



The US General Aviation insurance market from a reinsurer's perspective


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Agenda 

1 Introduction	Munich Re in the aviation (re)insurance market
2 Global view on (re)insurance	Issues for the (re)insurance industry
3 US GA insurance market	The attraction and challenges of the US General Aviation segment
4 Conclusion	Key messages

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Munich Re accesses the business using strict ethical walls 



Global Aerospace

- Capacity provider
- Agency co-owner

Facultative reinsurance

Insurer of

- International airlines
- Airframe and component part manufacturers

Treaty reinsurance

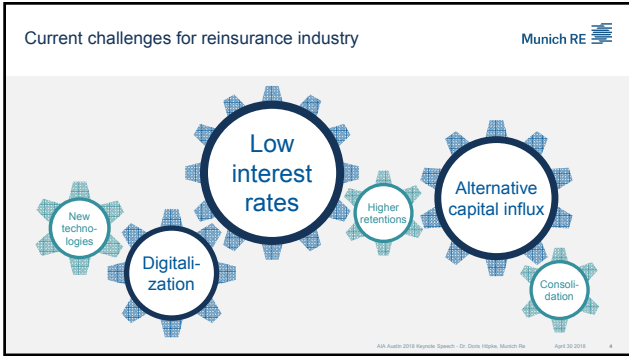
- Treaty reinsurance for a global client base of ~90 clients

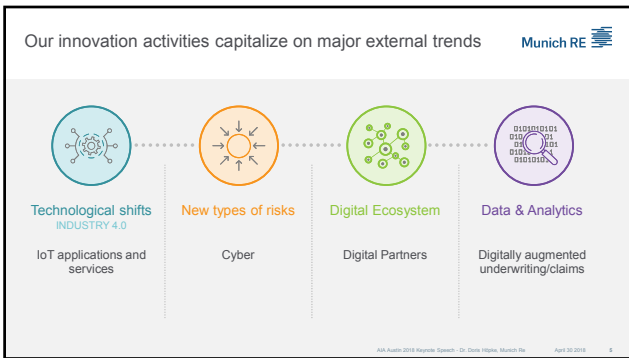
Using Lloyds platform to cover

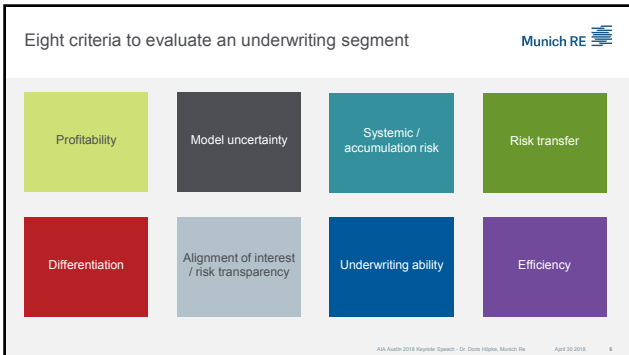
- Regional airlines
- General aviation

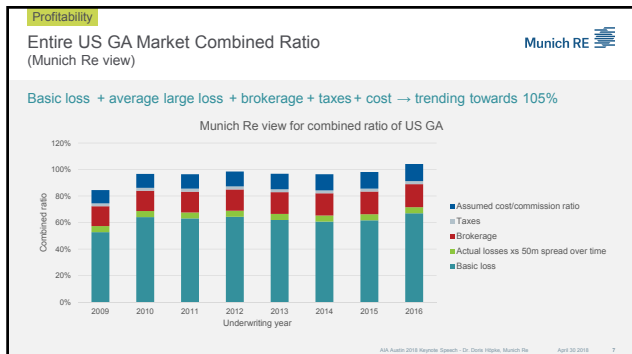
Lloyds Pritchard

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Model uncertainty

Recent settlements challenge severity assumptions

Munich RE

NEWS COURTS

Man burned on 90 percent of body in Colorado air crash gets \$100M settlement

The medical helicopter crashed in the mountain town of Frisco in 2015

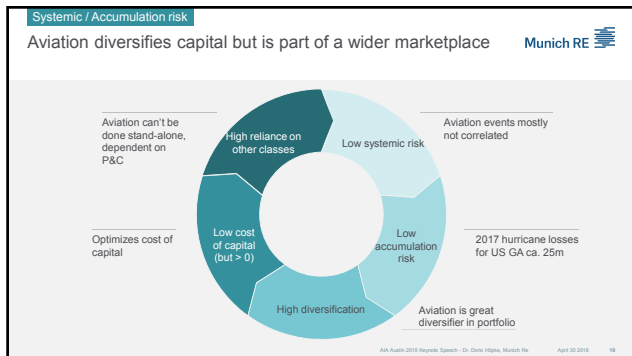
Denver Post, February 1 2018
<https://www.denverpost.com/2018/02/01/colorado-helicopter-crash-settlement/>

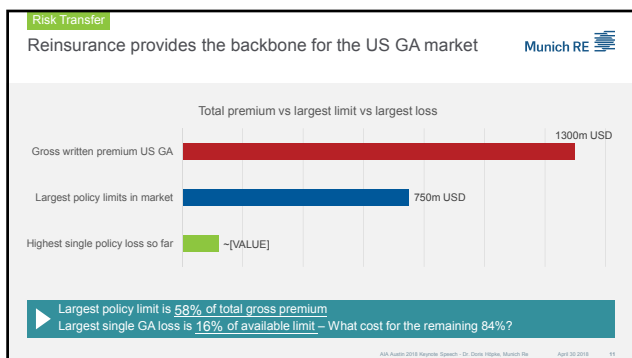
City agrees to pay \$115 million to dancer paralyzed in bus shelter collapse at O'Hare

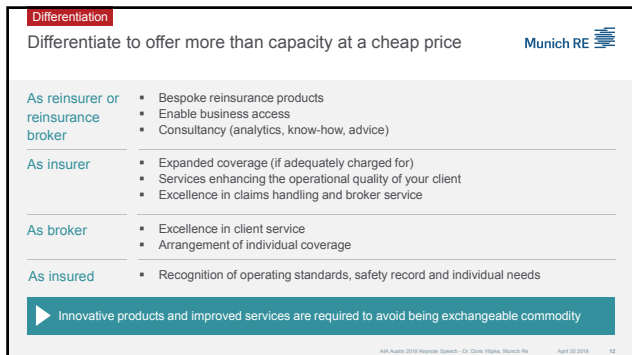
Chicago Tribune, January 16 2018
<http://www.chicagotribune.com/news/crime/kenney-dancer-ohare-bus-shelter-collapse-city-settlement-20180116-story.html>

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Alignment of interest, risk transparency

Focus on data and improving safety Munich RE

Transparency of risks

- Annual FAA GA and part 135 activity survey
- NTSB aviation accident database & synopsis
- GAMA statistical databook and industry outlook
- Individual risk and portfolio information

Focus on safety

- Aviation industry safety focus improves accident rates

General Aviation (Part 91)	2007	2016
Accidents / 100,000 flight hours	6.936	5.925
Fatal accidents / 100,000 flight hours	1.201	0.989

Source: NTSB statistical report 2016

▶ Detailed information supports risk selection and evaluation
The aviation industry and insurers' interests are fundamentally aligned on loss prevention

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Underwriting ability

Top class technical risk assessment makes the difference Munich RE

Ability of primary insurers

- Underwriting ability by US aviation insurers is at the forefront of technical standard
- High level of professionalism is key for success in low margin environment
- AIA conference plays vital role in knowledge spread

Ability of reinsurers

- Munich Re in aviation treaty reinsurance since 1950s, so have experience
- Dedicated underwriters in aviation reinsurance have strong expertise in their field
- Should strive for continuous deeper understanding of clients and underlying risks

▶ Maintaining underwriting standards is vital to prevail in the current market

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Efficiency

Using automation and digitalization to excel in efficiency and product offering Munich RE

Conceptually a lot of this is evident, but still potential for better implementation

▶ Opportunity for creating a game-changer in underwriting and distribution

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Thank you for your attention

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