

AVIATION INSURANCE CLAUSES GROUP

20 May 2022

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 64 ('CD64') AVS104 – General Policy Exclusions

Earlier this year, AICG received a request from a market participant to consider drafting a model clause to essentially update AVS104B. The rationale behind the request was to update the existing clause to better reflect current market usage of the provision, where we understand the existing clause is almost always amended on a per risk basis, and often in similar ways.

An AICG Working Group was convened to consider the request further and agreed that a new clause would be beneficial. The Working Group drafted a clause and presented this to the full AICG membership for review. A further analysis was undertaken and the AICG Chair has now agreed that it proceed to market consultation. The draft clause is attached to this letter for convenience and will also shortly be added to the AICG website, accessible via this hyperlink: [AICG Activity](#).

We would welcome comments on the proposed clause. AICG consultation drafts are normally subject to 30-day consultations. As such, please 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 preferably to christopher.jones@iua.co.uk by close of business on **Monday 20 June 2022**.

Yours sincerely,



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

c.c. Josh Hutson Flynn (LMA)
Tom Hughes (IUA)
Geraldine Wright (LIIBA)

GENERAL POLICY EXCLUSIONS

The Policy shall exclude the following:

1. Liability assumed by the Insured under any contract or agreement except where such liability would have attached to the Insured even in the absence of such contract or agreement.
2. Liability caused by the use of any:
 - i. vehicle in such a manner as to require insurance or security under any domestic or international law governing road traffic or, in the absence of any applicable law, to liability arising from the use of any vehicle on the public highway. However, this exclusion shall not apply in respect of any such liability arising from Occurrences within the confines of an airport or airfield
 - (a) if there is no such applicable law
 - (b) to the liability of the Insured to pay any amount which is in excess of
 - I. any prescribed limit that is required to be insured where insurance may be effected to comply with the law whether the Insured effects insurance in respect of such liability or not
 - II. the limit of liability of the insurance effected by the Insured in respect of such liability
 - ii. ships, vessels or watercraft except Property Damage to cargo or mail under a contract of carriage entered into by the Insured.
3. Liability arising out of the ownership or operation by or on behalf of the Insured of:
 - i. hotels, leisure resorts, social clubs and sport complexes.
 - ii. tour operators or travel agents except liability arising out of a contract of carriage by air.
 - iii. shops or restaurants except legal liability arising from shops or restaurants at airport premises or at off-airport check-in facilities. For the purposes of this exclusion ticket offices shall not be considered as shops.
4. Any liability arising under any workers compensation act, employers' liability, unemployment compensation or disability benefits liability or any similar legislation or Bodily Injury to any employee of the Insured arising out of and in the course of their employment by the Insured.
5. Illegal or criminal activities or dishonest acts alleged or otherwise committed by or at the direction of or with the knowledge and consent of the management, directors or officers of the Insured.
6. Loss arising out of improper or inadequate performance, design or specification except Bodily Injury or Property Damage resulting from such improper or inadequate performance, design or specification.
7. Liability arising out of:
 - i. the hiring, employment or dismissal procedures of the Insured.
 - ii. any fiduciary responsibility.

- iii. any advertising activities conducted by or on behalf of the Insured except Bodily Injury or Property Damage arising from such activities. For the purposes of this exclusion "Bodily Injury" shall mean only physical corporeal injury and unless arising directly from such injury shall not include mental or psychological injury.
 - iv. any promotional activities or sponsorship activities except those conducted on airport premises or directly related to the operation of aircraft.
 - v. the construction or demolition of, or alterations to, buildings, runways or installations by or on behalf of the Insured except routine maintenance operations.
8. Property Damage to any:
- i. property owned, rented, leased or occupied by or loaned to the Insured and to property in the care, custody or control of the Insured for the Insured's own use.
 - ii. aircraft in Flight whilst in the care, custody or control of the Insured or whilst being serviced, handled or maintained by the Insured.
9. The cost of:
- i. repairing or replacing any defective goods or products manufactured, constructed, altered, repaired, serviced, treated, sold, supplied or distributed by the Insured or any defective part or parts thereof.
 - ii. correcting any faulty workmanship except Bodily Injury or Property Damage arising out of such faulty workmanship.
10. Claims excluded by the following clauses:
- (a) War, Hi-Jacking and Other Perils Exclusion Clause AVN48B.
 - (b) Noise and Pollution and Other Perils Exclusion Clause AVN46B. However, paragraph 1(b) of this Clause AVN 46B shall not apply to pollution or contamination of goods or products sold or supplied by the Insured.
 - (c) Nuclear Risks Exclusion Clause AVN38B.
 - (d) Date Recognition Exclusion Clause AVN2000A.
 - (e) Asbestos Exclusion Clause 2488AGM00003.
 - (f) Contracts (Rights of Third Parties) Act 1999 Exclusion Clause AVN72.
 - (g) Data Event Clause AVN124 or Electronic Data Event Exclusion LIIBA Aviation AV001 12.09.2019.
 - (h) Sanctions and Embargo Clause AVN111 or Sanction Limitation and Exclusion Clause LMA3100.

Any deviation from this list of Exclusions must be agreed by all Insurers.