



What happens when the unlikely happens?



Areas we will cover today

1. Introduction
2. Liability obligation of aircraft operators –part one
3. Liability obligation of aircraft operators –part two
4. How does Airports from other countries insure their risks in regard of the Limits insured?
5. Overall Conclusion



- Airports are complex operations
- including various interests by
Airlines/Aircrafts operators
Ground Handlers
- Interests of nearby residents
- Airports as such
- Airport owners/Shareholders

Each of them has its own interests but in term of each participant; everyone like to minimize their particular risk by transferring those risk to the other party

Liability obligation of aircraft operators – part one





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- basically according EU regulation-
 - EU regulation have the impact of a law without being implemented country wise as, e.g. Romania, law.
 - EU regulation 785/2004 rules for aircrafts operators the following as minimum insurance requirement:

Third Party Legal Liability

Passenger Legal Liability

The minimum requirements are as follows:

Insurance in respect of liability for passengers, baggage and cargo

1. For liability in respect of passengers, the minimum insurance cover shall be 250 000 SDRs per passenger. However, in respect of non-commercial operations by aircraft with a MTOM of 2 700 kg or less, Member States may set a lower level of minimum insurance cover, provided that such cover is at least 100 000 SDRs per passenger.
2. For liability in respect of baggage, the minimum insurance cover shall be 1000 SDRs per passenger in commercial operations.
3. For liability in respect of cargo, the minimum insurance cover shall be 17 SDRs per kilogram in commercial operations
4. Paragraphs 1, 2 and 3 shall not apply with respect to flights over the territory of the Member States carried out by non-Community air carriers and by aircraft operators using aircraft registered outside the Community which do not involve a landing on, or take-off from, such territory.
5. The values referred to in this Article may be amended, as appropriate, where amendments in the relevant international treaties indicate the necessity thereof, in accordance with the procedure referred to in Article 9(2).

Insurance in respect of liability for third parties

In respect of liability for third parties, the minimum insurance cover per accident, for each and every aircraft, shall be:

Category	MTOM (kg)	Minimum insurance (million SDRs)
1	< 500	0,75
2	< 1 000	1,5
3	< 2 700	3
4	< 6 000	7
5	< 12 000	18
6	< 25 000	80
7	< 50 000	150
8	< 200 000	300
9	< 500 000	500
10	> 500 000	700

If at any time insurance cover for damage to third parties due to risks of war or terrorism is not available to any air carrier or aircraft operator on a per-accident basis, such air carrier or aircraft operator may satisfy its obligation to insure such risks by insuring on an aggregate basis. The Commission shall closely monitor the application of this provision in order to ensure that such aggregate is at least equivalent to the relevant amount set out in the table



In this conjunction; the named requirement mean minimum insurance requirements and NOT MAXIMUM Liability

-those minimum requirements can be easily exceeded in the case of gross negligence or wishful misconduct

Conclusion:

If one of the operators (e.g. an Airline) partners failed (e.g. the Airport), the Airline of their insurers will try their utmost (this includes court activities) to receive the highest level possible compensation from the responsible organization e.g. the Airport including Ground Handlers etc.



BUT

Airport operators may say:

“We are in full control of our Airport Risks and so no risk for us”

Full Control of Risks?

Airport incidents/losses:

We are not only talking about the newspapers filling “Headliners” like being in the past incidents like

DOL	Event	loss details	Airport / ATC details
11.04.1996	Dusseldorf Airport	16 people were killed when a fire broke out in an airport flower shop and spread poisonous fumes. The airport's terminal C was closed for a total of 204 days and the estimated cost was several hundred million Deutsche Marks. In December 1997, a German court ordered the Dusseldorf Airport Authorities to pay US\$11m in compensation.	German airports
23.01.1982	World Airways	Following landing the aircraft ran off the side of the runway into shallow water causing the nose section to separate from it.	Mass Airport Authority
24.05.2006	DHMI - Turkish State Airport	A fire broke out and quickly erupted into an inferno of flames and plumes of smoke, destroying cargo stored in the airport buildings. Three people were injured in the blaze.	DHMI Turkish State Airport
08.10.2001	SAS / Air Evex	An SAS MD-87 aircraft collided with a Cessna when the Cessna crossed the runway in front of the SAS MD-87 as it took off. The two aircraft collided and the MD-87 then struck an airport building and caught fire. There was poor visibility at the time of the accident. All 110 people on board the MD-87 and the four people on board the Cessna were killed.	SEA Milan (Linate Airport) + ENAV (ATC)
05.05.2006	Brussel Hangar Fire	A major fire has destroyed Sabena Technic Hangar. Reports have also suggested that one man was seriously injured and two fire fighters were slightly injured in the blaze. Belgian Air Force, Hellas Jet, Armenian Airlines, Armavia all sustained damaged to aircraft.	Belguim Int'l Airport Association (BIAC) + other = Sabena Technics
01.12.1998	Tower Air	The aircraft caught fire while it was being re-fuelled.	BBA (Signature - refuelling???)
21.12.1992	Martinair	The aircraft encountered windshear on landing, the wing separated. The aircraft landed and caught fire.	Aerportos Navegacao Aerea
27.11.1983	Avianca	The aircraft crashed into a hill on its final approach to the airport	Spanish Aiports
03.06.1995	Air France / JF Kennedy International Airport	An Air France Concorde was damaged by geese as it landed at the airport. The airport paid Air France US\$5.3m to settle a lawsuit that alleged that it did not fulfil its obligation to scare the birds away from the aircraft manoeuvring area.	figs not confirmed
02.08.2005	Air France	The aircraft skidded off the runway, down a ravine and caught fire, while landing in bad weather. The aircraft was on a flight from Paris to Toronto.	Greater Torronto Airport / Nav Canada

We are talking about
the high number
or more or less
anonymous forgotten losses
like⇒

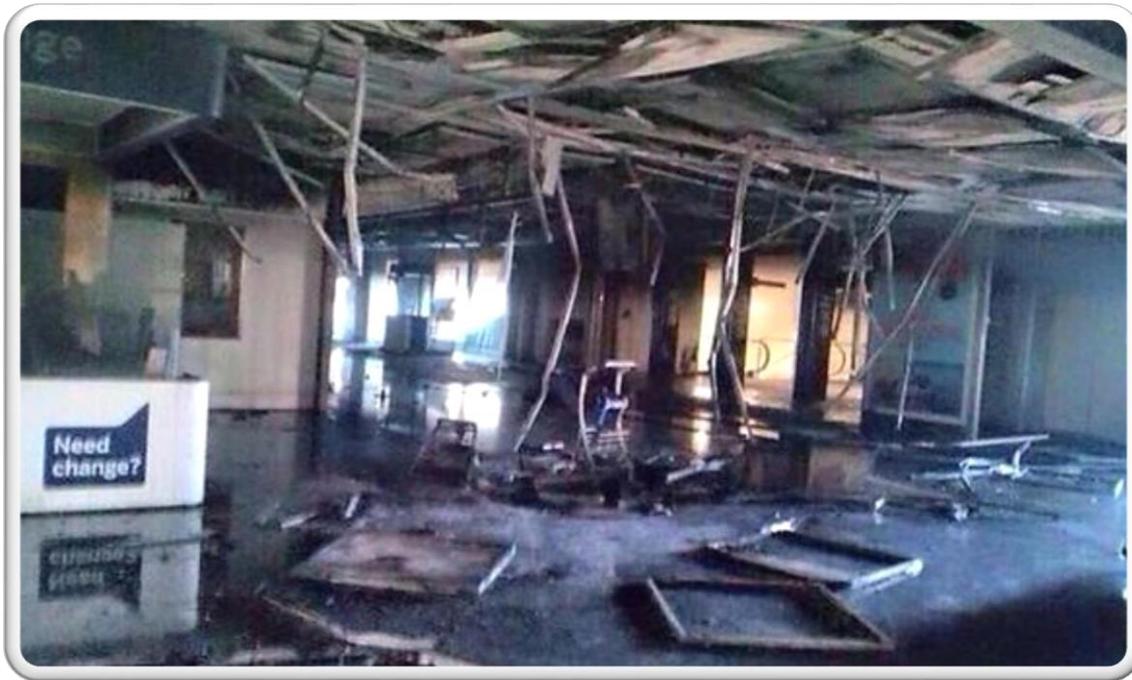
Air Berlin plane slides off runway at Dortmund 03.01.2010



Plane hit a snow plow as it was taking off from Moscow's Vnukovo airport 21.10.2014



Terminal fire near Rome Fiumicino airport disrupts flights 07.05.2015



A fire has engulfed much of Kenya's main international airport in Nairobi 07.08.2013



And as an example from a German small Airport

Involving 18 incidents during 2009 -2015 with aircrafts involving the Airports Liability.

Each of the “small” losses are may not prominent but being a repeating risk for Airports and each of them can may destroy the Airports reputation as a safe port but be being more of interest the Airports balance sheet or the worst case can lead to bankrupt the airport by unlimited Liability.

As the last pages explained of what can happen, the following pages shall explain quite roughly the

Liability obligation of aircraft operators – part two



- the liability of airport still remains to the broadest extent not ruled
- on European Level, there exists no common regime or regulation of the Airport Liability
- Airport Liability may depends on local law
- Airport liability and certain obligations are agreed between the Partners as a contractual liability such as IATA Standard Ground Handling Agreement (IATA SGHA)

A the majority of Airport operators may say, we have agreed with our partner/clients the SGHA liability limitation and as a result, we need just to insure a low liability limit influenced by the following consideration as an extract:

Aircraft Types & Liability

Airport applies the liability guideline which corresponds with the industrial standards. This guideline is in accordance with the SGHA Main Agreement 8.5.

Jets

USD 1,000,000

B747, B757, B767, B777, B787, DC-10, MD11, A300, A310, A330, A340, A350, A380

USD 750,000

B717, B737 Series, MD80 Series, MD90 Series, A320 Series

USD 500,000

BAE146 (AR8/AR100), C150/C300, Embraer 170, Embraer 190, all other western built airline jets not mentioned otherwise

USD 250,000

Embraer 145, Canadair RJ

USD 75,000

Cessna Citation, Fan Jet Falcon, Learjet 35/60, Dassault Falcon 20F

USD 50,000

Embraer 120

1% of aircraft value, subject to a minimum of USD 50,000
Business Jets

Turboprops

USD 100,000

Fokker 50, F27, FH-227, ATR42, ATR72, Saab SF340, Saab 2000, DHC7, DHC8, BAe ATP, Shorts SD330, Shorts SD360

USD 50,000

Embraer Brasilia-Dornier Do-228, Kingair 350, Jetstream 41

USD 25,000

DHC 6, Piper PA 31T, Swearingen Metro, King Air, Cessna Conquest, Jetstream 31, Embraer Bandeirante

7 % of aircraft value, minimum USD 5000 Light twin
engined Propeller Aircraft

7% of aircraft value, minimum USD 2500 Light single
engined Propeller Aircraft

Helicopters

5% of aircraft value, maximum USD 100,000

As that true???

Partially, in the case of negligence, but in the case of

Intention
and/or
done recklessly,

the Article 8.1 and 8.5 of the IATA SGHA mean:

8.1. Carrier shall not make any claim...arising from an act or omission of the Handling Company in the performance of this Agreement unless done with the intent to cause damage, death, delay, injury or loss or recklessly and with the knowledge that damage, death, delay, injury or loss would probably result.

8.5. as summary; for the Handling Company negligent act a limit of USD 1.500.000 shall be not exceeded.

Therefore as a conclusion
THERE IS NO LIMITATION, but only for negligence.

How does Airports from other countries insured their risks in regard of the Limits insured?

The following extract should demonstrate of what Airports are insuring:

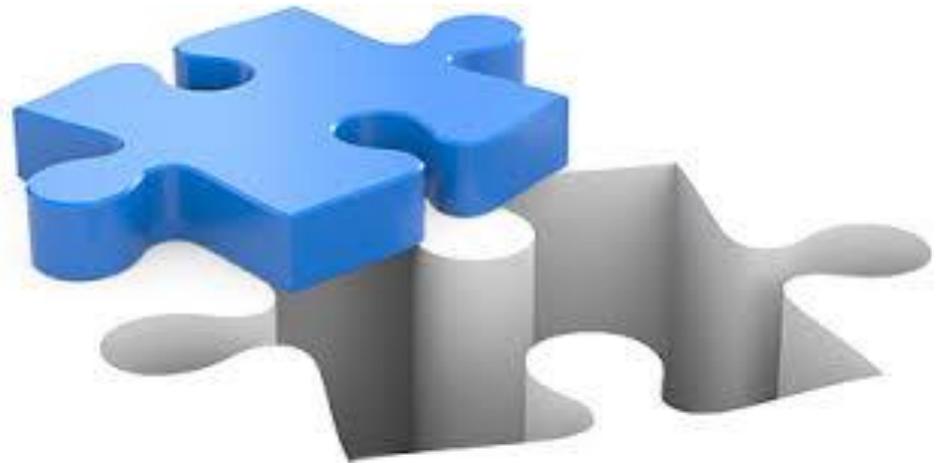
Assured	Limit
Polish Airports	100.000.000 USD
The Association of Bulgarian Airports	500.000.000 USD
Newcastle International Airport Limited	564.000.000 USD
Portuguese Airport	788.000.000 USD

Considering the limits being in common in the Romanian Airport industry whereas the majority is insured with a limit of USD 1.5000.000, we feel that this could be not enough to satisfy the needs or risks the Airports having insured so.

By this it is also not satisfying to your Airline or aircraft operator partners to know, that the Airports are not properly insured.

Further bearing in mind, how a simple car is liability insured in Romania. A limit of USD 1.500.000 is surely not acceptable.

Overall Conclusion



We believe, in terms of the Romanian Airport environment the following first steps shall be implemented:

-Airports shall make themselves aware of the risks they bear by a proper risk identification (which aircraft, which clients, which insurance limit is required from your clients, Groundhandlers properly insured)

-Airports shall appoint one person in charge controlling a process of risk identification

-Airport shall be not price influenced of which insurance package is the right

-Airport shall combine their interest within a peer group and may shall use their combined buying power to get the right product for the right price

Avoid to be surprised by the unlikely Conchita Wurst !!!



Our offer to you

- BGI has already created and combined Airport Liability Insurance Program
- this Program can include all interested Airports of Romania
- By this, the following advantages would appear for the Airport participants:
 1. Higher satisfying insured Limits
 2. Lower premiums
 3. By allowing each Airport to choose it individual limit

Next Steps

If interested, please make to:

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