
General Session 4

Aviation Liability Update

CHUBB®

ACI-NA

20th Annual Risk Management Conference

Jerry Ruth

January 17, 2019

“Aviation is the branch of engineering that is least forgiving of mistakes.”

Neil Armstrong, NASA Astronaut



Not All Airports are the same – Questions we ask.

- Is there a Risk Manager or Risk Management Team?
 - Is there a Safety Director or Coordinator?
 - Direct or contracted airport services?
 - Law Enforcement operations?
-
- Governmental Immunity – Tort Caps
 - Contracts and Service Agreements – Tendering claims
 - Claims Management – Internal or External

AVIATION INSURANCE

- **LIMITS / COVERAGE - ENHANCEMENTS / PREMIUM**
- **REVENUE PASSENGERS / AIRCRAFT OPERATIONS**
- **CLAIMS / EXPOSURES / LOSS PREVENTION**
- **POSITIVE IMPACTS ON INSURANCE**
- **NEGATIVE IMPACTS ON INSURANCE**

AVIATION INSURANCE

LIMITS / COVERAGE - ENHANCEMENTS / PREMIUM

- Limits up to \$1 Billion
- Lower Deductibles / SIR's
- War / TRIA Limits at all time High

- Broader Definition of “Airport” & “Airport Operations”
- Employee Benefits Coverage
- CAT Management
- Blanket WOS / Additional Insureds

- 2018 Premiums saw 5%-7.5% increase
- 2019 Premiums possible 7.5-15% increases (depending on market capacity, industry losses, and cost of reinsurance)
- Both London and Domestic rates are increasing
- Mergers and/or Acquisitions – lower capacity

AVIATION INSURANCE

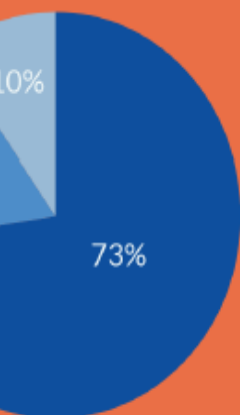
REVENUE PASSENGERS / AIRCRAFT OPERATIONS

- Average Passenger count grew by 5.6%
 - Aircraft capacity (passengers) grew by 4.5%
 - Resulting in PAX Load Factor to increase by .3%
-
- Aircraft Operations grew 1.0% from 2017-2018
 - Increase in PAX capacity per aircraft, will keep Aircraft Operations growth to a minimum
 - Domestic freight (cargo) increased by 5.2% in 2017

2017 NORTH AMERICA AIRPORT TRAFFIC SUMMARY

North America's airports experienced continued growth in passenger traffic, air cargo and aircraft movements in 2017

AIR CARGO



≥ 500,000 MT

100,000-499,999 MT

> 100,000 MT

Activity was
concentrated at Large and
Medium cargo airports,
representing 70% of the 2017



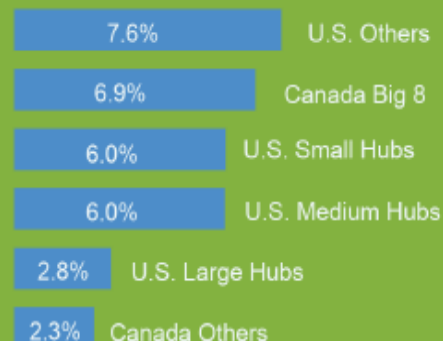
2016-2017

	Passenger Traffic	Air Cargo	Aircraft Movements
	+3.5%	+7.0%	+0.9%
	+6.1%	+9.7%	+1.7%
 	+3.7%	+7.1%	+1.0%



PASSENGER TRAFFIC

2016-2017



2017 passenger traffic growth was higher at smaller U.S. airports, while the converse was true for Canada, with higher passenger traffic growth at the 8 biggest airports.

U.S. Hubs FAA CY2017 Passenger Boarding Data

Canada Big 8 YYZ • YVR • YUL • YYC
YEG • YOW • YWG • YHZ



AIRCRAFT MOVEMENTS

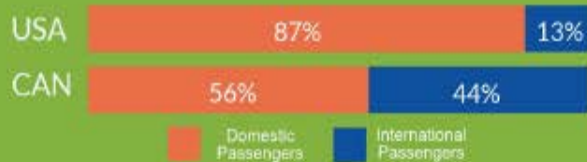


2017 NORTH AMERICA AIRPORT TRAFFIC RANK

**1.86
BILLION
PASSENGERS**



More than **5 times**
the combined U.S. and
Canadian population arrived
at or departed from North
America's airports



(ATL) Atlanta, GA	103,902,992
(LAX) Los Angeles, CA	84,557,968
(ORD) Chicago, IL	79,828,183
(DFW) Dallas/Fort Worth, TX	67,092,194
(DEN) Denver, CO	61,379,396
(JFK) New York, NY	59,392,500
(SFO) San Francisco, CA	55,822,129

**33.1
MILLION
METRIC TONNES
AIR CARGO**



Total air cargo handled in North
America weighed over
5 times
the Great Pyramid of Giza

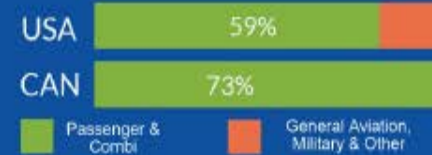


(MEM) Memphis, TN	4,336,752
(ANC) Anchorage, AK	2,713,230
(SDF) Louisville, KY	2,602,695
(LAX) Los Angeles, CA	2,158,324
(MIA) Miami, FL	2,071,722
(ORD) Chicago, IL	1,721,807
(JFK) New York, NY	1,350,599

**31.8
MILLION
AIRCRAFT
MOVEMENTS**

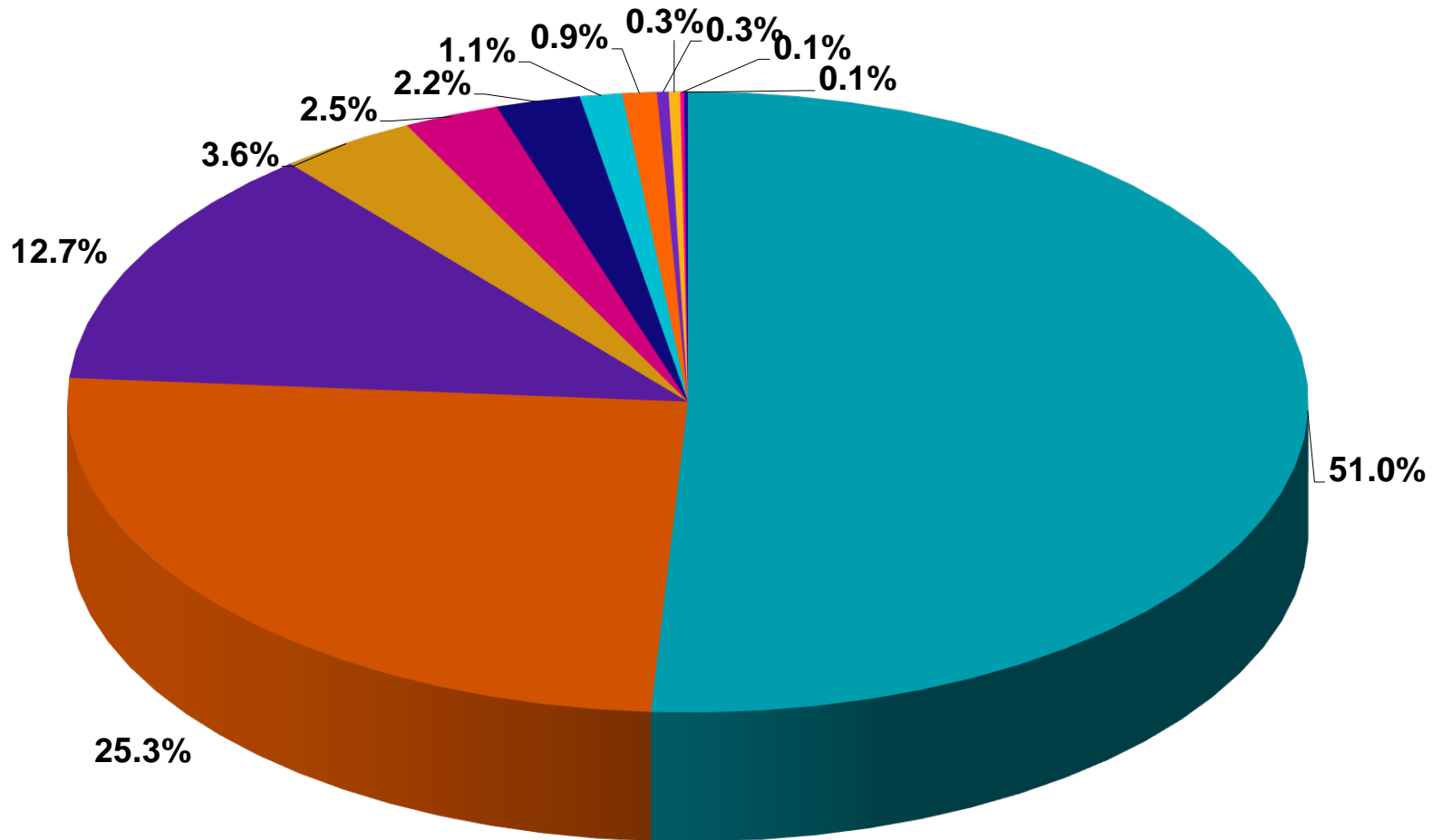


By the time you finish
this report, this
6 aircraft
would have
or landed in North America



(ATL) Atlanta, GA	
(ORD) Chicago, IL	
(LAX) Los Angeles, CA	
(DFW) Dallas/Fort Worth, TX	
(DEN) Denver, CO	
(CLT) Charlotte, NC	
(LAS) Las Vegas, NV	

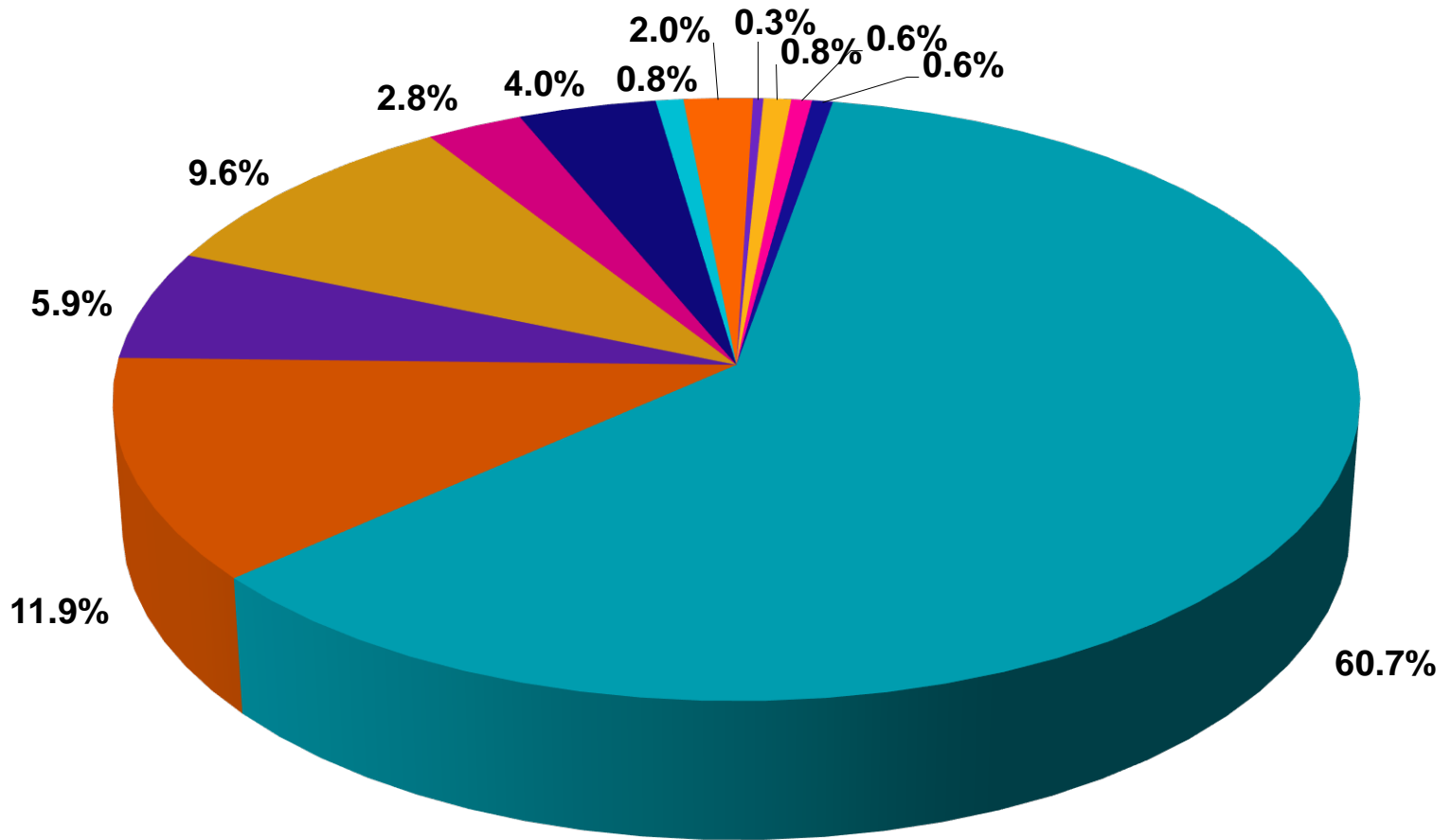
Percentage of Cost of Airport Liability Claims > \$5000 by Accident Type Years 2014-2018



- Falls
- Aircraft Claims
- Other
- Vehicle Accident/Damage
- Flood Loss
- Struck by/Against
- Electrocutions/shock
- Caught In/On
- Fire
- Dog/Animal Bite
- Property Damage
- Burns

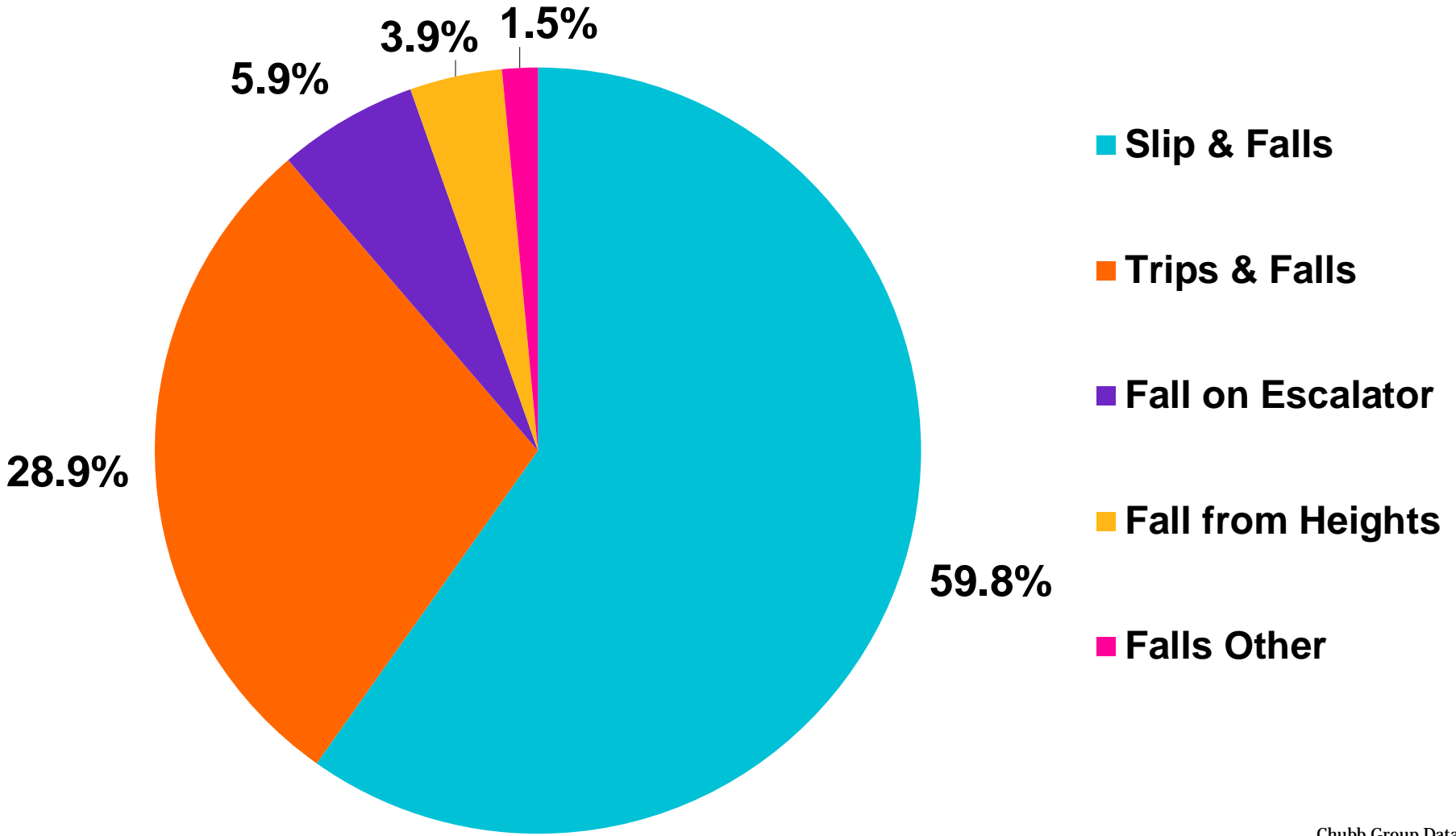
Chubb Group Data
Valued 1/3/2019

Percentage of Number of Airport Liability Claims >\$5000 by Accident Type Years 2014-2018



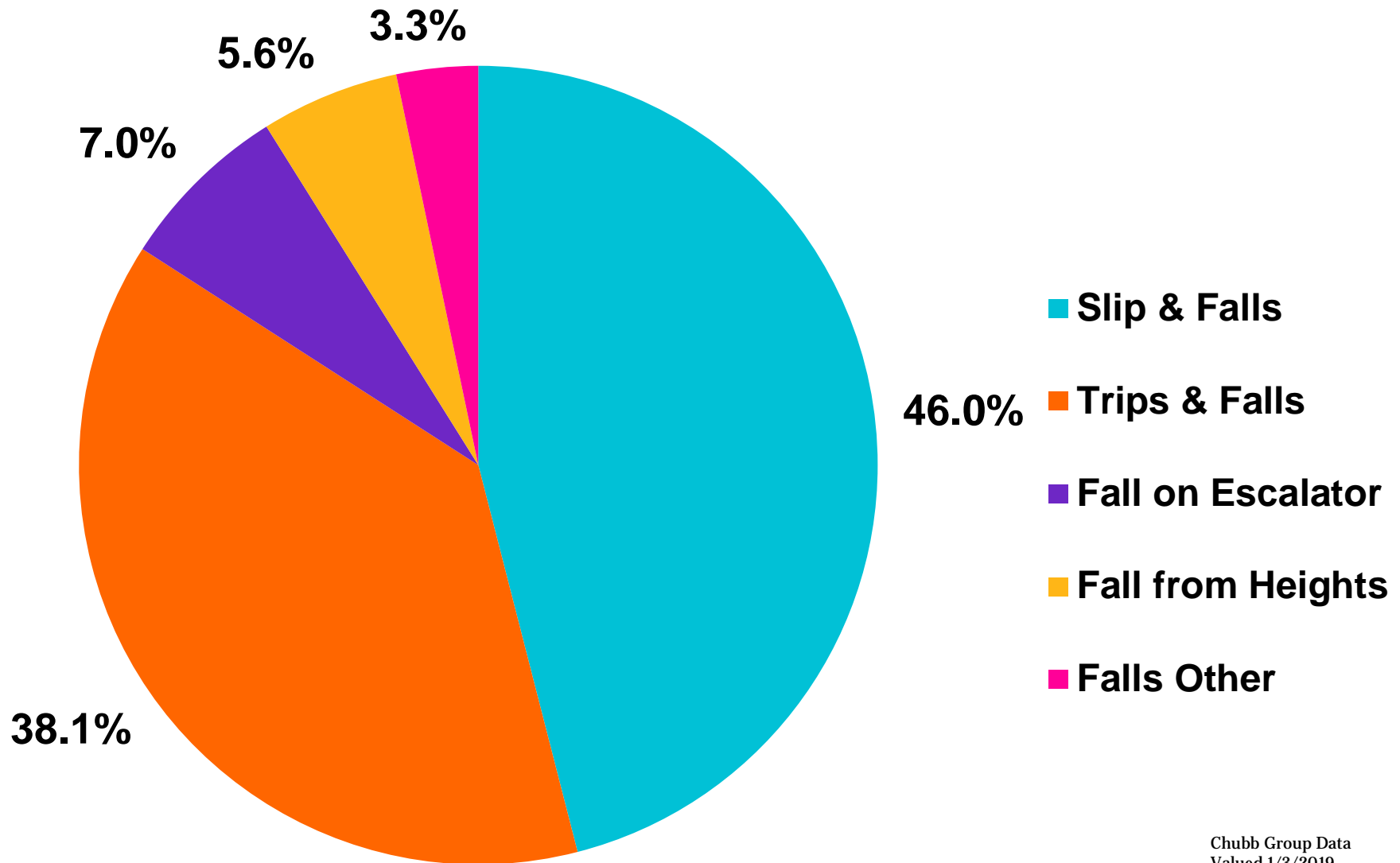
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Percentage of Cost of Fall Claims > \$5000 by Type Years 2014-2018



Chubb Group Data
Valued 1/3/2019

Percentage of Number of Fall Claims > \$5000 by Type Years 2014-2018



Chubb Group Data
Valued 1/3/2019

AVIATION INSURANCE

Current Issues/Recommendations

- Construction Booming
 - Continued human factor related accidents / incidents
 - Weather – Hurricanes continue
 - AOA Activities (incursions, excursions and accidents)
 - Pilot Fatigue or Error (closed or wrong runway landings)
 - EMAS
 - Staffing issues (retirements, understaffing, inexperience)
-
- Provide Safety/Risk Management Input
 - Participate in Safety Risk Assessments/Construction Meetings
 - Encourage adopting Safety Management Systems
 - Utilize data effectively

AVIATION INSURANCE

POSITIVE IMPACTS ON INSURANCE

- Newer Facilities & Equipment
- Improved Safety & Technology Measures
- Training, Planning and Executing
- Improve Employee Morale
- Use of Loss Prevention Expertise
- Claims Management

AVIATION INSURANCE

NEGATIVE IMPACTS ON INSURANCE

- Claims / Incidents / Losses
- Litigation and Legal Expenses
- Court / Jury decisions with Plaintiff verdicts for substantial \$ amounts
- Human Factors – both Employee and Non-Employee
- Affects of employee morale or lack thereof

AVIATION INSURANCE

NEGATIVE IMPACTS ON INSURANCE (Continued)

- Unidentified or Unexpected Hazards / Exposure seen in 2018
 - ✓ Active shooter threats
 - ✓ Electrocutions
 - ✓ Third party water damage
- Increase in Passenger Traffic
- Market Sustainability – Factors:
 - ✓ Capacity Levels Declining
 - ✓ Terrorism / Cyber
 - ✓ High Limits (will they continue to be available in the direct market?)
- Ever Changing Population, Traveling Public and World Issues

Jimmy Chin

Calculating Risk and Elevating To Excellence

“You can’t stop paying attention to the day-to-day detail. You can’t put things on autopilot.”

