



International Civil Aviation Organization

**Third Meeting of the Asia Pacific Accident Investigation Group
(APAC-AIG/3)**

(Colombo, Sri Lanka, 23-24 June 2015)

Agenda Item 8: Other business

INVESTIGATION INSURANCE COVERAGE

(Presented by Sri Lanka)

SUMMARY

This paper shares the experience of the Civil Aviation Authority of Sri Lanka (CAASL) in arranging for insurance cover for aircraft accident investigation especially focusing on accidents over high seas and difficult terrain.

1. INTRODUCTION

1.1. Sri Lanka, being an Island with vast oceanic airspace and with an ever increasing number of aircraft movements overflying the territory and the oceanic airspace and also operating in to and out of the country, there is an uncompromising obligation of the CAASL to maintain a sufficient reserve fund to meet the tasks involved in initiation of the search and rescue operations and aircraft accident investigation.

1.2. The magnitude of a search and rescue operation, especially deep sea and involving underwater wreckage recovery followed by the accident investigation could cost the CAASL, on behalf of the State, a colossal sum of money depending on the particular scenario. The cost of underwater wreckage recovery which mainly include locating the wreckage, locate and recover flight recorders, recover human remains and salvage the wreckage could run in to many millions of dollars as experienced by some countries in their over water aircraft accidents in the past.

2. DISCUSSION

2.1. CAASL embarked on a study to look into the possibility of obtaining insurance cover for financial support in case of such a catastrophic event.

2.2. The following Points were considered.

- Aircraft Accident and Incident Investigation (AAI) and Search and Rescue (SAR) both are binding State obligations.
- CAASL has been entrusted with the responsibility to arrange for establishment and operation of search & rescue operations and conduct of aircraft accident investigation.
- There must be a mechanism in place for funding.

- The allocation made by the Authority in the current budget which is Rs. 250 Million is approximately US \$ 2 Million.
- Since the SAR and AAI tasks are different and the cost involvement is SAR could sometimes be huge, CAA only considered AAI when working for insurance cover.
- The insurance for Aircraft Accident Investigation is a unique type of insurance and currently only the Irish CAA has obtained this type of Insurance cover for AAI.
- Based on the decision of Board Meeting CAASL invited six insurance companies to send proposals for AAI insurance.
- Generally Clause 76 of the Airlines Insurance Policy (hull insurance cover) covers reasonable expenses of the investigation cost incurred by the Accident Investigation Authority for aircraft accident investigations. But this cover is very limited and not intended to cover the wider obligations coming under Annex 13 investigations. Therefore this will not work for the obligations of investigations.

2.3. Negotiations took place with local insurers and finally with the preferred local insurer and his re-insurer, Willis Aerospace-UK.

2.4. Two types of coverages were proposed as follows. One with the facility to cover cost of any investigation and the other with a 10% coinsurance which does not cover smaller events.

Option	Sum Insured US\$ M	Annual Premium US\$
1	25	172,118
2	50	198,329
3	75	206,541

Option	Sum Insured US\$ M	Coinsurance US\$	Annual Premium US\$
1	25	10% - (2.5M)	165,000
2	50	10% - (5M)	130,000
3	100	10% - (10M)	100,000

3. ACTION BY THE MEETING

3.1 The Meeting is invited to note the details of the study of CAA Sri Lanka to raise insurance cover for aircraft accident investigation.

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