

AVIATION INSURANCE CLAUSES GROUP

4 May 2021

Chair: Graham Spencer-Brown
Secretariat: International Underwriting Association
8th Floor, 1 Minster Court, Mincing Lane
London, EC3R 7AA
Tel: 020 7617 5447

To: Bill Smith, Chair, LIIBA Aviation Executive Committee
Daniel Warburg, Chair, LMA Aviation Committee
Jette Varnals, Chair, IUA Aviation Technical Committee

[LETTER SENT BY EMAIL AND PUBLISHED ON THE AICG WEBSITE]

Dear Chairs,

AICG CONSULTATION DRAFT 59 ('CD59')

Business Continuity Event Insurance Period Extension Clause

In late January 2021, AICG received a request from a market participant to consider publishing a model AVN provision to allow for an automatic extension of coverage where a business continuity event leads to the inability to renew an insurance policy. It was acknowledged that there were several clauses in operation in the market with a similar effect and, as such, it was agreed by AICG that the development of a model AVN clause may be of benefit.

The AICG formed a Working Group to consider the request in more detail. The initial request was focused on events such as a Public Health Emergency of International Concern (PHEIC), nuclear, biological, chemical or radiological (NBCR) or cyber attack. However, based on Working Group and wider AICG discussion, this has been broadened to capture not only these events but other unforeseen events. Consequently, within the draft, an 'Event' is defined as 'a business continuity event happening on or within 60 days preceding expiry of the Period of Insurance affecting the Insured or their insurance broker/advisor or the Insurer(s) (herein being 'the parties') which results in the Insured or their insurance broker/advisor being unable to accomplish the process of renewing this Insurance'. However, an 'Event' is not considered to include 'the inability to agree commercial terms and/or the happening of any claims under this Insurance'.

The draft clause is attached to this letter and will also shortly be added to the AICG website, accessible via this hyperlink: [AICG Activity](#).

We welcome comments focused on the drafting utilised within the clause and their effect. As AICG consultation drafts are normally subject to 30-day consultations, could you provide any comments on the clauses to the AICG Secretariat via the contact details above, addressed to either myself or the AICG Chair, or alternatively to christopher.jones@iua.co.uk by close of business on Wednesday 3 June 2021.

Yours sincerely,



Christopher Jones on behalf of Graham Spencer-Brown
(Secretary, AICG)

c.c. Neil Roberts

LMA

Geraldine Wright

LIIBA

BUSINESS CONTINUITY EVENT INSURANCE PERIOD EXTENSION CLAUSE

This Insurance shall be automatically extended on expiry of the Period of Insurance for the Extension Period upon the happening of an Event, unless notice is provided to the Insurer(s) that the extension is not required.

“Extension Period” means 30 days from the expiry of the Period of Insurance.

“Event” means a business continuity event happening on or within 60 days preceding expiry of the Period of Insurance affecting the Insured or their insurance broker/advisor or the Insurer(s) (herein being ‘the parties’) which results in the Insured or their insurance broker/advisor being unable to accomplish the process of renewing this Insurance. The inability to agree commercial terms and/or the happening of any claims under this Insurance shall not constitute an Event.

Conditions

- A. The parties shall make reasonable efforts to proceed with the renewal of this Insurance and, where applicable, the Insured shall make reasonable efforts to advise the Insurer(s) that the Extension Period is effective.
- B. Any aggregate limits of liability as stated in this Insurance apply for the Period of Insurance and for the Extension Period separately.

Subject to any total aggregate limit for the entire Period of Insurance not to exceed the annual aggregate limit as stated in this Insurance, plus pro rata of such aggregate limit for the Extension Period.

- C. The premium for the Extension Period shall be pro rata of the expiring annual premium and shall be due and payable to the Insurer(s) no later than the last day of this Extension Period unless an alternative payment term is agreed by Insurer(s).
- D. Subsequent to an Event, any and all notices which are required under this Insurance to be given by the Insured prior to the expiry of the Period of Insurance shall also be required during the Extension Period but may be deferred until the first day after the end of the Extension Period if it is not reasonably practicable for the Insured to comply with the notice conditions as stated in this Insurance.

All other terms and conditions of this Insurance remain unchanged.

AVN....

DATE

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