

Franz Peter Lang,

Prof. i.v. Dr. habil. Dr. h.c.mult,
Founding Rector FOM Chairman of the Senate
Germany

Antypenko Nadiia Vasylivna

Doctor of Sciences in Economics, Associate Professor
Professor of the Department of Finance, Accounting and Taxation
National Aviation University, Kyiv.

CURRENT TRENDS IN AVIATION INSURANCE

Abstract. The procedure and conditions of aviation insurance. Specific factors that determine the features of aviation insurance and require detailed coverage. The place of insurance of military risks which are not considered by standard conditions of insurance of an aircraft.

Key words: insurance, aviation insurance, military risks, CASCO, insurance policy.

First of all, it should be noted that aircraft insurance is mandatory. Companies agree to insure aircraft, but are not always willing to pay for insurance later. Today the modern cases, in the context of the political crisis, the annexation of Crimea and hostilities in the east of the country, are different. The standard amount of such payments is approximately 1.5 - 2.5% of the aircraft price.

Aviation insurance is insurance of risks associated with the operation of aviation and space technology. Aviation insurance is a separate branch of insurance, which includes:

- insurance of risks of the aviation enterprise (airline);
- product liability insurance in aviation.

Aviation insurance originated in the early 20th century and reached its peak in the second half due to the development of civil aviation, increasing the number of aircrafts, the volume of cargo and passenger traffic.

Aviation insurance includes the following types of insurance:

- CASCO;
- military risks;
- civil liability of the carrier;
- liability to passengers for international transportation;
- responsibilities of aircraft manufacturers;
- airport responsibilities and air traffic management, etc.

CASCO insurance provides compensation for damages only from damage or constructive death of the vehicle. CASCO insurance of the aircraft hull includes:

- fuselage;
- engines;
- navigational and radio equipment;
- hydraulic systems;

- chassis;
- electrical equipment, as well as all other components installed in the aircraft.

The procedure and conditions of aviation insurance are quite specific and require detailed study. This is due in particular to the following factors:

- aviation insurance deals with special factors that differ from other types of property risks;
- a significant amount of insurance payments involves the coordination of actions of insurers and reinsurers;
- aviation risks can cause catastrophic and cumulative losses;
- aviation insurance is closely related to the international insurance market;
- aviation insurance is regulated by both national and international law;
- developed specialized infrastructure is required for aviation insurance operations;
- aviation risks place high demands on the professional training of specialists who insure them.

Thus, aviation insurance is quite complex in nature, and its implementation requires a special approach from the insurer. In order for an insurance company to be able to provide aviation insurance, it must meet the relevant requirements.

The annexation of Crimea, the destruction of Donetsk and Luhansk, the death of ordinary people, significant losses suffered by companies. Naturally, the question arises as to how one can minimize losses and protect oneself from the risks associated with hostilities and terrorism.

Standard property insurance contracts assume that the above risks relate to exceptions and losses incurred as a result of hostilities, riots and terrorism are not covered by the insurance company.

It should be noted that no one has ever thought about the need to insure such risks, at the same time today more and more customers want to insure themselves in the event of hostilities escalation.

Military risk is not taken into account in the standard conditions of insurance of ships and cargo, but they can be insured on special terms and for a higher premium.

Virtually all aviation insurance policies include clarification of information on capture risks, military risks, etc. At one time, aviation insurers in the UK, which provide insurance against "all risks", agreed to introduce in all CASCO insurance policies a clause that excludes risks of war, civil war, nuclear explosion and its consequences, riots, strikes, confiscation and seizure of property, malicious acts, sabotage and hijacking. Similar agreements apply in the United States and continental Europe.

Thus, military risk insurance is valid only in peacetime or in limited military conflicts. Insurance is automatically terminated in the event of the start of hostilities with the use of nuclear weapons, war between permanent members of the UN Security Council or the requisition of insured property by any state with the payment of compensation.

Some of the above risks, such as the risks of riots and strikes, malicious acts, sabotage and hijacking of aircraft, which have no political basis (but excluding war, civil war and risks related to the use of nuclear weapons) can be recovered in the

coverage under the policy of insurance "against all risks", usually with the payment of additional premiums, the amount of which renewal of coverage is carried out on the condition that the insurer has the right at any time to terminate the contract by notifying the insured within 7 days; in the case when the air fleet is insured, the general limit of the amount of losses for the duration of the policy is set.

Note that in terms of CASCO aircraft can be insured against the risks of war, civil war, acts of sabotage and hijacking only under certain policies, which are signed mainly by Lloyd's insurers (although other insurance companies are increasingly insuring these risks under Lloyd's). Such individual policies include all risks excluded from the "all risk" insurance policy by a standard clause. This eliminates nuclear risks that are not insured at all. Such special policies provide for automatic termination of coverage in the event of war between the world's largest powers. In addition, such a policy can be terminated at any time by insurers upon notification of the insured within 48 hours.

Conclusions: Insurance of military risks in international flights is carried out in accordance with the requirements of international aviation agreements, banks and leasing companies, manufacturers and other contractors. The lack of coverage for military risks may be due to the desire of policyholders to save on operating costs or ignorance of modern insurance standards.

Prior to the tragic events of September 11, 2001, liability for military and terrorist risks was insured under "all risks" insurance policies. After the 9/11 terrorist attacks, insurance premiums in the aviation market increased almost threefold, and insurance against military and terrorist risks of liability to third parties was limited to \$50 million. As a result, there was a separate market for excess insurance, namely, liability to third parties over \$50 million.