

WORCTM 2026

World Overflight Risk Conference

The Challenges of Dynamic Geopolitical Risk in Aviation War Risks Insurance

Andrew Barham ACII, Senior Partner, Gallagher Aerospace



OSPREY
FLIGHT SOLUTIONS



European Union Aviation Safety Agency



University of
Southampton

Department of Decision Analytics and Risk



Transport Malta

ORGANISED BY

Agenda

- ✈ War Insurance
- ✈ Review and Cancellation Provisions
- ✈ Material Change
- ✈ USA-Israel-Iran War
 - ✈ Insurer's reaction
 - ✈ Client Action
- ✈ Nuclear Weapons / "Great Power" War
 - ✈ Insurance Implications
 - ✈ Options
- ✈ Conclusion

Aviation War Insurance

1

Aviation Hull “War and Allied Perils” Insurance LSW555D

2

Extended Coverage Endorsement (Aviation Liabilities) AVN52E:

- Primary
- Excess

3

Insured perils:

- War, invasion, acts of foreign enemies, hostilities etc
- strikes, riots, civil commotions
- political or terrorist acts
- malicious acts
- confiscation etc
- hi-jacking

4

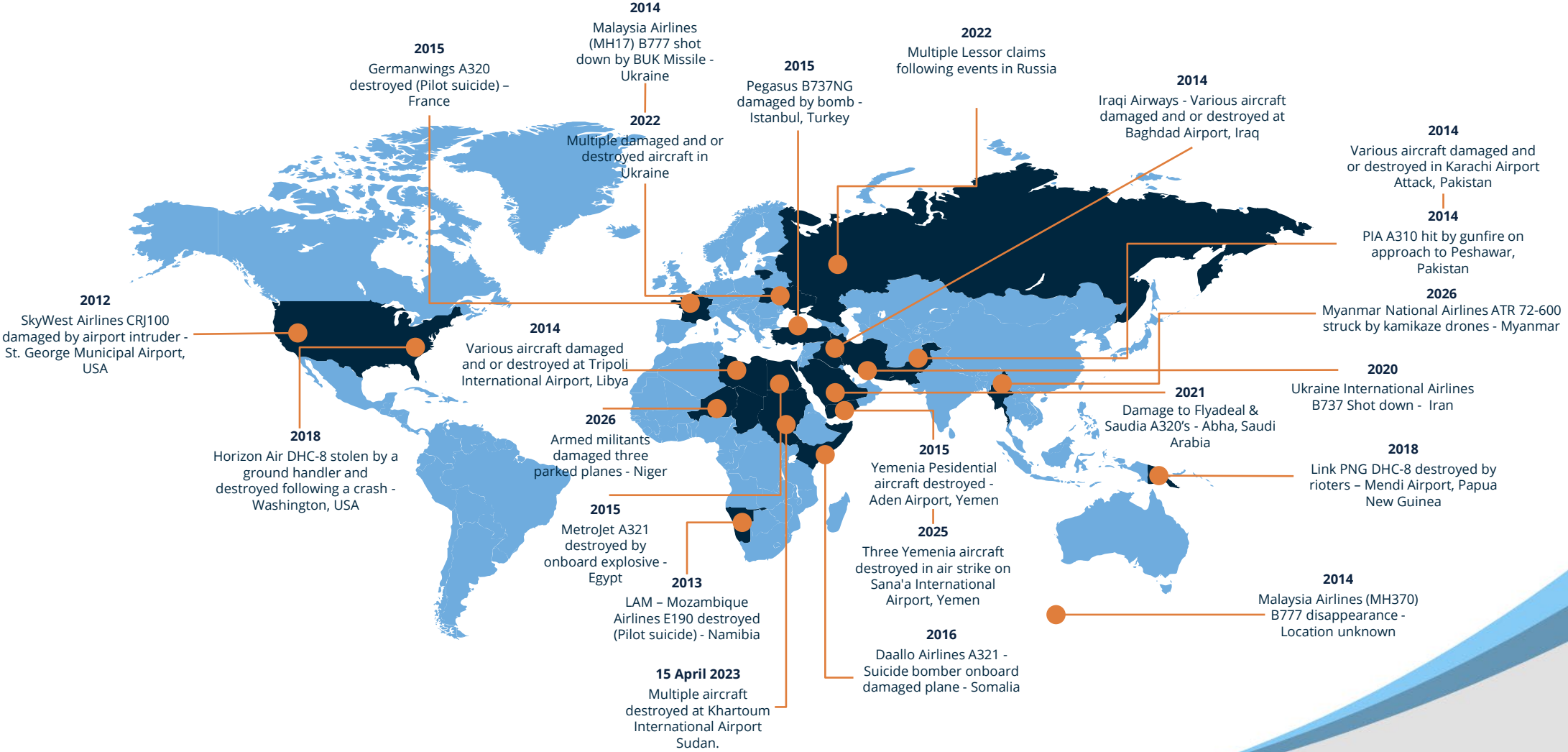
No cover for losses arising from hostile detonation of atomic or nuclear weapons

5

Subject policy terms, conditions, limitations, exclusions, cancellation and review provisions

Aviation Hull War Market Claims

2012 - 2026



Legal and Contractual Requirements

All operators must maintain aviation hull and legal liability insurance, including war and allied perils due to the following requirements:

1

Legal/Regulatory:

Several jurisdictions require a minimum amount of liability cover to be purchased (and evidenced) before a flight can take place in their airspace, e.g. EC785

Article 4

Principles of insurance

1. Air carriers and aircraft operators referred to in Article 2 shall be insured in accordance with this Regulation as regards their aviation-specific liability in respect of passengers, baggage, cargo and third parties. The insured risks shall include acts of war, terrorism, hijacking, acts of sabotage, unlawful seizure of aircraft and civil commotion.

2

Contractual:

Lessors/Financiers of aircraft/equipment will contractually require a lessee to maintain a certain level of Hull and Liability cover, including war and allied perils

Cancellation, Revision and Automatic Termination

Aviation Hull “War and Allied Perils” Policy LSW555D



7 days notice to review the rate of premium and/or the geographical limits at any time

(policy cancelled if review not accepted by the Insured)



Automatic review the rate of premium and/or the geographical limits on expiry of 7 days from hostile detonation of atomic or nuclear weapons

(policy cancelled if review not accepted by the Insured)



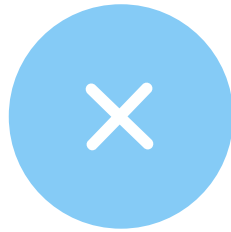
7 days cancellation notice at the end of each period of 3 months from inception



Automatic termination upon outbreak of war between any of UK, USA, France, Russia, China

Automatic Termination, Review and Cancellation

Extended Coverage Endorsement (Aviation Liabilities) AVN52E



Automatic Termination:

- All cover upon outbreak of war between any of UK, USA, France, Russia, China
- War cover upon hostile detonation of atomic or nuclear weapons
- All cover in respect of any aircraft requisitioned for either title or use



Review and Cancellation:

- 7 days notice to review the rate of premium and/or the geographical limits at any time
- 48 hours notice to cancel remaining (allied perils) cover following hostile detonation of atomic or nuclear weapons
- 7 days notice of cancel all cover at any time

Material Change General Condition

Aviation Hull “War and Allied Perils” Policy LSW555D

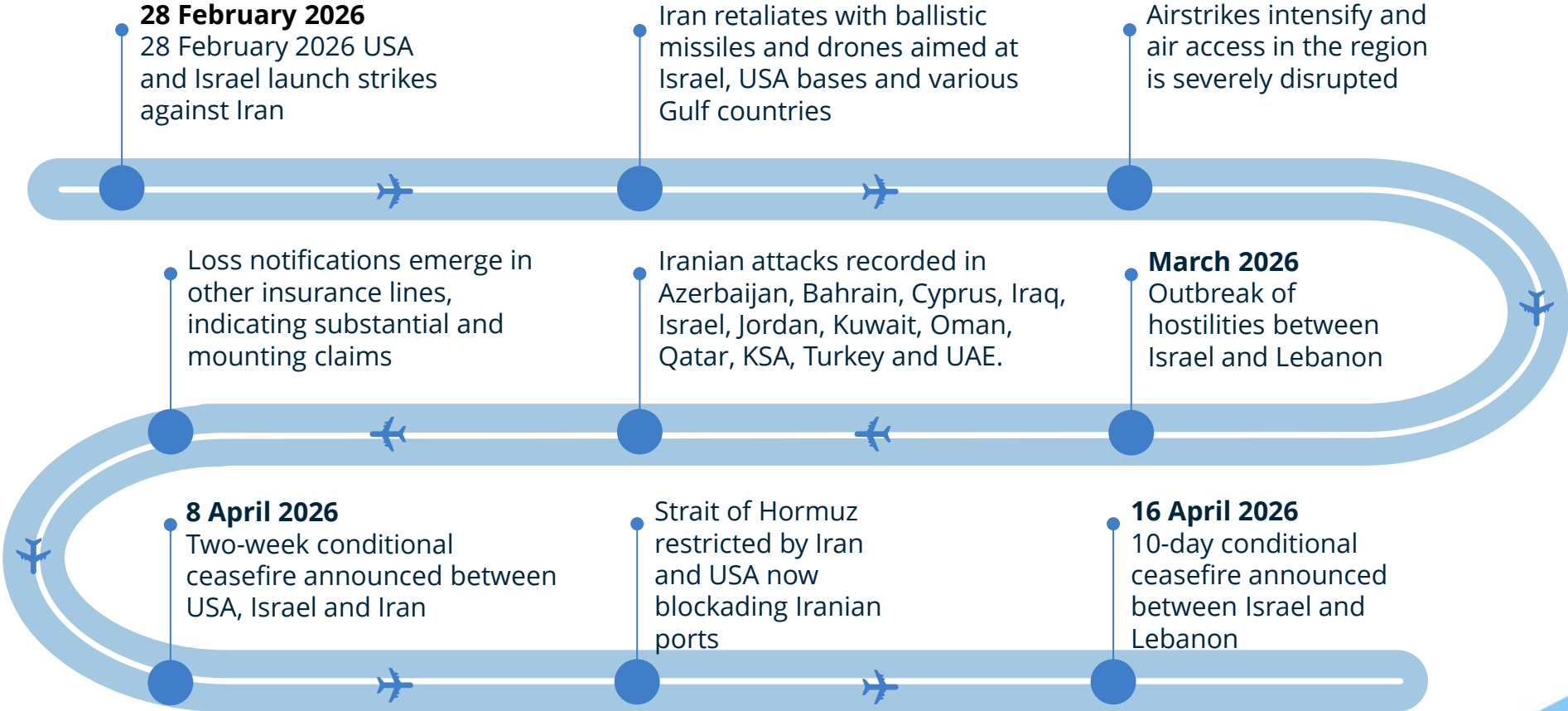


Should there be any Material Change in the nature or area of the Insured’s operations, the Insured shall give immediate notice of such Change to the Insurers; no claim arising subsequent to a Material Change over which the Insured had control shall be recoverable hereunder unless such change has been accepted by the Insurers.

Material Change” shall be understood to mean any change in the operation of the Insured which might reasonably be regarded by the Insurers as increasing their risk in degree or frequency, or reducing possibilities of recovery or subrogation.

US, Israel, Iran War

Sequence of Events



US, Israel, Iran War

Civil Aviation Impacts

- ✈ Flight cancellations
- ✈ Stranded passengers and aircraft
- ✈ Airspace closures
- ✈ Flights re-routed
- ✈ Subsequent resumption of flights with reduced schedules
- ✈ Increased fuel costs - kerosene up by over 90%!
- ✈ Increased aviation war insurance costs



US, Israel, Iran War

Aviation Insurers' Reaction



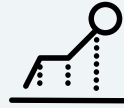
Limited number of formal notices to review/cancel

- Possible concerns regarding “Grip of the Peril” UK High Court judgement June 2025
- Some insurers seeking to argue Material Information negates the need for formal notice



Additional premiums largely achieved via mutual agreement between insurers and Insureds

- Adverse material alterations in cover require formal notice to Contract Parties (Lessors / Financiers) per AVN67B



Additional premiums applied to operators based within Gulf region and other operators flying to / from the region



No uniform approach – individual insurers applying differing premium rates and basis



As fragile ceasefire continues to hold, several insurers have “suspended” additional premiums for certain countries

US, Israel, Iran War

Gallagher Recommendations



Keep your insurance broker fully informed regarding all flight plans in the Middle East region



This in turn will enable us to keep insurers fully informed, to address any concerns as they arise, and better protect your position particularly in relation to potential claims

Tactical Nuclear Weapons?

Aviation Insurance Implications

Current solutions potentially leave airlines exposed...

'AUTOMATIC TERMINATION'

- Detonation of a tactical nuclear device would lead to:
 - **Hull War:** Automatic review of premium rates and/or conditions within 7 days
 - **AVN52E:** Automatic termination of war cover
- Applies **regardless of location** and or **weapon type or size.**
- Applies to **all operators** holding this cover and any additional insureds under the policy.

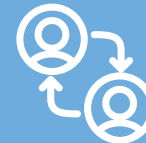
Approach A



AVN52 amendment clauses

- Global 191B / LIIBA AV003 / IUA 07-001 (and others)
- Amend AVN52E automatic termination provisions, however all war cover may still be cancelled **within 48 hours or 7 days.**

Approach B



Reinstatement of cover

- Negotiate to maintain / reinstate coverage with existing insurers
- This may prove to be very problematic in practice
- Requires individual sign-off on every account globally through negotiations with every participating insurer.

Approach C



Government intervention

- Not a uniform position and intervention may be limited in scope/cover
- Some governments tabling proposals but most have not yet provided any assurances.

Tactical Nuclear Weapons?

Additional Option: AVN52E “Gallagher Commercial Solution” / Market Facility

Gallagher’s approach:



**Commercial solution:
Automatic termination
replacement cover**

Status: Active

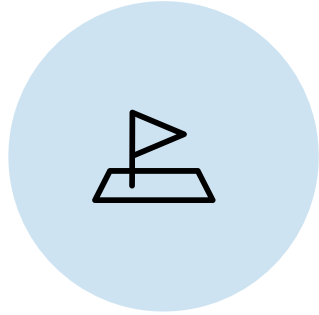
How does it work?

- Facility provides replacement AVN52E cover following termination of existing cover due to a hostile nuclear detonation
- Requires payment of annual “Cover 1” premium
- “Cover 2” (AVN52E) can only be provided with agreement of Underwriter Panel following a hostile detonation.
- Can provide up to USD 1bn (passenger & third party) per AOC
- Osprey Flight Solutions and HFW contracted to provide expert technical and legal advice, to assist Underwriter Panel to make informed decisions
- **Over 100 individual AOC’s signed up to date**

Potential benefits

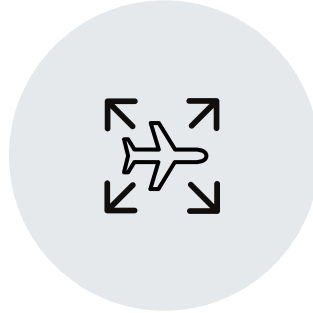
- Represents good governance and risk management planning.
- Provides a ready-made contingency plan (if needed) - for a minimal upfront subscription fee.
- Hedges against the uncertainty around market solutions and emergency Government intervention.
- Engages a further bridge of cover quickly to enable you to continue to fly beyond the 48-hr extension.
- Mitigates adverse circumstances of stranded passengers/assets and the accompanying revenue impacts.

Conclusion



Geopolitical events continue to test the insurance market:

- Russia/Ukraine
- USA/Israel/Iran



The insurance market continues to respond:

- Multi-billion-dollar claims and negotiated settlements paid in respect of Russia/Ukraine lessor losses
- No large-scale issuance of notices during current USA / Israel / Iran conflict
- Additional premiums applied largely via mutual agreement / negotiation



Essential for all operators to maintain dialogue with their insurance broker.

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