

# AVIATION INSURANCE CLAUSES GROUP

3 November 2022

Chair: Graham Spencer-Brown  
  
Secretariat: International Underwriting Association  
8<sup>th</sup> 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,

## PUBLICATION OF AVN108A – CORPORATE DEFENCE COSTS EXTENSION

AICG recently considered and agreed administrative drafting amendments to AVN108. The first of these reflects that the reference to 'Queen's Counsel' is now procedurally incorrect, the correct reference being 'King's Counsel'. There has also been an amendment to the clause to rectify a typographical error.

As these changes are non-material and do not in any way impact the meaning or application of the clause, it was not felt that a formal market consultation process was required. Consequently, the AICG Chair has agreed to publish the amended clause, AVN108A, forthwith. The finalised clause is included directly below this letter for information and will also be attached separately to the e-mail publishing this letter. It will also shortly be uploaded to the [AICG website](#).

Yours sincerely,



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

c.c. Neil Roberts (LMA)  
Geraldine Wright (LIIBA)  
Tom Hughes (IUA)

## CORPORATE DEFENCE COSTS EXTENSION

The coverage provided by this Extension shall only be effective and operative provided and for so long as Insurers continue to have a direct or indirect financial interest in the outcome of the relevant proceedings or inquiry (in respect of which coverage is provided under this Extension) under some other section of this Insurance.

Any payments hereunder shall only be made provided they are permissible under all applicable laws and regulations.

Following an Occurrence for which coverage is provided by this Insurance, and notwithstanding any exclusion in respect of illegal or criminal activities or dishonest acts under this Insurance, Insurers agree to pay all reasonable defence costs and expenses (other than the salaries of the Insured's employees and the Insured's other normal operating expenses) incurred by the Insured, with Insurers consent, for representation at any court, including any criminal court, or similar proceedings brought against the Insured for an actual or alleged breach of:

- (a) UK Corporate Manslaughter Act and Corporate Homicide Act 2007 or
- (b) UK Health and Safety at Work Act or the Health and Safety at Work (Northern Ireland) Order 1978 or
- (c) criminal legislation in any other country similar to (a) or (b) as set out in the schedule attached hereto and agreed by Insurers.

Insurers shall also pay the reasonable costs and expenses (other than the salaries of the Insured's employees and the Insured's other normal operating expenses) incurred by the Insured, with Insurers' consent, in appealing against any conviction or the imposition of a remedial or publicity order (in connection with the above) provided that in the opinion of a King's Counsel or equivalent legal authority (to be mutually agreed upon by the Insured and Insurers) such an appeal could be made by the Insured with the reasonable probability of success.

All such costs and expenses provided for by this Extension will be payable in excess of any other insurance available to the Insured. Where any such insurance is also subject to non contribution then the amount of such costs and expenses over all insurances shall not exceed the single highest limit available under any of the insurances. In this event the liability of the Insurers under this Insurance shall be limited to that proportion of such costs and expenses which the limit of Insurers' liability bears to the overall combined limit for such costs and expenses under all insurances.

The coverage provided by this Extension does not apply to:

- (a) Excess Non Aviation Liability cover provided by this Insurance or
- (b) fines, remedial costs, publicity costs or penalties in connection with the foregoing or
- (c) defence costs and expenses incurred by natural persons in their capacity as individuals, directors, partners, officers, servants, employees, and shareholders.

Insurers' liability for all costs and expenses provided for above shall be in addition to the Limit of Liability of this Insurance but subject to an aggregate limit of {Response} in respect of all matters arising out of one or more Occurrences during the Period of Insurance and whether involving one or more Insureds.

SCHEDULE

{Response}

**AVN 108A      03.11.22**