

**ASSOCIATION OF ASIA PACIFIC AIRLINES
RESOLUTION NO. 5
Series of 2005**

**A RESOLUTION CALLING ON GOVERNMENTS TO PROVIDE
APPROPRIATE SUPPORT TO THE AVIATION INDUSTRY
IN LIGHT OF PROPOSALS BY THE INSURANCE MARKET TO INVOKE
NEW AVIATION INSURANCE EXCLUSIONS**

The AAPA ASSEMBLY OF PRESIDENTS, in its 49th meeting duly assembled,

RECOGNISING THAT:

- I. The aviation insurance market is reviewing proposals to invoke new exclusions in policy coverage;
- II. The Aviation Insurance Clauses Group (AICG), established to propose and publish policy wordings and clauses in the London market, has adopted five "Consultation Drafts" for third party consultation in October 2005, of which one relates to exclusion clause AVN48C designed to exclude liability claims caused by the hostile use of weapons of mass destruction (WMD), and another relating to AVN52X/Y designed to disallow write-backs for the AVN48C exclusions, even at any cost;
- III. The aviation hull war insurance market has since published and included several versions of a new policy form LSW555C/LSW556/CL370 in airline policy renewals intended to restrict or exclude cover for the abovenamed "perils";
- IV. Article 50 of the Montreal Convention obliges States to require their carriers to maintain adequate insurance covering their responsibilities under the Convention;
- V. ECAC Resolution 25/1 of 27 November 2002 resolved that the obligation of insurance for third-party damages in the event of an accident (up to a maximum of SDRs 90,000,000) should include damages arising from war and terrorism activity;

- VI. A number of governments have specific regulations governing the liability coverage of the abovenamed “perils”, for example, the USA (DOT 14 Part 205); Canada (Part 7 of the Canadian Transportation Agency Air Transportation Regulations); Switzerland (Air Navigation Act of 1948 and Air Navigation Decree of 1973); and Australia’s Civil Aviation Act (Carrier’s Liability) 1959;
- VII. EU Regulation 785/2004, which entered into force on 30 April 2005, stipulates compliance by airlines with minimum insurance requirements for war and terrorism risks;
- VIII. Non-compliance with specific State requirements could result in sanctions, including the denial of landing rights and the refusal of overflights into controlled airspace;

BELIEVING THAT:

- IX. Acts of war and terrorism are targeted at States and therefore it should be the responsibility of governments to assume the liabilities resulting from such acts including those perpetrated using weapons of mass destruction (nuclear, biological, chemical, radioactive and electromagnetic) which are national security issues;

RECALLING THAT:

- X. Resolution No. 5 Series of 2004 was issued by AAPA calling on governments to provide appropriate support to the aviation industry in light of the proposals by the insurance markets to invoke new aviation insurance war exclusions, as attached; and

RESOLVES:

- XI. TO RENEW THE CALL for the provision of appropriate government measures and assurances to ensure that the aviation industry is able to continue operating if commercial hull, passenger and third party liability coverage for losses as a result of the hostile use of weapons of mass destruction is not available.

APPROVED this 18th day of November 2005.

Certified correct:

Attested by:

ANDREW HERDMAN
Director General

PHILIP CHEN
AAPA Chairman – 2005

**ASSOCIATION OF ASIA PACIFIC AIRLINES
RESOLUTION NO. 5
Series of 2004**

**A RESOLUTION CALLING ON GOVERNMENTS TO PROVIDE
APPROPRIATE SUPPORT TO THE AVIATION INDUSTRY
IN LIGHT OF THE PROPOSAL BY THE INSURANCE MARKET TO INVOKE
NEW AVIATION INSURANCE WAR CLAUSE EXCLUSIONS**

The AAPA ASSEMBLY OF PRESIDENTS, in its 48th meeting duly assembled,

RECOGNISING THAT:

- I. The aviation insurance market is reviewing proposals to invoke new exclusions in policy coverage designed to exclude a number of "perils" under a new clause designated AVN 48C;
- II. The aviation insurance underwriters are proposing to withdraw provisions for write back with respect to liabilities specified under the new exclusion clause;
- III. The aviation hull war market is also preparing to introduce a new policy form, LSW555C, that will also restrict or exclude cover for these "perils";
- IV. Article 50 of the Montreal Convention obliges States to require their carriers to maintain adequate insurance covering their responsibility under the Convention;
- V. ECAC Resolution 25/1 of 27 November 2002 resolved that the obligation of insurance for third-party damages in the event of an accident (up to a maximum of SDRs 90,000,000) should include damages arising from war and terrorism activity;
- VI. A number of governments have specific regulations governing the liability coverage of those "perils", for example, the USA (DOT 14 Part 205); Canada (Part 7 of the Canadian Transportation Agency Air Transportation Regulations); Switzerland (Air Navigation Act of 1948 and Air Navigation Decree of 1973); and Australia's Civil Aviation Act (Carrier's Liability) 1959;

VII. EU Regulation 785/2004, which will enter into force on 30 April 2005, stipulates compliance by airlines with minimum insurance requirements for war and terrorism risks;

VIII. Non-compliance with specific State requirements could result in sanctions, including denial of landing rights and the refusal of overflights into controlled airspace;

BELIEVING THAT:

IX. Acts of war and terrorism are targeted at States and therefore should be the responsibility of governments to assume the liabilities resulting from such acts including those perpetrated by weapons of mass destruction (nuclear, biological, chemical, radioactive and electromagnetic) which are national security issues; and

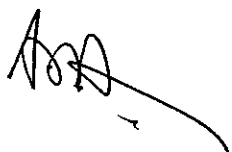
RESOLVES:

X. TO CALL for the provision of appropriate government measures and assurances to ensure that the aviation industry is able to continue operating without commercial hull and liability coverage for losses as a result of the "perils" stipulated in the exclusion clause designated AVN 48C and the new policy form LSW555C.

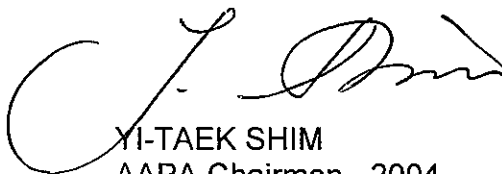
APPROVED this 26th day of November 2004.

Certified correct:

Attested by:



ANDREW J HERDMAN
Director General



YI-TAEK SHIM
AAPA Chairman - 2004