

AVIATION INSURANCE CLAUSES GROUP

22 May 2023

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
Jette Varnals, Chair, IUA Aviation Technical Committee
Daniel Warburg, Chair, LMA Aviation Committee

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

Dear Chairs,

AICG CONSULTATION DRAFT 66 ('CD66') REINSURANCE UNDERWRITING AND CLAIMS CONTROL

In early 2023, AICG received a request from a market participant to produce an underwriting and claims control clause that, in addition to reinsurance contracts, could also be used for retrocessionaire contracts. The request reflected that a number of amendments to the existing AVN41A clause had been seen in the market to expressly effect this change and thus suggested that a model AVN clause may be of value.

The AICG considered the request and agreed that it would be appropriate to draft a provision for market consultation. It was decided to use the existing AVN41A, which we understand has largely been applied without issue by market participants, as the basis for this clause.

A clause was subsequently drafted and considered by the full AICG membership and the AICG Chair has agreed that it should proceed to market consultation. The draft clause is attached to this letter for convenience and will shortly be added to the AICG website, accessible via [AICG Activity](#).

We would welcome comments on the proposed wording. As AICG consultation drafts are subject to 30-day consultations, could you provide any comments on the clause to the AICG Secretariat via the contact details above, addressed to either myself or the AICG Chair, or preferably to christopher.jones@iua.co.uk by close of business on Wednesday 21 June 2023.

Yours sincerely,



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

c.c. Dele Fajimolu (LMA)
Thomas Hughes (IUA)
Neil Roberts (LMA)
Geraldine Wright (LIIBA)

REINSURANCE UNDERWRITING AND CLAIMS CONTROL CLAUSE

1. This Policy is a Reinsurance of {Response}, and it is warranted to be at the same gross rate, terms and conditions as those applying to the Reinsured(s) as agreed at inception.
2. It is further warranted that the Reinsured(s) will retain during the currency of this Policy the amount as agreed by the Reinsurers at inception.
3. Subject to the foregoing, it is a condition precedent to any liability under this Reinsurance that:
 - (a) no amendment to the terms or conditions of, or additions to or deletions from the original policy shall be binding upon the Reinsurers unless prior agreement has been obtained from the said Reinsurers;
 - (b) the Reinsured(s) shall upon knowledge of any loss or losses which may give rise to a claim under this Reinsurance, advise the Reinsurers within 72 hours;
 - (c) the Reinsured(s) shall furnish the Reinsurers with all information available respecting such loss or losses, and the Reinsurers shall have the sole right to appoint adjusters, assessors, surveyors and/or lawyers and to control all negotiations, adjustments and settlements in connection with such loss or losses.
4. The following shall apply in respect of this clause when it attaches to a Retrocession:
 - (a) Reinsurance shall read Retrocession.
 - (b) Reinsured(s) shall read Retrocedent(s).
 - (c) Reinsurers shall read Retrocessionaires.
 - (d) The following warranty is added to paragraph 1. above:

It is warranted that:

 - (i) terms and conditions of the Original Policy only apply insofar as coverage is provided under this Retrocession; and
 - (ii) the Retrocedent(s) benefit from AVN41A or other full claims control clause.

AVN* (including Retrocession) DATE**

CD66 Clause - DRAFT

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