

## 2010 AIRLINE INSURANCE MARKET REVIEW

**2010 was a challenging year for the airline insurance market. Significant levels of losses combined with excess capacity levels placed pressure on premium levels. Growth in exposures indicated an improvement in the health of the airline industry and went some way to increasing premium levels toward the end of the year. The ongoing impact of the economic challenges faced by the industry offset much of this with an erosion of premium through further consolidation and insolvency.**

The trend established in the final quarter of 2009 continued into 2010 – a 15% increase in premium. The second quarter average dropped to an 8% increase due to the market over-capacity and despite the Afriqiyah and Air India Express losses in May. By the third quarter brokers were emphasising the need to correct perceived imbalances suffered by Airlines who renewed directly after the Air France loss in June 2009. Average premium increases dropped to 6% as a result.

By the time the fourth quarter renewal season arrived, 2010 was already a poor year in terms of losses, including some out of the norm losses such as the Dulles hangar collapse and the Saudia Spares fire. This situation worsened with a major Qantas loss while many of the December renewals began their negotiation.

As a result, there was uncertainty during this hectic final quarter period as to how the market would react on a risk by risk basis. Variation in insurers risk appetite caused significant difference in both lead and vertical pricing levels achieved. Underwriting on differentiated risk

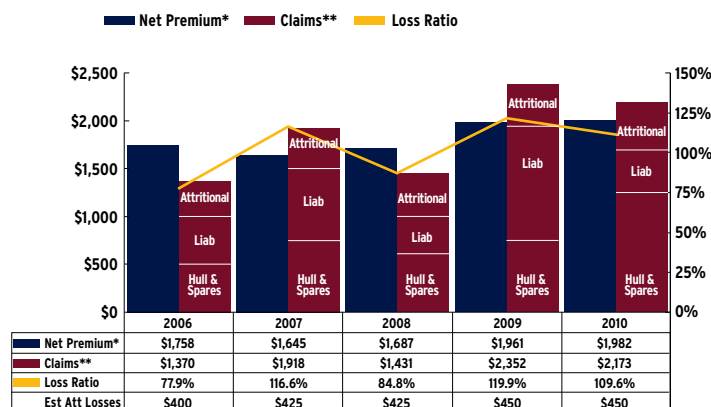
by risk basis increased as the renewal season went on. Leaders remained competitive on their 'core accounts', while following markets became increasingly selective and new markets cautious in their approach. The negotiating environment was made even more complex by the changing buyer landscape and structural changes to a number of the markets largest programmes.

The final quarter saw 50% of the renewals and approximately 70% of the overall annual premium and is therefore vital to the overall outcome of the year. December is, without question, the most influential month of the year in terms of the number of renewals and the volume of premium generated. The impact and influence of in excess of 70 major renewals, generating 45% of the annual premium is enormous.

Although the ability to differentiate each renewal at this time has become increasingly challenging, there were a small number of examples of renewals being able to achieve this differentiation and 're align' themselves against their market peers.

The Lead market premium (for programmes with a fleet value in excess of US\$100 million) is estimated to be US\$2 billion, which means that the Airline Insurance market has not achieved a positive return for four years. This was an overall net premium increase for the year of 4% or US\$80 million. It must be noted, however, that due to the variation in pricing levels any analysis of market trends based on Lead terms is less reflective of the market wide 'composite' result than for a long time and therefore makes historical comparison less reliable.

### 2006 - 2010 PREMIUM AND CLAIMS ON A CALENDAR YEAR BASIS



\* Premium includes all known airlines with an AFV in excess of US\$100 million and is based on Net London Lead Terms; it is subject to change as more information becomes available.

\*\* Claims shown include the estimated figure for attritional losses. Claims are updated as more information becomes available.

# HULL AND LIABILITY

## 2010 NET % PREMIUM AND EXPOSURE MOVEMENTS

	NO. OF RENEWALS	AFV % CHANGE	PAX % CHANGE	2009 NET PREMIUM US\$ M	2010 NET PREMIUM US\$ M	US\$ M PREMIUM CHANGE	PREMIUM % CHANGE
JANUARY	6	25.6%	-14.3%	10.0	12.2	2.2	22.1%
FEBRUARY	5	27.3%	7.9%	5.7	7.1	1.4	24.7%
MARCH	9	5.8%	-3.4%	32.2	35.9	3.8	11.7%
<b>Q1 SUMMARY</b>	<b>20</b>	<b>12.9%</b>	<b>-3.9%</b>	<b>47.9</b>	<b>55.2</b>	<b>7.4</b>	<b>15.4%</b>
APRIL	19	6.7%	13.2%	101.9	110.5	8.6	8.4%
MAY	20	11.2%	10.8%	72.9	73.2	0.3	0.4%
JUNE	15	2.0%	4.1%	40.4	49.3	8.9	22.0%
<b>Q2 SUMMARY</b>	<b>54</b>	<b>7.5%</b>	<b>11.4%</b>	<b>215.2</b>	<b>232.9</b>	<b>17.8</b>	<b>8.3%</b>
JULY	42	12.7%	14.1%	246.9	259.2	12.3	5.0%
AUGUST	6	18.5%	21.5%	20.9	21.2	0.3	1.7%
SEPTEMBER	8	38.8%	67.3%	18.9	24.0	5.1	27.2%
<b>Q3 SUMMARY</b>	<b>56</b>	<b>14.0%</b>	<b>16.0%</b>	<b>286.7</b>	<b>304.4</b>	<b>17.8</b>	<b>6.2%</b>
OCTOBER	15	4.9%	10.7%	109.5	117.3	7.8	7.1%
NOVEMBER	44	5.2%	11.4%	340.5	371.8	31.3	9.2%
DECEMBER	69	-1.0%	8.0%	901.0	899.4	-1.7	-0.2%
<b>Q4 SUMMARY</b>	<b>128</b>	<b>1.2%</b>	<b>8.9%</b>	<b>1,351.0</b>	<b>1,388.4</b>	<b>37.5</b>	<b>2.8%</b>
<b>2010 TOTAL</b>	<b>258</b>	<b>3.3%</b>	<b>9.8%</b>	<b>1,900.7</b>	<b>1,981.1</b>	<b>80.4</b>	<b>4.2%</b>

## 2011 AVIATION REINSURANCE MARKET OVERVIEW

During the early part of 2011 the Aviation Reinsurance market experienced an element of softening with overall capacity for excess of loss programmes at a level which is surplus to demand.

Recently aviation excess of loss pricing has, despite the continued excess capacity, been more closely aligned to relative changes in exposure.

The Dulles Jet Centre loss was the largest General Aviation loss to affect that market and therefore mainstream reinsurance programmes. This was anticipated to bring an upswing in U.S. General Aviation reinsurance pricing in 2011 however the extent to which pricing has moved has not been as significant as originally envisaged.

### Q1 2011 SUMMARY

#### RECENT RENEWALS

The first quarter of 2011 offered little insight into a change of market sentiment for the forthcoming year. There were few major renewals, none from the Willis 50, and many of these would have been negotiated in the final quarter of 2010. The quarter included just 13 renewals and represented less than 3% of the annual premium generating just in excess of US\$30 million of premium. The significant change in activity in the first quarter is not only the number of renewals but also their size. The majority of the renewals have fleet values below US\$500 million. The average premium increase for the quarter was just 9% but this equated to just US\$2.8 million.

There were programme moves into and out of the quarter through changes in renewal date and there

was also a continuation of the consolidation of insurance programmes. One airline ceased operations and two saw exposures reduce to the extent that they were removed from our criteria. These changes impacted the renewals in March most as the nine renewals in 2010 were reduced to just three.

April saw a much greater level of activity with some much larger programmes. There were three renewals within the Willis 50 with the headline news being the formation, under the IAG banner, of a combined programme for the British Airways, Iberia and associated airlines. This programme is now among the 10 largest programmes in the market. The consolidation of these programmes and the economies of scale achieved went some way to generating a premium reduction for April as a whole, despite the significant increase in exposures.

## 2011 NET % PREMIUM AND EXPOSURE MOVEMENTS

	NO. OF RENEWALS	AFV % CHANGE	PAX % CHANGE	2010 NET PREMIUM US\$ M	2011 NET PREMIUM US\$ M	US\$ M PREMIUM CHANGE	PREMIUM % CHANGE
JANUARY	7	-52.4%	-46.7%	20.5	22.3	1.8	8.8%
FEBRUARY	3	41.0%	8.9%	4.0	5.2	1.2	30.4%
MARCH	3	-1.4%	12.5%	6.8	6.5	-0.2	-3.6%
<b>Q1 SUMMARY</b>	<b>13</b>	<b>-34.9%</b>	<b>-31.6%</b>	<b>31.3</b>	<b>34.1</b>	<b>2.8</b>	<b>8.9%</b>
APRIL	15	12.2%	15.1%	119.3	115.8	-3.5	-2.9%
<b>2011 TOTAL</b>	<b>28</b>	<b>7.8%</b>	<b>11.0%</b>	<b>150.6</b>	<b>149.9</b>	<b>-0.7</b>	<b>-0.5%</b>

# 2011 WILLIS IATA AAPA ASIA PACIFIC AVIATION INSURANCE CONFERENCE - SINGAPORE

In March 2011, Willis held our annual Willis, IATA, AAPA, Asia Pacific Aviation Insurance Conference in Singapore and were delighted to have Singapore Airlines as our Airline Partner whose endorsement and involvement provided us with a fitting platform to this popular industry event. Once again we were supported by key sponsoring partners including Allianz, Asia Capital Re, Clyde & Co, BOC Aviation, Charles Taylor Aviation, Hiscox, Munich Re and Talbot.

The conference ran from March 2 – 4 and brought together the region's Airlines, Industry service providers, Global Insurers, specialist Lawyers and Adjusters to discuss, debate and shape the Insurance and Risk Management response to Industry challenges and developments. Through presentations, panel debate and networking sessions, topics including the global and

regional state of the industry, safety, risk management, legal issues and insurance market dynamics were addressed and provided delegates with invaluable industry insight.

This well-established conference has a proven track record in providing delegates with a stimulating agenda of presentations and panel discussions relevant to the aviation insurance community and its diverse customer base. Asia-Pacific carriers outlined their experience in what is expected to be a sustained recovery in passenger traffic and told the audience how they are positioning themselves strategically with strong cross-border partnerships.

Please note the dates of our 2012 conference are Tuesday March 6 to Friday March 9, 2012.

## MARKET DEVELOPMENTS

### WILLIS AEROSPACE ANNOUNCE FURTHER STRENGTHENING OF THEIR INTERNATIONAL OFFICE NETWORK WITH THE RELOCATION OF ONE OF THEIR SENIOR LONDON EXECUTIVES

In response to continued opportunities arising from the Asia Pacific region, our London Asia Team are pleased to advise that Charlie Motion will be re-locating to our Singapore office where he will join James Coventry and Patrick Richardson from January 1, 2012. This move very positively differentiates Willis from our competitors and underscores our deep commitment to the region and to our clients. James Coventry will continue his responsibilities both to our major clients in the region as well as to the orchestration of Aerospace's activities in what is a fast moving and complex market environment.

On the release of this latest news Philip Smaje, CEO of Willis Aerospace commented: "Willis have grown our Asian portfolio significantly in recent years and we continue to see value in the region and are determined to offer our current and prospective customers the service they expect of a global broker. We are fortunate to have such depth of experience available to us and Charlie's move underscores our deep commitment to the region and to our clients".

### LLOYD'S AVIATION BUSINESS WAS THE MOST IMPROVED CLASS IN 2010

Lloyd's aviation business have achieved a massive underwriting profit of GBP 115 million. This is the highest profit earned in many years for Lloyd's aviation and has dramatically increased by GBP 105 million since 2009.

### GLOBAL AEROSPACE RESTRUCTURES ITS U.S. UNDERWRITING ORGANISATION

This month Global Aerospace, Inc. announced the restructuring of its U.S. Underwriting Unit, promoting Mr. Jeffrey S. Bruno to the newly created position of Chief Underwriting Officer. In his new role, Mr. Bruno will have executive responsibility for all General Aviation, Airline, Product Liability and Workers' Compensation business underwritten by Global Aerospace in the United States. He will report to Jeff Cassidy, President of Global Aerospace, Inc., and Nick Brown, Group CEO and Group Chief Underwriting Officer of Global Aerospace, Ltd.

In addition, Mr. Kenneth Mount and Mrs. Marilena Sharpell have been appointed to the position of Executive Underwriting Officer, reporting directly to Mr. Bruno. Global also announced the retirement of Mr. Brian McBride, Executive Vice President of Major Risks.

Full details of the new organisation structure can be found on Global's web site, [www.global-aero.com](http://www.global-aero.com).

### MARKET MOVERS

Lee Turner, Paul Waring and Adam Sullivan have all resigned from Marsh to join JLT.

Tim Liddiard has resigned from his leadership position at Colemont Aviation.

William E. Lovett has joined Willis as Executive Vice President, Sales and Business Development for Global Specialties in North America. Reporting to Joe Trotti, Chief Executive Officer, Global Specialties, Lovett will be responsible for supporting the business units and driving sales, growth and network connectivity across all Willis' Aerospace, Marine, Energy,

Financial Solutions and Construction business in the U.S. The newly created position is based in Atlanta and is effective immediately. Lovett has 19 years of experience as an insurance executive and joins Willis from Allianz Global and Corporate Specialty.

Property and retail executive John Nelson has been named next chairman of Lloyd's of London insurance market. Lloyd's of London said Nelson would take up the position in October, when he will succeed current chairman Peter Levene.

**HFW hires eight aerospace and aviation partners from BLG, boosting its market-leading international commerce offering**

Leading international law firm Holman Fenwick Willan (HFW) announced the hire of eight partners, who currently make up the well respected global aerospace and aviation group at Barlow Lyde & Gilbert (BLG). The eight partners will work across five office locations – London, Hong Kong, Singapore, São Paulo and Dubai – and add significantly to HFW's international commerce offering, giving it a new, leading position in the market for aerospace and aviation law. Start dates are still to be negotiated with BLG's management.

The partners are: Sue Barham (London), Peter Coles (Hong Kong), Richard Gimblett (London and Dubai), Mert Hifzi (Singapore), Nicholas Hughes (London), Giles Kavanagh (London), Keith Richardson (Singapore) and Jeremy Shebson (London and São Paulo).

**Bruno Ritchie Joins Argo Group**

Argo Group International Holdings announced that Bruno Ritchie has joined the company as managing director of Argo Assurances, Argo Group's new Paris - based underwriting platform for large specialty risks that will initially focus on insurance solutions for space and aviation clients worldwide, for which he will have group-wide responsibility.

Ritchie will be charged with the creation of an underwriting platform based in Paris that will develop a portfolio of specialty risks for clients based in Continental Europe and throughout the world for certain specialty classes of business.

Ritchie brings more than 16 years of experience in the fields of aerospace underwriting, business development and large risk underwriting strategy. Most recently, he was the underwriting director of Hiscox's Global Risks European office in Paris.

**LOSSES OVERVIEW**

2011 has experienced a relatively benign start to the year in terms of losses with just four losses in excess of US\$10 million and only three losses that have resulted in fatalities. The hull loss total is US\$97 million and the liability total is US\$40 million giving an overall loss total of US\$324 million including our attritional estimate.

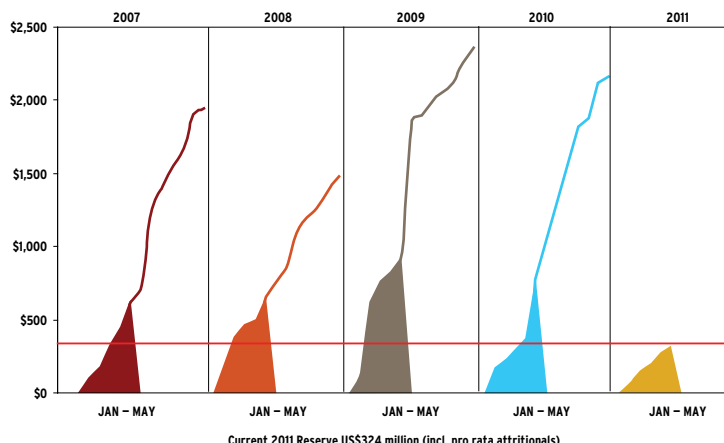
This represents the best start to the year in the last five years and looks increasingly positive for the industry and market following a comparatively poor 2010. Last year had a loss total in excess of US\$2 billion without a major catastrophe loss occurring. The largest loss of the year was the loss of a large volume of Saudi Arabian Airlines spares in a hangar fire back in July.

The similarity of the 2010 loss total to the 2009 figure masks a significant change in the underlying make up of the losses. In 2009 the loss total, excluding attritionals, was made of 41% hull and 59% liabilities, while 2010 witnessed the reverse with 74% hull and 26% liabilities.

The significant change in the hull and liability component from one year to the next highlights the unpredictable and catastrophe nature of the aviation market. A continuation of the continued good experience will be welcomed by underwriters in the short term but, when combined with capacity levels, will undoubtedly bring pricing pressure in the medium term.

The tragic events in Japan in March have had little impact on the aviation market loss total and are unlikely to have a significant impact on the market in terms of capacity withdrawal. The influx of capacity following other natural catastrophes, as people looked to diversify their overall portfolios, will likely keep capital in the aviation market. The impact on the reinsurance market will be the real driver and this will likely not be felt until 2012.

**CUMULATIVE MONTHLY INCURRED RESERVE DEVELOPMENT (US\$M)**



## LOSSES LIST

Significant losses that have occurred since April 1 are outlined below.

On May 10, a City Jet Fokker 50 aircraft, registration OO-VLE, was undergoing routine technical checks prior to departure at Rotterdam-Intl Airport when both main gear dug in until the underbelly struck the ground. Substantial overstress damage occurred to the forward upper fuselage and the nose section of the aircraft where wrinkles appeared on multiple skin panels. At the time, there was only one technician on board and there were no reports of any injured persons. The aircraft is reported to be a total loss. The hull reserve for this loss is \$1.5 million.

On May 7, a Merpati Nusantara MA-60 aircraft, registration PK-MZK, was on final approach to Kaimana Airport in bad weather conditions when the aircraft descended below the approach path and impacted water about 500 meters off shore. The aircraft broke apart on impact. All 27 people onboard perished. Kaimana Airport is situated close to mountainous terrain in the northwest requiring pilots to perform a circling arrival procedure overhead the airfield until rolling out on final approach to land. The MA-60 aircraft was newly delivered to Merpati in November 2010 after a longer storage period at the production plant in Xian, China. The hull reserve for this loss is \$11.2 million.

On May 6, a United Airlines Boeing 737-800 aircraft, registration N12221, was taxiing for departure at Greenville Airport when suddenly the apron failed and the left main gear dropped into a deep hole where it collapsed rearwards causing the left wingtip to strike the ground. There was no harm to both pilots but damage was considerably high. The incident was caused by an undetected sinkhole underneath the apron. At the time, the 737 was due to be ferried back to service after it received a new paint scheme (United Airlines) at Greenville. The hull reserve for this loss is yet to be set.

On April 28, a ERJ-145 aircraft operated by Dniproavia, registration UR-DNK, had landed safely at Sheremetyevo Airport and was taxiing when the aircraft began to veer to the side until it rolled over soft ground. Both main gears collapsed or dug in before the aircraft came to a standstill. There were no reports of any injured persons. The hull reserve for this loss is \$9.25 million.

On April 26, a Southwest Airlines B737 aircraft, registration N799SW, overran the end of the runway at Midway Airport, Chicago in wet and windy weather conditions. To avoid obstacle collision, the pilots turned off to the left end of the runway coming to rest with the undercarriage on the grass. According to local press reports the pilots earlier delayed their landing until a weather front passed the airport. The hull reserve for this loss is yet to be set.

On April 20, a Shanghai Airlines CRJ-200 aircraft, registration B-3018, was substantially damaged when its nose gear touched down first on the runway at Xiangfan-Liuji Airport, Hubei, China. The pilots remained control of the aircraft and came to a safe stop within runway length. There were no reports of any injured persons. The aircraft received heavy damage to the underbelly. The hull reserve for this loss is \$5 million.


On April 17, a B777 aircraft operated by Air Canada, registration C-FIVM, received major damage during pushback from the gate when the towbar broke and struck the underside of the aircraft at Paris-Charles de Gaulle Intl Airport. The hull reserve for this loss is yet to be set.

On April 14, a B777 aircraft operated by China Cargo Airlines, registration B-2078, made a hard landing at Kastrup Airport in Copenhagen. The aircraft reportedly made a hard, bounced landing and the pilot elected to carry out a go-around. However, during the take-off, it suffered a heavy tail strike. The aircraft climbed away before returning and landing safely. The hull reserve for this loss is \$10 million.

On April 13, an Air France A330, registration F-GZCB, aircraft touched down very hard on runway 10 of Caracas-Maiquetia Intl Airport, Venezuela in strong winds and intense rainfall, resulting in structural overstress of the airframe. A number of skin panels in the center fuselage section deformed and both main gear sustained damage. However, the aircraft completed the landing uneventfully and taxied to its apron parking stand. There were no reported passenger injuries. The hull reserve for this loss is \$6.5 million.

On April 11, an Air France A380, registration F-HPJD, was taxiing from the terminal to the take-off runway at JFK International Airport in New York when its left outer wing collided with the left stabilizer of a Comair Canadair Regional Jet (registration N641CA) resulting in considerable damage to both aircraft. The smaller jet was hit violently and spun about 70 degrees to the left. A part of the leading A380's edge became embedded in the tail of the Canadair. The collision took place in front of terminal 1. There were no reports about any injuries. The hull reserve is \$1.3 million for Air France and \$7 million for Comair.

On April 4, a CRJ-100 aircraft operated by Airzena Georgian Airways, registration 4L-GAE, crashed whilst landing in torrential rainfall at Kinshasa-N'djili International Airport in the Democratic Republic of Congo. The aircraft apparently hit the runway hard and pilots lost control. The aircraft was being operated on behalf of the United Nations peacekeeping mission MANUSCO. Only one of the thirty two people on board survived. The hull reserve for this loss is \$9.5 million.



On April 1, a Southwest Airlines B737-800, registration N632SW, made a safe emergency landing at a military airfield after the flight encountered a sudden decompression whilst in the climb at about 34,500 feet. The aircraft was about 20 minutes into the flight, when a panel of the cabin ceiling suddenly gave way and was sucked in the atmosphere with a loud bang creating a large hole about two metres long. The pilots initiated a steep descend and flew to the nearest airport. One passenger and one member of the cabin crew received minor injuries. The hull reserve for this loss is yet to be set.

## INDUSTRY NEWS

### ROBUST INDUSTRY RECOVERY IN 2010 AND CONTINUED GROWTH ANTICIPATED

ICAO recently stated airlines of its 190 member states handled 2.5 billion passengers in 2010, a 6.3% year-on-year increase from the depressed levels of 2009. ICAO forecasts traffic worldwide will grow at 4.7% and 4.9% for 2011 and 2012, respectively, based on global economic growth of more than 4% for the next three years.

### BIG TWO SHOW SIGNS OF UPTURN

Net order totals for Boeing (530) and Airbus (574) for 2010 are heading back towards the boom times of the last decade, but at 1,104 units are still well short of 2007's peak when the manufacturers combined net sales exceeded 2,700 aircraft.

Airbus out-produced its rival delivering 510 aircraft against the 462 from Boeing. This breaks its previous all-time output record of 498, set the year before. The combined delivery tally, at 972 aircraft, is down slightly on 2009, but is likely to exceed 1,000 aircraft for the first time in 2011.

### INDUSTRY EXPECTS 800 MILLION MORE TRAVELERS BY 2014

The industry consensus forecast released by the International Air Transport Association (IATA) indicates that by 2014 there will be 3.3 billion air travelers, up by 800 million from the 2.5 billion in 2009. By 2014 international aviation will handle 38 million tonnes of air cargo, up 12.5 million tonnes from the 26 million tonnes carried in 2009.

The forecast highlighted China will be the biggest contributor of new travelers. Of the 800 million new travelers expected in 2014, 360 million (45%) will travel on Asia Pacific routes and of those 214 million will be associated with China (181 million domestic and 33 million international). The United States will remain the largest single country market for domestic passengers (671 million) and international passengers (215 million).

On April 1, an Atlantic Southwest CRJ-200 aircraft, registration N845AS, hit a large bird approaching Little Rock International Airport. The bird impacted the nose of the aircraft seriously damaging radar and electronic equipment. The left engine also ingested bird remains and received damage to its cowling. The pilots elected to hold their altitude to assess the situation and later made a safe landing. The aircraft was being operated by Delta Connection. The hull reserve for this loss is to be advised.

“Despite some regional differences, the forecast indicates that the world will continue to become more mobile. This creates enormous opportunities but also presents some challenges. In five years we need to be able to handle 800 million more passengers and 12.5 million more tonnes of international cargo. To realise the economic growth potential that this will bring, we will need even more efficient air traffic management, airport facilities and security programs. Industry and governments will be challenged to work together even more closely,” said Giovanni Bisignani, IATA's Director General and CEO.

“The shadow of the global economic recession is expected to remain over parts of the industry for some time to come. Sluggish growth rates in Europe and North America are not only the result of being mature markets. Lingering consumer debts, high unemployment and austerity measures will dampen growth rates,” said Bisignani.

### AIRCRAFT ACCIDENT RATE IS LOWEST IN HISTORY

The International Air Transport Association (IATA) announced the aviation safety performance for 2010 showing that the year's accident rate for Western-built jet aircraft as the lowest in aviation history.

The 2010 global accident rate (measured in hull losses per million flights of Western-built jet aircraft) was 0.61. That is equal to one accident for every 1.6 million flights. This is a significant improvement of the 0.71 rate recorded in 2009 (one accident for 1.4 million flights). The 2010 rate was the lowest in aviation history, just below the 2006 rate of 0.65. Compared to 10 years ago, the accident rate has been cut 42% from the rate recorded in 2001. A hull loss is an accident in which the aircraft is destroyed or substantially damaged and is not subsequently repaired.

“Safety is the number one priority. Achieving the lowest accident rate in the history of aviation shows that this commitment is bearing results. Flying is safe. But every fatality is a human tragedy that reminds us of the ultimate goal of zero accidents and zero fatalities. We must remain focused and determined to move closer to this goal year by year,” said Giovanni Bisignani, IATA's Director General and CEO.

IATA member airlines outperformed the industry average with a Western-built jet hull loss rate of 0.25. That rate is equal to one accident for every 4 million flights. The IATA Operational Safety Audit (IOSA) became a condition of IATA membership from April 1, 2009. All 234 IATA member airlines are now on the IOSA registry. The IOSA registry is open to all airlines and it currently consists of over 350 airlines.

“The numbers tell the story. In the first full year after the IOSA became a condition of IATA membership, the accident rate for IATA carriers has never been so low. The data confirms that IOSA is helping to drive safety improvements around the world. It is an important part of a comprehensive safety strategy involving governments and industry working together to further reduce the number of accidents and fatalities,” said Bisignani.

### PRELIMINARY NTSB STATISTICS SHOW IMPROVEMENT US CIVIL AVIATION SAFETY

The US National Transportation Safety Board (NTSB) has concluded safety in the country’s civil aviation sector improved across most segments in 2010.

## FORTHCOMING RENEWALS

The outlook for 2011 looks very much like a continuation of the current market trend with premium changes operating in single digits either side of zero. There has been no withdrawal of capacity and therefore it is likely that, for the foreseeable future, market conditions will remain similar to those experienced in the past six months. Capacity continues to be by far the leading driver of the market with the impact of claims being diluted due to the number of underwriting units in the market. This means that each entity has a very different loss experience, results and strategy.

The varying levels and locations of industry recovery and subsequent exposure growth should outweigh continued consolidation and insolvency and provide single digit premium growth. Significant levels of consolidation can still not be ruled out in certain territories. External

NTSB states based on preliminary data, 26 accidents were recorded for Part 121 carriers while Part 135 operators were involved in six accidents. All those accidents were non-fatal.

On demand operators, which comprise charter, air taxi, air tour and air medical operations, recorded a decrease in accidents from 47 in 2009 to 31 in 2010 despite a rise in flight hours from 2.90 million to 2.96 million. But fatal accidents for the group increased from two to six year-over-year.

NTSB states a decline in general aviation accidents is continuing. However, ‘this sector still accounts for the greatest number of civil aviation accidents and fatal accidents’.

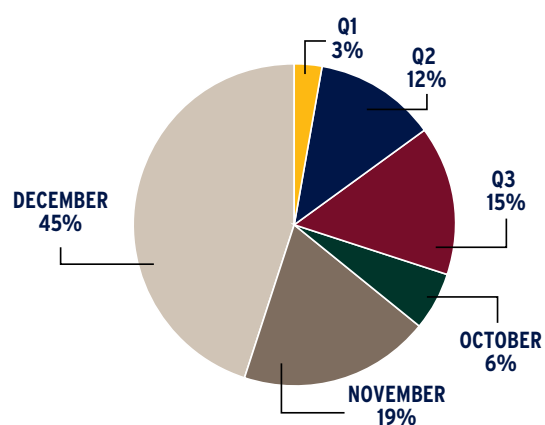
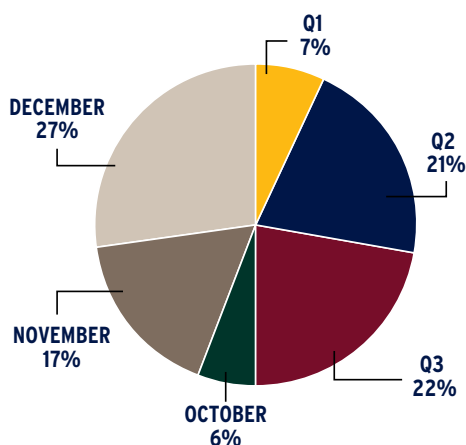
The board’s preliminary calculations show 1,435 general aviation accidents in 2010, 267 of which were fatal, resulting in 450 fatalities.

influences on the market, primarily the global economic recovery, will drive any significant and longer-term change in market capacity levels and sentiment.

June provides market observers with renewals of note including Eva Air, Aegean and Olympic Air but is unlikely to offer any stand out market news or trend development for buyers who renew later in the year.

Should the comparatively good loss experience continue then there will undoubtedly be further pressure on premium volumes and the appetite of underwriters to quote for their own share of a risk will increase. Competition continues and with no major passenger catastrophe loss for approaching two years this can only be good news for buyers.

### RENEWAL DISTRIBUTION % SHARE AND PREMIUM DISTRIBUTION % SHARE



## MAY RENEWALS

AIRLINE	RENEWAL DATE	EXPIRING AFV (US\$)
EASYJET	1-MAY-11	\$5,374,620,033
TRANSAERO AIRLINES	1-MAY-11	\$1,630,602,930
AIR TRANSAT	1-MAY-11	\$607,985,149
ROYAL BRUNEI AIRLINES	1-MAY-11	\$536,672,603
TAROM	1-MAY-11	\$522,482,813
PORTER AIRLINES	1-MAY-11	\$400,000,000
NEOS	1-MAY-11	\$307,700,685
SAGA AIRLINES	9-MAY-11	\$247,100,000
YAKUTIA AIR	10-MAY-11	\$118,530,137
BH AIR	10-MAY-11	\$108,000,000
VIRGIN ATLANTIC	14-MAY-11	\$4,716,330,331
VIRGIN BLUE	14-MAY-11	\$4,038,453,307
VIRGIN AMERICA	14-MAY-11	\$1,518,914,466
AIR ASIA	15-MAY-11	\$4,323,941,873
RYAN INTERNATIONAL	15-MAY-11	\$291,300,000
AIRBLUE	18-MAY-11	\$189,295,254

## JUNE RENEWALS

AIRLINE	RENEWAL DATE	EXPIRING AFV (US\$)
EVA AIR	1-JUN-11	\$4,054,878,875
JORDAN AVIATION	1-JUN-11	\$194,806,849
MOSKOVIA AIRLINES	1-JUN-11	\$168,597,261
WIND JET	4-JUN-11	\$338,850,000
STC RUSSIA	6-JUN-11	\$759,419,651
BULGARIA AIR	6-JUN-11	\$336,084,635
VIM - AVIA AIRLINE	10-JUN-11	\$209,024,000
BELLE AIR	10-JUN-11	\$142,710,959
TAIMYR AIRLINES	11-JUN-11	\$126,000,000
UZBEKISTAN AIRWAYS	15-JUN-11	\$663,707,318
FREE BIRD AIRLINES	15-JUN-11	\$221,058,000
SILK WAY AIRLINES	15-JUN-11	\$136,000,000
EUROATLANTIC AIRWAYS	17-JUN-11	\$310,550,000
STRATEGIC AVIATION	18-JUN-11	\$187,500,000
NILE AIR	19-JUN-11	\$116,390,411
ARMAVIA	21-JUN-11	\$215,071,784
AEGEAN AIRLINES S.A.	25-JUN-11	\$1,099,296,553
OLYMPIC AIRWAYS	25-JUN-11	\$849,507,640
SONAIR	28-JUN-11	\$189,000,000
AVIENT	29-JUN-11	\$108,630,137
CANJET	30-JUN-11	\$324,000,000

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