

**ASSEMBLY — 35TH SESSION**

**LEGAL COMMISSION**

**Agenda Item 35: Assistance in the field of aviation war risk insurance**

**INSTABILITY IN THE COMMERCIAL WAR RISK  
INSURANCE MARKET**

(Presented by the United Kingdom)

**SUMMARY**

This paper presents recommendations to the Assembly to address the problem of instability in the commercial war risk insurance market which threatens the continuing operations of airlines and other related services providers.

**1. INTRODUCTION**

1.1 In view of the discussions that have taken place in the Legal Commission on liability and insurance issues, the following is proposed for the Assembly's decision:

"The Assembly recommends to the Council that the work of the Legal Committee relating to the modernization of the Rome Convention proceed with the utmost despatch and takes fully into account:

- a) the current instabilities in the war risk, hijacking and other perils insurance market for the aviation industry in respect of third-party liabilities, passenger liabilities and hull; and
- b) the need to arrive at a result that is efficient, just and realistic.

Further, given the urgency presented by the instability in the commercial insurance market that threatens the continuing operations of airlines and other related services providers, the Assembly recommends to the Council that consideration should be given, if need be, to advance the work in this area via two instruments, one covering the new risks posed by war and terrorism and the other the 'classic' third-party risks."

**2. ACTION BY THE ASSEMBLY**

2.1 The Assembly is invited to agree to the above recommendations.

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