capacity changes.



This certainly may have been less than welcomed by insurers, but it was relatively understood, it was proportionate and insurers who had no exposure to losses did not feel adversely treated, especially as the years from 2002 to 2018 had seen minimal losses recoverable.

From a reinsurer view, they could see positive rate movement, some measure of payback element and with losses generally contained in the first reinsurance layer at reasonable rate on lines, there was a sense of calm as opposed to real concern.

However, reserve movements in March 2020 pushed the loss further upwards into areas of reinsurance programmes with single-digit rate on lines, where losses had not been seen since 2001. This certainly forced many of the major reinsurers, who run the majority of their accounts with minimal retro protection, into a degree of urgency to further increase rate size and pursue an additional element of loss payback. Most other reinsurers followed this action.

Subsequently, from April 2020 onwards, insurers saw a more significant increase in their overall reinsurance costs. Unfortunately, this coincided with the start of the COVID-19 pandemic, in which international and domestic air traffic dropped considerably and forecasts became gloomier for the remainder of 2020. While insurers reflected on their client's requests for premium relief against their need to increase the base aviation market premium, reinsurers were nervously waiting for news on market rumours suggesting that the March Boeing reserves were set to increase.

Fast forward to October 2020, and news of significant increases to the Boeing reserves had leaked. This news pressed reinsurers into applying even greater levels of base rate increase on clean layers or programmes. Some reports suggest reserves reaching the top layer of programmes which are typically bought for clash coverage expectation and not a modelled single aircraft loss outside of the US.

This new demand on reinsurance pricing comes now as a major challenge to insurers who are trying to increase their own premium income while at the same time working with brokers, and their clients who are struggling to continue in business as travel remains severely restricted.

In looking at the most recent reinsurance renewals we do though still see that all have been renewed with ample capacity levels, which points to a different dynamic than the direct market has recently been experiencing with insurers withdrawing from the class entirely. This may seem counter intuitive as surely reinsurance capacity would reduce if reinsurers are seeing a magnitude of loss greater than anything seen since the WTC reserves (and in reality these two losses may end up being greater than the industry paid loss experienced with WTC).

Therefore, we can at least be thankful that the reinsurance capital deployed is clearly long-term in view with a strong experienced underwriting base that can explain the losses, and show a way forwards to their management, and this has so far, avoided any withdrawals.

**However, the balancing act that the aviation market as a whole faces means that direct insureds face the greatest economic survival challenge seen since those days in 2001. Insurers meanwhile face the resulting challenge of trying to increase the markets premium base in a measured way that keeps as many clients as possible alive.**

And so, a challenge exists for reinsurers as they consider the 1 January 2021 (1/1) and 1 April 2021 (1/4) renewals. How do they establish understandable future loss pricing but help maintain their clients ability to continue to offer economic and exposure realistic pricing?

In the next edition of Plane Talking we hope to add more comments and thoughts around these renewals and future expectations for 2021!

## TO FIND OUT MORE >

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# 07. AEROSPACE MANUFACTURERS & INFRASTRUCTURE

**AUTHOR: CLAIRE VINCENT, SENIOR PARTNER, AEROSPACE, GALLAGHER UK**

In our Q4 edition of Plane Talking last year we predicted that 2020 would be even more challenging for this sector than 2019 had been, with a continued and greater push from insurers to increase premiums and review coverages. Unfortunately, our prediction was not wrong and 2020 has proven to be an incredibly difficult year for insurance buyers in the Aerospace Manufacturers and Infrastructure sector.

## Premium and rating trends

The increases that insurers were seeking in 2019 were largely focussed on rate, with belief that underwriters could repair their balance sheets by benefitting from a general growth in exposures (via the traditional measures of revenue, passenger numbers, aircraft movements or fuel throughput). Obviously, what nobody could have predicted was that 2020 would in fact suffer a global pandemic, creating even more complexities to insurers need to achieve an increased premium base. In the current environment, the drive from insurers is now very much on achieving individual premium increases, irrespective of declared exposures compared to the expiring year. Unfortunately for buyers, we don't see this changing significantly in the next 12 months. We have not seen a broad brush approach of insurers applying the same percentage premium increase to every policy, but they are certainly ensuring that loss active accounts are 're-balanced' with the drive for profitability on each and every account being at the forefront of their underwriting decisions.

## Impact of COVID-19

COVID-19 is still having just as much of an impact on most clients in this sector of the aviation industry as it is on others such as airlines. There is a direct correlation between the airlines, airport and airport service providers. If aircraft are not flying, there are no passengers at the airports, so no income generated in landing charges, retail sales, etc, and no payments to be made to the air navigation service providers (ANSP's), ground handlers, caterers, refuellers and other linked operations. The manufacturing and maintenance segment has also been significantly impacted but to a slightly lesser degree than those directly related to the operation of aircraft. However, the aviation insurance policies of each of the insureds in this sector are typically structured on a fixed price

contract without the option for adjustments and this has been the greatest challenge for them. Despite exposures being reduced by over 50% in many instances, there has been no mid-term reprieve given by insurers by way of return premium. Those premium increases 'needed' by insurers to re-inflate their balance sheets are then being applied across the board at the renewals. The financial strain from an industry perspective combined with increasing insurance costs is forcing many insureds to seriously review the level of risk that they can afford to transfer into the commercial insurance market, be that by virtue of introducing or increasing deductible/self insured retention (SIR) levels, and/or reducing the overall catastrophe limits that they purchase. With liability awards continuing to increase around the world this is a worrying position for the aerospace sector to find themselves in, but many insureds are simply finding themselves with little other option.

## Capacity

In 2019, Convex and Helvetia entered the aviation insurance market with a keen interest in the sector. It was a welcome development but it didn't quite replace the capacity that had been lost in 2019 from the withdrawals of MS Amlin, Swiss Re, ACR and Starstone. Positively, Swiss Re re-entered this sector in 2020 along with new entrants Rockstone and Hive Aero, all of whom have been keen to review individual accounts. But we are seeing a number of insurers reduce their shares in certain areas, particularly in the ground handling and MRO sectors which have historically suffered from frequency of attritional losses. As such, capacity remains static compared to 2019 but is still ample for small to medium accounts with good loss records. There is sufficient capacity to create competition and leverage which helps to temper large premium increases. But for loss active accounts, or those with complex risk exposures, existing insurers are likely to reduce their shares and often attracting new capacity to fill this shortfall generally comes at a much higher price.

## Losses

One of the key differences between the aerospace sector versus airline or general aviation (GA) is that the cover provided has 'long-tail' liability, meaning that incidents from several years ago can come to fruition as liability claims many years later. So far in 2020, we have not seen any new major incidents that we expect to impact the segment in the future, but we have seen significant deterioration in the losses of the past. Each underwriting year dating back to 2015 is now estimated to represent a loss to insurers on a simple premium income versus losses reserved/paid claims calculation. Since 2015 the loss to insurers for this sector is estimated at now being in excess of USD2bn, with the majority of that loss coming from the 2018/19 policy years. With such a huge reduction in operational flights this year due to the pandemic, attritional losses in this sector should be at an all time low - there should be far less aircraft damage caused on the ground and less trips and falls within the terminals, but it is too early to predict figures as the full impact of this is not going to be seen for at least 12 months.

## Future outlook

- We cannot see any significant changes to the drive from insurers to increase premiums in 2021
- We expect capacity to remain static, but we hope that with the increased rates/premiums that have been achieved in 2020, this may spark interest from new capital providers
- Increased reliance and adherence on actuarial model priced underwriting is likely
- Detailed exposure information will be key in order for underwriters to justify supporting an account that does not strictly 'fit' those models.

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## 08. IN FOCUS: SPACE

**AUTHOR:** *PETER ELSON, CEO & HEAD OF SPACE, AEROSPACE, GALLAGHER UK*

Looking forward to 2021, Gallagher is optimistic that we will see premium rates stabilise, adequate supply of insurance capacity for the majority of risks alongside, and an improved pipeline of launch placement opportunities on the horizon.

### 2020 Overview

As we come to the end of 2020, the recalibration of pricing that occurred in 2019 has been maintained as the insurers look to achieve profitability after a series of loss-making years.

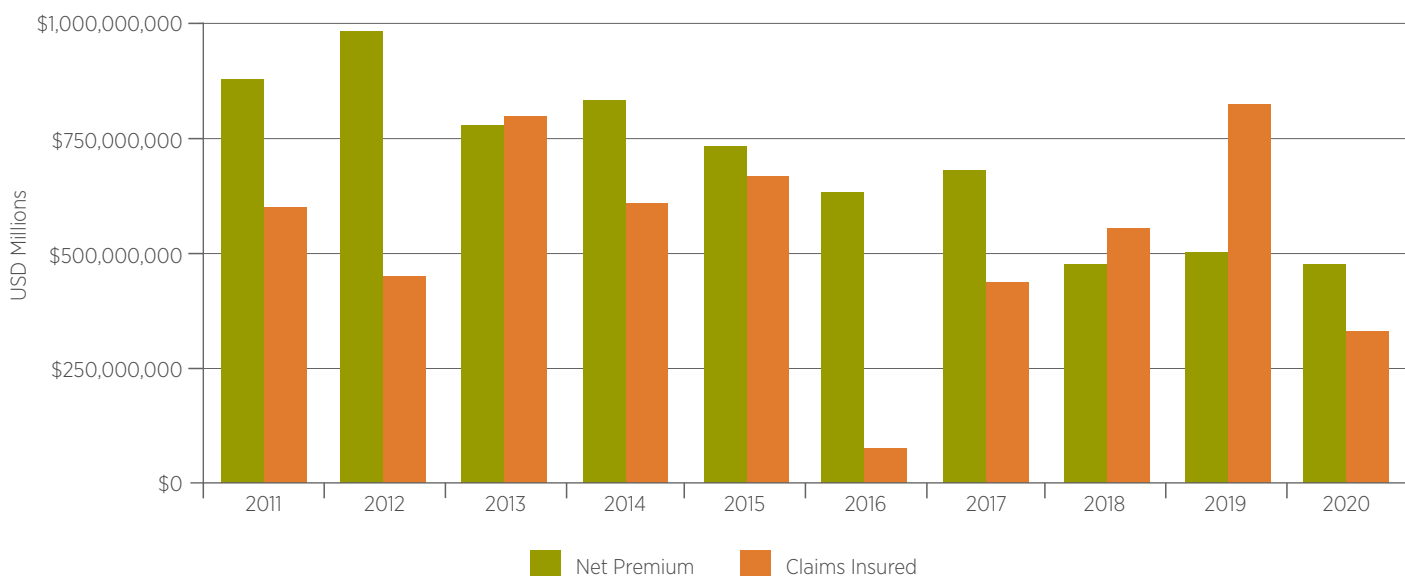
Throughout 2020, capacity remained available for insurance buyers and competition on placements for desirable risk profiles was in evidence as insurers looked to build their premium income. Policy terms and conditions have been broadly unchanged. Rate increases have caused concern where insurance premiums were in excess of premium budgets for buyers. It is important to note that these premium rating levels are similar to those seen in 2012/14 and are still well below the ratings experienced at the height of the last hard market in 2001/2002.

In 2020 the space insurance market experienced several losses.

Palapa-1 (USD252m launch vehicle failure), Express AM6 (USD38.8m in orbit anomaly) and Jilin 01 (USD40m launch failure) are all known claims, but in addition multiple potential claims have been notified to insurers with no quantum yet defined. A particular example of this is Express 80, insured for circa USD157.5m.

Nevertheless, these losses in 2020 have not been sufficiently severe to cause underwriters to push for further increases in premium rating, but instead have cemented the price recalibration seen over the past 18 months. Many market sources are predicting a “break-even” 2020 for the market as a whole once expenses are taken into account.

10 Year Space Premium vs. Claims





### Three Year Space Loss Summary

Mission	Event Date	Claim Amount / Estimate (USD)	Event	Anomaly Description	Launcher/ Satellite
<b>2020</b>					
Express 80	15/08/2020	TBC	In-orbit Anomaly	Apparent debris strike (TBC)	Express 1000HTA
Jilin 1	10/07/2020	USD40m	Launch Vehicle Anomaly	Launch vehicle failure after second stage burn	Kuaizhou 11
Palapa-1	09/04/2020	USD252.5m	Launch Vehicle Anomaly	Failure during third stage of flight	Long March 3B
Express AM6	01/04/2020	USD38.8m	In-orbit Anomaly	Heat loop pipe issues	Express 2000
<b>2019</b>					
EUTELSAT 5 WEST B	24/10/2019	USD125m	In-orbit Anomaly	Solar array deployment failure (one array)	GEOStar - 2E
China Sat 18	19/08/2019	USD250m	In-orbit Anomaly	Satellite failed to deploy its solar arrays	DFH-4E
Falcon Eye 1	11/07/2019	USD414m	Launch Vehicle Anomaly	Probable second stage ignition failure	VEGA 1
<b>2018</b>					
Worldview-4	15/12/2018	USD183m	In-orbit Anomaly	Loss of Control Momentum Gyros	LM900
SOYUZ MS-10/ISS-56S	11/10/2018	USD60-71m	Launch Vehicle Anomaly	Booster ruptured the core stage 2	SOYUZ MS-10
TURKSAT 4B	15/06/2018	USD60-75m	In-orbit Anomaly	Degradation of communications payload	Melco DS-2000
APSTAR 6	27/05/2018	USD35-40m	In-orbit Anomaly	Faulty South solar array	Spacebus 4000C2
O3b	15/05/2018	USD12-18m	In-orbit Anomaly	Payload fault lost 2 of 10 transponders	Thales Elitebus
AL YAH 3	25/01/2018	USD115m	Launch Vehicle Anomaly	Launch directional error	Ariane 5
Zuma	18/01/2018	Unknown	Anomaly	Satellite lost. Cause unknown/ classified	Northrop Grumman
ANGOSAT-1	15/01/2018	USD121m	In-orbit Anomaly	Power systems fault	YAMAL USP

Source: Seradata , December 2020



## COVID-19

For most businesses across the world, the one thing that defines 2020 is COVID-19. Across all business sectors usual operations have been under stress to cope with working from home, limited travel and restrictions in capital expenditure.

Satellite operators, however, have been broadly able to function without a significant impact on their business models. Nevertheless, there have been delays in securing funding (leading to several high profile bankruptcies such as OneWeb) as well as manufacturing and launch delays which have significantly deferred revenue for operators.

For insurers, there has been a substantial impact across multiple classes of business including health, event cancellation and business interruption. Although there have been no material space claims directly attributable to COVID-19, the effect on insurer returns and share prices will no doubt filter down across all classes of business. Launch delays will have also directly reduced insurer income for 2020.

## 2021 - Looking Forward

As we look forward to 2021, the picture looks more promising for insurance buyers. The volatility in pricing throughout 2020 seems to have stabilised, with the market finding a “new normal”. We anticipate ample capacity for most risks and broad and relevant policy terms and conditions to be available.

We also expect the key drivers of pricing to continue to be the capacity required and the technical risk. Those placements which require the utilisation of the top quartile of available market capacity will see significantly higher rating from insurers both across the board and due to the requirement to include the most expensive markets within the final syndication. In addition, the utilisation of new technology or risks with a testing technical profile will see underwriters either apply relevant subjectivities or raise premium ratings to cover these aspects.

Positive news for the space insurance market is the large number of satellite orders in 2020, with 13 FAA funded C-band replacement satellites alongside 4 other GEO satellites being ordered. We would expect these “blue-chip” risks to be sort after by space underwriters and competitive results achievable.

### Commercial GEO satellites ordered in 2020

Satellite	Operator	Manufacturer	Bus	Purpose
Galaxy-31	Intelsat	Maxar	SSL-1300	C-band (U.S.)
Galaxy-32	Intelsat	Maxar	SSL-1300	C-band (U.S.)
Galaxy-33	Intelsat	Northrop Grumman	GEOSTar	C-band (U.S.)
Galaxy-34	Intelsat	Northrop Grumman	GEOSTar	C-band (U.S.)
Galaxy-35	Intelsat	Maxar	SSL-1300	C-band (U.S.)
Galaxy-36	Intelsat	Maxar	SSL-1300	C-band (U.S.)
Galaxy-37	Intelsat	Maxar	SSL-1300	C-band (U.S.)
SES-18	SES	Northrop Grumman	GEOSTar-3	C-band (U.S.)
SES-19	SES	Northrop Grumman	GEOSTar-3	C-band (U.S.)
SES-20	SES	Boeing	BSS-702SP	C-band (U.S.)
SES-21	SES	Boeing	BSS-702SP	C-band (U.S.)
SES-22	SES	Thales Alenia Space	Spacebus-4000B2	C-band (U.S.)
SES-22	SES	Thales Alenia Space	Spacebus-4000B2	C-band (U.S.)
Amazonas Nexus	Hispasat	Thales Alenia Space	Spacebus-Neo	C- and Ku-band (Pan America)
Optus-11	Optus	Airbus	OneSat	Ku-band (Australia)
Badr-8	Arabsat	Airbus	Eurostar-Neo	C- and Ku-band (MENA)
Thuraya-4	Yahsat	Airbus	Eurostar-Neo	L-Band (MENA)

Source: SpaceNews, December 2020



## Capacity

On 17 November 2020 AIG announced they were no longer underwriting Space risks with immediate effect. AIG has been a long-term player in the space insurance market and could deploy up to USD40m of capacity any one risk. Nevertheless, with new entrants such as Convex, Helvetia, Fidelis and Volante ramping up and reinsurance support for the space class reported to be strong, we would expect to see this drop in capacity to be filled by underwriters looking to increase their share.

## Small Satellite Focus

Despite a notable slow down due to COVID-19, the number of satellites launched in 2020 is at an all-time high with nearly 1,100 spacecraft delivered to orbit during the first 10 months of the year, with 95% of that figure being “small-sats” (those under 500kg). This is a stark increase on last year that saw just 385 small-sats launched.

This endorses the continued growth of the small sat industry and we note that a small number of insurers continue to offer relatively mature small-sat focused insurance products. However, many insurers feel that a critical mass has yet to be reached to make this business cost effective. Gallagher has a key focus in this sector, investing significant resource as we see this as an important driver of the future market.

## Summary

- The worldwide health community is making progress to combat COVID-19, and we look forward to 2021 with optimism.
- For insurance buyers, although pricing remains higher than that at the start of 2019, premium rates are still well below the highs previously seen and ample capacity is available. The insurance products offered continue to be relevant to buyers and insurers are competing for the majority of risks. With the recent increase in satellite orders hopefully leading to an increase in the premium levels in 2022-2024, we hope this will meet underwriter management requirements and demonstrate that the class continues to be attractive.
- Our advice to our clients remains the same when looking at placements for 2021. Engage with your account team as early as possible to develop strategies for placements to ensure the best possible results.
- The space team at Gallagher has proven its capability year-on-year with outstanding results on risk pricing, risk coverage, compliance and audit. We embrace the New Year and are poised to grasp the opportunities we believe will arise and look forward to delivering for our clients.

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# 09. 2020 IN THE NEWS

As 2020 passes, we look back at some of the biggest headlines, news stories and events reported during the year.

## JANUARY 2020

Ukraine International Airlines Boeing 737-800 (Flight 752) was shot down shortly after take-off from Tehran Imam Khomeini International Airport, killing all 176 passengers and crew.

A Sikorsky S-76B helicopter crashed in Calabasas, California. Nine people on board were killed including professional basketball player, Kobe Bryant and his 13-year-old daughter.

The World Health Organization (WHO) declared a global health emergency following more than 10,000 cases of COVID-19 having been reported worldwide.

## FEBRUARY 2020

A Pegasus Airlines Boeing 737-800 (Flight 2193) suffered a runway excursion after landing at Istanbul-Sabiha Gökçen International Airport, Turkey resulting in the death of three passengers.

## MARCH 2020

Nashville John C. Tune Airport in Tennessee, USA, was struck by a tornado resulting in building damage and the destruction of a number of corporate jets and smaller aircraft.

The COVID-19 outbreak continued to spread around the world and by the end of March 2020 more than 100 countries worldwide had evoked either full or partial lockdown measures.

## APRIL 2020

Two further US regional airports were struck by tornadoes in April. Monroe Regional Airport in Louisiana and Lowcountry Regional Airport in South Carolina, both suffered various damage and a number of small aircraft were destroyed.

A Chinese Long March 3B rocket suffered a launch failure resulting in the destruction of the Indonesian Palapa-N1 satellite.

## MAY 2020

A Pakistan International Airlines (PIA) Airbus A320 (Flight 8303) crashed in a residential area of Karachi, Pakistan resulting in the death of 97 people.

Cincinnati Global announced that its Lloyd's Syndicate Cincinnati Global Syndicate 318 would cease writing new or renewal aviation business and exit the class.

Lloyd's of London announced estimated 2020 underwriting losses covered by the insurance industry as a result of COVID-19 at circa USD107bn, on par with some of the biggest major claims years for the industry.

## JUNE 2020

Antares Underwriting announced its exit from the aviation insurance class following a "strategic review".

Trust Re announced its decision to cease underwriting Facultative Aviation and liability lines of business.

The International Air Transport Association (IATA) released its financial outlook for the global air transport industry predicting airlines would lose USD84.3bn in 2020 with revenues falling 50% over 2019.





## JULY 2020

Rokstone Underwriting launched a new aviation division, backed by Best Meridian, to write general aviation, airline and aerospace business.

Both General Insurance Corporation of India (GIC Re) and New India Assurance Company (New India) saw rating agency AM Best downgrade their respective financial strength ratings to 'B++' (Good) from 'A-' (Excellent).

An Ethiopian Airlines Boeing 777 freighter sustained significant damage when it caught fire at Shanghai Pudong International Airport in China.



## AUGUST 2020

An Air India Express Boeing 737-800 (Flight 1344) skidded off the end of the runway at Calicut International Airport, India, resulting in the death of 18 people, including both pilots.

Swiss Re ceased underwriting Space risks with immediate effect.



## SEPTEMBER 2020

Hive Aero announced its expansion into underwriting Aviation Hull and Liabilities (All Risks) with capacity provided by Arch Insurance (UK).

The International Air Transport Association (IATA) downgraded its traffic forecast for 2020 to reflect a weaker-than-expected recovery. IATA said it expected full-year 2020 traffic to be down 66% compared to 2019.



## OCTOBER 2020

An Aer Caribe Antonov An-32 cargo plane suffered substantial damage following a runway excursion after landing at Iquitos Airport, Peru.

Media sources reported an increase in the Boeing claims reserve, suggesting a combined loss of circa USD2.1bn for the MAX grounding claim and liabilities in respect of Lion Air (Flight 610) and Ethiopian Airlines (Flight 302) crashes.

A Las Vegas Sands Corporation Boeing 747SP suffered substantial damage in a hangar incident in Arizona, USA, while preparing to undergo maintenance.



## NOVEMBER 2020

AIG announced that they would cease underwriting space risks with immediate effect.

A Volga-Dnepr Airlines Antonov AN-124-100 suffered damage following a runway excursion after an emergency return to Novosibirsk-Tolmachevo Airport, Russia.



## DECEMBER 2020

On 2 December, Boeing's 737 MAX staged its first post-grounding flight following a 20-month safety ban.

The UK became the first country in the world to approve the Pfizer/BioNTech coronavirus vaccine for widespread use following review by the UK's regulator, the MHRA. Further countries followed shortly after, as did approvals for other vaccines.

MGA Elsec announced a long-term strategic partnership with Sirius Group to increase its aviation capacity by USD100m in 2021. The new partnership covers airlines and aerospace.

*Source: Market knowledge and publicly available information.*

# 10. MARKET PERSONNEL NEWS IN Q4

## Associations Aviation Claims Committee (AACC)

[Shaun Orton](#), Senior Partner in Gallagher's aerospace team, has been named as Chairman of the London AACC. The committee provides a forum for the aviation and aerospace market and is the joint London & International Insurance Brokers Association (LIIBA), Lloyd's Market Association (LMA) and International Underwriting Association (IUA) aviation claims committee.

## AIG

[Mark Sperring](#) has been promoted to Underwriting Director, International Aerospace. Mark will also join the Global Aerospace Executive Committee, alongside Jordan Lanford (Head of Aerospace, North America), Chris Collins (Head of Aerospace, UK), Alexis Daniel (Head of CEU Aerospace) and Alan James (Head of APAC Aerospace) as well as Steve Eccles (Global Head of Aerospace).

## Atrium Underwriters

[Bassel Matta](#) has joined as an Aviation Underwriter based in London. He most recently held the position of Aviation Client Advocate at Elseco.

## AXA XL

[Peter Welton](#) has been promoted to Chief Underwriting Officer for marine, energy and aerospace, UK and Lloyd's market. Separately, [Alex Barker](#) has been appointed to lead AXA XL's aviation insurance business in Canada, joining from Marsh where he served as Senior Vice President within the aviation business.

## AXIS

[Tony Avery](#) has joined the general aviation team based in London. He most recently held the position of Senior Underwriter General Aviation at Allianz.

## Global Aerospace

In London, [Martin Cox](#) and [Simon Abbott](#) have been appointed Underwriting Directors, reporting to [Rachel Barrie](#) who has been promoted to Global Chief Underwriting Officer. Additionally, in the United States, [Frank Turtola](#) will be appointed Underwriting Director with overall responsibility for aircraft insurance lines including Airlines and General Aviation. [Nicholas Methven](#) will be appointed Underwriting Director, responsible for non-aircraft insurance lines including manufacturers, aerospace business, and workers compensation. Turtola and Methven will both will report to [Jeff Bruno](#), President and Chief Underwriting Officer, who will also take on the additional role of Group Head of Digital. Lastly, [Michael Bannon](#) will be appointed Chief Operating Officer, Europe.

## HDI Global Specialty SE

[Neil Dave](#) has joined as a Senior Aviation Underwriter based in London. He most recently held the same title at MS Amlin.

## Munich Re

[Alfons Klinger](#) has joined as a Senior Underwriter based in Germany. He most recently held the position of Chief Underwriter Aviation Major Risks at Allianz.

## Starr Insurance

[Matt Williams](#) has been appointed to head up Starr Consultancy Services (SCS) which will now be run independently within Starr's aviation business.

## Travelers

[Matt Hurst](#) has joined the aviation team based in London. He most recently held the position of Underwriter (Accident & Health) at Brit Insurance.

*Source: Market knowledge and publicly available information.*



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