

## Minimum passenger liability coverage

### Questions

- Should the minimum level of liability insurance be raised? If so, would an amount that reflects the change in the level of inflation (i.e. \$680,000 CAD per passenger seat) be appropriate?

As Brokers we are not in a position to recommend a specific amount as a minimum. However, would comment as follows:

- a. Most if not all carriers carry (considerably) more than the current minimum.
  - b. To increase the minimum to reflect the level of inflation (\$680,000 per passenger seat) is too high.
  - c. The amount shown for Australia is a maximum amount (wrongful death) rather than a minimum.
  - d. The current minimum is on the low side and should probably be increased to align / come closer to EU levels.
- Should the minimum level of liability insurance be updated regularly to keep pace with inflation? If so, would updates every five years (rounding to the nearest \$5,000), represent an appropriate approach?
    - e. Yes we agree that a regular review / update is a reasonable approach.
  - Would any of the above-referenced changes have a material impact on insurance premiums and the financial viability of licenced air carriers?
    - f. Whilst difficult to specifically quantify, our thought is that there would be some potential impact (to small operators) but this would be minimal.

## Alignment with the Montreal Convention

### Question

- Should the ATR be amended to clearly state that the operation of an air service include embarkation and disembarkation within the meaning of the Montreal Convention?
  - g. Whilst we believe that this is understood to be the case, to provide more clarity the ATR should be amended.

## Per seat vs. per passenger basis for insurance coverage

### Question

- What would be the impact of amending the calculation of minimum insurance for passenger liability on a per passenger basis instead of per passenger seat?
  - h. Basis MUST be on the total number of passenger seats and NOT number of passengers. This is how aircraft are insured. Passenger numbers fluctuate per aircraft and per flight so this would not be a practical or workable approach.

## Minimum public liability coverage

### Questions

- Should the minimum level of liability insurance be raised? If so, would an amount that reflects the change in the level of inflation from 1983 be appropriate?
  - i. As with Passenger Liability, the current limits are quite low, however to raise them in line with inflation would be too high. We consider that current EU levels are too high and would be too large an increase (in one change).
- Should the minimum level of liability insurance be updated regularly to keep pace with inflation? If so, would updates every five years (rounding to the nearest \$5,000), represent an appropriate approach?
  - j. Yes we agreed that a regular review / update is a reasonable approach.
- Will any such changes have a material impact on insurance premiums and the financial viability of licenced air carriers?
  - k. Whilst difficult to specifically quantify, our thought is that there would be some potential impact (to small operators) but this would be minimal.

## Persons not on board

### Questions

- Should the ATR be amended to require that the minimum public liability insurance coverage include the same per person coverage for persons not on board the aircraft as the minimum passenger liability coverage per passenger?
  - l. No this does not make sense and cannot practically be applied as the number of persons that may be affected/covered by public liability is unknown.
- Will any such changes have a material impact on insurance premiums and the financial viability of licenced air carriers?
  - m. N/A

## Exclusions

## Air carrier employees

### Question

- Should employees not on board the aircraft who are not acting in the course of their employment be included in, or remain excluded from, an air carrier's public liability insurance requirements?
  - n. Employees NOT acting in the course of their employment ARE (currently) covered.

## **Chemical drift**

The ATR currently allow an air carrier's liability insurance to exclude chemical drift. Chemical drift can result from aerial spreading or spraying of pesticides from an aircraft. Aerial spraying and spreading are excluded air services to which the insurance requirements set out in the ATR do not apply. As such, the need to retain this allowed exclusion is questioned.

### **Questions**

- Should the chemical drift exclusion clause be removed from the ATR?
- Would its removal impact the ability of air carriers to secure insurance coverage or affect insurance premiums?
  - o. Air carriers do not carry Chemical Drift coverage. Aerial spraying operators should have separate and specific regulations.

## **Public Liability vs Third Party Liability**

Certain sections of the ATR refer to "third party liability insurance coverage," which is not a defined term, whereas other sections refer to "public liability," which is a defined term with the same meaning as third party liability.

When referring to the same concept and for the sake of clarity and consistency, it may be appropriate to adopt one term throughout the ATR. Other jurisdictions refer to third party liability.

### **Question**

- Should the term "public liability" be replaced with "third party liability" throughout the ATR to increase clarity and to better align with other international regimes?
  - p. Yes, public liability should be replaced with third party liability.

## **Insurance provisions related to aircraft with flight crew arrangements**

### **Questions**

- Should the indemnity provision be removed from the ATR?
  - q. This is a separate agreement between the operators, is a business decision and does not relate to the insurance.
- Should the ATR be amended to require that the additional insurance afforded to the contracting air carrier be primary and without right of contribution from any other insurance policy held by the contracting air carrier?
  - r. Yes, this is a standard contract requirement.

### **Other**

The Agency is examining whether to combine its [certificate of insurance](#) and [certificate of endorsement](#) forms. These are administrative forms that are currently used by the Agency for the purpose of providing written evidence of compliance with the insurance requirements, both in support of licence issuance and ongoing compliance monitoring through the annual filing process.

Combining these forms would provide efficiencies without impacting the integrity of the program.

**Question**

- Should changes be made to those Agency forms and to the annual filing requirement process?
  - s. Yes a combined document makes sense.
  - t. Must retain simplicity of confirming that limits meet or exceed the minimum required limit(s). Not practical to show specific limits and aircraft.
  - u. Is an online version a possibility?
  - v. Is a simplified renewal version a possibility?

**IN ADDITION**

- w. Plan for roll out of changes; should be from the renewal date of each policy (after the official start date). One effective date for all / or mid-term change would be impossible to implement.