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FIG. NO. RR06910

Aircraft Products Liability Insurance

ABC

AIRCRAFT BUILDERS COUNCIL, INC.

WWW.AIRCRAFTBUILDERS.COM



The Aircraft Builders Council (ABC) Insurance Program

Since its formation in 1954, the Aircraft Builders Council has provided a continuously stable and resilient program providing broad aviation products liability insurance coverage. The ABC continues to be the leader in the development of enhanced coverage to satisfy the dynamic needs of the industry it serves.

Participants in the program are able to secure coverage limits up to USD 1.5 billion from one panel of insurers using the expertise of the two leading aviation insurers.

In 2017, ABC launched new coverage for up to USD 50 Million. This competitively-priced aircraft products insurance facility is ideally suited for non-critical manufacturers and products suppliers that may not otherwise be able to find lower coverage amounts.

From 2018 Product Recall



Which Risk Segment of the Aviation Industry fits the ABC Exposure Profile?

- **Airline, Cargo, Military, General Aviation Aircraft Component Parts Manufacturer**
- **Missile, Launch Vehicles, Spacecraft Component Parts Manufacturer**
- **Repair and Servicing of Aircraft Parts**

The standard ABC Policy contains the following Broad Definition:

"Aircraft Products" means an aircraft or Missile or spacecraft or satellite or spaceship or Launch Vehicle and any ground support or control equipment used therewith, and any article furnished by the Insured or the Insured's predecessors in business and installed in, or used in connection with, or for spare parts for an aircraft or Missile or spacecraft or satellite or spaceship or Launch Vehicle and any ground support or control equipment used therewith or tooling used for the manufacture thereof, including ground handling tools and equipment. "Aircraft Products" also means training aids, instruction, manuals, blueprints, engineering or other data, and/or any article in respect of which engineering or other advice and/or services and/or labor have been given or supplied by the Insured or the Insured's predecessors in business relating to such aircraft or Missile or spacecraft or satellite or spaceship or Launch Vehicle and any ground support or control equipment used therewith.



Advantages of the ABC Insurance Program

- Stable and continuously available insurance market with capacity of up to USD 1.5 billion
- For the smaller limit aircraft product companies, ABC offers coverage up to USD 50 million.
- Dedicated experienced underwriters committed to the stability of the ABC program
- Broad aviation products and related risks coverage available in the market
- from 2018 Product Recall
- Non Aggregated Products Liability up to USD 100 million
- Quota share arrangement; exposure to any one carrier not exceeding 20%
- NEW from 2015: Introductory discount of 5%
- Premium credit for continuous participation in the program
- Prompt premium payment discounts
- Centralized claims management and defense by experienced aviation counsel
- No cross claims among insureds reducing defense costs
- Product integrity programs and seminars at insured's facilities at no additional cost
- Contract review and guidance provided by experienced aviation counsel
- ABC insureds and their brokers have secure direct online access to claims data
- Annual Fall Conference (free registration for insureds)



Type of Aviation Coverages available to an Insured under the ABC Program

- **Aviation Products / Completed Operations and Grounding Liability**
- **Premises Liability (as may be required)**
- **Hangarkeepers Legal Liability (as may be required)**
- **Non-Owned / Excess Aircraft Liability (as may be required)**



Who Represents the ABC?

- **Board of Trustees**
- **Underwriters**
- **Defense Counsel**
- **Brokers**



Current Board of Trustees

President

Robert W. Crawford
RBC Bearings Inc.



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Ensign-Bickford Industries Inc.



Trustee

Peter Roueche
Eastman Chemical Company



Current Lead Underwriters

Chubb Global Markets



**Global Aerospace
Underwriting Managers**



Board of Trustees Role & Responsibility

The ABC Board of Trustees is comprised of program insureds. Their role is to continually improve the program, processes and coverage forms working closely with the lead underwriters, brokers committee and lead counsel.

In addition, the Trustees:

- Monitor the quality and effectiveness of services provided to all ABC program insureds by:
 - conveying coverage form and program concerns received from insureds and the brokers committee to the lead underwriters
 - challenging, and offering recommended improvements to all processes associated with the program's operation
- Promote the program at regional meetings and the ABC Annual Conference to improve the program's spread of risk and perpetuate its use
- Coordinate and host the ABC Annual Fall Conference



Role & Responsibility of Underwriters

- **Select, price and underwrite new business submissions and renewals**
- **Provide risk-bearing capacity**
- **Provide excellent security**
- **Promote the program via visits/meetings with brokers and prospective insureds**



ABC 2016/2017 Participating Markets

<u>Insurer</u>	
CHUBB Global Markets (Lloyd's of London Syndicate 2488)	20.00%
Global Aerospace Underwriting Managers (GAUM)	20.00%
Allied World (Lloyd's of London Syndicate 2232)	2.35%
Antares (Lloyd's of London Syndicate 1274)	3.00%
Apollo Aviation Consortium (Lloyd's of London Consortium 9219)	2.00%
AXA Insurance Company (US)	4.00%
BRIT (Lloyd's of London Syndicate 2987)	6.65%
Chaucer (Lloyd's of London Syndicate 1084)	2.00%
Endurance (Lloyd's of London Syndicate 5151)	2.00%
Faraday (Lloyd's of London Syndicate 435)	4.00%
Hiscox (Lloyd's of London Syndicate 3624)	6.00%
International Insurance Company of Hannover Ltd	5.50%
MS Amlin (Lloyd's of London Syndicates 2001 and 3210)	10.00%
Tokio Marine Kiln (Lloyd's of London Syndicate 510)	5.00%
Travelers (Lloyd's of London Syndicate 5000)	2.00%
XL Catlin (Lloyd's of London Syndicate 2003)	5.50%
Total Insurer Capacity	<u>100.00%</u>



ABC Defense Counsel

Fitzpatrick & Hunt, Pagano, Aubert, LLP

New York Partners:

Garrett Fitzpatrick

Frank Chiarchiaro

Ralph Pagano

Los Angeles Partners:

James Hunt

Garth Aubert

The law firm of Mendes & Mount handles asbestos, chemical exposure, and other toxic tort and health hazard claims (“Toxic Claims”) for ABC.



Role & Responsibility of Defense Counsel

- **Consistent defense counsel since the program inception in 1954**
- **Is one of the largest and most experienced aviation legal defense firms in the United States**
- **Is capable of responding to claims and litigation on a worldwide basis**
- **Has attorneys with engineering and piloting backgrounds**
- **Utilizes the most extensive networks of experienced local defense counsel, consultants and expert witnesses in all aspects of aviation, space and relevant scientific disciplines**



Claims and Litigation Management

The Defense Counsel works closely with ABC insureds in the following ways:

- On-site accident investigation
- Post accident product teardowns, inspections and testing
- Liaising with government agencies
- Drafting and reviewing service bulletins, warranties and contract language
- Defense of claims and litigation



Product Liability and Loss Prevention

Seminars for ABC insureds, covering this important issue, are provided by the Defense Counsel as a complimentary service. The seminars are conducted at the insured's facility and focus on the specific needs and topics of particular interest to each ABC insured.

These seminars cover the following topics:

- The need for and the creation of product integrity and safety programs
- Legal theories of liability
- The judicial system
- Litigation from inception through the appeal process
- Document retention
- Update on product liability law

The Defense Counsel also continuously provides advice and guidance on such issues as:

- Drafting warranty language and service bulletins
- Responding to FAA & NTSB inquiries and investigations
- Contract review and advice



How to Access the ABC

The ABC program provides the aviation broker community with a streamlined efficient facility for their aviation / aerospace clients.

- The ABC program can be accessed through any accredited Lloyd's Broker.
- Any licensed North American Broker or Agent may utilize the services of an accredited Lloyd's Broker to access the ABC program.

For more information on accredited Lloyd's Brokers,
please contact the ABC office as follows:

Aircraft Builders Council, Inc.
4248 Park Glen Road, Minneapolis, MN 55416
Phone: (952) 928-4662
Facsimile: (952) 767-0767
E-mail: info@aircraftbuilders.com
Website: www.aircraftbuilders.com



The advantages of requesting your broker obtain an alternative quote from the ABC

- **100% quality quota share market security**
- **Quick turnaround of quotes**
- **Competitive and alternative pricing**
- **Pre-agreed policy wording**
- **NEW from 2015: Introductory discount of 5%**
- **Also from 2015, increased long term continuity discounts**
- **Prompt premium payment discounts**
- **Capability to offer increased limits quickly based on contract requirements**
- **One claims adjuster and defense counsel**
- **Broad contractual wording**



Advantages of an alternative quote from the ABC (continued)

- **Provides the aviation broker community with a streamlined efficient facility for higher limits of liability for their aviation / aerospace clients**
- **One policy which provides all required coverages**
- **Quota share capacity vs. any one individual insurer**



Annual Fall Conference

The Aircraft Builders Council conducts a conference each year, which is an informational forum on the most recent developments in the aviation and aerospace industry and products liability.

- Bringing together insureds, potential insureds, lead underwriters, brokers and defense counsel, all at one location
- Presentations on subjects of current interest, including new insurance coverages, law, governmental activity, and aviation and aerospace technology
- Speakers have included the Chairman of Lloyd's, Administrators of the FAA, NASA Astronauts, United States District Court Judges, United States Legislators, as well as experts in the aerospace industry

Added Benefits of the Annual Fall Conference:

- Private meetings with the ABC program underwriters
- Private meetings with the ABC Defense Counsel
- Networking with industry peers as well as major airframe and engine manufacturers
- Conference fee free-of-charge to insureds



**You may obtain additional information on
the ABC and find an application on-line**

www.aircraftbuilders.com

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4248 Park Glen Road, Minneapolis, MN 55416
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In Conclusion

Why should you consider buying
your Aviation Insurance from the
Aircraft Builders Council?

Because it is as easy as

A-B-C

