

WILLIS AIRLINE INSURANCE MARKET REVIEW

February 2013

Willis

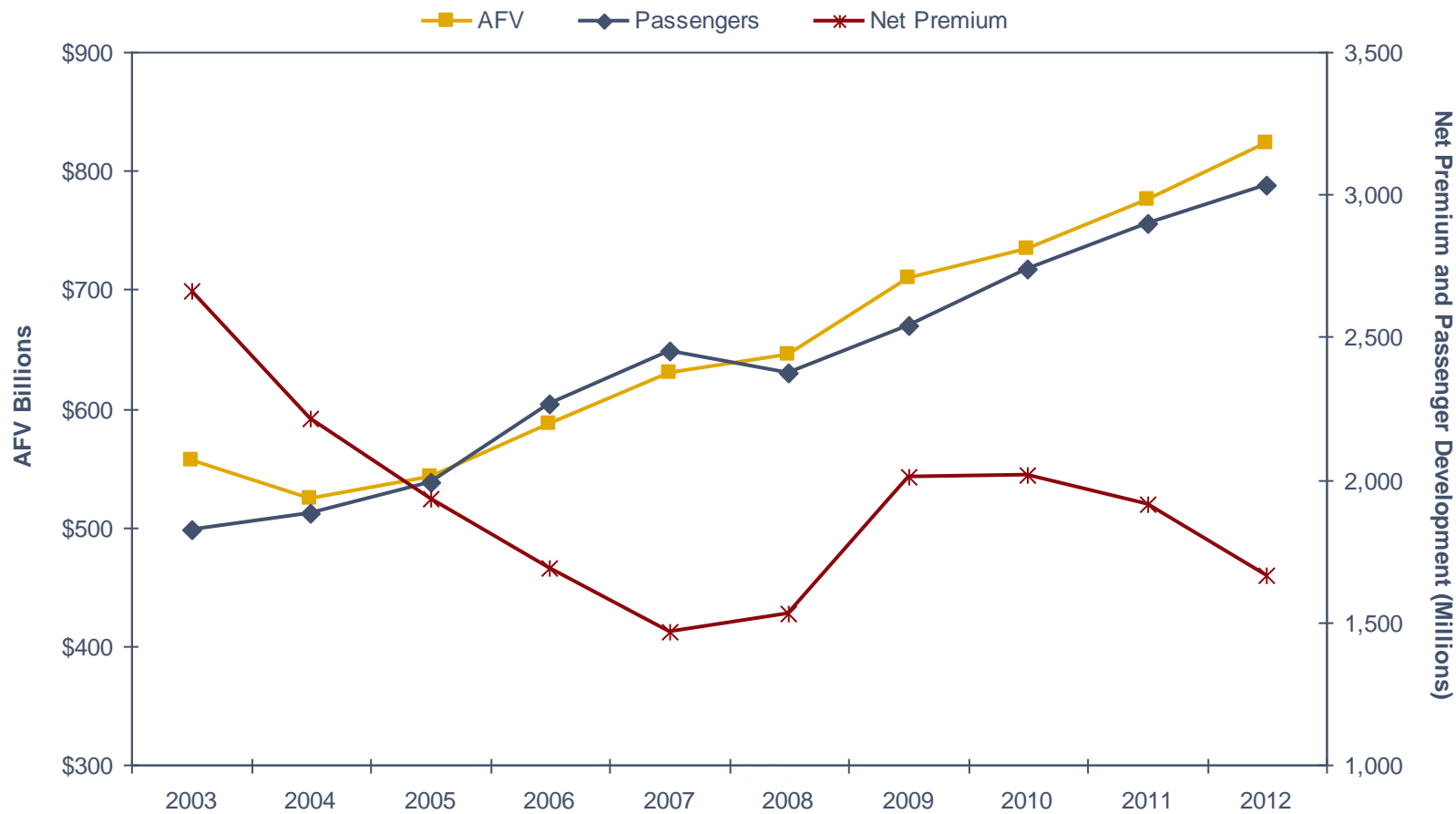
Excellent Accident Rates



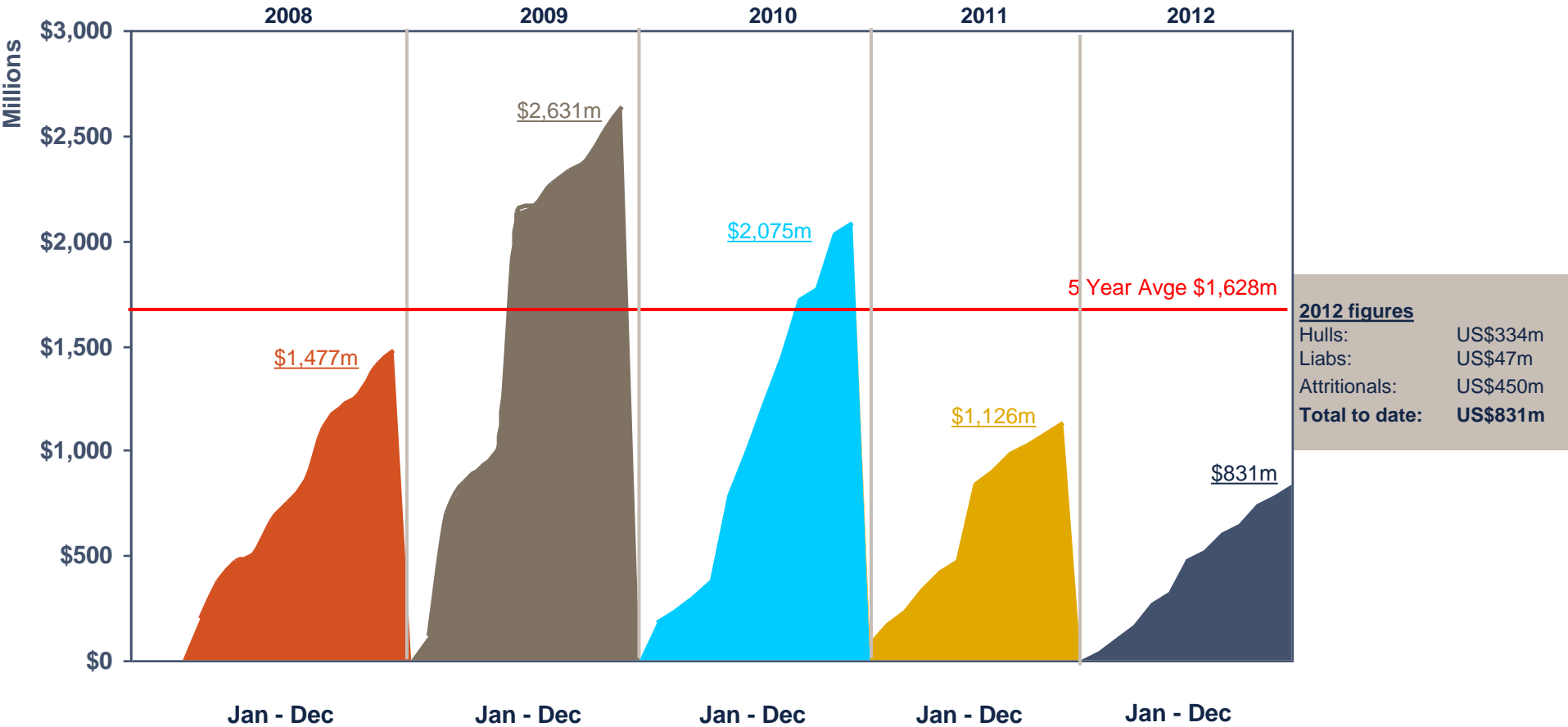
Continually Improving Experience

Region	2006	2007	2008	2009	2010	2011	2012 (as at end Nov)
Africa	4.31	4.09	2.12	9.94	7.41	3.27	3.90
Asia Pacific	0.67	2.76	0.58	0.86	0.8	0.25	0.27
Russia & CIS	8.6	0	6.43	0	0	1.06	0
Europe	0.32	0.29	0.42	0.45	0.45	0	0.15
Latin America	1.8	1.61	2.55	0	1.87	1.28	0.48
MENA	0	1.08	1.89	3.32	0.72	2.02	0
North America	0.49	0.09	0.58	0.41	0.1	0.1	0
North Asia	0	0.88	0	0	0.34	0	0
Industry	0.65	0.75	0.81	0.71	0.61	0.37	0.19

10yr Exposure and Premium Development 2003-2012



Cumulative Monthly Incurred Reserve Development (US\$m)



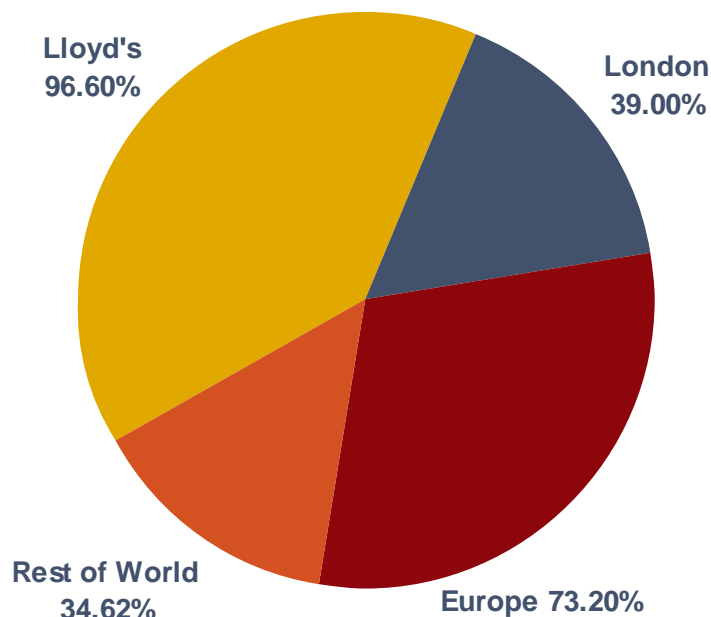
Hull & Liability 2013 Theoretical Capacity*

Non-US Airlines With A CSL Of US\$1.5bn & A Max Agreed Value Of US\$250m

Total Capacity* 243.42%

	S&P	Capacity
ACE Global Markets	A+	10.00%
Catlin	A+	10.00%
Mitsui	A+	10.00%
Amlin	A+	7.50%
Starr Aviation	A+	7.50%
QBE	A	7.50%
XL	A+	6.50%
Beazley	A+	6.00%
Faraday	A+	5.00%
Hiscox	A+	5.00%
Talbot	A+	5.00%
Chaucer	A+	4.00%
Pritchard	A+	3.50%
Atrium Consortium	A+	2.60%
Travelers	A+	2.50%
Antares	A+	2.00%
Kiln	A+	2.00%
TOTAL		96.60%

	S&P	Capacity
AXIS	A+	7.50%
GIC	A- (Best)	5.00%
Ironshore	A	5.00%
Samsung	A+	3.00%
Korean Re	A-	2.00%
New India	A- (Best)	2.00%
Oman	A (Best)	2.00%
Argo	A (Best)	1.67%
Misr	NR	1.50%
PICC	A1- (Moody's)	1.50%
Tokio Marine	AA-	1.50%
Ping An	A	1.00%
Abu Dhabi	A-	0.80%
Nissay Dowa	NR	0.15%
TOTAL		34.62%



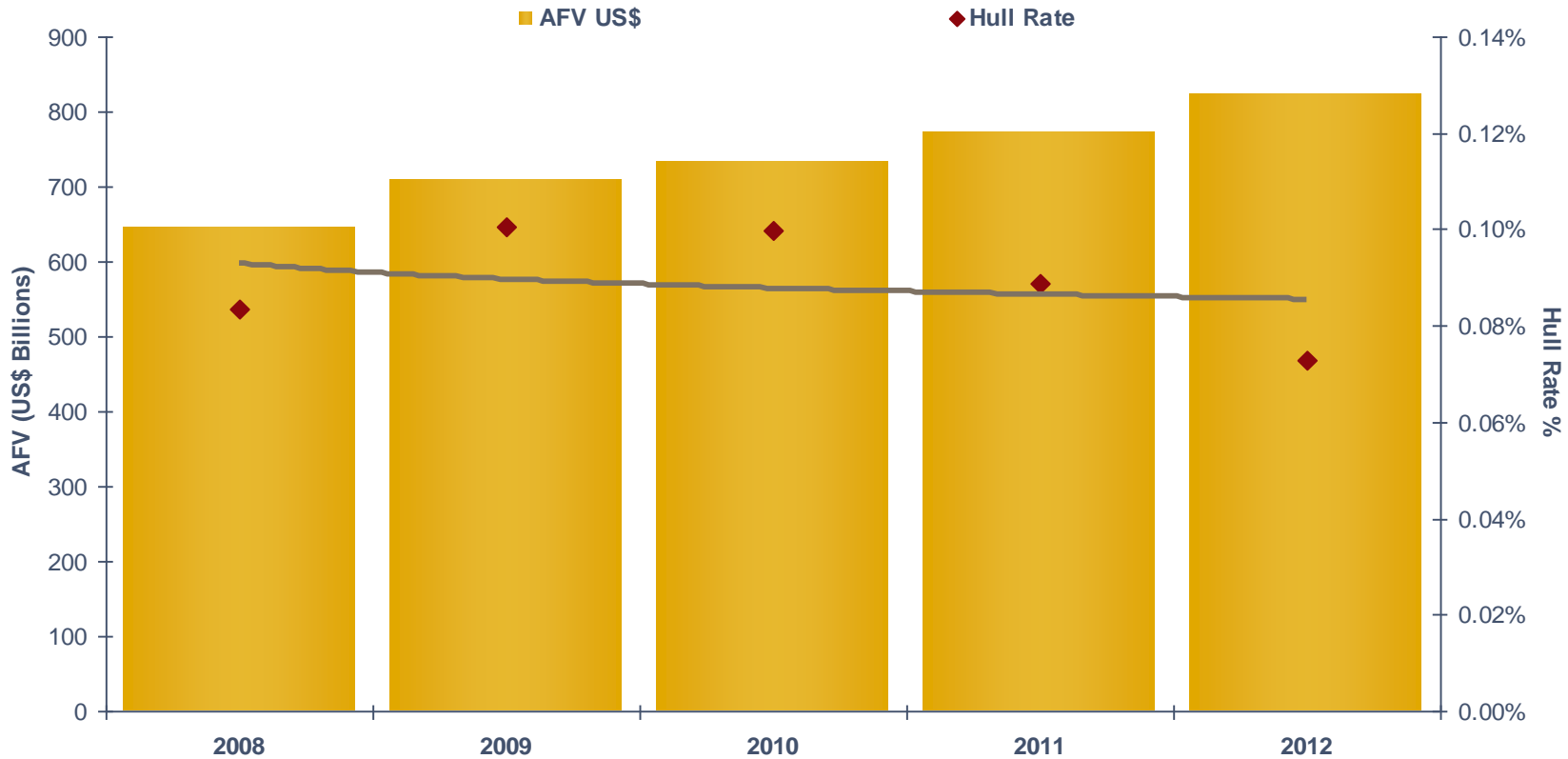
**indicates capacity available not necessarily deployed in all cases*

	S&P	Capacity
Chartis	A	12.50%
Allianz	AA-	10.00%
GAUM	Agency	10.00%
Aspen	A	3.50%
Liberty Mutual	A-	2.00%
Generali	A	1.00%
TOTAL		39.00%

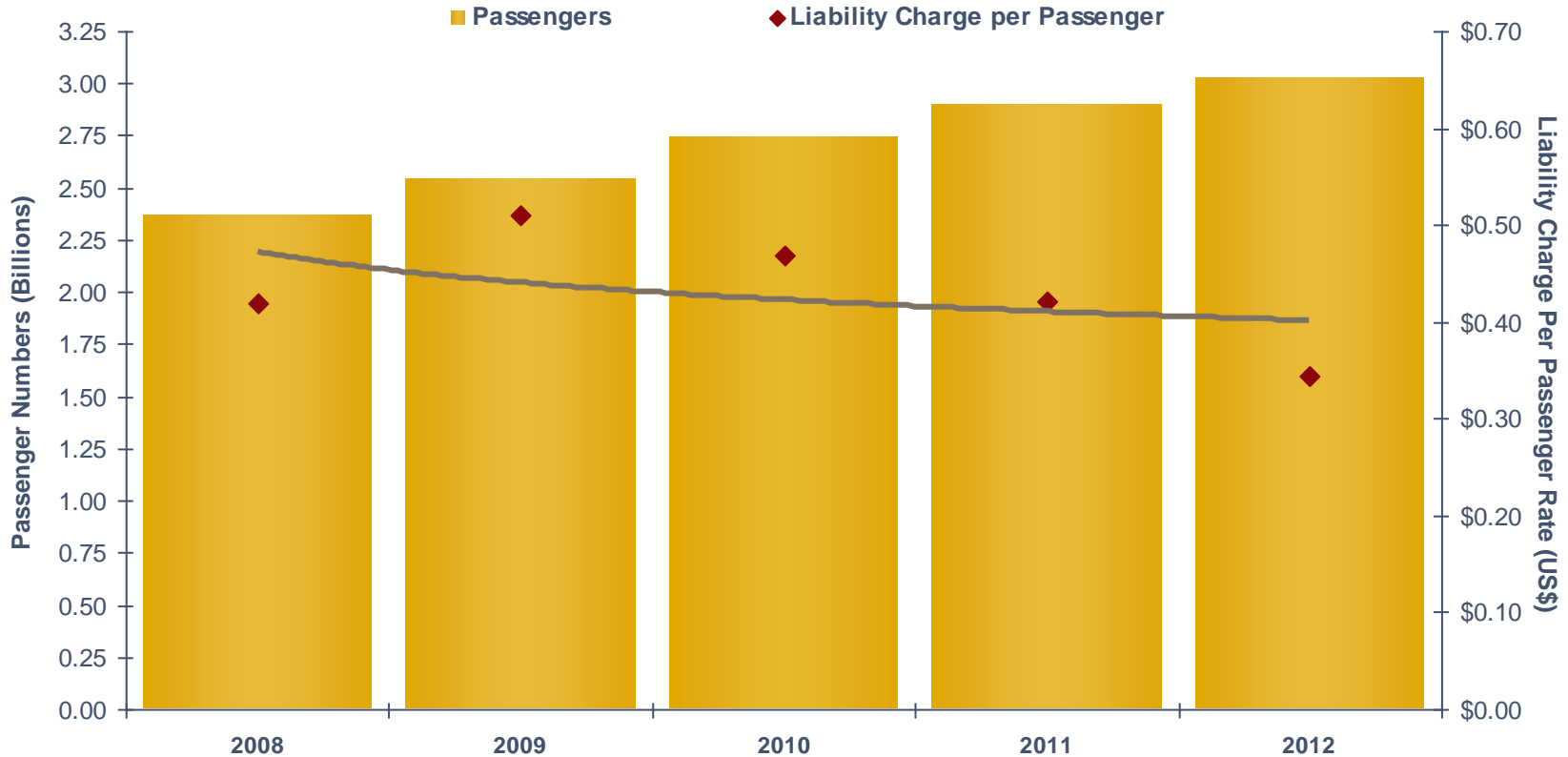
	S&P	Capacity
LRA	Agency	13.00%
Swiss Re	AA-	12.50%
Munich Re	AA-	10.00%
Inter Hannover	AA-	8.50%
AXA	AA-	8.00%
Torus	A- (Best)	5.00%
Alterra	A	3.50%
Partner Re	A+	3.50%
SCOR	A	3.00%
Sirius	A-	2.50%
Aviabel	A-	1.85%
HDI Gerling	A+	1.50%
Delvag	A- (Best)	0.35%
TOTAL		73.20%

Asia Capital Re are currently writing up to 7% but only for Asian & selected Middle Eastern airlines, and ICICI only write up to 2% on Indian business so have not been included in these figures.

2008-2012 Average Market Hull Rate Comparison

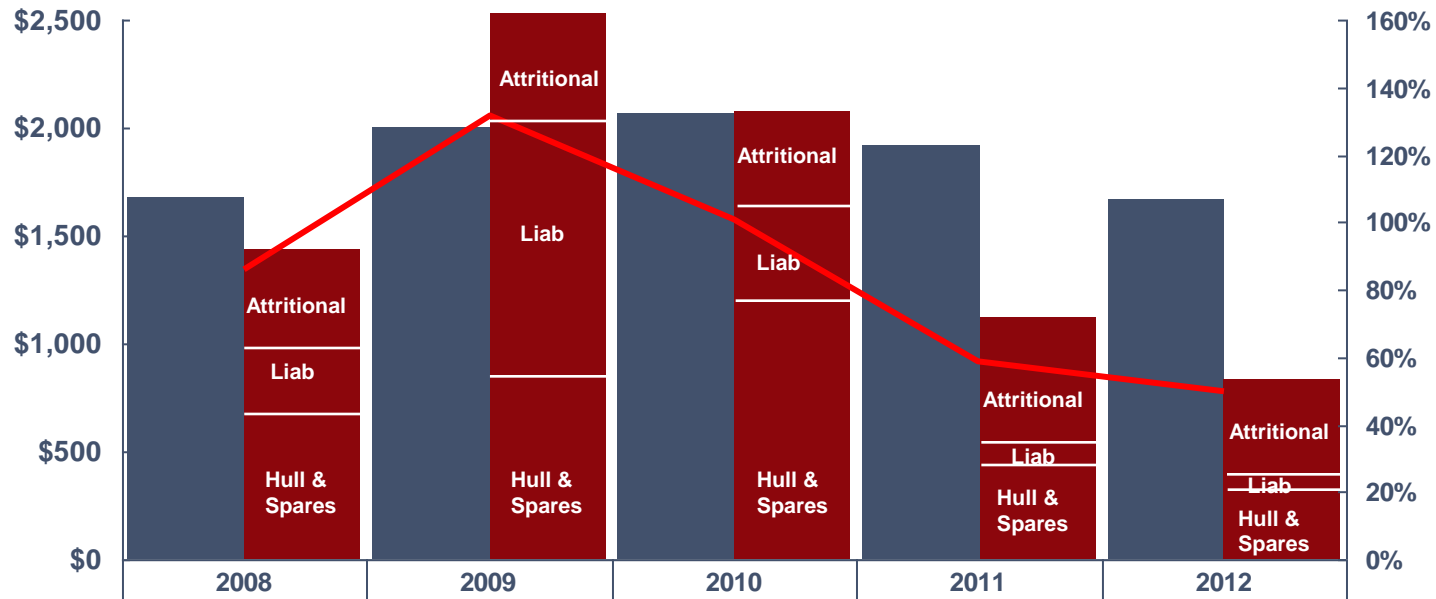


2008-2012 Average Market Liability Charge per Passenger Comparison



World Wide Airline Hull & Liability Premium and Claims on a Calendar Year Basis 2008 – 2012 (Net Leaders Terms US\$M)

Net Premium* Claims** Loss Ratio

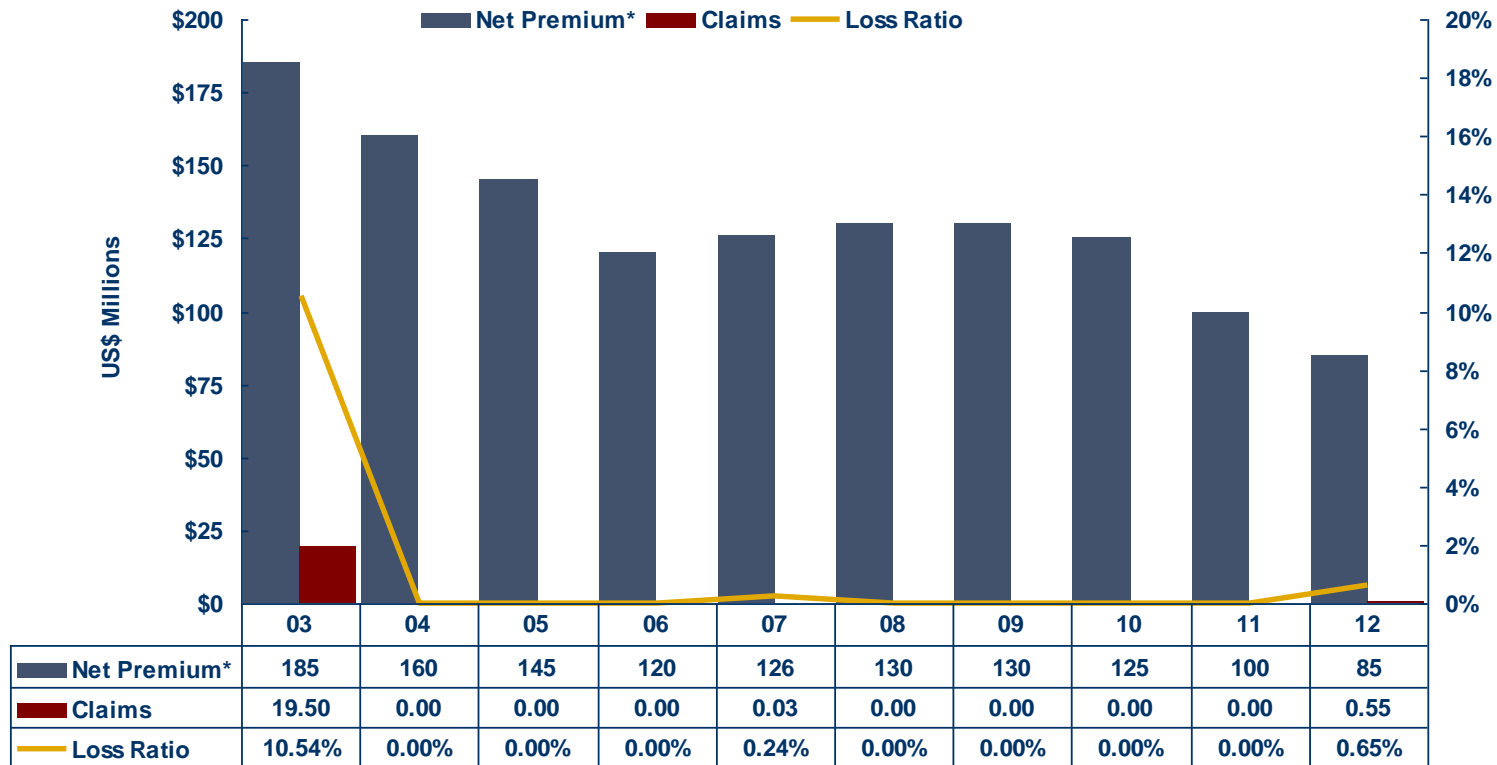


Net Premium*	\$1,680	\$2,000	\$2,065	\$1,913	\$1,664
Claims**	\$1,439	\$2,631	\$2,075	\$1,125	\$831
Loss Ratio	85.7%	131.6%	100.5%	58.8%	49.9%
Est Att Losses	\$425	\$450	\$450	\$450	\$450

* Premium includes all known airlines with an AFV in excess of US\$100m and is based on Net London Lead Terms; it is subject to change as more information becomes available.

** Claims shown include the estimated figure for attritional losses. Claims are updated as more information becomes available.

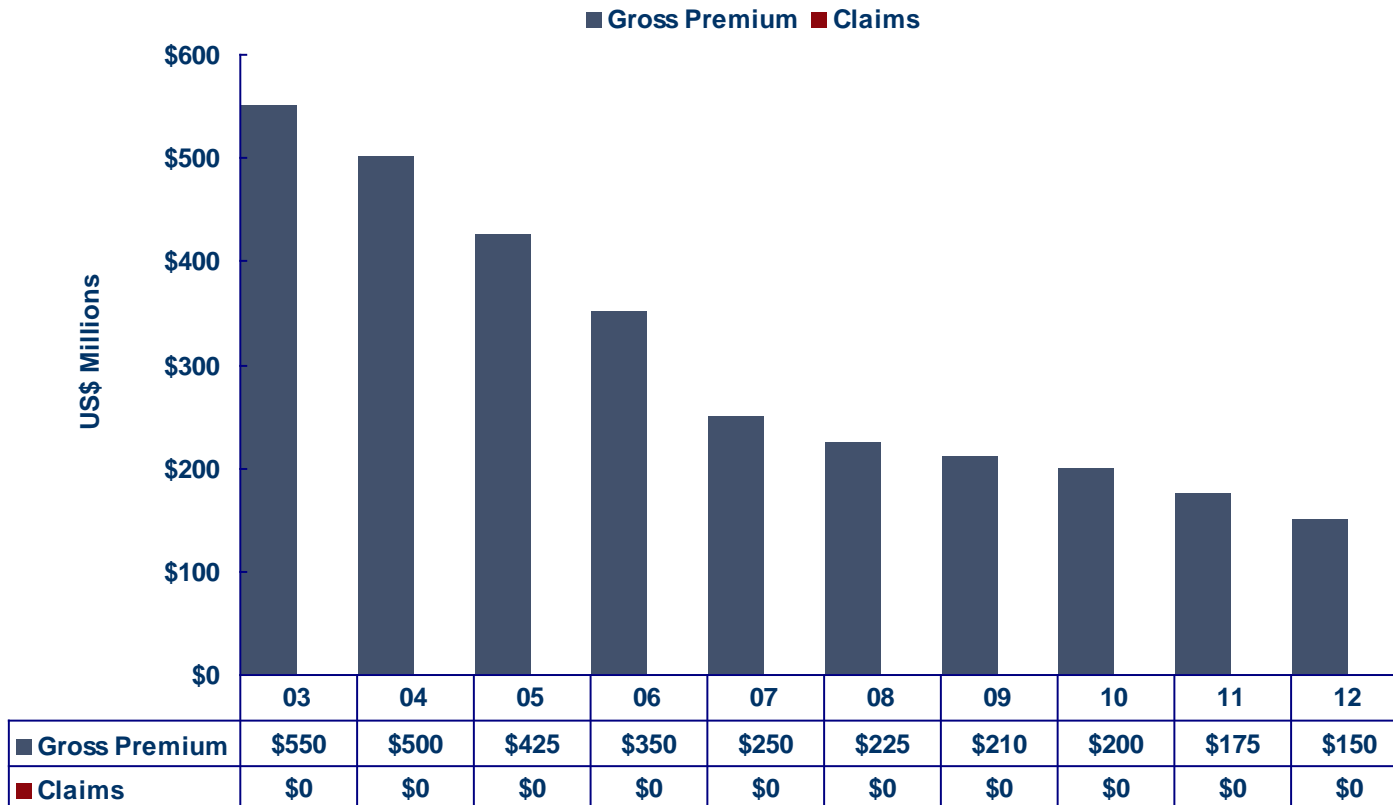
World Wide Airline Hull War Premium & Claims 2003-2012 (Lead Terms US\$m)



2005 and onward premium excludes US domiciled airlines which took Homeland Security cover.

*Premium includes all known airlines, and is based on Gross London Lead Terms. Data shown above is for all airlines and is an estimate based on information known to date; it is subject to change if more information becomes available.

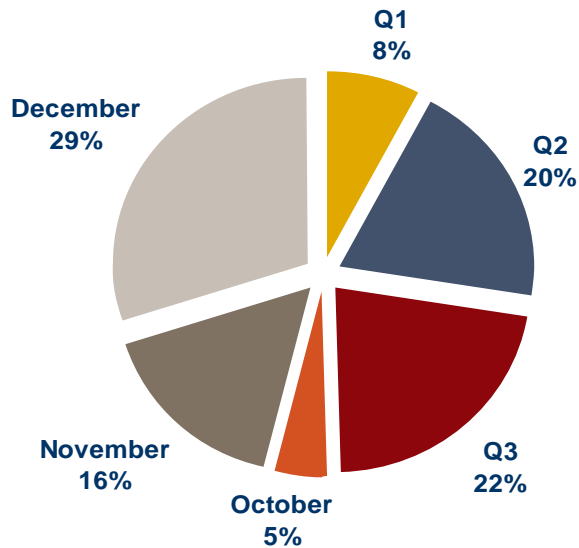
Third Party War & Terrorism Liability Premium & Claims 2003-2012 (Lead Terms US\$m)



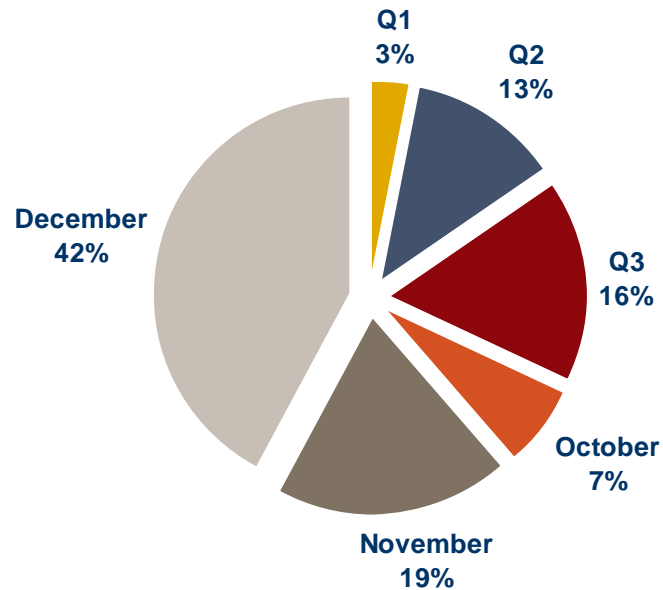
Hull & Liability

2012 Renewal & Premium Distribution % Shares

Renewal Distribution % Share



Premium Distribution % Share



The last six weeks and a small number of programmes ultimately determine the outcome of the year

Selection Criteria used

Unless indicated all percentage change figures are based on NET rates & premium.

Premium percentage change derived from Airlines renewing with Average Fleet Values of US\$100 million and greater. Comparisons made from annual renewal figures year-on-year.

Lead premiums used and NOT composite 'market premiums'.

Liability rate is calculated as premium per passenger carried.

It should be noted that due to the relatively small sample of renewals in some months, that the comparisons with previous years can be distorted by the renewal of a small number of major risks and should be treated with caution.

Willis Limited

Willis Limited, Registered number: 181116 England and Wales

Registered address: 51 Lime Street, London, EC3M 7DQ

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